Nottinghamshire County Council

County Hall West Bridgford Nottingham NG2 7QP

SUMMONS TO COUNCIL

date Thursday, 25 February 2021 venue Virtual meeting
commencing at 10:30

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 under.

Chief Executive

1	Minutes of the last meeting held on 17 December 2020	5 - 28
2	Apologies for Absence	
3	Declarations of Interests by Members and Officers:- (see note below) (a) Disclosable Pecuniary Interests (b) Private Interests (pecuniary and non-pecuniary)	
4	Chairman's Business	
5	Annual Budget 2021-22 Adult Social Care Precept 2021/22 Council Tax Precept 2021/22 Medium Term Financial Strategy 2021/22 to 2024/25 Capital Programme 2021/22 to 2024/25 Capital Strategy 2021/22	29 - 128

NOTES:-

(A) For Councillors

(1) Members will be informed of the date and time of their Group meeting for Council by their Group Researcher.

(2) Lunch will usually be taken at approximately 12.30pm.

(3) (a) Persons making a declaration of interest should have regard to the Code of Conduct and the Procedure Rules for Meetings of the Full Council. Those declaring must indicate whether their interest is a disclosable pecuniary interest or a private interest and the reasons for the declaration.

(b) Any member or officer who declares a disclosable pecuniary interest in an item must withdraw from the meeting during discussion and voting upon it, unless a dispensation has been granted. Members or officers requiring clarification on whether to make a declaration of interest are invited to contact the Monitoring Officer or Democratic Services prior to the meeting.

(c) Declarations of interest will be recorded and included in the minutes of this meeting and it is therefore important that clear details are given by members and others in turn, to enable Democratic Services to record accurate information.

(4) Members' attention is drawn to the questions put to the Leader of the Council and the Chairmen of the Children and Young People's, Finance and Major Contracts Management and Governance and Ethics Committees under paragraphs 42, 46 and 47 of the Procedure Rules, and the answers to which are included at the back of the Council book

(5) Members are reminded that these papers may be recycled. Appropriate containers are located in the respective secretariats.

(6) <u>Commonly used points of order – Budget meetings</u>

108b – The Member has spoken for more than 20 minutes (on budget item)

64 – The Member has spoken for more than 5 minutes (non-budget items)

66 – The Member is not speaking to the subject under discussion

67 – The Member has already spoken on the motion

86 – Points of Order and Personal Explanations

95 – Disorderly conduct

(7) <u>Time limit of speeches – budget meetings</u>

Motions (budget)
108b – no longer than 20 minutes (subject to any exceptions set out in the Constitution)

Motions (non-budget)
64 – no longer than 5 minutes (subject to any exceptions set out in the Constitution)

(B) For Members of the Public

(1) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:

Customer Services Centre 0300 500 80 80.

(2) The papers enclosed with this agenda are available in large print if required. Copies can be requested by contacting the Customer Services Centre on 0300 500 80 80. Certain documents (for example appendices and plans to reports) may not be available electronically. Hard copies can be requested from the above contact.

(3) This agenda and its associated reports are available to view online via an online calendar – http://www.nottinghamshire.gov.uk/dms/Meetings.aspx

Nottinghamshire County Council

Meeting	COUNTY COUNCIL
Date	Thursday, 17 December 2020 (10.30 am – 5.30 pm)

Membership
Persons absent are marked with 'A'

COUNCILLORS

Stuart Wallace (Chairman)
Andy Sissons (Vice-Chairman)

A	Reg Adair	Eric Kerry
	Pauline Allan	John Knight
	Chris Barnfather	Bruce Laughton
	Joyce Bosnjak	John Longdon
	Ben Bradley	Rachel Madden
	Nicki Brooks	David Martin
	Andrew Brown	Diana Meale
	Richard Butler	John Ogle
	Steve Carr	Philip Owen
	John Clarke	Michael Payne
	Neil Clarke MBE	John Peck JP
	John Cottee	Sheila Place
	Jim Creamer	Liz Plant
	Mrs Kay Cutts MBE	Mike Pringle
	Samantha Deakin	Francis Purdue-Horan
A	Maureen Dobson	Mike Quigley MBE
	Dr John Doddy	Alan Rhodes
	Boyd Elliott	Kevin Rostance
	Sybil Fielding	Phil Rostance
	Kate Foale	Mrs Sue Saddington
	Stephen Garner	Helen-Ann Smith
	Glynn Gilfoyle	Tracey Taylor
	Keith Girling	Parry Tsimbiridis
	Kevin Greaves	Steve Vickers
	John Handley	Keith Walker
	Tony Harper	Muriel Weisz
	Errol Henry JP	Andy Wetton
	Paul Henshaw	Gordon Wheeler
	Tom Hollis	Jonathan Wheeler
	Vaughan Hopewell	Yvonne Woodhead
	Richard Jackson	Martin Wright
	Roger Jackson	Jason Zadrozny

