NEWARK & SHERWOOD
DISTRICT COUNCIL

Castle House
Great North Road
Newark
NG24 1BY

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Friday, 28 February 2020

Chairman: Councillor R Crowe
Vice-Chairman: Councillor Mrs P Rainbow

To all Members of the Council

MEETING:	**Full Council**
DATE:	**Monday, 9 March 2020 at 6.00 pm**
VENUE:	**Civic Suite, Castle House, Great North Road, Newark, Nottinghamshire, NG24 1BY**

You are hereby requested to attend the above Meeting to be held at the time/place and on the date mentioned above for the purpose of transacting the business on the Agenda as overleaf.

If you have any queries please contact Nigel Hill Tel: 01636 655243 Email: Nigel.hill@newark-sherwooddc.gov.uk

AGENDA

		Page Nos.
1.	Apologies for absence	
2.	Minutes from the meeting held on 11 February 2020	4 - 9
3.	Declarations of Interest by Members and Officers and as to the Party Whip	
4.	Declarations of any Intentions to Record the Meeting	
	All Members to note the meeting is to be live streamed by the Council	
5.	Communications which the Chairman or the Chief Executive may wish to lay before the Council	
6.	Communications which the Leader of the Council and Committee Chairmen may wish to lay before the Council	
7.	Questions from Members of the Council and the Public	
8.	In accordance with Rule No. 10 to receive the presentation or debating of any Petitions	
9.	Revenue Budget and Council Tax Setting 2020/21	10 - 26
10.	Medium Term Financial Plan - 2020/21 to 2023/24	27 - 43
11.	Capital Programme 2020/21 - 2023/24	44 - 51
12.	Capital Strategy 2020/21	52 - 70
13.	Treasury Management Strategy Statement 2020/21	71 - 96
14.	Investment Strategy 2020/21	97 - 103
15.	Pay Policy Statement 2020/21	104 - 122
16.	Castle House Concessions Policy	123 - 130
17.	Appointment of Representatives on Outside Bodies and Council Owned Companies - Southwell Leisure Centre Trust and Active4Today	131 - 132
18.	Bulcote Neighbourhood Plan Referendum	133 - 134
19.	Notices of Motion (if any)	
20.	Minutes for Noting	
	(a) Policy & Finance Committee - 20 February 2020	135 - 142

(b) Planning Committee - 4 February 2020 143 - 148

(c) Audit & Accounts Committee - 5 February 2020 149 - 152

21. Exclusion of the Press and Public

To consider resolving that, under section 100A (4) of the Local Government Act 1972, the public 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 Part 1 of Schedule 12A of the Act.

None

NOTES:

(1) The Conservative Group will meet at 5.00pm in Rooms F1 - F3 prior to the Council Meeting.

(2) The Labour Group will meet at 5.00pm in Room G1 prior to the Council Meeting.

(3) The Independent Group will meet at 5.00pm prior to the Council Meeting.

(4) The Liberal Democrat Group will meet at 5.00pm in the Castle Room, prior to the Council Meeting.

(5) Tea and coffee will be available in the Civic Suite.

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Full Council** held in the Civic Suite, Castle House, Great North Road, Newark, Nottinghamshire, NG24 1BY on Tuesday, 11 February 2020 at 6.00 pm.

PRESENT: Councillor R Crowe (Chairman)
Councillor Mrs P Rainbow (Vice-Chairman)

Councillor R Blaney, Councillor L Brailsford, Councillor L Brazier, Councillor M Brock, Councillor Mrs B Brooks, Councillor Mrs I Brown, Councillor M Brown, Councillor M Cope, Councillor Mrs R Crowe, Councillor D Cumberlidge, Councillor L Dales, Councillor Mrs G Dawn, Councillor Mrs M Dobson, Councillor K Girling, Councillor L Goff, Councillor P Harris, Councillor R Holloway, Councillor Mrs L Hurst, Councillor R Jackson, Councillor B Laughton, Councillor J Lee, Councillor D Lloyd, Councillor Mrs S Michael, Councillor N Mitchell, Councillor P Peacock, Councillor Mrs S Saddington, Councillor M Skinner, Councillor T Smith, Councillor I Walker, Councillor K Walker, Councillor T Wendels and Councillor R White

APOLOGIES FOR ABSENCE: Councillor Mrs K Arnold, Councillor S Carlton, Councillor B Clarke-Smith, Councillor N Mison and Councillor Mrs Y Woodhead

Prior to the transaction of business the Council stood in silence in memory of former Councillor Thomas Bickley.

55 MINUTES FROM THE MEETING HELD ON 17 DECEMBER 2019

Prior to the transaction of business the Council stood in silence in memory of former Councillor Thomas Bickley.

AGREED that that minutes of the meeting held on 17 December 2019 be approved as a correct record and signed by the Chairman.

56 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

NOTED (a) the interests declared as shown in the schedule circulated at the meeting; and

(b) the additional interests which were declared at the meeting as follows:

Councillor B. Laughton – Agenda Item No. 11 – Minutes for Noting - Policy & Finance Cdommitte – 23 January 2020 - Disclosable Pecuniary Interest as the Vice-Chairman of Newark and Sherwood Homes.

Councillor Mrs R. Holloway – Agenda Item No. 11 – Minutes for Noting - Policy & Finance Cdommitte – 23 January 2020 - Disclosable Pecuniary Interest as a Director of Newark and Sherwood Homes.

57 DECLARATIONS OF ANY INTENTIONS TO RECORD THE MEETING

Other than the Council recording in accordance with usual practice, there were no declarations of intention to record the meeting. The Chairman advised that the meeting was being streamed live.

58 COMMUNICATIONS WHICH THE CHAIRMAN OR THE CHIEF EXECUTIVE MAY WISH TO LAY BEFORE THE COUNCIL

The Chairman advised the Council of the winners of the 'Serving People – Improving Lives' Awards for staff in 2019:

Employee of the Year	Kate Marshall (Policy & Projects Officer)
Manager of the Year	Nick Wilson (BM – Financial Services)
Team of the Year	Democratic Services
Councillors' Award	Lynn Preece (Digital Communications Officer)
Apprentice of the Year	Callum Scrimshaw (Waste Management)
Star Award	Marie Stone (Contract Cleaner)

The Council congratulated all of the award winners.

The Chairman also welcomed Julian Paine, the Interim Director – Housing, Health & Wellbeing to the meeting.

59 COMMUNICATIONS WHICH THE LEADER OF THE COUNCIL AND COMMITTEE CHAIRMEN MAY WISH TO LAY BEFORE THE COUNCIL

Councillor T. Wendels, as Chairman of the Homes & Communities Committee, advised Members of the completion of the transfer back to the Council of the Housing Management Service on 3 February 2020. He expressed his thanks to the Board of Newark and Sherwood Homes and the Council's Project Team and welcomed all the staff of the Company into the Council.

Councillor Mrs S. Michael, as Chairman of the Audit & Accounts Committee, advised Members that Assurance Lincolnshire were to carry out a health check around the Council's cultures and values. She stated that a survey would be circulated to all Members in early March, with a report due on the findings expected by July 2020.

60 2020/21 HOUSING REVENUE ACCOUNT (HRA) BUDGET AND RENT SETTING

The Council considered the joint report of the Directors – Governance & Organisational Development and Deputy Chief Executive/Resources in relation to the Housing Revenue Account (HRA) budget 2020/21 and proposed changes in rent levels and service charge levels for 2020/21.

The Policy & Finance Committee, at their meeting held on 23 January 2020, recommended approval of the HRA budget for 2020/2021, financial plan to 2023/24 and proposed changes in rent and service charge levels for 2020/21. The Policy & Finance Committee also considered a report relating to 25 properties owned by Newark and Sherwood Homes and recommended to the Board of Newark and

Sherwood Homes that they be transferred into the ownership of the Council's HRA. It was noted that the Board approved the transfer and a 2020/21 rent increase of 1.7% for these properties. These homes were currently let on 'affordable rents' and would become secure tenancies of the Council upon transfer. It was reported that the Policy & Finance Committee would be asked to give consideration to converging the rents of these homes with those of secure tenants over the coming years. The transfer was expected to take place in mid-February following the ongoing consultation with tenants.

In noting the proposals contained within the report to increase rents of all properties in the HRA by 2.7% (Consumer Price Index + 1%) Councillor P. Peacock stated that he did not support the proposed increase and proposed, with Councillor N. Mitchell seconding, that the recommendations be amended to reflect that the increase be reduced to 1.7% in the recommendations.

Members debated the proposed amendment and on being put to the vote, it was lost with9 votes for, 24 against and 1 abstention.

AGREED (with 25 votes for, 7 against and 2 abstentions) that:

(a) the Council approves:

i) the Housing Revenue Account (HRA) budget for 2020/21, as set out in Appendix A1;

ii) an increase of 2.7% (Consumer Price Index (CPI) + 1%) in the 2020/21 rents of all properties in the HRA as at 31 March 2020, except for the 25 properties owned by Newark and Sherwood Homes (NSH) which the Board of NSH at its meeting on 30 January 2020 approved be transferred into the Council's HRA;

iii) an increase of 2.7% (CPI + 1%) in all 2020/21 service charges, except for the television (TV) licence costs payable by tenants of Gladstone House; and

iv) that the TV licence costs payable by tenants of Gladstone House in 2020/21 remain at £0.21 per week; and

(b) the Council notes:

i) an increase of 1.7% (CPI) in the 2020/21 rents of the 25 properties owned by NSH (at the time of writing) which the Board of NSH at its meeting on 30 January 2020 approved be transferred into the Council's HRA.

61 NOTICES OF MOTION

(i) Hunting

In accordance with Council Procedure Rule No. 13.1, Councillor Mrs G. Dawn moved and Councillor P. Peacock seconded a motion to the following effect:

“This Council notes that the hunting of wild animals with dogs is illegal under the terms of the Hunting Act 2004, except where an exemption applies. This Council therefore calls for the immediate cessation of trail hunting, exempt hunting, exercising of packs of hounds and any gatherings that support these activities on Newark and Sherwood District Council land”.

The motion, on being put to the vote, was declared lost with 9 votes for, 24 against and 1 abstention.

(ii) Anti-Semitism

In accordance with Council Procedure Rule No. 13.1, Councillor D. Lloyd moved and Councillor P. Peacock seconded a revised motion to the following effect:

“The Secretary of State for Housing, Communities & Local Government has written to all local authorities encouraging them to formally adopt the International Holocaust Remembrance Alliance (IHRA) Working Definition of Antisemitism as a clear message that anti-Semitic behaviour will not be tolerated.

Last year, Community Security Trust released their report on antisemitic incidents in the first six months of 2019. It showed the highest total on record over a six-month period, and an increase of 10% on the same period in 2018, with over 100 incidents per month for the third year running. Similarly, the annual figures for 2018 showed the highest number of antisemitic incidents on record.

The Council notes that the IHRA definition is already used in guidance for the Police and Crown Prosecution Service, providing examples of the kinds of behaviours which, depending on the circumstances, could constitute antisemitism. It also recognises that the United Nations Special Rapporteur on Freedom of Religion or Belief also recently released a report which agreed that “the IHRA Working Definition of Antisemitism can offer valuable guidance for identifying antisemitism in its various forms” and encouraged its use in “education, awareness-raising and for monitoring and responding to manifestations of antisemitism”.

The definition is not designed to be legally binding, but it is an invaluable tool for public bodies to understand how antisemitism manifests itself in the 21st century. It demonstrates a commitment to engaging with the experiences of Jewish communities and supporting them against the contemporary challenges they face.

The Council is opposed to all forms of hate crime and prejudice and is recommended to adopt the IHRA definition of antisemitism, which is:

“Antisemitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities.”

The Council also notes that the Gypsy and Traveller Community, has also endured a history of genocide, oppression, persecution, forced adoption and discrimination. In line with its opposition to all forms of hate crime and prejudice, the Council is recommended to adopt the Alliance Against Anti-Gypsyism (AAAG) definition of anti-gypsyism, which is:

"Anti-gypsyism is a historically constructed, persistent complex of customary racism against social groups identified under the stigma 'gypsy' or other related terms, and incorporates: a homogenizing and essentialising perception and description of these groups; the attribution of specific characteristics to them; and discriminating social structures and violent practices that emerge against that background, which have a degrading and ostracising effect and which reproduce structural disadvantages."

The Council is further recommended to request the Director - Governance & Organisational Development, as the Council's Lead Officer for Equalities, to consider how best to raise awareness of these definitions and there application within the Council."

The Motion, on being put to the vote, was declared carried unanimously.

62 MINUTES FOR NOTING

62a POLICY & FINANCE COMMITTEE - 23 JANUARY 2020

62b ECONOMIC DEVELOPMENT COMMITTEE - 15 JANUARY 2020

Minute No. 51 - Council Policy for the Management of Open Space

Councillor P. Harris asked if the Council had received a response from the Government Minister.

Councillor K. Girling advised that a response was still awaited, but he would ensure all Members would be circulated with any reply received.

62c HOMES & COMMUNITIES COMMITTEE - 20 JANUARY 2020

(i) Minute No. 44 – Public Space CCTV

Councillor P. Harris asked when the options report for CCTV would be available for consideration.

Councillor T. Wendels confirmed this would be brought back to the Committee as soon as practicable.

(ii) Minute No. 45 – Empty Homes Update

Councillor L. Goff requested an update on homes which had been empty for over two years.

Councillor T. Wendels advised that 154 properties in the District had stood empty for over two years and the relevant Business Unit were addressing the issue and the Committee would continue to monitor the work to reduce the numbers of empty properties.

62d LEISURE & ENVIRONMENT COMMITTEE - 21 JANUARY 2020

Minute No. 48 – Garden Waste Update

Councillor P. Harris asked if the Council had made any progress with negotiating a revised contract with Veolia for recycling which would be more understandable for residents.

Councillor R. Jackson confirmed that the Council were continuing to push the Government to publish a new waste policy, in addition to working with the County Council to secure contract revisions with Veolia.

62e PLANNING COMMITTEE - 14 JANUARY 2020

62f SHAREHOLDER COMMITTEE - 22 JANUARY 2020

Meeting closed at 7.33 pm.

Chairman

COUNCIL MEETING – 9 MARCH 2020

REVENUE BUDGET AND COUNCIL TAX SETTING FOR 2020/2021

1.0 The Council is required by the Local Government Finance Act 1992 to set a Council Tax for 2020/2021.

2.0 The Council Tax Base for the Council, together with the Council Tax Base for all Parish Councils within the District and the Business Rates Base, have been determined in accordance with the regulations. These figures are shown in recommendation 2 of this report.

3.0 In setting the level of Council Tax for 2020/2021 it is necessary to consider the requirements of the Council Tax Collection Fund for 2020/2021. This incorporates the District Council's Council Tax Requirement, Parish Council Precepts, and the Council Tax requirements of Nottinghamshire County Council, the Nottinghamshire Police and Crime Commissioner and the Nottinghamshire Fire and Rescue Service.

4.0 The Policy and Finance Committee meeting held on the 20 February 2020, recommended that the District Council's Council Tax Requirement for 2020/2021, excluding Parish Council precepts, should be £13,523,390.00 as detailed in the Council's Budget Book for 2020/2021.

5.0 As part of the budget process, the views of the operational committees have been taken into account along with views of the Commercial Ratepayers through the statutory consultation.

6.0 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 require that for authorities operating a Committee system, "immediately after any vote is taken at a budget decision meeting of an authority there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting". Members will be aware that this applies to all parts of Recommendation 3 a-l in this report.

7.0 All Parish Council precepts have now been received. Parish precepts total £3,108,508.79. Consequently the total Council Tax Requirement for the District Council is £16,631,898.79 (ie £13,523,390 plus £3,108,508.79) (recommendations 3(c) and 3(i)). Individual Parish Council precepts are shown in the table below.

	PARISH	**PRECEPT 2020-21 £**
1	Alverton	-
2	Averham	*
3	Balderton	292,266.00
4	Barnby in the Willows	3,300.00
5	Bathley	1,505.00
6	Besthorpe	6,945.00
7	Bilsthorpe	69,095.00
8	Bleasby	17,658.00
9	Blidworth	77,410.05
10	Bulcote	7,000.00
11	Carlton-on-Trent	3,335.00

	PARISH	PRECEPT 2020-21 £
12	Caunton	6,000.00
13	Caythorpe	3,800.00
14	Clipstone	144,850.00
15	Coddington	15,728.00
16	Collingham	42,815.00
17	Cotham	-
18	Cromwell	1,050.00
19	Eakring	3,772.00
20	East Stoke	****
21	Edingley	12,000.00
22	Edwinstowe	129,500.00
23	Egmanton	2,400.00
24	Elston	27,000.00
25	Epperstone	14,516.00
26	Farndon	54,920.00
27	Farnsfield	82,000.00
28	Fiskerton-cum-Morton	7,852.00
29	Girton and Meering	1,149.00
30	Gonalston	-
31	Grassthorpe	-
32	Gunthorpe	19,220.00
33	Halam	8,200.00
34	Halloughton	500.00
35	Harby	4,908.00
36	Hawton	1,250.00
37	Hockerton	3,500.00
38	Holme	-
39	Hoveringham	12,844.00
40	Kelham	*
41	Kersall	**
42	Kilvington	-
43	Kirklington	6,200.00
44	Kirton	6,000.00
45	Kneesall	**
46	Langford	***
47	Laxton & Moorhouse	4,600.00
48	Lowdham	77,440.00
49	Lyndhurst	-
50	Maplebeck	-
51	Meering	-
52	Newark	959,387.00
53	North Clifton	1,787.00
54	North Muskham	17,270.00
55	Norwell	8,400.00
56	Ollerton and Boughton	317,302.00

	PARISH	PRECEPT 2020-21 £
57	Ompton	**
58	Ossington	-
59	Oxton	13,000.00
60	Perlethorpe-cum-Budby	1,800.00
61	Rainworth	64,375.00
62	Rolleston	6,250.00
63	Rufford	4,000.00
64	South Clifton	2,000.00
65	South Muskham	12,808.00
66	South Scarle	4,640.00
67	Southwell	232,027.00
68	Spalford	-
69	Staunton	-
70	Staythorpe	*
71	Sutton-on-Trent	25,421.00
72	Syerston	550.00
73	Thorney	2,300.00
74	Thorpe	****
75	Thurgarton	9,125.00
76	Upton	7,095.90
77	Walesby	39,250.00
78	Wellow	5,799.00
79	Weston	4,331.00
80	Wigsley	-
81	Winkburn	-
82	Winthorpe	***
83	Fernwood	70,008.00
84	Kings Clipstone	9,500.00

PARISHES GROUPED FOR PRECEPT PURPOSES

*	Averham, Kelham, Staythorpe	3,450.00
**	Kneesall, Kersall, Ompton	2,535.84
***	Winthorpe, Langford	8,569.00
****	East Stoke, Thorpe	3,000.00
	Total	**3,108,508.79**

8.0 The Government Grant and net retained Business Rates form part of the District Council's General Fund, and are not part of the Collection Fund. These amounts total £7,846,430.00 for 2020/21 and are shown as recommendation 3(d).

9.0 In setting the level of Council Tax for 2020/2021, it is necessary to assess if any adjustment is necessary due to the level of Council Tax collection prior to 2020/2021. This involves calculations according to the provisions of the Local Authorities (Funds)(England) Regulations 1992, as subsequently amended. The position of the Council Tax Collection Fund was examined on the 15th January, 2020, as required by the Regulations, and it is considered that no adjustment is necessary to the level of Council Tax for 2020/2021 in respect of the Council Tax Collection Fund. This is shown as recommendation 3(e).

10.00 The amount shown in recommendation 3(f) of £1,340,740.00 is the amount that the Council has determined to contribute to usable reserves.

11.00 The amount shown in recommendation 3(g) of £7,017,700 is the Council Tax requirement for Newark and Sherwood District Council (excluding parish precepts) net of revenue support grant and business rates income as shown in recommendation 3(d).

12.0 The basic level of tax (ie the level of tax for Band D properties) for District Council Services in areas where no parish charge is levied is £178.57 as shown in recommendation 3(h).

13.0 There are no District Council Special Expenses for 2020/2021. The amount shown in recommendation 3(i) of £3,108,508.79 for special items relates to Parish Precepts only.

14.0 Recommendation 3(j) shows the basic level of tax ie the level of tax for Band D properties for District Council Services and all parish precepts.

15.0 Recommendation 3(k) shows the basic level of tax for Band D properties in each parish, including parish charges where appropriate.

16.0 The basic level of tax for Band D properties is then multiplied by the appropriate statutory factor for each valuation band in order to arrive at the level of tax for District and Parish services for each valuation band. The resulting figures are shown at recommendation 3(l).

17.0 These figures then have to be added to the level of tax set by Nottinghamshire County Council,the Nottinghamshire Police & Crime Commissioner and the Nottingham and Nottinghamshire Fire and Rescue Service, for the provision of its services.

18.0 Nottinghamshire County Council has proposed a precept on Newark and Sherwood District Council's collection fund for 2020/2021 of £60,215,720.00, equivalent to a Band D Council Tax of £1,534.95. Council Tax figures for each Band are set out in recommendation 4.

19.0 The Nottinghamshire Police & Crime Commissioner has set a precept on Newark and Sherwood District Council's Collection fund for 2020/2021 of £8,996,168.56, equivalent to a Band D Council Tax of £229.32. Council Tax figures for each Band are set out in recommendation 5.

20.0 The Nottingham and Nottinghamshire Fire and Rescue Service (the “Combined Fire Authority”) has set a precept on Newark and Sherwood District Council's Collection fund for 2020/2021 of £3,191,733.30 equivalent to a Band D Council Tax of £81.36. Council Tax figures for each Band are set out in recommendation 6.

21.0 The total recommended levels of Council Tax for 2020/2021 for each Council Tax valuation band in each parish is shown in recommendation 7.

22.0 The level of Council Tax for Newark and Sherwood District Council services only is:

Valuation Band

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14

23.0 From 2012/13, the Government replaced the former Council Tax Capping provisions with regulations requiring a Council Tax referendum to be held where a Council proposes a Council Tax increase in excess of a level set by the Secretary of State. For 2020/21, the level of Council Tax increase that would trigger a referendum has been set at 2.0% and more than £5.00. Having carried out the necessary calculation, the Council's budget and Council Tax do not exceed the threshold and so do not trigger a referendum. This is reflected in recommendation 8.

24.0 The total level of Council Tax, including the requirements of Nottinghamshire County Council, the Nottinghamshire Police & Crime Commissioner and the Nottinghamshire Fire and Rescue Service, for areas where there is no parish precept is:

Valuation Band

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40

25.0 RECOMMENDATIONS that:

1. **the revenue estimates for 2020/2021 and schedule of fees and charges, as submitted in the Council's Budget book be approved;**

2. **it be noted that the following amounts have been determined for the year 2020/2021 in accordance with regulations made under Section 31(B) of the Local Government Finance Act 1992:-**

(a) **39,299.76** **being the amount calculated by the Council in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax Base for the year;**

(b) **£43,916,964** **being the net business rate yield after transitional arrangements and rate retention;**

(c) **Part of the Council's Area**

	PARISH	TOTAL LOCAL TAX BASE
1	Alverton	24.94
2	Averham	113.17
3	Balderton	3,039.72

	Parish	Total Local Tax base
4	Barnby in the Willows	105.11
5	Bathley	117.62
6	Besthorpe	80.69
7	Bilsthorpe	905.04
8	Bleasby	383.51
9	Blidworth	1,101.13
10	Bulcote	139.91
11	Carlton-on-Trent	93.27
12	Caunton	199.45
13	Caythorpe	143.07
14	Clipstone	1,456.14
15	Coddington	547.32
16	Collingham	1,153.11
17	Cotham	41.08
18	Cromwell	103.00
19	Eakring	188.99
20	East Stoke	55.85
21	Edingley	188.14
22	Edwinstowe	1,713.21
23	Egmanton	126.75
24	Elston	285.35
25	Epperstone	274.63
26	Farndon	812.99
27	Farnsfield	1,318.47
28	Fiskerton-cum-Morton	412.10
29	Girton and Meering	54.47
30	Gonalston	51.29
31	Grassthorpe	25.63
32	Gunthorpe	312.97
33	Halam	192.95
34	Halloughton	39.35
35	Harby	118.52
36	Hawton	33.38
37	Hockerton	92.64
38	Holme	38.59
39	Hoveringham	168.75
40	Kelham	82.96
41	Kersall	22.25
42	Kilvington	13.71
43	Kirklington	169.05
44	Kirton	115.08
45	Kneesall	88.57
46	Langford	39.60
47	Laxton & Moorhouse	114.00
48	Lowdham	999.22
49	Lyndhurst	5.72
50	Maplebeck	46.96

	PARISH	TOTAL LOCAL TAX BASE
51	Meering	-
52	Newark	8,482.35
53	North Clifton	72.55
54	North Muskham	395.94
55	Norwell	213.30
56	Ollerton and Boughton	2,816.02
57	Ompton	22.83
58	Ossington	39.53
59	Oxton	273.66
60	Perlethorpe-cum-Budby	68.43
61	Rainworth	1,861.67
62	Rolleston	156.46
63	Rufford	233.34
64	South Clifton	124.16
65	South Muskham	196.65
66	South Scarle	88.71
67	Southwell	2,878.90
68	Spalford	34.48
69	Staunton	27.27
70	Staythorpe	41.38
71	Sutton-on-Trent	503.12
72	Syerston	90.40
73	Thorney	92.92
74	Thorpe	31.32
75	Thurgarton	235.12
76	Upton	192.39
77	Walesby	429.32
78	Wellow	186.65
79	Weston	138.35
80	Wigsley	46.34
81	Winkburn	34.34
82	Winthorpe	285.83
83	Fernwood	932.82
84	Kings Clipstone	123.79
	Total Rounded	39,299.76

PARISHES GROUPED FOR PRECEPT PURPOSES

	Averham, Kelham, Staythorpe	237.51
	Kneesall, Kersall, Ompton	133.65
	Winthorpe, Langford	325.43
	East Stoke, Thorpe	87.17

being the amounts calculated by the Council, in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate;

3. that the following amounts be now calculated by the Council for the year 2020/2021 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:-

(a) £48,187,720.00 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) to (4) of the Act;

(b) £34,664,330.00 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act;

(c) £13,523,390.00 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with section 31A(4) of the Act, as its Council Tax requirement for the year;

(d) £7,846,430.00 being the amount of Revenue Support Grant and Rural Services Delivery Grant (£122,130) and net retained Business Rates (£7,724,300) which the Council estimates will be payable for the year into its general fund;

(e) £0.00 being the amount which the Council has estimated in accordance with regulations issued under Section 97(3) of the Local Government Finance Act 1988 as its proportion of the surplus on the Council Tax Collection Fund;

(f) £1,340,740.00 being the amount that the Council has determined to contribute to usable reserves;

(g) £7,017,700.00 being the amount at 3(c) above less the amount at 3(d) above less the amount at 3(e) above plus the amount at 3(f) above calculated by the Council as its' net Council Tax requirement for the year.

