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Broxtowe Borough COUNCIL

Wednesday, 2 December 2020

Dear Sir/Madam

A meeting of the Finance and Resources Committee will be held on Thursday, 10 December 2020 via Microsoft Teams, commencing at 7.00 pm.

Should you require advice on declaring an interest in any item on the agenda, please contact the Monitoring Officer at your earliest convenience.

Yours faithfully

Ruth E Hyde

Chief Executive

To Councillors:		
	S J Carr (Vice-Chair)	M Radulovic MBE
	E Cubley	P Lally
	S Easom	E Kerry
	G Marshall (Chair)	B C Carr
	P J Owen	E Williamson
	P D Simpson	S A Bagshaw
	P Roberts-Thomson	

A G E N D A

1. APOLOGIES

   To receive any apologies and notification of substitutes.

2. DECLARATIONS OF INTEREST

   Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest in any item on the agenda.

3. MINUTES (Pages 1 - 6)

   To approve the minutes of the previous meeting held on 8 October 2020.

4. REFERENCES

4.1 Policy and Performance (Pages 7 - 32)

East Midlands Development Corporation – Interim Vehicle the Establishment of EM Devco Company Limited by Guarantee CLG
2 December 2020

The meeting of the Finance and Resources Committee will take place on the same day as this agenda is distributed. An updated recommendation will be brought before the Committee. For the information of this Committee, the recommendation reads as follows:

RECOMMEND TO THE FINANCE AND RESOURCES COMMITTEE and COUNCIL
the expected financial contribution of £500k over three financial years funded from the Council's general fund reserves, with the profile from 21/22, 22/23 and 23/24 to be confirmed.

SUBJECT TO the following conditions:

a) that the funds will not be used in a manner which contravenes state aid rules,
b) if the government decides not to financially contribute to the interim vehicle the Council, will reserve the right to review its financial commitment;
c) If government policy changes so that the HS2 hub station does not come to Toton the Council, will reserve the right to review its position
d) for consensus on a number of key points namely agreement by the council's representative on the board to the annual business plan; changes to the articles, the process for appointment of independent directors and the decision to move to a statutory development company.

4.2 Environment and Climate Change Committee (Pages 33 - 36)

Garden Waste Subscription Charges for 2021/22
23 November 2020

Members considered the garden waste subscription charges for 2021/22 and commented how successful the service had been and noted the increase in subscribers during the lockdown measures imposed due to Covid-19.

The Committee RECOMMENDED to the Finance and Resources Committee that:

1. **The price for the first bin for 2021/22 be increased to £36.00**

2. **The price for additional bins for 2021/22 be increased to £22.00**

4.3 Jobs and Economy Committee (Pages 37 - 38)

Markets Officer Programme
19 November 2020

A programme of work for the Markets and promotions Officer was submitted to the Committee for approval, with an associated budget.

Discussion included the importance of promoting the markets through social media, the possibility of social media being used for members of the public to state what stalls they would like to see at their local market and the importance of ensuring markets were complimentary to existing businesses.

RESOLVED that:

1. **the Markets Officer programme be approved**

2. **that the additional finance of £2,000 for seasonal markets be RECOMMENDED to Finances and Resources for approval.**

5. GRANTS TO VOLUNTARY AND COMMUNITY ORGANISATIONS, CHARITABLE BODIES AND INDIVIDUALS INVOLVED IN SPORTS, THE ARTS AND DISABILITY MATTERS 2020/21 (Pages 39 - 42)

To consider requests for grant aid in accordance with the provisions of the Council's Grant Aid Policy.

6. CAPITAL PROGRAMME 2020/21 UPDATE (Pages 43 - 54)

To report upon capital expenditure incurred in 2020/21 up to 31 October 2020 along with the planned financing of the 2020/21 capital programme and to seek approval for a number of capital budget variations in the current financial year

7. CAPITAL PROGRAMME 2020/21 -NEW BUILD OAKFIELD ROAD (Pages 55 - 56)

To seek approval to allocate an additional £65,000 from the 2020/21 HRA Capital Programme to build 5 highly energy efficient flats for the housing revenue account at Oakfield Road, Stapleford.

8. GENERAL FUND REVENUE BUDGET AMENDMENTS 202/21 (Pages 57 - 64)

To seek approval for a number of amendments to the General Fund revenue budget for 2020/21

9. TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2020/21 - MID YEAR REPORT TO 31 OCTOBER 2020 (Pages 65 - 82)

To inform the Committee of treasury management activity and the actual prudential indicators for 2020/21 up to 31 October 2020.

10. WORK PROGRAMME (Pages 83 - 84)

To consider items for inclusion in the Work Programme for future meetings.

11. EXCLUSION OF PUBLIC AND PRESS

The Committee is asked to RESOLVE that, under Section 100A 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 involve the likely disclosure of exempt information as defined in paragraphs 3, 5, 7 and 12 of Schedule 12A of the Act.

12. IRRECOVERABLE ARREARS (Pages 85 - 90)

13. POTENTIAL LETTING FOR A SCHOOL - DURBAN HOUSE EASTWOOD (Pages 91 - 92)

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FINANCE AND RESOURCES COMMITTEE

THURSDAY, 8 OCTOBER 2020

Present: Councillor G Marshall, Chair

Councillors: S A Bagshaw
B C Carr
S J Carr
E Cubley
S Easom
T Hallam (Substitute)
P J Owen
P D Simpson
P Roberts-Thomson
M Radulovic MBE
P Lally
E Kerry

An apology of absence was received from Councillor E Williamson.

18 DECLARATIONS OF INTEREST

There were no declarations of interest.

19 MINUTES

The minutes of the meeting held on 9 July 2020 were confirmed as a correct record.

20 REFERENCES

20.1 COMMUNITY SAFETY COMMITTEE

20 September 2020
Public Conveniences

Members considered a reference from the Community Safety Committee in respect of the current provision of Public Conveniences in the Borough and future maintenance needs, improvements and new provision.

RESOLVED that a budget of £140,000 be set aside to allow the installation of a high quality Space to Change plus a unisex toilet facility adjacent to the former Explore Learning Unit in Beeston. Reflecting its location immediately adjacent to the bus/tram interchange it is suggested that this be largely funded via s.106 ITPS and any shortfall via a new General Fund capital allocation. A formal tendering exercise would be required.

20.2 POLICY AND PERFORMANCE COMMITTEE

1 October 2020
Leisure Facilities Strategy

The Committee considered a reference from the Policy and Performance Committee the request for £30,000 to procure external professional financial advice to cover the financial implications and risks associated with the two Bramcote site options for a new leisure centre as part of the Leisure Facilities Strategy.

RESOLVED that the expenditure of £30,000 to complete this work be approved.

20.3 POLICY AND PERFORMANCE COMMITTEE

1 October 2020
Devolution and Local Government Structure Reform

Members considered a reference from the Policy and Performance Committee to approve expenditure to respond to a request from the Secretary of State in respect of proposals put forward for a review of local government structures within Nottinghamshire.

RESOLVED that a supplementary estimate of up to £30,000, if necessary, be established for the commissioning of work required in connection with a review of local government structures in Nottinghamshire.

21 GENERAL FUND REVENUE BUDGET VARIATIONS 2020/21

The Committee was updated on the amendments to the General Fund 2020/21 due to recent government announcements, particularly in response to the Covid-19 pandemic and detailed budget monitoring had identified a number of General Fund 2020/21 revenue budgets and a number of other service priorities that required amendments. Members thanked the Officers in managing the budgets under the circumstances especially in delivering the Business Support Grants.

Discussions took place surrounding the impact on finances Covid-19 had presented including loss of income with planning fees, car parking fees, expectation of commercial rents to fall and additional costs having to be made to support resources to maintain safe and secure practices across the borough. Income from the Government's scheme to compensate local authorities and further schemes to support residents and businesses will hopefully support some of the financial burden.

The Committee expressed concern about the impact Covid-19 on finances and the risks and uncertainties the Borough would be faced with consideration to a further potential lockdown.

It was highlighted to all members of the Committee to share the information from Broxtowe Communications team to help the prevention of Covid-19 spreading within the Borough.

RESOLVED that the amendments to the General Fund 2020/21 revenue budget as set out in appendices 1 and 2 be approved.

22 CAPITAL PROGRAMME UPDATE 2020/21

The Committee was asked to approve a number of capital budget variations in the current financial year. A query was raised in regards to the Transport Feasibility Study –Walker Street, Eastwood to confirm whether the scheme had been carried out and the funding had come from a different budget.

RESOLVED that the capital budget variations for 2020/21 as set out in appendix 3 of the report be approved.

23 MEDIUM TERM FINANCIAL STRATEGY 2020/21 TO 2024/25 AND BUSINESS STRATEGY 2021/22 TO 2022/23

Members were updated on the Council's Medium Term Financial Strategy and the progress with the delivery of the Business Strategy. Significant issues concerning local government finances were discussed that will have a major impact upon the financial position of both this Council and other local authorities, including the significant financial impact of Covid-19 and how this may affect the General Fund revenue budget, the Housing Revenue Account and the Capital programme.
As it is currently difficult to predict at this stage the impact upon the Council's financial position, members would be provided with further details as the situation becomes clearer.

RESOLVED that the updated Medium Term Financial Strategy as set out in appendix 2 of the report, and the Business Strategy 2021/22 to 2022/23 as set out in appendix 3 of the report, be approved.

24 BUDGET TIMETABLE AND BUDGET CONSULTATION 2021/22

The Committee was advised on the budget consultation process for 2021/22 and the proposed timetable and budget scrutiny process. Updates to the budget consultation were suggested prior to the promotional activity taking place.

RESOLVED that:

1. **The budget-setting process for 2021/22 be approved.**
2. **The Budget Consultation questionnaire be approved.**

25 GRANTS TO VOLUNTARY AND COMMUNITY ORGANISATIONS, CHARITABLE BODIES AND INDIVIDUALS INVOLVED IN SPORTS, THE ARTS AND DISABILITY MATTERS 2020/21

The Committee considered the requests for grant aid in accordance with the provisions of the Council's Grant Aid Policy. Members praised the work of the groups particularly under the Covid-19 pandemic.

RESOLVED that the applications be dealt with as follows:

	£
Toton Coronation Hall Community Association	**7,000**
Eastwood Athletic Football Club	**1,800**

26 CAPITAL GRANT REQUEST- PHOENIX INHAM FOOTBALL CLUB

Members considered a request for capital grant aid in accordance with the provisions of the Council's grant aid policy. The work of the group was praised with its ideas to become the first free-to-play football club in the Country by building a sustainable infrastructure with a constant flow of funds raised by the club and the community. Opportunities of increasing the ten-year lease to 25 years on the Council owned premises at Inham Nook, Football Association funding and Nottinghamshire County Council funding to support the idea.

RESOLVED that an award of up to a maximum of £9,000, funded from Capital Contingencies, be approved.

27 PERFORMANCE MANAGEMENT REVIEW OF BUSINESS PLAN PROGRESS

The Committee noted a report on the progress against outcome targets identified in the Business Plans for Support Service areas, linked to Corporate Plan priorities and objectives.

28 WORK PROGRAMME

The Committee considered the Work Programme and agreed that a report on Liberty Leisure be added in addition to a request from the Leisure and Health Committee regarding the operation of the grants budget, in order to ensure the excellent work undertaken by voluntary and mutual aid groups during the pandemic is nurtured and encouraged.

RESOLVED that the Work Programme, as amended, be approved.

29 EXCLUSION OF PUBLIC AND PRESS

RESOLVED that, under Section 100A 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 involve the likely disclosure of exempt information as defined in paragraphs 1,2 and 3 of schedule 12A of the Act.

30 <u>IRRECOVERABLE ARREARS</u>

RESOLVED that the arrears in excess of £1,200 on national non-domestic rates, council tax, rents, housing/council tax benefit overpayment and sundry debtors as set out in the report be written off and to note the exercise of the Deputy Chief Executive's delegated authority under financial regulation 5.9.

31 <u>ACCELERATED FUNDING REQUEST</u>

RESOLVED that the resolution be agreed as included in the report contained within the confidential item.

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Report of the Chief Executive

EAST MIDLANDS DEVELOPMENT CORPORATION – INTERIM VEHICLE THE ESTABLISHMENT OF EM DEVCO COMPANY LIMITED BY GUARANTEE CLG

1 Purpose of the report

1.1 To seek approval for the establishment of an Interim Vehicle, to be known as 'EM Devco CLG', to maintain progress prior to a Statutory Development Corporation being created by Parliament. This includes approval for the establishment and governing documents for this new company, the approval of a joint agreement between the local authorities and the emerging companies, nomination of a representative from this Council to sit on the Board and contributions from the various councils to finance the initial stages over the next few years prior to handing over to a delivery vehicle to develop and build out the concepts on each of the three sites. The background and detail of this initiative are set out in the appendices to this report.

2 Background

2.1 The Government identified three sites in the East Midlands with potential for regeneration, initially through an interim private/public development company set up by the relevant local authorities: Broxtowe, North West Leicestershire, Rushcliffe and Leicestershire and Nottinghamshire county councils. The Broxtowe site is at Toton and Chetwynd Barracks alongside but separate from the proposed HS2 interchange.

2.2 In July 2020 the Secretary of State confirmed his support for the establishment of an Interim Vehicle, to continue to build momentum prior to the creation of a statutory Development Corporation. At the July meeting of the Oversight Board, partners endorsed the establishment of an Interim Vehicle to maintain momentum, subject to approval of the five directly affect local authorities. Work has been underway to set up this new company, negotiated by separate external lawyers representing the emerging company, the county councils and the 3 district authorities.

3 Financial Implications

3.1 Details in respect of financial implications are contained within Sections 4.0 and 6.0 of appendix 1.

Recommendation

The Committee is asked to RECOMMEND TO COUNCIL that:

1. **The proposal for the Council to join the interim vehicle and participate in its incorporation be approved.**
2. **The Council enter into a proposed Members' agreement and articles of association as outlined in appendix 2 (the final content of these documents**

being delegated to the Chief Executive in consultation with the three group leaders)

RECOMMEND TO THE FINANCE AND RESOURCES COMMITTEE and COUNCIL

3. the expected financial contribution of £500k over three financial years funded from the Council's general fund reserves, with the profile from 21/22, 22/23 and 23/24 to be confirmed.

SUBJECT TO the following conditions:

a) that the funds will not be used in a manner which contravenes state aid rules,

b) if the government decides not to financially contribute to the interim vehicle the Council, will reserve the right to review its financial commitment;

c) If government policy changes so that the HS2 hub station does not come to Toton the Council, will reserve the right to review its position

d) for consensus on a number of key points namely agreement by the council's representative on the board to the annual business plan; changes to the articles, the process for appointment of independent directors and the decision to move to a statutory development company.

The Committee is asked to RECOMMEND to Council that the appointment of a Director of the Interim Vehicle be approved.

<u>Background papers</u>

Nil

APPENDIX 1

1. BACKGROUND

1.1 In February 2019 the Government approved funding for a 2-year programme to explore the business case for a locally led development delivery vehicle for the East Midlands and asked the Midlands Engine (EMDC) to lead the work. The Midlands Engine was asked to consider three locations in the East Midlands; specifically, Ratcliffe on Soar Power Station site, Toton and Chetwynd Barracks (both in Nottinghamshire), and East Midlands Airport (in Leicestershire).

1.2 The development corporation programme is overseen by an Oversight Board (The Alchemy Board) supported by an Executive Group. The Oversight Board is made up of Leaders from the region's upper tier local authorities and directly affected districts alongside private sector; business community; central government; LEP's; and university representatives. The Executive Group is a smaller group of executive officers. Both are chaired by Sir John Peace, as chairman of the Midlands Engine. Anthony May (Chief Executive of Nottinghamshire County Council and Chair of the Midlands Engine Operating Board) is the Senior Responsible Officer and Ken Harrison is the Programme Director.

1.3 The overall ambition of the EMDC is to supercharge a new era of growth for the regional economy by enabling projects which build directly on the potential of HS2, the region's status as a major trade and logistics gateway and its historic strengths in research and development and industrial innovation; particularly research and innovation related to the emerging low carbon economy.

2. PROGRESS TO DATE

2.1 Significant progress has been made in considering the strategic and economic case for the development corporation, with the evidence pointing to transformational benefits for the region, with 84k jobs, £4.8bn Gross Value Added (GVA) and at least 4,500 homes to be delivered.