OFFICERS IN ATTENDANCE

Melanie Brooks	(Adult Social Care and Health)
Jonathan Gribbin	(Adult Social Care and Health)
Sue Batty	(Adult Social Care and Health)
Ainsley Macdonnell	(Adult Social Care and Health)
Anthony May	(Chief Executive)
Marjorie Toward	(Chief Executives)
Nigel Stevenson	(Chief Executives)
Sara Allmond	(Chief Executives)
Carl Bilbey	(Chief Executives)
Angie Dilley	(Chief Executives)
Anna O'Daly-Kardasinska	(Chief Executives)
David Hennigan	(Chief Executives)
James Silverward	(Chief Executives)
Colin Pettigrew	(Children and Families)
Adrian Smith	(Place)

Plus, additional officers were present to provide technical support to Members.

OPENING PRAYER

Upon the Council convening, prayers were led by the Chairman's Chaplain.

1. MINUTES

RESOLVED: 2020/022

That the minutes of the previous meeting of the County Council held on 15 October 2020 be agreed as a true record and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from:-

- Councillor Reg Adair (other reasons)
- Councillor Maureen Dobson (other reasons)

3. DECLARATIONS OF INTEREST

None

4. CHAIRMAN'S BUSINESS

PRESENTATION AND AWARDS

The Chairman announced the following awards:

Adult and Community Learner Provider of the Year

Inspire Nottinghamshire had been awarded the Adult and Community Learning Provider of the Year by the Times Educational Supplement Awards 2020.

Inspire delivered this work on behalf of the County Council. The service has been quick to respond to COVID-19 and was providing some innovative opportunities for learners, especially around skills for employment, work readiness, business start-up and wellbeing.

The Council congratulated the team for this amazing achievement.

ICE East Midlands Merit Awards 2020 – Highly commended in the small project category

Nottinghamshire County Council's Flood Risk Management Team secured the 'Highly Commended' award in the fiercely contended Small Project, under £2million, category at the recent Institute of Civil Engineers (ICE) East Midlands Merit Awards 2020 Ceremony.

These awards provided an opportunity to celebrate and showcase outstanding civil engineering achievement, innovation and ingenuity in the East Midlands.

The award was secured for the Southwell Property Flood Resilience Project, a project that to date had seen over 100 properties in Southwell protected from flooding using bespoke Property Flood Resilience. The project was delivered by the Councils supply partner Whitehouse Construction Ltd.

The project was applauded for its team approach and liaison with the community affected. The Council congratulated the team.

Association for Public Service Excellence (APSE) Street Lighting Innovation Award 2020

Via East Midlands Ltd, representing Nottinghamshire County Council, recently won the APSE Street Lighting Services Innovation Award 2020, for the LED Street Lighting renewal project, entitled 'Nottinghamshire's Lighting the Way to Save Energy'.

The project had been running since 2014 and was managed by Clare Murden of the Via Operations Electrical Team in partnership with Nick Stendall of the NCC Energy Team and Salix Finance.

Over 70,000 LED lanterns had been installed in Nottinghamshire with works on-going. Funding grants of just over £12m had been achieved from Salix with energy savings of over £9.7m to date. The project had been at no extra cost to the authority as this money would have been spent on the energy bills.

An energy reduction of 81.5 million kwh and 71,300 tonnes of carbon had been saved since the project began. There had also been a 47% reduction in lighting faults resulting in an improved service and value for money for the residents of Nottinghamshire. A further bid of £2.5m had recently been secured from Salix which will allow the project to continue until 2023.

The Council congratulated the team in winning this award and for their continued hard work.

Smarter Working Live Awards

The Council had won two awards at the Smarter Working Live Awards recognising the transformation of the way that the Council used data to manage services and to inform plans and strategies.

Organised in partnership with the Cabinet Office, the Smarter Working Live Awards celebrated outstanding public sector digital transformation and innovation.