(h) £178.57 being the amount at 3(g) divided by the amount at 2(a), calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(i) £3,108,508.79 being the aggregate amount of all special items referred to in Section 34(1) of the Act, the Council resolves there being no other special items;

(j) £257.67 being the amount at 3(g) above plus the amount at 3(i)

above divided by the amount at 2(a) above calculated by the Council in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;

(k)

	PARISH	**BASIC TAX (£)**
1	Alverton	**178.57**
2	Averham	*
3	Balderton	**274.72**
4	Barnby in the Willows	**209.97**
5	Bathley	**191.37**
6	Besthorpe	**264.64**
7	Bilsthorpe	**254.91**
8	Bleasby	**224.61**
9	Blidworth	**248.87**
10	Bulcote	**228.60**
11	Carlton-on-Trent	**214.33**
12	Caunton	**208.65**
13	Caythorpe	**205.13**
14	Clipstone	**278.05**
15	Coddington	**207.31**
16	Collingham	**215.70**
17	Cotham	**178.57**
18	Cromwell	**188.76**
19	Eakring	**198.53**
20	East Stoke	****
21	Edingley	**242.35**
22	Edwinstowe	**254.16**
23	Egmanton	**197.51**
24	Elston	**273.19**
25	Epperstone	**231.43**
26	Farndon	**246.12**
27	Farnsfield	**240.76**
28	Fiskerton-cum-Morton	**197.62**
29	Girton and Meering	**199.67**
30	Gonalston	**178.57**
31	Grassthorpe	**178.57**
32	Gunthorpe	**239.98**
33	Halam	**221.07**
34	Halloughton	**191.28**
35	Harby	**219.98**
36	Hawton	**216.02**
37	Hockerton	**216.35**
38	Holme	**178.57**
39	Hoveringham	**254.68**
40	Kelham	*
41	Kersall	**
42	Kilvington	**178.57**

	Parish	Basic tax (£)
43	Kirklington	**215.25**
44	Kirton	**230.71**
45	Kneesall	**
46	Langford	***
47	Laxton & Moorhouse	**218.92**
48	Lowdham	**256.07**
49	Lyndhurst	**178.57**
50	Maplebeck	**178.57**
51	Meering	**178.57**
52	Newark	**291.67**
53	North Clifton	**203.20**
54	North Muskham	**222.19**
55	Norwell	**217.95**
56	Ollerton and Boughton	**326.76**
57	Ompton	**
58	Ossington	**178.57**
59	Oxton	**226.07**
60	Perlethorpe-cum-Budby	**204.88**
61	Rainworth	**213.15**
62	Rolleston	**218.52**
63	Rufford	**195.71**
64	South Clifton	**194.68**
65	South Muskham	**243.70**
66	South Scarle	**230.87**
67	Southwell	**259.17**
68	Spalford	**178.57**
69	Staunton	**178.57**
70	Staythorpe	*
71	Sutton-on-Trent	**229.10**
72	Syerston	**184.65**
73	Thorney	**203.32**
74	Thorpe	****
75	Thurgarton	**217.38**
76	Upton	**215.45**
77	Walesby	**269.99**
78	Wellow	**209.64**
79	Weston	**209.87**
80	Wigsley	**178.57**
81	Winkburn	**178.57**
82	Winthorpe	***
83	Fernwood	**253.62**
84	Kings Clipstone	**255.31**

<u>Parishes Grouped For Precept Purposes</u>

	Parish	**Basic Tax (£)**
*	Averham, Kelham, Staythorpe	**193.10**

**	Kneesall, Kersall, Ompton	**197.54**
***	Winthorpe, Langford	**204.90**
****	East Stoke, Thorpe	**212.98**

being the amounts given by adding to the amount at 3(h) above the amounts of the special item or items (if any) relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in parts of its area including those parts to which one or more special items relate.

Recommendation 3(l) shows the basic level of tax for all property Bands in each parish, including parish charges where appropriate. This is shown on the following two pages.

3l

	Part of the Council's area, being the Parishes of:-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£
1	Alverton	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
2	Averham	*	*	*	*	*	*	*	*
3	Balderton	183.15	213.67	244.20	274.72	335.77	396.82	457.87	549.44
4	Barnby in the Willows	139.98	163.31	186.64	209.97	256.63	303.29	349.95	419.94
5	Bathley	127.58	148.84	170.11	191.37	233.90	276.42	318.95	382.74
6	Besthorpe	176.43	205.83	235.24	264.64	323.45	382.26	441.07	529.28
7	Bilsthorpe	169.94	198.26	226.59	254.91	311.56	368.20	424.85	509.82
8	Bleasby	149.74	174.70	199.65	224.61	274.52	324.44	374.35	449.22
9	Blidworth	165.91	193.57	221.22	248.87	304.17	359.48	414.78	497.74
10	Bulcote	152.40	177.80	203.20	228.60	279.40	330.20	381.00	457.20
11	Carlton-on-Trent	142.89	166.70	190.52	214.33	261.96	309.59	357.22	428.66
12	Caunton	139.10	162.28	185.47	208.65	255.02	301.38	347.75	417.30
13	Caythorpe	136.75	159.55	182.34	205.13	250.71	296.30	341.88	410.26
14	Clipstone	185.37	216.26	247.16	278.05	339.84	401.63	463.42	556.10
15	Coddington	138.21	161.24	184.28	207.31	253.38	299.45	345.52	414.62
16	Collingham	143.80	167.77	191.73	215.70	263.63	311.57	359.50	431.40
17	Cotham	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
18	Cromwell	125.84	146.81	167.79	188.76	230.71	272.65	314.60	377.52
19	Eakring	132.35	154.41	176.47	198.53	242.65	286.77	330.88	397.06
20	East Stoke	****	****	****	****	****	****	****	****
21	Edingley	161.57	188.49	215.42	242.35	296.21	350.06	403.92	484.70
22	Edwinstowe	169.44	197.68	225.92	254.16	310.64	367.12	423.60	508.32
23	Egmanton	131.67	153.62	175.56	197.51	[illegible]	[illegible]	[illegible]	395.02

24	Elston	182.13	212.48	242.84	273.19	333.90	394.61	455.32	546.38
25	Epperstone	154.29	180.00	205.72	231.43	282.86	334.29	385.72	462.86
26	Farndon	164.08	191.43	218.77	246.12	300.81	355.51	410.20	492.24
27	Farnsfield	160.51	187.26	214.01	240.76	294.26	347.76	401.27	481.52
28	Fiskerton-cum-Morton	131.75	153.70	175.66	197.62	241.54	285.45	329.37	395.24
29	Girton	133.11	155.30	177.48	199.67	244.04	288.41	332.78	399.34
30	Gonalston	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
31	Grassthorpe	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
32	Gunthorpe	159.99	186.65	213.32	239.98	293.31	346.64	399.97	479.96
33	Halam	147.38	171.94	196.51	221.07	270.20	319.32	368.45	442.14
34	Halloughton	127.52	148.77	170.03	191.28	233.79	276.29	318.80	382.56
35	Harby	146.65	171.10	195.54	219.98	268.86	317.75	366.63	439.96
36	Hawton	144.01	168.02	192.02	216.02	264.02	312.03	360.03	432.04
37	Hockerton	144.23	168.27	192.31	216.35	264.43	312.51	360.58	432.70
38	Holme	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
39	Hoveringham	169.79	198.08	226.38	254.68	311.28	367.87	424.47	509.36
40	Kelham	*	*	*	*	*	*	*	*
41	Kersall	**	**	**	**	**	**	**	**
42	Kilvington	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
43	Kirklington	143.50	167.42	191.33	215.25	263.08	310.92	358.75	430.50
44	Kirton	153.81	179.44	205.08	230.71	281.98	333.25	384.52	461.42
45	Kneesall	**	**	**	**	**	**	**	**
46	Langford	***	***	***	***	***	***	***	***
47	Laxton & Moorhouse	145.95	170.27	194.60	218.92	267.57	316.22	364.87	437.84
48	Lowdham	170.71	199.17	227.62	256.07	312.97	369.88	426.78	512.14
49	Lyndhurst	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
50	Maplebeck	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
51	Meering	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
52	Newark	194.45	226.85	259.26	291.67	356.49	421.30	486.12	583.34
53	North Clifton	135.47	158.04	180.62	203.20	248.36	293.51	338.67	406.40
54	North Muskham	148.13	172.81	197.50	222.19	271.57	320.94	370.32	444.38
55	Norwell	145.30	169.52	193.73	217.95	266.38	314.82	363.25	435.90
56	Ollerton and Boughton	217.84	254.15	290.45	326.76	399.37	471.99	544.60	653.52
57	Ompton	**	**	**	**	**	**	**	**
58	Ossington	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
59	Oxton	150.71	175.83	200.95	226.07	276.31	326.55	376.78	452.14
60	Perlethorpe-cum-Budby	136.59	159.35	182.12	204.88	250.41	295.94	341.47	409.76
61	Rainworth	142.10	165.78	189.47	213.15	260.52	307.88	355.25	426.30
62	Rolleston	145.68	169.96	194.24	218.52	267.08	315.64	364.2	437.04
63	Rufford	130.47	152.22	173.96	195.71	239.20	282.69	326.18	391.42
64	South Clifton	129.79	151.42	173.05	194.68	237.94	281.20	324.47	389.36
65	South	162.47	189.54	216.62	243.70	297.86	352.01	406.17	487.40

	Muskham								
66	South Scarle	153.91	179.57	205.22	230.87	282.17	333.48	384.78	461.74
67	Southwell	172.78	201.58	230.37	259.17	316.76	374.36	431.95	518.34
68	Spalford	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
69	Staunton	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
70	Staythorpe	*	*	*	*	*	*	*	*
71	Sutton-on-Trent	152.73	178.19	203.64	229.10	280.01	330.92	381.83	458.20
72	Syerston	123.10	143.62	164.13	184.65	225.68	266.72	307.75	369.30
73	Thorney	135.55	158.14	180.73	203.32	248.50	293.68	338.87	406.64
74	Thorpe	****	****	****	****	****	****	****	****
75	Thurgarton	144.92	169.07	193.23	217.38	265.69	313.99	362.30	434.76
76	Upton	143.63	167.57	191.51	215.45	263.33	311.21	359.08	430.90
77	Walesby	179.99	209.99	239.99	269.99	329.99	389.99	449.98	539.98
78	Wellow	139.76	163.05	186.35	209.64	256.23	302.81	349.40	419.28
79	Weston	139.91	163.23	186.55	209.87	256.51	303.15	349.78	419.74
80	Wigsley	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
81	Winkburn	119.05	138.89	158.73	178.57	218.25	257.93	297.62	357.14
82	Winthorpe	***	***	***	***	***	***	***	***
83	Fernwood	169.08	197.26	225.44	253.62	309.98	366.34	422.70	507.24
84	Kings Clipstone	170.21	198.57	226.94	255.31	312.05	368.78	425.52	510.62

Parishes joint for Precept purposes

*	Averham, Kelham, Staythorpe	128.73	150.19	171.64	193.10	236.01	278.92	321.83	386.20
**	Kneesall, Kersall, Ompton	131.69	153.64	175.59	197.54	241.44	285.34	329.23	395.08
***	Winthorpe, Langford	136.60	159.37	182.13	204.90	250.43	295.97	341.50	409.80
****	East Stoke, Thorpe	141.99	165.65	189.32	212.98	260.31	307.64	354.97	425.96

being the amounts given by multiplying the amounts at 3(i) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. **it be noted for the year 2020/2021 that the Nottinghamshire County Council has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below;**

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	£	£	£	£	£	£	£
1,023.30	1,193.85	1,364.40	1,534.95	1,876.05	2,217.15	2,558.25	3,069.90

5. **it be noted for the year 2020/2021 that the Nottinghamshire Police and Crime Commissioner has stated the following amounts in precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below;**

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	£	£	£	£	£	£	£
152.88	178.36	203.84	229.32	280.28	331.24	382.20	458.64

6. **it be noted for the year 2020/2021 that the Nottinghamshire Fire and Rescue Service has proposed the following amounts in precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below; and**

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	£	£	£	£	£	£	£
54.24	63.28	72.32	81.36	99.44	117.52	135.60	162.72

7. **having calculated the aggregate in each case of the amounts at 3(i) and 4, 5 and 6 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amount of Council Tax for the year 2020/2021 for each of the categories of dwellings shown on the following pages:**

Recommendation 7

	Part of the Council's area, being the Parishes of:-	Band A	Band B	Band C	**Band D**	Band E	Band F	Band G	Band H
		£	£	£	**£**	£	£	£	£
1	Alverton	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
2	Averham	1,359.15	1,585.68	1,812.20	2,038.73	2,491.78	2,944.83	3,397.88	4,077.46
3	Balderton	1,413.57	1,649.16	1,884.76	2,120.35	2,591.54	3,062.73	3,533.92	4,240.70
4	Barnby in the Willows	1,370.40	1,598.80	1,827.20	2,055.60	2,512.40	2,969.20	3,426.00	4,111.20
5	Bathley	1,358.00	1,584.33	1,810.67	2,037.00	2,489.67	2,942.33	3,395.00	4,074.00
6	Besthorpe	1,406.85	1,641.32	1,875.80	2,110.27	2,579.22	3,048.17	3,517.12	4,220.54
7	Bilsthorpe	1,400.36	1,633.75	1,867.15	2,100.54	2,567.33	3,034.11	3,500.90	4,201.08
8	Bleasby	1,380.16	1,610.19	1,840.21	2,070.24	2,530.29	2,990.35	3,450.40	4,140.48
9	Blidworth	1,396.33	1,629.06	1,861.78	2,094.50	2,559.94	3,025.39	3,490.83	4,189.00
10	Bulcote	1,382.82	1,613.29	1,843.76	2,074.23	2,535.17	2,996.11	3,457.05	4,148.46
11	Carlton-on-Trent	1,373.31	1,602.19	1,831.08	2,059.96	2,517.73	2,975.50	3,433.27	4,119.92
12	Caunton	1,369.52	1,597.77	1,826.03	2,054.28	2,510.79	2,967.29	3,423.80	4,108.56

13	Caythorpe	1,367.17	1,595.04	1,822.90	2,050.76	2,506.48	2,962.21	3,417.93	4,101.52
14	Clipstone	1,415.79	1,651.75	1,887.72	2,123.68	2,595.61	3,067.54	3,539.47	4,247.36
15	Coddington	1,368.63	1,596.73	1,824.84	2,052.94	2,509.15	2,965.36	3,421.57	4,105.88
16	Collingham	1,374.22	1,603.26	1,832.29	2,061.33	2,519.40	2,977.48	3,435.55	4,122.66
17	Cotham	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
18	Cromwell	1,356.26	1,582.30	1,808.35	2,034.39	2,486.48	2,938.56	3,390.65	4,068.78
19	Eakring	1,362.77	1,589.90	1,817.03	2,044.16	2,498.42	2,952.68	3,406.93	4,088.32
20	East Stoke	1,372.41	1,601.14	1,829.88	2,058.61	2,516.08	2,973.55	3,431.02	4,117.22
21	Edingley	1,391.99	1,623.98	1,855.98	2,087.98	2,551.98	3,015.97	3,479.97	4,175.96
22	Edwinstowe	1,399.86	1,633.17	1,866.48	2,099.79	2,566.41	3,033.03	3,499.65	4,199.58
23	Egmanton	1,362.09	1,589.11	1,816.12	2,043.14	2,497.17	2,951.20	3,405.23	4,086.28
24	Elston	1,412.55	1,647.97	1,883.40	2,118.82	2,589.67	3,060.52	3,531.37	4,237.64
25	Epperstone	1,384.71	1,615.49	1,846.28	2,077.06	2,538.63	3,000.20	3,461.77	4,154.12
26	Farndon	1,394.50	1,626.92	1,859.33	2,091.75	2,556.58	3,021.42	3,486.25	4,183.50
27	Farnsfield	1,390.93	1,622.75	1,854.57	2,086.39	2,550.03	3,013.67	3,477.32	4,172.78
28	Fiskerton-cum-Morton	1,362.17	1,589.19	1,816.22	2,043.25	2,497.31	2,951.36	3,405.42	4,086.50
29	Girton	1,363.53	1,590.79	1,818.04	2,045.30	2,499.81	2,954.32	3,408.83	4,090.60
30	Gonalston	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
31	Grassthorpe	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
32	Gunthorpe	1,390.41	1,622.14	1,853.88	2,085.61	2,549.08	3,012.55	3,476.02	4,171.22
33	Halam	1,377.80	1,607.43	1,837.07	2,066.70	2,525.97	2,985.23	3,444.50	4,133.40
34	Halloughton	1,357.94	1,584.26	1,810.59	2,036.91	2,489.56	2,942.20	3,394.85	4,073.82
35	Harby	1,377.07	1,606.59	1,836.10	2,065.61	2,524.63	2,983.66	3,442.68	4,131.22
36	Hawton	1,374.43	1,603.51	1,832.58	2,061.65	2,519.79	2,977.94	3,436.08	4,123.30
37	Hockerton	1,374.65	1,603.76	1,832.87	2,061.98	2,520.20	2,978.42	3,436.63	4,123.96
38	Holme	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
39	Hoveringham	1,400.21	1,633.57	1,866.94	2,100.31	2,567.05	3,033.78	3,500.52	4,200.62
40	Kelham	1,359.15	1,585.68	1,812.20	2,038.73	2,491.78	2,944.83	3,397.88	4,077.46
41	Kersall	1,362.11	1,589.13	1,816.15	2,043.17	2,497.21	2,951.25	3,405.28	4,086.34
42	Kilvington	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
43	Kirklington	1,373.92	1,602.91	1,831.89	2,060.88	2,518.85	2,976.83	3,434.80	4,121.76
44	Kirton	1,384.23	1,614.93	1,845.64	2,076.34	2,537.75	2,999.16	3,460.57	4,152.68
45	Kneesall	1,362.11	1,589.13	1,816.15	2,043.17	2,497.21	2,951.25	3,405.28	4,086.34
46	Langford	1,367.02	1,594.86	1,822.69	2,050.53	2,506.20	2,961.88	3,417.55	4,101.06
47	Laxton & Moorhouse	1,376.37	1,605.76	1,835.16	2,064.55	2,523.34	2,982.13	3,440.92	4,129.10
48	Lowdham	1,401.13	1,634.66	1,868.18	2,101.70	2,568.74	3,035.79	3,502.83	4,203.40
49	Lyndhurst	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
50	Maplebeck	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
51	Meering	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
52	Newark	1,424.87	1,662.34	1,899.82	2,137.30	2,612.26	3,087.21	3,562.17	4,274.60
53	North Clifton	1,365.89	1,593.53	1,821.18	2,048.83	2,504.13	2,959.42	3,414.72	4,097.66
54	North Muskham	1,378.55	1,608.30	1,838.06	2,067.82	2,527.34	2,986.85	3,446.37	4,135.64
55	Norwell	1,375.72	1,605.01	1,834.29	2,063.58	2,522.15	2,980.73	3,439.30	4,127.16
56	Ollerton and Boughton	1,448.26	1,689.64	1,931.01	2,172.39	2,655.14	3,137.90	3,620.65	4,344.78

57	Ompton	1,362.11	1,589.13	1,816.15	2,043.17	2,497.21	2,951.25	3,405.28	4,086.34
58	Ossington	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
59	Oxton	1,381.13	1,611.32	1,841.51	2,071.70	2,532.08	2,992.46	3,452.83	4,143.40
60	Perlethorpe-cum-Budby	1,367.01	1,594.84	1,822.68	2,050.51	2,506.18	2,961.85	3,417.52	4,101.02
61	Rainworth	1,372.52	1,601.27	1,830.03	2,058.78	2,516.29	2,973.79	3,431.30	4,117.56
62	Rolleston	1,376.10	1,605.45	1,834.80	2,064.15	2,522.85	2,981.55	3,440.25	4,128.30
63	Rufford	1,360.89	1,587.71	1,814.52	2,041.34	2,494.97	2,948.60	3,402.23	4,082.68
64	South Clifton	1,360.21	1,586.91	1,813.61	2,040.31	2,493.71	2,947.11	3,400.52	4,080.62
65	South Muskham	1,392.89	1,625.03	1,857.18	2,089.33	2,553.63	3,017.92	3,482.22	4,178.66
66	South Scarle	1,384.33	1,615.06	1,845.78	2,076.50	2,537.94	2,999.39	3,460.83	4,153.00
67	Southwell	1,403.20	1,637.07	1,870.93	2,104.80	2,572.53	3,040.27	3,508.00	4,209.60
68	Spalford	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
69	Staunton	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
70	Staythorpe	1,359.15	1,585.68	1,812.20	2,038.73	2,491.78	2,944.83	3,397.88	4,077.46
71	Sutton-on-Trent	1,383.15	1,613.68	1,844.20	2,074.73	2,535.78	2,996.83	3,457.88	4,149.46
72	Syerston	1,353.52	1,579.11	1,804.69	2,030.28	2,481.45	2,932.63	3,383.80	4,060.56
73	Thorney	1,365.97	1,593.63	1,821.29	2,048.95	2,504.27	2,959.59	3,414.92	4,097.90
74	Thorpe	1,372.41	1,601.14	1,829.88	2,058.61	2,516.08	2,973.55	3,431.02	4,117.22
75	Thurgarton	1,375.34	1,604.56	1,833.79	2,063.01	2,521.46	2,979.90	3,438.35	4,126.02
76	Upton	1,374.05	1,603.06	1,832.07	2,061.08	2,519.10	2,977.12	3,435.13	4,122.16
77	Walesby	1,410.41	1,645.48	1,880.55	2,115.62	2,585.76	3,055.90	3,526.03	4,231.24
78	Wellow	1,370.18	1,598.54	1,826.91	2,055.27	2,512.00	2,968.72	3,425.45	4,110.54
79	Weston	1,370.33	1,598.72	1,827.11	2,055.50	2,512.28	2,969.06	3,425.83	4,111.00
80	Wigsley	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
81	Winkburn	1,349.47	1,574.38	1,799.29	2,024.20	2,474.02	2,923.84	3,373.67	4,048.40
82	Winthorpe	1,367.02	1,594.86	1,822.69	2,050.53	2,506.20	2,961.88	3,417.55	4,101.06
83	Fernwood	1,399.50	1,632.75	1,866.00	2,099.25	2,565.75	3,032.25	3,498.75	4,198.50
84	Kings Clipstone	1,400.63	1,634.06	1,867.50	2,100.94	2,567.82	3,034.69	3,501.57	4,201.88

Parishes joint for Precept purposes

*	Averham, Kelham, Staythorpe	1,359.15	1,585.68	1,812.20	2,038.73	2,491.78	2,944.83	3,397.88	4,077.46
**	Kneesall, Kersall, Ompton	1,362.11	1,589.13	1,816.15	2,043.17	2,497.21	2,951.25	3,405.28	4,086.34
***	Winthorpe, Langford	1,367.02	1,594.86	1,822.69	2,050.53	2,506.20	2,961.88	3,417.55	4,101.06
****	East Stoke, Thorpe	1,372.41	1,601.14	1,829.88	2,058.61	2,516.08	2,973.55	3,431.02	4,117.22

8. determine that the Council's basic amount of council tax for 2020/21 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992 and that the referendum provisions in Chapter4ZA do not apply for 2020/21. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2020/21 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.

Background Papers

Local Government Finance Act 1992
Local Government Finance Act 2012
Localism Act 2012
Regulations and Directions issued annually under the above Acts

For further information please contact Sanjiv Kohli, Deputy Chief Executive / Director - Resources and s151 Officer on 01636 655303.

D. Lloyd
Leader of the Council

COUNCIL MEETING - 9 MARCH 2020

MEDIUM TERM FINANCIAL PLAN - 2020/21 TO 2023/24

1.0 Purpose of Report

1.1 To approve the Council's Medium Term Financial Plan (MTFP) for the four financial years between 1 April 2020 and 31 March 2024 (2020/21 to 2023/24).

2.0 Background Information

2.1 The MTFP (Appendix A) aims to provide members and officers with a clear financial framework for delivering the Council's Community Plan objectives over the next four financial years.

2.2 Updating the council's MTFP is an essential pre-requisite to the annual budget setting process for future years.

3.0 Proposals

3.1 The MTFP shows that the Council is able to set a balanced budget for 2020/21, though will need to raise additional income to pay for service delivery in future years.

3.2 The table below sets out the current projected contributions to and from reserves for each year of the Council's MTFP. This assumes a £5.00 increase for 2020/21 in the average band D council tax excluding local precepts, and a 1.94% increase in each subsequent year of the council's MTFP.

	2020/21 (£m)	**2021/22 (£m)**	**2022/23 (£m)**	**2023/24 (£m)**
Total expenditure	13.523	13.734	13.851	14.567
Total income from Business Rates, Council Tax and other grants	(14.864)	(12.561)	(12.863)	(13.164)
Contribution (to) or from reserves	**(1.341)**	**1.173**	**0.988**	**1.403**
Use of 2020/21 contribution to reserves to offset contributions from reserves in future years	1.341	(1.173)	(0.168)	-
Contribution (to) or from reserves, after use of 2020/21 contribution to reserve	**0.000**	**0.000**	**0.820**	**1.403**

3.3 The Council will need to continually consider how best to manage demand for its services, as well as continually monitor and review how it best delivers each service.

3.4 Some activities currently proposed to mitigate the annual contributions from reserves projected for 2022/23 and 2023/24 are:

a) dividends from Arkwood Developments Ltd;
b) savings from service reviews;

c) savings/efficiencies from making business processes more efficient;
d) and increased income from the council becoming more commercial.

4.0 Equalities Implications

4.1 Equalities implications will be identified within specific schemes and projects included in the revenue budget and Capital Programme.

5.0 Financial Implications (FIN19-20/6192)

5.1 The MTFP sets out a framework to support budget and policy decisions. The impact of individual schemes will be detailed in supporting business cases.

6.0 Community Plan – Alignment to Objectives

6.1 One of the main aims of the MTFP is to deliver the Council's Community Plan objectives. **Appendix A** provides more details on how the council's MTFP and Community Plan align.

7.0 RECOMMENDATION

That the Medium Term Financial Plan for 2020/21 to 2023/24 be approved.

Background Papers

Revenue Budget and Council Tax Setting for 2020/21
Capital Programme 2020/21 to 2023/24
Statement of Accounts 2018/19

For further information please contact Nick Wilson (Business Manager – Financial Services) on extension 5317 or Mohammed Sarodia (Assistant Business Manager – Financial Services) on extension 5537.

Sanjiv Kohli
Deputy Chief Executive / Director - Resources and S151 Officer

2020/21 TO 2023/24 MEDIUM TERM FINANCIAL PLAN (MTFP)

The council's Medium Term Financial Plan (MTFP) for the four financial years between 01 April 2019 and 31 March 2023 (2019/20 to 2022/23) was presented to Policy & Finance Committee on 21 February 2019 and approved by Council on 07 March 2019.

This document seeks to update the MTFP's assumptions on expenditure, income and financing for the four years between 2020/21 and 2023/24.

The main aims of the MTFP are to:

a) deliver the council's Community Plan objectives over the life of the relevant Community Plan;
b) clearly present the council's current predictions of its financial position between 2020/21 and 2023/24; and
c) enable members to make decisions which ensure the council's future financial sustainability .

The MTFP tries to do this by:

a) bringing together in one place all known factors which will affect the council's financial position; and
b) matching how the council plans to spend to deliver its Community Plan objectives with the expected resources available to fund that spend.

1.1 Financial Projections

The table below shows high level budget projections for the next four years:

	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
Net Service Expenditure (less capital charges)	12.181	12.459	12.549	12.624
Total Other Expenditure	1.342	1.275	1.302	1.943
Total Expenditure	**13.523**	**13.734**	**13.851**	**14.567**
Total Business Rates	(7.724)	(5.316)	(5.379)	(5.435)
Council Tax	(7.018)	(7.245)	(7.484)	(7.729)
Other Grants	(0.122)	0.000	0.000	0.000
Contribution (to) or from Reserves	**(1.341)**	**1.173**	**0.988**	**1.403**

These assume the following increases in the rate of average band D council tax (excluding local precepts):

	2020/21	2021/22	2022/23	2023/24
Assumed council tax increase	£5.00	1.94%	1.94%	1.94%

1.2 Financial Landscape

The government plans to reform the local government finance system. These reforms are mainly to increase the proportion of business rates (non-domestic rates (NDR)) retained locally; and to make fairer the government's annual funding allocations for local authorities.

The government previously intended for these reforms to take effect from 2020/21, though now intends for these reforms to take effect from 2021/22. In light of this one year delay, the government plans to roll forward the 2019/20 settlement for 2020/21.

