NEWARK & SHERWOOD
DISTRICT COUNCIL

Castle House
Great North Road
Newark
NG24 1BY

Tel: 01636 650000
www.newark-sherwooddc.gov.uk

Monday, 1 March 2021

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

To all Members of the Council:

MEETING:	**Full Council**
DATE:	**Tuesday, 9 March 2021 at 6.00 pm**
VENUE:	**Broadcast from the 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.

Attendance at this meeting and public access will be by remote means due to the Covid-19 Pandemic. Further details to enable remote access will be forwarded to all parties prior to the commencement of the meeting.

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

AGENDA

Page Nos.

Remote Meeting Details

This meeting will be held in a remote manner in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

The meeting will be live streamed on the Council's social media platforms to enable access for the Press and Public.

18. Notices of Motion (if any)

19. Minutes for Noting

20. 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.

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Full Council** broadcast from the Civic Suite, Castle House, Great North Road, Newark, Nottinghamshire, NG24 1BY on Tuesday, 9 February 2021 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 S Carlton, Councillor B Clarke-Smith, Councillor M Cope, Councillor Mrs R Crowe, Councillor D Cumberlidge, Councillor Mrs L Dales, Councillor Mrs G Dawn, Councillor Mrs M Dobson, Councillor K Girling, Councillor L Goff, Councillor P Harris, Councillor Mrs R Holloway, Councillor Mrs L Hurst, Councillor R Jackson, Councillor B Laughton, Councillor J Lee, Councillor D Lloyd, Councillor Mrs S Michael, Councillor N Mison, 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, Councillor R White and Councillor Mrs Y Woodhead

APOLOGIES FOR ABSENCE: Councillor Mrs K Arnold and Councillor M Brown

This meeting was held remotely, in accordance with the Local Authorities and Police & Crime Panels (Coronavirus) (Flexibility of Local Authority and Police & Crime Panel Meetings) (England & Wales) Regulations 2020.

101 MINUTES FROM THE MEETING HELD ON 15 DECEMBER 2020

AGREED that that minutes of the meeting held on 15 December 2020 be approved as a correct record and signed by the Chairman.

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

There were no declarations of interest and the Council noted the interests previously declared by Members in Agenda Item No. 13 – Minutes for Noting.

103 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 and the Chairman advised that the meeting was being streamed live.

104 2021/22 HOUSING REVENUE ACCOUNT (HRA) BUDGET AND RENT SETTING

The Council considered the joint report of the Deputy Chief Executive, Director – Resources and Section 151 Officer and Director – Housing, Health & Wellbeing which sought approval of the Housing Revenue Account (HRA) budget for the 2021/22 financial year and proposed changes in rent levels and service charge levels for

2021/22.

The Policy & Finance Committee, at their meeting held on 21 January 2021, recommended approval of the HRA budget for 2021/2022, financial plan to 2024/25 and proposed changes in rent and service charge levels for 2021/22. These were detailed in Appendix A to the report.

Councillor T Wendels, as Chairman of the Homes & Communities Committee, confirmed his support for the recommendation of an increase of 1.5% (Consumer Price Index (CPI) + 1%) in the 2021/22 rents of all properties in the HRA. The proposed increase would provide funds to build new homes and fulfil the needs of the current and future tenants. He added that the district wide housing need survey had identified a need of 243 new homes per year, over the next four years.

AGREED (unanimously) that:

(a) the Housing Revenue Account (HRA) budget for 2021/22, as set out in Appendix A1 to the report, be approved;

(b) an increase of 1.5% (Consumer Price Index (CPI) + 1%) in the 2021/22 rents of all properties in the HRA as at 31 March 2021, be approved;

(c) an increase of 1.5% (CPI + 1%) in all 2021/22 service charges, except for the television (TV) licence costs payable by tenants of Gladstone House, be approved; and

(d) that the TV licence costs payable by tenants of Gladstone House in 2021/22 remain at £0.21 per week.

105 CHANGE IN COMMITTEE MEMBERSHIP

The Council considered the report of the Chief Executive which proposed a change to the membership of the Homes & Communities Committee.

AGREED (unanimously) that Councillor Robert Crowe replace Councillor Mrs S. Saddington on the Homes & Communities Committee.

106 PROPOSED CHANGES TO THE CONSTITUTION - FINANCIAL POLICIES AND PROCEDURES

The Council considered the report of the Director – Resources, Deputy Chief Executive and Section 151 Officer which set out proposed amendments to a number of financial policies and procedures which formed part of the Council's Constitution.

A number of financial policies and procedures were due for review and a report was presented to the Councillors Commission at their meeting held on 11 January 2021, which recommended updates to the various documents detailed below. The Commission recommended all of these changes to the Full Council for approval.

The policies concerned were the Anti-Fraud and Corruption Strategy; Anti-Money

Laundering Policy; Guidance for Dealing with Irregularities; Financial Procedure Rules; and Contract Procedure Rules.

AGREED (unanimously) that the refreshed policies and procedures as detailed in the report, as recommended by the Councillors' Commission, be approved and updated in the Council's Constitution.

Councillor L Brailsford joined the meeting during consideration of this item.

107 MINUTES FOR NOTING

108 POLICY AND FINANCE COMMITTEE- 21 JANUARY 2021

Minute No. 180 – E-Newsletters

Councillor P. Harris stated that despite making savings by introducing E-Newsletters, the Council needed to recognise that not everyone had access to electronic devices. He asked how many households in the District had no access to electronic equipment.

Councillor D. Lloyd advised that the proposed introduction of E-Newsletters had been considered by both the Homes & Communities and Policy & Finance Committees and provision could be made for hard copies to tenants and residents if required. A review of the implementation of the scheme would also be undertaken.

Councillor B Laughton added that all residents can access electronic devices in public libraries.

109 ECONOMIC DEVELOPMENT COMMITTEE- 13 JANUARY 2021

110 HOMES AND COMMUNITIES COMMITTEE- 18 JANUARY 2021

Minute No. 99 – Update on the delivery of the Safer Streets Initiative

Councillor L Goff welcomed the progress being made in respect of the targeted hardening at Chatham Court Estate and the proposal for a Community Hub.

Councillor T Wendels welcomed these comments and added that this was a fantastic initiative. He thanked the local Ward Members who had been involved in the development of this project, and the officers for implementing.

111 LEISURE AND ENVIRONMENT COMMITTEE- 19 JANUARY 2021

Minute No. 91 – Southwell Leisure Centre Trust Update

Councillor P Harris stated that there was no exempt information contained in the report considered by the Committee and advised that the information had in fact been made public as part of budget information. He added that the only reason for exemption was because the Trust had requested this be debated in private.

Councillor R Jackson advised that information relating to the Trust would be considered in open session when appropriate to do so.

112 PLANNING COMMITTEE- 12 JANUARY 2021

Minute No. 294 – 14 Chatham Court, Newark (20/02000/FUL)

Councillor L. Goff, on behalf of the tenants of Chatham Court, thanked the Planning Committee for approving this application for the Community Hub, stating that the hub would be a success for residents.

Councillor R. Blaney confirmed that the Committee decision had been unanimous.

113 SHAREHOLDER COMMITTEE- 8 DECEMBER 2020

113 COUNCILLORS COMMISSION - 11 JANUARY 2021

Meeting closed at 6.32 pm.

Chairman

COUNCIL MEETING – 9 MARCH 2021

REVENUE BUDGET AND COUNCIL TAX SETTING FOR 2021/2022

1.0 The Council is required by the *Local Government Finance Act 1992* to set a Council Tax for 2021/2022.

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 2021/2022 it is necessary to consider the requirements of the Council Tax Collection Fund for 2021/2022. 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 22 February 2021, recommended that the District Council's Council Tax Requirement for 2021/2022, excluding Parish Council precepts, should be £15,917,480.00 as detailed in the Council's Budget Book for 2021/2022.

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-i in this report.

7.0 All Parish Council precepts have now been received. Parish precepts total £3,237,196.84. Consequently the total Council Tax Requirement for the District Council is £19,154,676.84 (ie £15,917,480 plus £3,237,196.84) (recommendations 3(c) and 3(i)). Individual Parish Council precepts are shown in the table below.

	PARISH	**PRECEPT 2021-22 £**
1	Alverton	-
2	Averham	*
3	Balderton	318,570.00
4	Barnby in the Willows	3,630.00
5	Bathley	1,520.00
6	Besthorpe	7,292.00
7	Bilsthorpe	70,831.00
8	Bleasby	17,958.00
9	Blidworth	77,410.00
10	Bulcote	7,000.00
11	Carlton-on-Trent	3,335.00

	Parish	Precept 2021-22 £
12	Caunton	6,120.00
13	Caythorpe	4,000.00
14	Clipstone	156,320.00
15	Coddington	15,728.00
16	Collingham	44,020.00
17	Cotham	-
18	Cromwell	1,050.00
19	Eakring	4,417.00
20	East Stoke	****
21	Edingley	10,800.00
22	Edwinstowe	142,000.00
23	Egmanton	2,500.00
24	Elston	27,000.00
25	Epperstone	15,516.00
26	Farndon	56,018.00
27	Farnsfield	84,800.00
28	Fiskerton-cum-Morton	8,150.00
29	Girton and Meering	1,202.00
30	Gonalston	-
31	Grassthorpe	-
32	Gunthorpe	20,182.00
33	Halam	4,000.00
34	Halloughton	100.00
35	Harby	5,399.00
36	Hawton	1,250.00
37	Hockerton	3,500.00
38	Holme	-
39	Hoveringham	13,102.00
40	Kelham	*
41	Kersall	**
42	Kilvington	-
43	Kirklington	6,400.00
44	Kirton	6,000.00
45	Kneesall	**
46	Langford	***
47	Laxton & Moorhouse	4,600.00
48	Lowdham	78,360.00
49	Lyndhurst	-
50	Maplebeck	-
51	Meering	-
52	Newark	993,000.00
53	North Clifton	1,787.00
54	North Muskham	17,529.00
55	Norwell	8,400.00
56	Ollerton and Boughton	435,735.00

	Parish	Precept 2021-22 £
57	Ompton	**
58	Ossington	-
59	Oxton	14,950.00
60	Perlethorpe-cum-Budby	1,800.00
61	Rainworth	64,375.00
62	Rolleston	6,750.00
63	Rufford	4,000.00
64	South Clifton	2,500.00
65	South Muskham	13,064.00
66	South Scarle	4,900.00
67	Southwell	242,567.00
68	Spalford	-
69	Staunton	-
70	Staythorpe	*
71	Sutton-on-Trent	25,421.00
72	Syerston	550.00
73	Thorney	2,400.00
74	Thorpe	****
75	Thurgarton	10,495.00
76	Upton	7,805.00
77	Walesby	40,300.00
78	Wellow	5,964.00
79	Weston	4,331.00
80	Wigsley	-
81	Winkburn	-
82	Winthorpe	***
83	Fernwood	71,619.00
84	Kings Clipstone	9,500.00

Parishes Grouped For Precept Purposes

*	Averham, Kelham, Staythorpe	3,570.00
**	Kneesall, Kersall, Ompton	2,235.84
***	Winthorpe, Langford	8,569.00
****	East Stoke, Thorpe	3,000.00
	Total	**3,237,196.84**

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 £9,870,600.00 for 2021/22 and are shown as recommendation 3(d).

9.0 In setting the level of Council Tax for 2021/2022, it is necessary to assess if any adjustment is necessary due to the level of Council Tax collection prior to 2021/2022. 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, 2021, as required by the Regulations, and it is considered that there is a surplus on the Council Tax Collection Fund and therefore an adjustment is necessary to the level of Council Tax for 2021/2022 in respect of the Council Tax Collection Fund.

9.1 Any surplus on the Collection Fund has, by law, to be apportioned between the District Council, the County Council, the Police Authority and the Fire Authority in proportion to their respective calls on the Collection Fund for the previous year. The surplus apportioned to each organisation must be returned directly to the taxpayer in the form of a reduction in Council Tax. It cannot be spent by the Council.

9.2 The proportion of the surplus due to Newark & Sherwood District Council is £411,640, this reduction is shown at recommendation 3 (e).

10.00 The amount shown in recommendation 3(f) of £1,646,500.00 is the amount that the Council has determined to contribute to usable reserves.

11.00 The amount shown in recommendation 3(g) of £7,281,740 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 £182.03 as shown in recommendation 3(h).

13.0 There are no District Council Special Expenses for 2021/2022. The amount shown in recommendation 3(i) of £3,237,196.84 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 2021/2022 of £63,237,241.00, equivalent to a Band D Council Tax of £1,580.85. 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 2021/2022 of £9,770,900.73, equivalent to a Band D Council Tax of £244.26. 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 2021/2022 of £3,318,170.03 equivalent to a Band D Council Tax of £82.95. Council Tax figures for each Band are set out in recommendation 6.

21.0 The total recommended levels of Council Tax for 2021/2022 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
£	£	£	£	£	£	£	£
121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06

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 2021/22, 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
£	£	£	£	£	£	£	£
1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18

25.0 <u>RECOMMENDATIONS</u> that:

1. the revenue estimates for 2021/2022 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 2021/2022 in accordance with regulations made under Section 31(B) of the Local Government Finance Act 1992:-

(a) 40,002.05 **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) £43,566,848 **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	25.53
2	Averham	112.11
3	Balderton	3,066.71
4	Barnby in the Willows	103.33
5	Bathley	118.71
6	Besthorpe	78.65
7	Bilsthorpe	927.84
8	Bleasby	378.40
9	Blidworth	1,105.78
10	Bulcote	141.84
11	Carlton-on-Trent	94.56
12	Caunton	207.63
13	Caythorpe	141.95
14	Clipstone	1,571.42
15	Coddington	560.90
16	Collingham	1,185.59
17	Cotham	41.62
18	Cromwell	104.95
19	Eakring	190.01
20	East Stoke	60.30
21	Edingley	190.44
22	Edwinstowe	1,746.30
23	Egmanton	133.24
24	Elston	288.44
25	Epperstone	278.33
26	Farndon	823.06
27	Farnsfield	1,337.66
28	Fiskerton-cum-Morton	424.41
29	Girton and Meering	53.98
30	Gonalston	51.49
31	Grassthorpe	27.81
32	Gunthorpe	314.19
33	Halam	194.87
34	Halloughton	41.06
35	Harby	119.91
36	Hawton	31.41
37	Hockerton	93.67
38	Holme	39.23
39	Hoveringham	171.36
40	Kelham	87.58
41	Kersall	22.47
42	Kilvington	13.07
43	Kirklington	169.24
44	Kirton	116.99

	PARISH	TOTAL LOCAL TAX BASE
45	Kneesall	90.74
46	Langford	40.65
47	Laxton & Moorhouse	115.13
48	Lowdham	1,009.94
49	Lyndhurst	7.22
50	Maplebeck	46.63
51	Meering	-
52	Newark	8,612.47
53	North Clifton	72.42
54	North Muskham	412.11
55	Norwell	215.47
56	Ollerton and Boughton	2,883.72
57	Ompton	22.39
58	Ossington	40.64
59	Oxton	272.72
60	Perlethorpe-cum-Budby	72.27
61	Rainworth	1,895.54
62	Rolleston	161.28
63	Rufford	234.42
64	South Clifton	125.37
65	South Muskham	197.16
66	South Scarle	90.83
67	Southwell	2,924.96
68	Spalford	35.49
69	Staunton	27.62
70	Staythorpe	40.38
71	Sutton-on-Trent	521.32
72	Syerston	90.92
73	Thorney	93.53
74	Thorpe	31.64
75	Thurgarton	235.03
76	Upton	192.49
77	Walesby	432.82
78	Wellow	188.22
79	Weston	139.97
80	Wigsley	47.53
81	Winkburn	35.47
82	Winthorpe	281.09
83	Fernwood	954.28
84	Kings Clipstone	122.13
	Total Rounded	40,002.05

PARISHES GROUPED FOR PRECEPT PURPOSES

	Averham, Kelham, Staythorpe	240.07
	Kneesall, Kersall, Ompton	135.60
	Winthorpe, Langford	321.74
	East Stoke, Thorpe	91.94

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 2021/2022 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:-

(a) £47,972,920.00 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) £32,055,440.00 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) £15,917,480.00 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) £9,870,600.00 being the amount of Government Grants (£2,304,790) and net retained Business Rates (£7,565,810) which the Council estimates will be payable for the year into its general fund;

(e) £411,640.00 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) £1,646,500.00 being the amount that the Council has determined to contribute to usable reserves;

(g) £7,281,740.00 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)	**£182.03**	**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)	**£3,237,196.84**	**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)	**£262.96**	**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	**182.03**
2	Averham	*
3	Balderton	**285.91**
4	Barnby in the Willows	**217.16**
5	Bathley	**194.83**
6	Besthorpe	**274.74**
7	Bilsthorpe	**258.37**
8	Bleasby	**229.49**
9	Blidworth	**252.03**
10	Bulcote	**231.38**
11	Carlton-on-Trent	**217.30**
12	Caunton	**211.51**
13	Caythorpe	**210.21**
14	Clipstone	**281.51**
15	Coddington	**210.07**
16	Collingham	**219.16**
17	Cotham	**182.03**
18	Cromwell	**192.03**
19	Eakring	**205.28**
20	East Stoke	****
21	Edingley	**238.74**
22	Edwinstowe	**263.34**
23	Egmanton	**200.79**
24	Elston	**275.64**
25	Epperstone	**237.78**
26	Farndon	**250.09**
27	Farnsfield	**245.42**
28	Fiskerton-cum-Morton	**201.23**
29	Girton and Meering	**204.30**
30	Gonalston	**182.03**
31	Grassthorpe	**182.03**

	Parish	Basic tax (£)
32	Gunthorpe	**246.27**
33	Halam	**202.56**
34	Halloughton	**184.47**
35	Harby	**227.06**
36	Hawton	**221.83**
37	Hockerton	**219.40**
38	Holme	**182.03**
39	Hoveringham	**258.49**
40	Kelham	*
41	Kersall	**
42	Kilvington	**182.03**
43	Kirklington	**219.85**
44	Kirton	**233.32**
45	Kneesall	**
46	Langford	***
47	Laxton & Moorhouse	**221.98**
48	Lowdham	**259.62**
49	Lyndhurst	**182.03**
50	Maplebeck	**182.03**
51	Meering	**182.03**
52	Newark	**297.33**
53	North Clifton	**206.71**
54	North Muskham	**224.56**
55	Norwell	**221.01**
56	Ollerton and Boughton	**333.13**
57	Ompton	**
58	Ossington	**182.03**
59	Oxton	**236.85**
60	Perlethorpe-cum-Budby	**206.94**
61	Rainworth	**215.99**
62	Rolleston	**223.88**
63	Rufford	**199.09**
64	South Clifton	**201.97**
65	South Muskham	**248.29**
66	South Scarle	**235.98**
67	Southwell	**264.96**
68	Spalford	**182.03**
69	Staunton	**182.03**
70	Staythorpe	*
71	Sutton-on-Trent	**230.79**
72	Syerston	**188.08**
73	Thorney	**207.69**
74	Thorpe	****
75	Thurgarton	**226.68**
76	Upton	**222.58**
77	Walesby	**275.14**

	Parish	Basic tax (£)
78	Wellow	**213.72**
79	Weston	**212.97**
80	Wigsley	**182.03**
81	Winkburn	**182.03**
82	Winthorpe	***
83	Fernwood	**257.08**
84	Kings Clipstone	**259.82**

PARISHES GROUPED FOR PRECEPT PURPOSES

	Parish	**Basic Tax (£)**
*	Averham, Kelham, Staythorpe	**196.90**
**	Kneesall, Kersall, Ompton	**198.52**
***	Winthorpe, Langford	**208.66**
****	East Stoke, Thorpe	**214.66**

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	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
2	Averham	*	*	*	*	*	*	*	*
3	Balderton	190.61	222.37	254.14	285.91	349.45	412.98	476.52	571.82
4	Barnby in the Willows	144.77	168.90	193.03	217.16	265.42	313.68	361.93	434.32
5	Bathley	129.89	151.53	173.18	194.83	238.13	281.42	324.72	389.66
6	Besthorpe	183.16	213.69	244.21	274.74	335.79	396.85	457.90	549.48
7	Bilsthorpe	172.25	200.95	229.66	258.37	315.79	373.20	430.62	516.74
8	Bleasby	152.99	178.49	203.99	229.49	280.49	331.49	382.48	458.98
9	Blidworth	168.02	196.02	224.03	252.03	308.04	364.04	420.05	504.06
10	Bulcote	154.25	179.96	205.67	231.38	282.8	334.22	385.63	462.76
11	Carlton-on-Trent	144.87	169.01	193.16	217.30	265.59	313.88	362.17	434.60

12	Caunton	141.01	164.51	188.01	211.51	258.51	305.51	352.52	423.02
13	Caythorpe	140.14	163.50	186.85	210.21	256.92	303.64	350.35	420.42
14	Clipstone	187.67	218.95	250.23	281.51	344.07	406.63	469.18	563.02
15	Coddington	140.05	163.39	186.73	210.07	256.75	303.43	350.12	420.14
16	Collingham	146.11	170.46	194.81	219.16	267.86	316.56	365.27	438.32
17	Cotham	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
18	Cromwell	128.02	149.36	170.69	192.03	234.70	277.38	320.05	384.06
19	Eakring	136.85	159.66	182.47	205.28	250.90	296.52	342.13	410.56
20	East Stoke	****	****	****	****	****	****	****	****
21	Edingley	159.16	185.69	212.21	238.74	291.79	344.85	397.90	477.48
22	Edwinstowe	175.56	204.82	234.08	263.34	321.86	380.38	438.90	526.68
23	Egmanton	133.86	156.17	178.48	200.79	245.41	290.03	334.65	401.58
24	Elston	183.76	214.39	245.01	275.64	336.89	398.15	459.40	551.28
25	Epperstone	158.52	184.94	211.36	237.78	290.62	343.46	396.30	475.56
26	Farndon	166.73	194.51	222.30	250.09	305.67	361.24	416.82	500.18
27	Farnsfield	163.61	190.88	218.15	245.42	299.96	354.50	409.03	490.84
28	Fiskerton-cum-Morton	134.15	156.51	178.87	201.23	245.95	290.67	335.38	402.46
29	Girton	136.20	158.90	181.60	204.30	249.70	295.10	340.50	408.60
30	Gonalston	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
31	Grassthorpe	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
32	Gunthorpe	164.18	191.54	218.91	246.27	301.00	355.72	410.45	492.54
33	Halam	135.04	157.55	180.05	202.56	247.57	292.59	337.60	405.12
34	Halloughton	122.98	143.48	163.97	184.47	225.46	266.46	307.45	368.94
35	Harby	151.37	176.60	201.83	227.06	277.52	327.98	378.43	454.12
36	Hawton	147.89	172.53	197.18	221.83	271.13	320.42	369.72	443.66
37	Hockerton	146.27	170.64	195.02	219.40	268.16	316.91	365.67	438.80
38	Holme	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
39	Hoveringham	172.33	201.05	229.77	258.49	315.93	373.37	430.82	516.98
40	Kelham	*	*	*	*	*	*	*	*
41	Kersall	**	**	**	**	**	**	**	**
42	Kilvington	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
43	Kirklington	146.57	170.99	195.42	219.85	268.71	317.56	366.42	439.70
44	Kirton	155.55	181.47	207.40	233.32	285.17	337.02	388.87	466.64
45	Kneesall	**	**	**	**	**	**	**	**
46	Langford	***	***	***	***	***	***	***	***
47	Laxton & Moorhouse	147.99	172.65	197.32	221.98	271.31	320.64	369.97	443.96
48	Lowdham	173.08	201.93	230.77	259.62	317.31	375.01	432.70	519.24
49	Lyndhurst	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
50	Maplebeck	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
51	Meering	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
52	Newark	198.22	231.26	264.29	297.33	363.40	429.48	495.55	594.66
53	North Clifton	137.81	160.77	183.74	206.71	252.65	298.58	344.52	413.42
54	North Muskham	149.71	174.66	199.61	224.56	274.46	324.36	374.27	449.12
55	Norwell	147.34	171.90	196.45	221.01	270.12	319.24	368.35	442.02