The Council won the Smarter Working Award for best Data and Interoperability Project for its work on the intelligence led performance programme. The programme implemented the Council's Business Intelligence Strategy, and the judges were impressed by the introduction of agile working practice in the Performance, Intelligence and Policy Team – and the development of dashboards and data visualisations that are now used as part of the management of council services.

The Council's approach so impressed the judges that it was shortlisted for the overall Award for Special Recognition where the Council received the runner up award.

These awards were tremendous recognition of the investment that the Council had made into data intelligence and the work of our Performance, Intelligence and Policy Team. This work provided the Council with an invaluable foundation for the intelligence that was needed through the pandemic to stay abreast of the needs and pressures on Council services.

The Council congratulated everyone in the team and all the colleagues who supported these achievements.

Celebrating Success – Departmental Awards Scheme in Adult Social Care and Public Health

At the recent Adult Social Care and Public Health Committee the runners up and winners of the first departmental awards scheme in the Adult Social Care and Public Health Department were announced.

The inaugural awards focussed on the achievements of staff in response to the Covid-19 pandemic. Congratulations to the winners, runners up and all those nominated.

CHAIRMAN'S BUSINESS SINCE THE LAST MEETING

The Chairman updated members on the business he and the Vice-Chairman had carried out since the last meeting, including doing virtual visits with a large number of teams within the Council.

5. CONSTITUENCY ISSUES

The following Member spoke for up to three minutes on issues which specifically related to their division and were relevant to the services provided by the County Council.

Councillor Sybil Fielding – regarding North Rhodesia Children's Centre

6a. PRESENTATION OF PETITIONS

The following petitions were presented to the Chairman as indicated below: -

(1) Councillor John Ogle requesting a change in the speed limit in Ragnall

(2) Councillor John Cottee opposing the removal of yellow lines from Selby Lane

(3) Councillor Roger Jackson regarding speeding traffic between Southwell and Upton

(4) Councillor Roger Jackson requesting a Traffic Regulation Order and a reduce speed indicator on Station Road, Southwell

(5) Councillor Michael Payne regarding road safety outside Richard Bonington Primary School

(6) Councillor Liz Plant requesting a pedestrian crossing on Musters Road, West Bridgford

(7) Councillor Phil Rostance requesting speed cameras or safety meaures on Nabbs Lane, Hucknall

RESOLVED: 2020/023

That the petitions be referred to the appropriate Committees for consideration in accordance with the Procedure Rules, with a report being brought back to Council in due course.

6b. RESPONSE TO PETITION PRESENTED TO THE CHAIRMAN OF THE COUNTY COUNCIL

RESOLVED: 2020/024

That the contents and actions taken as set out in the report be noted with an amendment to Petition B – Safety Improvements on Killisick Road, Arnold, to correct a typographical error in the report. The petition had 523 signatures not 41 signatures as printed in the report.

7. TREASURY MANAGEMENT MID-YEAR REPORT 2020/21

Councillor Philip Owen introduced the report and moved a motion in terms of resolution 2020/25 below.

The motion was seconded by Councillor John Ogle.

Following a debate the motion was put to the meeting and following the vote the Chairman declared it was carried and it was:-

RESOLVED: 2020/025

That the actions taken by the Section 151 Officer to date, as set out in the report, be approved.

8a. QUESTIONS TO NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY

None

8b. QUESTIONS TO COMMITTEE CHAIRMAN

Thirteen questions had been received as follows: -

1) from Councillor Richard Jackson regarding HS2 (Councillor Mrs Kay Cutts MBE replied)

2) from Councillor Alan Rhodes concerning allocation of Local Improvement Scheme (LIS) funding (Councillor John Handley replied on behalf of Councillor John Cottee)

3) from Councillor Liz Plant regarding technology to access online learning (Councillor Philip Owen replied)

4) from Councillor Mike Pringle about long term financial planning (Councillor Richard Jackson replied)

5) from Councillor Eric Kerry regarding the link road connecting Humber Road South to Thane Road (Councillor John Cottee replied)

6) from Councillor Kevin Greaves regarding spending on improving the County road network (Councillor John Cottee replied)

7) from Councillor Jason Zadrozny concerning enhanced testing support programme (Councillor Mrs Kay Cutts MBE replied)

8) from Councillor John Peck about support to schools regarding track and trace (Councillor Philip Owen replied)

9) from Councillor David Martin concerning the Green Paper on Social Care (Councillor Tony Harper replied)

The full responses to the questions above are set out in set out in Appendix A to these minutes.