The impact of this for the Council has been that anticipated Business Rates income has increased by circa £3m compared with the estimated income for 2020/21 in the MTFP approved on 7th March 2019. This includes an anticipated £0.915m in surplus generated from the Collection Fund at the 2019/20 year end, which was also not forecast at budget setting for 2019/20.

The government plans to carry out a multi-year Spending Review in 2020 to enable the reformed systems for business rates retention and annual funding allocations to be implemented from 2021/22.

As it is not known how exactly the local government finance system is expected to change nor from when these changes will take effect from, the council's current modelling for how much funding the council will receive in 2021/22 and future years is subject to higher levels of volatility. The Council continues to liaise with external consultants to support the forecasting of future funding levels.

It is expected, however, that the government's changes to the local government finance system will incorporate transitional arrangements where appropriate, and that changes will be made manageable for individual authorities or classes of authorities.

Throughout the remainder of 2019/20 and in 2020/21, officers will closely monitor the government's announcements relating to the local government finance system and assess the implications of these on the council's funding for 2021/22 and future years.

1.3 Fair Funding Review

The government is reviewing how it assesses the relative needs and resources of English local authorities, so that it can distribute funding to councils based on a more robust and up-to-date approach. Its review (the Fair Funding Review) aims to address concerns that the current formula for determining each council's Baseline Funding Level (BFL) is unfair, out of date and overly complex.

The government now plans to use an updated approach to distributing funding to councils from 2021/22.

The review will broadly focus on three main areas:

1) relative needs;
2) relative resources, and
3) transitional arrangements.

Relative needs relates to the demand for particular council services, and relative resources to the ability for councils to raise their own income from sources such as council tax.

The assessment of relative needs for shire district councils is expected to be driven mainly by population. Put more simply, shire district councils with more people will be expected to receive more money from government, all other things being equal.

An Area Cost Adjustment (ACA) will be applied to the assessment of relative needs. Put more simply, the government's funding for councils will consider factors which affect how much councils must spend to deliver services, all other things being equal. The ACA is expected to include the following three factors:

1) Rates Cost Adjustment;
2) Labour Cost Adjustment; and
3) Remoteness Adjustment.

A Rates Cost Adjustment relates to how much councils spend on the premises they use to deliver services.

The Fair Funding Review is important because it will affect the amount of BFL the government will give the council in future years, and thus also the amount of business rates (non-domestic rates (NDR)) the council can retain. As per the table in section 1.1, business rates are expected to account for at least a third of the council's total expenditure (excluding capital charges) in each year of the council's MTFP.

1.4 <u>Retained Business Rates</u>

The introduction of the current 50% business rates retention system in 2013/14 has allowed councils which have increased their locally raised business rates income since this time to benefit from the additional income generated.

The government plans to implement a reformed business rates retention system for 2021/22. The reforms aim to:

- give local authorities greater control over the money it raises;
- support local economic growth;
- update the balance of risk (of loss) and reward (for growth) in the system; and
- make the system simpler and income less volatile.

Two main changes have been proposed for the business rates retention system. These are:

1) to increase the proportion of business rates retained locally from 50% to 75%; and
2) to reset the Business Rates Baseline (BRB).

The BRB is the government's prediction of how much each council is able to raise locally in business rates.

As the government intends to reform the business rates retention system in a way which is fiscally neutral, councils currently benefitting from growth in locally raised business rates income could see some of this income transferred to councils with reduced Business Rates Baselines.

Nonetheless, the planned increase in proportion of locally retained business rates means that promoting economic growth and inward investment will become ever more crucial to ensuring the council's sustainability going forward.

The council's MTFP accounts for planned reforms to the business rates retention system, though amounts for 2021/22 and future years are subject to higher levels of volatility.

The government has proposed the following changes to the proportions of businesses' rateable values (RVs) payable as business rates in 2020/21:

- an increase in the provisional small business NDR multiplier from 49.1p to 49.9p;
- an increase in the provisional NDR multiplier from 50.4p to 51.2p;

The government has also proposed the following changes to business rate reliefs in 2020/21:

- an increase in the retail discount from one-third to 50% and extension of the retail discount to cinemas and music venues for eligible small businesses;
- a five-year extension of the £1,500 business rates discount for office space occupied by local newspapers (until 31 March 2025); and
- the introduction of a £1,000 business rates discount for eligible pubs, applicable in addition to the retail discount.

In accordance with section 31 (Power to pay grant) of the *Local Government Act 2003*, the government will fully fund local authorities for awarding these reliefs, and provide funding for the administrative and IT costs associated with implementing these new burdens.

The council expects to receive around £2.1m in section 31 grants in 2020/21 for its cost of administering statutory business rate reliefs.

Below are some of the key risks which could affect the amount of business rates income collected and thus retained in future years:

- slower than anticipated local economic growth, or local economic growth at a rate less than the change in Consumer Price Index (CPI) used to determine annual business rates payable;
- successful backdated appeals from businesses regarding the amounts of business rates payable in previous years;
- uncollectable debts which need to be written off; and
- unpredictable increases in the amounts of discretionary reliefs granted to businesses.

The total rateable value (RV) of all business premises within the district anticipated at the beginning of 2020/21 is £107.8m.

The council currently has 104 businesses with appeals outstanding regarding the RVs of their premises. The total reduction in RV it is estimated that these businesses are appealing for is £1.298m. If all of the appeals from these businesses are successful and backdated to the dates currently estimated, there would be an estimated total cost of £3.487m in settling these appeals. These settlement payments would be a one-off, funded from a provision (currently £8.513m) which has been specifically set aside to pay for the cost of successful business rate appeals.

If any appeals the council has provided (set money aside) for are unsuccessful, or are successful but cost the council less than it has set aside for these appeals, the council will be able to release its surplus provisions back into the Collection Fund. The surplus provisions would then be re-distributed back to council and its preceptors.

1.5 Council Tax

Chapter IVA (Limitation of Council Tax and Precepts) of the *Local Government Finance Act 1992* requires billing authorities to hold referenda if their relevant basic amount of council tax for a financial year is in excess of a set of principles determined by the Secretary of State.

An authority's relevant basic amount of council tax is its average band D council tax excluding local precepts. The relevant basic amount of council tax for Newark & Sherwood District Council (NSDC) includes the levy that Internal Drainage Boards charge the Council. These are the Upper Witham Internal Drainage Board and the Trent Valley Internal Drainage Board.

Since 2016/17, shire district councils have been able to increase council tax by the greater of the core principle or £5 without holding referenda. For 2016/17 and 2017/18, the core principle was 2%, and for 2018/19 and 2019/20, the core principle was 3%.

The proposed core principle for 2020/21 is 2%. The government's proposed council tax referendum principle for shire district councils therefore permits increases in the council's 2020/21 relevant basic amount of council tax of up to (and including) the greater of 1.99% or £5.00 without holding a referendum.

Since 2016/17, Members have agreed annual council tax increases of 1.94%. The council's MTFP assumes a council tax increase of £5.00 in 2020/21, and subsequent annual increases of 1.94%.

The council calculates how much annual council tax income it can receive by multiplying the council tax base (CTB) by the average band D council tax rate. The council tax base is the total number of properties equivalent to band D which are liable for council tax after discounts, exemptions and premia.

The council's MTFP assumes that the 2020/21 CTB will be 1.36% higher than the 2019/20 CTB, based on the actual CTB in December 2019 being 1.36% more than the December 2018 CTB.

For subsequent years, it has been assumed that the CTB will change by the average annual change in CTB between the CTB used for the prior and three-year prior financial years. For example, the change in CTB assumed for 2021/22 is the average annual change in CTB between the CTBs for 2018/19 and 2020/21.

The table below shows the additional income the council would expect to receive over the four years of the MTFP, based on council tax increases of 1.94% and £5.00 in 2020/21, compared to if council tax was kept at 2019/20 levels:

Effect of council tax changes	**2020/21 (£m)**	**2021/22 (£m)**	**2022/23 (£m)**	**2023/24 (£m)**	**MTFP (£m)**
Additional income from 1.94% increase in all years	0.132	0.137	0.141	0.146	**0.556**

Additional income from £5.00 increase in 2020/21 and 1.94% in subsequent years	0.196	0.203	0.210	0.216	**0.825**

1.6 New Homes Bonus (NHB)

New Homes Bonus (NHB) is a government grant paid to councils to incentivise local housing growth, based on the extra council tax income raised from new homes. NHB is paid to councils with growth in their housing stock above 0.4% of their existing council tax base.

From 2018/19 and onwards, NHB payments have been for the four years from the year for which the council was awarded NHB. In the provisional local government finance settlement for 2020/21, the government announced that it would continue to make payments for four years on allocations from previous years (2017/18, 2018/19 and 2019/20), but would not make multi-year payments on new allocations (2020/21). Details of the government's provisional NHB allocations for 2020/21 and future years are in the table below.

Year	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
2017/18	0.390			
2018/19	0.379	0.379		
2019/20	0.409	0.409	0.409	
2020/21	0.563			
Total	**1.741**	**0.788**	**0.409**	**0.000**

NHB is not ringfenced, and thus can be used to fund either revenue or capital expenditure. To-date, the council has not needed to budget to use NHB to fund its General Fund revenue expenditure, as budgeted funding from council tax, business rates and other sources has been sufficient.

In previous years, NHB has been used to fund key regeneration projects. This is expected to continue. As capital resources are scarce, the termination of multi-year payments on new NHB allocations will have significant impact on capital resources.

The 2019/20 to 2022/23 MTFP approved by Council on 09 March 2019 proposed to allocate 50% of NHB receipts for the capital financing of assets with lives of less than 10 years (short-life assets). It is intended that this policy will continue.

1.7 Income from Fees and Charges

The council's income from fees and charges for statutory and discretionary services is an essential part of the council's General Fund revenue budget. Section 93 (Power to charge for discretionary services) of the *Local Government Act 2003* requires charges to be set such that taking one financial year with another, the income from charges for a service does not exceed its costs of provision.

Discretionary services are those for which the council has the power, but not duty, to provide; though also include additions or enhancements to statutory services that the council provides above standards legislated for.

In accordance with the Commercial Strategy approved by Council on 10 October 2017 and the Fees and Charges Project report approved by Economic Development Committee on 20 November 2019, the council aims to set fees and charges for discretionary services at levels which balance commerciality and social impact. The council should ensure that fees and charges for discretionary services are set which:

- ensure the maximum revenues possible;
- are allowed by the council's Corporate Fees and Charges Policy; and
- are socially and politically acceptable.

The table below shows how much fees and charges income the council:

- received in 2018/19;
- initially budgeted for 2019/20, as part of last year's budget setting process;
- is currently budgeting to receive in 2019/20; and
- is proposing to budget for 2020/21.

	2018/19 actuals (£m)	**2019/20 initial budget (£m)**	**2019/20 revised budget (£m)**	**2020/21 base budget (£m)**
Fees & Charges	5.162	4.677	5.123	5.296

As mentioned in section 1.11, the fees and charges budgets proposed for 2020/21 are at levels considered achievable. Further details on the fees and charges budgets for 2020/21 can be found in the 2020/21 proposed General Fund revenue budget report.

1.8 Reserves and Balances

Section 25 (Budget calculations: report on robustness of estimates etc) of the *Local Government Act 2003* requires local authority chief finance officers (Section 151 officers) to report on the adequacy of financial reserves in the council's proposed budget and robustness of estimates made.

The council has reviewed the adequacy of its useable financial reserves to ensure that these are neither too low (imprudent) or too high (overprudent) based on their purpose and likely use.

Council's generally hold useable reserves for three purposes:

- as a working balance, to mitigate the impact of uneven cash flows;
- as a contingency, to mitigate the impact of unexpected events or emergencies; and
- as earmarked reserves, to pay for known or predicted future requirements.

On 07 March 2019, Council approved a recommendation to change how the authority determines its level of General Fund balance. The council now has a fixed General Fund balance of £1.500m, rather than a variable amount based on 15% of the council's net budget requirement (£1.737m as at 01 April 2018).

The £1.500m General Fund balance has been set aside to pay for exceptional items. Officers consistently review the appropriateness (prudence) of this amount in light of internal and external risks identified. For the council to maintain its current General Fund balance of £1.500m, it is intended that the General Fund balance will only be used to fund expenditure once other appropriate reserves have been fully utilised.

Appendix B shows the balances which comprised the council's total reserves at the end of 2018/19 and at the beginning of 2019/20. **Appendix B** also shows the balances expected to comprise the council's total reserves at the end of 2019/20 and 2020/21.

One of the most important principles used to prepare the MTFP is that council reserves and other one-off resources are not used to balance ongoing budget pressures: that all other mitigating actions are used before the use of one-off resources. Over the years, the council's reserves have been used, for reasons such as to: cover the cost of one-off events not budgeted for; support and improve service delivery; and offset declining levels of income.

Members and officers are required to ensure the council operates as a going concern: that the council will continue to fulfil its functions for the foreseeable future. If this were not the case, for example, because of an imprudent use of council reserves, the council's external auditors would be required to express a going concern opinion (GCO). A GCO would be the external auditor's way of expressing significant doubt on the council's ability to operate longer-term.

One of the council's largest revenue reserves is its repairs and renewals fund. This is for the future cost of repairing, maintaining and renewing property and equipment. Services set aside an amount of their revenue budget annually, so that they can pay for the costs of relevant repairs and renewals when these arise. This helps smooth the uneven timing of costs: a few years of higher costs offsetting a greater number of years with lower (or no) costs.

Proposed spend on repairs and renewals is scrutinised to ensure that it and the fund's balance are appropriate, This, for example, enables funding for works not necessary to be transferred to wors which become necessary but are underfunded.

1.9 <u>Assumptions made within the MTFP</u>

Finance officers and budget holders have developed detailed budgets for 2020/21 and future years. Officers have used the information available to them (past, present and future), and have made appropriate assumptions where the relevant information has been unavailable to them.

A 2% annual increase in basic pay has been assumed in each year of the council's MTFP. This is in line with the National Joint Council (NJC) for Local Government Services' two-year pay award for 2018/19 and 2019/20 for most council employees.

The NJC pay award for 2020/21 has not yet been finalised. The Joint Trade Union Side has rejected the National Employers for Local Government Services' proposal for a 2% increase in basic pay.

It is probable that the costs of the 2020/21 pay award will exceed the pay increases currently budgeted for. If the 2020/21 pay award is agreed at a higher rate than the 2% increase in basic pay, and if reductions in employee costs elsewhere cannot offset the increase in pay award costs, the additional costs unbudgeted for will need to be funded from council reserves. Section 1.11 examines this in more detail.

Most income budgets and non-pay expenditure budgets have been uplifted by 3% in each year of the council's MTFP, in line with Retail Price Index (RPI) forecasts for future years by the government's Office for Budget Responsibility (OBR).

The council's General Fund revenue budget is charged for the purchase or creation of fixed assets where capital resources are unavailable at the time. These charges will be in line with the council's Minimum Revenue Provision (MRP) policy for 2020/21 to be approved by Council on 09 March 2020.

1.10 Proposed strategy for bridging the funding gap

The table below shows the contributions to and from reserves currently projected for each year of the council's MTFP, and the actions currently proposed to mitigate the annual contributions from reserves projected for 2021/22, 2022/23 and 2023/24:

	2020/21 (£m)	**2021/22 (£m)**	**2022/23 (£m)**	**2023/24 (£m)**
Contribution (to) or from reserves	**(1.341)**	**1.173**	**0.988**	**1.403**
Use of **Error! Reference source not found.** contribution to reserves to offset contributions from reserves in future years	1.341	(1.173)	(0.168)	-
Dividends from Arkwood Developments Ltd	-	-	(0.500)	(0.500)
Savings from service reviews	-	-	(0.100)	(0.100)
Savings/efficiencies from making business processes more efficient	-	-	-	(0.100)
Increased income from the council becoming more commercial	-	-	(0.100)	(0.100)
Contribution (to) or from reserves, after proposed mitigations above	**0.000**	**0.000**	**0.120**	**0.603**

During the Budget Monitoring process for the 2019/20 financial year the council expects to receive business rates income from the Nottinghamshire Business Rates Pool. It is not known how much this will be, as the performance of the pool depends on the performance of the pool's constituent authorities. Income received from the pool for 2019/20 will be transferred to the council's Medium Term Financial Position (MTFP) reserve, so that it can be used to pay for future years' deficits, in the event that a deficit remains after all other mitigating actions taken to offset future year deficits.

Each update to this MTFP will therefore report on progress against each of the headings in the table above, to ensure that each years' budget is balanced.

Since 2010, the council has made significant savings in line with government grant reductions. Though further savings may become harder to identify and deliver, particularly from spend not on employees (as mentioned in section 1.11), it is essential that the council continues to identify areas where spend can be reduced and/or income increased. This is so that the council can continue to operate sustainably longer-term, and to minimise the council's use of one-off resources (as mentioned in section 1.8).

The council's total income will need to increase significantly, if it is to continue delivering and improving the services it currently provides and not use its reserves to cover the deficits currently anticipated for 2022/23 and 2023/24.

Councils are severely restricted in how much funding they can raise from council tax increases without holding referenda. As mentioned in sections 1.5 and 1.11, the council can increase council tax in 2020/21 by the greater of 1.99% or £5.00 without holding a referendum. A 1% increase in council tax is equivalent to £70,180 of net expenditure.

The council's Commercial Strategy, approved by Policy & Finance Committee on 21 September 2017, aims to deliver positive financial returns to the General Fund. The council created a Commercial Projects Development Team (CPDT), now the Organisational Improvement and Development team, to achieve this aim. The council's General Fund has begun to benefit from the projects the team has completed to date, and expects to increasingly do so over the years. The team's work across the district (externally) and with services council-wide (internally) will be crucial to enabling the council's future sustainability and growth. This is particularly as changes to the local government finance system increase the rewards for councils able to facilitate local economic growth, as mentioned in section 1.4.

The table below shows which areas have the biggest increases in expenditure budgets in each of the last three years of the council's MTFP, compared to the equivalent budget in the year before:

Pressures	**Increase in 2021/22 budget, compared to 2020/21 budget (£m)**	**Increase in 2022/23 budget, compared to 2021/22 budget (£m)**	**Increase in 2023/24 budget, compared to 2022/23 budget (£m)**
Employees	0.305	0.287	0.288
Newark Town Council devolution grant	0.038	0.029	0.045
Internal Drainage Board Levies	0.030	0.031	0.033

1.11 Risks Associated with the Budget Process

Budgets are only as accurate as the data available at the time they are developed. There are therefore risks that the proposed budgets in the council's MTFP will differ significantly from reality (actual expenditure and income). Some of the factors which could cause adverse variances are:

- higher than expected inflation and/or interest rates;
- the council receiving lower than expected amounts of grant funding;
- the future differing significantly from the initial budgets proposed at the time of developing the MTFP;
- volatility of certain budget lines between years;
- underachievement of expected savings and/or efficiencies;
- unforeseen events and emergencies;
- unforeseen insurance costs or legal claims;
- lower than expected business rates growth.

Section 25 (Budget calculations: report on robustness of estimates etc) of the *Local Government Act 2003* requires local authority chief finance officers (Section 151 officers) to report on the adequacy of financial reserves in the council's proposed budget and robustness of estimates made. This section fulfils that requirement.

In considering the council's proposed budget for 2020/21 and the sensitivity of expenditure and income to changes, it should be noted that:

a) a 1% increase in Council Tax is equivalent to £70,180 of net expenditure; and

b) a £1 increase in Council Tax is equivalent to £39,300 of net expenditure.

Various assumptions were required to be made when preparing the proposed MTFP budgets. The two areas where it seems that variations between the proposed budget and reality could be greatest are employee pay and income receivable. Further details on each of these are below.

Employee costs

Employee costs form a significant proportion of all district council budgets. Employee costs comprise 59% of the council's proposed controllable expenditure budget for 2020/21 (total spend, excluding spend on capital costs, recharges and Housing Benefit payments).

This makes it less likely to achieve savings solely by reducing non-employee spend. It also means that the council would need to use a greater proportion of its reserves if the costs of future years' pay awards exceed the 2% annual pay increases currently budgeted for. For example, a 3% increase in basic pay for 2020/21 (1% more than currently budgeted for) would result in around £132,000 needing to be funded from reserves for 2020/21. Additional funding would also need to be found for subsequent years, as the higher than expected pay for 2020/21 would result in higher than expected pay in subsequent years.

Income

A significant part of the council's annual net budget is dependent on income from rents; sales, fees and charges; and other receipts. Officers have reviewed the income that services have achieved against the current and previous years' budgets, and have considered factors expected to affect future income levels, to ensure the 2020/21 income budgets for services have been set at levels considered achievable.

Significant underperformance against budgeted income would increase the council's annual net expenditure, and thus place unbudgeted demand on council reserves. A 1% reduction in council income from fees and charges would cost around £0.530m in 2020/21.

Interest rates

The proposed MTFP budgets include amounts for interest payable and interest receivable. This is because the council expects that it will both borrow money and lend money throughout the four years of the MTFP.

The council anticipates that it will use fixed interest rate loans when borrowing. This is so that the council knows exactly how much its loans will cost over their durations, and as this mitigates against the risk of interest rates and thus costs rising significantly over the loan period. As borrowing would be for longer than four years, the risk of the council being unable to borrow to repay existing debt (refinancing risk) does not apply.

The budgeted amounts have accounted for factors such as the amount of council funds expected to be available. The actual amounts of council interest payable and receivable for 2020/21 will likely differ from those budgeted.

The impact of a 1% change in interest rate would be insignificant on the council's overall budget.

Inflation

Most income budgets and non-pay expenditure budgets have been uplifted by 3%, broadly in line with the Retail Price Index (RPI) forecast for 2020/21 by the government's Office for Budget Responsibility (OBR).

The most recent month for which inflation data was available at the time of writing, December 2019, had a 2.2% increase in inflation (RPI) over the 12 months of the 2019 calendar year.

The small differences anticipated between actual inflation rates and the 3% budgeted for are expected to have insignificant impact on the council's budget.

1.12 Capital Investment Programme and Funding

The overall approved General Fund Capital Programme for the period from 2020/21 to 2023/24 totals £39.727m. £9.114m is financed by external grant funding for the Southern Link Road (SLR), Newark Buttermarket, Disabled Facilities Grant (DFG's) and a specific piece of work in relation to flood alleviation in Lowdham. The grants in relation to the SLR and the flooding alleviation scheme in Lowdham have already been received and are held on the Council's balance sheet as a conditional grant. The DFG funding is received via the Better Care Fund (BCF) and is subject to an annual bidding process.

Other external financing in the forms of contributions from external partners and S106 receipts amount to £3.906m. This relates to the project at Southwell Leisure Centre which includes £750k of Council expenditure in order to extend and improve facilities at the leisure centre to increase the membership base, and also an expectation of £3m of external financing towards the Castle Gatehouse project.

Council internal capital resources employed amount to £4.768m which relates to the build of a modular pool at Ollerton, new Temporary Accommodation in Newark, the match contribution to Southwell Leisure Centre (as described above) and replacing parts of the Council's refuse fleet and other equipment.

Borrowing is the balancing figure for the capital expenditure at £21.940m. This type of financing, attracts a charge to revenue called the Minimum Revenue Provision (MRP) calculated using the asset life method as approved by Council within the Treasury Management Strategy each year. The current method approved is the asset life method. This apportions notional borrowing incurred over the life of the asset, which is in line with the timeline for receiving economic benefits generated by the asset.

The current Capital resources available for allocation to Capital schemes (before any allocation of New Homes Bonus (NHB) from 2020/21 as proposed in section 1.6) is detailed below:

Table 7

Capital Resources Available	**Estimated balance as at 1 April 2020**	**2020/21 Commitments**	**2021/22-2023/24 Commitments**	**Closing Balance as at 31 March 2024**
Capital Financing Provision	1,083,502	(1,020,090)	(4,000)	59,412
General Fund Capital Receipts	957,709	(723,710)	(233,000)	999
Capital Grants & Contributions Unapplied *	7,959,307	600,000	(314,779)	8,244,528
Total resources available	**10,000,518**	**(1,143,800)**	**(551,779)**	**8,304,939**

*£8.244m is the estimated balance at 2023/34 which relates to Community Infrastructure Levy (CIL) and is therefore ring fenced for schemes relating to infrastructure.

Borrowing Requirements within Current Approved Capital Programme

In order to fully finance the Capital Programme every year an element of borrowing is required where capital resources are not available. As above, the total borrowing over the life of this MTFP amounts to an estimated £21.940m within the current approved capital programme.