56	Ollerton and Boughton	222.09	259.10	296.12	333.13	407.16	481.19	555.22	666.26
57	Ompton	**	**	**	**	**	**	**	**
58	Ossington	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
59	Oxton	157.90	184.22	210.53	236.85	289.48	342.12	394.75	473.70
60	Perlethorpe-cum-Budby	137.96	160.95	183.95	206.94	252.93	298.91	344.90	413.88
61	Rainworth	143.99	167.99	191.99	215.99	263.99	311.99	359.98	431.98
62	Rolleston	149.25	174.13	199.00	223.88	273.63	323.38	373.13	447.76
63	Rufford	132.73	154.85	176.97	199.09	243.33	287.57	331.82	398.18
64	South Clifton	134.65	157.09	179.53	201.97	246.85	291.73	336.62	403.94
65	South Muskham	165.53	193.11	220.70	248.29	303.47	358.64	413.82	496.58
66	South Scarle	157.32	183.54	209.76	235.98	288.42	340.86	393.30	471.96
67	Southwell	176.64	206.08	235.52	264.96	323.84	382.72	441.60	529.92
68	Spalford	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
69	Staunton	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
70	Staythorpe	*	*	*	*	*	*	*	*
71	Sutton-on-Trent	153.86	179.50	205.15	230.79	282.08	333.36	384.65	461.58
72	Syerston	125.39	146.28	167.18	188.08	229.88	271.67	313.47	376.16
73	Thorney	138.46	161.54	184.61	207.69	253.84	300.00	346.15	415.38
74	Thorpe	****	****	****	****	****	****	****	****
75	Thurgarton	151.12	176.31	201.49	226.68	277.05	327.43	377.80	453.36
76	Upton	148.39	173.12	197.85	222.58	272.04	321.50	370.97	445.16
77	Walesby	183.43	214.00	244.57	275.14	336.28	397.42	458.57	550.28
78	Wellow	142.48	166.23	189.97	213.72	261.21	308.71	356.20	427.44
79	Weston	141.98	165.64	189.31	212.97	260.30	307.62	354.95	425.94
80	Wigsley	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
81	Winkburn	121.35	141.58	161.80	182.03	222.48	262.93	303.38	364.06
82	Winthorpe	***	***	***	***	***	***	***	***
83	Fernwood	171.39	199.95	228.52	257.08	314.21	371.34	428.47	514.16
84	Kings Clipstone	173.21	202.08	230.95	259.82	317.56	375.30	433.03	519.64

Parishes joint for Precept purposes

*	Averham, Kelham, Staythorpe	131.27	153.14	175.02	196.90	240.66	284.41	328.17	393.80
**	Kneesall, Kersall, Ompton	132.35	154.40	176.46	198.52	242.64	286.75	330.87	397.04
***	Winthorpe, Langford	139.11	162.29	185.48	208.66	255.03	301.40	347.77	417.32
****	East Stoke, Thorpe	143.11	166.96	190.81	214.66	262.36	310.06	357.77	429.32

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 2021/2022 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
£	£	£	£	£	£	£	£
1,053.90	1,229.55	1,405.20	1,580.85	1,932.15	2,283.45	2,634.75	3,161.70

5. it be noted for the year 2021/2022 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
£	£	£	£	£	£	£	£
162.84	189.98	217.12	244.26	298.54	352.82	407.10	488.52

6. it be noted for the year 2021/2022 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
£	£	£	£	£	£	£	£
55.30	64.52	73.73	82.95	101.38	119.82	138.25	165.90

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 2021/2022 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	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
2	Averham	1,403.31	1,637.19	1,871.07	2,104.96	2,572.73	3,040.50	3,508.27	4,209.92
3	Balderton	1,462.65	1,706.42	1,950.19	2,193.97	2,681.52	3,169.07	3,656.62	4,387.94

4	Barnby in the Willows	1,416.81	1,652.95	1,889.08	2,125.22	2,597.49	3,069.77	3,542.03	4,250.44
5	Bathley	1,401.93	1,635.58	1,869.23	2,102.89	2,570.20	3,037.51	3,504.82	4,205.78
6	Besthorpe	1,455.20	1,697.74	1,940.26	2,182.80	2,667.86	3,152.94	3,638.00	4,365.60
7	Bilsthorpe	1,444.29	1,685.00	1,925.71	2,166.43	2,647.86	3,129.29	3,610.72	4,332.86
8	Bleasby	1,425.03	1,662.54	1,900.04	2,137.55	2,612.56	3,087.58	3,562.58	4,275.10
9	Blidworth	1,440.06	1,680.07	1,920.08	2,160.09	2,640.11	3,120.13	3,600.15	4,320.18
10	Bulcote	1,426.29	1,664.01	1,901.72	2,139.44	2,614.87	3,090.31	3,565.73	4,278.88
11	Carlton-on-Trent	1,416.91	1,653.06	1,889.21	2,125.36	2,597.66	3,069.97	3,542.27	4,250.72
12	Caunton	1,413.05	1,648.56	1,884.06	2,119.57	2,590.58	3,061.60	3,532.62	4,239.14
13	Caythorpe	1,412.18	1,647.55	1,882.90	2,118.27	2,588.99	3,059.73	3,530.45	4,236.54
14	Clipstone	1,459.71	1,703.00	1,946.28	2,189.57	2,676.14	3,162.72	3,649.28	4,379.14
15	Coddington	1,412.09	1,647.44	1,882.78	2,118.13	2,588.82	3,059.52	3,530.22	4,236.26
16	Collingham	1,418.15	1,654.51	1,890.86	2,127.22	2,599.93	3,072.65	3,545.37	4,254.44
17	Cotham	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
18	Cromwell	1,400.06	1,633.41	1,866.74	2,100.09	2,566.77	3,033.47	3,500.15	4,200.18
19	Eakring	1,408.89	1,643.71	1,878.52	2,113.34	2,582.97	3,052.61	3,522.23	4,226.68
20	East Stoke	1,415.15	1,651.01	1,886.86	2,122.72	2,594.43	3,066.15	3,537.87	4,245.44
21	Edingley	1,431.20	1,669.74	1,908.26	2,146.80	2,623.86	3,100.94	3,578.00	4,293.60
22	Edwinstowe	1,447.60	1,688.87	1,930.13	2,171.40	2,653.93	3,136.47	3,619.00	4,342.80
23	Egmanton	1,405.90	1,640.22	1,874.53	2,108.85	2,577.48	3,046.12	3,514.75	4,217.70
24	Elston	1,455.80	1,698.44	1,941.06	2,183.70	2,668.96	3,154.24	3,639.50	4,367.40
25	Epperstone	1,430.56	1,668.99	1,907.41	2,145.84	2,622.69	3,099.55	3,576.40	4,291.68
26	Farndon	1,438.77	1,678.56	1,918.35	2,158.15	2,637.74	3,117.33	3,596.92	4,316.30
27	Farnsfield	1,435.65	1,674.93	1,914.20	2,153.48	2,632.03	3,110.59	3,589.13	4,306.96
28	Fiskerton-cum-Morton	1,406.19	1,640.56	1,874.92	2,109.29	2,578.02	3,046.76	3,515.48	4,218.58
29	Girton	1,408.24	1,642.95	1,877.65	2,112.36	2,581.77	3,051.19	3,520.60	4,224.72
30	Gonalston	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
31	Grassthorpe	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
32	Gunthorpe	1,436.22	1,675.59	1,914.96	2,154.33	2,633.07	3,111.81	3,590.55	4,308.66
33	Halam	1,407.08	1,641.60	1,876.10	2,110.62	2,579.64	3,048.68	3,517.70	4,221.24
34	Halloughton	1,395.02	1,627.53	1,860.02	2,092.53	2,557.53	3,022.55	3,487.55	4,185.06
35	Harby	1,423.41	1,660.65	1,897.88	2,135.12	2,609.59	3,084.07	3,558.53	4,270.24
36	Hawton	1,419.93	1,656.58	1,893.23	2,129.89	2,603.20	3,076.51	3,549.82	4,259.78
37	Hockerton	1,418.31	1,654.69	1,891.07	2,127.46	2,600.23	3,073.00	3,545.77	4,254.92
38	Holme	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
39	Hoveringham	1,444.37	1,685.10	1,925.82	2,166.55	2,648.00	3,129.46	3,610.92	4,333.10
40	Kelham	1,403.31	1,637.19	1,871.07	2,104.96	2,572.73	3,040.50	3,508.27	4,209.92
41	Kersall	1,404.39	1,638.45	1,872.51	2,106.58	2,574.71	3,042.84	3,510.97	4,213.16
42	Kilvington	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
43	Kirklington	1,418.61	1,655.04	1,891.47	2,127.91	2,600.78	3,073.65	3,546.52	4,255.82
44	Kirton	1,427.59	1,665.52	1,903.45	2,141.38	2,617.24	3,093.11	3,568.97	4,282.76
45	Kneesall	1,404.39	1,638.45	1,872.51	2,106.58	2,574.71	3,042.84	3,510.97	4,213.16
46	Langford	1,411.15	1,646.34	1,881.53	2,116.72	2,587.10	3,057.49	3,527.87	4,233.44
47	Laxton & Moorhouse	1,420.03	1,656.70	1,893.37	2,130.04	2,603.38	3,076.78	3,550.07	4,260.08

48	Lowdham	1,445.12	1,685.98	1,926.82	2,167.68	2,649.38	3,131.10	3,612.80	4,335.36
49	Lyndhurst	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
50	Maplebeck	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
51	Meering	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
52	Newark	1,470.26	1,715.31	1,960.34	2,205.39	2,695.47	3,185.57	3,675.65	4,410.78
53	North Clifton	1,409.85	1,644.82	1,879.79	2,114.77	2,584.72	3,054.67	3,524.62	4,229.54
54	North Muskham	1,421.75	1,658.71	1,895.66	2,132.62	2,606.53	3,080.45	3,554.37	4,265.24
55	Norwell	1,419.38	1,655.95	1,892.50	2,129.07	2,602.19	3,075.33	3,548.45	4,258.14
56	Ollerton and Boughton	1,494.13	1,743.15	1,992.17	2,241.19	2,739.23	3,237.28	3,735.32	4,482.38
57	Ompton	1,404.39	1,638.45	1,872.51	2,106.58	2,574.71	3,042.84	3,510.97	4,213.16
58	Ossington	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
59	Oxton	1,429.94	1,668.27	1,906.58	2,144.91	2,621.55	3,098.21	3,574.85	4,289.82
60	Perlethorpe-cum-Budby	1,410.00	1,645.00	1,880.00	2,115.00	2,585.00	3,055.00	3,525.00	4,230.00
61	Rainworth	1,416.03	1,652.04	1,888.04	2,124.05	2,596.06	3,068.08	3,540.08	4,248.10
62	Rolleston	1,421.29	1,658.18	1,895.05	2,131.94	2,605.70	3,079.47	3,553.23	4,263.88
63	Rufford	1,404.77	1,638.90	1,873.02	2,107.15	2,575.40	3,043.66	3,511.92	4,214.30
64	South Clifton	1,406.69	1,641.14	1,875.58	2,110.03	2,578.92	3,047.82	3,516.72	4,220.06
65	South Muskham	1,437.57	1,677.16	1,916.75	2,156.35	2,635.54	3,114.73	3,593.92	4,312.70
66	South Scarle	1,429.36	1,667.59	1,905.81	2,144.04	2,620.49	3,096.95	3,573.40	4,288.08
67	Southwell	1,448.68	1,690.13	1,931.57	2,173.02	2,655.91	3,138.81	3,621.70	4,346.04
68	Spalford	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
69	Staunton	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
70	Staythorpe	1,403.31	1,637.19	1,871.07	2,104.96	2,572.73	3,040.50	3,508.27	4,209.92
71	Sutton-on-Trent	1,425.90	1,663.55	1,901.20	2,138.85	2,614.15	3,089.45	3,564.75	4,277.70
72	Syerston	1,397.43	1,630.33	1,863.23	2,096.14	2,561.95	3,027.76	3,493.57	4,192.28
73	Thorney	1,410.50	1,645.59	1,880.66	2,115.75	2,585.91	3,056.09	3,526.25	4,231.50
74	Thorpe	1,415.15	1,651.01	1,886.86	2,122.72	2,594.43	3,066.15	3,537.87	4,245.44
75	Thurgarton	1,423.16	1,660.36	1,897.54	2,134.74	2,609.12	3,083.52	3,557.90	4,269.48
76	Upton	1,420.43	1,657.17	1,893.90	2,130.64	2,604.11	3,077.59	3,551.07	4,261.28
77	Walesby	1,455.47	1,698.05	1,940.62	2,183.20	2,668.35	3,153.51	3,638.67	4,366.40
78	Wellow	1,414.52	1,650.28	1,886.02	2,121.78	2,593.28	3,064.80	3,536.30	4,243.56
79	Weston	1,414.02	1,649.69	1,885.36	2,121.03	2,592.37	3,063.71	3,535.05	4,242.06
80	Wigsley	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
81	Winkburn	1,393.39	1,625.63	1,857.85	2,090.09	2,554.55	3,019.02	3,483.48	4,180.18
82	Winthorpe	1,411.15	1,646.34	1,881.53	2,116.72	2,587.10	3,057.49	3,527.87	4,233.44
83	Fernwood	1,443.43	1,684.00	1,924.57	2,165.14	2,646.28	3,127.43	3,608.57	4,330.28
84	Kings Clipstone	1,445.25	1,686.13	1,927.00	2,167.88	2,649.63	3,131.39	3,613.13	4,335.76

Parishes joint for Precept purposes

*	Averham, Kelham, Staythorpe	1,403.31	1,637.19	1,871.07	2,104.96	2,572.73	3,040.50	3,508.27	4,209.92
**	Kneesall, Kersall, Ompton	1,404.39	1,638.45	1,872.51	2,106.58	2,574.71	3,042.84	3,510.97	4,213.16
***	Winthorpe, Langford	1,411.15	1,646.34	1,881.53	2,116.72	2,587.10	3,057.49	3,527.87	4,233.44

*** *	East Stoke, Thorpe	1,415.15	1,651.01	1,886.86	2,122.72	2,594.43	3,066.15	3,537.87	4,245.44

8. determine that the Council's basic amount of council tax for 2021/22 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 2021/22. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2021/22 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 Section151 Officer on 01636 655303.

D. Lloyd
Leader of the Council

FULL COUNCIL – 9 MARCH 2021

2021/22 TO 2024/25 MEDIUM TERM FINANCIAL PLAN

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 2021 and 31 March 2025 (2021/22 to 2024/25).

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 at **Appendix A** shows that the council is able to set a balanced budget for 2021/22, whilst being able to contribute funds to reserves in order to mitigate future anticipated shortfalls in funding.

3.2 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.

4.0 Digital Implications

4.1 There are no digital implications directly arising from this report.

5.0 Equalities Implications

5.1 Equalities implications will be identified within specific schemes and projects included in the revenue budget and capital programme.

6.0 Financial Implications (FIN20-21/3539)

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

7.0 Community Plan – Alignment to Objectives

7.1 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.

8.0 RECOMMENDATION

That the Medium Term Financial Plan (MTFP) for 2021/22 to 2024/25 be approved.

Background Papers

Revenue Budget and Council Tax Setting for 2021/22
Capital Programme 2021/22 to 2024/25
Statement of Accounts 2019/20

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 Section 151 Officer

2021/22 TO 2024/25 MEDIUM TERM FINANCIAL PLAN (MTFP)

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, or 2020/24) was presented to this Committee on 20 February 2020 and approved by Full Council on 9 March 2020.

This document seeks to update the MTFP's assumptions on expenditure, income and financing for the four years between 2021/22 and 2024/25 (2021/25).

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 2021/22 and 2024/25; 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, assuming annual increases of 1.94% in the rate of average band D council tax (excluding local precepts), together with annual increases in the council tax base based on forecast housing growth.

	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
Net Service Expenditure (less capital charges)	14.839	13.425	13.668	14.138
Total Other Expenditure	1.079	1.513	2.256	2.526
Total Expenditure	**15.917**	**14.938**	**15.924**	**16.664**
Business Rates: receivable annually	(6.744)	(5.742)	(5.840)	(5.938)
Business Rates: previous surpluses	(1.022)	0.000	0.000	0.000
Business Rates: other adjustments	0.200	0.000	0.000	0.000
Council Tax: receivable annually	(7.282)	(7.516)	(7.757)	(8.007)
Council Tax: previous surpluses	(0.475)	0.000	0.000	0.000
Council Tax: other adjustments	0.063	0.000	0.000	0.000
Other Grants	(1.117)	0.000	0.000	0.000
Contribution (to) or from Reserves	**(0.459)**	**1.680**	**2.327**	**2.719**

1.2 Core Spending Power (CSP)

CSP is a measure of the resources made available to local authorities to fund service delivery, based on the government's annual Local Government Finance Settlement (LGFS).

The final LGFS for the 2021/22 financial year was approved by ministers on the 4th February 2021. The headline increase in CSP of 4.6% for local authorities is predicated on 87% of this increase being funded from council tax increases. The CSP assumes that authorities will increase Council Tax by the maximum amounts available to them (without triggering referenda), as well as tax base increases based on optimistic forecast housing growth.

The table below outlines the government's anticipated CSP for NSDC:

2020/21 (£m)	Funding Type	2021/22 (£m)
3.909	Settlement Funding Assessment	3.954
7.018	Council Tax	7.305
1.741	New Homes Bonus	1.187
0.000	Lower Tier Services Grant	0.220
0.038	Rural Services Delivery Grant	0.040
12.706	**Total**	**12.706**

This shows that, using the government's assumptions regarding housing growth and increases in the average band D council tax amount, the council's CSP for 2021/22 is the same in cash terms as for 2020/21. Together with employee and other costs increasing due to inflation, the table above shows that the council's funding has actually reduced in real terms.

The above is based solely on the government's projections. The reality around Council Tax is somewhat different from this. The table in section 1.1 shows that the actual Council Tax the council expects to be able to generate during 2021/22 will be £7.282m; £23,000 less than the government's forecast. Factoring £7.282m into the table above, the council's total spending power for 2021/22 is £12.683m; a reduction of 0.2%.

The individual elements of the table are described within the sections below.

1.3 Financial Landscape

The government has had plans to reform the local government finance system for a number of years. The government initially intended for these reforms to take effect from 2020/21, but delayed these to 2021/22 in light of Brexit. It has now delayed these reforms further to 2022/23 at the earliest in light of COVID-19. Given the additional year's delay, the government plans to roll forward the 2020/21 settlement to 2021/22.

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

The impact of the government's decision to delay the reform to the system has been positive on the funding position of Newark and Sherwood District Council. The delay in re-setting the NDR baseline has meant that expected NDR income in 2020/21 and 2021/22 is around £3m more in each year than was expected in the 2019/23 MTFP approved on 7 March 2019. This includes surpluses not forecasted for within the 2019/23 MTFP.

The government has not yet indicated when it plans to carry out a multi-year Spending Review to enable the reformed systems for business rates retention and annual funding allocations to be implemented. The Chancellor may set this out in his budget on 3 March 2021.

As it is not known how exactly the local government finance system will change or from when these changes will take effect from, the council's current modelling of funding projections for 2022/23 and future years are subject to high levels of volatility. The Council continues to liaise with external consultants to provide advice and technical support on 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 2020/21 and in 2021/22, 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.

1.4 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 2023/24.

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 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.

1.5 Retained Business Rates

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, though for changes not to take place until 2022 at the earliest. 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 NDR retained locally 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 NDR retention system, though amounts for 2022/23 and future years are subject to higher levels of volatility.

The government has proposed freezes to the proportions of businesses' rateable values (RVs) payable as business rates in 2021/22, though has not yet proposed the reliefs it will require councils to implement for 2021/22:

- a freeze in the provisional small business NDR multiplier at 49.9p;
- a freeze in the provisional NDR multiplier at 51.2p;

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 £1.9m in section 31 grants in 2021/22 for its cost of administering statutory NDR 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 2021/22 is £108.0m.

The council currently has 23 businesses with appeals outstanding regarding the RVs of their premises, and 56 businesses with challenges. The total reduction in RV being requested by businesses with appeals is £0.418m, and is estimated to be £1.717m for those with challenges (prospective appeals). If all of the appeals and challenges from these businesses are successful and backdated to the dates currently estimated, there would be an estimated total cost of £1.669m in settling these appeals (£0.668m) and challenges (£1.001m). These settlement payments would be a one-off, funded from a provision (£4.197m at 2019/20 year-end) which has been specifically set aside to pay for the cost of successful business rate appeals.

If appeals that the council has provided (set money aside) for are unsuccessful, or are successful but cost the council less than the amount 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.

1.6 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 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 £5.00 without holding referenda. For 2016/17, 2017/18 and 2020/21, the core principle was 2%; and for 2018/19 and 2019/20, the core principle was 3%.

The proposed core principle for 2021/22 is 2%. The government's proposed council tax referendum principle for shire district councils therefore permits increases in the council's 2021/22 relevant basic amount of council tax of up to (and including) the greater of 1.99% or £5.00 without holding a referendum.

For the years between 2016/17 and 2019/20, Members agreed annual average band D council tax increases of 1.94%, and for 2020/21, an increase of £5.00 (2.88%). The council's MTFP assumes 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 2021/22 CTB will be 1.79% higher than the 2020/21 CTB, and that there will be a 1.25% increase in CTB for 2022/23 and subsequent years.

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% in 2021/22, compared to if council tax was kept at 2020/21 levels:

Effect of council tax changes	**2021/22 (£m)**	**2022/23 (£m)**	**2023/24 (£m)**	**2024/25 (£m)**	**MTFP £m)**
Additional income from 1.94% increase in all years	0.139	0.143	0.148	0.152	**0.582**

Local Tax Income Guarantee Scheme

The Government previously announced that in-year deficits on the Collection Fund (for both Business Rates and Council Tax separately) were to be spread over a three-year period. These losses have arisen based on the original assumptions of collectible rates for the 2020/21 financial year made during January 2020, some two months prior to the full impact of the pandemic emerging nationally, compared with current assumptions.