Councillor Parry Tsimbiridis joined the meeting at 11.25am during question one.

The time limit of 60 minutes allowed for questions was reached before the following questions were asked. A written response to the questions would be provided to the Councillors who asked the questions within 15 working days of the meeting and be included in the papers for the next Full Council meeting.

10) from Councillor Rachel Madden concerning lobbying for extra funding regarding COVID-19 (Councillor Richard Jackson to reply)

11) from Councillor Sybil Fielding concerning process to consult members on changes to service delivery (Councillor Philip Owen to reply)

12) from Councillor Mike Pringle regarding provision of sanitary products (Councillor Mrs Kay Cutts MBE to reply)

13) from Councillor Tom Hollis about every Councillor treating the County fairly and equitably (Councillor Bruce Laughton to reply)

9. NOTICE OF MOTIONS

Motion One

A Motion as set out below was moved by Councillor Jason Zadrozny and seconded by Councillor Rachel Madden:

“This Council notes that spending on public transport per head in the East Midlands was only £268 last year. This is the fourth year in a row that the East Midlands has had the lowest public transport spend in the country. This compares unfavourably with the West Midlands who saw £467 spent per head at the same time. The UK average was £481 per year according to figures released by East Midlands Councils.

This Council further notes the decision to pause the Eastern Leg of HS2b. The news HS2 has been shelved from Birmingham to Leeds, via the East Midlands in favour of the Western Leg of Crewe to Manchester is a disaster for our region. This decision will cost this region hundreds of millions of pounds in regeneration opportunities. This is catastrophic for our region.

This Council believes that it is imperative that HS2b is delivered in full. The Eastern Leg of HS2 is critical to the long-term economic success of the East Midlands. This must include the East Midlands Hub Station at Toton.

This Council also notes the lack of progress with the campaign to fully electrify the Midlands’ Mainline.

We therefore call for an urgent meeting with the Secretary of State for Transport and all key stakeholders to make the case for urgent investment in public transport in Nottinghamshire and the East Midlands including the reinstatement of the electrification of the Midlands’ Mainline and the unpausing of the Eastern Leg of HS2b.”

Following the debate, the motion was put to the meeting. The requisite number of Members requested a recorded vote and it was ascertained that the following 31 members voted **‘For’** the motion:-

Pauline Allan
Joyce Bosnjak
Nicki Brooks
Steve Carr
John Clarke
Jim Creamer
Samantha Deakin
Sybil Fielding
Kate Foale
Glynn Gilfoyle
Kevin Greaves
Errol Henry JP
Paul Henshaw
Tom Hollis
Vaughan Hopewell
Rachel Madden
David Martin
Diana Meale
Michael Payne
John Peck JP
Sheila Place
Liz Plant
Mike Pringle
Alan Rhodes
Helen-Ann Smith
Parry Tsimbiridis
Muriel Weisz
Andy Wetton
Yvonne Woodhead
Martin Wright
Jason Zadrozny

The following 33 Members voted **'Against´** the motion:-

Chris Barnfather
Ben Bradley
Andrew Brown
Richard Butler
Neil Clarke MBE
John Cottee
Mrs Kay Cutts MBE
Dr John Doddy
Boyd Elliott
Stephen Garner
Keith Girling
John Handley
Tony Harper
Richard Jackson
Roger Jackson
Eric Kerry
John Knight
Bruce Laughton
John Longdon
John Ogle
Philip Owen
Francis Purdue-Horan
Mike Quigley MBE
Kevin Rostance
Phil Rostance
Mrs Sue Saddington
Andy Sissons
Tracey Taylor
Steve Vickers
Keith Walker
Stuart Wallace
Gordon Wheeler
Jonathan Wheeler

The Chairman declared the motion was lost.

<u>Motion Two</u>

A Motion as set out below was moved by Councillor David Martin and seconded by Councillor Helen-Ann Smith:

"Nottinghamshire County Council notes that from 1st May to 31st October – Value Added Tax (VAT) was set at a zero rate on supplies of PPE as defined by Public Health England's coronavirus (COVID-19) PPE guidance on 24 April 2020.

This Council notes that from November 1st, face masks and gloves now cost more after the government said a waiver of VAT on personal protective equipment (PPE) would not be extended.

The Treasury has confirmed that the 20% sales tax would once more apply to protective equipment bought by firms and consumers after the six-month exemption.