SUMMARY OF RESERVE BALANCES **APPENDIX B**

General Fund Revenue Reserves	Reason for reserve	Balance as at 31 March 2019	Balance as at 01 April 2019	Estimated Balance as at 31 March 2020	Estimated Balance as at 31 March 2021
Council Funds:					
Investment Realisation Fund	A buffer from potential future losses on external investments	(91,890)	(91,890)	0	0
Election Expenses Fund		(150,325)	(150,325)	(150,325)	(150,325)
Insurance Fund		(336,632)	(336,632)	(276,632)	(276,632)
Repairs And Renewals Fund	To pay for future repairs, maintenance and renewals of property and equipment	(2,380,228)	(2,380,228)	(1,920,400)	(1,920,400)
Building Control Surplus	Statutory building control reserve	(15,233)	(15,233)	(19,943)	0
Museum Purchases Fund	Partly a bequest from the Nicholson estate	(11,414)	(11,414)	(11,414)	(11,414)
Training Provision	To pay for additional training needs and apprentice costs	(152,182)	(127,132)	(127,132)	(61,763)
Restructuring And Pay		(100,000)	(100,000)	(11,181)	(11,181)
Court Costs	To pay for unplanned court costs	(59,769)	(59,769)	(58,959)	(58,959)
Change Management Fund	To enable and facilitate the changing working environment	(12,746,500)	(13,536,580)	(5,515,006)	(6,385,502)
Enforcement Reserve	Provides additional funding for enforcement-related activities	(95,000)	(95,000)	(48,000)	(48,000)
Flooding Defence Reserve	To mitigate the impact of flooding	(250,000)	(250,000)	(220,000)	(220,000)
Emergency Planning Reserve	To replenish the emergency planning store's stock (of, for example, aqua-sacs)	(50,000)	(50,000)	(40,000)	(40,000)
Planning Costs Fund	To pay for unplanned planning enquiries or appeals	(201,140)	(201,140)	(201,140)	(201,140)
Development Company	To pay for equity funding needed to set up Arkwood Developments Ltd	(4,000,000)	(4,000,000)	0	0
Growth And Prosperity Fund	Think BIG (Business Investment for Growth) loans to businesses in the district	(513,456)	(513,456)	(128,904)	(128,904)
Refuse Bin Purchase	If the cost of buying bins exceeds the revenue budget the service has available	(15,000)	(15,000)	(15,000)	(15,000)
Fuel And Energy Reserve		(70,142)	(70,142)	(60,642)	(60,642)
Management Carry Forward	Requests by management to transfer some of their budget into the next financial year, to spend in the next financial year	(343,444)	(343,444)	(40,226)	(40,226)
Unlawful Occupation Of Land	To pay for costs of resolving issues associated with land unlawfully occupied	(9,250)	(9,250)	0	0
Fly Tipping Fund	If the cost of clearing unlawfully dumped rubbish exceeds the revenue budget the service has available	(55,000)	(55,000)	0	0
NNDR Volatility Reserve	A buffer from reduced income, increased bad debts and/or increased refunds when the business rate system changes	0	(793,348)	(793,348)	(793,348)
Community Initiative Fund		0	(200,000)	(200,000)	(200,000)
MTFP Reserve	To cover future years' deficits, if all other actions to cover deficits are insufficient	(1,085,000)	(1,085,000)	(630,000)	(1,990,000)
Asset Maintenance Fund	To fund works identified from asset condition surveys	0	0	(250,000)	0
Capital Project Feasibility Fund	To fund feasibility works in relation to potential capital schemes	0	0	(250,000)	(150,000)
General Fund Balance		(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Total Council Funds		**(24,231,604)**	**(25,989,982)**	**(12,468,252)**	**(14,263,436)**
Grants:					
Homelessness Fund	To pay for relevant costs from the government's homelessness-related grants	(455,881)	(455,881)	(576,018)	(576,018)
Revenue Grants Unapplied	Revenue grants which have not yet been used where the grant providers do not require the grants to be repaid if unused	(292,109)	(292,109)	(217,244)	(217,244)
Community Safety Fund	To pay for costs of Bassetlaw, Newark and Sherwood Community Safety Partnership (BNSCSP)	(193,807)	(193,807)	(22,525)	(22,525)
Energy & Home Support Reserve	To assist vulnerable residents with heating/boiler issues	(121,580)	(97,010)	(103,171)	(77,805)
Warm Homes on Prescription	Grant to spend on schemes which reduce fuel poverty (for people who cannot afford costs of keeping warm given their incomes)	(55,000)	(13,930)	0	0
Welfare Reform Reserve		(25,774)	(25,774)	(25,774)	(25,774)
Total Grants		**(1,144,151)**	**(1,078,511)**	**(944,733)**	**(919,367)**
Total General Fund Revenue Reserves		**(25,375,754)**	**(27,068,492)**	**(13,412,984)**	**(15,182,802)**

General Fund Capital Reserves	Reason for reserve	Balance as at 31 March 2019	Balance as at 01 April 2019	Estimated Balance as at 31 March 2020	Estimated Balance as at 31 March 2021
Capital Financing Provision	Resources such as New Homes Bonus (NHB) grant to pay for capital spend	(1,111,072)	(1,901,152)	(1,083,502)	(63,412)
Capital Receipts	Receipts from selling General Fund (GF) assets to pay for capital spend	(2,038,692)	(2,038,692)	(957,709)	(233,999)
Grants & Contributions Unapplied	Capital funding received which does not yet need to be spent	(6,759,307)	(6,759,307)	(7,959,307)	(8,559,307)
Total General Fund Capital Reserves		**(9,909,071)**	**(10,699,151)**	**(10,000,518)**	**(8,856,718)**

Ring-Fenced Reserves	Reason for reserve	Balance as at 31 March 2019	Balance as at 01 April 2019	Estimated Balance as at 31 March 2020	Estimated Balance as at 31 March 2021
Mansfield Crematorium	Statutory, because council is part of Mansfield and District Crematorium	(139,446)	(139,446)	(139,446)	(139,446)
Total Ring-Fenced Reserves		**(139,446)**	**(139,446)**	**(139,446)**	**(139,446)**

Total Reserves		**(35,424,272)**	**(37,907,090)**	**(23,552,948)**	**(24,178,966)**

COUNCIL MEETING – 9 MARCH 2020

CAPITAL PROGRAMME 2020/21 TO 2023/24

1.0 Purpose of Report

1.1 To approve the Council's Capital Programme for 2020/21 to 2023/24.

2.0 Background Information

2.1 At its meeting on 20 February 2020 the Policy & Finance Committee considered the proposed Capital Programme and agreed to recommend it to Council. A copy of the report to the Policy & Finance Committee is attached at Appendix 1 and it has been used to prepare the Capital Programme section of the budget booklet.

3.0 Proposals

3.1 The Capital Programme for 2020/21 to 2023/24 proposes investment of £96.2m over the 4 year programme. Housing Services £56.470m (made up of Property Investment and the New Build Programme) and General Fund £39.730m (made up of various general fund projects).

3.2 This expenditure is financed by a combination of Government Grants, Third Party Contributions, Capital Receipts, Revenue Support (through the HRA Major Repairs Reserve, General Fund reserves) and borrowing.

4.0 RECOMMENDATIONS that:

a) the General Fund schemes shown in Appendix A and the housing services programme shown in Appendix B be approved as committed expenditure in the Capital Programme;

b) the Capital Programme be managed in accordance with Financial Regulation 6.2.3;

c) in accordance with the delegation to the Section 151 Officer in the Council's Constitution to arrange financing of the Council's Capital Programme, the Capital Programme for the financial years 2020/21 to 2023/24 be financed to maximise the resources available, having regard to the provisions of the Local Government and Housing Act 1989 and subsequent legislation; and

d) any changes above the limit delegated to the Section 151 Officer (i.e. £10,000), either in funding or the total cost of the capital scheme, be reported to the Policy & Finance Committee for consideration.

Background Papers

Nil.

For further information please contact Jenna Norton - Accountant on ext. 5327.

Sanjiv Kohli - Deputy Chief Executive / Director – Resources and S151 Officer

CAPITAL PROGRAMME 2020/21 TO 2023/24

1.0 Purpose of Report

1.1 In accordance with Financial Regulation 6.2.3, Policy & Finance Committee is required to consider the Capital Programme and recommend to Council the final Programme. This report details the available resources, the Council's existing committed programme and the priority schemes identified.

2.0 Capital Expenditure – General Fund

2.1 The Council intends to spend £39.727m in general fund capital expenditure from 2020/21 to 2023/24.

2.2 The major schemes in this programme are:

- Dukeries Leisure Centre new pool
- Southwell Leisure Centre Improvements
- The rolling replacement programme for Vehicles, Plant, Equipment and Technology
- The Southern Link Road contribution
- The Castle Gatehouse project
- New Homeless Hostel in Newark
- Contribution to the Robin Hood Development

2.3 The most significant scheme in the programme is the loan facility that has been made available for Arkwood Developments to ensure that the company has the cash flow required to deliver its objectives. This expenditure will all be financed by borrowing as this will be replenished when the principal is repaid. Details of individual schemes are shown in **Appendix A**.

3.0 Capital Expenditure - Housing Revenue Account (HRA)

3.1 The Council intends to spend £56.471m from the HRA from 2020/21 to 2023/24. This made up of £21.398m on existing property investment and £35.073m on Affordable Housing.

3.2 One of the annual requirements of Newark and Sherwood Homes was that the Company should submit to the Council its written proposals for the next year's arrangements for a number of operational and strategic activities including, an Asset Management Programme, this was undertaken by the Company before management of the Council's Housing stock was transferred back to the District Council. In future years, this will be the responsibility of the Director – Housing and their team. Details of the proposed investment can be found at **Appendix B**.

3.3 This HRA capital budget includes costs in relation to phase 3 to 5 of the new build programme which commenced in August 2017. To date, in addition to the 60 units delivered at Gladstone House, Newark (*an extra care scheme*), the first two phases of the development programme have delivered 120 new council homes. As reported at Homes & Communities Committee on 20 January 2020.

3.4 Ollerton & Boughton Extra Care scheme is progressing with works starting on site in October 2019 to deliver the 40 unit extra care scheme, comprising 30 apartments and 10 bungalows This scheme has been successful in a bid to Homes England for grant of £2.080m (£1.560m 2019/20 and £0.520m in 2020/21). Details of the full development programme are available at **Appendix B**.

4.0 Resources Available

4.1 External Grants and Contributions can provide additional resources to the Capital Programme. Grant funding is subject to a detailed bidding process.

4.2 The most significant grants currently expected over the medium term are from the Better Care Fund (BCF) for Disabled Facilities Grants (DFG's), Homes England (HE) for Ollerton & Boughton Extra Care Scheme, and Section 106 (S106) monies. In addition to this, grants held from previous years for specific purposes are due to be utilised i.e. Local Enterprise Partnership (LEP) Grant that has been received in relation to the Southern Link Road.

4.3 Capital Receipts

	General Fund £'m	**HRA £'m**	**1-4-1 £'m**	**Total £'m**
Balance @ 1 Apr 2020	0.958	2.187	1.756	**4.901**
Estimated Receipts 2020/21 – 2023/24	0	2.021	2.434	**4.455**
Approved for Financing 2020/21 – 2023/24	0.956	4.208	4.126	**9.292**
Unallocated Capital Receipts Balance	**0.002**	**0.000**	**0.064**	**0.066**

4.4 The HRA capital receipts and 1-4-1 figures above relate to Right to Buy (RTB) sales. The 1-4-1's are restricted for replacement homes and must be used as follows:

- Amount to no more than 30% of the total scheme cost
- Spent within 3 years of receipt, or returned to Government with interest

Officers are monitoring the deadlines closely and maximising use where practicable within the new build programme in order to avoid having to return the receipts with interest.

4.3 In keeping to the Council's Capital Strategy, unsupported borrowing is minimised to prevent any destabilisation of the General Fund from the interest and Minimum

Revenue Provision (MRP) that results from borrowing. Leasing is also tightly controlled within the revenue budgets for the same reason, and is rarely used, as the interest rates over the last few years has meant that the costs of borrowing are lower than leasing costs.

5.0 Financing

5.1 Subject to the approval of the proposals outlined in section 2.0 and 3.0 above, the current plan for financing the capital programme is shown below.

GENERAL FUND PROGRAMME SUMMARY

	2020/21	***2021/22***	***2022/23***	***2023/24***
COMMITTED SCHEMES EXPENDITURE				
Other Services	29.227	5.803	3.666	1.032
Total Expenditure	**29.227**	**5.803**	**3.666**	**1.032**
CAPITAL EXPENDITURE FINANCING				
Net Internal and External Borrowing Approval	16.224	2.418	2.966	0.332
Government Grants	4.566	3.148	0.700	0.700
Contributions from Third Parties	3.906	0	0	0
Capital Receipts	0.724	0.233	0	0
Capital Reserve	1.020	0.004	0	0
RCCO	2.787	0	0	0
Total Resources Available	**29.227**	**5.803**	**3.666**	**1.032**

HOUSING CAPITAL PROGRAMME FINANCING SUMMARY

	2020/21	***2021/22***	***2022/23***	***2023/24***
COMMITTED SCHEMES EXPENDITURE				
Housing Services - HRA	23.909	15.314	12.166	5.081
Total Expenditure	**23.909**	**15.314**	**12.166**	**5.081**
CAPITAL EXPENDITURE FINANCING				
Net Internal and External Borrowing Approval	7.514	7.254	6.352	3.366
Government Grants	0.520	0	0	0
Contributions from Third Parties	0.211	0	0	0
Capital Receipts	4.574	2.339	1.422	0
Housing Services Revenue Support (MRR)	11.091	5.722	4.392	1.715
Total Resources Available	**23.909**	**15.314**	**12.166**	**5.081**

5.2 Once the capital expenditure has been incurred, the financing of the Capital Programme as a whole is arranged by the Section 151 Officer, in line with the Council’s Constitution.

5.3 All bids for new capital projects are allocated scores in accordance with the Capital Prioritisation Process (details of which are provided in the Capital Strategy 2020/21).

5.4 The process is designed to demonstrate a level of objectivity in the selection of projects. It is numerically based, and allocates points to projects dependent on the categories into which they fall. The aim is to demonstrate how the Council selects projects that will achieve its overall objectives and is not biased towards particular service interests.

6.0 RECOMMENDATION

That General Fund schemes set out at Appendix A and the Housing Services schemes set out at Appendix B are recommended to Full Council on 9 March 2020 as committed expenditure in the Capital Programme for 2020/21 – 2023/24.

Reasons for Recommendation

To enable the Capital Programme to be considered by the Policy & Finance Committee in accordance with Financial Regulation 6.2.3 prior to its submission to Council.

Background Papers

Nil.

For further information please contact Jenna Norton on Ext 5327.

Sanjiv Kohli
Director - Resources and S151 Officer

General Fund Capital Programme 2020/21 - 2023/24

Appendix A

SCHEME		External Funding	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
TA3286	Information Technology Investment	0	329,260	237,000	612,000	150,000
TC3130	Lorry Park Shower upgrade	0	15,000			
TC3131	Extension to London Road Car Park	0	107,407			
TC3135	Works to Buttermarket	659,273	870,815			
TC	**RESOURCES**	**659,273**	**1,322,482**	**237,000**	**612,000**	**150,000**
TA1216	Dukeries LC New Pool	150,000	2,165,000			
TA1217	Southwell Leisure Centre Improvements	750,000	1,500,000			
TA1218	Leisure Equipment Puchase	0			760,000	
TB6154	S106 Community Facilities Provision Community & Activity Village	156,183	156,183			
TB2253	Vehicles & Plant (NSDC)	0	823,000	462,600	1,519,000	182,000
TC3136	Climate Change	0	30,000	75,000	75,000	
TF2000	CCTV Replacement Programme	0	140,500	0	0	0
TF3221	Southwell Flood Mitigation	233,421	453,421			
TF3227	Lowdham Flood Alleviation	140,000	200,000			
TF3228	Homeless Hostel	0	1,495,000	1,495,000		
TF6011	Private Sector Disabled Facilities Grants	2,800,000	700,000	700,000	700,000	700,000
TA	**COMMUNITIES & ENVIRONMENT**	**4,229,604**	**7,663,104**	**2,732,600**	**3,054,000**	**882,000**
TA3053	Museum Improvements	0	148,000			
TA3056	NCWC Tudor Hall	0	200,000			
TB3154	Castle Gatehouse Project	3,000,000	4,000,000			
TE3268	Southern Link Road Contribution	5,566,667	2,833,333	2,833,333		
TE	**GROWTH**	**8,566,667**	**7,181,333**	**2,833,333**	**0**	**0**
TG1002	Contribution to Robin Hood	0	1,650,000			
TG1003	Loan to Arkwood Developments	0	11,409,849			
TG	**CAPITAL INVESTMENT**	**0**	**13,059,849**	**0**	**0**	**0**
	TOTAL GENERAL FUND	**13,455,544**	**29,226,768**	**5,802,933**	**3,666,000**	**1,032,000**

Housing Revenue Account Capital Programme 2020/21 - 2023/24

Appendix B

SCHEME		External Funding	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
HOUSING REVENUE ACCOUNT						
PROPERTY INVESTMENT PROGRAMME						
S711	Roof Replacements		432,000	432,000	432,000	432,000
S712	Kitchen & Bathroom Conversions		1,620,000	1,620,000	1,620,000	1,620,000
S713	External Fabric		324,000	324,000	324,000	324,000
S714	Doors & Windows		183,600	183,600	183,600	183,600
S715	Other Structural		108,000	108,000	108,000	108,000
S731	Electrical		648,000	648,000	648,000	648,000
S732	Smoke Alarms		0	270,000	270,000	0
S735	Heating		594,000	594,000	594,000	594,000
S736	Energy Efficiency		162,000	162,000	162,000	162,000
S751	Garage Forecourts		108,000	108,000	108,000	108,000
S752	Environmental Works		536,200	286,200	286,200	286,200
S771	Asbestos		54,000	54,000	54,000	54,000
S772	Fire Safety		204,000	54,000	54,000	54,000
S773	Dda Improvements		21,600	21,600	21,600	21,600
S774	Disabled Adaptations		532,000	432,000	432,000	432,000
S791	Legionella		32,400	0	0	0
S791	Unallocated Funding		54,000	54,000	54,000	54,000
	SUB TOTAL PROPERTY INVESTMENT		**+5,613,800**	**+5,351,400**	**+5,351,400**	**+5,081,400**
AFFORDABLE HOUSING						
SA1031	Site Acquisition (Incl RTB)	0	1,904,629			
SA1048	Boughton Extra Care Scheme	2,080,000	6,037,000	1,200,000		
SA1060	Phase 3	211,000	7,653,517			
SA1070	Phase 4	0	2,700,000	5,862,730		
SA1080	Phase 5	0	0	2,900,000	6,814,900	
	SUB TOTAL AFFORDABLE HOUSING	**2,291,000**	**18,295,146**	**9,962,730**	**6,814,900**	
	TOTAL HOUSING REVENUE ACCOUNT	**2,291,000**	**23,908,946**	**15,314,130**	**12,166,300**	**5,081,400**

<u>COUNCIL MEETING – 9 MARCH 2020</u>

<u>CAPITAL STRATEGY 2020/21</u>

1.0 <u>Purpose of Report</u>

1.1 To seek approval for the Capital Strategy 2020/21. This incorporates the Minimum Revenue Provision Policy and Capital Prudential Indicators, updated in accordance with latest guidance. A copy of the Capital Strategy is attached as Appendices to this report.

2.0 <u>Background Information</u>

2.1 The Capital Strategy outlines the principles and framework that shape the Council's capital decisions. The principle aim is to deliver a programme of capital investment that contributes to the achievement of the Council's priorities and objectives as set out in the Corporate Plan.

2.2 The Strategy defines at the highest level how the capital programme is to be formulated, identifies the issues and options that influence capital spending, and sets out how the resources and capital programme will be managed.

2.3 <u>Statutory Requirements:</u>

- It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level that is affordable for the foreseeable future, after taking into account the following issues:

  - Increases in interest payments caused by increased borrowing to finance additional capital expenditure.
  - Any increases in running costs from new capital projects.

- The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Capital Prudential Indicators each financial year to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

2.4 <u>CIPFA Requirements</u>:

- The Prudential Indicators set out the expected capital activities during the financial year (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities).

- Delegation by the Council of the role of scrutiny of Capital Strategy and Policies to a specific named body. For this Council the delegated body is the Audit and Accounts Committee.

2.5 The report also seeks approval for the Council's Minimum Revenue Provision (MRP) Policy (Appendix C), which sets out how the Council will pay for capital assets through revenue each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007).

3.0 RECOMMENDATIONS

That Council approves each of the following key elements:

(a) the Capital Strategy 2020/21;

(b) the Capital Prudential Indicators and Limits for 2020/21, contained within Appendix A to the report;

(c) the Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix C to the report, which sets out the Council's policy on MRP; and

(d) the Flexible Use of Capital Receipts Strategy as contained with Appendix D to the report.

Background Papers

CIPFA Prudential Code Local Government Act 2003
CIPFA Treasury Management Code of Practice

For further information please contact Andrew Snape on Ext 5523.

Sanjiv Kohli
Deputy Chief Executive / Director – Resources and S151 Officer

APPENDIX A

Capital Strategy Report 2020/21

Introduction

This capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance stakeholders' understanding of these sometimes technical areas.

As well as detailing the approved capital programme, the document also sets out the Councils ambitions over the medium to longer term.

The basic elements of the Strategy therefore include:

- A direct relationship to the Community Plan;
- An investment programme expressed over the medium to long term;
- A framework that prioritises the use of capital resources;
- A consideration of the need to pursue external financing (grants, contributions etc), which reconcile external funding opportunities with the Council's priorities and organisational objectives, so that it is the achievement of the latter that directs effort to secure the former; and
- A direct relationship with the Treasury Management Policy and Strategy, and the limitations on activity through the treasury management Prudential Indicators.

This document is intended for the use by all stakeholders to show how the Council makes decisions on capital investment:

- for the Policy and Finance Committee and Council – to decide on capital investment policy within the overall context of investment need/opportunity and affordability;
- for Councillors – to provide an understanding of the need for capital investment and help them scrutinise policy and management;
- for Officers – to provide an understanding of the Council's capital investment priorities, to assist them in bidding for capital resources, and to confirm their role in the capital project management and monitoring arrangements;
- for taxpayers – to demonstrate how the Council seeks to prudently manage capital resources and look after its assets; and
- for partners – to share with them our Vision and help to co-ordinate and seek further opportunities for joint ventures.

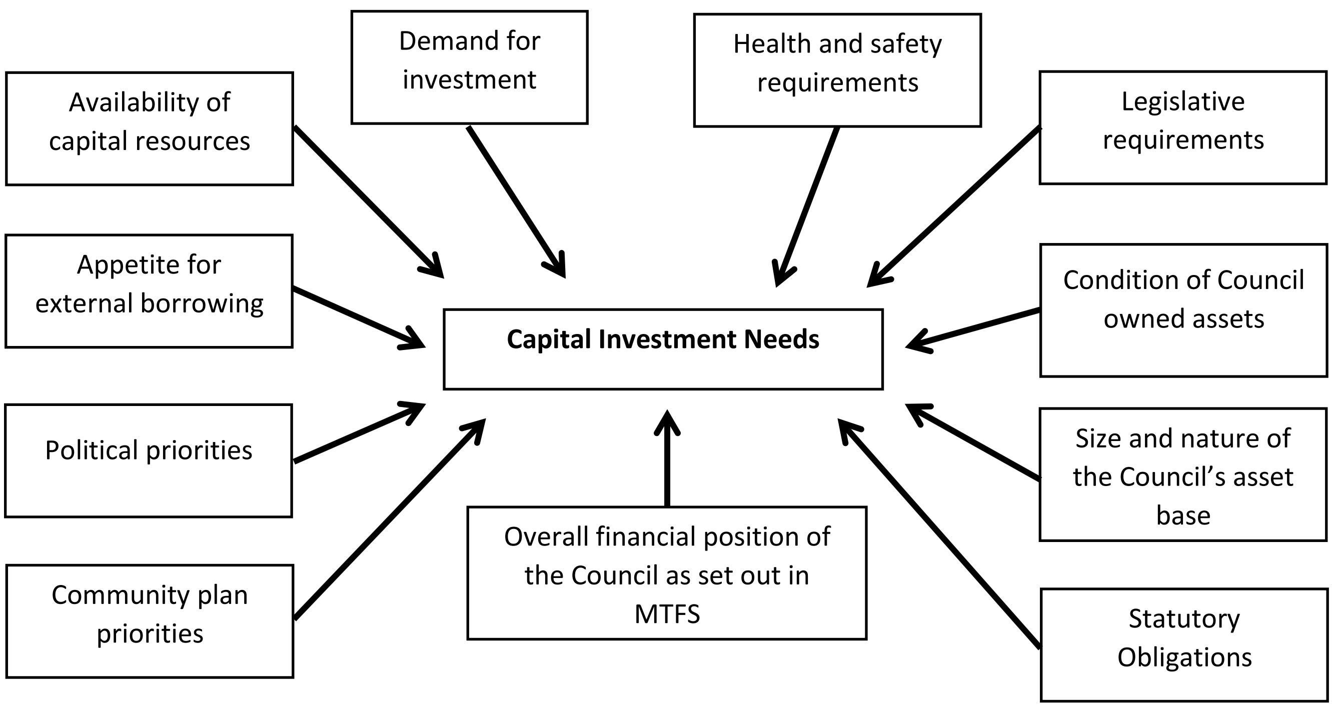
CAPITAL INVESTMENT PRIORITIES

The aim of the Council is to make a sustainable improvement to the long-term quality of life of our residents. The Community Plan 2019-2023 sets out the vision for Newark and Sherwood. This Vision is intended to be external facing and clearly indicates the Council's ambition for the district and the people within.

Underpinning the Council's contribution to the Community Plan vision are eleven Corporate Objectives. These are:

- *Improve the cleanliness and appearance of the local environment;*
- *Reduce crime and anti-social behaviour, and increase feelings of safety in our communities;*
- *Improve transport infrastructure to reduce congestion and facilitate growth;*
- *Accelerate the supply of new homes including associated facilities;*
- *Increase visits to the District and the use of visitor attractions by local residents;*
- *Protect, promote and enhance the district's natural environment;*
- *Enhance and sustain Town Centres;*
- *Reduce levels of deprivation in target areas and remove barriers to social mobility across the district;*
- *Improve the health and wellbeing of local residents, with a particular focus on narrowing the gap in healthy life expectancy and other health outcomes;*
- *Increase participation with the Council and within local communities; and*
- *Generate more income, improve value for money and increase residents' satisfaction with the Council.*

Where the objectives are updated the relevant approved objectives are relevant for that financial year. While the aim of the Council for its capital investment is in line with the Community Plan the capital need is influenced by a number of other factors both internal and external to the Council. The diagram below identifies a number of these:



Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £15,000 are not capitalised and are charged to revenue in year.

- For details of the Council's policy on capitalisation, see: Accounting Policy 1.17 under note 1 of the Councils Statement of Accounts.

In 2020/21, the Council is planning capital expenditure of £51.4m as summarised below:

Prudential Indicator: Estimates of Capital Expenditure in £'000

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
General Fund services	9,774	9,329	16,167	5,803	3,666
Council housing (HRA)	15,247	15,974	23,909	15,314	12,166
Capital investments	0	5,650	13,060	0	0
TOTAL	**25,021**	**30,953**	**53,136**	**21,117**	**15,832**

The General Fund Capital Programme with a proposed budget for 2020/21 of £29.2m. Of this amount, expenditure on the Council's non-housing assets totals £15.4m, and £0.7m will provide Disabled Facilities Grants to a number of private dwellings during the year. Also during 2020/21 the Council also plans to incur £13.1m of capital expenditure on investments.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and has a proposed budget for 2020/21 of £23.9m, which supports the maintenance of the Councils circa 5,400 council houses.

Governance: During early September a 'Capital Bid Request Form' is sent to all business managers and directors. All bids are required to be authorised by the relevant director and then collated by the Capital Finance team, each bid is required to include all the financing costs (which can be nil if the project is fully externally financed) in order to assess the viability of each scheme against the available resources.

Senior Leadership Team appraises all the bids based on a comparison of service priorities against financing costs, criteria can be found at **Appendix E**. Based on this assessment a final Capital Programme report will be prepared for submission to Policy and Finance Committee in December before final approval by Council.

- Full details of the 'Capital Bid Request Form' and the prioritisation criteria can be found at **Appendix E**.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Capital financing in £'000

	2018/19 actual	**2019/20 forecast**	**2020/21 budget**	**2021/22 budget**	**2022/23 budget**
External sources					
Capital Grants	3,220	6,245	5,086	3,148	700
Other Contributions	5,210	408	4,117	0	0
Own resources					
Capital Receipts	2,000	4,603	5,297	2,572	1,422
Revenue/ Major Repairs Reserve	2,958	14,339	14,899	5,725	4,392
Debt					
Borrowing	11,633	5,358	23,737	9,672	9,318
Leasing	0	0	0	0	0
TOTAL	**25,021**	**30,953**	**53,136**	**21,117**	**15,832**

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP) within the General Fund account and is mandated by an MRP Statement. As the HRA account is self-financing there is no concept of an MRP charge just actual debt loan repayments as they mature. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The forecast General Fund MRP charge and the HRA actual debt loan repayments are below:

Replacement of debt finance in £'000

	2018/19 actual	**2019/20 forecast**	**2020/21 budget**	**2021/22 budget**	**2022/23 budget**
General Fund - MRP	492	1,170	1,204	2,621	737
HRA - Debt Repayment	1,020	2,024	4,026	3,029	6,531

- The Council's full General Fund Minimum Revenue Provision statement is available here at **Appendix C**.

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with

MRP and loan debt repayments and capital receipts used to replace debt. The CFR is expected to increase by £22.1m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Prudential Indicator: Estimates of Capital Financing Requirement in £'000

	31.3.2019 actual	**31.3.2020 forecast**	**31.3.2021 budget**	**31.3.2022 budget**	**31.3.2023 budget**
General Fund services	24,815	25,501	35,109	47,967	50,195
Council housing (HRA)	105,006	104,834	108,323	112,547	112,369
Capital investments	0	1,650	13,060	0	0
TOTAL CFR	**129,821**	**131,985**	**156,492**	**160,514**	**162,564**

Asset management: The overriding objective of asset management within the council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. The council's property portfolio consists of operational property and property held for specific community or regeneration purposes. The council has specific reasons for owning and retaining property:

- Operational purposes e.g. assets that support core business and service delivery e.g. office buildings.
- Parks, playgrounds and open spaces.
- Regeneration, enabling strategic place shaping and economic growth.

Asset management is an important part of the council's business management arrangements and is crucial to the delivery of efficient and effective services, the ongoing management and maintenance of capital assets will be considered as part of the strategy. The asset management planning includes an objective to optimise the council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets.