2.2 The EMDC will contribute substantially to inclusive, zero carbon growth and levelling up by initially realising the enormous potential of the three key sites:

- HS2 Hub at Toton and Chetwynd - a new destination for knowledge-driven jobs and an exemplar zero carbon mixed-use community, showcasing next generation living, with a HS2 hub station offering unrivalled connectivity.
- Ratcliffe Power Station and East Midlands Airport Area that together will provide a demonstrator for new technologies and methods of:
    - production and energy generation and supply.
    - transport and digital connectivity.
    - a proposal to be the UK's only Inland Freeport with the Country's largest and only 24-hour dedicated air freight hub being its main entry point to the freeport.
    - a global multi-modal hub and centre for trade and logistics with substantial housing growth proposed across the wider area; and
    - creation of ZERO on the Ratcliffe Power Station site, an international centre for the development of market-ready zero emission technologies.

2.3 In addition to the broad programme benefits outlined above, these are a number of specific benefits for each of the five authority areas. For Broxtowe, the identified benefits include the development of a comprehensive and integrated plan for the area around the HS2 interchange which will create a series of attractive and deliverable investment propositions associated with the other sites including:

- Delivering an internationally significant zero carbon community of 4,500 homes, 6,000 local jobs including an Innovation Hub, and a National Skills Academy for inclusive growth.
- Retaining and enhancing the unique and special qualities of our existing communities
- A world-class green and blue environmental investment programme with R&D in climate change and zero carbon
- Sensitively located and carefully thought through co-location of mixed uses, with the potential for incorporating new homes, employment opportunities and infrastructure investment within that world-class landscape.
- Transforming connectivity and accessibility through key infrastructure – a new link road to Toton Station; multi-modal links to and from the station; better access to the M1. Delivery of the key infrastructure is critical to maximise the wider development benefits.
- Environmental programmes including the enhancement of the River Erewash corridor and integrated cycling and walking improvements.
- Delivering the UK Biodiversity Hub and Innovation Campus to become the UK centre of excellence for skills and businesses in carbon zero and sustainable technologies.
- Linking with and supporting local bids to the Future High Streets Fund and Towns Fund.
- Investment in major infrastructure improvements which include enhancing J24 M1; enhanced links to the A453 and A50 – including the option to dual the A453 connection to the A42
- An enhanced transport hub at East Midlands Airport connected to the East Midlands Parkway rail station and the HS2 Hub at Toton
- Enhanced rail head connection from the SEGRO Logistics Park at East Midlands Gateway to the wider rail network
- Shared benefits from the key sites in the wider East Midlands Development Corporation programme

2.4 Work is continuing on the preparation of the detailed business case, which will set out to Government how it meets the criteria for public-sector intervention. It will establish a case for change, a value for money assessment, commercial viability, financial affordability, and a route to delivery. It is anticipated that this will be submitted to Government in March 2021.

2.5 The initial stages of the programme highlighted the lack of any off-the-shelf model in statute to deliver the region's aspirations for a locally led approach of the kind envisaged. Instead a new model of governance is required, a Locally Led Urban Development Corporation (LLUDC).

2.6 There has been an ongoing and positive dialogue with Government regarding the most appropriate legislative pathway to establish this new type of Development Corporation:

2.6.1 In January 2020, the Midlands Engine responded to the MHCLG 'Development Corporation Reform: Technical Consultation'.

2.6.2 In July 2020 the Secretary of State confirmed his support for the establishment of an Interim Vehicle, to continue to build momentum prior to the creation of a statutory Development Corporation; and

2.6.3 In August 2020, the Planning White Paper consultation "Planning for the Future" includes positive reference to the Development Corporation work on page 69 with the following statement:

> "As we bring forward planning reform, we also want to ensure we have in place the right delivery mechanisms, including development corporations. A good example that we are already progressing is development at Toton in the East Midlands, where we have announced our intention to support the establishment of a development corporation to maximise the area's international links and create tens of thousands of new homes and jobs. We want to see more schemes of this kind, backed by modern delivery models, around the country."

2.7 The Parliamentary processes required to establish a new type of development corporation will take time and at the July meeting of the Oversight Board, partners endorsed the establishment of an Interim Vehicle to maintain momentum, subject to approval of the five directly affected local authorities.

3.0 ESTABLISHING THE INTERIM VEHICLE

3.1 Subject to the approval of the recommendations in this report, the Interim Vehicle, to be known as EM DevCo will be incorporated on a date to be confirmed. in the form of a Company Limited by Guarantee (CLG). The five local authorities with administrative responsibilities within the current scope of the programme (Toton, Chetwynd Barracks, East Midlands Airport Area and the power station at Ratcliffe on Soar), will be the members of the company, namely:

- Broxtowe Borough Council
- Leicestershire County Council
- North West Leicestershire District Council
- Nottinghamshire County Council
- Rushcliffe Borough Council.

3.2 The Interim Vehicle will, in part, mirror the intended form of the statutory Development Corporation and will consist of:

- An Oversight Authority comprising the 5 Local Authorities who will be the guarantee holders and corporate 'Members' of the CLG.
- An independent skills-based board of directors, including up to 11 directors, made up of a combination of independent and non-independent directors - the independent directors will be appointed through an open recruitment process and non-independent will be representatives from the 5 local authorities; and
- Local delivery vehicles/ special purpose vehicles or joint ventures for each site.

3.3 The Interim Vehicle will not have any statutory powers; these will remain with the relevant local authority partner until the establishment of the statutory development corporation.

3.4 The draft Members Agreement and draft Articles of Association set out the formal constitutional arrangements for the CLG. A summary of key matters is included in this report at (**Appendix 1.)** Approval to establish the Interim Vehicle will confirm the authority's agreement to the details within these documents. The two County Councils (Leicestershire and Nottinghamshire) have jointly commissioned Bevan Brittan and the three District and Borough Councils (Rushcliffe, Broxtowe and North West Leicestershire) Browne Jacobson to provide independent advice. These documents have been based on an agreed set of principles developed between the 5 Local Authorities.

3.5 There remain some outstanding points to be agreed on the Members Agreement and Articles of Association, but at this stage the key matters for consideration are highlighted below, for ease of reference.

- The Interim Vehicle has applied for funding from MHCLG. Once the level of that funding has been confirmed, the Council will be asked to determine what level of contribution it can make to the Interim Vehicle's operating budget for the financial year 2021/22. This will be provided to the Interim Vehicle in the form of a grant.

- Nottinghamshire County Council to assume the responsibility of Host Authority for the Interim Vehicle, this will be for the purposes of back office services e.g. accommodation, HR, procurement and financial administration.

- Matters to be reserved for agreement by the Oversight Authority i.e. the 5 Local Authorities who will own the CLG, as detailed in para 3.2 above. Matters reserved to the local authorities shall be split in to two 'tiers' with tier 1 requiring the unanimous approval of all local authorities, and tier 2 requiring 75% agreement based on the weighted voting rights. (The precise matters to be included in each tier is subject to final agreement).

- The Interim Vehicle Board Size and Composition.

- The key risks, which are as follows:

There are risks that the Development Corporation does not get approval from Government or the required level of funding, in the immediate or longer term, and so it does not deliver or does not progress beyond the initial 3-year interim vehicle stage.

There is a risk that after the initial 3-year term, further funding will be required from local authority partners to support the development corporation. This will need to be reviewed by each individual partner at that point in time if required and based on outputs delivered to date. There is no commitment to fund beyond the initial three years. It is expected that if a statutory development corporation is set up by government in the future it will be funded and will be able to borrow and secure investment from private equity firms to deliver the ambitions.

3.6 Once established the first key task will be to consider appointments and develop a business plan. It will be the responsibility of the Board to deliver the business plan which will need the approval of the Oversight Authority and which will be reviewed on an annual basis. Approval will be required of the Oversight Authority for decisions that fall outside the business plan especially those which have a budgetary implication.

3.7 The Council's Jobs and Economy Committee endorsed a Statement of Intent in February 2020. This included requirements for inclusive and sustainable growth, local people being equipped with skills to benefit from the job opportunities, gains in natural capital and not to redirect existing business rates to the development corporation. In is considered that the Interim Vehicles proposals align with the Statement of Intent and are in accordance with the key objectives being established through ongoing projects, including the Toton and Chetwynd Masterplan and the Erewash Environmental Works commission.

3.8 The proposals for the Interim Vehicle are in accordance with the Council's Corporate Plan. This includes the focus on providing good quality housing for everyone through building more houses, supporting skills and development through job opportunities for local people and an emphasis on protecting the environment through exemplar low carbon development and new green and blue infrastructure which will also provide health benefits for existing and new residents

4.0 FINANCIAL IMPLICATIONS

4.1 The core costs for 2019-20 and 2020-21 of the Midlands Engine development corporation programme so far have been funded by Government, through the Ministry of Housing, Communities and Local Government (MHCLG). The total funding was £2 million, spread equally across 2 years (2019/20 and 2020/21). The programme team has also received additional resources through a mix of direct funding and in-kind support from partner Local Authorities.

4.2 The Interim Vehicle will require additional funding to bring forward the proposals. As such, in September 2020 the programme submitted a £18.6m ask to Government as part of the Comprehensive Spending Review 2020 (CSR) process to cover the first three years, which is awaiting decision **(Appendix 2)**.

4.3 The CSR proposition includes the establishment of a dedicated and focussed team and governance structure to rapidly progress delivery and undertake the following tasks, which would be crucial steps to delivering the benefits highlighted above. This would include:

- Providing detailed, deliverable investment plans
- Establishing commercial arrangements
- Investing in enabling infrastructure which unlocks the key sites
- Acquiring and assemble the land needed for coherent delivery of homes and jobs

- Delivering key early outcomes:
    - 1,500 additional new homes
    - 500 jobs
    - £25m Gross Value Added (GVA) Growth per annum
    - Paving the way for statutory development corporation with powers and investment.

4.4 As outlined in the key matters for consideration, para 3.5 above, if the recommendations in this report are approved, Broxtowe Council will be required to contribute to the Interim Vehicle's operating budget, subject to the conditions outlined in para 6.2, for the financial year 2021/22, 2022/23, and 2023/24 (see para 6.2 for further details). If this is the case, the Council will utilise general fund reserves for this purpose.

5.0 OTHER OPTIONS CONSIDERED

5.1 Not to establish the Interim vehicle, but this is highly undesirable because momentum would stall and the deliverability of the benefits set out in this report would be put into considerable doubt.

5.2 As outlined, there is an expectation from the Midlands Engine that local authority partners fund the development corporation interim vehicle for its planned three years of operation. Providing this funding will ensure that this Council has a seat at the table to play a key role in shaping the Development Corporation into the future to ensure the delivery of maximum benefit for Broxtowe Council and the region.

5.3 The alternative option is to not support this proposal. The Development Corporation could continue without the support of local authority partners, although this would be far from ideal. In the short term, Broxtowe Council will retain planning control but in the longer term (when the formal development corporation/delivery vehicle is established) this is unlikely to be the case as this will be self-funding and therefore the Council would lose any control of the site and its future development.

Reason/s for Recommendation/s

5.4 To approve the Establishment of the Interim Vehicle, facilitating the delivery of the benefits outlined above. If established and supported with the required resources and expertise the Development Corporation would attract nationally and internationally significant investment and development into the East Midlands. This type of investment is not something that the Council, or landowners, could attract on their own.

6.0 FINANCIAL IMPLICATIONS FOR BROXTOWE BOROUGH COUNCIL

6.1 Following negotiations, it is expected that the Council's financial contribution will be approximately £500k over three financial years funded from the Council's general fund reserves, with the profile from 21/22, 22/23 and 23/24 to be confirmed. However, the Council's financial contribution is subject to the following conditions:

a) that the funds will not be used in a manner which contravenes state aid rules,

b) if the government decides not to financially contribute to the interim vehicle the Council, will reserve the right to review its financial commitment;

c) If government policy changes so that the HS2 hub station does not come to Toton the Council, will reserve the right to review its position

d) for consensus on a number of key points namely agreement by the council's representative on the board to the annual business plan; changes to the articles, the process for appointment of independent directors and the decision to move to a statutory development company.

7.0 LEGAL AND GOVERNANCE IMPLICATIONS

7.1 **Proposed Development Corporation**

7.2 The Midlands Engine has instructed Pinsent Masons to advise in relation to this matter. Pinsents have given detailed advice in relation to the various potential options for establishing a development corporation which has been reviewed by Browne Jacobson on behalf of the District/Borough Councils. Four key features were identified as needing to be satisfied for the development corporation:

- To be locally led in order to better meet the needs of the local area. An Oversight Authority is proposed, potentially comprised of local authority membership to have oversight and control of various powers of the development corporation.
- To have wide financial powers so as to be able to access a wide range of funding including private and public equity and debt finance, and grants and other investments. It is also proposed that the development corporation be given powers to become a community infrastructure levy charging authority.
- To have two streams of planning powers. Firstly, plan making powers, and secondly operational and enforcement powers to include the ability to approve planning applications.
- To be able to undertake delivery of projects and infrastructure, including the ability to determine planning applications and grant development orders. This will avoid multiple applications to separate local authorities where applications span more than one local authority area.

7.3 A number of existing forms of vehicles were considered with a view to meeting these requirements:

- A simple joint venture – considered to be inappropriate because it would not have the requisite power to progress this project with the complex make up of authorities and stakeholders involved.
- A Locally Led New Town Development Corporation – whilst this form of vehicle enjoys many of the powers identified for this project and is locally led, under existing legislation it would not have plan making or planning enforcement powers and it does not have the power to become a community infrastructure levy charging authority and so is limited in the funding streams it may be able to access.
- An Urban Development Corporation – there are many benefits to this form of vehicle, however the Secretary of State has the power to give binding

directions with which the vehicle must comply and so it does not have the benefit of being truly locally led.
- A Development Consent Order – these vehicles can have wider ranging powers but do have restrictions in terms of transport and economic development powers.

7.4 As none of the above existing vehicles are considered to meet all of the requirements of the proposed development corporation a new form of Locally Led Urban Development Corporation is proposed. This will require new primary legislation to be passed by Parliament. If legislated as suggested, then this new form of vehicle will offer the greatest benefits to the local authorities going forwards. However, at this stage the benefits are of course only hypothetical and represent a significant drawback to the proposed structure.

Power to Establish the Development Corporation

7.5 The power to establish the proposed form of development corporation will come through primary legislation, in a similar way to the current forms of Urban Development Corporation and Locally Led New Town Development Corporation. In both of those cases there is primary legislation in place which broadly provides a power to the Secretary of State to designate an area for the relevant purpose and to establish the relevant vehicle by way of an order of the Secretary of State. Such an order will provide certain powers to the vehicle established by the order, with the Secretary of State potentially being able to exclude powers. Depending on the nature of the vehicle proposed there are differences as to the process to be undertaken and also the nature of the order that may be made by the Secretary of State. In both cases Parliamentary approval of the order is required.

7.6 The proposal for the new form of development corporation follows a similar process. Primary legislation will be required in order to provide the Secretary of State with the power to designate an area and establish a development corporation by way of an order. Parliamentary approval of the proposed order will be required.

7.7 As such the Council will not take a formal decision to establish the proposed development corporation. This will be a matter for the Secretary of State with the approval of Parliament. The Secretary of State will however be required to consult in relation to the designation of an area and the making of an order to establish the development corporation. The Council will have the opportunity to respond to that consultation with a view to shaping the nature of the development corporation and the powers afforded to it. The Council may also make proposals directly to the Secretary of State in relation to the development corporation.

7.8 The possibility of the primary legislation itself establishing the development corporation without further steps being required by the Secretary of State is being explored. However, whether this is required will depend on how the primary legislation progresses.

7.9 Early involvement through the Interim Vehicle will be beneficial to the Council in helping it to shape the nature of the proposed development corporation, in particular with a view to ensuring a locally led position is established. The position that is established with the Interim Vehicle is likely to be reflected in the development corporation in due course.

Nature and Structure of the Development Corporation

7.10 The powers of the proposed development corporation will depend on the nature of the primary legislation that is ultimately passed. Whilst at this stage this is uncertain, it is proposed that this form of development corporation will be able to take on powers in its area to include acting as:

- Planning authority
- Highways authority
- Local transport authority

7.11 The Council's main role following establishment of the development corporation will be within the proposed Oversight Authority. The functions available to the Oversight Authority will be conferred by the legislation and the order creating the development corporation, but proposals include:

- The ability to give directions to the development corporation.
- The ability to appoint members of the development corporation.
- A requirement to give consent or approval to the acquisition or disposal of land by the development corporation; and
- A requirement to give consent in the event that the development corporation seeks to have additional powers conferred on it by a subsequent order.

7.12 Again the benefits of the Council being involved in the Interim Vehicle is that the position that is established is likely to be reflected in the development corporation in due course, and this provides the Council with the ability to influence the nature of the future development corporation.