The three-year spreading of deficits was one mechanism that the Government utilised in order to support councils with the impact of the reduction in collectible rates. In the LGFS, the government also confirmed that it would compensate councils for 75% of irrecoverable losses in both 2020/21 Council Tax income and 2020/21 Business Rates income.

For Council Tax, losses in scope will be measured through a comparison of each authority's Council Tax Requirement and an adjusted Net Collectable Debit. For Business Rates, losses in scope will be measured through a comparison of income as calculated in the statistical collection forms NNDR1 (which sets out the proposed collection performance for the next financial year) and NNDR3 (which sets out the actual performance through the previous financial year). The NNDR1 is produced annually in January, with the NNDR3 annually in April. The NNDR1 produced in January 2020 will therefore be compared with the NNDR3 that will be created in April 2021.

The council's share of the impact of the in-year deficits, spreading and Local Income Tax Guarantee Schemes are in the table below:

	Business Rates (£m)	Council Tax (£m)
In-year deficit	1.022	0.141
Amount to be charged to the General Fund each year	0.341	0.047
Local Income Tax Guarantee Scheme	0.767	0.077

The table in section 1.1 includes not only a charge to the GF equal to one-third of the current in-year deficit which should be made during 2021/22, but also the proposed setting aside of funds equal to two-thirds of the 2021/22 in-year deficits to fund the charges to the GF in 2022/23 and 2023/24. This is to cushion the impact on funding the council's costs in the latter two financial years.

1.7 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.

The government plans to consult on the future of NHB, with a view to implementing reform in 2022/23.

Details of the government's provisional NHB allocations for 2021/22 and future years are in the table below. This includes legacy payments for 2018/19 and 2019/20; no legacy payment in respect of 2020/21; and a new one-year allocation for 2021/22.

Year	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
2018/19	0.379			
2019/20	0.409	0.409		
2020/21	0.000			
2021/22	0.399			
Total	**1.187**	**0.409**	**0.000**	**0.000**

NHB is not ring-fenced, 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 9 March 2019 proposed to allocate 50% of NHB receipts to reserves and 50% for the capital financing of assets with lives of less than 10 years (short-life assets). It is intended that this policy will continue.

1.8 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 2019/20;
- initially budgeted for 2020/21, as part of last year's budget setting process;
- is currently budgeting to receive in 2020/21; and
- is proposing to budget for 2021/22.

	2019/20 actuals (£m)	**2020/21 initial budget (£m)**	**2020/21 revised budget (£m)**	**2021/22 base budget (£m)**
Fees & Charges	5.878	5.296	5.329	5.198

As mentioned in section 1.11, the fees and charges budgets proposed for 2021/22 are at levels considered achievable. Further details on the fees and charges budgets for 2021/22 can be found in the 2021/22 proposed General Fund revenue budget report.

The pandemic has severely impacted how much income councils receive in 2020/21 from sales, fees and charges (SFC). The government therefore introduced the Income Compensation Scheme in 2020/21 to compensate councils for expected losses in SFC income. This scheme compensated councils for 75% of their lost SFC income after deducting 5% as an acceptable tolerance of volatility.

The Income Compensation Scheme was originally due to end on 31 March 2021, though in light of the impacts of the pandemic, the LGFS determined that the scheme would continue until at least 30 June 2021. As the compensation that councils receive for the first quarter of 2021/22 will be based on their original 2020/21 budgets, it is not affected by the budgets that councils set for 2021/22 (based on current levels of anticipated activity).

COVID-19 emergency funding for local government: tranche 5

To date, the Government have distributed £4.607bn in COVID-19 emergency funding for local government. Of this, this council has received £1.821m over four tranches for the 2020/21 financial year. As the funding is not ring-fenced in nature, the council is not restricted in how it chooses to utilise it.

Within the LGFS, the government announced an allocation of £1.55bn (tranche five) to support councils with additional COVID-19 related costs in 2021/22. The council's allocation of £0.620m has been built into the overall budget to support additional expenditure.

1.9 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.

The council's £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 this balance, it is intended that it 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 2019/20 and at the beginning of 2020/21. **Appendix B** also shows the balances expected to comprise the council's total reserves at the end of 2020/21 and 2021/22.

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. Whilst this principle still exists, the council has set up a Medium Term Financial Plan reserve over the last two financial years, in order to mitigate future pressures based on the uncertainty over local government funding. This reserve will be released over the medium-term in order to smooth the impact of anticipated funding reductions arising from changes in the local government funding formula.

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.

ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

The *Local Government Act 2003* requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves.

The council's total forecast reserves and general fund balance to 31 March 2022 is £25,702,139. This is 161% of the forecast Net Budget Requirement of £15,917,480. This compares with a national average for district councils of 150%. The s151 Officer of the Council is satisfied with the adequacy of the levels of reserves and balances.

The budget for 2021/22 has been prepared in accordance with the budget strategy approved by members of the Policy and Finance Committee on 25 June 2021. The same strategy has been adopted for the period of the MTFP. The draft Medium Term Financial Plan has been scrutinised and challenged by the council's senior management team, the Leader and Deputy Leader of the council, the council's functional committees and the Policy and Finance Committee. The draft budget (and Medium Term Financial Plan) has also been scrutinised informally by the ruling political group.

The Section 151 Officer also notes that in the future, all local authorities, and in particular district councils, will face a reduction in core funding from the Government once changes to the current funding regime (in particular New Homes Bonus and Business Rates) are introduced – particularly against the backdrop of recovering from the impact of COVID-19. The Section 151 Officer is closely monitoring the progress of the Fair Funding Review, the government's departmental multi-year Spending Review and the redesign of the national Business Rates Retention System. The council's current projections within the Medium Term Financial Plan (MTFP) make prudent and robust assumptions around the likely level of funding in light of these government-led reviews.

1.10 Assumptions made within the MTFP

Finance officers and budget holders have developed detailed budgets for 2021/22 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 1% annual increase in basic pay has been assumed for 2021/22, in line with the recommendation from a meeting of East Midlands Councils on 22/01/2021. A 3% increase has been assumed for each subsequent year of the council's MTFP.

The National Joint Council (NJC) for Local Government Services' pay award for 2021/22 has not yet been finalised. The costs of the 2021/22 pay award may exceed the pay increases currently budgeted for. If the 2021/22 pay award is agreed at a higher rate than the 1% 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 non-pay expenditure budgets have been uplifted by 3% in each year of the council's MTFP, higher than the Bank of England's 2% target rate for inflation. Some costs, such as insurance and utilities, are expected to increase by more than 2%; and others, such as fixed-price goods and services, are expected to increase by less than 2%.

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 2021/22, which was recommended for approval by Full Council on 9 March 2021 by the Audit and Accounts Committee on 3rd February 2021.

1.11 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 2022/23, 2023/24 and 2024/25:

	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
Contribution (to) or from reserves	**(0.459)**	**1.681**	**2.327**	**2.719**
Use of MTFP reserve to offset contributions from reserves in future years	0.459	(1.581)	(1.527)	(0.394)
Dividends from Arkwood Developments Ltd	-	-	(0.500)	(0.500)
Savings from service reviews	-	(0.100)	(0.100)	(0.200)
Savings/efficiencies from making business processes more efficient	-	-	(0.100)	(0.200)
Increased income from the council becoming more commercial	-	-	(0.100)	(0.200)
Rental income from town centre regeneration	-	-	-	(0.150)
Contribution (to) or from reserves, after proposed mitigations above	**0.000**	**0.000**	**0.000**	**1.075**

The table shows a total anticipated shortfall of £1.075m in funding over the four-year period. Forecasts of anticipated efficiencies and additional income have been updated from the 2020/24 MTFP approved on 9th March 2020.

During the Budget Monitoring process for the 2020/21 financial year the council expects to receive NDR income from the Nottinghamshire Business Rates Pool. Due to the volatility of the economic environment, together with the fact that the pool spans a large geographical area with multiple different local authorities, a forecast outturn position is not currently known. Income received from the pool for 2020/21 will be transferred to the council's Medium Term Financial Position (MTFP) reserve, so that it can be used to contribute to 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 future years.

Councils are severely restricted in how much funding they can raise from council tax increases without holding referenda. As mentioned in sections 1.6 and 1.12, the council can increase council tax in 2021/22 by the greater of 1.99% or £5.00 without holding a referendum. A 1% increase in council tax is equivalent to £72,820 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 Transformation 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 2022/23 budget, compared to 2021/22 budget (£m)**	**Increase in 2023/24 budget, compared to 2022/23 budget (£m)**	**Increase in 2024/25 budget, compared to 2023/24 budget (£m)**
Employees	0.445	0.435	0.507
Newark Town Council devolution grant	0.040	0.045	0.048
Internal Drainage Board Levies	0.038	0.040	0.042

1.12 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 and/or other income;
- 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 2021/22 and the sensitivity of expenditure and income to changes, it should be noted that:

a) a 1% increase in Council Tax is equivalent to £72,820 of net expenditure; and
b) a £1 increase in Council Tax is equivalent to £38,550 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 63% of the council's proposed controllable service expenditure budget for 2021/22 (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 1% pay award currently budgeted for 2021/22 and/or the 3% pay awards currently budgeted for subsequent years. For example, a 2% increase in basic pay for 2021/22 (1% more than currently budgeted for) would result in around £147,560 needing to be funded from reserves for 2021/22. Additional funding would also need to be found for subsequent years, as the higher than expected pay for 2021/22 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 2021/22 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 £520,000 in 2021/22.

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 2021/22 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%, higher than the Bank of England's 2% target rate for inflation. Some costs, such as insurance and utilities, are expected to increase by more than 2%; and others, such as fixed-price goods and services, are expected to increase by less than 2%.

The most recent month for which inflation data was available at the time of writing, December 2020, had a 0.6% increase in inflation (Consumer Prices Index (CPI)) over the 12 months of the 2020 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.

1.13 <u>Capital Investment Programme and Funding</u>

The overall approved General Fund Capital Programme for the period from 2021/22 to 2024/25 totals £56.639m. £14.429m is financed by external grant funding for the Southern Link Road (SLR), Stodman Street Regeneration, Newark Buttermarket, Disabled Facilities Grant (DFG's) and Flood Grants. The grants in relation to the SLR 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 £3.750m. This relates to the Southwell Leisure Centre extension and improvement of facilities 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 £12.428m, which relates to the Southern Link Road, Yorke Drive Regeneration and Pavilion, the Council's contribution to the works at Southwell Leisure Centre and replacing parts of the Council's refuse fleet and other equipment.

In 2021/22 Community Infrastructure Levy receipts will be used to finance the cost of £5.600m to improve the A1 overbridge at Fernwood. This bridge is part of the highways mitigation work to deliver the expansion of Fernwood.

Borrowing is the balancing figure for the capital expenditure at £23.433m. 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 (including an assumption of allocated New Homes Bonus (NHB) from 2021/22 as proposed in section 1.6) is detailed below:

Capital Resources Available	**Estimated balance as at 1 April 2021**	**2021/22 Commitments**	**2022/23-2024/25 Commitments**	**Closing Balance as at 31 March 2025**
Capital Financing Provision	860,956	(3,781)	(727,550)	129,625
General Fund Capital Receipts	413,575	(386,865)	65,925	92,365
Capital Grants & Contributions Unapplied *	8,234,861	(2,815,000)	(1,599,779)	3,820,082
Total resources available	**9,509,392**	**(3,205,646)**	**(2,261,404)**	**4,042,072**

*£3.820m is the estimated balance at 2024/25 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 £23.433m within the current approved capital programme.

SUMMARY OF RESERVE BALANCES **APPENDIX B**

General Fund Revenue Reserves	Reason for reserve (where known and/or name is not self-explanatory)	Balance as at 31 March 2020	Balance as at 1 April 2020	Estimated Balance as at 31 March 2021	Estimated Balance as at 31 March 2022
Council Funds:					
Investment Realisation Fund	A buffer from potential future losses on external investments	(90,935)	(90,935)	(90,935)	(90,935)
Election Expenses Fund		(33,440)	(33,440)	(33,440)	(33,440)
Insurance Fund		(305,395)	(305,395)	(305,395)	(305,395)
Repairs And Renewals Fund	To pay for future repairs, maintenance and renewals of property and equipment	(2,362,467)	(2,362,467)	(2,200,000)	(1,200,000)
Building Control Surplus	Statutory building control reserve	(33,305)	(13,362)	(13,362)	(13,362)
Museum Purchases Fund	Partly a bequest from the Nicholson estate	(22,524)	(22,524)	(22,524)	(22,524)
Training Provision	To pay for additional training needs and apprentice costs	(127,132)	(61,763)	(61,763)	(61,763)
Restructuring And Pay		(214,927)	(214,927)	(143,000)	(143,000)
Court Costs	To pay for unplanned court costs	(58,959)	(58,959)	(58,959)	(58,959)
Change Management Fund	To enable and facilitate the changing working environment	(13,333,541)	(14,204,037)	(11,823,715)	(6,823,715)
Enforcement Reserve	Provides additional funding for enforcement-related activities	(95,200)	(95,200)	(46,360)	(46,360)
Flooding Defence Reserve	To mitigate the impact of flooding	(250,000)	(250,000)	(250,000)	(250,000)
Emergency Planning Reserve	To replenish the emergency planning store's stock (of, for example, aqua-sacs)	(50,000)	(50,000)	(42,651)	(42,651)
Planning Costs Fund	To pay for unplanned planning enquiries or appeals	(201,140)	(201,140)	(141,388)	(141,388)
Growth And Prosperity Fund	Think BIG (Business Investment for Growth) loans to businesses in the district	(127,366)	(127,366)	(127,366)	(127,366)
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)	(65,142)	(65,142)
Management Carry Forward	Requests by management to transfer some of their budget into the next financial year, to spend in the next financial year	(675,823)	(675,823)	0	0
NNDR Volatility Reserve	A buffer from reduced income, increased bad debts and/or increased refunds when the business rate system changes	(793,348)	(793,348)	(793,348)	(793,348)
Community Initiative Fund		(200,000)	(200,000)	(195,543)	(195,543)
MTFP Reserve	To cover future years' deficits, if all other actions to cover deficits are insufficient	(1,359,784)	(3,043,443)	(3,043,443)	(3,502,633)
Asset Maintenance Fund	To fund works identified from asset condition surveys	(250,000)	(250,000)	(236,000)	(236,000)
Capital Project Feasibility Fund	To fund feasibility works in relation to potential capital schemes	(250,000)	(250,000)	(131,960)	(131,960)
Community Engagement Fund	To assist communities with their efforts to battle COVID-19	(300,000)	(300,000)	(235,000)	(235,000)
General Fund Balance		(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Total Council Funds		**(22,720,429)**	**(25,189,272)**	**(21,576,294)**	**(16,035,484)**
Grants:					
Homelessness Fund	To pay for relevant costs from the government's homelessness-related grants	(576,018)	(576,018)	(408,192)	(408,192)
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	(430,526)	(198,287)	(132,686)	(132,686)
Community Safety Fund	To pay for costs of Bassetlaw, Newark and Sherwood Community Safety Partnership (BNSCSP)	(166,163)	(166,163)	(22,525)	(22,525)
Energy & Home Support Reserve	To assist vulnerable residents with heating/boiler issues	(103,171)	(77,805)	(77,805)	(77,805)
Welfare Reform Reserve		(25,774)	(25,774)	(25,774)	(25,774)
Total Grants		**(1,301,652)**	**(1,044,047)**	**(666,982)**	**(666,982)**
Total General Fund Revenue Reserves		**(24,022,081)**	**(26,233,319)**	**(22,243,276)**	**(16,702,466)**

General Fund Capital Reserves	Reason for reserve	Balance as at 31 March 2020	Balance as at 1 April 2020	Estimated Balance as at 31 March 2021	Estimated Balance as at 31 March 2022
Capital Financing Provision	Resources such as New Homes Bonus (NHB) grant to pay for capital spend	(1,376,480)	(2,246,976)	(830,956)	(1,360,431)
Capital Receipts	Receipts from selling General Fund (GF) assets to pay for capital spend	(1,209,006)	(1,209,006)	(311,575)	197,291
Grants & Contributions Unapplied	Capital funding received which does not yet need to be spent	(8,197,949)	(8,197,949)	(8,197,949)	(6,197,949)
Total General Fund Capital Reserves		**(10,783,435)**	**(11,653,931)**	**(9,340,480)**	**(7,361,089)**

Ring-Fenced Reserves	Reason for reserve	Balance as at 31 March 2020	Balance as at 1 April 2020	Estimated Balance as at 31 March 2021	Estimated Balance as at 31 March 2022
Mansfield Crematorium	Statutory, because council is part of Mansfield and District Crematorium	(138,584)	(138,584)	(138,584)	(138,584)
Total Ring-Fenced Reserves		**(138,584)**	**(138,584)**	**(138,584)**	**(138,584)**

Total Reserves		**(34,944,100)**	**(38,025,834)**	**(31,722,340)**	**(24,202,139)**

COUNCIL MEETING – 9 MARCH 2021

CAPITAL PROGRAMME 2021/22 TO 2024/25

1.0 Purpose of Report

1.1 To approve the Council's Capital Programme for 2021/22 to 2024/25.

2.0 Background Information

2.1 At its meeting on 22 February 2021 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 2021/22 to 2024/25 proposes investment of £116.534m over the 4 year programme. Housing Services £56.895m (made up of Property Investment and the New Build Programme) and General Fund £59.639m (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 2021/22 to 2024/25 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 Section 151 Officer

APPENDIX 1

POLICY & FINANCE COMMITTEE
22 FEBRUARY 2021

CAPITAL PROGRAMME 2021/22 TO 2024/25

1.0 Purpose of Report

1.1 In accordance with the Financial Regulations 6.2.3, Policy & Finance Committee is required to consider the Capital Programme and recommend to the Council the final Programme for approval. This report details the proposed capital schemes over the medium term, together with the available resources to finance this.

2.0 Background Information

2.1 During summer 2020, capital appraisal forms were circulated to Business Managers and the Senior Leadership Team (SLT) to inform the proposed capital programme. Completed forms were scored in conjunction with the scoring matrix set within the Capital Strategy (as approved by Council on 9 March 2020), based on a comparison of service priorities against finance costs. SLT considered the results of this exercise and the proposed capital programme included within this report, contains those schemes that were agreed to be appropriate.

3.0 Capital Expenditure – General Fund

3.1 The Council intends to spend £59.639m in general fund capital expenditure from 2021/22 to 2024/25.

3.2 The major schemes in this programme are:

Scheme Name	Summary of Proposed Financing
Homeless Hostel	Borrowing
Yorke Drive Regeneration and Community Facility	Revenue Contribution
Castle Gatehouse	Third Party Contribution – to be determined
Southern Link Road Contribution	External Grant supplemented by a revenue contribution
A1 Overbridge	Community Infrastructure Levy
Arkwood Developments Regeneration Loan Facility	Borrowing
32 Stodman Street	£2m Town Fund, with the remainder supplemented by borrowing

3.3 The impacts of all borrowing has been included in the Treasury Management Strategy and the Medium Term Financial Plan. Details of individual schemes are shown in **Appendix A**.

4.0 Capital Expenditure – Housing Revenue Account (HRA)

4.1 The Council intends to spend £56.895m from the HRA from 2021/22 to 2024/25. This is made up of £21.839m on existing property investment and £35.056m on Affordable Housing.

4.2 The Housing, Health and Wellbeing directorate will review and update the property investment programme against the records kept for all properties to ensure budget levels are sufficient for works coming up in the medium term.

4.3 Major schemes included in the HRA are:
- Yorke Drive Estate Regeneration
- Phases 4 and 5 of the Council House Development Programme

4.4 Details of individual schemes are shown in **Appendix B**.

5.0 <u>Resources Available</u>

5.1 External Grants and Contributions can provide additional resources to the Capital Programme. Grant funding is subject to a detailed bidding process. Officers continue to liaise with external parties to secure the maximum available inward investment in order to contribute towards delivery of the capital programme.

5.2 The most significant grants currently forecast over the medium term are from the Towns Fund (currently awaiting MHCLG approval), the Better Care Fund (BCF) for Disabled Facilities Grants (DFG's). In addition to this, grants held from previous years for specific purposes are due to be utilised. For example, the Local Enterprise Partnership (LEP) Grant received during 2016/17 in relation to the Southern Link Road, which is forecast to be utilised subject to further external funding being made available to bridge the current funding gap.

5.3 Capital Receipts

	General Fund £'m	**HRA £'m**	**1-4-1 £'m**	**Total £'m**
Balance @ 1 Apr 2021	0.414	1.659	0.402	**2.475**
Estimated Receipts 2021/22 – 2024/25	3.265	1.000	2.437	**6.702**
Approved for Financing 2021/22 – 2024/25	3.586	2.584	1.761	**7.931**
Unallocated Capital Receipts Balance	**0.093**	**0.075**	**1.078**	**1.246**

5.4 The general fund capital receipts of £3.265m are made up of the sale of the Robin Hood Hotel over and above the original investment made (£0.122m) and the deferred proceeds of the sale of Bowbridge Road Land to Arkwood Developments Ltd (£2.350m) and the anticipated sale of residential units from the Stodman Street Development (£0.792m). There are currently no other sales of general fund land.

5.5 The HRA capital receipts and 1-4-1 figures above relate to forecast 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 continue to monitor the deadlines closely and maximising use where practicable within the new build programme in order to avoid having to pay the remaining balances to Government with interest.

5.6 Where appropriate, the use of finite capital resources is prioritised. Borrowing is utilised for assets with longer asset lives, where the impact of interest and Minimum Revenue Provision (MRP) can be spread over the useful economic life of the asset, whilst minimising the impact on the General Fund. Leasing is also tightly controlled within the revenue budgets for the same reason, and is rarely used as the interest rates remain low, therefore borrowing is currently a more attractive means of financing capital expenditure.

6.0 Financing

6.1 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

	2021/22	***2022/23***	***2023/24***	***2024/25***
Committed Schemes Expenditure				
Other Services	32.326	23.644	2.413	1.256
Total Expenditure	**32.326**	**23.644**	**2.413**	**1.256**
Capital Expenditure Financing				
Borrowing	15.243	7.190	1.000	0
Government Grants	5.594	7.115	0.860	0.860
Contributions from Third Parties	1.756	1.994	0	0
Community Infrastructure Levy	3.640	1.960	0	0
Capital Receipts	0.509	2.366	0.365	0.346
Capital Reserve	0.554	0.489	0.188	0.050
RCCO	5.030	2.530	0	0
Total Resources Available	**32.326**	**23.644**	**2.413**	**1.256**

Housing Capital Programme Financing Summary

	2021/22	***2022/23***	***2023/24***	***2024/25***
Committed Schemes Expenditure				
Housing Services - HRA	25.035	16.170	10.460	5.229
Total Expenditure	**25.035**	**16.170**	**10.460**	**5.229**
Capital Expenditure Financing				
Borrowing	12.022	11.609	5.059	0
Government Grants	0	0	0	0
Contributions from Third Parties	0	0	0	0
Capital Receipts	1.880	1.144	0.661	0.660
Housing Services Revenue Support (MRR)	11.133	3.417	4.740	4.569
Total Resources Available	**25.035**	**16.170**	**10.460**	**5.229**

6.2 At year-end, once all the capital expenditure has been finalised (including accrued expenditure) the financing of the Capital Programme as a whole is arranged by the Section 151 Officer, in line with the Council's Constitution.