Asset disposal: The Council will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions in order to maximise the sale proceeds, known as capital receipts, which can then be spent on new assets or repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts.

- The Council's Flexible Use of Capital Receipts Policy is available here at **Appendix D**.

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the Council at 31st December had £90m borrowing at an average interest rate of 3.4% and £46m treasury investments at an average rate of 0.7%.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

Projected levels of the Council's total outstanding debt which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement.

Prudential Indicator: Gross Debt and the Capital Financing Requirement in £'000

Debt	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
External Debt					
Debt at 1 April	86,101	90,304	88,280	84,254	81,225
Expected change in Debt	3,979	-2,248	-4,250	-3,253	-6,756
Other long-term liabilities (OLTL)	224	224	224	224	224
Actual gross debt at 31 March	**90,304**	**88,280**	**84,254**	**81,225**	**74,693**
The Capital Financing Requirement	**129,821**	**131,986**	**156,491**	**160,514**	**162,563**
Under / (over) borrowing	**39,517**	**43,706**	**72,237**	**79,289**	**87,870**

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from the table above, the Council expects to comply with this in the medium term.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end, in line with MiFid ii requirements. This benchmark is currently £64m and is forecast to rise to £135m over the next four years.

Borrowing and the Liability Benchmark in £'000

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Outstanding borrowing	129,821	131,986	156,491	160,514	162,563
Liability benchmark	63,652	86,454	129,953	135,042	139,036

The table shows that the Council expects to remain borrowed above its liability benchmark. This is because cash outflows to date have been below the assumptions made when the loans were borrowed.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Prudential Indicators: Authorised limit and operational boundary for external debt in £'000

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit
Authorised limit – total external debt	144,586	169,091	173,114	175,163
Operational boundary – total external debt	137,386	161,891	165,914	167,963

- Further details on borrowing are in pages 4 to 7 of the treasury management strategy.

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for purely financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Treasury management investments in £'000

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Near-term investments	39,046	36,426	21,230	20,378	18,822

Longer-term investments	0	9,106	5,308	5,094	4,705
TOTAL	**39,046**	**45,532**	**26,538**	**25,472**	**23,527**

- Further details on treasury investments are in pages 8 to 13 of the treasury management strategy.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Resources and treasury staff, who must act in line with the treasury management strategy approved by Full Council. Half yearly reports on treasury management activity are presented to the Accounts and Audit committee and then to Full Council. The Accounts and audit committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

The Council makes investments to assist local public services, including making loans to and buying shares in local service providers, local small businesses to promote economic growth and the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.

Governance: Decisions on service investments are made by the relevant service manager in consultation with the Director of Resources and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on service investments are contained within the investment strategy.

Commercial Activities

With central government financial support for local public services declining, the Council will potentially invest in commercial property purely or mainly for financial gain.

The Chartered Institute of Public Finance and Accountancy (CIPFA) define investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. In the context of the Capital Strategy, the council is using capital to invest in property to provide a positive surplus/financial return. The council may fund the purchase of the property by borrowing money, normally from the Public Works Loan Board. The rental income paid by the tenant should exceed the cost of repaying the borrowed money each year. The annual surplus then supports the council's budget position, and enables the council to continue to provide services for local people. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. In order that commercial investments remain proportionate to the size of the council, these are subject to an overall maximum investment limit of £15m.

Governance: Decisions on commercial investments are made by the Deputy Chief Executive/Director of Resources, S151 Officer in line with the criteria and limits approved by Council in the investment strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on commercial investments and limits on their use are contained within the investment strategy.

Liabilities

In addition to debt of £90m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £65.9m 2018/19). It has also set aside a Collection Fund provision of £3.4 m to cover risks of Non Domestic Rates Appeals.

Governance: Decisions on incurring new discretional liabilities are taken by business managers in consultation with the Director of Resources. The risk of liabilities crystallising and requiring payment is monitored by the corporate finance team. New liabilities are reported to full Council for approval/notification as appropriate.

- Further details on liabilities and guarantees are on pages 89 to 95 of the 2018/19 statement of accounts.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Prudential Indicator: Proportion of financing costs to net revenue stream in £'000

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
General Fund					
Financing costs	-120	-25	-56	-32	-4
Proportion of net revenue stream	-0.61%	-0.17%	-0.40%	-0.27%	-0.03%
Financing costs	13,243	12,046	13,760	11,941	17,117
Proportion of net revenue stream	58.74%	53.76%	60.12%	50.14%	69.05%

- Further details on the revenue implications of capital expenditure are contained within the 2020/21 revenue budget.

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for potentially up to 50 years into the future. The Director of Resources is satisfied that the proposed capital programme is prudent, affordable and sustainable.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Resources is a qualified accountant with 17 years' experience, the Business Manager – Asset Management is a qualified Quantity Surveyor, Chartered to MRICS level and also has 18 years' experience. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, ACT (treasury) and actively encourages staff to attend relevant training courses and seminars.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Asset Services as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

- The Council's policy on the use of temporary agency workers and consultants is available on the Councils Intranet.

MANAGING THE CAPITAL PROGRAMME

A key role in the monitoring of the capital programme is undertaken by the Capital Monitoring Group, which meets on a quarterly basis. This Group is attended by responsible officers and the relevant accountant and is chaired by the Business Manager for Financial Services. It is a supportive environment in which problem areas are identified and corrective actions agreed and implemented at an early stage to avoid slippage. Each scheme has a nominated project manager who is responsible for the successful completion of the scheme both to time and on budget.

The Council maintains comprehensive and robust procedures for managing and monitoring its Capital Programme. Ongoing monitoring arrangements for the delivery of the approved programme consist of:

- Project Managers are identified for each scheme who are responsible for monitoring progress, spend and income and producing action plans to respond to variations in pace or cost of delivery;
- The Deputy Chief Executive/Director of Resources and S151 Officer co-ordinates high level monthly reporting and detailed quarterly reporting to the Management Team, Audit & Accounts Committee, and Policy and Finance Committee;
- The quarterly capital monitoring where project managers report on performance outputs on each of their capital projects in progress. Variations and unexpected items are discussed and appropriate action taken; and
- Business Managers are responsible for ensuring that Project Manager monitoring reports are quality assured and challenged, and that corporate implications arising from capital monitoring are brought to the attention of the Corporate Management Team and Policy and Finance Committee.

PROCUREMENT

The purchase of capital assets should be conducted in accordance with the Contract Procedure Rules, ensuring value for money, legality and sustainability at all times. Contract standing orders and rules governing the disposal or write off of assets are contained in the Constitution which is consistently reviewed.

VALUE FOR MONEY

The Council recognises that effective procurement lies at the heart of delivering value for money and is essential if the Council is to obtain real improvements to quality and service costs. The Council seeks to achieve value for money by applying rigorous procurement standards in the selection of suppliers and contractors to ensure efficiency, economy and effectiveness is received throughout the life of a contract. The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of our capital strategy. Specifically we will seek to strengthen the outcome indicators as part of post project reviews.

APPENDIX C

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2020/21

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to Councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2016 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1);

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year. However as the Council deems it more prudent MRP will be charged on a 2% straight line basis, net of 'Adjustment A'. This ensures that the debt will be repaid within 50 years.

From 1 April 2016 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be either*:*

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

This option provides for a reduction in the borrowing need over approximately the asset's life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Repayments included in annual PFI or finance leases are applied as MRP.

APPENDIX D

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

Introduction and Background

Following the Spending Review 2015, the Ministry of Housing, Communities and Local Government (MHCLG) recently issued guidance on the flexible use of capital receipts which came into effect from 1 April 2016 to 31 March 2022. The guidance, underpinned by a direction from the Secretary of State for Communities and Local Government, will enable local authorities to capitalise costs incurred on transforming or improving service delivery designed to generate ongoing revenue savings. The guidance also states that each local authority should prepare a Flexible use of Capital Receipts Strategy.

In summary, the key elements of the MHCLG guidance on the flexible use of capital receipts are:

Types of qualifying expenditure

1. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.

2. Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure. In addition, one off costs, such as banking savings against temporary increases in costs/pay cannot be classified as qualifying expenditure.

Financing of the qualifying expenditure

i. Up to 100% of capital receipts from property, plant and equipment disposals received from 2020/21 (excluding Right to Buy receipts) can be used to finance qualifying expenditure. Existing capital receipts in hand prior to 2020/21 are not permitted to be used.
ii. Local authorities may not borrow to finance qualifying expenditure.
iii. The guidance will apply for 2020/21.

APPENDIX E

NEWARK & SHERWOOD DISTRICT COUNCIL
CAPITAL PROJECT APPRAISAL FORM

PORTFOLIO	
DIRECTORATE	
BUSINESS MANAGER	
PROJECT OFFICER	
PROJECT TITLE	

1. DESCRIPTION OF PROJECT

2. DEMONSTRATION OF NEED (include supporting information with this appraisal)

3a. DETAIL HOW THE PROJECT MEETS LINKS TO THE COUNCIL'S KEY PRIORITIES

3b. DESCRIBE THE IMPACT OF THIS PROJECT ON OTHER COUNCIL SERVICES

3c. PROJECT DEPENDENCIES

4. RESOURCE REQUIREMENTS

4a. LAND/BUILDINGS CURRENTLY IN COUNCIL OWNERSHIP (State whether General Fund or HRA).

4b. ESTIMATED CAPITAL COSTS INCLUDING PROFILE OF SPEND OVER FINANCIAL YEARS (best estimates should be given which can be firmed up when details scoping has been completed)

2020/21 £	2021/22 £	2022/23 £	2023/24 £

4c. FUNDING AVAILABLE

Source	2020/21 £	2021/22 £	2022/23 £	2023/24 £

4c. REVENUE IMPLICATIONS (this should include costs associated with implementation, ongoing revenue costs and ongoing savings and should be agreed with relevant accountant).

4d. VAT IMPLICATIONS (do we need to consider an option to tax?)

5. ANTICIPATED START AND END DATES FOR PROJECT ONCE APPROVED

FORM COMPLETED BY: ______________________________

DATE: ____________________

SIGNATURE OF SPONSORING DIRECTOR: ______________________________

PRIORITISATION CRITERIA

	STAGE 1 FACTOR	Comments	STAGE 2 DETAILED PRIORITISATION	STAGE 2 WEIGHTING
1	**Key Priorities** Scheme must link to at least one of the Council's priorities and be an objective contained within a Service Plan.	If a scheme does not clearly relate to these areas it will not be considered further.	Each scheme to be marked as to how well it fits with the following- • Prosperity • People • Place • Public Service	**35%**
2	**Evidence of Need** Service Strategy National Strategy or Guidelines Statutory Obligation	In some cases local demands are in excess of national guidelines and strategies and this tries to acknowledge that the two must be balanced. This will cover Health and Safety related schemes.	The following factors will receive equal weighting :- • Statutory Obligation • National Strategy • Validity of consultation in relation to project. e.g. How specific to this project? Who was consulted, was this comprehensive? • Quality of evidence of need for project .e.g. size of sample base, date of evidence, format of evidence	**10%**
3	**Partnership** Eligibility under existing criteria can be demonstrated.	Show that work has been done to ensure that the obtaining of external finance is realistic. The degree to which the partnership will add value to the project.	The proportion of finance which will be met by third party. The likelihood of receiving support. Assessment of the value the partner will add to the project.	**15%**

	STAGE 1 FACTOR	Comments	STAGE 2 DETAILED PRIORITISATION	STAGE 2 WEIGHTING
4	**Outputs and Outcomes** These have been clearly identified and can be justified from supporting evidence. Specific comments should be made as to how the scheme represents value for money when compared to other options	This will enable the council to improve the way it reports its work and clearly show what is being achieved. The comments should refer to any performance indicators which the proposal is addressing specifying what the improvement target is.	Assessment then made on what the scheme will achieve.	**15%** Assessment of all factors or group of factors
5	**Financial** Capital costs have been based on internal or external professional advice Revenue implications have been properly developed	Capital costs include both works and land purchase and cover all associated costs. Try and avoid “guesstimates” which result in schemes requiring increased finance or having to be reduced to meet finance available.	Capital will be based on the quality of work which has been put into estimate. e.g. costed feasibility studies. Revenue will be based on whether the effect is positive, neutral or negative on the revenue budget. Positive effect scores 10 Neutral effect scores 3 Negative effect scores 0	**15%** Capital marked 1 to 5 Revenue marked 0 to 10
6	**Risk Assessment** Identify the level of risk in a project not being able to proceed. For example planning appeals, listed building consent. Over subscription of partnership funds	Try and ensure that not all schemes selected are high risk with the danger that there will be delays in delivery or no-delivery.	The following will all need to be considered:- Technical Issues Financial Uncertainty Partnership uncertainty Planning Issues Legal issues Timescale	**10%**

COUNCIL MEETING – 9 MARCH 2020

TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21

1.0 Purpose of Report

1.1 To approve the Treasury Management Strategy, which incorporates the Borrowing Strategy, Investment Strategy, and Treasury Prudential Indicators, updated in accordance with latest guidance. A copy of the Strategy is attached as Appendix A to the report.

2.0 Background Information

2.1 Treasury Management is defined as "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.2 Statutory Requirements:

- It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level that is affordable for the foreseeable future, after taking into account the following issues:

    - Increases in interest payments caused by increased borrowing to finance additional capital expenditure.
    - Any increases in running costs from new capital projects.

- The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes to set Treasury Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

- The Act therefore requires the Council to set out its Treasury Strategy for Borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

2.3 CIPFA Requirements:

The primary requirements of the Code are as follows:

- The creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;

- The creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;

- Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy, a Mid-year Review Report and an Annual Report covering activities during the previous year;

- Delegation by the Council of responsibilities for implementing and monitoring Treasury Management Policies and Practices and for the execution and administration of treasury management decisions;

- Delegation by the Council of the role of scrutiny of Treasury Management Strategy and Policies to a specific named body. For this Council the delegated body is the Audit and Account Committee.

2.4 This report seeks approval for the updated Treasury Management Strategy 2020/21 which encompasses the Treasury Prudential Indicators, the Borrowing Strategy, and the Annual Investment Strategy, in accordance with latest guidance as follows:

- The Treasury Management Strategy determines the manner in which the Council's treasury function is managed;

- The Treasury Prudential Indicators set out the expected capital activities during the financial year (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities). The treasury management prudential indicators are now included as treasury indicators in the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The key indicator is the Authorised Limit, i.e. the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is required by paragraph 3 of the Local Government Act 2003, and is calculated in accordance with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and the CIPFA Prudential Code.

- The Borrowing Strategy sets out how the Council's treasury service will support the capital decisions taken; the day to day treasury management activity; and the limitations on activity through treasury prudential indicators;

- The Annual Investment Strategy sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.

3.0 <u>RECOMMENDATIONS</u> that:

(a) the Treasury Management Strategy 2020/21, incorporating the Borrowing Strategy and the Annual Investment Strategy be approved;

(b) the Treasury Prudential Indicators and Limits be approved; and

(c) the Authorised Limit Treasury Prudential Indicator be approved.

Background Papers

CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes 2011 Edition and the 2017 revised Edition
CIPFA Prudential Code Local Government Act 2003
CIPFA Standard of Professional Practice on Treasury Management

For further information please contact Andrew Snape on Ext 5523.

Sanjiv Kohli
Deputy Chief Executive / Director – Resources and S151 Officer

APPENDIX A

TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21

Introduction

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

> "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

This strategy covers the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

Treasury Management Reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
    - the capital forecast summary;

- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how treasury investments are to be managed).

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the treasury position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports and strategies are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Accounts Committee.

Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The following training has been undertaken by members on 13th November 2019 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

Treasury Management Consultants

The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Capital Summary and Liability Benchmark

On 31st December 2019, the Council held £93m of borrowing and £58m of investments. Forecast changes in these sums are shown in the balance sheet analysis table below.

Capital summary and forecast

	31.3.19 Actual £'000	31.3.20 Forecast £'000	31.3.21 Forecast £'000	31.3.22 Forecast £'000	31.3.23 Forecast £'000
General Fund CFR	24,815	27,151	48,169	47,967	50,195
HRA CFR	105,006	104,835	108,322	112,547	112,368
Total CFR	**129,821**	**131,986**	**156,491**	**160,514**	**162,563**
Less: Other debt liabilities	-224	-224	-224	-224	-224
Loans CFR	**129,597**	**131,762**	**156,267**	**160,290**	**162,339**
Less: External borrowing	-90,080	-88,056	-84,030	-81,001	-74,469
Internal (over) borrowing	**39,517**	**43,706**	**72,237**	**79,289**	**87,870**
Less: Usable reserves	-53,461	-40,808	-21,814	-20,748	-18,803
Less: Working capital	-22,484	-14,500	-14,500	-14,500	-14,500
Investments (or New borrowing)	**36,428**	**11,602**	**-35,923**	**-44,041**	**-54,567**

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Council has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to a minimum of £54m over the forecast period.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The table above shows that the Council expects to comply with this recommendation during 2020/21.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as the table above, but that cash and investment balances are kept to a minimum level of £10m, as per MiFID II, at each year-end to maintain sufficient liquidity but minimise credit risk.

	31.3.19 Actual £'000	31.3.20 Forecast £'000	31.3.21 Forecast £'000	31.3.22 Forecast £'000	31.3.23 Forecast £'000
Loans CFR	129,597	131,762	156,267	160,290	162,339
Less: Usable reserves	-53,461	-40,808	-21,814	-20,748	-18,803
Less: Working capital	-22,484	-14,500	-14,500	-14,500	-14,500
Plus: Minimum investments	10,000	10,000	10,000	10,000	10,000
Liability Benchmark	**63,652**	**86,454**	**129,953**	**135,042**	**139,036**

Borrowing Strategy

The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions.

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Current Borrowing portfolio position

The Council's treasury portfolio position at 31 March 2019, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	31.3.19 Actual £'000	**31.3.20 Forecast £'000**	**31.3.21 Forecast £'000**	**31.3.22 Forecast £'000**	**31.3.23 Forecast £'000**
External Debt					
Debt at 1 April	86,101	90,304	88,280	84,254	81,225
Expected change in Debt	3,979	-2,248	-4,250	-3,253	-6,756
Other long-term liabilities	224	224	224	224	224
Actual gross debt at 31 March	**90,304**	**88,280**	**84,254**	**81,225**	**74,693**
The Capital Financing Requirement	**129,821**	**131,986**	**156,491**	**160,514**	**162,563**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

Treasury Indicators: limits to borrowing activity

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2019/20 Revised £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Borrowing	136,986	161,491	165,514	167,563
Other long-term liabilities	400	400	400	400
Total Debt	**137,386**	**161,891**	**165,914**	**167,963**

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2019/20 Limit £'000	2020/21 Limit £'000	2021/22 Limit £'000	2022/23 Limit £'000
Borrowing	143,986	168,491	172,514	174,563
Other long-term liabilities	600	600	600	600
Total Debt	**144,586**	**169,091**	**173,114**	**175,163**

Separately, the Council has previously been limited to a maximum HRA CFR through the HRA self-financing regime and the Government set HRA Debt cap, however on 30 October 2018 the Government removed the HRA Debt cap. Therefore the limit below is just for guidance purposes:

HRA Debt Limit	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Previous HRA Debt Cap	112,475	112,475	112,475	112,475
HRA CFR	104,835	108,322	112,547	112,368
HRA Headroom	**7,640**	**4,153**	**-72**	**107**

Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed and variable rate borrowing will be:

	Upper	Lower
Under 12 months	15%	0%
12 months and within 24 months	15%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

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.

Strategy: The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Director of Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

The benefits of internal or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Link will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Council may arrange forward starting loans during 2020/21, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow (normally for up to one month) short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The Council has previously raised the majority of its long-term borrowing from the PWLB but following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates. The degree which any of the following options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds
- capital market bond investors
- UK Municipal Bonds Agency plc (no issuance at present but there is potential)

LOBOs: The Council holds £3.5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £3.5m of these LOBOs have options during 2020/21, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £0m.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates. If rescheduling was done, it will be reported to Council, at the earliest meeting following its action.

Policy on borrowing in advance of need: The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Policy on internal borrowing interest to the HRA: On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other.

Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (capital financing requirement) will result in an internal borrowing situation. The internal borrowing on the HRA will charged at the 25 year fixed maturity interest rate for PWLB for the 31st March for the relevant financial year with the credit going to the General Fund balance.

Investment Strategy

Management of Risk

The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk.

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 9 months, the Council's investment balance has ranged between £37 and £59 million. Levels available for investment are affected by capital expenditure and use of reserves, both will continue to be monitored throughout the financial year.

Objectives: As the CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to diversify into more secure and/or higher yielding asset classes during 2020/21. This is especially the case for the estimated £15m that is potentially available for longer-term investment. The majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits and money market funds.

Business models: As a result of the change in accounting standards for 2019/20 under IFRS 9, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

Creditworthiness Policy; The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the below criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are as follows:

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£8m 5 years	£10m 20 years	£20m 50 years	£5m 20 years	£5m 20 years
AA+	£6m 5 years	£10m 10 years	£10m 25 years	£5m 10 years	£5m 10 years
AA	£6m 4 years	£10m 5 years	£10m 15 years	£5m 5 years	£5m 10 years

AA-	£6m 3 years	£10m 4 years		£5m 4 years	£5m 10 years
A+	£6m 2 years	£10m 3 years		£5m 3 years	£5m 5 years
A	£6m 13 months	£10m 2 years		£5m 2 years	£5m 5 years
A-	£5m 6 months	£10m 13 months		£5m 13 months	£5m 5 years
None		n/a			£5m 5 years
Pooled funds and real estate investment trusts		£15m per fund or trust			

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing

Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational bank accounts: The Council will incur operational exposures through their current accounts, with Lloyds Bank. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £750,000 net in the bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Country and sector limits: Due care will be taken to consider the country, group and sector exposure of the Council's investments.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA (excluding UK) from Fitch (or equivalent). This list will be added to, or deducted from by officers should ratings change in accordance with this policy.

Investment limits: The Council's revenue reserves available to cover investment losses are forecast to be £17 million on 31st March 2021. In order to limit the amount of reserves will be potentially put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £15 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£15m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£15m per group
Any group of pooled funds under the same management	£15m per manager
Negotiable instruments held in a broker’s nominee account	£10m per broker
Foreign countries	£10m per country
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£10m in total
Loans to unrated corporates	£15m in total
Local Authorities	£15m each
Money market funds	£12m each
Real estate investment trusts	£10m in total

Liquidity management: This diversification will represent a substantial change in strategy over the coming year, in line with the Council’s approved Investment Plan and Commercialisation Strategy. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s medium-term financial plan and cash flow forecast.

Policy on internal investment interest to the HRA: On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Interest receivable for HRA balance sheet resources available for investment will result in a notional cash balance. This balance will be measured at the end of the financial year and interest transferred from the General Fund to the HRA at the average investment rate for a DMO investment for the financial year due to the General Fund carrying all the credit risk per investment.

Investment returns expectations: On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%

Treasury Indicators: limits to investing activity

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

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	**Target**
Portfolio average credit rating	A

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 banding period, without additional borrowing.

Liquidity risk indicator	**Target**	**Limit**
Total cash available within;		
3 months	30%	100%
3 – 12 months	50%	80%
Over 12 months	20%	40%

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 will be:

Interest rate risk indicator	**Limit**
Upper limit on one-year revenue impact of a 1% rise in interest rates	£200,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£200,000

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

Principal sums invested for periods longer than a year: 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:

Price risk indicator	**2020/21**	**2021/22**	**2022/23**
Limit on principal invested beyond year end	£15m	£15m	£15m

Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Director of Resources has produced its treasury management practices (TMPs). This part, TMP 1, covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments.
- The principles to be used to determine the maximum periods for which funds can be committed.

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in institutions.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Resources, and if required new counterparties which meet the criteria will be added to the list.

Treasury Management Scheme of Delegation

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;

(ii) Audit and Accounts Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body;
- receiving and reviewing regular monitoring reports and acting on recommendations; and
- approving the selection of external service providers and agreeing terms of appointment.

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit; and
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, and treasury management, with a long term timeframe.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury is in accordance with the risk appetite of the authority

Economic Background and Interest Rate Forecast

UK. Brexit. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the general election on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

GDP growth has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another quarterly Inflation Report, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The MPC meeting of 19 December repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that "domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for inflation itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the labour market, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. Growth in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However, CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%.. At its September meeting it also said it was going to start buying Treasuries again, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy $60bn, whereas it had been reducing its balance sheet by $50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However, the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels "at least through the end of 2019", but that was of little help to boosting growth in the near term. Consequently, it announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a resumption of quantitative easing purchases of debt for an unlimited period. At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by 'growth friendly' fiscal policy.

There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of forming coalition governments with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

The trade war between the US and China is a major concern to financial markets due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU. On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an orderly non-agreement exit in December 2020, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Brexit – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- Bank of England takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some European banks, particularly Italian banks.
- German minority government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU

has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.

- Other minority EU governments. Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- Austria, the Czech Republic, Poland and Hungary now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was potential for a rerun of the 2008 financial crisis, but his time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on some $19trn of corporate debt in major western economies, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is $15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- Geopolitical risks, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- Brexit – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

Interest Rate Forecasts 2020 – 2023

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Link Asset Services Interest Rate View	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00
Bank Rate													
Link Asset Services	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
Capital Economics	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	-	-	-	-	-
5yr PWLB Rate													
Link Asset Services	2.40%	2.40%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.20%	3.20%
Capital Economics	2.40%	2.50%	2.50%	2.60%	2.60%	2.80%	2.80%	2.90%	-	-	-	-	-
10yr PWLB Rate													
Link Asset Services	2.70%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.50%
Capital Economics	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.00%	3.10%	-	-	-	-	-
25yr PWLB Rate													
Link Asset Services	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%
Capital Economics	3.10%	3.10%	3.20%	3.20%	3.20%	3.30%	3.30%	3.40%	-	-	-	-	-
50yr PWLB Rate													
Link Asset Services	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%
Capital Economics	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.40%	3.50%	-	-	-	-	-

COUNCIL MEETING – 9 MARCH 2020

INVESTMENT STRATEGY 2020/21

1.0 Purpose of Report

1.1 To seek approval for the Investment Strategy 2020/21. This investment strategy meets the requirements of statutory guidance issued by Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance in January 2018.

2.0 Background Information

2.1 The definition of an investment covers all of the financial assets of the Council, as well as other non-financial assets that the organisation holds, primarily or partially, to generate a profit, for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

A loan is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

2.2 Statutory Requirements:

- The MHCLG Investment Guidance is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. Under that section local authorities are required to "have regard" to "such guidance as the Secretary of State may issue".

- For each financial year, a local authority should prepare at least one Investment Strategy ("the Strategy"). The Strategy should contain the disclosures and reporting requirements specified in this guidance. The Strategy should be approved by the full council.

2.3 A copy of the Investment Strategy 2020/21 is attached as Appendix A to the report.

3.0 RECOMMENDATIONS that:

(a) the Investment Strategy 2020/21 be approved; and

(b) the Investment Prudential Indicators and Limits be approved.

Background Papers

MHCLG Investment Guidance 3rd Edition

For further information please contact Andrew Snape on Ext 5523.

Sanjiv Kohli
Deputy Chief Executive / Director – Resources and S151 Officer

APPENDIX A

Investment Strategy Report 2020/21

Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to, or buying shares in, other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy is a relatively new report meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories. This new investment strategy has been created in line with the Councils Treasury Management Strategy Statement and the Councils Investment Plan. The initial strategy may be replaced with a revised strategy at any time during the year in cases where any treasury management issues (including investment issues) need to be brought to the attention of Full Council.