Legal Implications for the Council of the Proposed Development Corporation

7.13 The key legal implication for the Council of the proposed development corporation is that to the extent that any powers in respect of a particular area are afforded to the development corporation, the Council will no longer be able to exercise such powers. As such the Council will lose a degree of control over those matters, the functions in respect of which are then to be exercised by the development corporation.

7.14 The potential for the legislation to include an ability for powers of the development corporation to be "switched on and off" is being explored. For example, certain powers may be afforded to the development corporation for certain phases of development, and otherwise revert to the Council. Again, this is only a proposal at this stage and what is ultimately the position will depend on the nature of the proposed primary legislation.

7.15 **The Interim Position**

Power to Join the Interim Vehicle

7.16 In the interim it is proposed that an Interim Vehicle be established as set out in this report. This Interim Vehicle is proposed to be in the form of a company limited by guarantee. The Council's power to join a company limited by guarantee comes from the general power of competence in Section 1 of the Localism Act 2011 ("the 2011 Act"). This gives the Council the power to do anything that an individual might do. The power is restricted by Section 4 of the 2011 Act which requires that a thing done for a commercial purpose must not be something that the Council is required to do by statute, and must be something that the Council may also do for a non-commercial purpose. Pursuant to Section 4, when doing something for a commercial purpose the Council must do this through a company, which includes a company limited by guarantee.

7.17 Development and regeneration areas have regularly utilised the general power of competence, and the Council may do so in the current matter.

Nature and Structure of the Interim Vehicle

7.18 As stated above, the Interim Vehicle will take the form of a company limited by guarantee. This means that the company will have no share capital, and the local authorities will be the guarantee holders and therefore the 'members' of the company.

7.19 Guarantees cannot be sold in the same way that shares can, therefore if a local authority wishes to leave the company, they would hand their guarantee back and leave. They could not pass their guarantee on to another body or organisation. The local authorities may leave the company at any time by giving 12 months' notice to the other authorities that they wish to leave.

7.20 While guarantee holders, the local authorities can exercise their control over the company in two key ways:

- Each local authority can appoint a director to the board, who will have a say in the day to day running of the company; and
- As members, the local authorities together can take direction on the 'Consent Matters' set out in Schedule 1 to the draft Members Agreement.

7.21 At present, the following key provisions of the draft Members Agreement are awaiting finalisation by agreement between the local authorities:

- The division between Tier 1 and Tier 2 Consent Matters.
- Whether funding will be provided as a grant or loan.

Legal Implications for the Council joining the Interim Vehicle

7.22 By joining the Interim Vehicle the Council will not delegate any of its statutory powers to the Interim Vehicle. The Council will retain control of these powers and any planning decisions will revert to each Council to be taken. The Council will not be bound by the considerations of the Interim Vehicle in exercising those powers.

8.0 PLANNING IMPLICATIONS

8.1 In advance of the statutory development corporation, it is anticipated that the Interim Vehicle would work with respective local authority partners to develop masterplans and supportive policy frameworks for the sites.

8.2 The five councils who will be the members of the Interim Vehicle will support it either individually or together through the following means:

- Planning policy expertise and related information associated with the three areas.
- Engage in site master-planning and ensure consistency with Local Plan review processes.
- Consult with the Interim Vehicle and engage their planning teams on land use and transport planning policies being developed as part of the current reviews of local plans and strategies.
- Consult with the Interim Vehicle and engage their planning teams on planning applications and other development management decisions relating to the development of the sites.

8.3 At this stage the broad principles for the statutory development corporation would likely mean:

- Planning powers will only be sought for land within the proposed development corporation area. The range of powers may include, as examples, plan-making; development management and associated revenue raising (e.g. CIL and s106) and compulsory purchase powers. Should any planning powers be provided to the development corporation, consideration will be given to how they will interact with the powers held by the surrounding planning authorities in respect of both how the powers are expressed and how they will be exercised.

- The requirements under the duty to co-operate will apply between the development corporation and local authorities, should the development corporation obtain plan making powers.

- Community engagement and consultation will be enshrined from the outset through the preparation of a statement of community involvement (SCI) and with a statutory consultation process envisaged.

- Planning fee income, which operates on a cost recovery basis only, will be paid to the development corporation for planning applications within its boundary.

- The partners will seek to ensure that the constituent local authorities will have an important role as statutory consultees for planning applications (and policy through the duty to co-operate and the SCI), which would ordinarily fall within their respective administrative areas.

- The development corporation will act as the s.106 and/or CIL authority for associated infrastructure and where appropriate this may include the development corporation requiring developers to make contributions to strategic infrastructure outside of the development corporation's area.

- Potential implications from the Planning White Paper ‘Planning for the Future’ are currently unknown. Whilst Toton is referred to explicitly in the White Paper, the wider implications for plan making, infrastructure contributions and determining planning applications may impact the powers of a future Development Corporation.

8.4 The Part 1 (Aligned Core Strategy) and Part 2 Local Plans remain the relevant development plans when the Interim Vehicle is formed. The Broxtowe Part 2 Local Plan included Toton and Chetwynd Barracks as significant housing allocations and Toton is identified as a Strategic Location for Growth. The ambitions of the Interim Vehicle and any future Development Corporation should align with the Council’s adopted development plans. However, growth levels beyond 2028 (the Part 2 Local Plan period) is subject to assessment as part of the Aligned Core Strategy Review. A Toton and Chetwynd Strategic Masterplan is currently being prepared in partnership with Nottinghamshire County Council and will form a Supplementary Planning Document. This also aligns with the growth ambitions for the area. This document must be approved by Broxtowe’s Jobs and Economy Committee and will then be used to assess future planning decisions.

9.0 RISK SUMMARY

9.1 At this stage there is limited legal risk in deciding to become a guarantee holder of the Interim Vehicle because there are no overly onerous obligations within the documentation, there is no obligation to contribute a specific amount of money and Broxtowe Council is able to leave the Interim Vehicle by giving notice.

9.2 Not appointing a non-independent director at this interim stage risks not being involved in the Consent Matter decisions and the long term Project.

9.3 The Council will retain its statutory powers, including planning powers. It is not until the development corporation is formally established following the passing of relevant primary legislation and an order having been made by the Secretary of State that the development corporation will be afforded any statutory powers. The extent of the powers afforded to the development corporation will depend on the nature of the primary legislation passed and also the Order made by the Secretary of State. Early involvement in the Interim Vehicle may assist the Council in shaping the nature of the development corporation. The loss of powers on the part of the Council can be mitigated by the extent to which the Oversight Authority retains power over any matters. This is likely to be influenced by the balance that can be struck in the interim period.

9.4 Depending on the exact nature of the final form of development corporation in the primary legislation, the Council may lose financial income from Section 106 contributions, community infrastructure levy payments and business rates. This however will only impact at the point of the development corporation being established and not the Interim Vehicle, and it is preferable for the Council to be actively involved during this interim period so as to have the opportunity to influence the potential longer term position.

9.5 There is a risk that the HS2 Phase 2b Eastern Leg is not delivered or is not delivered in full. The Government announced in February 2020 that an assessment would be undertaken of how HS2 Phase 2b would be integrated with wider transport plans and how costs could be reduced. This will result in recommendations to the Government through the Integrated Rail Plan and is expected late 2020. The final decisions will then be made by Government. Any future decisions by Government in relation to HS2 may have implications for the type and extent of growth at Toton.

9.6 A summary of risks involved in approving the recommendations in the report are attached as appendix 4.

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APPENDIX 2

Summary of Key Matters – Draft Members Agreement/Draft Articles of Association

The incorporation of the Company will involve the Council agreeing, as a founding member, 2 principle documents. The first being the articles of association which is the legal constitutional document of the corporation which sets out how the company is constituted and the basic rules around how the company will be run. The second is a Members' agreement, this is a "private" contract between the member councils which regulates the relationship between them. Whilst you do not have to have a members' agreement it is a very common document in these kind of joint venture type arrangements

The key points to note for the documents are as follows:

Articles:

- The company will be established as a company limited by guarantee, to this end in principle, the council will only be liable for the amount of the guarantee (being £1) should the company be wound up. This should however, be separated from the prospect of repayment of any sums loaned to the company which would also be at risk in the situation where the company is wound up.

- The board of directors shall be 11, made up of 6 independent directors and 5 directors appointed by the councils, each council having the power to appoint a director and remove that director. The Chair shall be an independent director but will not have a casting vote.

- The independent directors will be appointed following a transparent process and subject to the approval of members in accordance with the Members' agreement.

- Where any decision is reserved to the member councils (rather than the board of directors) then the members will have weighted voting rights. With each County having a vote representing 33% of the rights and each district having a vote which has 11% of the rights.

Members' Agreement:

- At present the agreement obliges the company to apply to MHLG for all the funds required by the Company. Once the MHCLG funding has been determined the Members will be asked what level of contribution they will be willing to make.

- Contributions will either be given as a grant or the loan. The Members' lawyers are discussing the best route to provide such a contribution, however even under a loan agreement repayments are likely to be minimal.

- The council may withdraw from the agreement and membership of the company by giving not less than 12 months' notice.

- As drafted presently the agreement provides that certain matters are reserved to the member councils to decide upon. These decisions are split into matters requiring all councils to agree to and those which require members holding not less than 75% of the voting rights (both county councils and at least 1 district council) to agree to. The list requiring unanimity only includes a decision around formally constituting the statutory development company. The Councils' lawyers are seeking to include, approval and material variation of the business plan, appointment and removal of the independent directors and any variation of the voting rights of the members in the articles of association.

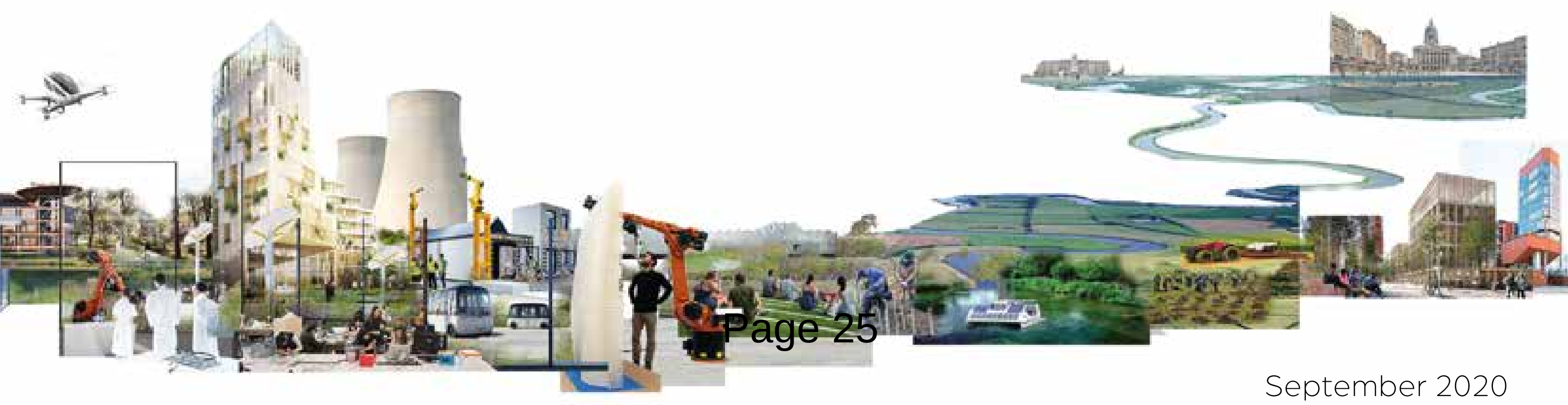
- The Members shall determine the business plan for the company which the Directors will enact. In this way the Members will set the scope and objectives for the company over the next three years, with an annual refresh.

APPENDIX 3

EAST MIDLANDS DEVELOPMENT CORPORATION

Comprehensive Spending Review (CSR) 2020

Proposition



September 2020

THE EAST MIDLANDS: OVERCOMING CHALLENGE, DRIVING OPPORTUNITY

The East Midlands regional economy is at an historic turning point, with a strategic response now required to address challenges and exploit long-term opportunities. As it recovers from the impact of COVID-19, its industrial base is also confronting the continuing digital revolution and adapting to a zero-carbon future. To harness its true potential, it must also raise skill levels and improve connectivity.

The East Midlands Development Corporation (EMDC) will be the catalyst for turning significant challenge into historic opportunity. It will provide the capacity, coherence, confidence and drive which enables a series of large-scale developments to deliver regional and national impacts.

The EMDC Comprehensive Spending Review (CSR) 2020 programme has brought together all upper tier authorities across the East Midlands together with university, LEPs and business leaders.

THE EAST MIDLANDS DEVELOPMENT CORPORATION: THE PATHWAY TO PROGRESS CORPORATION

The EMDC will supercharge a new era of growth for the regional economy by enabling projects which build directly on the potential of HS2; the region's status as a major UK trade and logistics gateway; and its historic strengths in R&D and industrial innovation – particularly research and innovation related to the emerging low carbon economy.

Those projects will contribute substantially to levelling-up the regional economy by driving clean, inclusive growth, significantly improving connectivity, and enabling real-world technologies which open up new markets and give the UK competitive advantage.

Our CSR 2020 programme proposals will drive early momentum for these opportunities by creating an interim body which will pave the way for the statutory Development Corporation.

This interim vehicle will:

- Provide detailed, deliverable investment plans
- Establish commercial arrangements
- Invest in enabling infrastructure which unlocks the key sites
- Acquire and assemble the land needed for coherent delivery of homes and jobs

- Establish a National Skills Academy focused on future economic need
- Fund ZERO, an international centre for the development of commercial applications to meet the climate change challenge
- Demonstrate economic ambition, drive market confidence.

The EMDC programme is focused on ambitious long-term outcomes which will lift regional economic performance to a point where it makes a greater contribution to UK output. Those outcomes are:

An exemplar community at Toton & Chetwynd centred on the HS2 Hub – A destination for knowledge-driven jobs and an exemplar carbon zero community which mixes next generation living, working and connectivity, and builds a new 'Garden of Innovation'.

Symbolic transformation of the UK's last coal-fired power station into an international centre for next-generation carbon zero technologies – The Ratcliffe-on-Soar Power Station, due to close in 2025, would host ZERO, a demonstrator for the development of market-ready carbon zero technologies for energy, industry, housing, transport.

An Inland Freeport centred on the UK's largest 24-hour airfreight hub – East Midlands Airport is a global freight gateway which sits alongside a major multi-modal logistics interchange and is close to world-class industries such as aerospace and automotive.

The East Midlands was the cradle of the UK's Industrial Revolution, an historic economic transformation. It is fitting that it should now be the place which overcomes some of the challenging environmental legacies that this fossil-fuelled revolution left behind.

It is also a deliverable strategy, with a number of factors aligning to make this new transformation possible: the arrival of HS2, which will supercharge connectivity and enable new housing and commercial investment; the decommissioning of Ratcliffe-on-Soar Power Station, a strategically-positioned 700-acre investment site with grid infrastructure; the UK's largest airfreight gateway at East Midlands Airport; and the presence of specialist low-carbon expertise in the region's major businesses and universities – who have a history of collaboration.

The EMDC model itself is the key to exploiting potential at this transformational scale: through vision, capacity and professional expertise, it will reverse the coordination challenges that have held back regional economic momentum. Critically, it will also provide confidence to investors looking for clear opportunities driven by committed teams working to a long-term goal.

GOVERNMENT'S ROLE: LEVELLING-UP IN ACTION

Our ambitions for the EMDC project are of an historic magnitude. Without bold government intervention, old hurdles to progress will remain, and growth ambitions will not be met:

- Housing and business space delivery would be slower and at lower levels without the leadership, focus, specialist skills and visible momentum of the Interim Vehicle.
- Coordinated and timely delivery of plans for Toton & Chetwynd will not be possible without a link road and early land acquisition.
- ZERO is a visionary project which requires significant upfront investment to prime delivery whilst key areas of focus and operating models are refined.
- The National Skills Academy's scope and significance is such that it requires funding over and above that available via Local Authority and partner budgets.

Central to the EMDC concept is a structure and purpose which overcomes challenges posed by the current system:

- Complex local authority boundaries and responsibilities mean strategic intervention is required to bring forward a coherent plan for priority regeneration of key regional development sites.
- Fragmented land ownership at Toton and Chetwynd hinders coordinated infrastructure investment. Intervention enables investment aligned to strategic goals.
- New transport infrastructure and green spaces – critical to connectivity and quality of life – would be limited without a strategic masterplan, which will maximise impact and value.
- ZERO will marshal resources for R&D in a way which ensures a focus on the delivery of applied solutions capable of transforming connectivity, productivity and place.
- The Development Corporation's strategic priorities will provide a repeatable model for zero carbon regeneration, development and integrated placemaking.
- Growth enabled by HS2 could cause congestion which strains existing infrastructure. The Interim Vehicle will mitigate these impacts by coordinating responses across boundaries.
- Regional inequalities would be locked-in without intervention. The Interim Vehicle can correct this under-performance by prioritising interventions and coordinating delivery.