7.0 RECOMMENDATION

That the General Fund schemes set out at Appendix A and the Housing Services schemes set out at Appendix B be recommended to Full Council on 8 March 2021 as committed expenditure in the Capital Programme for 2021/22 to 2024/25.

Reason 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

Capital Strategy 2020/21 report to Council 9 March 2020
Capital Programme 2021/22 – 2024/25 Report to SLT on 17 November 2020
Capital Strategy 2021/22 report to Audit and Accounts 3 February 2021

For further information, please contact Jenna Norton on Ext. 5327.

Sanjiv Kohli
Deputy Chief Executive, Resources and S151 Officer

CAPITAL PROGRAMME 2020/21 - 2024/25 **APPENDIX A**

		For information only								
	SCHEME	**EXTERNAL FUNDING**	**NSDC COSTS**	**TOTAL SCHEME COST**	**Actual Spend Pre 2020/21**	**2020/21 Forecast**	**2021/22 Budget**	**2022/23 Budget**	**2023/24 Budget**	**2024/25 Budget**
GENERAL FUND										
TA3286	Information Technology Investment		2,017,655	2,017,655	183,325	576,330	370,000	467,000	150,000	271,000
TC1000	New Council Offices	68,500	7,607,628	7,676,128	7,390,103	286,025				
TC3016	Legionella Remedial Works		135,060	135,060	1,648	133,412				
TC3130	Lorry Park Shower upgrade		45,400	45,400		45,400				
TC3131	Extension to London Road Car Park		115,000	115,000	7,593	0	107,407			
TC3134	Works to SFACC		250,000	250,000	226,440	23,560				
TC3135	Works to Buttermarket	659,273	461,542	1,120,815	250,762	175,000	695,053			
TC3138	Lord Hawke Way Remedial Works & Bond		384,150	384,150		384,150				
TC3139	Appletongate Resurfacing		27,060	27,060		27,060				
TC3140	Car Park Ticket Machine Replacement		60,000	60,000			60,000			
TC3141	Improvements to Newark Beacon		52,000	52,000			52,000			
TC3142	Common Lighting at Industrial Estates		60,000	60,000			25,000	20,000	15,000	
TC3143	Roller Shutter Doors at Industrial Units		200,000	200,000			90,000	75,000	35,000	
TC3144	Fire & Security Rear Entrance Doors at Industrial Units		120,000	120,000			40,000	40,000	40,000	
TC3145	Fire Signage and Emergency Lighting at Industrial Units		200,000	200,000			75,000	75,000	50,000	
TC3146	Electrical Upgrades to Industrial Units		180,000	180,000			100,000	80,000		
TC3148	RHH Units Fit Out		350,000	350,000			350,000			
TC	**RESOURCES**	**727,773**	**12,265,495**	**12,993,268**	**8,059,871**	**1,650,937**	**1,964,460**	**757,000**	**290,000**	**271,000**
TA1216	Dukeries LC New Pool	250,000	2,798,530	3,048,530	119,678	2,187,000	741,852			
TA1217	Southwell Leisure Centre Improvements	750,000	750,000	1,500,000			1,500,000			
TA1218	Leisure Equipment Puchase		760,000	760,000				760,000		
TA1219	Blidworth LC Steam & Sauna Facility	30,974	44,026	75,000	51,246	23,754				
TA1220	Vehicular Access Control at Newark Sports and Fitness Centre		16,680	16,680		16,680				
TA2210	Purchase of Alms Houses	387,200	316,800	704,000		704,000				
TB6154	S106 Community Facilities Provision Community & Activity Vi	408,375	0	408,375	252,192	156,183				
TB6162	Loan to Magnus Academy		240,000	240,000		240,000				
TB6163	Clipstone Welfare - S106	66,385	0	66,385		66,385				
TF3228	Homeless Hostel		3,000,000	3,000,000		120,000	2,880,000			
TA3097	Yorke Drive Regeneration and Community Facility		3,358,000	3,358,000		130,000	3,228,000			
TF6807	Warm Homes on Prescription	557,882	0	557,882	97,943	179,939	70,000	70,000	70,000	70,000
TF6809	Fairholme Park Conversion to Mains Gas	123,130	0	123,130		123,130				
TA	**HOUSING HEALTH & WELLBEING**	**2,573,946**	**11,284,036**	**13,857,983**	**521,059**	**3,947,071**	**8,419,852**	**830,000**	**70,000**	**70,000**
TA3053	Museum Improvements		770,000	770,000	538,192		231,808			
TA3056	NCWC Tudor Hall		200,000	200,000		200,000				
TB2253	Vehicles & Plant		5,101,794	5,101,794	1,664,528	1,190,010	495,856	1,519,000	182,000	50,400
TB3144	Play Area Resurfacing		81,150	81,150		81,150				
TB3154	Castle Gatehouse Project	3,093,630	1,131,970	4,225,600	200,450		1,006,288	2,012,575	1,006,287	

TB3160	Castle Electrical Upgrade & Fire Alarm Installation		85,000	85,000		85,000				
TB6161	S106 Vicar Water Play Area Improvements	46,915	17,085	64,000	25,704	38,296				
TC3136	Climate Change		330,000	330,000		30,000	75,000	75,000	75,000	75,000
TC3137	Upgrade Door Entry at Brunel Drive Depot		51,820	51,820	9,593	42,227				
TC3147	Street Scene Building Upgrade		43,000	43,000			43,000			
TF2000	CCTV Replacement Programme	10,000	160,000	170,000	19,500	150,500				
TF3221	Southwell Flood Mitigation	233,421	220,000	453,421		453,421				
TF3227	Lowdham Flood Alleviation	140,000	60,000	200,000				200,000		
TF3229	Bicycle Storage - Safer Neighbourhoods	34,000	0	34,000		34,000				
TF6011	Private Sector Disabled Facilities Grants	4,222,818	-61,782	4,161,036	599,254	761,782	700,000	700,000	700,000	700,000
TF6012	Discretionary DFG	552,340	0	552,340	52,340	140,000	90,000	90,000	90,000	90,000
TF6020	Flood Grants - 2020	500,000	0	500,000		250,000	250,000			
TA	**COMMUNITIES & ENVIRONMENT**	**8,833,125**	**8,190,037**	**17,023,161**	**3,109,561**	**3,456,386**	**2,891,952**	**4,596,575**	**2,053,287**	**915,400**
TC2005	Land Acquisition - Dukeries	0	70,000	70,000		70,000				
TC2006	Purchase of Land at Bowbridge Road	0	1,020,760	1,020,760		1,020,760				
TE3268	Southern Link Road Contribution	9,114,779	2,904,436	12,019,215	1,019,215		2,000,000	9,000,000		
TE	**GROWTH**	**9,114,779**	**3,995,196**	**13,109,975**	**1,019,215**	**1,090,760**	**2,000,000**	**9,000,000**	**0**	**0**
TG1002	Contribution to Robin Hood Hotel	0	3,300,000	3,300,000	708,390	2,591,610				
TG1003	Housing Regeneration Loan Facility	0	11,409,849	11,409,849			11,409,849			
TG	**CAPITAL INVESTMENT**	**0**	**14,709,849**	**14,709,849**	**708,390**	**2,591,610**	**11,409,849**	**0**	**0**	**0**
TI1001	Joesph Whittaker School Contribution	0	620,000	620,000		620,000				
TI1002	A1 Overbridge Improvements	0	5,600,000	5,600,000			3,640,000	1,960,000		
TI	**Community Infrastruction Levy**	**0**	**6,220,000**	**6,220,000**	**0**	**620,000**	**3,640,000**	**1,960,000**	**0**	**0**
TT1000	Towns Fund - 32 Stodman Street Regeneration	2,284,000	6,500,000	8,784,000		284,000	2,000,000	6,500,000		
TT1001	Towns Fund - Construction College	389,000	0	389,000		389,000				
TT1002	Towns Fund - Cycle Infrastructure	77,000	0	77,000		77,000				
TT1003	Towns Fund - Newark Gateway Cattlemarket Ph1		275,000	275,000		275,000				
TT	**Towns Fund**	**2,750,000**	**6,775,000**	**9,525,000**	**0**	**1,025,000**	**2,000,000**	**6,500,000**	**0**	**0**
	TOTAL GENERAL FUND	**23,999,623**	**63,439,613**	**87,439,236**	**13,418,096**	**14,381,764**	**32,326,114**	**23,643,575**	**2,413,287**	**1,256,400**

CAPITAL PROGRAMME 2020/21 - 2024/25 **APPENDIX B**

		For information only								
	SCHEME	**EXTERNAL FUNDING**	**NSDC COSTS**	**TOTAL SCHEME COST**	**Actual Spend Pre 2020/21**	**2020/21 Forecast**	**2021/22 Budget**	**2022/23 Budget**	**2023/24 Budget**	**2024/25 Budget**
HOUSING REVENUE ACCOUNT										
PROPERTY INVESTMENT PROGRAMME										
S91100	ROOF REPLACEMENTS		1,600,000	1,600,000		0.00	400,000	400,000	400,000	400,000
S91115	Roof Replacement Works		200,000	200,000		200,000.00				
S91116	Flat Roof Replacements		200,000	200,000		200,000.00				
S711	**ROOF REPLACEMENTS**	**0**	**2,000,000**	**2,000,000**		**400,000.00**	**400,000**	**400,000**	**400,000**	**400,000**
S91200	KITCHEN & BATHROOM CONVERSIONS		6,000,000	6,000,000		0.00	1,500,000	1,500,000	1,500,000	1,500,000
S91218	Kitchen & Bathrooms		1,500,000	1,500,000		1,500,000.00				
S712	**KITCHEN & BATHROOM CONVERSIONS**	**0**	**7,500,000**	**7,500,000**		**1,500,000.00**	**1,500,000**	**1,500,000**	**1,500,000**	**1,500,000**
S91300	EXTERNAL FABRIC		1,300,000	1,300,000		100,000.00	300,000	300,000	300,000	300,000
S91336	Ext Fab Works		200,000	200,000		200,000.00				
S91337	Conservation Area Doors			0						
S713	**EXTERNAL FABRIC**	**0**	**1,500,000**	**1,500,000**		**300,000.00**	**300,000**	**300,000**	**300,000**	**300,000**
S91400	DOORS & WINDOWS		680,000	680,000		0.00	170,000	170,000	170,000	170,000
S91412	Doors & Windows		170,000	170,000		170,000.00				
S714	**DOORS & WINDOWS**	**0**	**850,000**	**850,000**		**170,000.00**	**170,000**	**170,000**	**170,000**	**170,000**
S91500	OTHER STRUCTURAL		241,000	241,000		50,000.00	41,000	50,000	50,000	50,000
S91511	Walls Re-Rendering		200,000	200,000		0.00	50,000	50,000	50,000	50,000
S91534	Gutter Repairs		50,000	50,000		50,000.00				
S715	**OTHER STRUCTURAL**	**0**	**491,000**	**491,000**		**100,000.00**	**91,000**	**100,000**	**100,000**	**100,000**
S93100	ELECTRICAL		2,400,000	2,400,000		0.00	600,000	600,000	600,000	600,000
S93115	Rewires		600,000	600,000		600,000.00				
S731	**ELECTRICAL**	**0**	**3,000,000**	**3,000,000**		**600,000.00**	**600,000**	**600,000**	**600,000**	**600,000**
S93200	SMOKE ALARMS		0	0						
S93205	Carbon Monoxide Detectors		500,000	500,000			0	250,000	250,000	
S732	**SMOKE ALARMS**	**0**	**500,000**	**500,000**		**0.00**	**0**	**250,000**	**250,000**	**0**
S93300	PASSENGER LIFTS		0	0						

S733	**PASSENGER LIFTS**	**0**	**0**	**0**		**0.00**	**0**	**0**	**0**	**0**
S93500	HEATING		2,200,000	2,200,000		0.00	550,000	550,000	550,000	550,000
S93510	Heating / Boilers		550,000	550,000		550,000.00				
S735	**HEATING**	**0**	**2,750,000**	**2,750,000**		**550,000.00**	**550,000**	**550,000**	**550,000**	**550,000**
S93600	ENERGY EFFICIENCY		600,000	600,000		0.00	150,000	150,000	150,000	150,000
S93622	PV Invertors		0	0						
S93624	EE Boilers		150,000	150,000		150,000.00				
S736	**ENERGY EFFICIENCY**	**0**	**750,000**	**750,000**		**150,000.00**	**150,000**	**150,000**	**150,000**	**150,000**
S95100	GARAGES, FOOTPATHS, WALKWAYS		300,000	300,000		0.00	75,000	75,000	75,000	75,000
S95109	Garages		134,000	134,000		25,000.00	34,000	25,000	25,000	25,000
S95115	Resurfacing works		75,000	75,000		75,000.00				
S751	**GARAGE FORECOURTS**	**0**	**509,000**	**509,000**		**100,000.00**	**109,000**	**100,000**	**100,000**	**100,000**
S95200	ENVIRONMENTAL WORKS		750,000	750,000		150,000.00	150,000	150,000	150,000	150,000
S95203	Car Parking Schemes		650,000	650,000		250,000.00	100,000	100,000	100,000	100,000
S95206	Chatham Court Target Hardending - Safer Neighb	50,000	0	50,000		50,000.00				
S95250	Communal Lighting		100,000	100,000		20,000.00	20,000	20,000	20,000	20,000
S95252	Flood Defence Systems		50,000	50,000		10,000.00	10,000	10,000	10,000	10,000
S95253	Play Areas		100,000	100,000		0.00	40,000	20,000	20,000	20,000
S95254	Estate Remodelling		325,000	325,000		65,000.00	65,000	65,000	65,000	65,000
S95293	Fencing Works		0	0						
S752	**ENVIRONMENTAL WORKS**	**50,000**	**1,975,000**	**2,025,000**		**545,000.00**	**385,000**	**365,000**	**365,000**	**365,000**
S97100	ASBESTOS		200,000	200,000		0.00	50,000	50,000	50,000	50,000
S97115	Asbestos Surveys		30,000	30,000		30,000.00				
S97116	Asbestos Removal		20,000	20,000		20,000.00				
S771	**ASBESTOS**	**0**	**250,000**	**250,000**		**50,000.00**	**50,000**	**50,000**	**50,000**	**50,000**
S97200	FIRE SAFETY		250,000	250,000		50,000.00	50,000	50,000	50,000	50,000
S97221	Fire Doors Various Locations		0	0						
S97218	Enhanced Fire Risk Assessments		600,000	600,000		150,000.00	300,000	150,000		
S772	**FIRE SAFETY**	**0**	**850,000**	**850,000**		**200,000.00**	**350,000**	**200,000**	**50,000**	**50,000**
S97300	DDA IMPROVEMENTS		97,531	97,531		17,531.00	20,000	20,000	20,000	20,000

S773	**DDA IMPROVEMENTS**	**0**	**97,531**	**97,531**		**17,531.00**	**20,000**	**20,000**	**20,000**	**20,000**
S97400	DISABLED ADAPTATIONS		2,000,000	2,000,000		0.00	500,000	500,000	500,000	500,000
S97416	Major Adaptations		430,000	430,000		430,000.00				
S97417	Minor Adaptations		30,000	30,000		30,000.00				
S97418	Adaptations Stair Lifts/Hoists		42,469	42,469		42,469.00				
S774	**DISABLED ADAPTATIONS**	**0**	**2,502,469**	**2,502,469**		**502,469.00**	**500,000**	**500,000**	**500,000**	**500,000**
S97500	LEGIONELLA		150,000	150,000		30,000.00	30,000	30,000	30,000	30,000
S791	**LEGIONELLA**	**0**	**150,000**	**150,000**		**30,000.00**	**30,000**	**30,000**	**30,000**	**30,000**
S99100	PROPERTY INVESTMENT CONTINGENCY		250,000	250,000		50,000.00	50,000	50,000	50,000	50,000
S99102	Investment Programme Fees		0	1,507,500		378,800.00	270,680	278,190	285,930	293,900
S791	**UNALLOCATED FUNDING**	**0**	**250,000**	**1,757,500**		**428,800.00**	**320,680**	**328,190**	**335,930**	**343,900**
	SUB TOTAL PROPERTY INVESTMENT	**50,000**	**25,925,000**	**27,482,500**	**0.00**	**5,643,800.00**	**+5,525,680**	**+5,613,190**	**+5,470,930**	**+5,228,900**
AFFORDABLE HOUSING										
SA1031	Site Acquisition (Incl RTB)		2,551,029	2,551,029	92,500	780,000.00	1,678,529			
SA1033	Yorke Drive Estate Regeneration	986,766	13,510,001	14,496,767	938,337	1,085,429.74	3,741,900	3,741,900	4,989,200	
SA1034	Former ASRA Properties Purchase		1,074,579	1,074,579		1,074,579.00				
SA1047	New Build Programme Contingency		245,156	245,156	135,354	109,802.26				
SA1048	Boughton Extra Care Scheme	2,080,000	6,857,000	8,937,000	1,769,396	6,567,604.48	600,000			
SA1053	Phase 2 Cluster 3 - Hawtonville	545,568	1,471,276	2,016,844	1,864,537	152,306.88				
SA1060	Phase 3		75,719	75,719	75,719	0.00	0			
SA1061	Phase 3 Cluster 1 - Stand Alone		1,615,000	1,615,000	545,842	1,069,158.00				
SA1062	Phase 3 Cluster 2 - Various	211,000	1,457,000	1,668,000	33,692	1,634,308.00				
SA1063	Phase 3 Cluster 3		1,870,000	1,870,000		1,870,000.00				
SA1064	Phase 3 Cluster 4		3,432,900	3,432,900		706,000.00	2,726,900			
SA1070	Phase 4		7,102,730	7,102,730		0.00	7,102,730			
SA1071	Phase 4 Cluster 1 Fire Station		1,460,000	1,460,000		700,000.00	760,000			
SA1080	Phase 5		9,714,900	9,714,900			2,900,000	6,814,900		
SA3001	Ollerton Local Office Refurbishment & Repurpose		50,000	50,000		50,000.00				
SC2000	Careline Analogue to Digital		80,540	80,540		80,540.00				
	SUB TOTAL AFFORDABLE HOUSING	**3,823,334**	**52,567,829**	**56,391,164**	**5,455,376**	**15,879,728.36**	**19,510,059**	**10,556,800**	**4,989,200**	**0**
	TOTAL HOUSING REVENUE ACCOUNT	**3,873,334**	**78,492,829**	**83,873,664**	**5,455,376**	**21,523,528.36**	**25,035,739**	**16,169,990**	**10,460,130**	**5,228,900**

COUNCIL MEETING – 9 MARCH 2021

CAPITAL STRATEGY 2021/22

1.0 Purpose of Report

1.1 To seek approval for the Capital Strategy 2021/22. 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 Background Information

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; it identifies the issues and options that influence capital spending, and sets out how the resources and capital programme will be managed.

2.3 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 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 CIPFA Requirements:

- 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 <u>Summary of Capital Expenditure and Financing</u>

3.1 The table below summaries the total forecasted capital expenditure and financing over the next three years, further breakdown is contained within the Strategy;

	2021/22 budget	**2022/23 budget**	**2023/24 budget**
Total Capital Expenditure	**57,362**	**39,814**	**12,873**
Capital Grants	5,594	7,115	860
Other Contributions	5,396	3,954	0
Capital Receipts	2,389	3,510	1,026
Revenue/ Major Repairs Reserve	16,718	6,436	4,928
Borrowing	27,265	18,799	6,059
Total Capital Financing	**57,362**	**39,814**	**12,873**

4.0 <u>RECOMMENDATIONS</u> that the Council approves:

(a) the Capital Strategy 2021/22;

(b) the Capital Prudential Indicators and Limits for 2021/22, 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.

<u>Background Papers</u>

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 Section 151 Officer

APPENDIX A

Capital Strategy Report 2021/22

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, borrowing 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 & 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.

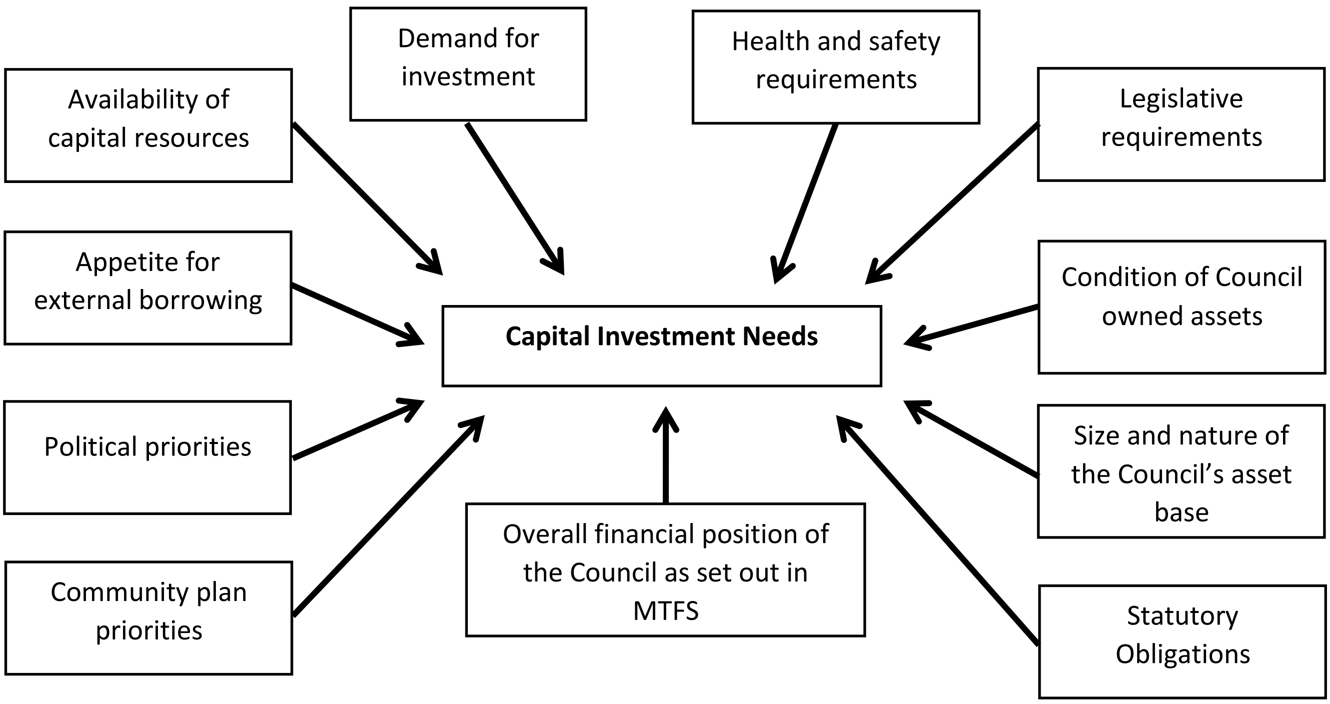
CAPITAL INVESTMENT PRIORITIES

The aim of the Council is to make a sustainable improvement to the long-term quality of life of our residents. The Community Plan 2020-2023 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 seven Corporate Objectives. These are:

- *Create vibrant and self-sufficient local communities where residents look out for each other and actively contribute to their local area;*
- *Deliver inclusive and sustainable economic growth;*
- *Create more and better quality homes through our roles as landlord, developer and planning authority;*
- *Continue to maintain the high standard of cleanliness and appearance of the local environment;*
- *Enhance and protect the district's natural environment;*
- *Reduce crime and anti-social behaviour and increase feelings of safety in our communities;*
- *Improve the health and wellbeing of local residents.*

Capital investment should be directly linked to the objectives as outlined in the Community Plan. There are however a number of other factors that affect the need for capital investment both internal and external. 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 2021/22, the Council is planning capital expenditure of £57.1m as summarised below:
Prudential Indicator: Estimates of Capital Expenditure in £'000

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
General Fund services	8,471	11,790	20,916	23,644	2,413
Council housing (HRA)	13,717	21,524	25,036	16,170	10,460
Capital Loan (GF)	708	2,592	11,410	0	0
TOTAL	**22,896**	**35,906**	**57,362**	**39,814**	**12,873**

The General Fund Capital Programme with a proposed budget for 2021/22 of £32.3m. Of this amount, expenditure on the Council's General Fund assets totals £20.1m, and £0.8m will provide Disabled Facilities Grants to a number of private dwellings during the year. Also during 2021/22 the Council also plans to incur £11.4m of capital expenditure on capital loans to the Councils housing development company for regeneration purposes.

