

**FULL COUNCIL MEETING – 5 MARCH 2026**

**QUESTIONS FROM MEMBERS OF THE COUNCIL**

**In accordance with Rule No. 3.3.3 the following question was submitted to the Council from Councillor John Lee:**

Since November 2020, national government rules have been tightened to stop councils borrowing money in order to make a commercial profit. These changes apply directly to council-owned companies such as Arkwood, and make clear that councils should not borrow in order to invest in companies like Arkwood; should not operate companies such as Arkwood primarily to generate commercial income; and should not rely on income from companies like Arkwood to support or protect the Council's core budgets or its Medium Term Financial Plan. This position was reinforced by revised PWLB lending rules and the updated CIPFA Prudential Code issued in December 2021.

The same guidance also makes clear that where a council owns a company such as Arkwood, that company must be kept under regular and formal review by elected members, with clear oversight of financial risk, borrowing, and whether Arkwood's activities remain appropriate and compliant with national labour government guidance. This is particularly important where Arkwood is involved in development activity, exposed to market risk, or operating outside the district.

In that context, and given the Council's continued ownership and operation of Arkwood as an income-generating company, including references to Arkwood in financial planning discussions, when was Arkwood last formally reviewed by the Council, and by which committee?

**Reply from Councillor Paul Peacock – Leader of the Council and Portfolio Holder for Strategy, Performance & Finance**

Thank you, Cllr Lee, for pointing out the regulations that prevent councils from borrowing to make a commercial profit. I am fully aware of the regulations and the guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). For those of us who work closely every day with finance colleagues and see their commitment and professionalism to their work it is no surprise that these regulations are adhered to comprehensively.

For clarification on the point, you are trying to make I can confirm that whilst the company has a borrowing facility with the Council, the Council does not itself borrow from the Public Works Loan Board (PWLB) or any other lender to lend to Arkwood. I would also remind you that Arkwood operates at a much lower development profit than commercial developers as the Company's objectives go beyond pure profit in developing homes that best fit the need of the local community.

The Executive Shareholders receive a quarterly report including ongoing business case, the Arkwood Board hold an AGM each year and the District Council finance team have the day to day sight of Arkwood finances.

### **Supplemental Question from Councillor Lee**

Can you confirm whether the Council has carried out a formal assessment following the tightening up of the National Guidance in 2020 and updated CIPFA Prudent Code in 2021 to determine whether Arkwood activities, particularly development outside the district, risk placing the Council in the position of operating primarily for commercial return, and if such an assessment exists will it be published.

### **Reply from Councillor Peacock – Leader of the Council and Portfolio Holder for Strategy, Performance & Finance**

I can assure everyone that all regulations and guidance are properly adhered to at all times not only for Arkwood but the entirety of the finances that Newark and Sherwood District Council are responsible for.