INITIAL INVESTMENT: BUILDING VISIBLE MOMENTUM

The initial investment will deliver:

- **1500 new homes**
- **500 new jobs**
- **£25m Gross Value Added (GVA) Growth per annum**

It will also provide visible momentum behind an historic intervention designed to both shift the dial of regional economic performance and make decisive progress towards zero carbon innovation and growth via industrial and academic collaboration which delivers viable, real-world solutions.

Both HM Treasury Green Book and Departmental Guidance, including MHCLG, suggest early intervention will deliver a Benefit Cost Ratio of 2:1 based on land value uplifts and the impacts of each project.

This initial investment is a critical step which paves the way for a transformational long-term programme which is expected to deliver 84,000 jobs, at least 4,500 homes and a £4.8bn uplift to the East Midlands' GVA.

Initial Investment

1,500 new homes

500 new jobs

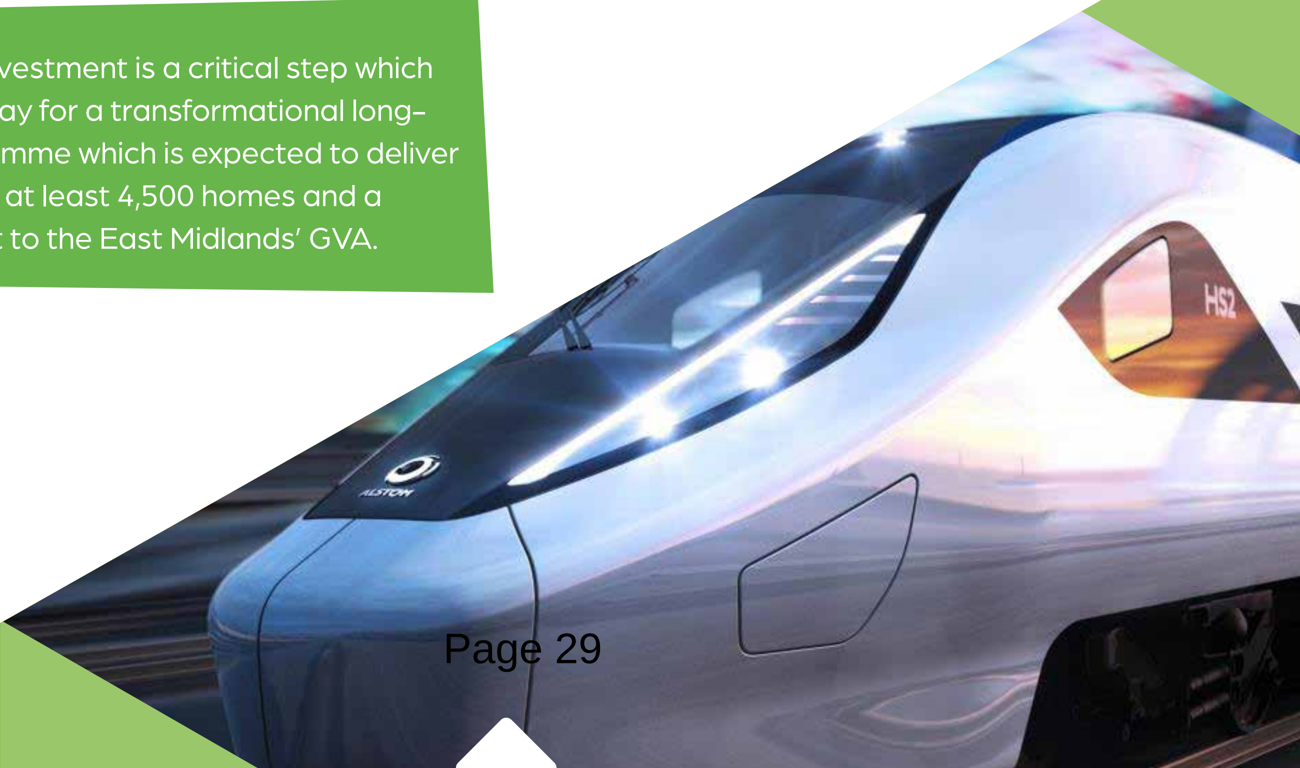
£25m additional GVA

Overall Ambition

at least 4,500 new homes

84,000 new jobs

£4.8bn additional GVA



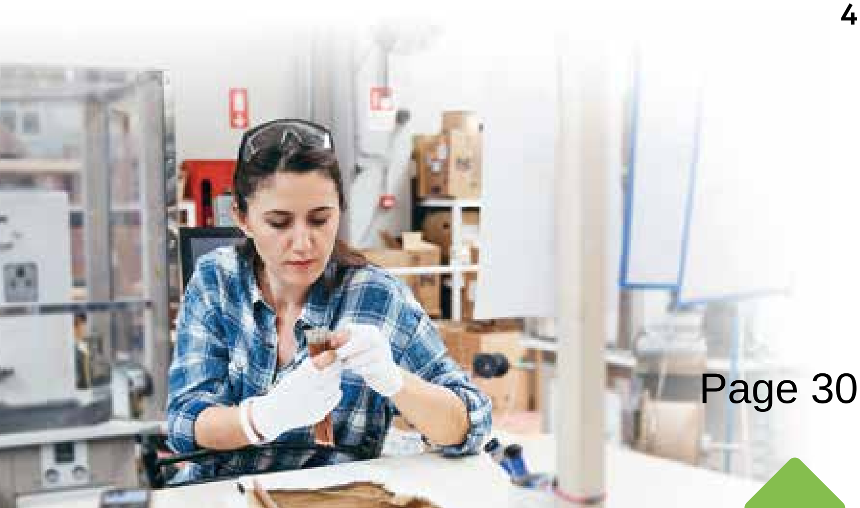
FINANCIAL PROFILE: UNLOCKING OPPORTUNITY

The EMDC CSR 2020 projects have a total current-price cost of £235m. These costs have been based on estimates developed by professional expertise, including cost consultants, chartered surveyors, consulting engineers and infrastructure specialists. Specialist advice has also been provided about land acquisitions. Land assembly costs will be recovered as sites are developed and any uplift in value resulting from investment by EMDC will also be captured.

The estimated total cost of ZERO reflects its capacity to deliver benefit at societal level, with early investment required to finalise detailed feasibility studies.

Grant Thornton has advised on establishing the Interim Vehicle, with costs for the corporate team and deliverables split between the three key sites, and costs for specialist expertise assessed according to site-specific requirements.

Total private sector investment levered by the EMDC CSR 2020 programme is estimated to be some £300 million.



CRITICAL FIRST STEPS: SUPPORTING AND DELIVERING THE 2020 CSR PROPOSITION

The process starts with the five key steps which form this 2020 CSR proposition:

1. **The Interim Vehicle** is pivotal to project-specific objectives, commercial confidence and region-wide economic ambitions: if funding is reduced, the capacity does not exist. Various models have been evaluated by partners and government and the appropriate structure has now been identified.

2. **The Toton & Chetwynd Link Road** to open up the first phase of development. It cannot be delivered without the full requested funding. It is also central to the 'Access To Toton' strategy developed to maximise the connectivity value of investment in the Toton HS2 Hub. It will be implemented by Nottinghamshire County Council as highway authority working with the EMDC interim vehicle.

3. **Land assembly at Toton & Chetwynd** – pooling public sector land and acquiring other strategic assets, including formally integrating the Chetwynd MoD barracks into the site.

4 **ZERO** – Creating an international centre on a radically new scale to develop commercial low emission solutions at speed and linked to a large industrial development fund. ZERO will be critical in achieving decarbonisation and emissions targets and will put the UK at the forefront of applied innovation in sustainable future technologies.

The business case for ZERO reflects the investment required to go from the conceptual stage to a detailed delivery plan involving researchers, engineers, policy and behavioural specialists – including application-focused technologists and an unrivalled set of solution demonstrators. Reducing funding would impact on confidence and miss the opportunity to accelerate the delivery of much needed solutions. This is a symbolic transformational ambition defined by expertise in problem-solving and real-world outcomes. Regional universities, industry, local partners and the Energy Research Accelerator are already developing a feasibility study. Turner & Townsend has identified a programme to progress the proposals.

5. **Creating a National Skills Academy** is a central part of our programme, ensuring growth opportunities created in the East Midlands can be extended to all communities. It is therefore a priority for partners, and fundamental to our inclusive ambitions. It will be delivered by a collaboration between our university partners & a local secondary school to develop low carbon economy skills: training key workers, linked to knowledge sector, also providing retraining & social mobility to support sustained inclusive growth.

Risk Management

Robust governance and delivery arrangements have been identified for the proposed EMDC and its associated Interim Vehicle, ensuring efficient and effective delivery of CSR 2020 projects. Through a shared vision with partners, they have already prepared responses to key delivery risks:

- **Site Assembly** – Nottinghamshire County Council has already acquired a strategically important part of the Toton site. CSR funding will enable aligned landholdings, including MoD property at Chetwynd, to be assembled.

- **Planning consent** – required for the link road, but the proposed scheme will also form part of local planning policies, and the emerging Supplementary Planning Document.

- **Cost management** – appropriate allowances have been made in the project, both in cost estimates and feasibility advice to help develop the projects.

- **Dependence on third parties** to take forward early investments – local partners have close working relationships, for example, the University of Loughborough and the owners of Ratcliffe Power Station site.

- **Market/economic uncertainty** – mitigated by the involvement of public sector in infrastructure for early win projects; development plots ready as Covid-19 recovery accelerates.

SUMMARY:
A REGION LEVELLED-UP AND LIFTED

A series of major development opportunities have been identified which offer long-term potential to drive inclusive growth which better connects communities to the emerging low carbon economy. These projects offer individual benefits and the collective potential for viable, next generation solutions for living, working and travelling. They also address UK-wide strategic policy objectives related to skills, housing, transport, innovation and zero carbon.

A 'purpose-built' structure is required to lead progress and attract significant private sector investment. The model identified is the East Midlands Development Corporation, which will have the capacity, skills and coherence to act at a regional scale.

To build momentum ahead of the creation of a statutory body, an Interim Vehicle is needed to drive the early, enabling interventions such as infrastructure, land assembly and preparation/scoping.

This will not only enable the statutory body to hit the ground running but will build confidence that the levelling-up agenda will create long-term opportunities for communities and investors.

MIDLANDS ENGINE

www.midlandsengine.org

D&P/08-20/76662

Report of the Strategic Director

GARDEN WASTE SUBSCRIPTION CHARGES FOR 2021/22

1. Purpose of report

To seek approval for the 2021/22 garden waste subscription fees.

2. Background

An income target of £727,000 was set for the 2020/21 subscription period. As of 1 October 2020, 21,634 properties have subscribed to the 2020/21 service, generating an income of £776,460.

The number of subscribers in 2020/21 has increased from those in 2019/20 suggesting that the service represents good value for money. However, a contributing factor to the increase in subscription numbers for 2020/21 will have been the lockdown measures imposed due to COVID 19. The restriction on the access to the Nottinghamshire County Council Recycling Centre, in conjunction with the stay and work from home principle, allowed households the opportunity to spend time in and realise the value of their garden.

The continuation of the kerbside collection throughout the COVID 19 lock down period provided households with the easiest way to dispose of their garden waste. The challenge for the 2021/22 season will be to maintain the customer base.

Outlined in the appendix are options relating to the charges for the garden waste collection service for 2021/22.

3. Financial implications

The financial implications of each option are shown in the appendix.

Recommendation

The Committee is asked to RECOMMEND to the Finance and Resources Committee that:

1. **The price for the first bin for 2021/22 be increased to £36.**
2. **The price for additional bins for 2021/22 be increased to £22.**

Background papers
Nil

APPENDIX

Charges for 2020/21

1. Comparison of charges

The table below shows the charges for the kerbside garden waste collection service for all district councils within Nottinghamshire.

Local Authority	First bin price (2020/21)	Additional bin price (2020/21)	Service Provision
Broxtowe Borough Council	£34	£18	Fortnightly March to November, monthly December through to February
Ashfield District Council	£28	£14	Fortnightly March to September
Bassetlaw District Council	£32	£32	Fortnightly March to November
Gedling Borough Council	£36	£18	Fortnightly March to December – no service January and February
Mansfield District Council	£30	£15.50	Fortnightly March to November, monthly December through to February
Newark and Sherwood	£35	£35	Fortnightly March to November, monthly December through to February
Rushcliffe Borough Council	£40	£25	Fortnightly but no collections over the Christmas and New Year period

The current fee of £34 for the first bin is around the average price across the Nottinghamshire districts. There are significant differences in the prices charged for additional bins. The current charge for an additional bin is £18 with the average price across the Nottinghamshire districts being £22.50.

By October 2020 2,223 subscribers have paid for the use of additional bins.

2. Charging mechanism

Residents can currently subscribe to the service in three ways:

- Online
- By telephone
- By using the kiosk (located in Beeston Council Offices)

Approximately 81% of Broxtowe subscribers use the online payment system. Online subscription is by far the cheapest and easiest payment method and equates to a cost of £0.15p per transaction.

3. Options for charges

Different proposed charges for 2021/22 are shown in the tables below. The figures used in the tables are based on 21,634 subscribers (the number as at October 2020).

The different options illustrate the projected income based on different prices for the first and additional bins.

		Projected income from first bins				
Number of bins	Number of subscribers	£34 (Current price)	£35 (Increase £1)	£36 (Increase £2)	£37 (Increase £3)	£38 (Increase £4)
1	21634	£735,556	£757,190	£778,824	£800,458	£822,092
Potential Additional Income		**0**	**£21,634**	**£43,268**	**£64,902**	**£86,536**

		Projected income from additional bins				
Number of additional bins	Number of subscribers	£18 (current price)	£19 (Increase £1)	£20 (Increase £2)	£21 (Increase £3)	£22 (Increase £4)
1	1964	£35,352	£37,316	£39,280	£41,244	£43,208
2	193	£6,948	£7,334	£7,720	£8,106	£8,492
3	49	£2,646	£2,793	£2,940	£3,087	£3,234
4	7	£504	£532	£560	£588	£616
5	5	£450	£475	£500	£525	£550
6	2	£216	£228	£240	£252	£264
7	2	£252	£266	£280	£294	£308
9	1	£162	£171	£180	£189	£198
Total		**£46,530**	**£49,115**	**£51,700**	**£54,285**	**£56,870**
Potential Additional Income		**0**	**£2,585**	**£5,170**	**£7,755**	**£10,340**

4. Risks

Increasing the price may increase the risk that customers do not re-subscribe. The overall number of subscribers has increased by 1448 (October 2020) from the previous year. In October 2019 the increase from the previous year at that point was 316. Whilst the increase suggests the service represent good value for money it also demonstrates the influence that COVID 19 has had on the subscription numbers. The challenge for the 2021/22 season will be to maintain the existing customer base.

5. Recommendations

The following charges are proposed:

- The price for the first bin is increased to £36.
- The price for additional bins is increased to £22.

It is envisaged that the price increase on the first bin will generate additional income in the region of £43,268.

It is envisaged that the price increase for the additional bin will generate additional income in the region of £10,340.

Based on the current year's subscription numbers it is predicted that these changes will not have any major effect on the customer base or the Council's recycling rate.

The price increases will ensure that the provision of the garden waste collection service is in line with neighbouring authorities.

Report of the Chief Executive

MARKETS OFFICER PROGRAMME

1. Purpose of report

   Following the appointment of the Markets and Promotions Officer, this report seeks Committee approval for a programme of works to be put in place for the Markets Officer, and an associated budget.

2. Background

   At a meeting of this Committee on 3 September 2020, Members recommended the recruitment of a Markets Officer, who has now been appointed. The role was seen as necessary to ensure the continuation of the Beeston Market and to also increase the outdoor retail opportunities in Broxtowe Borough Council due to the benefits in reducing risk from Covid-19 and supporting town centre vitality.

   Beeston Market successfully re-launched on Monday 12 September 2020 and will continue to grow over the coming months. With a dedicated Markets Officer, there is an opportunity to develop a programme to increase the market offer in our towns and support existing seasonal markets. This report sets out a proposed programme of markets, including delivery timelines for the introduction of new markets.