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 2021/22 of £25.0m, which supports the maintenance of the Councils circa 5,400 council houses.

Governance: During early July 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 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.

The Senior Leadership Team appraises all 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 is prepared for submission to Policy and Finance Committee in February before final approval by Council in March.

- 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

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
External sources					
Capital Grants	2,994	3,384	5,594	7,115	860
Other Contributions	230	1,604	5,396	3,954	0
Own resources					
Capital Receipts	5,915	4,977	2,389	3,510	1,026
Revenue/ Major Repairs Reserve	9,938	13,642	16,718	6,436	4,928
Debt					
Borrowing	3,819	12,299	27,265	18,799	6,059
Leasing	0	0	0	0	0
TOTAL	**22,896**	**35,906**	**57,362**	**39,814**	**12,873**

Debt is only a temporary source of finance, since loans and leases must be repaid this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). This is a charge to the General Fund Balance and is mandated by legislation to ensure that a prudent charge for the repayment of debt be made by the revenue account. A MRP Statement which sets out how this charge should be calculated each year must be produced which is appended at **Appendix C**.

As the HRA account is self-financing there is no requirement for a MRP charge as the actual debt repayments are made as the loans 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

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
General Fund - MRP	519	545	614	704	939
General Fund – RHH Ltd	0	0	3,300	0	0
HRA - Debt Repayment	2,024	4,026	3,029	6,531	5,534

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 £20.3m during 2021/22. 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

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
General Fund services	25,554	28,855	31,362	43,849	43,980
Council housing (HRA)	106,638	109,183	118,178	123,255	122,780
Capital investments	708	2,590	11,410	11,410	11,410
TOTAL CFR	**132,900**	**140,628**	**160,950**	**178,514**	**178,170**

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 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 31 December 2020 had £98m borrowing at an average interest rate of 3.4% and £64m 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 1.5% to 2.0%).

The table below shows the Council's actual debt position against the forecasted capital financing requirement, where no additional borrowing has been included based on the proposed capital program.

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

Debt	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
External Debt					
Debt at 1 April	90,080	91,580	95,054	88,725	82,193
Expected change in Debt	1,276	3,250	-6,553	-6,756	-5,758
Other long-term liabilities (OLTL)	224	224	224	224	224
Actual gross debt at 31 March	**91,580**	**95,054**	**88,725**	**82,193**	**76,659**
The Capital Financing Requirement	**132,900**	**140,628**	**160,950**	**178,514**	**178,170**
Under / (over) borrowing	**41,320**	**45,574**	**72,225**	**96,321**	**101,511**

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

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

	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit
Authorised limit – total external debt	153,228	173,550	191,114	190,770
Operational boundary – total external debt	146,028	166,350	183,914	183,570

- 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 over the short - 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 short-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

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
Short-term investments	49,819	40,435	26,736	22,722	22,170
Longer-term investments	7,500	10,109	6,684	5,681	5,543
TOTAL	**57,319**	**50,544**	**33,420**	**28,403**	**27,713**

- ➢ 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/Deputy Chief Executive 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 Audit and Accounts committee and then to Full Council. The Audit and Accounts 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 Business Manager in consultation with the Director of Resources/Deputy Chief Executive 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 has the ability to invest in commercial property if it meets both wider Council objectives and provides a financial return that can be used to support Council services.

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. 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. However, the Council does not hold any investment properties on its balance sheet and has no plans to invest in these types of assets.

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.

<u>Liabilities</u>

In addition to debt of £98m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £71.5m 2019/20). It has also set aside a Collection Fund provision of £1.7m to cover risks of Non Domestic Rates Appeals.

Governance: Decisions on incurring new discretionary liabilities are taken by Business Managers in consultation with the Director of Resources/Deputy Chief Executive. 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 2019/20 statement of accounts.

<u>Revenue Budget Implications</u>

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

	2019/20 actual	**2020/21 forecast**	**2021/22 budget**	**2022/23 budget**	**2023/24 budget**
<u>General Fund</u>					
MRP Charge	519	545	614	704	869
Interest Payable	49	56	79	419	761
Less: Investment Income	-1,035	-791	-1,044	-1,081	-1,093
Total GF Financing costs	**-467**	**-190**	**-351**	**42**	**537**
Proportion of net revenue stream	-2.48%	-1.15%	-2.80%	0.33%	4.08%

Housing Revenue Account					
Interest Payable	4,038	3,783	3,775	3,814	3,665
Depreciation	4,452	5,649	5,421	5,854	6,178
MRR contributions including debt repayments	4,113	4,200	3,836	3,315	2,634
Less: Investment Income	-9	-5	-5	-5	-5
Total HRA Financing costs	**12,594**	**13,627**	**13,027**	**12,978**	**12,472**
Proportion of net revenue stream	54.82%	55.84%	51.99%	51.02%	48.83%

- Further details on the revenue implications of capital expenditure are contained within the 2021/22 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/Deputy Chief Executive 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/Deputy Chief Executive is a qualified accountant with 18 years' experience, the Business Manager – Asset Management is a qualified Chartered Surveyor and also has 8 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 Group 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.

APPENDIX B

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 Senior Leadership Team 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 their Project Manager's monitoring reports are quality assured and challenged, and that corporate implications arising from capital monitoring are brought to the attention of the Senior Leadership Team and Policy and Finance Committee for approval of variations where necessary.

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 where it is deemed appropriate (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 the former MHCLG regulations (option 1);

This option provides 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*:*

- **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 useful 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 2021/22 (excluding Right to Buy receipts) can be used to finance qualifying expenditure. Existing capital receipts in hand prior to 2021/22 are not permitted to be used.
ii. Local authorities may not borrow to finance qualifying expenditure.
iii. The guidance will apply for 2021/22.

APPENDIX E

NEWARK & SHERWOOD DISTRICT COUNCIL
CAPITAL PROJECT APPRAISAL FORM

COMMITTEE	
DIRECTORATE	
BUSINESS UNIT	
PROJECT OFFICER	
PROJECT TITLE	

1. DESCRIPTION OF PROJECT

2. DEMONSTRATION OF NEED e.g is the work a statutory obligation? Please include supporting information

3. DETAIL HOW THE PROJECT LINKS TO THE COMMUNITY PLAN

4. DESCRIBE THE IMPACT OF THIS PROJECT ON OTHER BUSINESS UNITS (including officers in other business units involvement in the project)

5. PROJECT DEPENDENCIES

6. RESOURCE REQUIREMENTS

6a. LAND/BUILDING CURRENTLY IN COUNCIL OWNERSHIP/LAND ACQUISITION REQUIRED (State whether General Fund or HRA)

6b. ESTIMATED CAPTIAL COSTS INCLUDING PROFILE OF SPEND OVER FINANCIAL YEARS
***Consideration to be given to inflation and contingency**

2021/22 £	2022/24 £	2023/24 £	2024/25 £	2025/26 £

6c. FUNDING AVAILABLE

2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Source

6d. REVENUE IMPLICATIONS (this should include costs associated with implementation, ongoing revenue costs and ongoing savings and should be agreed with relevant accountant).

6e. VAT IMPLICATIONS (do we need to consider option to tax?)

7. OTHER INFORMATION

7a. HEALTH & SAFETY ISSUES

7b. EQUALITIES IMPLICATIONS

7c. CRIME & DISORDER ISSUES

7d. PLANNING IMPLICATIONS

7e. LISTED BUILDING IMPLICATIONS

7f. PROJECT RISKS/UNCERTAINTIES

7g. HAVE ALTERNATIVE PROCUREMENT STRATEGIES SUCH AS JOINT PROCUREMENTS BEEN EXPLORED?

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 Community Plan	**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%**
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

	STAGE 1 FACTOR	Comments	STAGE 2 DETAILED PRIORITISATION	STAGE 2 WEIGHTING
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	**5%** **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 2021

TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22

1.0 Purpose of Report

1.1 This report seeks approval for 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:

- 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;

2.4 This report seeks approval for the updated Treasury Management Strategy 2021/22 (Appendix A), which encompasses the Treasury Prudential Indicators, the Borrowing Strategy, and the Annual Investment Strategy, in accordance with latest guidance as follows:

3.0 **Summary of Investment Limits and Indicators**

3.1 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). No investment limits have been amended for the financial year 2021/22. Also, it is proposed to use the same prudential indicators for the investing activity, further details are in the Appendix.

4.0 **Summary of Borrowing Limits and Indicators**

4.1 The Council's borrowing limits are directly affected by the Council's approved capital programme and any capital expenditure financed by borrowing will therefore increase the Capital Financing Requirement (CFR). In respect of the tables within the documents, these reflect the proposed capital programme that are presented elsewhere on this agenda. Where changes occur, these will be reflected in the documents as appropriate. The CFR is the level of expected borrowing and when compared to the actual external debt the variance represents the over or under borrowing position.

4.2 The Council is currently in an under borrowed position which means that previous capital expenditure financed by borrowing hasn't yet required actual external debt due to the timing of cash backed reserves that haven't yet been utilised. However, this is always a temporary position as ultimately when the cash backed reserves are used there will be a requirement for actual external borrowing.

4.3 The table below shows the Councils increasing CFR due to capital expenditure financed by borrowing less the actual external debt, with no new borrowing assumptions, less the cash backed reserves and working capital (debtors less creditors), further details are in **Appendix A.**

	31.3.22 Forecast £'000	**31.3.23 Forecast £'000**	**31.3.24 Forecast £'000**
Loans CFR	**160,726**	**178,290**	**177,946**
Less: External borrowing	-88,501	-81,969	-76,435
Internal (over) borrowing	**72,225**	**96,321**	**101,511**
Less: Usable reserves	-32,696	-27,679	-26,989
Less: Working capital	-10,500	-10,500	-10,500
Investments (or New borrowing)	**-29,029**	**-58,142**	**-64,022**

The table indicates that over the next forecasted three year period there will potentially be a minimum requirement to borrow an additional £64m.

4.4 Within the borrowing strategy the following limits are proposed for the operational boundary and authorised limit over the three year period, further details in **Appendix A.**

	2021/22 £'000	**2022/23 £'000**	**2023/24 £'000**
Operational Boundary	**166,350**	**183,914**	**183,570**
Authorised Limit	**173,550**	**191,114**	**190,770**

5.0 RECOMMENDATIONS 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 Section 151 Officer

APPENDIX A

TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22

Introduction

The Council is required to operate a balanced budget, which broadly means ensuring 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 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 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) - This 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. Training has been undertaken by members on 25th November 2020 and 20th January 2021 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 Group, 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 external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, 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 2020, the Council held £98m of borrowing and £64m of investments. Forecast changes in these sums are shown in the balance sheet analysis table below.

Capital summary and forecast

	31.3.20 Actual £'000	**31.3.21 Forecast £'000**	**31.3.22 Forecast £'000**	**31.3.23 Forecast £'000**	**31.3.24 Forecast £'000**
General Fund CFR	26,262	31,445	42,772	55,259	55,390
HRA CFR	106,638	109,183	118,178	123,255	122,780
Total CFR	**132,900**	**140,628**	**160,950**	**178,514**	**178,170**
Less: Other debt liabilities	-224	-224	-224	-224	-224

Loans CFR	**132,676**	**140,404**	**160,726**	**178,290**	**177,946**
Less: External borrowing	-91,356	-94,830	-88,501	-81,969	-76,435
Internal (over) borrowing	**41,320**	**45,574**	**72,225**	**96,321**	**101,511**
Less: Usable reserves	-57,902	-49,820	-32,696	-27,679	-26,989
Less: Working capital	-9,193	-10,500	-10,500	-10,500	-10,500
Investments (or New borrowing)	**25,775**	**14,746**	**-29,029**	**-58,142**	**-64,022**

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 proposed capital programme, and diminishing investments and will therefore be required to borrow up to a minimum of an additional £68m 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 2021/22.

Liability benchmark: A liability benchmark has been calculated showing the lowest level of borrowing required. 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.

	31.3.20 Actual £'000	**31.3.21 Forecast £'000**	**31.3.22 Forecast £'000**	**31.3.23 Forecast £'000**	**31.3.24 Forecast £'000**
Loans CFR	132,676	140,404	160,726	178,290	177,946
Less: Usable reserves	-57,902	-49,820	-32,696	-27,679	-26,989
Less: Working capital	-9,193	-10,500	-10,500	-10,500	-10,500
Plus: Minimum investments	10,000	10,000	10,000	10,000	10,000
Liability Benchmark	**75,581**	**90,084**	**127,530**	**150,111**	**150,457**

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 2020, 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.

	31.3.20 Actual £'000	31.3.21 Forecast £'000	31.3.22 Forecast £'000	31.3.23 Forecast £'000	31.3.24 Forecast £'000
External Debt					
Debt at 1 April	90,080	91,580	95,054	88,725	82,193
Expected change in Debt	1,276	3,250	-6,553	-6,756	-5,758
Other long-term liabilities	224	224	224	224	224
Actual gross debt at 31	**91,580**	**95,054**	**88,725**	**82,193**	**76,659**
The Capital Financing Requirement	**132,900**	**140,628**	**160,950**	**178,514**	**178,170**

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 2021/22 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 of finance leases, Private Finance Initiatives and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2020/21 Revised £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Borrowing	145,628	165,950	183,514	183,170
Other long-term liabilities	400	400	400	400
Total Debt	**146,028**	**166,350**	**183,914**	**183,570**

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	2020/21 Limit £'000	2021/22 Limit £'000	2022/23 Limit £'000	2023/24 Limit £'000
Borrowing	152,628	172,950	190,514	190,170
Other long-term liabilities	600	600	600	600
Total Debt	**153,228**	**173,550**	**191,114**	**190,770**

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. The Council deems it prudent to have a limit on the borrowing for the HRA, therefore it has chosen to use the Interest Cover Ratio (ICR) as its borrowing boundary for the HRA. The ICR represents the cover that the HRA has against its interest cost liabilities in any year. The ICR is set to a minimum which provides comfort that if there were a sudden drop in income or increase in operating costs, there would be sufficient headroom to continue to cover debt interest payments. The typical lending covenants used with the ratio varies between 1.10 and 1.50, the lower rate represents less cover and higher rate represents more cover, the Council will use the most prudent approach and therefore use 1.50 within the ratio to provide the most comfort of interest costs cover. The ICR has been modelled into the current HRA 30 year business plan and the maximum additional debt capacity set is £20.444m in order to maintain affordability in each financial year:

HRA Debt Limit	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
HRA CFR	109,183	118,178	123,255	122,780
Additional ICR Debt	20,444	20,444	20,444	20,444
HRA Authorised Limit	**129,627**	**138,622**	**143,699**	**143,224**

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 2021/22 treasury operations. The Director of Resources/Deputy Chief Executive 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 2021/22 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: Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following additional sources.

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

- Public Works Loan Board (PWLB) and any successor body
- UK Municipal Bonds Agency plc 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

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

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 2021/22, 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.

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. 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 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 £53 and £75 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: While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

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 2021/22. This is especially the case for the estimated £10m 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 - 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 Group, 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 its 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: In order to limit the amount of reserves that 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 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: Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

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:

2021/22	0.10%
2022/23	0.10%
2023/24	0.10%
2024/25	0.25%

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	40%	80%
Over 12 months	30%	50%

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	**2021/22**	**2022/23**	**2023/24**
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 Group 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 & 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;
- 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; and
- 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. The key quarterly meeting of the Bank of England Monetary Policy Committee kept **Bank Rate** unchanged on 5.11.20. However, it revised its economic forecasts to take account of a second national lockdown from 5.11.20 to 2.12.20 which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January when the current programme of £300bn of QE, announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".

Its forecasts appeared, at that time, to be rather optimistic in terms of three areas:

- The economy would recover to reach its pre-pandemic level in Q1 2022
- The Bank also expected there to be excess demand in the economy by Q4 2022.
- CPI inflation was therefore projected to be a bit above its 2% target by the start of 2023 and the "inflation risks were judged to be balanced".

Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.

One key addition to **the Bank's forward guidance in August** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. **Inflation** is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern.

However, the minutes did contain several references to **downside risks**. The MPC reiterated that the "recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside". It also said "the risk of a more persistent period of elevated unemployment remained material". Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. **Upside risks** included the early roll out of effective vaccines.

COVID-19 vaccines. We had been waiting expectantly for news that various COVID-19 vaccines would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9th November was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of effectiveness of flu vaccines which might otherwise have been expected. However, this vaccine has demanding cold storage requirements of minus 70c that impairs the speed of application to the general population. It has therefore been particularly welcome that the Oxford University/AstraZeneca vaccine has now also been approved which is much cheaper and only requires fridge temperatures for storage. The Government has 60m doses on order and is aiming to vaccinate at a rate of 2m people per week starting in January, though this rate is currently restricted by a bottleneck on vaccine production; (a new UK production facility is due to be completed in June).

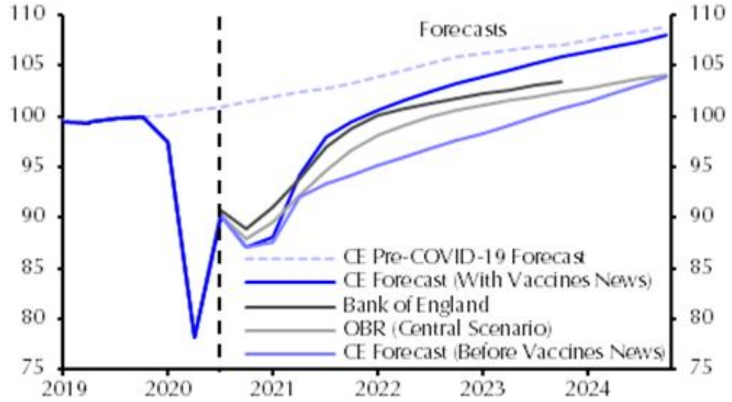
These announcements, plus expected further announcements that other vaccines could be approved soon, have enormously boosted confidence that **life could largely return to normal during the second half of 2021**, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels; this would help to bring the unemployment rate down. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could start to be eased, beginning possibly in Q2 2021 once vulnerable people and front-line workers have been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7% in 2021 instead of 9%.

Public borrowing was forecast in November by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. It is likely that the one month national lockdown that started on 5th November, will have caused a further contraction of 8% m/m in November so the economy may have then been 14% below its pre-crisis level.

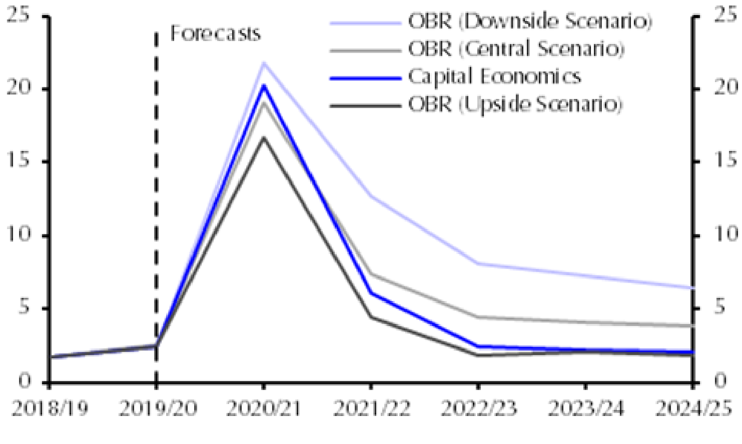
December 2020 / January 2021. Since then, there has been rapid back-tracking on easing restrictions due to the spread of a new mutation of the virus, and severe restrictions were imposed across all four nations. These restrictions were changed on 5.1.21 to national lockdowns of various initial lengths in each of the four nations as the NHS was under extreme pressure. It is now likely that wide swathes of the UK will remain under these new restrictions for some months; this means that the near-term outlook for the economy is grim. However, the distribution of vaccines and the expected consequent removal of COVID-19 restrictions, should allow GDP to rebound rapidly in the second half of 2021 so that the economy could climb back to its pre-pandemic peak as soon as late in 2022. Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant caveat is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development and vaccine production facilities are being ramped up around the world.

Chart: Level of real GDP (Q4 2019 = 100)



This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade would have major repercussions for public finances as it would be consistent with the government deficit falling to around 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assumed that there is a reasonable Brexit deal and also that politicians do not raise taxes or embark on major austerity measures and so, depress economic growth and recovery.

Chart: Public Sector Net Borrowing (as a % of GDP)



There will still be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a reversal of globalisation as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.

Brexit. While the UK has been gripped by the long running saga of whether or not a deal would be made by 31.12.20, the final agreement on 24.12.20, followed by ratification by Parliament and all 27 EU countries in the following week, has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.

Monetary Policy Committee meeting of 17 December. All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November. But this was caveated by it saying, "Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case." So, while the vaccine is a positive development, in the eyes of the MPC at least, the economy is far from out of the woods. As a result of these continued concerns, the MPC voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30.4.21 until 31.10.21. (The MPC had assumed that a Brexit deal would be agreed.)