Treasury Management Investments

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £11m and £40m during the 2020/21 financial year.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2020/21 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council can lend money to its subsidiaries, local businesses, local charities and any other bodies to support local public services and stimulate local economic growth. Over the years the Councils main service investment loan has been via the Growth Investment Fund. These investments during 2018-19 generated £16,800 of investment income for the Council after taking account of direct costs, representing a rate of return of 4.01%.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Loans for service purposes

Category of borrower	**31.3.2019 actual**			**2020/21**
	Balance owing £m	**Loss allowance £m**	**Net figure in accounts £m**	**Approved Limit £m**
Subsidiaries	0	0	0	14.000
Local businesses	0.419	0.419	0	1.000
Local charities	0	0	0	0.500
Other Bodies	0.042	0	0.042	0.500
TOTAL	**0.461**	**0.419**	**0.042**	**16.000**

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts from 2019/20 onwards will be shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Council assesses the risk of loss before entering into service loans by assessing the counterparty's resilience, the service users' needs that the loan is designed to help meet and how theses will evolve over time. During the life of the loan any change in original assumptions will be monitored. The Council will use external advisors if felt appropriate by the Director of Resources. All loans will be subject to contract agreed by Legal and credit risk will be determined by reference to the "expected credit loss" model for loans and receivables as set out in International Reporting Standard (IFRS) 9 Financial Instruments. All loans must be approved by full Council and will be monitored by Director of Resources.

Service Investments: Shares

Contribution: The Council can invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth. Currently the Council doesn't intend to invest in any shares with suppliers or local businesses; however the Council has invested £4m of equity funding into Arkwood Development Limited for which it has received 100% of the share capital issued, making it wholly owned by the Council.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Shares held for service purposes

Category of company	**31.3.2019 actual**			**2020/21**
	Amounts invested £m	**Gains or losses £m**	**Value in accounts £m**	**Approved Limit £m**
Subsidiaries	0	0	0	5.000
Suppliers	0	0	0	0.250
Local businesses	0	0	0	0.250
TOTAL	**0**	**0**	**0**	**5.500**

Shares are classed as capital expenditure and purchases will therefore also be approved as part of the capital programme.

Risk assessment: The Council would assess the risk of loss before entering into and whilst holding shares by going through an extensive process of risk analysis. The risk analysis will include an assessment of the market that the subsidiarity will be active in including the nature and level of competition, how the market/customer needs will evolve over time, the barriers to entry and exit and any ongoing investment requirements. The Council will use external advisors as thought appropriate by Director of Resources.

Liquidity: Although this type of investment is fundamentally illiquid, in order to limit, this the Council, when it sets a limit in this area, will initially set out the maximum periods for which funds may prudently be committed and how the Council will ensure it stays within its stated investment limits.

Non-specified Investments: Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

<u>Commercial Investments: Property</u>

Contribution: The Council can invest in local, regional and UK commercial and residential property with the intention of making a profit that will be spent on local public services. Currently none of the Council properties meet the investment property definition as defined in International Accounting Standard 40: Investment Property.

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding property investments by ensuring they are prudent and has fully considered the risk implications, with regard to both the individual property and that the cumulative exposure of the council is proportionate and prudent. The Council will ensure that a full due diligence exercise is undertaken and adequate security is in place, before entering into any commercial property investment and the business case will balance the benefits and risks. All investments of this type will be agreed by Policy and Finance committee.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. The investment strategy for the Council for 2020-21 is proposed to remain broadly unchanged as it is considered overall to be well structured to limit any undue risks to the security of assets and preservation of liquidity whilst also allowing the council and delegated officers to access suitable investment opportunities.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness. The Council does not provide such commitments and guarantees and this strategy does not include them for 2020/21.

Borrowing in Advance of Need

The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £165 million. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

Capacity, Skills and Culture

Elected members and statutory officers: The Council recognises that those elected Members and statutory officers involved in the investments decision making process must have appropriate capacity, skills and information to enable them to:

- take informed decisions as to whether to enter into a specific investment;
- to assess individual assessments in the context of the strategic objectives and risk profile of the Council; and
- to enable them to understand how new decisions have changed the overall risk exposure of the Council.

The Council establishes project teams from all the professional disciplines from across the Council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.

Commercial deals: The Council will ensure that the Account and Audit Committee, Policy and Finance Committee and officers negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.

Corporate governance: Any investment decisions will be scrutinised by Senior Leadership Team before final approval.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third party loans.

Total investment exposure	**31.03.2019 Actual £m**	**31.03.2020 Forecast £m**	**31.03.2021 Forecast £m**
Treasury management investments	41.370	37.983	32.560
Service investments: Loans	0.461	1.890	13.060
Service investments: Shares	0	4.000	4.000
Commercial investments: Property	0	0	0
TOTAL INVESTMENTS	**41.831**	**43.873**	**49.620**
Commitments to lend	0	0	0
Guarantees issued on loans	0	0	0
TOTAL EXPOSURE	**41.831**	**43.873**	**49.620**

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Investments funded by borrowing	31.03.2019 Actual £m	31.03.2020 Forecast £m	31.03.2021 Forecast £m
Treasury management investments	0	0	0
Service investments: Loans	0	1.890	13.060
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
TOTAL FUNDED BY BORROWING	**0**	**1.890**	**13.060**

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investments net rate of return	2018/19 Actual	2019/20 Forecast	2020/21 Forecast
Treasury management investments	0.73%	0.85%	1.50%
Service investments: Loans	3.85%	3.62%	4.21%
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
ALL INVESTMENTS	**2.29%**	**2.24%**	**2.86%**

COUNCIL MEETING - 9 MARCH 2020

PAY POLICY STATEMENT 2020/21

1.0 Purpose of Report

1.1 To seek approval of the Pay Policy Statement for 2020/21.

2.0 Background Information

2.1 In accordance with Section 38 (1) of the Localism Act 2011, Newark and Sherwood District Council along with all other English and Welsh local authorities were required to produce a Pay Policy Statement for 2012/13 and for each financial year thereafter. In complying with the duties in respect of pay accountability the Council must have regard to any guidance issued or approved by the Secretary of State in summary:

2.1.1 A Pay Policy Statement for a financial year must set out the authority's policies for the financial year relating to:

- the remuneration of the authority's lowest-paid employees (together with a definition of "lowest-paid employees") and the reasons for adopting that definition;
- the relationship between remuneration of Chief Officers and that of other officers (pay multiples); and
- the remuneration of Chief Officers.

2.1.2 The statement should also set out the authority's policies for the financial year relating to:

a) the levels and elements of remuneration for each Chief Officer;
b) remuneration of Chief Officers on recruitment;
c) increases and additions to remuneration for each Chief Officer;
d) the use of performance related pay for each Chief Officer;
e) the use of bonuses for each Chief Officer;
f) the approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the authority, and
g) the publication of and access to information relating to remuneration of Chief Officers.

2.1.3 The term 'remuneration' covers:

a) the salary or the amount payable in the case of Chief Officers engaged by the authority under a contract for services;
b) payments made by the authority to the Chief Officers for those services;
c) any bonuses payable by the authority to Chief Officers;
d) any charges, fees or allowances payable by the authority to Chief Officers;
e) any benefits in kind to which the Chief Officers are entitled as a result of their office or employment;
f) any increase in or enhancement of the Chief Officer's pension entitlement where the increase or enhancement is as a result of a resolution of the authority; and
g) any amounts payable by the authority to the Chief Officer on the Chief Officer ceasing to hold office under or be employed by the authority other than amounts that may be payable by virtue of any enactment.

2.2 Existing legislation already required the Council to publish statements relating to certain elements of officer remuneration, details of which are set out below:

- regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 requires an authority to formulate, review and publish its policy on making discretionary payments on early termination of employment;
- regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008 requires the Council to publish its policy on increasing an employee's total pension scheme membership and on awarding additional pension.

Appropriate links to published policies and information are included within the Pay Policy Statement.

2.3 The Transparency Code also carries specific legal requirements to publish pay multiples, a list of employees with remuneration above £50k (in brackets of £5k), names of employees earning in excess of £150k and a chart for the top 3 tiers of the organisation which includes details regarding levels of responsibility for people/budgets and services.

2.4 Guidance issued by the Department for Communities and Local Government (DCLG) during 2013/2014 set out the arrangements for approval of severance packages in excess of £100,000. The 2014/2015 pay policy statement adopted by the Council included arrangements for approving severance packages over £75,000 and arrangements for delegation regarding Settlement Agreements.

2.5 The DCLG also issued guidance during March 2015 regarding the use of severance agreements and 'off payroll' arrangements. Following receipt of the guidance the policy was updated to include a specific paragraph around the use of 'off payroll' arrangements.

3 Proposals

3.1 Summary of Changes to the 2020/21 Pay Policy Statement

3.1.1 A summary of the changes are included below:

The statement has been updated as follows:

- **The Living Wage -** Members will recall that a decision was taken in 2013 to pay a supplement to top up lower earners' pay to ensure they were paid the equivalent to the Living Wage. Following the implementation of the 2019 pay award there was no longer a requirement to continue to pay the supplement as the minimum salary exceeded it. The Living Wage Foundation increased its Living Wage to £9:30 per hour on 1 October 2019. Whilst a claim has been made by the Trades Unions the 2020 NJC pay award has yet to be agreed it is anticipated that there will be a salary increase of 2% across the board rather than front-loading lower paid posts as has happened historically. A 2% pay award will increase the Council's minimum hourly rate to £9:18 per hour. With effect from 1 April 2020 the Living Wage Supplement will therefore be reinstated. Para 4.5 has been amended to reflect this.

- **Transfer of the Housing Management Service in-house on 1 February 2020** – The management structure has been amended to reflect the changes resultant from this transfer. This means that Payroll will be unable to calculate pay differentials until the end of the financial year once the final payroll has been run.
- **Director Deputising Duties** - Given the lean senior management structure each Director appoints a deputy on an annual basis. Post holders receive an honorarium of £5,000 per annum for taking on the additional responsibilities that the role entails. This is a non-contractual entitlement and is subject to annual review. Para 5.4.7 has been amended to reflect this.

3.1.2 All Council employees have been offered a pay increase of 2% from 1 April 2020 however negotiations are ongoing. The salary scales for all posts are therefore subject to amendment following the conclusion of these negotiations.

3.2 Legislative Updates

3.2.1 The Exit Payment Recovery Regulations and the Public Sector Exit Payment Cap have yet to be determined. The Council will continue to monitor the position to ensure that the statement is updated as necessary once the final regulations/associated guidance documents are published.

3.3 Current Status

3.3.1 A copy of the full Pay Policy Statement has been appended to this report for review (refer to Appendix A). Members should note that where the appendices refer to links to other policy documents these will be included once the document is published on the Council's website. These policy documents can however be accessed by referring to the current Pay Policy Statement (on the Council's website) which contains the live links.

3.3.2 The Statement was considered by the Policy & Finance Committee at their meeting held on 20 February 2020 and recommended to Council for approval.

4.0 Equalities Implications

4.1 The policy has been developed with due regard and consideration to equalities matters and all other policies, procedures and agreements currently in operation within the Council. Given that the proposed changes to the policy are positive in that the Living Wage Supplement will be reinstated no adverse implications have been noted.

5.0 Impact on Budget/Policy Framework

5.1 The financial effects of the pay policy are reflected in the Council's budget to be presented to Council at this meeting.

6.0 RECOMMENDATION

That the Pay Policy Statement for 2020/21 be approved.

Background Papers

Localism Act 2011
The Code of Recommended Practice for Local Authorities on Data Transparency
Localism Act: Openness and accountability in local pay: Guidance under section 40 of the Localism Act - February 2012
Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act 2011 – Supplementary Guidance - February 2013
Local Government Transparency Code 2014
DCLG – Use of severance agreements and off payroll arrangements - March 2015

Please note that a number of background documents referred to within the Pay Policy Statement will be linked to the document once it has been approved by full Council and published on the Council's website.

For further information please contact Caroline Glass on extension 5308.

Karen White
Director - Governance & Organisational Development

APPENDIX A

NEWARK & SHERWOOD DISTRICT COUNCIL

Pay Policy Statement 2020/2021

1. Introduction

1.1 This document sets out a Statement of Pay Policy for Newark & Sherwood District Council (the Council) for 2020/21 as required under Section 38 (1) of the Localism Act 2011. The Pay Policy Statement includes details about the remuneration of Chief Officers at the time of recruitment as well as arrangements relating to increases and additions to remuneration, the level and elements of remuneration including salary, bonuses and benefits in kind, the use of performance related pay and bonuses as well as the approach to the payment of Chief Officers on ceasing to hold office. The Statement also considers the lowest pay and median pay levels in the organisation. Pay details within this Statement are shown at rates as at 1 April 2019 pending finalisation of ongoing negotiations with the recognised Trades Unions. Once the 1 April 2020 pay award has been implemented this Statement will be revised to reflect the new rates.

2. Objectives of the Policy

2.1 The objectives of the policy are to ensure:

- transparency in respect of the arrangements for rewarding staff in the organisation and fairness in respect of the reward relationship between the highest and lowest paid; and
- that all decisions on pay and reward for Chief Officers comply with the parameters defined within this Pay Policy Statement.

3. Policy Statement

3.1 The Council recognises the importance of administering pay in a way that:

- attracts, motivates and retains appropriately talented people needed to maintain and improve the Council's performance and meet future challenges;
- reflects the market for comparable jobs, with skills and competencies required to meet agreed delivery and performance outcomes;
- operates within the provisions of Chief Officers pay and conditions as set out in the Joint Negotiating Committee for Chief Executives and Chief Officers of Local Authorities;
- operates within the provisions of the national agreement on pay and conditions of service as set out in the National Joint Council for Local Government Services; and
- is affordable and transparent.

4. Scope of the Policy

4.1 Individuals Affected

This policy covers all employees within the organisation including those defined as Chief Officers within Section 2 of the Local Government and Housing Act 1989.

4.2 Council Policies

4.2.1 This statement sets out the Council's policy with regards to:

- the remuneration of the authority's lowest-paid employees (together with a definition of "lowest-paid employees") and the reasons for adopting that definition;
- the relationship between remuneration of Chief Officers and that of other officers (pay multiples); and
- the remuneration of Chief Officers.

4.2.2 The statement also sets out the Council's policy on:

h) the levels and elements of remuneration for each Chief Officer;
i) remuneration of Chief Officers on recruitment;
j) increases and additions to remuneration for each Chief Officer;
k) the use of performance related pay for each Chief Officer;
l) the use of bonuses for each Chief Officer;
m) the approach to the payment of Chief Officers on their ceasing to hold office or being employed by the authority, and
n) the publication of and access to information relating to remuneration of Chief Officers.

4.3 Pay Bargaining - the National Context

4.3.1 The Council is a member of the Local Government Employers Association for national collective bargaining purposes in respect of Chief Executives, Chief Officers and other employees of the Council. Separate negotiations and agreements are in place for each of these groups. Changes arising from national negotiations linked to remuneration generally take effect from 1 April each year and on occasions when negotiations conclude after this day any amendments to pay become retrospective to 1 April.

4.3.2 In accordance with the terms and conditions of employment for Council employees it is the Council's policy to implement national agreements regarding pay. In circumstances where nil pay is awarded as part of the collective bargaining process the Council will apply the same principle.

4.4 Remuneration of the Council's Lowest Paid Employees

4.4.1 All posts with the exception of Chief Officers engaged on JNC terms are evaluated using the Greater London Provincial Council (GLPC) Job Evaluation Scheme. This scheme was introduced during 2005 following the conclusion of single status negotiations. At the same time the Council also introduced a new grading structure to establish the link between evaluated posts and the Council's pay scales.

4.4.2 For the purpose of this policy the Council's "lowest paid employees" are defined as those employees on the lowest pay point available for use by the Council for substantive roles as determined through use of the approved job evaluation scheme and grading structure. This does not include grades or pay points set aside as trainee or development scales but relates to the minimum point for a competent employee appointed in to a defined role.

4.4.3 In accordance with the current pay scales the lowest substantive point at which a Council officer can be paid is £17,364. This is in accordance with the nationally approved pay scales which are subject to change in line with the national collective bargaining arrangements as detailed above.

4.5 Living Wage

4.5.1 In April 2013 the Council adopted a policy of paying all employees a Living Wage through the application of a pay supplement to fund the difference between the hourly rates (defined at the lowest substantive point at which a Council officer can be paid). The Living Wage set by the Living Wage foundation rose to £9.00 per hour in October 2018. The Council's agreed pay scale for 2019/20 provided for a minimum hourly rate of £9.00 which meant that with effect from 1 April 2019 there was no longer a requirement to pay the Living Wage Supplement.

4.5.2 The Living Wage Foundation increased its Living Wage to £9:30 per hour on 1 October 2019. Whilst a claim has been made by the Trades Unions the 2020 NJC pay award has yet to be agreed. It is anticipated however that there will be a salary increase of 2% for lower paid officers. A 2% pay award will increase the Council's minimum hourly rate to £9:18 per hour. With effect from 1 April 2020 the Living Wage Supplement will therefore be reinstated.

4.6 Pay Multiples

4.6.1 The Council does not explicitly set the remuneration of any individual or group of posts by reference to a simple multiple of another post or group of posts. The use of multiples cannot capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required. Nor can it ensure that employees are treated fairly and equitably in respect of the value and level of a role that they undertake.

4.6.2 In terms of overall remuneration packages the Council's policy is to differentiate by setting different levels of basic pay to reflect the level of responsibility in line with the approved job evaluation scheme or as determined locally for Chief Officers engaged on JNC terms.

4.6.3 In determining pay for Chief Officers engaged on JNC terms, the Council would not expect remuneration of its highest paid employee to exceed **10** times that of the lowest group of employees, nor would the Council expect the remuneration of the highest paid employee to exceed **7** times that of the median[1] average earnings across the Council.

Pay multiples document [link to document to be inserted]

5. Remuneration of Chief Officers

5.1 For the purpose of this policy Chief Officer includes Chief and Deputy Chief Officers as defined by Section 2 of the Local Government and Housing Act 1989, some of whom may not be employed on Chief Officers' terms and conditions of service. For ease of reference a

[1] Within the Hutton Review it was suggested that the most appropriate pay multiple to track is that of top executive earnings to the median earnings of each organisation's workforce. Refer to para 2 Hutton Review of Fair Pay in the Public Sector: Final report (March 2011).

list of posts to which this policy applies along with the relevant sub sections of the Local Government and Housing Act 1989 has been set out below:

- Chief Executive/Head of Paid Service (Section 2 (6) of the Act);
- Deputy Chief Executive (Section 2 (6) and (7) of the Act);
- Directors (Section 2 (7) of the Act);
- Statutory Officers (Section 2 (6) of the Act);
- Business Managers on Zone 3 or above (Section 2 (8) of the Act).

5.2 For the purpose of this policy the term remuneration includes:

a) the salaries or the amounts payable to Chief Officers engaged by the authority under contracts of employment and / or contracts for services;
b) payments made by the authority to the Chief Officers for those services;
c) any bonuses payable by the authority to Chief Officers;
d) any charges, fees or allowances payable by the authority to Chief Officers;
e) any benefits in kind to which the Chief Officers are entitled as a result of their office or employment;
f) any increase in or enhancement of pension entitlement where the increase or enhancement is as a result of a resolution of the Authority, and
g) any amounts payable by the authority to a Chief Officer on ceasing to hold office under or be employed by the authority, other than Amounts that may be payable by virtue of any enactment.

5.3 <u>Chief Executive/Head of Paid Service</u>

5.3.1 <u>Terms and Conditions of Service</u>

The Chief Executive is engaged on Local Authority Chief Executives' conditions of service, negotiated by the Joint Negotiating Committee (JNC). The Chief Executive also assumes the role of Head of Paid Service on behalf of the Council.

Terms and Conditions for Chief Executive [link to document to be inserted]

5.3.2 <u>Remuneration</u>

In line with the nationally agreed terms the salary paid to a Chief Executive is determined locally by the employing authority. The salary scale for the post of Chief Executive was approved by the Chief Officers Appointments Panel. Details of the salary scale are included below:

Scale point 1	£108,201
Scale point 2	£112,363
Scale point 3	£116,524
Scale point 4	£120,686
Scale point 5	£124,848

Note: The role of Head of Paid Service forms an integral part of the Chief Executive's role and is rewarded as part of the substantive role.

5.3.3 *Remuneration on Recruitment*

When determining the most appropriate scale point at which to offer the post, consideration is given to the individual's qualifications, experience and current level of remuneration (where appropriate). Having considered all of these factors the Chief Officers Appointment Panel will then determine the most appropriate scale point at which to make an offer to the successful candidate so as to ensure that the offer is attractive and one which is likely to be accepted.

In the event that the post of Chief Executive became vacant a report including recommendations relating to the salary scale to be applied would be submitted to the Chief Officers Appointments Panel for their consideration before the post was advertised.

5.3.4 *Increases and Additions to Remuneration*

- Incremental Progression

  Progression through the incremental scale will be subject to performance appraisal by nominated members to be assessed against agreed annual objectives.

- Pay Awards
  Any pay awards are negotiated as part of the collective bargaining arrangements as detailed earlier within the policy.

- *Expenses*
  In accordance with nationally agreed terms the Council shall pay reasonable out-of-pocket expenses actually incurred.

5.3.5 *Arrangements for the Post of Returning Officer*

In accordance with the national agreement the Chief Executive is entitled to receive and retain the personal fees arising from performing the duties of Returning Officer, Acting Returning Officer, Local Counting Officer, Deputy Returning Officer or Deputy Acting Returning Officer and similar positions which he or she performs subject to the payment of pension contributions thereon, where appropriate.

In accordance with the agreement the Chief Executive's salary is deemed to be inclusive of all other fees and emoluments with the exception of Returning Officer duties where separate policy arrangements apply. Details of the policy relating to the appointment and remuneration of Returning Officer are set out below.

The Chief Executive has been formally appointed to act as the Council's Returning Officer. This extends to the role of Deputy Acting Returning Officer for UK Parliamentary Elections, Local Returning Officer for European Parliamentary Elections (if applicable) and Nottinghamshire Police and Crime Commissioner Elections and Counting Officer for any national referendums. The fees associated with these elections/referendums are determined nationally by the Cabinet Office.

The Chief Executive also acts as Deputy Returning Officer for Nottinghamshire County Council elections, fees for which are determined by Nottinghamshire County Council. These appointments are independent of the Council.

For local government elections the Returning Officer can claim specific fees which are determined on a county wide basis across Nottinghamshire having regard to the fees set for national elections. These fees were subject to a benchmarking exercise in 2018 to ensure they were comparable with other county areas.

5.3.6 *General Terms and Conditions*

In accordance with the national agreement the Chief Executive enjoys terms and conditions in all other respects no less favourable than those accorded to other officers employed by the Council.

5.4 Deputy Chief Executive/Directors/Business Managers graded at NS17 on JNC terms

5.4.1 *Terms and Conditions of Service*

The Deputy Chief Executive, Directors and Business Managers graded at NS17 are all engaged on the Conditions of Service for Chief Officers of Local Authorities negotiated by the Joint Negotiating Committee (JNC). In addition to the above some of the post holders assume statutory roles which are recompensed in accordance with the Statutory Officers' Honorarium Scheme.

Terms and Conditions for Chief Officers [link to document to be inserted]
Statutory Officers Honorarium Scheme [link to document to be inserted]

5.4.2 *Remuneration*

In line with the nationally agreed terms the salary paid to a Deputy Chief Executive or Director is determined locally by the employing authority.

The current salary scale for Chief Officers engaged on Chief Officer's terms is set out below.

5.4.3 *Pay Scale for Deputy Chief Executives*

Scale point 1	£91,959.00
Scale point 2	£96,351.00
Scale point 3	£99,276.00
Scale point 4	£102,620.00

Note: The role of Deputy Head of Paid Service forms an integral part of the Deputy Chief Executive's role and is rewarded as part of the substantive role. The Council's Deputy Chief Executive also holds the title of Director of Resources. No additional remuneration is payable beyond the salary scale as detailed above.

5.4.4 *Pay Scale for Directors*

Scale point 1 £72,800.00
Scale point 2 £75,777.00
Scale point 3 £78,213.00
Scale point 4 £81,189.00
Scale point 5 £83,625.00

A list of posts included for the purpose of this policy has been set out below:

Director – Governance and Organisational Development
Director – Growth and Regeneration
Director – Communities and Environment
Director - Housing, Health and Wellbeing

5.4.5 *Pay Scale for Business Managers (NS17)* engaged on JNC terms

Zone 1/SCP1 £48,714.00
Zone 1/SCP2 £49,796.00
Zone 1/SCP3 £50,878.00
Zone 1/SCP4 £51,960.00

Zone 2/SCP1 £53,044.00
Zone 2/SCP2 £54,126.00
Zone 2/SCP3 £55,208.00
Zone 2/SCP4 £56,291.00

Zone 3/SCP1 £57,372.00
Zone 3/SCP2 £58,456.00
Zone 3/SCP3 £59,539.00
Zone 3/SCP4 £60,623.00

Zone 4/SCP1 £61,707.00
Zone 4/SCP2 £62,791.00
Zone 4/SCP3 £63,875.00
Zone 4/SCP4 £64,959.00

The arrangements for assigning officers to Zones are included in the Pay and Grading Arrangements document for Officers engaged on JNC Chief Officer Terms and Conditions of Service [link to document to be inserted]

A list of post holders engaged under JNC terms has been included below:

Business Manager - Public Protection
Business Manager - Financial Services
Business Manager – Planning Development
Business Manager - Revenues & Benefits
Business Manager – Housing Strategy & Development
Business Manager – Environmental Services
Business Manager - Asset Management & Car Parks

Business Manager – Organisational Improvement & Development
Business Manager - Tourism
Business Manager – Housing Assets and Facilities Management
Business Manager – Housing Management
Business Manager - Housing, Health & Community Relations
Business Manager - Legal Services
Capital Projects Manager

5.4.6 <u>Remuneration on Recruitment/Appointment</u>

When determining the most appropriate scale point at which to offer a post consideration is given to the individual's qualifications, experience and current levels of remuneration (where appropriate). Having considered all of these factors the panel will then determine the most appropriate scale point at which to make an offer to the successful candidate so as to ensure that the offer is attractive and one which is likely to be accepted.

In circumstances where Business Managers are offered revised terms of employment on JNC conditions of service they will be aligned to the nearest highest pay point on the pay scale.

5.4.7 <u>Increases and additions to Remuneration</u>

- *<u>Incremental Progression</u>*
  Incremental progression for Directors is by annual increment until the top point of the grade is reached. Before an annual increment is awarded, it must be clearly evidenced that the post holder:

  - Has made satisfactory progress against the targets set in their previous performance appraisal;
  - Demonstrates, continues to demonstrate or has made substantial progress towards achieving the Council's defined competences for a post at the Director level.

  Compliance with these requirements will be assessed through the Council's performance management and appraisal mechanisms, and a decision on whether an annual increment will be paid (where applicable) will be made as part of that process.

  Full details of the Pay and Grading Arrangements for Officers engaged on JNC Chief Officer Terms and Conditions of Service can be accessed by following the attached link: [link to document to be inserted].

  Once a Business Manager has been appointed to JNC conditions of service they will receive annual increments until they reach the top of the salary scale subject to achieving satisfactory annual performance assessments.

- <u>Pay Awards</u>
  Pay awards are negotiated as part of the collective bargaining arrangements as detailed earlier within the policy.

- Honoraria and Ex-gratia Payments
  The Council currently operates an honorarium scheme for officers undertaking statutory officer roles. There are three statutory officer roles within the Council, details of which are set out below:

  - Head of Paid Service *
  - Monitoring Officer *
  - Chief Finance Officer* (commonly referred to as the Section 151 Officer)

  Note: **No Honorarium is paid for carrying out these duties at the substantive level where these are reflected in the terms and conditions of service but a payment is made to those deputising at this level.*

  In addition to the above the scheme also outlines the arrangements for recompensing officers that assume the role of Deputy Monitoring Officer and Deputy Section 151 Officer.