3. Financial implications

   There is no cost to the running or setting up of these additional markets. However, budget of £2,000 is sought to enhance the festive aesthetics of the seasonal markets. This cost can be met by an allocation from 2020/21 revenue contingencies of which £25,000 is presently available.

Recommendation

The Committee is asked to:

1. **RESOLVE to approve the Markets Officer programme**
2. **RECOMMEND that the additional finance of £2,000 for seasonal markets is taken to Finances and Resources for approval.**

Background papers
Nil

APPENDIX

Proposal:

Indicative Market Programme									
Activity	Start Date	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Re-launch Beeston Market	12/10/2020								
Stapleford Christmas	19/12/20								
Beeston Christmas	12/12/2020								
Kimberley Market	15/03/2020								
Stapleford Market	08/03/2020								
Eastwood Market	10/05/2020								

Report of the Deputy Chief Executive

GRANTS TO VOLUNTARY AND COMMUNITY ORGANISATIONS, CHARITABLE BODIES AND INDIVIDUALS INVOLVED IN SPORTS, THE ARTS AND DISABILITY MATTERS 2020/21

1. Purpose of Report

   To consider requests for grant aid in accordance with the provisions of the Council's Grant Aid Policy.

2. Applications and Financial Position

   Details of the grant application received is included in the appendix for consideration. The amount available for distribution in 2020/21 is as follows:

	£
Revenue Grant Aid Budget	168,800
Less: Estimated requirements for: Rent awards and other commitments (#)	38,900
Less: Grants awarded to date	115,650
BALANCE AVAILABLE FOR DISTRIBUTION	14,250

(#) This includes provisions in respect of the application from 2nd Kimberley Scout Group and 5th Stapleford Scout Group.

Recommendation

The Committee is asked to consider the requests and RESOLVE accordingly.

Background papers
Nil

APPENDIX

Applications

The following grant applications have been received for consideration in 2020/21:

Applicant		Grant Award 2019/20	Grant Request 2020/21
		£	£
2nd Kimberley Scout Group	1	7,000	7,000*
5th Stapleford Scout Group	2	4,500	4,500*
		Total	**11,500**

The total request is made up of £nil in 'cash' from the balances available, with £11,500* being covered by a provision for rents and other commitments.

Uniformed Groups Category

1. 2ND KIMBERLEY SCOUT GROUP

The 2nd Kimberley Scout Group was established in 1955 and is based in Council owned premises at Kettlebrook Lodge on Eastwood Road in Kimberley. The Group continues to thrive and has over 200 members (both junior members and voluntary helpers) from Kimberley and the surrounding areas.

The aim of the Group is to provide activities within the Scout Association organisation. The Group is responsible for the maintenance and up-keep of Kettlebrook Lodge as a community venue. The facilities are currently utilised by the Scouts and Guides organisation, a pre-school playgroup, as a blood donor centre and for other events and functions. It is estimated that over 4,000 people use the facilities every year.

The latest accounts for the year ended 31 March 2020 showed receipts of £38,274 being generated from subscriptions (less capitation), donations, grants, hire of hall, fundraising and other activities. Payments amounted to £39,513, which included premises expenses (rent, heating, lighting, repairs and maintenance), cleaning and caretaking, cost of activities and fundraising events and other expenses. The General Fund is represented by cash and bank balances, which at 31 March 2020 amounted to £18,337. This money is earmarked towards repairs and improvements to Kettlebrook Lodge.

The current tenancy agreement for Kettlebrook Lodge replaced a previous peppercorn rent arrangement. As part of the Council's aim to secure market rental on its properties, the annual rent was assessed at £6,500 (increased to £7,000 from 2019/20). The 2nd Kimberley Scout Group has suggested that it would be unable to sustain a rental charge of this size.

The Council has supported 2nd Kimberley Scout Group with grant aid for many years towards its rental obligations. The grants awarded in the past four years were:

2019/20	£7,000
2018/19	£6,500
2017/18	£6,500
2016/17	£6,500

The Council also supported 2nd Kimberley Scout Group with £5,000 of capital funding in April 2018 for the full cost of replacing the boiler at Kettlebrook Lodge, with the Council's officers also providing technical support in the process of assessing the scheme and evaluating quotations.

For 2020/21 the 2nd Kimberley Scout Group has requested a grant of £7,000 to cover the market rental of Kettlebrook Lodge. This grant would be for a period of one year and would be matched by allowances within the premises income budget and therefore leave the Council's overall budget unchanged.

2. 5TH STAPLEFORD SCOUT GROUP

The 5th Stapleford Scout Group was established in 1964 and is based at Stapleford House, Wesley Place in Stapleford. The Group currently has 82 members of all ages (scouts, cubs, beavers, leaders and voluntary helpers), the majority of whom are residents of Stapleford and Bramcote.

The aim of the 5th Stapleford Scout Group is to provide activities within the scout association organisation. The Group provides an interest for local children aged between 6 and 14 years to experience new adventures, learn new team and individual skills required for scouting activities, play new games and meet new friends. The Group are also supported by the local community at regular fundraising events such as jumble sales and fairs.

For the year ended 28 February 2020, receipts of £15,600 were generated from subscriptions, grants, donations and fundraising and other activities. Annual payments amounted to £15,641 and included membership fees, equipment, premises expenses such as rent, heating, lighting, repairs and maintenance and the cost of activities and fundraising events. Cash and bank balances as at 28 February 2020 amounted to £11,982.

The 5th Stapleford Scout Group commenced their lease for first floor at Stapleford House from September 2014. The tenancy agreement reflects the Council's aim of securing economic rents on its properties, with the annual rent of the accommodation assessed at £4,500. The 5th Stapleford Scout Group only has limited financial resources and suggests that it would be unable to sustain a rental charge of this size.

The Council has regularly supported the 5th Stapleford Scout Group for many years with grant aid towards its rental obligations. The grants awarded in the past four years were as follows:

2019/20	£4,500
2018/19	£4,500
2017/18	£4,500
2016/17	£4,500

For 2020/21 the 5th Stapleford Scout Group has requested a grant of £4,500 to cover the annual market rental of the accommodation at Stapleford House. This potential grant award would be for a period of one year and would have no effect on the Council's overall budget, with the award being matched in the Council's premises income budget.

Report of the Deputy Chief Executive

CAPITAL PROGRAMME 2020/21 UPDATE

1. Purpose of report

To report upon capital expenditure incurred in 2020/21 up to 31 October 2020 along with the planned financing of the 2020/21 capital programme and to seek approval for a number of capital budget variations in the current financial year.

2. Background

Appendix 1 sets out the 2020/21 capital programme on a scheme by scheme basis and shows expenditure incurred on all capital schemes up to 31 October 2020. The 2020/21 capital programme includes schemes totalling £4,238,000 that were carried forward from 2019/20. It also includes all the adjustments to the budgets that were approved by this Committee on 8 October 2020.

Appendix 1 shows that capital expenditure totalling £6,858,569 (or 25.49% of the planned 2020/21 capital programme) had been incurred by 31 October 2020.

Included in the 2020/21 capital programme are schemes totalling £3,363,500 that are on a “reserve list” and will be brought forward for formal approval to proceed once a source of funding is identified.

Appendix 2 sets out how it is anticipated that the 2020/21 capital programme is to be financed along with details of the capital receipts that are likely to be available for capital financing.

Examination of progress against the approved capital programme for 2020/21 along with the receipt of additional information has identified a number of schemes where the budget needs to be amended. Further details are set out in appendix 3.

Recommendation

The Committee is asked to:

1. **NOTE the expenditure on the 2020/21 capital programme to 31 October 2020 and the planned financing of the 2020/21 capital programme in appendices 1 and 2.**
2. **RESOLVE that the capital budget variations for 2020/21 as set out in appendix 3 be approved.**

Background papers
Nil

APPENDIX 1

	Total Budget 2020/21 £	Actual to 31 October £	Expenditure %
CAPITAL EXPENDITURE SUMMARY			
ENVIRONMENT AND CLIMATE CHANGE	2,036,600	432,965	21.26%
LEISURE AND HEALTH	228,050	142,203	62.36%
FINANCE AND RESOURCES	11,226,000	3,806,736	33.91%
HOUSING	12,126,250	2,377,410	19.61%
JOBS AND ECONOMY	1,283,450	99,255	7.73%
COMMUNITY SAFETY	6,400	0	0.00%
RESERVE LIST	3,363,500	0	0.00%
TOTAL	**30,270,250**	**6,858,569**	**22.66%**

DETAILED SCHEMES			
ENVIRONMENT AND CLIMATE CHANGE			
Brinsley P.C. - Play Area and Parks	4,000	0	0.00%
Nuthall P.C. - Play Area and Parks	3,400	0	0.00%
Parks and Open Spaces Improvements	42,000	5,080	12.10%
Dovecote Lane Recreation Gr’d–Improvement Works	115,500	5,500	4.76%
Swiney Way Open Space – Improvement Works	42,000	43,873	104.46%
Hall Om Wong – Extended Provision	75,050	76,050	101.33%
Hall Om Wong – Footpath Improvements	11,000	9,024	82.04%
Purchase and Installation of CCTV Cameras	20,000	0	0.00%
Hall Park (Eastwood) – Access Improvements	1,350	1,350	100.00%
Bramcote Ridge – Access Improvements	1,000	0	0.00%
Canalside Heritage Centre – Arts Ark Project	10,000	0	0.00%
Replacement Vehicles & Plant	966,600	269,599	27.89%
Pedestrian Crossing - Hickings Lane	31,500	0	0.00%
St Helen`s Church Gates (Stapleford)	3,200	2,489	77.79%
Bennerley Viaduct	120,000	20,000	16.67%
Bus Stop Infrastructure Upgrade	385,000	0	0.00%
Kimberley Footpath 35 Improvements	15,000	0	0.00%
Strelley Bridleway 4 Improvements	30,000	0	0.00%
Sun Inn Traffic Management Upgrade	20,000	0	0.00%
Beeston Tram Interchange – Public Conveniences	140,000	0	0.00%
Total for Environment and Climate Change	**2,036,600**	**432,965**	**21.26%**

	Total Budget 2020/21 £	Actual to 31 October £	Expenditure %
LEISURE AND HEALTH			
BLC – Combined Heat and Power Unit	79,300	79,320	100.03%
BLC – Site Options Professional Advice	30,000	0	0.00%
BLC – Replacement Boilers	39,700	0	0.00%
KLC – Fire Alarm Smoke and Heat Detectors	11,100	11,110	100.00%
Leisure Centres – Planned Maintenance	4,950	16,645	336.26%
Leisure Facilities Strategy	22,700	25,128	110.7%
Trent Vale Community Sports Association	21,300	10,000	46.95%
Beeston Shopmobility	10,000	0	0.00%
Phoenix Inham Football Club	9,000	0	0.00%
Total for Leisure and Health	**228,050**	**142,203**	**62.36%**

FINANCE AND RESOURCES			
RESOURCES			
Beeston Square Redevelopment	10,353,900	3,577,678	34.55%
NWOW – Planning, Finance and Estates	124,100	106,731	86%
NWOW – Main Reception	100,000	10,979	10.98%
NWOW – New Civic Suite/Customer Services/Staff Accommodation	22,650	20,479	90.42%
NWOW – Data Server Room Re-Location	0	-4,618	N/A
Capital Contingency	5,700	5,000	87.72%
ICT SERVICES			
ICT Replacement Programme	137,200	53,215	38.79%
Technical Infrastructure Architecture	292,900	7,047	2.41%
E Facilities Initiatives	72,500	0	0.00%
VoIP Telephony	50,000	0	0.00%
Committee Administration System	0	8,510	N/A
Revenues and Benefits Self-Service Module	21,500	21,715	101.00%
Member ICT Devices	45,550	0	0.00%
Total for Finance and Resources	**11,226,000**	**3,806,736**	**33.91%**

HOUSING			
Disabled Facilities Grants	869,150	82,279	9.47%
Nottinghamshire Warm Homes on Prescription	26,750	3,405	12.73%
Dementia Friendly Bungalows – Willoughby St	265,250	204,393	77.06%
Central Heating Replacement	1,392,950	356,596	25.6%
Housing Modernisation Programme	2,067,500	471,633	22.81%
Major Relets	45,100	11,466	25.42%
Aids and Adaptations – Disabled Persons	452,400	78,561	17.37%
Window and Door Replacement	292,800	28,588	9.76%

	Total Budget 2020/21 £	Actual to 31 October £	Expenditure %
External Pre-Paint Repairs and Decoration	562,350	8,656	1.54%
Electrical Periodic Improvement Works	305,250	63,305	20.74%
External Works-Paths Pavings & Hard Standings	211,800	75,620	35.70%
Fire Safety Assessment and Remedial Work	367,700	35,073	9.54%
Structural Remedial Repairs	105,000	10,952	10.43%
Asbestos Surveys and Remedial Works	106,000	20,621	19.45%
Garage Refurbishment	252,300	15,450	6.12%
HRA Stock Condition Survey	34,150	5,925	17.35%
Redwood Crescent (Beeston) - Pocket Park	3,300	0	0.00%
NWOW – Housing Section	27,250	5,169	18.97%
HRA Acquisition of Properties	2,090,100	837,116	40.05%
New Build Housing Feasibility Costs	364,850	61,702	16.91%
New Build – Oakfield Road	700,000	0	0.00%
New Build – Fishpond Cottage	600,000	0	0.00%
New Build – Chilwell/Watnall Garage Sites	900,000	0	0.00%
Housing Delivery Plan Officer Posts	56,400	0	0.00%
HRA Contingency	27,900	900	3.23%
Total for Housing	**12,126,250**	**2,377,410**	**19.61%**

JOBS AND ECONOMY			
HS2 Potential Extension Studies	100,000	0	0.00%
Former Stapleford Police Station Redevelopment	128,800	66,078	51.30%
Town Centre Wi-F (Beeston, Kimberley, Eastwood)	34,650	10,777	31.10%
Mushroom Farm – New Industrial Units	270,000	22,400	8.30%
Stapleford Town Deal	750,000	0	0.00%
Total for Jobs and Economy	**1,283,450**	**99,255**	**7.73%**

COMMUNITY SAFETY			
Beeston Weir - Life Saving Equipment	6,400	0	0.00%
Total for Community Safety	**6,400**	**0**	**0.00%**

SCHEMES AWAITING 2020/21 FUNDING			
Car Park Resurfacing	25,000	0	0.00%
BLC – Main Pool Filter Media Replacement	15,000	0	0.00%
BLC - Refurbishment of Fitness Gym Changing Rooms	38,500	0	0.00%
BLC – Replacement of Teaching Pool Filter	25,000	0	0.00%
BLC - Replacement of Flat Roofs	176,000	0	0.00%
BLC - Replacement of Teaching Pool Windows	33,000	0	0.00%
BLC - Replacement of Main Pool Windows	93,500	0	0.00%
BLC - Replacement Intruder Alarm	20,000	0	0.00%
BLC - Refurbishment of Pool Surrounds	80,000	0	0.00%
BLC - Replacement of High Voltage Transformer	57,000	0	0.00%

	Total Budget 2020/21 £	Actual to 31 October £	Expenditure %
BLC – Replacement Heating Valves	22,500	0	0.00%
BLC – Replacement Hot Water Calorifier	20,000	0	0.00%
KLC – Spinning Studio Conversion	30,500	0	0.00%
KLC – Replace Pipe Work (Plant Room to Swimming Pool)	275,000	0	0.00%
KLC – Renewal of Intruder Alarm Sensors	8,500	0	0.00%
KLC – Electrical, Roof, Window and Drainage Works	22,000	0	0.00%
KLC – New Full Size 3G Football Pitch and Car Park	1,050,000	0	0.00%
KLC – PRAMA Studio	80,000	0	0.00%
KLC – Reconfigure Gyms and Studios	70,000	0	0.00%
KLC - Replacement Pool Circulation & Shower Pumps	12,000	0	0.00%
KLC - Extension of Gym Changing Facilities	330,000	0	0.00%
KLC - Replacement of Suspended Ceilings & Floorings	18,000	0	0.00%
KLC - Re-Paint Car Park Lines and Customer Walkways	8,500	0	0.00%
CO – Refurbishment of Male Changing Rooms	79,500	0	0.00%
Cemeteries/Closed Churchyards-Footpath Impts	30,000	0	0.00%
Asset Management - Programmed Maintenance	44,000	0	0.00%
Durban House (Eastwood) - Refurbishment	700,000	0	0.00%
Total for Schemes Awaiting 2020/21 funding	**3,363,500**	**0**	**0.00%**

APPENDIX 2

Planned Financing of 2020/21 Capital Programme

Source of Financing			
	General Fund	**HRA**	**Total**
	£	**£**	**£**
Revenue Financing:			
Major Repairs Reserve		4,166,200	4,166,200
Direct Revenue Financing	30,000	2,087,550	2,117,550
Grants and Contributions:			
Better Care Fund	895,900	265,250	1,161,150
D2N2 LEP	252,150		252,150
FCC Communities Foundation	104,050		104,050
Section 106 Receipts – Parks and Open Spaces	12,350		12,350
Section 106 Receipts – ITPS	845,950		845,950
Ministry of Housing, Communities and Local Government (MHCLG)	501,000		501,000
Insurance Settlement	5,350		5,350
Usable Capital Receipts:	2,828,900	4,711,350	7,540,250
Borrowing	10,200,750		10,200,750
Reserve List:			
Usable Capital Receipts – Awaited	2,257,500		2,257,500
Grants and Contributions	1,106,000		1,106,000
Total	**19,039,900**	**11,230,350**	**30,270,250**

Capital Receipts

(i) General Fund

General Fund capital receipts available at 31 October 2020 for the financing of capital expenditure were approximately £848,250. This includes receipts of £772,150 brought forward from 2019/20

The planned financing of the 2020/21 capital programme shown in the table above assumes that General Fund capital receipts of £2,828,900 will be utilised. This includes £2,080,000 from the sale of the former Beeston Fire Station site for the provision of residential accommodation that is due to be completed in November 2020. This receipt will be used to assist with the financing of the Beeston Square redevelopment scheme.