This is a tax on safety and leaves the poorest vulnerable in our County and is having an adverse impact on businesses and ordinary people who are legally bound to use masks in shops and on public transport.

We note that food and convenience store owners and other businesses that are obliged to use PPE are now facing increased costs just when they are struggling most. An increase of 20% is a significant amount and has led to increases in price for PPE equipment, it has slowed demand and is acting as a barrier to buying PPE for some, at a time when many people's income has been reduced due to the pandemic.

This Council asks the Leaders of the Ashfield Independents, Conservative / Mansfield Independents and Labour groups to write a joint letter to the Chancellor of the Exchequer Rishi Sunak MP and Treasury Minister Jesse Norman MP to call for this decision to be reversed and that a zero rate on VAT on supplies of PPE is reintroduced until we get to grips with the coronavirus pandemic."

The motion was put to the meeting and after a roll call vote the Chairman declared the vote was 32 **'For'** the motion and 32 **'Against'** the motion. The Chairman therefore used his casting vote to vote against the motion. The Chairman declared the motion was lost.

Motion Three

A motion was moved by Councillor Richard Jackson and seconded by Councillor Bruce Laughton in terms of resolution 2020/026 below.

The motion was put to the meeting and after a roll call vote the Chairman declared it was carried and it was:-

RESOLVED: 2020/026

This Council is concerned that water companies continue to allow the discharge of significant amounts of untreated sewage into our watercourses and waterways during periods of heavy rainfall.

It has been reported that in their respective regions last year (2019), untreated sewage was released almost 40,000 times by Severn Trent Water and more than 10,000 times by Anglian Water.

This Council resolves to write to Severn Trent Water and Anglian Water seeking an explanation and demanding that they invest more in the monitoring and reduction of these discharges, in order to prevent raw sewage polluting this county's watercourses, killing wildlife, damaging biodiversity and undermining all attempts to create a cleaner, better environment.

Motion Four

A motion was moved by Councillor Dr John Doddy and seconded by Councillor Kevin Rostance in terms of the resolution 2020/027 below.

The motion was put to the meeting and after a roll call vote the Chairman declared it was carried and it was:-

RESOLVED 2020/027

This Council:

- recognises the significant increase in the number of Nottinghamshire people working from home during the COVID-19 pandemic and the contribution this has made to reducing the ‘R’ (reproduction) number especially during the early stages of the lockdown;

- anticipates that this increase in home working could bring about a permanent change to the way some organisations, businesses and employees work in the future, even after the country returns to more ‘normal’ circumstances;

- believes that many people have worked from home very happily and successfully, but understands why others have found this change of routine and working environment to be isolating and stressful;

- urges employers across Nottinghamshire to ensure that their employees working from home are given the practical and personal support they need, so that this does not have a negative impact on their mental and physical health and wellbeing.

Motion Five

A Motion as set out below was moved by Councillor Alan Rhodes and seconded by Councillor Nicki Brooks:

“This council notes that on 20th March 2020, as part of his pandemic response package, the Chancellor provided a £20 a week uplift to the basic rate of Universal Credit. This was to reflect the reality that the level of benefits were not adequate to protect the swiftly increasing number of households relying on them as the crisis hit.

This council further notes that in April 2021, this benefit will end, leaving the level of unemployment support at its lowest ever relative to average earnings, and meaning many families income will be below the poverty line.

Therefore this council resolves to:

1. Write to the Chancellor, Rishi Sunak and to the Prime Minister, Boris Johnson demanding that the £20 increase to Universal Credit is made permanent and extended to claimants on legacy benefits.

2. Work with other local government organisations to form a coalition to pressure the government to make the £20 increase to Universal Credit permanent.”

The motion was put to the meeting and after a roll call vote the Chairman declared the vote was 31 **‘For’** the motion, 31 **‘Against’** the motion with 2 abstentions. The Chairman therefore used his casting vote to vote against the motion. The Chairman declared the motion was lost.

Motion Six

A Motion as set out below was moved by Councillor Alan Rhodes and seconded by Councillor Kate Foale:

“This council notes that fireworks impact considerably on the health and wellbeing of the elderly and vulnerable in our communities, together with domestic pets and wildlife.

This council proposes:

1. To write to the UK Government urging them to introduce legislation to ensure that only silent fireworks are available for retail.

2. To undertake a proactive public awareness campaign, in partnership with public health and our district, borough and city councils, to encourage our residents to only attend silent firework displays.”