  Given the lean senior management structure each Director appoints a deputy on an annual basis. Post holders receive an honorarium of £5,000 per annum for taking on the additional responsibilities that the role entails. This is a non-contractual entitlement and is subject to annual review.

  Details of the scheme including information relating to the post holders that are currently in receipt of such payments can be accessed by following the attached link: [link to document to be inserted]

- Expenses
  In accordance with the national agreement the Council pays reasonable out-of-pocket expenses actually incurred.

5.4.8 *Arrangements for Election Duties*

In accordance with the national agreement Officers are entitled to receive and retain the personal fees arising from carrying out the duties of Deputy Returning Officer and/or Deputy Acting Returning Officer (where applicable) and Deputy Counting Officer.

5.4.9 *General Terms and Conditions*

In accordance with the national agreement except whether other terms and conditions are referred to in the agreement the Deputy Chief Executive and Directors shall enjoy terms and conditions not less favourable than those accorded to other officers employed by the Council.

5.4.10 *Appointment of Officers to JNC Terms and Conditions of Appointment*

In circumstances where a Business Manager post is evaluated under the Council's approved Job Evaluation Scheme and receives a score of 739 they will be offered a revised contract of employment on JNC terms. If they accept the offer they will be subject to the

Pay and Grading Arrangements for Officers engaged on JNC Chief Officer Terms and Conditions of Service.

5.5 Business Managers

5.5.1 Terms and Conditions of Service

A number of the Business Managers are engaged on the National Agreement on Pay and Conditions of Service negotiated by the National Joint Council for local government services commonly referred to as NJC or Green Book terms.

A list of post holders engaged under NJC terms has been included below.

Business Manager – Administration
Business Manager – Customer Services & Communications
Business Manager – Elections & Democratic Services
Business Manager – ICT
Business Manager – Heritage, Culture & Visitors
Business Manager – Planning Policy
Business Manager – Human Resources & Training

Terms and conditions relating to Business Managers is available within the National Agreement on Pay and Conditions of Service document [link to document to be inserted].

5.5.2 Remuneration

In line with the nationally agreed terms the Council have adopted the Greater London Provincial Council (GLPC) Job Evaluation Scheme. The scheme became effective on the 1st October 2005 following completion of the negotiations relating to single status.

The Council also has a pay policy outlining arrangements in respect of:

- Protection of Earnings
- Standby Payments
- Call-out Payments
- Weekend Working
- Night Working
- Shift Allowances
- Overtime Rates
- Bank Holiday Working

[Link to protection of earnings document to be inserted]
[link to document(s) referenced above to be inserted]

Market Supplement (which includes arrangements for officers engaged on JNC terms) [link to document to be inserted].

The current salary scale for Business Managers engaged on NJC terms is set out below.

Scale/Band	Min	Medium	Maximum	Post

	SCP/Salary	SCP/Salary	SCP/Salary	
NS13	34 – £36,876	35 - £37,849	36 - £38,813	Business Manager – Administration
NS15	40 – £42,683	41 - £43,662	42 - £44,632	Business Manager – Elections & Democratic Services Business Manager – ICT Business Manager – Planning Policy
NS16	43 - £45,591	44 -£46,524	45 - £47,500	Business Manager – Customer Services and Communications Business Manager – Heritage, Culture and Visitors Business Manager - Human Resources and Training

Note: Changes to grade may occur in year as a consequence of revisions to job descriptions requiring re-evaluation of the posts under the terms of the current job evaluation scheme.

5.5.3 *Remuneration on Recruitment*

When determining the most appropriate scale point at which to offer a post consideration is given to the individuals qualifications, experience and current levels of remuneration (where appropriate). Having considered all of these factors the panel compromising of a Deputy Chief Officer or above will then determine the most appropriate scale point at which to make an offer to the successful candidate so as to ensure that the offer is attractive and one which is likely to be accepted.

5.5.4 *Increases and Additions to Remuneration*

- *Incremental Progression*
  Once an officer has been appointed they will receive annual increments until such time that they reach the top of the salary scale subject to achieving satisfactory annual performance assessments.

- *Pay Awards*
  Any pay awards are negotiated as part of the collective bargaining arrangements as detailed earlier within the policy.

- *Other*
  Officers engaged on NJC conditions of service may in some circumstances receive honoraria/ex gratia payments as a consequence of undertaking duties in part or full at a higher level. The amount payable will differ according to each individual set of circumstances to be determined by the respective Director in conjunction with the Human Resources Section. Further details relating to the terms outlined within the NJC conditions of service can be accessed here [link to document to be inserted].

- *Market Supplements*
  The Council recognises that financial pressures and pay restraints have impacted on the ability of public sector employers to compete in the labour market for some posts. Where the Council finds it difficult to recruit to specific posts and / or retain employees in those posts, the payment of a Market Supplement to base salary may be necessary as set out within the single status agreement. Typically, a Market Supplement is paid

where the ‘going rate’ for a specific job or specialism is higher than that offered by the Council. In circumstances where this does occur the Council will follow the approved policy. [link to document to be inserted]

- *Expenses*
  In accordance with the agreement the Council pays reasonable out-of- pocket expenses actually incurred.

- *Meals and Accommodation Charges*
  Officers may receive subsistence rates based upon the approved rates. Further details in relation to current rates can be found in the Travel and Subsistence Policy [link to document to be inserted].

5.5.5 *Arrangements for Election Duties*

In accordance with the national agreement Officers are entitled to receive and retain the personal fees arising from carrying out the duties of Deputy Returning Officer and/or Deputy Acting Returning Officer (where applicable).

5.5.6 *General Terms and Conditions*

Parts 2 and 3 of the green book including local arrangements can be found in the National Agreement on Pay and Conditions of Service document [link to document to be inserted].

5.6 General Policies on Remuneration and Recruitment

These policies apply irrespective of status and/or terms that officers of the Council are engaged on.

5.6.1 *Performance Related Pay and Bonuses*

The Council does not currently operate any form of performance-related pay or bonus schemes.

5.6.2 *Benefits in Kind*

The Council does not currently provide any form of benefits in kind to employees engaged by the Council.

5.6.3 *The Local Government Pension Scheme and Policies with regard to exercise of discretion.*

All employees of the Council have the option to join the Local Government Pension Scheme (LGPS). The scheme is a statutory scheme and operates on the basis of employee/employer contributions with employee contribution rates differing according to earnings. Details of the scheme including current contribution rates can be accessed by following the attached link. www.lgpsregs.org

The scheme provides for exercise of discretion to allow for retirement benefits to be enhanced. The Council will consider each case on its own merits in accordance with the parameters defined within the policy. Details can be found in the Redundancy and

Discretionary Compensation Policy [link to document to be inserted]. This policy applies to all officers of the Council irrespective of their status provided they have at least two years continuous service.

5.6.4 *Payment of Chief Officers on their Ceasing to Hold Office or being employed by the Council*

Arrangements relating to the provision of termination payments for the loss of office for Chief Officers and all other officers leaving the authority on the grounds of redundancy, efficiency and early retirement are outlined in the Council's policy. Details in relation to any discretion that may be afforded in respect of pension enhancements can be found in the Redundancy and Discretionary Compensation Policy (link above at 5.6.3). This policy applies to all officers of the Council irrespective of their status provided they have at least two years continuous service.

5.6.5 *Severance Packages over £75,000*

Where a member of staff applies for voluntary redundancy, early retirement, termination on the grounds of efficiency or is made compulsorily redundant the pension and redundancy entitlements are determined by the Chief Executive in consultation with the Discretionary Payments Panel which is made up of the Chief Executive, the Section 151 Officer and another Chief Officer. Where appropriate the panel may comprise the nominated deputy for the Chief Executive or the Section 151 Officer.

Appeals against the decisions of the Discretionary Payments Panel will normally be determined by an appeal panel comprising either the Chief Executive, their nominated deputy, the Section 151 Officer, their nominated deputy or another Chief Officer provided that they have not been involved in the initial determination. However in the case of Chief Officers any appeal shall be determined by the Policy & Finance Committee or a sub-committee appointed on their behalf acting as an appeals panel.

In the case of any voluntary redundancy, compulsory redundancy, efficiency or early retirement (including health-related which falls short of meeting the ill health early retirement regulations) in respect of a member of staff where the cost to the Council exceeds £75,000, the Chief Executive shall not determine the matter until he has first consulted a Member Panel comprising the Leaders of all political groups of the Council.

In determining the *"cost to the Council"* for the purposes of this policy, the following will be included:

- the cost of early release of pension (pension strain);
- the cost of any pension enhancement;
- the cost of any redundancy payment (statutory and discretionary);
- the cost of any holiday pay, other fees or pay in lieu of notice.

In determining the *"cost to the Council"*, pension benefits which have been bought by the employee will be disregarded.

Note: The Council will have regard to the Statutory Instrument laid before parliament on the 24 January 2017 which brought s41 of the Enterprise Act 2016 into force on 1 February 2017 (this is an enabling provision which allows the cap regulations to be made). Final details regarding the regulations and associated guidance is now awaited from East Midlands Councils and once received the Statement along with any other associated policies/procedures will be updated to reflect legislative requirements.

5.6.6 *Settlement Agreements*

The Chief Executive has delegated authority to determine the terms of Settlement Agreements relating to any member of staff.

In the case of any proposed Settlement Agreement in respect of a Chief Officer, the Chief Executive shall not determine the terms of the Settlement Agreement until he has first consulted a Member Panel comprising the Leaders of all political groups of the Council.

5.6.7 *Recruitment of Officers in receipt of Local Government / Fire Fighters Pension, Severance or Termination Payments*

When considering whether to employ individuals in receipt of local government pension or fire fighter pensions the Council is required to have regard to the policy on Pension Abatement as determined by the relevant Administrative Body for the Pension Scheme. It should be noted that the Administrative Body for the purposes of discretion may differ according to where the individual was previously employed.

The Council's current policy on the appointment of former staff as consultants requires that any ex-employee who has taken voluntary redundancy or early retirement not be engaged as a consultant (including under a contract for services) without a formal committee resolution.

The Council will not refrain from re-employing former employees who have received payments for redundancy, severance or any other reasons defined under the terms of a settlement agreement or those individuals who have received similar payments from organisations listed on the Redundancy Modifications Order if it is satisfied that the individuals are the best candidates for the posts.

Where appropriate the Council will also have regard to the regulations and any associated guidance notes produced concerning Exit Pay Recovery for officers returning to the public sector follow exit.

This policy applies to all posts that are advertised within the Council irrespective of their status and is in-keeping with the Council's policy on Recruitment and Selection in respect of ensuring equality of opportunity.

5.6.8 *Use of "Off Payroll" Arrangements*

For the purpose of this policy "off payroll" arrangements refer to individuals engaged directly under a contract for services (rather than being employed direct by the Council) operating at the Chief Officer level. The Council will only engage individuals under contracts for services in exceptional circumstances and only for a temporary period of time.

6. Publication and Access to Information

6.1 A copy of this document will be published on the Council's website along with any supporting documents referenced in it.

6.2 Local authorities must details of the following data on their websites:

- the number of employees whose remuneration in that year was at least £50,000 in brackets of £5,000;
- the name of each employee and details of their remuneration, for employees whose salary is at least £150,000;
- details of remuneration and job title of certain senior employees whose salary is between £50,000 and £150,000 and a list of responsibilities (for example, the services and functions they are responsible for, budget held and number of staff) for all employees whose salaries exceeds £50,000.

7. Equality Implications

7.1 This policy has been developed with due regard and consideration to Equalities matters and other policies, procedures and agreements currently in operation within the Council.

8. Approval/Review

8.1 Before it takes effect, the Pay Policy Statement has to be approved by a resolution of the Council.

8.2 In accordance with existing Constitutional arrangements proposed amendments to terms and conditions of employment are referred to the Policy and Finance Committee for consideration and approval, before being referred through to the Joint Consultative Committee (JCC) to allow for consultation and/or negotiation (where appropriate). Approval of Human Resources policies and procedures is delegated to the Head of Paid Service after prior consultation at the JCC.

8.3 Given that the Pay Policy Statement relates to terms and conditions of employment as well as making reference to Human Resources policies and procedures it is appropriate for it to be considered by the Policy and Finance Committee and any amendments made thereto before it is referred on to Full Council for approval.

8.4 Any proposed changes to terms and conditions of employment including salaries arising from collaboration activities (e.g. shared services) will be subject to the prior approval of the Policy & Finance Committee.

8.5 A review of the Pay Policy Statement will take place annually. It will be referred to Full Council for approval in advance of the financial year to which it relates. In certain circumstances it may be necessary to review the policy in year as a consequence of changes to legislation and/or organisational requirements. In the case of legislative changes where the Council has no discretion the Pay Policy Statement will be automatically amended to reflect the revised legislation. In any case where there is discretion or where it is proposed to make in year changes to reflect organisational requirements such changes may be approved by the Policy & Finance Committee.

COUNCIL MEETING - 9 MARCH 2020

CASTLE HOUSE CONCESSIONS POLICY

1.0 Purpose of Report

1.1 To seek approval for the Castle House Concessions Policy for use for the 2020/21 financial year. The proposed Policy is attached as an appendix to the report.

2.0 Background Information

2.1 The move to Castle House provided the Council with the opportunity to consider how it worked with partner organisations and the option for relevant organisations to deliver a service from Castle House. As well as being efficient, modern and inviting, the aim of the new building was to create a space, which enabled collaborative working with partners, in one place providing a holistic customer offer.

2.2 This has provided a unique opportunity to co-locate with partners, which has enabled public services to be joined-up around the needs of customers. Experience tells us that if customers have to move from one location to another to access services that they often fail to do so. Having organisations based in Castle House reduces this risk.

2.3 The Council's most vulnerable customers have complex needs and lead chaotic lives, often having to liaise with many agencies for support and advice. Many of the customers to Castle House visit more than one agency e.g. they may contact the Council, DWP and Citizens Advice during one visit.

2.4 Partner agencies work closely together and find it extremely beneficial in being able to go and talk to a colleague located in the same building instead of having to email or spend valuable time visiting them. A prime example is how Home-Start have worked in conjunction with the Housing Business Unit in supporting the Syrian families.

2.5 The Council has a defined approach and fee for occupation of Castle House by partners. Occupation is by desk licence. This means a charge is made per desk rather than leasing a set square metreage of space. This has proved to be prudent as it allows a level of control for the Council, allows for reconfiguration of space at a later date, ensures a level of consistency on look and feel of fixtures and fittings, creates a smart unified appearance and prevents segmentation and delineation. The signing of a desk licence agreement also gives full protection to the Council and partners in terms of a shared approach to how the building is utilised and the confidentiality required from everyone who works in Castle House.

2.6 The price for a desk is calculated annually and is currently set to be £4,420 for 2020/21. This considered appropriate by the Policy & Finance Committee at their meeting held on 23 January 2020 and is now being recommended to Full Council for approval.

3.0 Proposals

3.1 The Council has developed a Castle House Concessions Policy in order to ensure a transparent process of approving concessions on desk licence fees for partners within the building.

3.2 The Policy seeks applicants where they are non-public sector bodies for renewal on an annual basis. Applicants would be assessed against three levels of criteria:

- Does the aims of the organisation and its approach generally fit with the Council's Community Plan?
- Does the organisation have a sufficient financial challenge that it is unlikely that they could pay the full price of a desk licence?
- Does the organisation have a track record of effective delivery of services?

3.3 Where all of these criteria are met the S151 Officer (or nominated deputy) will have discretion to award a maximum of 50% concession, with awards at 25% or 10% respectively also based on their assessment of the financial information presented to them.

3.4 A report will be tabled to the Council's Senior Leadership Team to finally determine the award based on the eligibility criteria being met and the assessment from the S151 Officer. This will then be communicated to the organisation.

3.5 This Policy has been created for use within the 2020/21 financial year and onwards. In future financial years, this process would start earlier in the financial year, which will allow earlier certainty of costs for partners.

4.0 Equalities Implications

4.1 There are no equalities implications.

5.0 Financial Implications (FIN19-20/8975)

5.1 There are no direct financial implications arising from approving this policy.

5.2 Once applications have been received from partners, and assessments made against the eligibility criteria there may be a reduction in income receivable for Castle House desk licence fees depending on the level of concession granted to each applicant.

6.0 Community Plan – Alignment to Objectives

6.1 By adopting this policy and hence granting concessions to partners in order to be able to enable them to co-locate within Castle House forging relationships with other partners, this contributes to several of the Community Plan objectives.

7.0 RECOMMENDATION

That the Castle House Concessions Policy, as set out in the appendix to the report, be approved and delegated authority to agree concessions for partners at Council House

within the scope of the policy be granted to Chief Officers in accordance with the general delegation to Chief Officers under the Councils' Constitution (Part Two Paragraph 7.2).

<u>Background Papers</u>

Nil.

For further information please contact Nick Wilson on Ext 5317.

Sanjiv Kohli
Deputy Chief Executive, Director of Resources and S151 Officer

Castle House

Concessions Policy

Policy relating to concession offered on desk licences for Castle House

NEWARK & SHERWOOD DISTRICT COUNCIL

1. Context – why do we need one
2. Criteria for application of concession
3. Range of concession and discretion
4. Who has authority to determine and apply concessions and the process

Context

The move to Castle House provided the council with the opportunity to consider how it worked with partner organisations and the option for relevant organisations to deliver a service from Castle House. As well as being efficient, modern and inviting the aim of the new building was to create a space which enabled collaborative working with partners, in one place providing a holistic customer offer.

This has provided a unique opportunity to co-locate with partners which has enabled public services to be joined-up around the needs of customers. Experience tells us that if customers have to move from one location to another to access services that they often fail to do so. Having organisations based in Castle House reduces this risk.

The council's most vulnerable customers have complex needs and lead chaotic lives, often having to liaise with many agencies for support and advice. Many of the customers to Castle House visit more than one agency e.g. they may contact the council, DWP and Citizens Advice during one visit.

Partner agencies work closely together and find it extremely beneficial in being able to go and talk to a colleague located in the same building instead of having to email or spend valuable time visiting them. A prime example is how Home-Start have worked in conjunction with the housing business unit in supporting the Syrian families.

Newark and Sherwood District Council (NSDC) has a defined approach and fee for occupation of Castle House by partners. Occupation is by desk licence. This means a charge is made per desk rather than leasing a set square metreage of space. This has proved to be prudent as it allows a level of control for the council, it allows for reconfiguration of space at a later date, ensures a level of consistency on look and feel of fixtures and fittings, creates a smart unified appearance and prevents segmentation and delineation. The signing of a desk licence agreement also gives full protection to the council and partners in terms of a shared approach to how the building is utilised and the confidentiality required from everyone who works in Castle House.

The price for a desk is calculated annually and is currently set to be £4,420 for 2020/21.

The desk charge includes (but is not limited to):-

- Desk (either back office or front booth)
- Chair
- Utilities (gas, water, electricity)
- Use of communal facilities (toilets, kitchen, rest areas for staff)
- Use of meeting rooms (on a booking basis, control remaining with the council)
- Reception and postal services

A range of organisations currently occupy Castle House these are all either public or third sector providers.

There is significant demand for space within Castle House and it is not in the council's interest to let space to partners who do not contribute to delivering for our residents.

Criteria for application of a concession on the desk licence fee

Concessions would NOT apply to public sector bodies. Any arrangement for discretion on a desk licence fee or a differing approach with a public sector body would be subject to separate determination and must be approved by SLT and then Policy and Finance Committee.

This concession policy is for the granting of a concession against the agreed desk licence fee and is applicable ONLY to third sector organisations.

There are three levels of criteria which must be satisfied for a concession to be applied.

1. Does the aims of the organisation and its approach generally fit with the council's community plan?
2. Does the organisation have a sufficient financial challenge that it is unlikely that they could pay the full price of a desk licence?
3. Does the organisation have a track record of effective delivery of services?

Whilst to some degree these could all be subjective, <u>all three</u> must be demonstrated to enable a concession to be applied.

Evidential requirements

All of the three criteria should be detailed in the report and have some evidential base. It is expected that the officer recommending a concession would have sufficient knowledge of the 'what and how' the organisation delivers. There should be a form of 'proof' of sufficient financial challenge which would satisfy the S151 or deputy S151 officer, this can be through bank statements or final accounts for instance. There should be a track record of effective service delivery, this can be demonstrated through case studies or by using specific projects as examples. Schedule A to this policy sets out documents that should be receipted by the Council in order for it to assess the eligibility of each claimant.

Range of Concessions and discretion

The maximum concession given to any organisation would be 50% of the desk licence fee. To offer a concession greater than this would mean that the council would be actively subsidising a third party organisation as the fee would no longer cover the basic utilities and direct expenses of the council.

This maximum would only be offered where there is a demonstrated significant synergy between the aims of the organisation and the council, and where it would diminish the integrity of service delivery if the organisation was not located with the council and that the organisation had demonstrated that financially they would be unable to afford to pay any greater than 50% of the desk licence fee.

The S151 Officer (or their nominated deputy) will have discretion to be able to award the maximum available 50% concession, with awards at 25% or 10% respectively also based on their assessment of the financial information presented to them. All three of the eligibility criteria still must be satisfied prior to award of any of the three levels of concession.

Who has authority to determine and apply concessions and the process?

The award of a concession will be renewable annually and as such will require applications to be received by 1 December each year for the following financial year. The third party organisation must complete a claim form, an example of which is attached at Schedule B. This will be addressed to the S151 Officer for their review. Responses in relation to eligibility criteria's one and three should be passed to the Business Manager Organisational Improvement and Development for their review.

The S151 Officer will then receive the assessment of responses for eligibility criteria's one and three in order for them to complete a report to SLT for approval to determine the level of concession to be awarded. Responses to partners will be made during January prior to the year –end process.

Schedule A

Examples of evidence requirements relating to the eligibility criteria questions

1. Does the aims of the organisation and its approach generally fit with the council's community plan?
- Corporate Plan
- Mission Statement
- Vision Statement
- Director/Committee Statement

2. Does the organisation have a sufficient financial challenge that it is unlikely that they could pay the full price of a desk licence?
- Bank Statements
- Financial Accounts for the previous two financial years
- Forward looking budget Statement

3. Does the organisation have a track record of effective delivery of services?
- Outturn performance information for the previous two financial years (may include case studies)

COUNCIL MEETING – 9 MARCH 2020

APPOINTMENT OF REPRESENTATIVES ON OUTSIDE BODIES AND COUNCIL OWNED COMPANIES – SOUTHWELL LEISURE CENTRE TRUST AND ACTIVE4TODAY

1.0 Purpose of Report

1.1 To change appointments on the Southwell Leisure Centre Board of Trustees and the Active4Today Board.

2.0 Background Information

Active4Today

2.1 The Leisure & Environment Committee, at their meeting held on 19 November 2019, agreed changes to the governance and financial arrangements between the Council and Active4Today.

2.2 As part of this review of governance, it was apparent that the choice of which officers and elected Members should be appointed as directors was important in order to plan against conflicts of interest. It was considered inadvisable to have both the Chief Executive and Deputy Chief Executive on the Board as this took them both out of the decision making on the part of the Council when A4T matters were being considered. In addition, elected Members should not be involved in the shareholder decision making undertaken by the Council given potential conflicts of interest.

2.3 It is therefore proposed to remove John Robinson, Sanjiv Kohli and Councillor David Lloyd as directors of the Board and replace them with Deborah Johnson – Business Manager for Organisational Improvement and Development, Mohammed Sarodia – Assistant Business Manager – Financial Services and Councillor Mrs P. Rainbow.

Southwell Leisure Centre Trust

2.4 At the Annual Council Meeting held on 21 May 2019, Councillor Mrs P. Rainbow and Andrew Gregory were two of the five appointed District Council's representatives on the Southwell Leisure Centre Trust.

2.5 Andrew Gregory has now resigned as a Trustee and Councillor Mrs Rainbow is to be replaced on the Board given the potential conflict of interest given she is to be appointed as a Director of Active4Today as indicated above.

2.6 The Conservative Group have indicated that they wish to replace Councillor Mrs Rainbow and Mr. Gregory with Councillor B. Laughton and Peter Brooker.

3.0 RECOMMENDATIONS that:

(a) Deborah Johnson, Mohammed Sarodia and Councillor Mrs P. Rainbow be appointed as Directors of Active4Today replacing John Robinson, Sanjiv Kohli and Councillor D. Lloyd; and

(b) **Councillor B. Laughton and Peter Brooker be appointed as District Council representatives on the Southwell Leisure Centre Trust to replace Councillor Mrs P. Rainbow and Andrew Gregory.**

<u>Background Papers</u>

Report of Governance Arrangements – Active4Today – Leisure & Environment Committee – 19 November 2019

For further information please contact Nigel Hill on Ext. 5243.

John Robinson
Chief Executive

COUNCIL MEETING – 9 MARCH 2020

BULCOTE NEIGHBOURHOOD PLAN REFERENDUM

1.0 Purpose of Report

1.1 To seek the Council's approval to call the referendum for the Bulcote Neighbourhood Plan.

2.0 Introduction

2.1 Following its Examination the Independent Examiner has concluded that the Bulcote Neighbourhood Plan meets the Basic Conditions and other relevant regulatory requirements. It has therefore been recommended that the Plan proceed onto referendum.

3.0 Background Information

3.1 Neighbourhood Plans are required to meet the Basic Conditions set out at paragraph 8(2) of Schedule 4B to the Town and Country Planning Act 1990, as well as a range of other regulatory requirements. It is through their Examination by an Independent Examiner that final conclusions are drawn over whether this is the case. Where a Plan is successful at Examination then it is able to proceed onto Referendum, with eligible persons being able to vote over whether it should be brought into force.

3.2 The Bulcote Neighbourhood Area was designated on 26th April 2018, with the first stage of public consultation being carried out between 1st April 2019 and 31st March 2019. Submission of a Draft Neighbourhood Plan to the District Council occurred in August 2019 with public consultation occurring between 12th September and 24th October 2019. The Plan was submitted for Examination on 22nd November 2019. Subject to the recommended modifications being accepted, the Examiner has concluded that the Plan should proceed onto referendum. Confirmation has been provided by the Parish Council that they are content with the recommended modifications.

4.0 Next Steps

4.1 Approval is therefore sought for the referendum to be arranged for the Bulcote Neighbourhood Plan on Thursday 7 May 2020 – the same day as the election for the Police and Crime Commissioner. Prior to this date the referendum will be subject to a, minimum, six week publicity period. To support the referendum an Information Statement and the Notice of Referendum will be published and polling cards will be sent to all electors.

4.2 It is the District Council's responsibility to prepare a version of the Neighbourhood Plan incorporating any modifications from the Examiner, and it will be this version which goes to referendum. The Plan to be put referendum and its associated Examination report will be published on the District Council's website in advance of the Notice of Referendum being issued.

5.0 Financial Implications

5.1 The District Council will be responsible for paying for the referendums, but funds will be provided by central Government to cover the cost.

6.0 <u>RECOMMENDATIONS</u> that:

a) the report be noted; and

b) the Chief Executive, acting as Returning Officer, be authorised to arrange the referendum for the Bulcote Neighbourhood Plan on Thursday 7 May 2020.

<u>Background Papers</u>

Submission Bulcote Neighbourhood Plan
Bulcote Neighbourhood Plan Examiner's Report

Available at: http://www.newark-sherwooddc.gov.uk/planningpolicy/neighbourhoodplanning/

For further information please contact Matthew Tubb on extension 5850.

Matt Lamb
Director – Growth & Regeneration

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Policy & Finance Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts NG24 1BY on Thursday, 20 February 2020 at 6.00 pm.

PRESENT: Councillor D Lloyd (Chairman)

Councillor B Clarke-Smith, Councillor R Jackson, Councillor T Wendels, Councillor R White, Councillor N Mison (Substiture for Councillor K. Girling) and Councillor N Mitchell (Substitute for Councillor P. Peacock)

APOLOGIES FOR ABSENCE: Councillor K Girling and Councillor P Peacock

79 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

There were no declarations of interest.