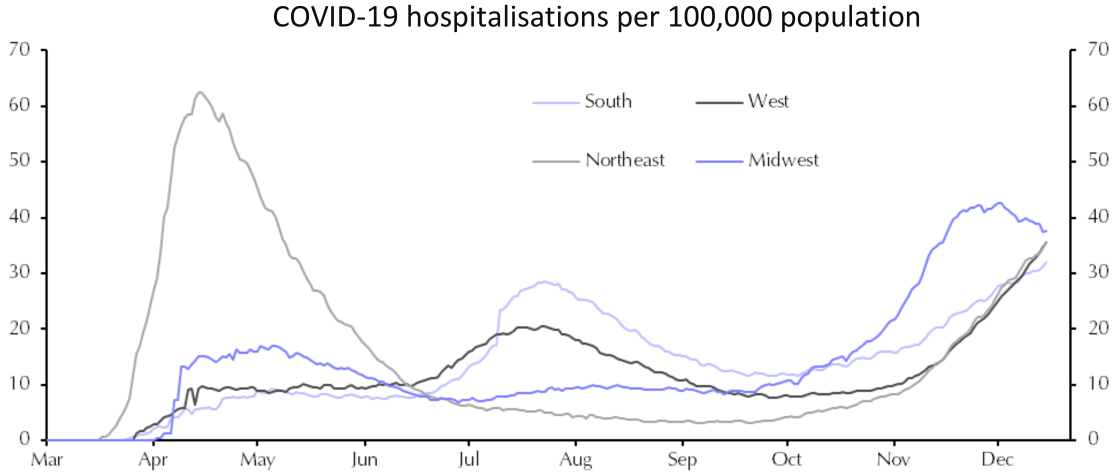
Fiscal policy. In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further support to the economy: -

- An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
- The furlough scheme was lengthened from the end of March to the end of April.
- The Budget on 3.3.21 will lay out the "next phase of the plan to tackle the virus and protect jobs". This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).

The **Financial Policy Committee** (FPC) report on 6.8.20 revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment, "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

US. The result of **the November elections** meant that while the Democrats gained the presidency and a majority in the House of Representatives, it looks as if the Republicans could retain their slim majority in the Senate provided they keep hold of two key seats in Georgia in elections in early January. If those two seats do swing to the Democrats, they will then control both Houses and President Biden will consequently have a free hand to determine policy and to implement his election manifesto.

The economy had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a fourth wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the third wave in the Midwest looks as if it now abating. However, it also looks as if the virus is rising again in the rest of the country. The latest upturn poses a threat that the recovery in the economy could stall. This is **the single biggest downside risk** to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.



The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November and retail sales dropping back. The economy is set for further weakness in December and into the spring. However, a $900bn fiscal stimulus deal passed by Congress in late December will limit the downside through measures which included a second round of direct payments to households worth $600 per person and a three-month extension of enhanced unemployment insurance (including a $300 weekly top-up payment for all claimants). GDP growth is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.

After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary “trap” like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The FOMC’s updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

The Fed’s meeting on **5 November** was unremarkable - but at a politically sensitive time around the elections. At its **16 December** meeting the Fed tweaked the guidance for its monthly asset quantitative easing purchases with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that inflation will only get back to 2.0% in 2023, the vast majority expect the fed funds rate to be still at near-zero until 2024 or later. Furthermore, officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping Treasury yields low – which will also have an influence on gilt yields in this country.

EU. In early December, the figures for Q3 GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Q2, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Q4 and in Q1 of 2021, as a second wave of the virus has affected many countries: it is likely to hit hardest those countries more dependent on tourism. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the countries most affected by the first wave.

With inflation expected to be unlikely to get much above 1% over the next two years, **the ECB** has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before later in quarter 2 of 2021.

China. After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

Japan. A third round of fiscal stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.

World growth. World growth will have been in recession in 2020. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

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.

Summary

Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand in their economies.

If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

INTEREST RATE FORECASTS

Brexit. The interest rate forecasts provided by Link below were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31.12.20. There is therefore no need to revise these forecasts now that a trade deal has been agreed. Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

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

- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- **UK - 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.** The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021.** 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 subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she will remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland 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, and they had threatened to derail the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

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

- **UK -** a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.

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 rapid series of increases in Bank Rate to stifle inflation

Interest Rate Forecasts 2021 – 2024

The PWLB rates below are based on the new margins over gilts announced on 26th November 2020. PWLB forecasts shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60
Bank Rate													
Link	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Capital Economics	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
5yr PWLB Rate													
Link	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
Capital Economics	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	-	-	-	-	-
10yr PWLB Rate													
Link	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
Capital Economics	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	-	-	-	-	-
25yr PWLB Rate													
Link	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
Capital Economics	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	-	-	-	-	-
50yr PWLB Rate													
Link	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60
Capital Economics	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	-	-	-	-	-

COUNCIL MEETING – 9 MARCH 2021

INVESTMENT STRATEGY 2021/22

1.0 Purpose of Report

1.1 To approve the Investment Strategy which 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 2021/22 is attached as **Appendix A** to this report.

3.0 Summary of Limits

3.1 The below table summarises the proposed limits within the Investment Strategy 2021/22 for the non-treasury investments, each category has further details within the Appendix.

Category of borrower	31.3.2020 actual			2021/22
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Approved Limit £m
Service Investments: Loans	0.876	0.127	0.749	17.000
Service Investments: Shares	4.000	-0.167	3.833	5.000
Commercial Investments: Property	0	0	0	0

4.0 <u>RECOMMENDATIONS</u> that:

(a) the Investment Strategy 2021/22 be approved; and

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

<u>Background Papers</u>

MHCLG Investment Guidance 3rd Edition

For further information please contact Andrew Snape on Ext 5523.

Sanjiv Kohli
Deputy Chief Executive / Director – Resources and Section 151 Officer

APPENDIX A

Investment Strategy Report 2021/22

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 meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories. This investment strategy has been created in line with the Councils Treasury Management Strategy Statement and the Councils Capital Strategy. 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 (CIPFA). The balance of treasury management investments is expected to fluctuate between £19m and £49m during the 2021/22 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 2021/22 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 2019-20 generated £31,249 of investment income for the Council after taking account of direct costs, representing a rate of return of 5.14%.

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	31.3.2020 actual			2021/22
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Approved Limit £m
Subsidiaries	0.712	0	0.712	15.500
Local businesses	0.127	0.127	0	0.500
Local charities	0	0	0	0.500
Other Bodies	0.037	0	0.037	0.500
TOTAL	**0.876**	**0.127**	**0.749**	**17.000**

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 2020/21 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 these 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/Deputy Chief Executive or Business Manager for Financial Services. All loans will be subject to contract agreed by the Legal Business Unit and the 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 the Director of Resources/Deputy Chief Executive, or Business Manager for Financial Services.

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 does not 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. The Council has also invested £500 of equity to acquire 50% of shares of the Joint Venture Company, Robin Hood Hotel Ltd (RHH).

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recoverable. 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	**31.3.2020 actual**			**2021/22**
	Amounts invested £m	**Gains or losses £m**	**Value in accounts £m**	**Approved Limit £m**
Subsidiaries	4.000	-0.167	3.833	5.000
Suppliers	0	0	0	0
Local businesses	0	0	0	0
TOTAL	**4.000**	**-0.167**	**3.833**	**5.000**

Shares are classed as capital expenditure and purchases will therefore 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 subsidiary 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/Deputy Chief Executive, or Business Services Manager for Finance.

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 the 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 2021-22 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 at the point of entry, 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 2021/22.

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 £174 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.

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

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management, which includes investment decisions, receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Members of the Audit and Accounts Committee received training from the Council's treasury advisers, Link Group, on 25th November 2020 and 20th January 2021. Further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

Commercial deals: The Council will ensure that the Audit and Accounts 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 by Members.

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	**31.03.2020 Actual £m**	**31.03.2021 Forecast £m**	**31.03.2022 Forecast £m**
Treasury management investments	38.459	40.248	20.900
Service investments: Loans	0.876	3.464	11.574
Service investments: Shares	4.000	4.000	4.000
Commercial investments: Property	0	0	0
TOTAL INVESTMENTS	**43.335**	**47.712**	**36.474**
Commitments to lend	0	0	0
Guarantees issued on loans	0	0	0
TOTAL EXPOSURE	**43.335**	**47.712**	**36.474**

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	**31.03.2020 Actual £m**	**31.03.2021 Forecast £m**	**31.03.2022 Forecast £m**
Treasury management investments	0	0	0
Service investments: Loans	0.712	3.300	11.410
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
TOTAL FUNDED BY BORROWING	**0.712**	**3.300**	**11.410**

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	**2019/20 Actual**	**2020/21 Forecast**	**2021/22 Forecast**
Treasury management investments	1.20%	0.90%	1.09%
Service investments: Loans	5.14%	5.14%	5.54%
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
ALL INVESTMENTS	**3.17%**	**3.02%**	**3.31%**

COUNCIL MEETING – 9 MARCH 2021

PAY POLICY STATEMENT 2021/22

1.0 Purpose of Report

1.1 To seek approval of the Pay Policy Statement for 2021/22.

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 each financial year commencing on April 2012. 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.

3.0 Proposals

3.1 Summary of Changes to the 2021/22 Pay Policy Statement

3.1.1 The Trades Unions have yet to present a pay claim for 2021/22. The document therefore shows pay scales as of 1 April 2020. It will be amended once the pay award has been settled.

3.1.2 A summary of the changes are minimal but are included below:

- Addition of 1FTE Assistant Director post which was introduced to support the Senior Leadership Team to drive change, ongoing performance improvement and take the lead on a range of top priority and high profile initiatives.
- The document now includes the new Business Manager posts which have been created following the transfer back in house of the housing service.

3.2 Current Status

3.2.1 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 it refers to links to other policy documents these will be included once the Statement 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.

3.2.2 The Statement was considered by the Policy & Finance Committee at their meeting held on 22 February 2021 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 Financial Implications (FIN20-21/4176)

5.1 As referred to in paragraph 3.1.1, the National Joint Council (NJC) for Local Government Services' pay award for 2021/22 has not yet been finalised. A 1% increase to the basic salaries of most posts has been assumed in the proposed 2021/22 General Fund revenue budget report, in line with the recommendation from a meeting of East Midlands Councils on 22/01/2021. It is possible that the costs of the 2021/22 pay award will exceed the pay increases currently budgeted for. If the 2021/22 pay award agrees a more than 1% 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. A 2% increase in basic pay for 2021/22 would result in around £147,560 needing to be funded from reserves.

6.0 Digital Implications

6.1 There are no digital implications arising from the report.

7.0 RECOMMENDATION

That the Pay Policy Statement for 2021/22 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

For further information please contact Caroline Glass on extension 5308.

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.

Karen White
Director - Governance & Organisational Development

APPENDIX A

NEWARK & SHERWOOD DISTRICT COUNCIL

Pay Policy Statement 2021/2022

1. Introduction

1.1 This document sets out a Statement of Pay Policy for Newark & Sherwood District Council (the Council) for 2021/22 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 2020 pending finalisation of ongoing negotiations with the recognised Trades Unions. Once the 1 April 2021 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 £17,842. 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 Foundation

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).

4.5.2 The Living Wage Foundation increased its Living Wage to £9:50 per hour on 1 October 2020. The Living Wage Supplement will continue to be paid during the forthcoming financial year should the Council's minimum hourly rate fall below that amount once the 2021/22 pay award has been implemented.

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 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);

[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).

- Assistant Director (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	£111,177
Scale point 2	£115,453
Scale point 3	£119,729
Scale point 4	£124,005
Scale point 5	£128,281

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 <u>Remuneration on Recruitment</u>

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	£94,487
Scale point 2	£99,000
Scale point 3	£102,006
Scale point 4	£105,442

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	£74,802
Scale point 2	£77,860
Scale point 3	£80,363
Scale point 4	£83,421
Scale point 5	£85,924

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

Director – Governance & Organisational Development
Director – Planning & Growth
Director – Communities & Environment
Director - Housing, Health & Wellbeing

5.4.5 *<u>Pay Scale for Assistant Director</u>*

91% of Director Pay Scale £68,069

5.4.6 *<u>Pay Scale for Business Managers (NS17)</u>* <u>engaged on JNC terms</u>

Zone 1/SCP1 £50,053
Zone 1/SCP2 £51,165
Zone 1/SCP3 £52,277
Zone 1/SCP4 £53,388

Zone 2/SCP1 £54,502
Zone 2/SCP2 £55,614
Zone 2/SCP3 £56,726
Zone 2/SCP4 £57,839

Zone 3/SCP1 £58,949
Zone 3/SCP2 £60,063
Zone 3/SCP3 £61,176
Zone 3/SCP4 £62,290

Zone 4/SCP1 £63,403
Zone 4/SCP2 £64,517
Zone 4/SCP3 £65,631
Zone 4/SCP4 £66,745

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 - Tourism
Business Manager – Housing Management
Business Manager - Housing, Health & Community Relations
Business Manager – Law & Information Governance
Business Manager – ICT & Digital Services
Business Manager – Economic Development
Business Manager – Elections & Democratic Services
Business Manager – Housing Assets & Repairs
Business Manager - Housing Income
Capital Projects Manager

5.4.7 *Remuneration on Recruitment/Appointment*

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 pay point on the pay scale.

5.4.8 *Increases and additions to Remuneration*

- *Incremental Progression*
  Incremental progression for Directors and Assistant 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.

- Pay Awards
  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)

**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 who assume the role of Deputy Monitoring Officer and Deputy Section 151 Officer.

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.

5.4.9 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.

5.4.10 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.

5.4.11 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 – 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 SCP/Salary	Medium SCP/Salary	Maximum SCP/Salary	Post
NS13	34 – £37,890	35 - £38,890	36 - £39,880	Business Manager – Administration
NS15	40 – £43,857	41 - £44,863	42 - £45,859	Business Manager – Planning Policy
NS16	43 - £46,845	44 -£48,214	45 - £48,806	Business Manager – Customer Services & Communications Business Manager – Heritage, Culture & Visitors Business Manager - Human Resources & 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 <u>General Terms and Conditions</u>

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 <u>General Policies on Remuneration and Recruitment</u>

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

5.6.1 <u>Performance Related Pay and Bonuses</u>

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

5.6.2 <u>Benefits in Kind</u>

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

5.6.3 <u>The Local Government Pension Scheme and Policies with regard to exercise of discretion.</u>

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 <u>Payment of Chief Officers on their Ceasing to Hold Office or being employed by the Council</u>

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 <u>Severance Packages over £75,000</u>

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 purchased 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 *<u>Settlement Agreements</u>*

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

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 2021

MEMBERS ALLOWANCES – REPORT OF THE INDEPENDENT REMUNERATION PANEL

1.0 Purpose of Report

1.1 To inform the Council of the report and recommendations of the Members Independent Remuneration Panel.

1.2 To enable the Council to set a scheme of Members' Allowances in accordance with the Local Authorities (Members' Allowances) (England) Regulations.

2.0 Background Information

2.1 As Members will be aware the Independent Remuneration Panel was established following the meeting of the Council held on 15 October 2019. The Panel comprised of John Shaw (Chairman) and Sarah Brittan and Paul Cox, the Council's two Independent Members.

2.2 The current scheme of Members' Allowances was last approved by the Council on 6 February 2016 following the last Panel Report. The Regulations set out the range of allowances that can be paid to Councillors and the requirement to have an Independent Remuneration Panel to make recommendations to the Council regarding Members' Allowances.

2.3 The basic role of the Panel was to make recommendations as to:

- the level of Basic Allowance for all Members;
- the categories of special responsibility for which a Special Responsibility Allowance should be paid and the levels of those allowances;
- as to whether Dependent Carers' allowance should be payable to Members and the amount of such an allowance;
- travelling and subsistence allowances; and
- any annual increase

2.4 Following the consideration of a range of benchmarking information, an online questionnaire circulated to all Members, and a series of individual and group meetings with Members, the Independent Remuneration Panel have now completed their report and this is attached as **Appendix A**.

2.5 Attached as **Appendix B** is a table which sets out the proposed changes from the current scheme. These are in red text. The reasoning for the proposals are detailed in the Panel report.

2.6 The Council must consider the report of the Panel before it sets a scheme for payment of Councillors' Allowances and may decide whether or not to adopt the recommendations of the panel. The Report of the Panel has been considered by the Councillors' Commission. Details of which are contained in Section 3.0 of the report.

2.7 The timetable for the review of Members Allowances had any new Scheme being implanted as from 1 April 2021.

3.0 Councillors' Commission

3.1 The Commission considered the content of the report at their meeting held on 25 February 2021.

3.2 The Commission were minded to recommend the Full Council to approve the proposed new scheme of Members Allowances as set out in the Panel report. However, they recognised that the Full Council may consider that it may not be appropriate to implement at the current time given the impact of the pandemic.

3.3 In addition, the Councillors' Commission raised a specific question in respect of paragraph 4.7 of the Panel report, as the Panel had not recommended any form of allowance for Members of the Planning Committee, but had suggested that this issue 'might be better addressed in other ways'.

3.4 The Commission asked the Panel to define these 'other ways' and the formal response of the Panel was as follows:

"The Panel welcome the further enquiry from the Councillors Commission in relation to the Planning Committee. As indicated in the report, we considered that the issue of the length of time spent by members of the Planning Committee might be addressed in other ways. We didn't feel that elaborating on this was part of our remit as these are really matters for the Council. However, to expand further we feel that the Council could consider the best practice of other local authorities in relation to the administration of the Planning Committee in order to reduce the current workload. Ideas which the Panel felt could be considered were utilising technology to reduce the requirements for site visits (as has occurred during Covid); reducing the lengths of committee reports; and reducing the numbers of applications being considered by the Committee".

3.5 This matter can be addressed by the Councillors' Commission and was felt did not need to delay the Council in determining whether or not to implement the new Scheme of Members Allowances as recommended by the Panel.

4.0 Financial Implications (FIN20-21/1062)

4.1 The changes to Members' allowances as outlined in **Appendices A** and **B** are forecasted to result in an additional £20,518 of full-year costs in 2021/22. This assumes a 0% pay award for 2021/22.

4.2 A 1% pay award has been assumed in the Revenue Budget and Council Tax Setting 2021/22 report to be presented to Full Council on 9 March 2021. If the Members' allowances in red text in **Appendix B** are uplifted by 1%, the changes to Members' allowances are forecasted to result in an additional £23,339 of full-year costs in 2021/22.

5.0 RECOMMENDATION

That, having taken into account the views of the Councillors' Commission, the Council considers the report of the Independent Remuneration Panel on Members Allowances and determines whether to implement a new Scheme with effect from 1 April 2021.

Background Papers

Nil

For further information please contact Nigel Hill on extension 5243.

John Robinson
Chief Executive

APPENDIX A

REPORT OF NEWARK & SHERWOOD DISTRICT COUNCIL

INDEPENDENT REMUNERATION PANEL FOR MEMBERS ALLOWANCES FOR THE FINANCIAL YEAR 2021/22

1. Introduction

The Independent Remuneration Panel has a responsibility to make recommendations to Newark and Sherwood District Council (the Council) on the levels of allowances to be paid to Members of the Council. This report has been prepared in accordance with current legislation and guidance.

The Panel members are:

Sarah Britton - *Newark & Sherwood*
Paul Cox - *Rushcliffe*
John Shaw (Chairman) - *North Kesteven*

2. Purpose of the Review

In undertaking the review, the Panel is required to consider all existing allowances paid, as currently detailed in the Members Allowance Scheme for the Council, and also consider if any position of special responsibility which is not currently paid an allowance should be. It must make any recommendations to the Council that it considers appropriate.

3. Review Process

The Panel invited Members of the Council to complete a questionnaire in which they were able to express their views in respect of the current allowance scheme. A total of 28 Members (72%) responded to the questionnaire. In addition to this, an e-mail address for further or confidential comments direct to the Panel was provided to Members, but no responses were received.

The review has looked at all of the Council’s rates of remuneration in comparison with all Nottinghamshire District Council allowances.

The Panel received help and advice from both Officers and Members and we are grateful for their assistance. A list of all those involved is shown in Appendix A.

The contents of the previous Panels reports dating back to January 2012, have been considered for background information purposes, during this review.

We understand that our recommendations will be considered by the Councillors’ Commission prior to any decisions being made with regard to the level of allowances to be paid to Members.

The Covid 19 pandemic has had an impact on the review and led to some delays in receiving information and data from other authorities. All meetings were conducted via Microsoft Teams or Zoom. Whilst it is acknowledged that the impact of this pandemic has been and will be far reaching for the foreseeable future, it was not allowed to influence the recommendations made by the Panel.

4. Findings

4.1 Basic Allowance

The current basic allowance is £5,124 and sits in the middle of all Nottinghamshire districts. It is slightly below the district's average of level of £5,244. The members' questionnaire indicated that 54% felt the allowance was set at the right level.

The Panel is aware that, depending on the number of hours a member spends on Council business, the basic allowance is likely to be below the national minimum wage. However, it must be pointed out that the allowance in not intended to be a wage or salary. Also, the position of Councillor carries with it an expectation of a voluntary element. Notwithstanding this, the Panel is aware of the importance of attracting and retaining suitable people to be Councillors.

It is unrealistic to think that the basic allowance could be increased to a level that would attract and retain younger members as such a level would be cost prohibitive. This is a problem experienced by all district councils.

It is recommended that the basic allowance is increased to £5,250.

4.2 Roles and Allowances

The Panel felt that in some cases the existing scheme had conflated different roles with allowances, creating an unnecessary degree of complication. The Panel found the linking of Special Responsibility Allowances (SRAs) to specific roles confusing and felt it complicated the roles of Leader of the Council/Chairman of Policy and Finance Committee and Leader of Main Opposition Group/Opposition Spokesperson on Policy and Finance Committee. A back-to-basics approach was felt necessary to untangle the roles. It is accepted that it is not for the Panel to express a view on whether the same person should continue to undertake the two roles if separated.

It is recommended that the roles of Leader of the Council and Chairman of the Policy and Finance Committee are separated with the SRA re-introduced for the latter currently £5,777. And, the roles of Leader of the Main Opposition Group and Opposition Spokesperson on the Policy and Finance Committee are separated with the SRA re-introduced for the latter currently £1,065.

4.3 Leader of the Council

The Leader of the Council's special responsibility allowance is currently £14,175 which puts it at the lower end of the Nottinghamshire districts. The district's average is £16,014. The comparison is complicated by the fact that most districts are operating on a cabinet rather than committee basis. However, the position of Leader of the Council carries with it a high degree of responsibility and requires considerable commitment.

It is recommended that the SRA paid to the Leader of the Council is increased to £16,000.