Any surplus capital receipts can be used to reduce the projected level of borrowing required or to finance some of the schemes that are presently on the reserve list awaiting funding.

(ii) Housing Revenue Account

Housing Revenue Account (HRA) capital receipts available at 31 October 2020 for the financing of capital expenditure were £4,233,500. This was arrived at as follows:

	£
Balance at 1 April 2020 (brought forward from 2019/20)	4,002,250
Plus: Receipts from 1 April 2020 to 31 October 2020	335,500
Less: Payment to MHCLG	(104,250)
Balance at 31 October 2020	4,233,500

Overall, the HRA has the following resources available for capital investment, including the construction of new build properties:

- Capital Receipts of £4,233,500
- HRA revenue contributions (NB. Balance at 31 March 2020 was £4,625,550)

Borrowing is also a potential source of funding of HRA capital expenditure along with any grants that are received.

The payments that are required to be made to MHCLG are comprised of the following elements:

(i) An assumed level of receipts under right to buy (RTB) based upon a baseline forecast in the self-financing settlement of March 2012
(ii) Any receipts that are required to be returned in line with the agreement on the one for one replacement of the housing stock

Like most local authorities with their own housing stock, the Council entered into an agreement with the Government in 2012 to retain receipts from the sale of council houses in excess of those in (i) above to fund the replacement of stock that is sold. Under the terms of this agreement, local authorities are required to spend RTB receipts within three years and the receipts should fund no more than 30% of the cost of a replacement unit. Where a local authority is unable to spend receipts within three years they have to be returned to MHCLG, together with interest of 4% above base rate, to be spent on affordable housing through Homes England.

The table below confirms that the Council has spent a sufficient amount on new build expenditure to be at low risk in the short term of having to return capital receipts from the sale of council houses to MHCLG under the one for one replacement agreement. At 30 September 2020 the Council's cumulative new build expenditure of £2,492,614 comfortably exceeded the required new build sum of £2,265,303 at that date. The Council's required new build expenditure over the next three years is as set out in the table below.

Cumulative New Build Expenditure Required (£)	**Date New Build Expenditure Required By:**
2,265,302.84	30 September 2020
2,725,242.70	31 December 2020
3,801,591.80	31 March 2021
4,145,580.91	30 June 2021
4,667,359.76	30 September 2021
5,576,040.85	31 December 2021
5,931,251.26	31 March 2022
5,942,703.13	30 June 2022
6,368,660.29	30 September 2022
6,491,057.68	31 December 2022
6,809,487.52	31 March 2023

Given that the Council's cumulative new build expenditure presently stands at £2,492,614 there is not presently a requirement to incur further new build expenditure until the third quarter of 2020/21. This expenditure needs to have been incurred on a scheme that has been completed rather than in progress at that date to fulfil the conditions of the agreement.

APPENDIX 3

1. Mushroom Farm – New Industrial Units

Finance and Resources Committee on 9 July 2020 received an update on the scheme to construct three industrial units at Mushroom Farm in Eastwood to add to the existing seven units at the site. It was resolved that the budget for the scheme be increased to £270,000 and that this be funded by £160,000 from the D2N2 Local Enterprise Partnership (LEP) with a contribution of £110,000 from the Council funded by borrowing.

After a procurement exercise to determine a suitable contractor had been completed but before construction commenced, it became apparent that the scheme would require the redirection of two surface water drains which cut through the site and underneath the footprint of one of the proposed new units. The estimated cost of this unanticipated work was £40,000. The contractor agreed to meet £20,000 of this cost but the D2N2 LEP indicated that they would not be prepared to increase their contribution of £160,000 towards the scheme.

In order to avoid any delays to the scheme and to help ensure that it is completed by 31 March 2021 to fulfil the requirements to obtain the D2N2 LEP funding of £160,000, the Chief Executive (after consulting with the Leader of the Council) utilised her emergency powers in October 2020 to increase the budget for the scheme from £270,000 to £290,000 with the additional £20,000 cost to the Council to be met by borrowing.

2. Beauvale Park - Newthorpe

The Council received a Section 106 Open Space contribution of £36,300 from Stones Sankey Development Ltd in April 2019 in respect of a housing scheme at Mill Road, Newthorpe. The agreement requires this funding to be split between £20,550 for improvements to Beauvale Park in Newthorpe and £15,750 for on-going maintenance at Colliers Wood in Eastwood.

Beauvale Park is a Greasley Parish Council site. A scheme has been designed that would enhance the play area and upgrade part of the surrounding fence. It would be managed in a similar manner to the Pride in Parks funding that has been made available by Broxtowe Borough Council to parish and town councils in recent years.

It is therefore proposed that a scheme for £20,550 be included in the 2020/21 capital programme for improvements to Beauvale Park in Newthorpe to be funded by Section 106 Open Space contributions.

3. Reserve List

Included in the 2020/21 capital programme are schemes totalling £3,363,500 that are on a “reserve list” and intended to be brought forward for formal approval to proceed once a source of funding is identified. As work on preparing the 2021/22 capital programme is presently underway, it is proposed that these schemes are removed from the 2020/21 capital programme. This will provide an opportunity to re-evaluate them alongside other proposed schemes for the 2021/22 capital programme.

Draft 2021/22 capital programmes will be presented to each committee in January and February 2021 before the proposed 2021/22 capital programme and financing arrangements are presented to Finance and Resources Committee for formal approval on 11 February 2021.

Summary of Proposed Changes in Appendix 3 to 2020/21 Capital Programme

Scheme	**Present Budget (£)**	**Proposed Budget (£)**	**Funding Source (£)**
Mushroom Farm – New Industrial Units	270,000	290,000	GF Borrowing
Beauvale Park - Newthorpe	0	20,550	S106 Open Space Contributions
Reserve List	3,363,500	0	To be determined
TOTAL	**3,633,500**	**310,550**	

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Report of the Deputy Chief Executive

CAPITAL PROGRAMME 2020/21 – NEW BUILD OAKFIELD ROAD

1. Purpose of report

To seek approval to allocate an additional £65,000 from the 2020/21 HRA Capital Programme to build 5 highly energy efficient flats for the housing revenue account at Oakfield Road, Stapleford.

2. Background and detail

The Housing Delivery Plan was approved by Housing Committee and the Finance and Resources Committee in June and July 2019 respectively. Providing new build housing on HRA owned sites is a key component of the delivery plan to help ensure a minimum of 230 new social rented homes are provided over the next 10 years.

Planning permission has been secured to build 5 one bedroom flats on the former garage site at Oakfield Road for ex-service personnel. A recent OJEU compliant tender exercise has been undertaken, however the successful tender price is above the approved Housing Capital budget of £700,000 (Finance and Resources Committee 8/10/20).

The reason for the higher tender price is mainly related to the lack of capacity with the existing electrical network at Oakfield Road and the subsequent upgrade work required by Western Power, at a cost of £46,000. In addition, the recent remediation strategy for the site has identified a potential risk of contaminated material. A contingency sum needs to be allocated for the potential remediation work.

Additional funding of £65,000 is required to progress the scheme. Officers are looking at the possibility of using commuted sums secured by the Council on section 106 site, for the provision of affordable housing in the district, to help subsidise the scheme.

3. Financial Implications

It is proposed that the additional £65,000 anticipated costs as set out in the report be financed, like the £700,000 budget previously allocated to this scheme, from available HRA capital receipts. A report including an update on the availability of HRA capital receipts can be found on this agenda.

Should insufficient HRA capital receipts be available to finance this scheme in full, consideration will be given to utilising other sources of finance including direct revenue contributions and borrowing.

Recommendation
Committee is asked to RESOLVE that the 2020/21 capital programme be amended so that the budget for the New Build – Oakfield Road scheme be increased from £700,000 to £765,000 with the additional £65,000 cost met from HRA capital receipts.

Background papers
Nil

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Report of the Deputy Chief Executive

GENERAL FUND REVENUE BUDGET AMENDMENTS 2020/21

1. Purpose of report

To seek approval for a number of amendments to the General Fund revenue budget for 2020/21.

2. Background

Recent government announcements, particularly in response to the Covid-19 pandemic, along with detailed budget monitoring have identified a number of General Fund 2020/21 revenue budgets that need to be amended. There are also a number of other service priorities that will require amendments to the General Fund 2020/21 revenue budget. Details are set out in appendix 1.

The effect of the amendments set out in appendix 1 are summarised in appendix 2 and will be to increase the anticipated withdrawal in 2020/21 from the Council's General Fund balance by £44,700.

A further amendment to the General Fund revenue budget in 2020/21 will need to be made to the management fee payable to Liberty Leisure to reflect the loss of income incurred by the Council's trading company following the closure of the leisure centres. A report providing additional information on this will be present to Finance and Resources Committee on 11 February 2021.

Details of any further General Fund revenue budget amendments for 2020/21 that are required will be presented to the Finance and Resources Committee for approval in due course.

Recommendation

The Committee is asked to RESOLVE that the amendments to the General Fund 2020/21 revenue budget as set out in appendices 1 and 2 be approved.

Background papers
Nil

APPENDIX 1

1. Business Support Grants – Expenditure and Income

The Chancellor of the Exchequer announced two business grant schemes, the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund, back in March 2020. The Council received funding of £17,914,000 for these and the Revenues and Benefits section in association with Finance Services processed the required payments accordingly.

The Local Authority Discretionary Grant Fund was announced on 1 May 2020, with particular emphasis on supporting small businesses that were not eligible for funding from the other two business support grant schemes and which had high fixed property related costs. The Council received funding of £634,250 for this scheme and this was distributed before the deadline of 30 September 2020.

Following the introduction of the Local Covid-19 Alert Level (LCAL) framework followed by a second national lockdown from 5 November 2020, the Government have made a further five separate grants available to local authorities to support businesses that have been impacted by these measures. They are as follows:

(i) Grants Provision Prior to 5 November 2020

- Local Restrictions Support Grant (Open) – Local authorities in LCAL High (Tier 2) in any period from 1 August to 4 November 2020 will receive an allocation to pay LRSG (Open) for the period they spent in this tier. This allows each local authority to run a discretionary grant scheme to support those businesses impacted by the LCAL High restrictions. The scheme also applies when an area is in LCAL Very High (Tier 3).

- Local Restrictions Support Grant (Closed) – Local authorities in LCAL Very High (Tier 3) will receive an allocation to pay LRSG (Closed) for the time they have been in Tier 3. Local authorities must make grant payments of up to £3,000 to businesses that have to close.

- Local Restrictions Support Grant (Sector) – Businesses that were required to close in March 2020 and which have never been able to re-open (such as nightclubs) will be paid grants of up to £3,000 for every four-week period that they have had to remain closed. There is no backdating with this scheme and it is deemed to have commenced on 1 November 2020.

(ii) Grants Provision Post 5 November 2020

- Local Restrictions Support Grant (Closed) – The LRSG (Closed) is a mandatory grant for businesses that have a rateable value. It is a single grant to cover each four-week period and depends upon the rateable value of the business. Where the funding received is insufficient to meet local needs, further “top up” funding will be made available.

- Additional Restrictions Grant – This is a single allocation based upon £20 per head of population for each local authority to use to run a discretionary grant scheme. It can be used to support, for example businesses that do not have a rateable value and are forced to close or have costs that are significantly higher as a result of the pandemic. Discretionary grants can also be paid to businesses that are severely impacted rather than closed. The allocation can also be used for other direct business support at the discretion of the local authority.

The Council has received funding totalling £3,932,736 in respect of the above grants as follows:

- Additional Restrictions Grant (£2,280,660)
- Local Restrictions Support Grant (Closed) Addendum (£1,431,504)
- Local Restrictions Support Grant (Open) (£220,572)

This funding now needs to be incorporated within the 2020/21 budget. Further funding in respect of these grants is also anticipated along with new burdens funding to meet the costs of implementing these arrangements. Once the details have been announced they will be reported to a future meeting of the Finance and Resources Committee for inclusion within the 2020/21 budget.

2. Covid-19 Enforcement and Compliance – Expenditure and Income

On 8 October 2020 the Government announced that it was making £30m of funding available to local authorities to support compliance and enforcement measures, including social distancing, to control the spread of Covid-19 across individuals, businesses and in the community. Particular emphasis was to be given to supporting individuals who wish to use their local high streets and town centres in a Covid-19 secure way to allow them to feel safe and hence support the businesses that rely upon their custom.

The Council's allocation from this £30m of funding is £47,090. The funding is ring-fenced and has to be used in accordance with the objectives set out above. Among the initiatives that the Council are pursuing following receipt of this funding is the recruitment of two temporary Covid-19 marshals.

3. Test and Trace Support Payments

Test and trace support payments of £500 were introduced by the Government to help stop the transmission of Covid-19. They are intended to support people on low incomes who would lose income as a result of self-isolating and to encourage them to get tested if they have symptoms. The payments were made available from 28 September 2020 and the scheme will last until 31 January 2021.

Funding of £50m was allocated to local authorities for this with £25m for programme costs (the cost of the payments to applicants), £10m for administration costs and £15m for discretionary payments. The Council's share of this funding totalled £88,363 with £39,000 for programme costs, £25,803 for administration costs and £23,560 for discretionary payments.
The Council has used £8,250 of the £25,803 funding for administration costs to purchase a software solution from Civica to allow applications to be checked and verified against other systems and enable payments to be made promptly.

4. Liberty Leisure – Management Fee

The Covid-19 outbreak resulted in the closure of the Council's leisure centres for a number of months and although they re-opened in the summer before closing again in the latest lockdown, this has had a significant financial impact upon Liberty Leisure.

In order to seek to stabilise the finances of the company, requests for voluntary redundancy were sought from the company's workforce. A number of applications were received and these were carefully considered before the company agreed that a number of receptionist and cleaning staff be allowed to leave voluntarily. The redundancy costs amounted to £50,025 and although the accompanying pension strain costs have yet to be finalised, these are estimated to be approximately £66,968.

The Chief Executive (after discussions with the Leader and Deputy Leader of the Council) agreed that the Council would meet the redundancy and accompanying pension strain costs. This requires the management fee payable to Liberty Leisure for 2020/21 to increase by a further £117,000 from £979,400 to £1,096,400.

5. Covid-19 MHCLG Support

The Ministry of Housing, Communities and Local Government (MHCLG) have so far made available four separate tranches of funding for local authorities to help address financial issues in terms of increased costs and reduced income arising from the coronavirus pandemic.

The Council received an initial £51,030 followed by further sums of £1,136,335 and £165,544 totalling £1,352,909. As agreed by the Finance and Resources Committee on 8 October 2020, these were then reflected in the 2020/21 budget.

On 21 October 2020 a fourth tranche of funding to local authorities was announced and the Council was informed that it was to receive £172,047. This now needs to be reflected in the 2020/21 budget.

6. Sales, Fees and Charges Compensation

On 2 July 2020, the Government announced a co-payment scheme that would compensate local authorities for irrecoverable losses from sales, fees and charges in 2020/21. Compensation of 75p for each £1 of sales, fees and charges income lost as a result of the pandemic would be provided to local authorities subject to them meeting an initial 5% of the loss when compared to the budget.