80 DECLARATIONS OF INTENTION TO RECORD THE MEETING

The Chairman advised that the proceedings were being audio recorded and live streamed on social media by the Council.

81 MINUTES OF THE MEETING HELD ON 23 JANUARY 2020

The minutes from the meeting held on 23 January 2020 were agreed as a correct record and signed by the Chairman.

82 CHAIRMAN'S REPORT

The Chairman presented his first 'Chairman's Report', explaining that the new initiative would be replicated across the Council's operatioal committees and would give the Chairmen the opportunity to provide an update on progress made since the previous meeting of a Committee and introduce items included on the agenda.

He advised the Committee that since their previous meeting, the Council had completed the successful transfer of the housing management service back in house with no impact on tenants, and positive feedback from staff and that the recommended increase to rents of 2.7% had been approved by Full Council on 11 February 2020. Items to be included on the Forward Plan were also noted, including and update report on the former Robin Hood site, Forest Corner Edwinstowe, and Section 106 balances held by the Council.

The Chairman then introduced the financial reports on this agenda which took forward the financial planning framework of the Committee and sat alongside the Council's Community Plan which had been developed after consultation with residents of the District.

The Chairman also took the opportunity to thank those officers who had worked in response to the recent flooding events and expressed best wishes to all those residents who had been affected.

83 FORWARD PLAN OF POLICY & FINANCE ITEMS

The Committee noted the Forward Plan items to be considered by the Committee over the next 12 months.

84 PAY POLICY STATEMENT 2020/21

The Director – Governance & Organisational Development presented a report which sought to review the content of the Pay Policy Statement for 2020/21 and subject to any necessary revisions to recommend the Statement to the Council for approval.

In accordance with Section 38 (1) of the Localism Act 2011, Newark and Sherwood District Council were required to produce a Pay Policy Statement for 2012/13 and for each financial year thereafter.

The Pay Policy Statement must set out the authority's policies for the financial year relating to:

- the remuneration of the authority's lowest-paid employees (together with a definition of "lowest-paid employees") and the reasons for adopting that definition;
- the relationship between remuneration of Chief Officers and that of other officers (pay multiples); and
- the remuneration of Chief Officers.

The report detailed the changes that had been made to the2020/21 Statement which included payment of the living wage supplement, the transfer of housing management services back in-house and deputising Director duties.

AGREED (unanimously) that the content of the Pay Policy Statement for 2020/21 be recommend to the Full Council for approval.

Reason for Decision

To ensure compliance with Section 38 (1) of the Localism Act 2011.

85 FERNWOOD VILLAGE HALL ASSET TRANSFER REQUEST

The Chief Executive presented a report which sought approval to transfer Fernwood Village Hall to Fernwood Parish Council under asset transfer powers, as detailed in the Council's Asset Transfer - Corporate Principles Policy.

It was reported that Fernwood Parish Council was granted a 40 year lease by the District Council in 2008 and had managed the village hall as per the terms of the lease exceptionally well throughout its tenure. In the last 12 months the Parish Council had improved the sustainability of the hall by improving the heating system and introducing photo-voltaic cells to the roof to reduce energy consumption and improve the buildings green credentials. The hall was an important part of the Fernwood community and served as a focal point and hub facility for a wide range of community-focussed activities. Fernwood Parish Council had now formally approached the District Council to request the transfer of the freehold interest in the building following resolution at its Full Council meeting on 16th September 2019.

AGREED (unanimously) that

(a) Fernwood Village Hall be transferred to Fernwood Parish Council under asset transfer powers as detailed in the Council's Asset Transfer - Corporate Principles Policy; and

(b) the Director – Communities & Environment be given delegated authority to progress the transfer.

Reason for Decision

To ensure that corporate principles are followed to guide the consideration of the transfer of community assets.

86 CASTLE HOUSE CONCESSIONS POLICY

The Business Manager – Financial Services Committee presented a report which set out a proposed Castle House Concessions Policy. The Council had developed a Castle House Concessions Policy, appended to the report, in order to ensure a transparent process of approving concessions for partners within the building.

The Policy sought applicants where they were non-public sector bodies for renewal on an annual basis. Applicants would be assessed against three levels of criteria:

- Did the aims of the organisation and its approach generally fit with the Council's Community Plan?
- Did the organisation have a sufficient financial challenge that it is unlikely that they could pay the full price of a desk licence?
- Did the organisation have a track record of effective delivery of services?

Where all of these criteria were met the S151 Officer would have discretion to award a maximum of 50% concession, with awards at 25% or 10% respectively also based on their assessment of the financial information. The Council's Senior Leadership Team would then determine the final concession award.

AGREED (unanimously)that the Policy, as attached at Appendix A to the report, be recommended to Full Council for approval, and delegated authority to agree concessions for partners at Council House within the scope of the policy be granted to Chief Officers in accordance with the general delegation to Chief Officers under the Councils' Constitution.

Reason for Decision

In order to support our partners and ensure that their co-location at Castle House does not compromise their sustainability.

87 GENERAL FUND, HRA AND CAPITAL PROJECTED OUTTURN REPORT TO 31 MARCH 2020 AS AT 31 DECEMBER 2019

The Business Manager – Financial Services presented a report which compared the revised budgets for the General Fund Revenue, Housing Revenue Account and Capital Programme, for the period ending 31 March 2020, with the Projected Outturn forecast for the period based on three quarters performance information.

The accounts showed a projected favourable variance against the revised budget of £0.514m on service budgets, with an overall favourable variance of £0.363m. The main variations from the revised budgets were detailed in the report. The report also summarised the position for the Capital Programme up to the end of December 2019 and was split between the General Fund and Housing Revenue Account.

AGREED (unanimously) that:

(a) the General Fund projected favourable outturn variance of £0.514m be noted;

(b) the Housing Revenue Account projected favourable outturn variance of £0.052m be noted;

(c) the variations to the Capital Programme at Appendix B be approved; and

(d) the Capital Programme projected outturn and financing of £30.953m be noted.

Reason for Decision

To update Members with the forecast position for the 2019/20 financial year.

88 2020/21 PROPOSED GENERAL FUND REVENUE BUDGET

The Business Manager – Financial Services presented a report which enabled Members to consider spending proposals and recommendations to the Council for the budget in 2020/2021. The budget proposals had been formulated in accordance with the framework set out in the Council’s Constitution with the initial report having being presented to the Policy Committee on 27 June 2019. The proposed budget sought to allocate resources in order to ensure the delivery of the refreshed Community Plan.

The Local Government Finance Settlement provided key figures for Government Grant that formed part of the Council's budget. The provisional settlement was announced on 20 December 2019 and was confirmed on 6 February 2020 as £3.762m. This was an increase of 1.6% compared to 2019/20.

The report had been prepared by the Resources Directorate in conjunction with the appropriate Committees and relevant budget holders. In accordance with the

Constitution, all Members, Directors and Business Unit Managers had been involved with the preparation of the budget.

AGREED (with 6 votes for and 1 abstention) that:

a) the Committee notes the Community Plan in Appendix B and Employee Plan in Appendix C; and

b) the Committee recommends to the Full Council at its meeting on 9 March 2020 that:

i. the following amounts be now calculated by the council for the 2020/21 financial year, in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011:

1. £48,168,720 being the aggregate of the amounts which the council estimates for items set out in Section 31A(2)(a) to (f) of the Act (the District Council's gross expenditure for 2020/21);

2. £34,664,330 being the aggregate of the amounts which the council estimates for the items set out in Section 31A(3)(a) to (d) of the Act (the District Council's gross income for 2020/21); and

3. £13,504,380 being the amount by which the aggregate at (b)(i) above exceeds the aggregate at (b)(ii) above, calculated by the council, in accordance with Section 31A(4) of the Act, as its Net Budget Requirement for the year;

ii. the figures shown as i.1. and i.3. above to be increased only by the amount of Parish Precepts for 2020/21;

iii. the budget amounts included in the report be the council's budget for 2020/21; and

iv. the fees and charges shown in Appendices E to Y be implemented with effect from 1 April 2020.

Reason for Decision

To enable Policy & Finance Committee to make recommendations to Full Council of the amounts to be calculated in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 for the purposes of setting Council Tax levels for the year 2020/21.

89 2020/21 TO 2023/24 MEDIUM TERM FINANCIAL PLAN

The Business Manager – Financial Services presented a report concerning the Medium Term Financial Plan (MTFP) for 2020/21-2023/24. A copy of the MTFP was attached as an appendix to the report.

The MTFP provided members and officers with a clear financial framework for delivering the Council's Community Plan objectives over the next four financial years and maintaining the Council's MTFP was an essential pre-requisite to the annual budget setting process for future years. The MTFP demonstrated that the Council was able to set a balanced budget for 2020/21, though would need to raise additional income to pay for service delivery in future years. Members' attention was drawn to the financial projections contained within the appendix to the report.

AGREED (with 6 votes for and 1 abstention) that the Committee recommends the 2020/21 to 2023/24 Medium Term Financial Plan (MTFP) for approval by the Full Council at their meeting to be held on 9 March 2020.

Reason for Decision

To provide a framework to support the Council's future spending plans.

90 CAPITAL PROGRAMME BUDGET 2020/21 TO 2023/24

The Business Manager – Financial Services presented a report which detailed the available capital resources, the Council's existing committed Programme and the priority schemes identified. In accordance with Financial Regulations the Policy & Finance Committee was required to consider the Capital Programme and recommend to Council the final Programme on 9 March 2020.

In respect of the general fund capital expenditure the Council intended to spend £39.727m from 2020/21 to 2023/24 on the schemes as set out in Appendix A to the report. In respect of the Housing Revenue Account expenditure the Council intended to spend £56.471m from 2020/21 to 2023/24. This was made up of £21.398m on existing property investment and £35.073m on Affordable Housing. The HRA property investment and development programme were set out in Appendix B to the report.

AGREED (unanimously) that the General Fund schemes set out at Appendix A to the report and the Housing Services schemes set out at Appendix B to the report are recommended to Full Council on 9 March 2020 as committed expenditure in the Capital Programme for 2020/21 – 2023/24.

Reason for Decision

To enable the Capital Programme to be considered by the Policy & Finance Committee in accordance with Financial Regulation 6.2.3 prior to its submission to Council.

91 32 STODMAN STREET, NEWARK

The Committee considered the report of the Director - Growth & Regeneration regarding the decision to purchase the former Marks & Spencer's unit at 32 Stodman Street, Newark.

AGREED (unanimously) that the urgency decision taken to purchase 32 Stodman Street, as detailed at the Appendix to the report, be noted.

Reason for Decision

To formally capture the decision to purchase of 32 Stodman Street.

92 LEGIONELLA COMPLIANCE WORKS

In accordance with Section 100(B)(4)(b) of the Local Government Act 1972, the Chairman agreed to take this item as a late item of business in order to put in place the funding to ensure the Council could proceed with the required legionella compliance.

The Committee considered the report of the Deputy Chief Executive, Director – Resources and S151 Officer which sought approval for additional budget to undertake capital works to the Council's estate in response to Health and Safety Executive (HSE) changes regarding legionella compliance.

Following changes to the HSE Approved Code of Practice there was now a requirement for the Council to undertake Legionella Risk Assessments in significantly more detail and to a greater risk mitigation level than was previously the case. The Council's Asset Management Team had completed an audit of all Council owned sites and had identified a range of additional compliance works required. Some works, including Active4Today sites, had been completed, and others were required to be done as soon as practically possible.

AGREED (unanimously) that:

(a) an increase to the Council's Capital Programme for 2019/2020 by £135,060 in order to allow compliance works to be implemented without delay be approved;

(b) the General Fund Revenue Budget for 2020/21 be increased by £19,000 and include this within the base budget for years thereafter.

Reason for Decision

The works identified were necessary to ensure that the Council remains compliant with the HSE Approved Code of Practice.

Meeting closed at 6.36 pm.

Chairman

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NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Planning Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts, NG24 1BY on Tuesday, 4 February 2020 at 4.00 pm.

PRESENT:	Councillor R Blaney (Chairman) Councillor I Walker (Vice-Chairman) Councillor L Brazier, Councillor M Brock, Councillor M Brown, Councillor L Dales, Councillor Mrs M Dobson, Councillor L Goff, Councillor R Holloway, Councillor J Lee, Councillor Mrs P Rainbow, Councillor M Skinner, Councillor T Smith and Councillor K Walker
APOLOGIES FOR ABSENCE:	Councillor Mrs Y Woodhead

155 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

Councillors L Dales, J Lee and I Walker declared personal interests as they were Council's appointed representatives on the Trent Valley Internal Drainage Board.

Councillor M. Skinner declared a personal interest in agenda Item 5 as he was a Director of Active4Today.

Councillor R. Holloway declared a personal interest in agenda Item 8 as she was a member of the Parish Council but had not attended the Parish Council meeting that had considered the application.

Councillor M. Dobson declared a non-pecuniary interest in agenda Item 11 as she was a Nottinghamshire County Councillor.

Councillor K. Walker declared a personal interest in agenda Item 11 as he was a Nottinghamshire County Councillor.

156 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

The Chairman informed the Committee that the Council was undertaking an audio recording of the meeting and live screening on social media was being broadcast.

157 MINUTES OF THE MEETING HELD ON 14 JANUARY 2020

AGREED that the minutes of the meeting held on 14 January 2020 be approved as a correct record and signed by the Chairman.

158 LAND AT LORD HAWKE WAY AND BOWBRIDGE ROAD, NEWARK 19/01790/FULM

The Committee considered the report of the Business Manager – Planning Development, which sought full planning permission for the erection of 87 market residential properties divided into 15 different house types as summarised in the report.

Newark Town Councillor Jane Olsen was in attendance to address the Committee in objection to the application in accordance with the views of Newark Town Council as detailed in the report to Members.

Members considered the application and were in general support of applications for housing development, due to the housing need within the District, however, they did not believe that this was an appropriate site or proposed design. Members echoed the concerns raised by Nottinghamshire County Council and Highways regarding a shortage of parking spaces on site and potential flooding and drainage issues. Members were also concerned about the cumulative impact the development would have on traffic in the area, and particularly on Bowbridge Road which they felt was already congested. It was therefore proposed and seconded that the application be refused, contrary to officer recommendation.

Other Members felt that it would be preferable to defer the application, to enable the applicant to address the issues highlighted and provide further information on the viability of the site in relation to the number of properties proposed. It was proposed and seconded that the application be deferred. On being put to the vote, and motion to defer the application fell.

AGREED (10 for, 4 against) that contrary to Officer recommendation planning permission be refused due to the proposal resulting in on-street parking to the detriment of other users of the highway due to insufficient off-street parking spaces being provided. In addition, the layout of the development would require soakaways under the carriageway as shown on drawing DR-C-0001-P1 which is not an acceptable system of drainage. The proposal is therefore contrary to Policy DM5 of the allocations & Development Management Development Plan 2013.

In accordance with paragraph 12.5 of the Planning Protocol, as the motion was against officer recommendation, a recorded vote was taken.

Councillor	**Vote**
R. Blaney	Against
L. Brazier	For
M. Brock	For
M. Brown	For
L. Dales	For
M. Dobson	For
L. Goff	For
R. Holloway	Against
J. Lee	For
P. Rainbow	Against
M. Skinner	For
T. Smith	For
I. Walker	Against
K. Walker	For
Y. Woodhead	Absent

Councillor J. Lee left after the consideration of this item.

159 SOUTHWELL RACECOURSE, STATION ROAD, ROLLESTON 19/01824/S73M

The Committee considered the report of the Business Manager – Planning Development, which sought the full planning permission for the variation of conditions 4 and 5 attached to 17/01268/FULM which related to planning permission for the erection of directional lighting (55 columns). The purpose of the columns would provide floodlighting to the racecourse to allow races to take place until 21:30hours. No additional meetings were proposed per year.

It was noted that Southwell Town Council had objected to the application due to the increased lighting pollution that the application would create. However, Members were minded to support the application, as the additional lighting was only a small proportion of lighting on the site that would be lit for a short time after events and was required for the health and safety of site users.

AGREED (12 for, 1 Abstention) that full planning permission be approved subject to the conditions and reasons contained within the report.

160 CHERRY VIEW, BILSTHORPE ROAD, EAKRING 19/01701/FUL

The Committee considered the report of the Business Manager – Planning Development following a site inspection, which sought the erection of one, three bed detached dwelling.

A schedule of communication was tabled at the meeting which detailed correspondence received after the Agenda was published from Eakring Parish Council who had no objections to the new plans.

Members heard that the application had been brought to Committee due to objections from the Conservation Officer which differed to the opinion to approve the application from the Planning Officer. Members agreed that the proposed design was of high quality and did not feel that the proposed development would harm the area.

AGREED (unanimously) that planning permission be approved subject to the conditions and reasons contained within the report.

161 LAND OFF OLDBRIDGE WAY, BILSTHORPE 19/01858/FULM (MAJOR)

The Committee considered the report of the Business Manager – Planning Development, which sought full planning permission for the residential development of the site for one hundred and twenty, two storey dwellings. The schedule of accommodation was contained within the report.

A schedule of communication was tabled at the meeting which detailed correspondence received after the Agenda was published from Nottinghamshire County Council Highways which included comments on the proposed development and additional conditions to include should planning permission be granted.

Members heard that there was an extant reserved planning permission due to expire in December 2020. The revised scheme included 7 additional units and provision of 'low cost housing' rather than affordable housing. The Local Ward Member spoke in objection to the application, due to the design and density of the proposed application. Members also considered the provision of 'low cost housing' rather than affordable housing noting that many of the units did not comply with national space standards or the full parking/layout requirements of the Highways Officer.

AGREED (7 for, 5 against and 1 abstention) that contrary to Officer recommendation planning permission be refused as the proposal does not provide for the necessary affordable housing contributions in a form promoted by the Development Plan. Alternately, low costs homes are proposed. 7 additional dwellings within the open countryside outside of the main built up area of Bilsthorpe, above and beyond a current fall-back position which currently exists up to December 2020 would also be contrary to the Development Plan. The proposal is therefore contrary to the aim of promoting a sustainable pattern of development within the District and is therefore considered to represent unsustainable development.

In accordance with paragraph 12.5 of the Planning Protocol, as the motion was against officer recommendation, a recorded vote was taken.

Councillor	**Vote**
R. Blaney	Against
L. Brazier	For
M. Brock	For
M. Brown	For
L. Dales	Against
M. Dobson	For
L. Goff	For
R. Holloway	For
J. Lee	Absent
P. Rainbow	Against
M. Skinner	Abstention
T. Smith	For
I. Walker	Against
K. Walker	Against
Y. Woodhead	Absent

162 LAND OFF CALIFORNIA ROAD, FARNDON 19/01946/FUL

The Committee considered the report of the Business Manager – Planning Development following a site inspection, which sought one, one bed bungalow and associated tree works; removal of T1 and T2 and remedial pruning of crown up to 1.5 metres to T3.

The attention of Members' was drawn to a revised plan for the site, which had been received just prior to the Committee meeting and was therefore not included on the schedule of communication. Members considered the revised plan as part of the Officer presentation and considered the impact on neighbouring dwellings to be more acceptable as a result.

The Local Ward Member supported Farndon Parish Council in objection to the proposed development due to loss of parking provision and risk of increased street parking which would be detrimental to the bus route through the village. Other Members felt that the proposed site was not suitable for development.

AGREED (8 for, 4 against and 1 abstention) that contrary to Officer recommendation planning permission be refused due to the proposal failing to make adequate provision for the parking of vehicles off the public highway to mitigate the loss of a site that currently serves this purpose. Notwithstanding the views of the Highways Authority, an increased number of vehicles being parked on the public highway will result in an increase in the likelihood of danger to other users of the highway.

In accordance with paragraph 12.5 of the Planning Protocol, as the motion was against officer recommendation, a recorded vote was taken.

Councillor	**Vote**
R. Blaney	Against
L. Brazier	For
M. Brock	Abstention
M. Brown	For
L. Dales	For
M. Dobson	For
L. Goff	For
R. Holloway	Against
J. Lee	Absent
P. Rainbow	Against
M. Skinner	Against
T. Smith	For
I. Walker	For
K. Walker	For
Y. Woodhead	Absent

163 LAND OFF LOWER KIRKLINGTON ROAD, SOUTHWELL 19/01771/FULM

The Committee considered the report of the Business Manager – Planning Development, which sought to ascertain the views of the Planning Committee to inform an appeal regarding a proposed residential development for eighty dwellings at land off Lower Kirklington Road, Southwell.

A schedule of communication was tabled at the meeting which detailed correspondence received after the Agenda was published from the Planning Inspectorate and Marron Planning, on behalf of the appellant, relating to the date of the Hearing, timetable and amended plans submitted, removing the roundabout and replacing with a traffic light control signal junction.

Southwell Town Councillor Peter Scorer was in attendance to address the Committee representing the views of Southwell Town Council, querying the requirement from

Highways to include traffic lights at the junction with Kirklington Road.

Members considered the report and presentation from Officers, and that the site had been allocated for an indicative 60 dwellings with the potential for two separate accesses from Lower Kirklington Road, whilst the application was for a significantly higher number of properties on just a part of the allocation site and with only one access on to Lower Kirklington Road. Members felt strongly that as the proposed site formed part of the gateway to Southwell, traffic lights would not be suitable to manage the transition from open countryside to an urban area. It was also noted that there were no other traffic lights anywhere in Southwell.

AGREED (unanimously) that Members reaffirm the original decision and continue to object to the traffic light signal junction on the grounds of its harmful visual impact as a sole reason for objection/refusal.

164 DIVERSION OF SOUTHWELL FOOTPATH 69

The Committee considered the report of the Business Manager – Planning Development, which informed Members of an Order made by Nottingham County Council to divert part of Footpath 69 – Land between Shady Lane and Potwell Dyke, Lower Burgage, Burgage Lane, Southwell and invited representations and/or objections. Only through a formal objection could the District Council be a party to any process relating to the proposals. The report sought approval for the District Council to submit a formal objection.

The Committee discussed the proposed diversion but agreed that there did not appear to be a compelling reason to divert the footpath from the existing course.

AGREED (11 For, 2 Abstentions) that the Planning Committee endorses maintaining an objection to the diversion of Footpath 69.

165 APPEALS LODGED

AGREED that the report be noted.

166 APPEALS DETERMINED

AGREED that the report be noted.

Meeting closed at 5.54 pm.

Chairman

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit & Accounts Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts, NG24 1BY on Wednesday, 5 February 2020 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor Mrs B Brooks, Councillor M Brown, Councillor R Crowe and Councillor D Cumberlidge

APOLOGIES FOR ABSENCE: Councillor Mrs M Dobson (Committee Member)

24 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

That no Member or Officer declared any interest pursuant to any statutory requirement in any matter discussed or voted upon at the meeting.

25 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

26 MINUTES OF THE MEETING HELD ON 27 NOVEMBER 2019

that the Minutes of the meeting held on 27 November 2019 be approved as a correct record and signed by the Chairman.

27 TREASURY MANAGEMENT STRATEGY- 2020/21

The Committee considered the report for approval of the Treasury Management Strategy, which incorporates the Borrowing Strategy, Investment Strategy, and Treasury Prudential Indicators, updated in accordance with latest guidance.

AGREED that the Committee approves each of the following key elements and recommends these to Full Council on 9th March 2020 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

- The Treasury Management Strategy 2020/21, incorporating the Borrowing Strategy and the Annual Investment Strategy (Appendix A).
- The Treasury Prudential Indicators and Limits, contained within Appendix A.
- The Authorised Limit Treasury Prudential Indicator contained within Appendix A.

28 CAPITAL STRATEGY 2020/21

The Committee considered the report for approval to the Capital Strategy 2020/21, this incorporates the Minimum Revenue Provision Policy and Capital Prudential

Indicators, updated in accordance with latest guidance.

AGREED that the Committee approves each of the following key elements and recommends these to Full Council on 9th March 2020 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

- The Capital Strategy 2020/21 Appendix A.
- The Capital Prudential Indicators and Limits for 2020/21, contained within Appendix A.
- The Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix C, which sets out the Council's policy on MRP.
- The Flexible Use of Capital Receipts Strategy, contained with Appendix D.

29 INVESTMENT STRATEGY 2020/21

The Committee considered the Investment Strategy for 2020/21, meeting the requirements of statutory guidance issued by MHCLG Investment Guidance in January 2018.

AGREED that the Committee approves each of the following key elements and recommends these to Full Council on 9th March 2020 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

- The Investment Strategy 2020/21, contained within Appendix A.
- The Investment Prudential Indicators and Limits, contained within Appendix A.

30 INTERNAL AUDIT PROGRESS REPORT 2019/20

The new Internal Audit Manager for Assurance Lincolnshire introduced herself to the meeting and her colleague presented the Internal Audit Progress report to Committee members.

The Committee were informed that the Council had freehold ownership of the following Community Centres at:

- Rainworth
- Fernwood
- The Bridge
- Hawtonville

Other Community Centres in the district having been the responsibility of Newark and Sherwood Homes.

AGREED the Committee accepted the latest internal audit progress report.

31 INTERNAL AUDIT PLAN 2020/21

The Internal Audit Plan (Appendix A) sets out the proposed work of Internal Audit for 2020/21.

AGREED approval of the Internal Audit Plan.

32 COMBINED ASSURANCE REPORT

The Committee considered the Combines Assurance Report covering the period up to the end of January 2020.

The Committee discussed the report referring to the Strategic Risks, with respect to Corporate Governance, noting a decline. Members were informed that this would be addressed in Q4.

The Committee was informed that risk assessments were being chased from departments and that new software to be implemented going forward.

AGREED approval of the Combined Assurance report.

33 REVIEW OF INDEPENDENT MEMBERS APPOINTMENT

The Committee considered the report of the Business Manager- Financial Services, to consider the appointment of an Independent Member to the Audit and Accounts Committee as per the CIPFA Best Practice Guidance. The appointment had been a highlighted action following the self- assessment exercise at the Committee meeting on 27 November 2019. The report before Members detailed CIPFA guidance on appointing an independent member, the benefits this could bring to the Committee, as well as cautionary reasons.

AGREED that the Committee reviewed and discussed the proposal to co-opt an independent member onto the Committee and all agreed not to have an Independent Member on the Audit & Accounts Committee.

34 REVIEW OF SIGNIFICANT GOVERNANCE ISSUES HIGHLIGHTED IN THE ANNUAL GOVERNANCE STATEMENT

The Committee considered the report of the Business Manager- Financial Services providing an update on the significant governance issues identified in the Annual Governance Statement. The report to Members heighted the issues and associated work undertaken.

AGREED the Committee noted the results of the review of significant governance issues as identified in the Annual Governance Statement.

35 RISK MANAGEMENT REPORT

The Safety and Risk Management Officer was in attendance to report to Members on the Council's Risk Management arrangements and the status of the Council's Strategic Risks. The annual strategic risk workshop had been undertaken in July 2019 with SLT during which the Register had been reviewed. The last audit of the Council's Risk Management arrangements, carried out by Assurance Lincolnshire in 2018, identified a substantial level of confidence in service delivery, management of risks and operation of controls and/or performance.

The Council's Risk Management Group meet on a quarterly basis and the Risk Management Policy is due to be reviewed in April 2020. It was also noted that Internal Audit were undertaking a programmed audit of the Council's risk management systems.

AGREED that the Committee had noted the Council's approach to risk management and the status of the Council's strategic risks.

36 AUDIT COMMITTEE WORK PLAN

The Committee noted the Work Plan and requested that S106 Internal Audit be discussed at next meeting with a representative to attend.

37 DATE OF NEXT MEETING

The next meeting would be held on Wednesday 22 April 2020.

Meeting closed at 10.58 am.

Chairman