4.4 Deputy Leader of the Council

The Deputy Leader of the Council's SRA is currently £2,834 which puts it at the bottom of the Nottinghamshire districts. The district's average is £10,551. Linking the allowance to that of the Leader again at 20% would mean an increase to £3,200. However, the Panel feels that there is no justification in using a method based on calculating a Vice Chairman differential rate for this position. The district's average percentage allowance ranges between 45 to 80% of the Leader's allowance. In 2011/12 this position had an SRA of £7,224, which has decreased steadily to the current level. The reasons for this decrease are now in the main, unclear.

It is recommended that the SRA paid to the Deputy Leader of the Council is increased to £8,000.

4.5 Leader of the Main Opposition Group

The Leader of the Main Opposition Group's SRA is currently £4,906 which puts it in the bottom half of the Nottinghamshire districts. The district's average is £4,089. However, the figures are distorted by the low allowance paid by Broxtowe. Excluding Broxtowe would mean an average of £5,000.

It is recommended that the SRA paid to the Leader of the Main Opposition Group is increased to £5,000.

4.6 Opposition Spokespersons

The Panel noted the position of Opposition Spokespersons on functional committees is paid an SRA of £1,065. Whilst such an allowance is unusual, particularly where the number of Opposition Members is low, on balance it was concluded that the allowance should be retained at the current level to reflect the importance of the scrutiny role.

It is recommended that the SRA paid to the Opposition Spokespersons on Functional Committees is not changed.

4.7 Planning Committee

A lot of representation was received concerning the long hours and lengthy agendas associated with the Planning Committee. The Covid 19 pandemic saw site visits suspended and an increased use of information technology. The Panel accepts that the approach of this committee is time consuming and resource hungry. However, the Panel felt that this issue might be better addressed in other ways, rather than introducing a new allowance for individual committee Members.

The Chairman of Planning's SRA is £5,777 which places it in the middle of the Nottinghamshire districts, but below the average of £6,068. The Vice-Chairman of Planning's SRA is £1,065. The current ratio between the SRA of the Vice-Chairman and Chairman of Planning was used to calculate the uplift.

It is recommended that the SRA paid to the Chairman of Planning is increased to £6,100 and the Vice-Chairman's is increased to £1,125.

4.8 Licensing and General Purposes Committees

No matters were raised concerning the allowances paid to Members on the Licensing and General Purposes Committees and the current allowances seem reasonable to the Panel. As such, it is concluded that no changes are required.

It is recommended that the allowances paid to Members of the Licensing and General Purposes Committees remain unchanged.

4.9 Audit and Accounts Committee

During the review the position of Chairman of Audit & Accounts Committee was raised and the SRA highlighted as being low in relation to other districts and the responsibility of the position. The SRA is currently £1,956 which puts it at the bottom of the Nottinghamshire districts. The district's average is £3,242.

It is recommended that the SRA paid to the Chairman of Audit & Accounts is increased to £3,250.

4.10 Number of SRA Allowed

The Members' questionnaire indicated that 54% of the respondents felt that there should be a limit on the number of SRAs an individual Member can receive. The rule restricting a member to a single SRA was removed in the previous review of 2016, following 'strong representations'. As such, the Panel feels that a change at this time would be premature and the situation should be considered again at the next review.

It is recommended that the current rule allowing more than one SRA be paid to an individual Member, is retained.

4.11 Indexation - Annual Increase

The Members' questionnaire indicated that 85% felt that the current scheme reviewing the allowances annually, in line with changes to spinal column point 43 for local government staff should continue. It has been reported that this may mean a freeze on future increases.

It is recommended that the practise of reviewing the allowances annually, in line with changes to spinal column point 43 for local government staff should continue.

4.12 Travel and Subsistence Allowances

The Members' questionnaire indicated that 87.5% felt that the current rates payable for travel, subsistence or carers allowances were set at the appropriate level.

It is recommended that the current rates payable for travel and subsistence allowances are continued.

4.13 Childcare and Dependents Carers' Allowance

The Panel supports the continuation of a payment of up to £10 per hour for costs actually incurred, or more in exceptional circumstances. We agree that Members should only be required to produce receipts in support of claims where production of receipts is normal practise. In circumstances where a more informal arrangement is used, Members should provide a statement as part of each claim showing what allowance is being claimed for and who is providing the care.

It is recommended that the current rates payable and procedures for Childcare and Dependents Carers' allowances are continued.

4.14 Pensions

The subject of pensions was raised during the review. It should be noted that with the effect from 1st April 2014, membership of the Local Government Pension Scheme (LGPS) was stopped and was no longer made available to new Members. Members could seek to join a form of stakeholder pension. The subject of pensions is outside of the remit of this review and is seen as a national issue.

5. Summary of Main Recommendations

It is recommended that:

5.1 The basic allowance is increased to £5,250.

5.2 The roles of Leader of the Council and Chairman of the Policy and Finance Committee are separated with the SRA re-introduced for the latter currently £5,777. And, the roles of Leader of the Main Opposition Group and Opposition Spokesperson on the Policy and Finance Committee are separated with the SRA re-introduced for the latter currently £1,065.

5.3 The SRA paid to the Leader of the Council is increased to £16,000.

5.4 The SRA paid to the Deputy Leader of the Council is increased to £8,000.

5.5 The SRA paid to the Leader of the Main Opposition Group is increased to £5,000.

5.6 The SRA paid to the Chairman of Planning is increased to £6,100 and the Vice-Chairman's is increased to £1,125.

5.7 The SRA paid to the Audit Chair is increased to £3,250.

5.8 All other allowances to remain unchanged.

6. Cost of Recommendations

Ref.	Positions	Current Rate	Recommended New Rate	Additional Cost
6.1	Basic Allowance (39)	£5,124	£5,250	£4,914

6.2	Chairman of Policy and Finance Committee	£0	£5,777	£5,777
6.3	Opposition Spokesperson on Policy and Finance Committee	£0	£1,065	£1,065
6.4	Leader of the Council	£14,175	£16,000	£1,825
6.5	Deputy Leader of the Council	£2,834	£8,000	£5,166
6.6	Leader of the Main Opposition Group	£4,906	£5,000	£94
6.7	Chairman of Planning Committee	£5,777	£6,100	£323
6.8	Vice-Chairman of Planning Committee	£1,065	£1,125	£60
6.9	Chairman of Audit and Accounts Committee	£1,956	£3,250	£1,294
			Total Cost	**£20,518**

APPENDIX A

Members:

Cllr Kath Arnold	-	Committee Member
Cllr Roger Blaney	-	Chairman of Planning Committee
Cllr Malcolm Brock	-	Committee Member
Cllr Rita Crowe	-	Chairman of Licensing and General Purposes Committees
Cllr Linda Dales	-	Committee Member
Cllr Keith Girling	-	Deputy Leader of the Council
Cllr Rhona Holloway	-	Vice-Chairman of Homes & Communities Committee
Cllr David Lloyd	-	Leader of the Council
Cllr Paul Peacock	-	Leader of the Main Opposition Group
Cllr Matthew Skinner	-	Committee Member
Cllr Ronnie White	-	Vice-Chairman of Licensing and General Purposes Committees

Officers:

John Robinson	-	Chief Executive
Sanjiv Kohli	-	Deputy Chief Executive and Section 151 Officer
Karen White	-	Director - Governance & Organisational Development
Nigel Hill	-	Business Manager – Elections & Democratic Services
Nick Wilson	-	Business Manager – Financial Services

APPENDIX B

MEMBERS ALLOWANCE SCHEME 2020/21

The basic Members' allowance is £5,124 - £5,250
Special Responsibility Allowances are as follows:

Leader of the Council/Chairman of Policy & Finance Committee	14,175.00	
Leader of the Council		16,000.00
Chairman of the Policy & Finance Committee		5,777.00
Deputy Leader of the Council	2,834.00	8,000.00
Leader of Main Opposition Group & Opposition Spokesperson on Policy & Finance Committee	4,906.00	
Leader of the Main Opposition Group		5,000.00
Opposition Spokesperson on Policy & Finance Committee		1,065.00
Leader of Other Opposition Groups	839.00	839.00
Opposition Spokespersons on Functional Committees	1,065.00	1,065.00
Chairmen of Functional Committees	5,777.00	5,777.00
Vice–Chairman of Policy & Finance Committee	1,065.00	1,065.00
Vice-Chairmen of Functional Committees	1,065.00	1,065.00
Chairman Planning Committee	5,777.00	6,100.00
Vice–Chairman Planning Committee	1,065.00	1,125.00
Chairman of Licensing & General Purposes Committees	3,411.00	3,411.00
Vice–Chairman of Licensing & General Purposes Committees	501.00	501.00
Chairman of Audit & Accounts Committee	1,956.00	3,250.00

COUNCIL MEETING - 9 MARCH 2021

APPOINTMENT OF AN INDEPENDENT MEMBER TO THE AUDIT & ACCOUNTS COMMITTEE

1.0 Purpose of Report

1.1 To seek approval from Council to appoint an Independent Member on a non-voting basis onto the Audit & Accounts Committee.

2.0 Background Information

2.1 At the meeting of the Audit & Accounts Committee on 3 February 2021 a report was tabled relating to the review of an Independent Member being co-opted onto the Audit & Accounts Committee.

2.2 The report detailed that within the recommendations from the Sir Tony Redmond review on the arrangements in place to support the transparency and quality of local authority financial reporting and external audit, local authority's should review whether an Independent Member is appropriate to be co-opted onto their Audit Committees.

2.3 The report detailed the regulatory environment together with CIPFA's guidance from its 2018 publication "Audit Committees: Practical Guidance for Local Authorities and Police". The report is attached as **Appendix A**.

2.4 The minutes of the meeting show that the Committee unanimously agreed to recommend to Full Council to co-opt an Independent Member onto the Audit & Accounts Committee; delegate to the Business Manager – Financial Services in consultation with the Chair of the Audit & Accounts Committee the process for selecting and recommending an appropriate candidate and for a report to be brought back to Full Council to approve the appointment of the recommended candidate.

2.5 The proposed role profile for the Independent Member is attached at **Appendix B** for Members to review.

2.6 Should Council approve the recommendations; a recruitment panel comprising of the Chair of the Audit & Accounts Committee, the Business Manager – Financial Services and a further member from the Audit & Accounts Committee would be convened in order to progress the recruitment of the Independent member.

2.7 Once the recruitment process has been concluded a further report would be brought back to Council, in order to approve the appointment of the recommended candidate.

3.0 Financial Implications (FIN20-21/3346)

3.1 The proposed remuneration of £500 together with an allowance of £500 for reasonable expenses has been added to the proposed revenue budget elsewhere on this agenda in order to fund the Co-opted Independent member should the recommendations be approved.

5.0 <u>RECOMMENDATIONS</u> that:

(a) the Council approve the creation of a Co-opted Independent member on a non-voting basis onto the Audit & Accounts Committee; and

(b) the process for selecting and recommending an appropriate candidate be delegated to the Business Manager – Financial Services in consultation with the Chairman of the Audit & Accounts Committee, and that a report is brought back to the Council to approve the appointment of the recommended candidate.

<u>Background Papers</u>

CIPFA Audit Committees Practical Guidance for Local Authorities and Police
NAO Report – Local Authority Governance

For further information please contact Nick Wilson, Business Manager – Financial Services on Ext 5317.

Sanjiv Kohli
Deputy Chief Executive / Director – Resources and Section 151 Officer

APPENDIX A

AUDIT & ACCOUNTS COMMITTEE
3 FEBRUARY 2021

REVIEW RELATING TO THE APPOINTMENT OF AN INDEPENDENT MEMBER

1.0 Purpose of Report

1.1 To enable Members of the committee to consider the appointment of an Independent Member to the Audit and Accounts Committee as per the CIPFA Best Practice Guidance.

2.0 Background Information

2.1 At the meeting on 27th November 2019 the results of the self-assessment exercise highlighted an action in relation to the consideration of including at least one independent member to the Audit and Accounts Committee.

2.2 The action plan detailed that a report would be tabled to this Committee which facilitated the consideration of an independent member.

2.3 At the meeting on the 5th February 2020 a report was tabled regarding the appointment of an independent member, which after debate by the Committee the minutes show that all agreed not to have an Independent Member.

2.4 Post this, a review, conducted by Sir Tony Redmond, on the arrangements in place to support the transparency and quality of local authority financial reporting and external audit was commissioned. A recommendation from this report was that the consideration to the appointment of at least one independent member, suitably qualified, by local authority audit committees was conducted. A report was presented by the Business Manager – Financial Services on the report and the recommendations produced by Sir Tony Redmond on 25th November 2020. A vote was taken to review the decision taken on 5th February 2020, and a report was to be tabled at the next Audit and Accounts Committee in order to review the appointment of an independent member onto the committee.

Review of Independent member

2.5 The guidance to support those acting as audit committee members in local authorities recognises CIPFA's publication "Audit Committees: Practical Guidance for Local Authorities and Police (2018)" as representing "proper audit committee practices".

2.6 This guidance defines the way in which audit committees should be established and undertake its functions, including the functional reporting requirements to the governance group charged with providing independent assurance on the adequacy of the control environment, comprising risk management, control and governance.

2.7 Best practice dictates that governance, risk management and strong financial controls be embedded in the daily and regular business of an organisation. The existence of an audit committee does not remove responsibility from senior managers, members and leaders, but provides an opportunity and resource to focus on these issues. CIPFA considers that Audit Committees must also actively explore the appointment of at least one independent member to the Committee. This is in line with good practice to demonstrate good governance principles and independence from the executive and other political allegiances.

2.8 Good practice shows that co-option of independent members is beneficial to the audit committee. It is a requirement for police audit committees, English combined authorities and for local authorities in Wales, and it is usual practice for non-executives to be committee members in health and central government audit committees. The injection of an external view can often bring a new approach to committee discussions. Authorities that have chosen to recruit independent members have done so for a number of reasons:

- To bring additional knowledge and expertise to the committee;
- To reinforce the political neutrality and independence of the committee; and
- to maintain continuity of committee membership where membership is affected by the electoral cycle.

2.9 Under the Council's constitution, the first item in the remit for the Audit and Accounts Committee's is:- "*to approve the Authority's statement of accounts, income and expenditure and balance sheet or record of receipts and payments".*

2.10 Under S102(3) of the Local Government Act 1972, Co-opted members are not permitted to be members on Committees which are responsible for "*regulating and controlling the finance of the local authority".*

2.11 CIPFA do acknowledge these limitations recommending that Local Authorities should have regard to Section 13 of the Local Government and Housing Act 1989 which relates to the voting rights of non-elected committee members. This states that "*A person who – (a) is a member of a committee appointed under a power to which this section applies by a relevant authority and is not a member of that authority; shall for all purposes be treated as a non-voting member of that committee".*

2.12 Their view is that where an audit committee is operating as an advisory committee under the Local Government Act 1972, making recommendations rather than policy, then all members of the committee (including an co-opted members) should be able to vote on those recommendations. However, where a council has delegated decisions to the committee, for example the adoption of the financial statements, then independent members will not be able to vote on those matters for decision.

2.13 CIPFA do though acknowledge where authorities make use of independent members there are practical things to borne in mind:

- Over-reliance on the independent members by other committee members can lead to a lack of engagement across the full committee;
- Lack of organisational knowledge or 'context' among the independent members when considering risk registers or audit reports;
- Effort is required from both independent members and officers to establish an effective working relationship and establish appropriate protocols for briefings and access to information.

2.14 While operating as a member of the audit committee, the independent member is required to follow the Council's Standing Orders and the Code of Conduct for elected members. They should also register any interests should be maintained. As stated at paragraph 2.12 above, where there are recommendations for decision, the independent member would not have the right to vote on those decisions.

2.15 The primary considerations when considering audit committee membership should be maximising the committee's knowledge base and skills, being able to demonstrate objectivity and independence, and having a membership that will work together.

2.16 CIPFA also acknowledge that there are currently no statutory requirements that determine that local authorities must appoint independent co-opted members, albeit such appointments are a requirement within police authorities, English combined authorities and for local authorities in Wales. This was a recommendation made by Sir Tony Redmond within the Redmond review, and subsequently this could become a requirement (as with police authorities, English combined authorities and local authorities in Wales) in the future.

2.17 The NAO has recommended that government work with local authorities and stakeholders to assess the implications of, and possible responses to the effectiveness of audit committees and how to increase the use of independent members.

2.18 Analysis across Nottinghamshire shows that only one of the other District Authorities currently have independent members co-opted onto their audit committees. This is Mansfield District Council and currently they remunerate them £530 per annum.

2.19 A role profile is attached at **appendix A** which would be used in order to advertise and recruit for the independent member. It is proposed that an annual remuneration of £500 plus reasonable travel expenses (where this is within the District) be offered for the position.

2.20 Should the Committee recommend to Full Council that an independent member is co-opted onto this committee, a panel comprising of the Chair of this Committee, the Business Manager – Financial Service together with another member of this Committee would convene in order to recruit to the position.

3.0 <u>CONCLUSIONS:</u>

3.1 At present there are no statutory requirements on the authority to appoint an independent member to the audit committee. The NAO has recommended that further work be done by government with local authorities and other stakeholders to examine how the use of independent members on audit committees can be increased. This has also been supplemented by the recommendation by Sir Tony Redmond within his review.

3.2 Guidance from CIPFA notes both positive and cautionary reasons for such appointments and decisions of this nature need to take account of each local authority's own circumstances.

4.0 <u>FINANCIAL IMPLICATIONS (FIN20-21/7020)</u>

4.1 The proposed remuneration of £500 together with an allowance for reasonable expenses would need to be added to the base budget for 2021/22 and future years. Should the recommendation to Council be that an independent member is co-opted onto this committee, this addition would be made to the budget setting report to be tabled at Council on 9th March 2020.

5.0 RECOMMENDATIONS:

That the Committee:

(a) Review and discuss the proposal to co-opt an independent member onto the committee.
(b) Where appropriate approve the Independent member role profile.
(c) Where appropriate recommend the following to Council:
- That an Independent member is co-opted on to the Audit and Accounts Committee on a non-voting basis.
- The role profile is approved.
- That the process for selecting and recommending an appropriate candidate is delegated to the Business Manager – Financial Services in consultation with the Chair of the Audit and Accounts Committee.
- That a report is presented to Council to approve the appointment of the recommended candidate.

Background Papers

CIPFA Audit Committees Practical Guidance for Local Authorities and Police
NAO Report – Local Authority Governance

For further information please contact Nick Wilson, Business Manager – Financial Services on Ext 5317

Nick Wilson
Business Manager – Financial Services

APPENDIX B

Appointment of an Independent Audit & Accounts Committee Member (Independent Person)

Newark & Sherwood District Council has a strong track record of good corporate governance and robust financial management, but remains keen to implement continuous improvement in these areas. To support this ongoing process, we are now seeking to recruit a proficient Independent Person to serve on the Council's Audit & Accounts Committee.

About the Audit & Accounts Committee

The Audit & Accounts Committee is a key component of Newark & Sherwood District Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

Its role is:

- To provide independent assurance to Councillors of the adequacy of the risk management framework and the internal control environment;
- To provide independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes;
- To oversee internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The full list of functions of the Audit & Accounts Committee can be found in the Council's constitution

ROLE DESCRIPTION

Responsible to: The Authority

Liaison with: Monitoring Officer, Members of the Authority, officers, the Chair of the Authority, the Chair of the Audit & Account Committee and key stakeholders within the community.

Duties to include:

1) Assisting the Committee with scrutinising the authority's statement of accounts for its approval
2) Reviewing the Council's corporate governance arrangements
3) Receiving reports/presentations from the Council's internal audit manager, considering the main issues identified and monitoring management action in response
4) Receiving and considering the external auditor's opinion and reports and monitoring management action in response to any issues raised
5) Considering the effectiveness and adequacy of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
6) Considering the adequacy of the action being taken on risk related issues identified by auditors and inspectors
7) Ensuring effective scrutiny of the Council's Treasury Management Strategy and Policies

SELECTION CRITERIA - SKILLS AND COMPETENCIES

Experience
- Experience of working in a medium/large organisation at a senior level or other experience which would give similar benefits.
- Financial Management experience (accountancy, audit or management of a large budget) would be advantageous.

Skills
- An ability to understand complex issues and the importance of accountability and probity in public life
- An ability to analyse and question written and verbal reports on audit and risk management activities
- An understanding of the need for independence of audit from daily management responsibilities
- An ability to demonstrate integrity and discretion
- Effective interpersonal skills
- Be able to maintain strictest confidentiality of sensitive information

Knowledge
All members of the Audit & Accounts Committee should have, or should acquire as soon as possible after appointment:
- An understanding of the objectives and key activities of the Council and current major initiatives and significant issues for the Council
- An understanding of the Council’s structures and responsibilities, including key relationships with partners, businesses and organisations
- An understanding of the organisation’s culture
- An understanding of any relevant legislation or other rules governing the organisation
- An understanding of corporate governance arrangements in place across the Council
- An understanding of the government environment generally
- An understanding of risk management
- Ensure effective scrutiny of the Council’s Treasury Management Strategy and Policies

Eligibility for Appointment
You must:
- Have local connections and live within the District or carry out the main part of your work in the District
- Agree to abide by the provisions of the Council’s Standing Orders and the Members Code of Conduct while serving on the Committee

You must not:
- Be a Councillor or Officer of the Council or have been so in the preceding five years prior to appointment
- Be related to, or a close friend of, any Councillor or Officer of Newark & Sherwood District Council
- Have been convicted of any offence; the Council has the right to undertake a DBS check for any independent committee members
- Be an undischarged bankrupt
- Have significant business dealings with the Council
- Have a formal connection with any political group

- Have a proven history of vexatious and/or frivolous complaints against Newark & Sherwood District Council
- Be holder of a significant office in an organisation being grant aided/supported by Newark & Sherwood District Council

You should demonstrate in your application how you meet the above criteria as this will assist the short-listing process.

Means of assessment will be by application form and panel interview.

Commitment

You will be expected to attend at least 3 of 4 meetings per year. Meetings usually take place in February, April, July and November. They are usually held at Castle House, Great North Road, Newark, NG24 1BY and start at 10am. They last approximately 2 hours. Time will also be needed prior to each meeting for preparation.

Remuneration

An allowance of £500 per annum would be applied to the post. An allowance for reasonable travel expenses (where this is within the District) would also be reimbursed.

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Policy & Finance Committee** broadcast from the Civic Suite, Castle House, Great North Road, Newark, Notts NG24 1BY on Monday, 22 February 2021 at 6.00 pm.

PRESENT: Councillor D Lloyd (Chairman)
Councillor K Girling (Vice-Chairman)

Councillor R Jackson, Councillor P Peacock and Councillor R White

APOLOGIES FOR ABSENCE: Councillor T Wendels

The meeting was held remotely, in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

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

There were no declarations of interest.

198 DECLARATIONS OF INTENTION TO RECORD THE MEETING

The Chairman advised that the proceedings were being audio recorded and live streamed by the Council.

199 MINUTES OF THE MEETING HELD ON 21 JANUARY 2021

The minutes from the meeting held on 21January 2021 were agreed as a correct record and signed by the Chairman.