The Council has completed the first of the three claims that will be submitted in 2020/21. This covered the period from 1 April 2020 to 31 July 2020 and the amount claimed amounted to £70,400 covering income lost from car parking, parks and recreation grounds, land charges and licensing. This will now need to be included in the 2020/21 budget.

7. Homelessness - Miscellaneous

As reported to the Finance and Resources Committee on 8 October 2020, the coronavirus pandemic has resulted in additional costs being incurred to address the impact upon individuals that are either homeless or at risk of becoming homeless.

The meeting on 8 October 2020 agreed to increase the miscellaneous expenditure budget for 2020/21 by £78,450 from £117,400 to £195,850. As this is being met by various grants received in both 2019/20 (currently in a reserve) and in 2020/21, the budget for Government Grant income in 2020/21 also needs to be increased by £78,450 from £117,400 to £195,850 to reflect this.

8. Car Parking – Pay and Display Income

The original 2020/21 budget for pay and display income in respect of car parking was £258,500 whilst income received in 2019/20 was £208,700.

As an initial response to the closure of the Council's car parks as part of the Covid-19 restrictions imposed in March 2020, the Finance and Resources Committee on 8 October 2020 agreed to reduce the 2020/21 budget by £25,000 to £233,500.

It is now apparent that pay and display income in 2020/21 is going to be significantly below the revised budget of £233,500. The continuing impact of the Covid-19 restrictions along with shop closures and the move towards on-line trading mean that it is now anticipated that pay and display income in 2020/21 will be £95,000. The 2020/21 budget therefore needs to be amended accordingly.

Should this expected reduction in pay and display income materialise, some of this may be offset by income from the sales, fees and charges compensation scheme referred to in 6 above.

9. Additional Covid-19 Costs - Environment

Additional resources have been required within the Environment Department Collection team to enable activities such as refuse collections to be maintained in a safe and secure manner across the borough in response to Covid-19. This has primarily related to agency workers used to ensure service delivery has been maintained.

These costs amounted to £41,484 at 31 October 2020 for which there is presently no budget provision. It appears reasonable to assume that they will continue to be incurred at a similar rate during the remainder of 2020/21 and therefore the establishment of a budget of £70,000 for these costs is proposed.

10. Additional Covid-19 Costs – Corporate Communications

In order to deliver targeted messages and encourage behaviour change to comply with the relevant guidance, the Corporate Communications team have incurred additional costs in work such direct mailing to households. Further initiatives are planned that will, for example, see social media used to communicate key messages to certain groups.

The costs of this activity is estimated to be about £19,100 but a contribution of £10,000 is anticipated from Nottinghamshire County Council from the Contain Outbreak Management Fund allocation that they have received from the Government.

11. “Green Investment” Bids

In order to accelerate the delivery of the Council’s “Climate Change and Green Futures” programme as well as other initiatives, it is proposed that funding of £20,000 be allocated in 2020/21 only to procure external capacity to assist in the development of bids to various funding bodies.

The Council has had a number of recent successes in bidding for additional funds from bodies such as the D2N2 Local Enterprise Partnership and it is considered that utilising additional specialist expertise in this area could yield further positive results with a rapid payback on this £20,000 use of resources.

12. Stapleford – Cllr Darby Memorial Bench

Cllr Ray Darby sadly passed away in November 2020 It is proposed that £1,000 be allocated for a memorial bench in Stapleford town centre in commemoration of the life of Cllr Darby and his contribution to the local community.

APPENDIX 2

Budget Heading	Current Budget (£)	Proposed Budget (£)	GF Budget Change (£)
Business Support Grants - Expenditure	18,548,250	22,481,000	3,932,750
Business Support Grants - Income	(18,548,250	(22,481,000)	(3,932,750)
Enforcement and Compliance - Expenditure	0	47,100	47,100
Enforcement and Compliance - Income	0	(47,100)	(47,100)
Test and Trace Support – Expenditure	0	88,350	88,350
Test and Trace Support - Income	0	(88,350)	(88,350)
COVID-19			
Covid-19 MHCLG Support	(1,352,900)	(1,524,950)	(172,050)
Liberty Leisure – Management Fee	979,400	1,096,400	117,000
Sales, Fees & Charges Income Compensation	0	(70,400)	(70,400)
Homelessness - Miscellaneous	(117,400)	(198,850)	(78,450)
Car Parking – Pay and Display Income	(233,500)	(95,000)	138,500
Environment – Additional Costs	0	70,000	70,000
Corporate Comms- Additional Costs	0	19,100	19,100
Other Changes			
“Green Investment” Bids	0	20,000	20,000
Stapleford – Cllr Darby Memorial Bench	0	1,000	1,000
Total	**(724,400)**	**(682,700)**	**44,700**

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Report of the Deputy Chief Executive

TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2020/21 – MID YEAR REPORT TO 31 OCTOBER 2020

1. Purpose of report

To inform the Committee of treasury management activity and the actual prudential indicators for 2020/21 up to 31 October 2020.

2. Detail

Regulations issued under the Local Government Act 2003 require the Council to fulfil the requirements of the Chartered Institute of Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when undertaking its treasury management activities.

As well as the Treasury Management and Prudential Indicators annual report that is presented to this Committee in July each year, there is a regulatory requirement for Members to receive a mid-year review. This is intended to enhance the level of Member scrutiny in these areas.

Following consultation in 2017, CIPFA published new versions of the Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities. The local authority specific Guidance Notes to the former Code were issued in October 2018. The Ministry of Housing, Communities and Local Government (MHCLG) has also published its revised Investment Guidance and this came into effect from April 2018.

The CIPFA Code of Practice on Treasury Management requires the Deputy Chief Executive to operate the Treasury Management function in accordance with the Treasury Management Strategy approved at Finance and Resources Committee on 13 February 2020 and then by Council on 4 March 2020. Details of all borrowing and investment transactions undertaken in 2020/21 up to 31 October 2020, together with the balances at this date and treasury management limits on activity, are provided in appendix 1. There are no issues of non-compliance with these practices that need to be reported to the Committee.

Under the CIPFA Prudential Code for Capital Finance in Local Authorities, the Council is required to prepare a number of prudential indicators against which treasury management performance should be measured. Performance against prudential indicators is given in appendix 2. The Council has complied with its 2020/21 prudential indicators to 31 October 2020.

Recommendation
The Committee is asked to NOTE the 2020/21 mid-year report to 31 October 2020.

Background papers Nil

APPENDIX 1

1. Borrowing

a) Debt activity during 2020/21

The loan debt outstanding as at 31 October 2020 compared to the opening position at 31 March 2020 is shown below:

	Amount Outstanding at 31/03/2020 £	**Amount Outstanding at 31/10/2020 £**
Short Term Loans		
Bramcote Crematorium	395,287	231,022
Money Market Loans	15,000,000	14,000,000
Public Works Loan Board	10,481	5,376
Long Term Loans:		
Money Market Loans	3,000,000	3,000,000
Public Works Loan Board	79,769130	79,769,130
	98,174,898	**97,005,528**

b) Short Term Loans

The short term money market loans are loans from other local authorities and public sector bodies. Details of the movement in these during the period are set out in the table below:

Lender	Balance at 31 March 2020 (£)	Start Date	End Date	Rate (%)	Balance at 31 October 2020 (£)
Guildford Borough Council	2,000,000	17 May 2019	15 May 2020	1.00	-
Nottinghamshire Police and Crime Commissioner	2,000,000	5 July 2019	6 April 2020	0.90	-
East Suffolk Council	2,000,000	25 September 2019	23 September 2020	0.90	-
Lichfield District Council	2,000,000	8 November 2019	11 May 2020	0.72	-
Hyndburn Borough Council	1,000,000	6 December 2019	4 December 2020	0.90	1,000,000
North West Leicestershire District Council	2,000,000	30 January 2020	30 July 2020	0.85	-

Breckland District Council	1,000,000	31 January 2020	30 October 2020	0.93	-
Bridgend County Borough Council	2,000,000	6 February 2020	6 August 2020	0.87	-
Breckland District Borough Council	1,000,000	6 February 2020	5 February 2021	0.95	1,000,000
Brighton & Hove City Council	-	6 April 2020	6 October 2021	1.02	-
Shropshire & Wrekin Fire Authority	-	11 May 2020	11 November 2020	0.85	2,000,000
Merseyside Fire & Rescue Service	-	5 May 2020	4 May 2021	0.90	2,000,000
Vale of Glamorgan Council	-	10 June 2020	15 March 2021	0.38	2,000,000
Somerset County Council	-	6 August 2020	6 May 2021	0.60	2,000,000
North of Tyne Combined Authority	-	30 September 2020	29 September 2021	0.55	2,000,000
South Derbyshire District Council	-	6 October 2020	6 April 2021	0.10	2,000,000
Shropshire & Wrekin Fire Authority	-	11 November 2020	11 May 2021	0.10	-

Short term loans at 31 March 2020 included PWLB annuities of £10,481. A sum of £5,105 was repaid on 14 September 2020 and the remaining £5,376 is due for repayment on 15 March 2021.

Short term loans at 31 March 2020 also included £395,288 that had been invested with the Council by Bramcote Crematorium. At 31 October 2020 Bramcote Crematorium had invested £231,022 with the Council. A distribution of £150,000 was made to each of the constituent authorities on 1 October 2020.

The major element of the long-term loans from the PWLB is the loans totalling £66.446m taken out on 28 March 2012 to make the payment to the Department for Communities and Local Government (DCLG). This enabled the Council to exit the Housing Revenue Account (HRA) subsidy system and move to self-financing arrangements that allow local authorities to support their housing stock from their own HRA income. These loans were for maturity periods between 10 and 20 years and were at special one-off preferential rates made available by the PWLB for this exercise of 13 basis points above the equivalent gilt yield at the date on which the loans were taken out.

Debt is kept under review in order to match the level of borrowing with the financing requirement for assets, based on analysis of the Council's balance sheet, with the aim of maintaining borrowing at the most efficient level in line with the prudential framework for capital finance.

The planned financing of the 2020/21 capital programme as at 31 October 2020 indicates that further borrowing of £10,200,750 would be required to help fund the General Fund part of the programme. This borrowing has not, as yet, been undertaken as the availability of large investment balances has meant that there has been no specific need to undertake this borrowing thus far.

The Council will continue to adopt a cautious and considered approach to any borrowing that it may undertake. The Council's treasury advisors, Arlingclose, actively consult with investors, investment banks, and capital markets to establish the attraction of different sources of borrowing and their related trade-off between risk and reward. The Council will liaise with their advisors before making any borrowing decisions and then report these to Members.

Arlingclose expects short-dated borrowing from the money markets to remain cheaper than long-term borrowing from the PWLB over the next 12-month period.

b) Debt rescheduling

In conjunction with the treasury management advisors, the Council continues to seek opportunities for the rescheduling of debt that could reduce its overall borrowing costs. No debt rescheduling has taken place from April to October 2020.

Whilst the possibility of achieving savings by repaying a loan may initially appear attractive, if a replacement loan is taken out to facilitate this then the replacement loan will have to be replaced at some stage. There is a risk that, as interest rates rise, future loans could be more expensive and the initial decision to pursue the repayment of the original loan could turn out to be costly in the long term.

There may be opportunities in the future to achieve discounts by repaying loans using funds that are currently invested but the Council's primary concern will be to ensure that it has sufficient liquidity available to meets its liabilities and this represents a significant barrier to debt repayment activity.

Currently all of the Council's PWLB loans would attract a premium, i.e. a penalty, on premature repayment of between 5% and 99%. Those which have a higher probability of attracting a discount in the future were interest rates to rise (i.e. where the current premium is between 0% and 10%) are some loans that were taken out on 28 March 2012 at preferential rates as part of the move to exit the HRA subsidy system as referred to in 1(a) above.

The Council and its treasury management advisors will continue to monitor the situation and evaluate potential opportunities where appropriate. Debt rescheduling activity will only be undertaken when annual revenue savings can be achieved and both a stable debt maturity profile and suitable interest rate structure can be maintained.

c) Cost of borrowing and debt profile

i. Long term debt

The Council's long term debt had an average of 7.88 years to maturity at 31 October 2020 (31 March 2020 was 8.28 years). The average interest payable at that date was 2.96% (31 March 2020 was 2.97%).

ii. Short term borrowing

Short-term borrowing comprises the continuing loan from the Bramcote Crematorium Joint Committee and the loans outlined in 1(a) above.

The Council has taken advantage of exceptionally low interest rates for short term loans that have been available from other local authorities and public sector bodies.

iii. PWLB Rate Changes and Future Borrowing

Most of the Council's long term debt is borrowed from the PWLB. On 9 October 2019 PWLB borrowing rates were increased by 1% for new loans borrowed on or after this date. This means that PWLB borrowing rates are now 180 basis points above gilt rates (i.e. the government cost of borrowing). PWLB borrowing rates were previously 80 basis points above gilt rates.

The Chancellor of the Exchequer's March 2020 Budget statement included significant changes to PWLB policy and saw the launch of a wide ranging consultation on the PWLB's future direction titled "Future Lending Terms". The changes included a reduction in the margin on new Housing Revenue Account (HRA) loans to 80 basis points above gilt yields which is 100 basis points below the usual PWLB borrowing rates.

Even with the March 2020 reduction, PWLB borrowing is widely regarded at present as a relatively expensive source of borrowing. The Council will consider other sources for short and long term borrowing including banks, pension funds and other local authorities in order to lower interest costs and reduce the over-reliance on one source of borrowing.

The "Future Lending Terms" consultation contains proposals to allow local authorities that are not involved in "debt for yield" activity to borrow at lower rates as well as stopping local authorities from using PWLB loans to buy commercial assets primarily for yield. The consultation also raises the possibility of slowing, or even stopping, local authorities from borrowing large sums in specific circumstances. The consultation closed on 31 July 2020 with the announcement and implementation of the revised borrowing terms expected later in 2020 or early in 2021.

2. Investments

a) Investment Policy

The Council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved at the Finance and Resources Committee meeting on 13 February 2020 and then by Council on 4 March 2020. This gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

The Council only places investments with banks and building societies which are UK domiciled and have, as a minimum, the following rating from the Fitch, Moody's and Standard and Poors credit rating agencies:

(i) Long Term A– (or equivalent)

The Council is also able to invest in Money Market Funds (MMF) that are AAA rated and with the UK government, as well as with other local authorities. The maximum permitted duration of investments is two years.

The investment activity during the first seven months of 2020/21 conformed to the approved strategy and the Council had no security or liquidity difficulties.

b) Interest Received

The total interest receivable for the period to 31 October 2020 amounted to £144,400 (2019/20 to 30 November was £247,759). The average interest rate earned for the period up to 31 October 2020 was 1.20%, compared to 1.73% for the period up to 30 November in 2019/20. This was largely due to the decrease in Bank Rate from 0.75% to 0.10% on 19 March 2020.

The return of money market funds (net of fees) fell during the period from 1 April 2020 to 31 October 2020 and for many money market funds net returns currently range between 0% and 0.1%. In a number of cases, fund management companies have temporarily lowered or waived fees in order to maintain a positive net return.

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.10% for the foreseeable future but there remain substantial risks to this forecast, dependant on factors such as the impact of the Covid-19 pandemic, the outcome of Brexit negotiations, global growth and trade concerns. There has also been speculation regarding the possibility of negative Bank Rates in the future in order to stimulate the economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future. Short-term gilt yields are currently negative and will remain around or below zero until either the Bank of England expressly rule out negative Bank Rates or growth and inflation prospects improve.

The UK 1 month, 3 month and 12 month LIBID rates averaged -0.01%, 0.11% and 0.33% respectively over the period from 1 April to 31 October 2020.

The Council has a total of four long term investment totalling £7.0m and details of these along with the average interest income received per quarter are as follows:

- CCLA Local Authority Property Fund (LAPF) - £2.0m (£19,000)
- CCLA Diversified Income Fund (DIF) - £2.0m (£17,000).
- Royal London Enhanced Cash Plus Fund - £2.0m (£5,500)
- Ninety One Diversified Income Fund – £1.0m (£10,500)

The £2.0m invested in the CCLA Local Authorities' Property Fund (LAPF) had a dividend yield of 4.37% at 31 October 2020 whilst the £2.0m invested in the Royal London Enhanced Cash Plus Fund had a dividend yield of 0.59% at that date. The CCLA and Ninety One Diversified Income Funds have dividend yields that generally average around 4.00% and 4.25% respectively. Further details of these long-term investments are set out in 3(v).