200 CHAIRMAN'S REPORT

The Chairman presented his report beginning with details of actions taken by the Council with regard to the deadline for applying for the EU Settlement scheme before the 30 June. EU residents living and working in the UK were required to apply under the scheme, which was free, to ensure that they could remain in the UK. He advised that the Council intended to undertake targeted advertising and direct mail information to those EU citizens on the Electoral Register.

The Chairman also reported that the rate of Covid-19 cases within Newark and Sherwood was slightly higher in people of working age than it was across the rest of the County. He added that the Council were working hard to address this and referred to the walk in test centre which was now operational at the Newark Sports and Fitness Centre, and the continuing good rates of uptake of the vaccine within the District.

201 FORWARD PLAN OF POLICY & FINANCE ITEMS

The Committee noted the Forward Plan items to be considered by the Committee over the next 12 months.

202 PAY POLICY STATEMENT 2021/22

The Director – Governance & Organisational Development presented a report which sought to review the content of the Pay Policy Statement for 2021/22 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 minimal changes that had been made to the Policy for this year were highlighted in the report. These changes included the addition of an Assistant Director Post and changes to reflect the transfer of housing services back into the Council. In respect of the pay claim for 2021/22, the Director – Governance & Organisational Development reported that the employers side were to consider the trade unions request following the elections to be held in May 2021.

AGREED (unanimously) that the Pay Policy Statement 2021/22 be recommended for approval by Full Council at their meeting to be held on 9 March 2021.

Reason for Decision

To ensure compliance with Section 38 (1) of the Localism Act 2011.

203 YORKE DRIVE REGENERATION UPDATE

The Growth and Regeneration Lead Officer presented a report detailing the implications of the Council failing to secure Affordable Homes Programme grant funding from Homes England following confirmation that they were unable to support the project. The Business Manager - Financial Services confirmed that monies had been allocated for the project and included in the Capital Programme on the basis of receiving no grant funding, and the Council were also seeking alternative sources of funding for the Regeneration Project. A revised Business Plan for the project would be brought to the Policy and Finance Committee in November 2021.

Members were agreed that the announcement from Homes England was extremely disappointing, especially given the amount of work by Officers and within the local community. The Committee also considered the impact of the loss of this grant funding on the Council's 30 Year HRA Business Plan. It was noted that further modelling following the removing of this grant funding, had shown that the current HRA Capital Programme, including the future years of the development programme, remained affordable within the overall HRA Business Plan.

AGREED (unanimously) that the progression of the Yorke Drive Project, within the existing financial approvals and cost envelope, as agreed by the Policy and Finance Committee on 2 April 2020, without the inclusion of grant funding, be approved.

Reason for Decision

To ensure delivery of the Yorke Drive Regeneration Project

204 2021/22 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 2021/2022. The budget proposals had been formulated in accordance with the framework set out in the Council's Constitution, and built on the draft budget reports which were presented to each functional committee in January 2021. The revenue budget had been prepared in accordance with the Council's budget setting strategy which had been approved by the Policy & Finance Committee on 25 June 2020.

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 17 December 2020 with the final settlement yet to be announced.

The Business Manager – Financial Services reported that the assumed Council Tax increase within the proposed revenue budget was an increase in the Band D equivalent of 1.94%. The Committee also noted the current uncertainties around the retention of Business Rates for 2021/22.

AGREED (unanimously) that the Committee recommends to Full Council at its meeting on 9 March 2021, that:

i. the following amounts be now calculated by the Council for the 2021/22 financial year, in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011:

1. £47,936,380 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 2021/22);

2. £32,055,440 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 2021/22); and

3. £15,880,940 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 2021/22;

iii. the budget amounts included in the report be the Council's budget for 2021/22; and

iv. the fees and charges shown in Appendices C to W be implemented with effect from 1 April 2021.

Reason for Decision

To enable the 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 2021/22 financial year.

205 2021/22 TO 2024/25 MEDIUM TERM FINANCIAL PLAN

The Business Manager – Financial Services presented a report concerning the Medium Term Financial Plan (MTFP) for 2021/22-2024/25. 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 2021/22, whilst being able to contribute to reserves in order to mitigate future anticipated shortfalls in funding.

AGREED (unanimously) that the 2021/22 to 2024/25 Medium Term Financial Plan be recommended for approval by the Full Council at their meeting to be held on 9 March 2021.

Reason for Decision

To provide a framework to support the Council's future spending plans.

206 CAPITAL PROGRAMME 2021/22 TO 2024/25

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 2021.

In respect of the general fund capital expenditure the Council intended to spend £59.639m from 2021/22 to 2024/25 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 £56.895m from 2021/22 to 2024/25. This was made up of £21.839m on existing property investment and £35.056m on Affordable Housing. The HRA property investment and development programme were set out in Appendix B to the report.

AGREED (with 4 votes for and 1 abstention) that the General Fund schemes set out at Appendix A to the report, and the Housing Services Scheme set out at Appendix B to the report be recommended to Full Council on 9 March 2021 as committed expenditure in the Capital Programmes for 2021/22 to 2024/25.

<u>Reason for Decision</u>

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.

Meeting closed at 7.18 pm.

Chairman

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NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Planning Committee** broadcast from the Civic Suite, Castle House, Great North Road, Newark, Notts, Tuesday, 2 February 2021 at 2.00 pm.

PRESENT:	Councillor R Blaney (Chairman) Councillor I Walker (Vice-Chairman) Councillor M Brock, Councillor R Crowe, Councillor Mrs L Dales, Councillor Mrs M Dobson, Councillor L Goff, Councillor Mrs R Holloway, Councillor Mrs P Rainbow, Councillor Mrs S Saddington, Councillor M Skinner, Councillor T Smith, Councillor K Walker and Councillor Mrs Y Woodhead
APOLOGIES FOR ABSENCE:	Councillor L Brazier (Committee Member)

299 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

Councillor Mrs L Dales declared a personal interest as she was the Council's appointed representative on the Trent Valley Internal Drainage Board and Upper Witham Valley Drainage Board.

Councillor I Walker declared a personal interest as he was the Council's appointed representative on the Trent Valley Internal Drainage Board.

Councillors R Blaney, Robert Crowe, Mrs M Dobson, L. Goff, Mrs P Rainbow, Mrs S Saddington, M Skinner, T Smith, I Walker, K Walker, declared personal interests in Agenda Item 6 - 51 Syerston Way, Newark - 20/02071/HOUSE, as the applicant was known to them. Councillors Mrs P Rainbow, Mrs S Saddington, M Skinner, and T Smith would take no part in the debate or vote and would turn off their cameras and mute themselves in accordance with Council protocol, for the duration of that item.

300 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

The Chairman informed the Committee that the Council was undertaking an audio recording of the meeting, which would be webcast.

301 MINUTES OF THE MEETING HELD ON 12 JANUARY 2021

AGREED that the minutes of the meeting held on 12 January 2021 were approved as a correct record of the meeting, to be signed by the Chairman.

302 LAND AT HEALEY CLOSE, COLLINGHAM - 20/01481/FUL

The Committee considered the report of the Business Manager – Planning Development, which sought planning permission for the erection of a one bedroom, single storey dwelling. This application was discussed at the 1 December 2020, Planning Committee, with Members resolving to defer the application to allow officers to negotiate an amended house type - a bungalow, whilst retaining the additional six car parking spaces. The committee report had been updated with bold text and obsolete text had been deleted, to detail the discussions and submitted documents received since the December meeting.

Members considered the presentation from the Senior Planning Officer, which included photographs and plans of the proposed development.

Members considered the proposal acceptable and welcomed the retention of the six car parking spaces.

AGREED (unanimously) that planning permission be approved subject to the conditions and reasons contained within the report.

303 <u>51 SYERSTON WAY, NEWARK - 20/02071/HOUSE</u>

The Committee considered the report of the Business Manager – Planning Development, which sought planning permission for the demolition of a rear conservatory and the erection of a single storey rear extension. The extension was proposed from block work and off-white render with a parapet roof and glazed lantern light. Development had already commenced on the site with the demolition of the conservatory and the rebuilding with the new structure. Development had ceased with the rendering, the only element to be completed.

Members considered the presentation from the Senior Planning Officer, which included photographs and plans of the proposed development.

A schedule of communication was tabled at the meeting which detailed correspondence received after the Agenda was published from two neighbours and the applicant.

Members considered the application and expressed their disappointment with the application being retrospective, although it was acknowledged that the applicant had understood that the extension was within permitted development. The extension was approximately 20cm deeper than what was considered to be permitted development under the relevant legislation. Some Members felt that the extension was overbearing, ugly and should have been kept in character with the house, using a red brick. It was suggested that if the committee were minded to approve, an amendment to the materials condition should be made regarding the render colour and finish as well as the exposed blockwork above the parapet roof on the rear elevation of the existing dwelling to allow officer to negotiate a less stark finish.

(Having declared Personal Interests, Councillors Mrs P Rainbow, Mrs S Saddington, M Skinner, and T Smith took no part in the debate or vote and turned off their cameras and muted themselves in accordance with Council protocol, for the duration of this item).

AGREED (with 5 votes For, 1 vote Against and 4 Abstentions) that:

(a) planning permission be approved subject to condition 1 and its reason contained within the report; and

(b) subject to the amendment to condition 2, requiring the precise colour of the render finish for the extension to be submitted to and approved in writing by the Planning Authority. This condition shall relate to the colour finish of the extension as well as colour finish and materials to the exposed blockwork above the parapet roof on the rear elevation of the existing dwelling.

304 PLANNING APPLICATION VALIDATION CHECKLIST

The Committee considered the report of the Director – Growth & Regeneration, which set before Committee an updated Draft Planning Application Validation Checklist. This had been prepared to provide guidance to applicants on the information required to be submitted with a planning application in order to assist a timely decision. The previous checklist was adopted in 2013 and since that time there had been a significant number of changes to policy and legislation meaning it was appropriate to review this. It also sought approval to undertake an eight-week period of consultation on the document with Members, Parish and Town Councils and statutory consultees. Details would be provided on the Council's website enabling developers and interested stakeholders to respond as well as applicants and their agents, residents through planning application receipt and notification letters.

AGREED (unanimously) that:

(a) the contents of the validation checklists as contained within the report be noted; and

(b) the draft updated Planning Application Validation Checklist (as set out at Appendix A of the report) be approved for an eight-week public consultation with statutory consultees, District Councillors and Town/Parish Councils, applicants/developers and neighbours.

305 APPEALS LODGED

AGREED that the report be noted.

306 APPEALS DETERMINED

AGREED that the report be noted.

Meeting closed at 2.40 pm.

Chairman

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit & Accounts Committee** Broadcast from Castle House, Great North Road, Newark, Notts, NG24 1BY on Wednesday, 3 February 2021 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor Mrs B Brooks and Councillor R Crowe

APOLOGIES FOR ABSENCE: Councillor M Brown (Committee Member), Councillor D Cumberlidge (Committee Member) and Councillor Mrs M Dobson (Committee Member)

The meeting was held remotely, in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

68 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.

69 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

70 MINUTES OF THE MEETING HELD ON 25 NOVEMBER 2020

That the Minutes of the meeting held on 25 November 2020 be approved as a correct record and signed by the Chairman.

71 EXTERNAL AUDITORS' ANNUAL AUDIT LETTER 2019/20

The Committee considered the report from Jon Machej, Manager at Mazars who presented the External Auditor's Annual Audit Letter for 2019/20 for Newark & Sherwood District Council.

The Annual Audit Letter summarised the key findings from the external audit work carried out by Mazars in 2019/20. It covered the 2019/20 Statement of Accounts and the Value for Money conclusion for the same year.

The report explained the increase to the final fee partly due to additional work pressures around the change in the Council's group boundary, the additional testing of PPE and the pension scheme.

AGREED (unanimously) that Members approved the External Auditor's Annual Audit Letter for 2019/20.

72 REVIEW OF SIGNIFICANT GOVERANCE ISSUES IN THE ANNUAL GOVERNANCE STATEMENT

The Committee considered the report from the Business Manager for Financial Services updating the Committee on the significant governance issues identified in the Annual Governance Statement.

The report provided issues identified such as the re-integration of the Housing Management function, the development company having started its first development at Bowbridge Road with the work progressing well. Internal Audit having completed an audit during July 2019, gained substantial assurance from the report and the four recommendations that were set out had been completed, going to the last Policy and Finance Committee on 21 January 2021.

The key issue had been Covid-19, which from the beginning had been a challenge for staff and continuing to deliver for the community.

AGREED (unanimously) that the Committee noted the results of the review of significant governance issues as identified in the Annual Governance Statement.

73 INTERNAL AUDIT PROGRESS REPORT

The Committee considered the Internal Audit progress report from Assurance Lincolnshire providing a summary of Internal Audit work undertaken during 2020/21 against the agreed audit plan and any remaining reports from 2019/20.

The report was presented by Amanda Hunt from Assurance Lincolnshire covering the period up to December 2020. The report provided actions within reports that have a limited assurance rating. Managers attending the meeting were able to provide an update to the Committee on the implementation of actions, as well as requesting an extension to the end of March to complete. An update on progress would then be reported to the next Audit and Accounts Committee in April.

AGREED (unanimously) that the Committee considered and commented upon the latest internal audit progress report and approved the extensions to the implementation dates.

74 ANNUAL INTERNAL AUDIT PLAN

The Committee considered the Annual Internal Audit Plan from Assurance Lincolnshire setting out the proposed work for Internal Audit for 2021/22.

Amanda Hunt from Assurance Lincolnshire informed the Committee that her colleague McJoy Nkhoma would be the contact for Newark and Sherwood District Council from April.

Emma Bee also from Assurance Lincolnshire recommended further training to support Members in fulfilling their role, gaining skills and knowledge. A questionnaire will go out to Members and from the responses will populate a Training Plan.

AGREED (unanimously) that the Committee approved the Internal Audit Plan.

75 TREEASURY MANAGEMENT STRATEGY STATEMENT

The Committee considered the report from the Assistant Business Manager for Financial Services, seeking approval for the Treasury Management Strategy, which incorporates the Borrowing Strategy, Investment Strategy and Treasury Prudential Indicators, updated in accordance with the latest guidance.

AGREED (unanimously) that:

the Committee approved each of the following key elements and recommended these to Full Council on 9th March 2021 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

a) the Treasury Management Strategy 2021/22, incorporating the Borrowing Strategy and the Annual Investment Strategy (Appendix A);

b) the Treasury Prudential Indicators and Limits, contained within Appendix A; and

c) the Authorised Limit Treasury Prudential Indicator contained within Appendix A.

76 CAPITAL STRATEGY 2021/22

The Committee considered the report from the Assistant Business Manager for Financial Services, seeking approval of the Capital Strategy 2021/22, which incorporates the Minimum Revenue Provision and Capital Prudential Indicators, updated in accordance with the latest guidance.

AGREED (unanimously) that:

the Committee approved each of the following key elements and recommended these to Full Council on 9th March 2021 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

a) the Capital Strategy 2021/22 Appendix A;

b) the Capital Prudential Indicators and Limits for 2021/22, contained within Appendix A;

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

d) the Flexible Use of Capital Receipts Strategy, contained within Appendix D.

77 INVESTMENT STRATEGY

The Committee considered the report from the Assistant Business Manager for

Financial Services, for the Investment Strategy 2021/22, meeting the requirements of statutory guidance issued by MHCLG Investment Guidance in January 2018.

AGREED (unanimously) that:

the Committee approved each of the following key elements and recommended these to Full Council on 9th March 2021 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

a) the Investment Strategy 2021/22 within Appendix A; and

b) the Investment Prudential Indicators and Limits, contained within Appendix A.

78 REVIEW RELATING TO THE APPOINTMENT OF AN INDEPENDENT MEMBER

The Committee considered the report from the Business Manager for Financial Services, enabling Members of the Committee to consider the appointment of an Independent Member to the Audit and Accounts Committee as per the CIPFA Best Practice Guidance.

The report advised that at present there were no statutory requirements on the authority to appoint an Independent Member to the Audit and Accounts Committee.

The NAO had recommended that further work be done by government with local authorities and other stakeholders to examine how the use of independent members on audit committees can be increased. This has also been supplemented by the recommendation by Sir Tony Redmond within his review.

The guidance from CIPFA notes both positive and cautionary reasons for such appointments and decisions of this nature need to take account of each local authority's own circumstances.

The Committee discussed how it would be preferable to have a 4 year cycle in place as is also carried out with the Auditors. This would be included when providing to the Council.

AGREED (unanimously) that the Committee:

a) reviewed and discussed the proposal to co-opt an Independent Member onto the Committee;

b) where appropriate approved the Independent Member role profile; and

c) where appropriate recommended the following to the Council:
- That an Independent Member is co-opted on to the Audit and Accounts Committee on a non-voting basis.
- The role profile is approved.
- That the process for selecting and recommending an appropriate candidate is delegated to the Business Manager for Financial Services

in consultation with the Chair of the Audit and Accounts Committee.

- That a report is presented to Council to approve the appointment of the recommended candidate.

79 AUDIT COMMITTEE WORK PLAN

The Committee noted the Work Plan.

80 DATE OF NEXT MEETING

The next meeting would be held on Wednesday 21 April 2021.

Meeting closed at 11.10 am.

Chairman

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Councillors Commission** held remotely via Microsoft Teams on Thursday, 25 February 2021 at 4.00 pm.

PRESENT: Councillor R Blaney (Chairman)

Councillor Mrs L Dales, Councillor P Harris, Councillor Mrs L Hurst, Councillor J Lee and Councillor P Peacock

APOLOGIES FOR ABSENCE: Councillor L Brailsford and Councillor Mrs G Dawn

The meeting was held remotely, in accordance with the Local Authorities and Police & Crime Panels (Coronavirus) (Flexibility of Local Authority and Police & Crime Panel Meetings) (England and Wales) Regulations 2020.

36 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

There were no declarations of interest.

37 MINUTES OF MEETING HELD ON 11 JANUARY 2021

AGREED that the minutes of the meeting held on 11 January 2021 be approved as a correct record and signed by the Chairman.

38 GOVERNANCE REVIEW UPDATE

The Director - Governance & Organisational Development presented a report updating Members on progress of the Governance Review. Further to the last meeting of the Commission, the workshop sessions for all Members were held during the week commencing 1 February 2021. These were well attended and gave the Members the opportunity for a discussion around their role, purpose and responsibilities to help inform the direction of travel in relation to the governance review.

The report identified the common themes and issues which came out of the discussions in the three sessions. The report also captured how Members had been involved in different ways with their communities during the pandemic.

The Commission referred to the provision of ICT which was an item which appeared later on the agenda. The Director - Governance & Organisational Development explained that the regulations to enable virtual meetings was due to expire on 9 May 2021, however the LGA, and others were lobbying the Government to extend the current regulations, or introduce on a permanent basis which would allow 'hybrid' meetings going forward.

AGREED that the information arising from the Member workshops be noted, and the Chief Executive be requested to report to a further meeting of the Commission, no later than the end of April 2021, with conclusions, options and recommendations for the Council's governance arrangements, having regard to the original Peer Challenge report and learning from the virtual visits, and feedback from the Members' workshops.

39 REPORT OF THE MEMBERS INDEPENDENT REMUNERATION PANEL

The Business Manager - Elections & Democratic Services presented a report which advised the Commission of the final report of the Members Independent Remuneration Panel. The report proposed various increases to Members allowances which were detailed in the report.

The Members were minded to recommend approval of the proposed scheme of Members Allowances, however they considered that the Council should determine if it was appropriate to implement at the current time given the impact of the pandemic.

The Commission did note that the Panel were not recommending any allowance for those Members on the Planning Committee, despite the amount of time those Members on this committee spent given the requirement to attend site visits and the length of some agendas. The Panel in their report had referred to this issue being addressed in 'other ways' and he Commission requested the Business Manager – Elections & Democratic Services go back to the Panel to clarify what they meant by this.

AGREED that the report of the Independent Remuneration Panel be presented to the Full Council at their meeting to be held on 9 March 2021, for determination.

40 PLANNING COMMITTEE - SCHEME OF DELEGATION

The Business Manager - Planning Development presented a report concerning the Scheme of Delegation. A number of changes were made to the delegation arrangements in late 2019 and it was agreed to undertake a further review 12 months after these had been in place. This report set out the findings of the review which highlighted both positive and negative impacts as a result of the amendments. The report made a number of recommendations as a result of those and requested the Commission to consider recommending to Full Council the proposed amendments to the Scheme of Delegation.

The report set out the scope for the review, the existing committee arrangements, existing scheme of delegation and some data relevant to the current process, before proceeding onto the proposed changes. The proposed changes were summarised as:

i. Refer Applications for Minor Dwellings to Ward Members when the Town/Parish Council has objected and the Officer recommendation is for Approval and if request received, present application to Planning Committee;
ii. Greater Clarity (i.e. planning reasons) from Member within Referral Requests; and
iii. Amend the Scheme of Delegation as set out within Appendix 1 to the report.

The Commission welcomed the proposed changes but requested that these be subject to further review in 12 months after implementation. The opportunity for all Members to engage with the appropriate planning officer early in the process was also supported, and it was agreed that this could be implemented immediately by carrying out the proposal to changes to the weekly list to include a link to the planning application and for the case officer's name to be included.

The Commission also considered that further training regarding the planning process and what constituted material planning considerations would be useful, and the Business Manager – Planning Development confirmed that such training would be made available for all Members and Town and Parish Councils.

Given the changes to the Scheme of Delegation required changes to the Constitution, it was suggested that these be presented to the Annual Council Meeting in May for approval.

AGREED that the proposed revisions to the Scheme of Delegation be recommended to Full Council for approval and that these be subject to further review by the Councillors' Commission 12 months after implementation.

41 MEMBERS DIGITAL REQUIREMENTS

The Business Manager - ICT presented a report which detailed the use of digital media by Members during the pandemic and gave potential options to enhance the remote meeting experience. The report outlined how Members had been accessing meetings and agenda during this time, and some of the limitations of using the present equipment.

The report proposed that Members be issued with a laptop and headset to access remote meetings, and to continue to use their iPads to access agenda. The laptops Members would receive were already held within ICT as older stock, and could be reconditioned within existing budgets to reduce the financial impact. Headsets, or speakers if required, could be purchased at low cost. As there was no cost other than officer time, it was agreed that roll out of the reconditioned laptops should begin immediately.

In addition it was noted that the Zoom client application be installed on the Members iPads and that ICT were to provide testing and migration of emails into Microsoft Intune. These proposals were to be supported by additional training for Members as required.

Members were keen to seek speedy resolutions to the issues that had been experienced when accessing virtual meetings. It was acknowledged that the ability to undertake meetings remotely had many benefits, and whilst it did not replace face-to-face meetings, it was hoped that the ability to meet remotely would continue.

AGREED that the report be noted, with the proposals as set out being endorsed and recommended to the Policy & Finance Committee for consideration with any non-cost elements to be implemented with immediate effect.

Meeting closed at 5.10 pm.

Chairman