Similar to many other property funds, dealing (i.e. buying or selling units) in the CCLA Local Authorities Property Fund was suspended in March 2020. The relative infrequency of property transactions in March as the Covid-19 pandemic intensified meant that it was not possible for valuers to be confident that their valuations correctly reflected prevailing conditions. To avoid material risk of disadvantage to buyers, sellers and holders of units in the fund, it was obliged to suspend transactions until the required level of certainty is re-established. The dealing suspension was lifted in September 2020. In addition, there has also been a change to redemption terms for the CCLA Local Authorities Property Fund in that from September 2020 investors are required to give at least 90 calendar days' notice for redemptions.

c) Investments Placed

A summary of all investments (either short or long term) made and repaid from 1 April 2020 to 31 October 2020 is set out in the following table:

	Balance at 01/04/2020 £000s	Investments Made £000s	Investments Repaid £000s	Balance at 31/10/2020 £000s	Increase/ Decrease in Investments
UK Banks and Building Societies					
Barclays	-	-	-	-	-
Santander UK	-	2,000	-	2,000	2,000
Bank of Scotland	-	4,300	(1,300)	3,000	3,000
Other Local Authorities					
Mid Suffolk DC	3,000	-	(3,000)	-	(3,000)
Eastleigh BC	3,000	-	(3,000)	-	(3,000)
Money Market Funds					
Insight MMF	-	5,000	(5,000)	-	-
LGIM MMF	-	17,785	(17,785)	-	-
Aberdeen MMF	2,860	13,780	(14,620)	2,020	(840)
Federated MMF	-	17,245	(17,245)	-	-
Public Sector Deposit Fund	-	5,930	(930)	5,000	5,000
Long Term Funds					
LA Property Fund	2,000	-	-	2,000	-
Royal London Enhanced Cash Plus	2,000	-	-	2,000	-
CCLA Diversified Income Fund	2,000	-	-	2,000	-
Ninety One Diversified Income Fund	1,000	-	-	1,000	-
Total	**15,860**	**66,040**	**(62,880)**	**19,020**	**3,160**

The Money Market Funds (MMF) are set up as individual accounts where funds can be placed short-term, often overnight, and monies withdrawn as and when required. This has a major impact upon the number of investments made with these institutions during the period above.

Use continues to be made of MMF due to their ability to provide a secure and highly liquid place in which to invest and the reduced number of other potential counterparties available as outlined in 2(g) below.

d) Credit Risk

Security of capital has remained the Council's main investment objective. Counterparty credit quality has been maintained at an appropriate level during 2020/21 as shown by the credit score analysis in the following table:

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating
31/03/2020	4.05	AA-	3.74	AA-
30/06/2020	4.43	AA-	4.63	A+
30/09/2020	4.85	A+	4.81	A+

The value weighted average reflects the credit quality of investments according to the size of the deposit. The time weighted average reflects the credit quality of investments according to the maturity of the deposit.

The table below shows how credit risk scores are related to credit ratings:

Long-Term Credit Rating	Score
AAA	1
AA+	2
AA	3
AA-	4
A+	5
A	6
A-	7
BBB+	8
BBB	9
BBB-	10

The Council aimed to achieve a score of 7 or lower in order to reflect its overriding priority of maintaining the security of any sums invested. This equates to the minimum credit rating threshold of A– for investment counterparties as set out in the 2020/21 investment strategy. The tables above show that the Council achieved the minimum credit risk scores and credit ratings from April to October 2020.

e) Risk Benchmarking

The Investment Strategy 2020/21 to 2022/23 contained a number of security, liquidity and risk benchmarks to allow officers to monitor the current and trend positions and incorporate these within investment decisions. The benchmarks have been met in full from April to October 2020 such that:

- the Council's maximum average credit risk score has been less than 7 (as set out in 2d above)
- a bank overdraft limit of £1m has been maintained
- liquid short-term deposits of at least £0.5m have been available within one week

- the average weighted life of investments has been below a maximum of six months
- returns on investment have been above the 7 day London Interbank Bid rate (LIBID).

f) Counterparty Update

The Deputy Chief Executive maintains a counterparty list based upon criteria set out in the Investment Strategy. Any proposed revisions to the criteria will be submitted to Finance and Resources Committee for formal approval as set out in 2(g) below.

The rating criteria use the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For example, if an institution is rated by two agencies and one meets the Council's criteria and the other does not, the institution will fall outside the lending criteria.

Creditworthiness information is provided by the treasury management advisors, Arlingclose, on all counterparties that comply with the criteria set out in the Investments Strategy. Any counterparty failing to meet the criteria is removed from the counterparty list.

g) Changes to the Investments Strategy

Due to the level of uncertainty in financial markets, it is important that there is sufficient flexibility to enable changes to be made to the Investments Strategy at short notice should they be considered necessary by the Deputy Chief Executive.

Any such changes to the Investments Strategy will be made by the Chief Executive Exercising Standing Order 32 powers following consultation with the Chair of the Finance and Resources Committee. A report setting out the detail behind these changes would then be presented to this Committee at the next available opportunity.

h) Regulatory Update

The MHCLG consulted in July 2018 on statutory overrides relating to the introduction of the IFRS 9 Financial Instruments accounting standard from 2018/19. It has now decided to introduce a statutory override for fair value movements in pooled funds for at least five years until 31 March 2023.

MHCLG accepted arguments made by many respondents to the consultation that the unamended adoption of IFRS 9 could result in unwarranted volatility for the General Fund and impact unnecessarily upon council tax or service expenditure. It will therefore a statutory override that, while requiring IFRS 9 to be adopted in full, requires fair value movements in pooled investment funds to be taken to a separate unusable reserve instead of to the General Fund.

MHCLG accepted that the three-year statutory override suggested in the consultation was too short a period and committed to keeping the override in place for five years. It will keep under review whether permitting the override to lapse in March 2023 will have a detrimental impact on balanced budget calculations in subsequent years.

The override will apply to all collective investment schemes and not just to pooled property funds as suggested in the consultation. As set out above, in order to promote transparency MHCLG will require a separate unusable reserve to be used to hold the fair value movements rather than the Financial Instruments Adjustment Account.

i) Prudential and Treasury Management Code Changes

The Prudential Code requires the production of a high-level Capital Strategy report to full Council covering the basics of the capital programme and treasury management. The prudential indicators for capital expenditure and the authorised borrowing limit are included in this report

The definition of investments in the Treasury Management Code now covers all of the Council's financial assets as well as other non-financial assets that are held primarily for a financial return. This is replicated in MHCLG's Investment Guidance in which the definition of investments is further broadened to include all such assets held partially for financial return. The Council has no such assets at present.

3. Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators:

i) Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	**2020/21 Target**
Portfolio Average Credit Rating	A-

The Council has complied with this indicator by achieving an average credit rating of A+ for its investment portfolio between 1 April 2020 and 31 October 2020.

ii) Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity Risk Indicator	**2020/21 Target**
Total cash available within 3 months	£10m

The Council has complied with this indicator by maintaining an average of £16.5m in cash available to meet unexpected payments within a rolling three-month period from 1 April to 31 October 2020.

iii) Interest Rate Exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates for 2020/21 are:

Interest rate risk indicator	**2020/21 Target Limit**
Upper limit on one-year revenue impact of a 1% rise in interest rates	£1,000,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£1,000,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Even after the reduction in Bank Rate from 0.75% to 0.10%, the target limits for 2020/21 have been complied with from 1 April 2020 to 31 October 2020. Whilst interest income has fallen as shown in 2(b), maturing loans have been replaced by new loans at lower rates of interest as shown in the table in 1(b).

iv) Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to refinancing risk. It is intended to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Lower Limit %	Upper Limit %	Actual Fixed Rate Borrowing at 31/10/2020 (£000s)	Fixed Rate Borrowing at 31/10/2020 (%)	Compliance with Set Limits
Under 12 months	0	50	14,006	15	Yes
12 months to 2 years	0	50	5,611	6	Yes
2 years to 5 years	0	50	21,593	22	Yes
5 years to 10 years	0	75	39,610	41	Yes
10 years to 20 years	0	100	9,955	10	Yes
20 years to 30 years	0	100	0	0	Yes
30 years to 40 years	0	100	3,000	3	Yes
40 years to 50 years	0	100	0	0	Yes
50 years and above	0	100	3,000	3	Yes

Investments are limited to a maximum of two years as set out earlier. As suggested in the CIPFA Code, fixed rate investments of less than 12 months and fixed rate borrowing with less than 12 months to maturity are regarded as variable rather than fixed rate investments and borrowings as their replacement could be subject to movements in interest rates. This principle has been applied in calculating the fixed and variable interest rate exposures on debt and investments. However, the borrowing with less than 12 months to maturity at 31 October 2020 is shown as fixed rate borrowing in the maturity structure.

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

v) <u>Principal Sums Invested for Periods Longer than a Year</u>

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Risk Indicator	**2020/21 Limit £000s**
Upper limit on principal invested beyond year end	8,000

The upper limit for this indicator was set at 50% of the estimated in-year average of total investments of £16.0m for 2020/21. The Council has complied with the limit during the period from 1 April 2020 to 31 October 2020.

The Council had £7.0m long term investments as at 31 October 2020 consisting of: -

- £2.0m invested in the CCLA Local Authorities' Property Fund (LAPF). Although the Council can theoretically redeem part or all of its holding in the fund by giving 90 calendar days notice as set out in 2(c), this is intended to be a long term investment.

- £2.0m invested in the CCLA Diversified Income Fund. Whilst this is intended to be a long term investment, two days' notice is required should this investment need to be repaid to the Council.
- £2.0m invested in the Royal London Enhanced Cash Plus Fund. Whilst this is intended to be a long term investment, should the Council require this to be repaid then it can be done with one day's notice.
- £1.0m invested in the Ninety One Diversified Income Fund. The minimum recommended period for such an investment is 3-5 years. However, should this need to be repaid to the Council then it can be done with three days' notice.

APPENDIX 2

Prudential Indicators

1. Introduction

The Local Government Act 2003 requires local authorities to comply with the Prudential Code for Capital Finance in Local Authorities when carrying out their capital budgeting and treasury management activities. Fundamental to this is the calculation of a number of prudential indicators, which provide the basis for the management and monitoring of capital expenditure, borrowing and investments. The indicators are based on the Council's planned and actual capital spending.

2. Capital Expenditure and Financing 2020/21

The Council undertakes capital expenditure on assets which have a long term value. These activities may either be:

- financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc), which has no resulting impact upon the Council's borrowing need; or

- if insufficient financing is available or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

Actual capital expenditure forms one of the required prudential indicators. The following table shows the 2020/21 capital programme as at 31 October 2020 compared with the original estimate for the year across each committee:

	2020/21 Original Estimate £000s	**2020/21 Estimate at 31/10/2020 £000s**
Housing	10,294	12,126
Community Safety	0	6
Jobs & Economy	0	1,284
Leisure & Health	0	228
Environment & Climate Change	938	2,037
Finance & Resources	9,210	11,226
Total	**20,442**	**26,907**

The change to the original estimate is largely accounted for by the carry forward of unspent capital budgets totalling £4,238,000 from 2019/20 plus additional schemes of £750,000 and £385,000 in respect of the Stapleford Towns Fund and a bus stop infrastructure upgrade respectively.

Excluded from the original 2020/21 capital programme were schemes totalling £2,909,900 that were on a "reserve list" to be brought forward for formal approval to proceed once a source of funding was identified. The schemes on the “reserve list” had increased to £3,363,500 at 31 October 2020.

The table below shows the planned capital expenditure up to 31 October 2020 and how this will be financed.

	2020/21 Original Estimate £000s	**2020/21 Estimate at 31/10/2020 £000s**
General Fund	10,945	15,677
HRA	9,497	11,230
Total Capital Expenditure	**20,442**	**26,907**
Financed by:		
Capital Receipts	5,885	7,540
Capital Grants	847	2,882
Revenue	5,997	6,284
Unfinanced Capital Expenditure	**20,442**	**10,201**

The increase in the estimated use of capital receipts in 2020/21 is primarily due to schemes carried forward from 2019/20 and to the further use of HRA capital receipts to assist the financing of capital schemes in the Housing Delivery Plan.

The increase in the estimated use of capital grants in 2020/21 is largely attributable to additional capital schemes totalling £858,300 that are to be financed by Section 106 contributions along with a grant of £500,000 that is to be received from the Ministry of Housing, Communites and Local Government (MHCLG) to help finance the Stapleford Towns Fund capital scheme.

It is anticipated that the schemes on the “reserve list” will be financed from capital receipts received at a future date. Unfinanced capital expenditure will be met from additional borrowing as set out above.

2. <u>The Council’s Overall Borrowing Need</u>

The Council’s underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge of the Council’s debt position and represents net capital expenditure that has not yet been paid for by revenue or other resources.

Part of the treasury management activity seeks to address this borrowing need, either through borrowing from external bodies or utilising temporary cash resources within the Council.

As set out in 1(a) in appendix 1, the Council has not as yet taken out the anticipated borrowing of £10,200,750 in respect of the planned capital expenditure for 2021/21 shown as unfinanced above. It is likely that some of this borrowing will be delayed until 2021/22 if there is significant slippage in the capital programme from 2020/21 into the following year. Any additional borrowing to be undertaken will seek to align the Council's overall borrowing level with the CFR. The Council at 31 October 2020 has eight short term loans totalling £14.0 million with other local authorities that are due to mature before 31 October 2021 as set out in 1(a) in appendix 1. Four of these short-term loans will mature before 31 March 2021. It is presently anticipated that a number of these loans will not be replaced upon maturity as the Council seeks to stabilise its level of investments in order to reduce credit risk.

The Council's CFR will next be calculated as at 31 March 2021 when the financing of actual capital expenditure incurred in 2020/21 will be undertaken. This will be reported to this Committee in July 2021.

3. Prudential Indicators and Compliance Issues

Some of the prudential indicators provide either an overview or specific limits on treasury management activity. These are as follows:

i) Gross Borrowing Compared to the Capital Financing Requirement (CFR)

In order to ensure that borrowing levels are prudent over the medium term, the Council's external borrowing must only be for a capital purpose. Gross borrowing should not therefore, except in the short term, exceed the CFR. This indicator will be calculated at the end of 2020/21 and the result reported to this Committee in July 2021. It is presently anticipated that the Council will comply with this indicator.

ii) The Authorised Limit

This is the statutory limit determined under section 3(1) of the Local Government Act 2003 and represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which could be afforded in the short term to maximise treasury management opportunities and cover temporary cash flow shortfalls, but is unlikely to be sustainable over the longer term. The table below demonstrates up to 31 October 2020, the Council has maintained gross borrowing within its authorised limit.

iii) The Operational Boundary

This indicator is based on the probable external debt during the course of the year. The operational boundary is not a limit and actual borrowing can vary around the levels shown for short times. The operational boundary should act as an indicator to ensure the authorised limit is not breached and is a key management tool for in year monitoring of treasury management activities by the Deputy Chief Executive.

	Amount £000's
Authorised Limit 2020/21	133,200
Operational Boundary 2020/21	106,550
Maximum Gross Borrowing (April – October 2020)	100,288

The maximum external debt in the period from April to October 2020 represents the gross borrowing figures as set out in 1(a) and includes the maximum amount received from Bramcote Crematorium during this period. The table above demonstrates up to 31 October 2020, the Council has maintained gross borrowing within its operational boundary.

iv) Ratio of Financing Costs to Net Revenue Stream

This indicator compares net financing costs (borrowing costs less investment income) to net revenue income from revenue support grant, business rates, housing revenue account subsidy, council tax and rent income. The purpose of the indicator is to show how the proportion of net income used to pay for financing costs is changing over time. The indicator will be calculated for 2020/21 at the end of the financial year and reported to this Committee in July 2021.

Report of the Strategic Director

WORK PROGRAMME

1. Purpose of report

To consider items for inclusion in the Work Programme for future meetings.

2. Background

Items which have already been suggested for inclusion in the Work Programme of future meetings are given below. Members are asked to consider any additional items that they may wish to see in the Programme.

7 January 2021	• Council Tax Base 2021/22 • Local Council Tax Support Scheme 2021/2022 • Irrecoverable Arrears • Local Government Finance Settlement 2021/2022 • Treasury Management Ethical Investment Policy • Cash Payment Facilities • Spending Review/Fair Funding Review/Business
11 February 2021	• Budget Proposals and Associated Strategies • Business Plans and Financial Estimates 2021/22 - 2023/24 • Budget Proposals and Associated Strategies • Capital Programme Update 2020/21 • Grants to Voluntary and Community Organisations • Irrecoverable Arrears • Liberty Leisure Report

Recommendation

The Committee is asked to CONSIDER the Work Programme and RESOLVE accordingly.

Background papers
Nil

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