As set out in the Constitution, the time limit of 5.30pm was reached and the remaining business would be carried over to the next meeting.

The Chairman declared the meeting closed at 5.30 pm.

CHAIRMAN

APPENDIX A

COUNTY COUNCIL MEETING HELD ON 17 DECEMBER 2020
QUESTIONS TO COMMITTEE CHAIRMEN

Question to the Leader of the Council from Councillor Richard Jackson

Given that the National Infrastructure Commission has not yet published the Integrated Rail Plan, and that any recommendation they make with regard to the HS2 (Phase 2b Eastern Leg) line will be advisory pending a final decision by the Prime Minister and Secretary of State for Transport, is it fair to say at this stage that no decision has been made regarding the line?

Response from Councillor Mrs Kay Cutts MBE, Leader of the Council

Thank you, Councillor Jackson for your question, submitted of course prior to the National Infrastructure Commission's (NIC) Integrated Rail Plan being published on Tuesday.

As you correctly state, the report is advisory in nature, setting out a range of packages to meet rail needs across the Midlands and the North for Ministers to consider.

Members may recall that The Oakervee Review, which was published at the start of the year, concluded that a Y-shaped network for HS2 was the right strategic answer for the country.

However, The Oakervee Review also concluded that Phase 2b needed to be considered as part of a wider plan including Midlands Engine Rail, the Midland Mainline, and other large-scale rail projects. This became known as the Integrated Rail Plan, the scope of which was specifically to consider how best to integrate these projects, reduce cost, and deliver the project as part of a wider national picture.

The Government have consistently stated that HS2, including the Eastern Leg, will be built in full. It is therefore somewhat disappointing that the NIC have only included the Eastern Leg and Toton in 2 of the 5 packages they set out in the report.

It is further disappointing that the NIC report fails to take into account the growth plans that partners in the region have developed over the last 4 years, which have unanimous support. Critically, the NIC report doesn't appear to explain whether the East Midlands would be any better, or indeed worse off under each of the proposed packages.

You will note that other major considerations – such as the Government's levelling up agenda, our national ambitions for decarbonisation, and the East Midlands Development Corporation – are beyond the scope of this Plan and barely mentioned in the report, which is solely focused on the operational elements of these projects. These will, of course, have to be taken into consideration by the Government when they make their final decision.

From our own initial analysis of the report, it is quite clear that the packages proposed by the NIC will see the East Midlands become worse off, with fewer new quality jobs created in our economy, with limited increases in productivity and prosperity, a less positive impact on the environment and carbon emissions and less government investment that we so badly need.

To stop the HS2 at the East Midlands Parkway is very expensive due to the topography, but perhaps more importantly it is in the wrong place and its unlikely that Nottinghamshire County Council will support this proposal.

Even before the NIC's review was undertaken, it was well-known that HS2 would be an expensive endeavour. However, given that the line will create £5billion of growth in the region every year I certainly don't think value for money comes into question.

The NIC report is clearly flawed, but will be considered alongside the Sir Allan Cook and Oakervee Reviews. The Government will then publish its Integrated Rail Plan, which will outline their policy response and decisions relating to the delivery of HS2. This is anticipated in the New Year, so until that point you are right to highlight that no final decision has been made regarding the line. In fact, the report references this directly, and I quote:

"If government wishes to take an adaptive approach in the Integrated Rail Plan […] [they] would need to consider with local stakeholders the best option for the main rail hub in the East Midlands, taking account of economic and regeneration opportunities."

It is clear, therefore, that Nottinghamshire County Council and its partners still have a major role to play in the finalisation of the Rail Plan, and we will continue to be passionate advocates for HS2 and the transformational economic benefits it will bring to Nottinghamshire and the wider East Midlands region and to the further North as well. That's the North-East, not the North-West I am referring to.

Though I know that Councillor Rhodes is often keen to quote me out of context, I have already been lobbying loudly for Nottinghamshire's stake in this project. I have met and corresponded regularly with Sir John Armitt, Chairman of the Commission, and I have spoken to the Secretary of State, Andrew Stephens, who is minister for this line at length on several times, probably 4 or 5 meetings together with colleagues along the further length of the line including Leeds and Sheffield and the Prime Minister to demonstrate how important these infrastructure projects are to the future of our county and of the East Midlands as a whole.

I continue to work with partners locally and nationally to impress upon the Prime Minister and Secretaries of State for Transport and Housing, Communities, and Local Government, the importance of HS2 for the region. We recognise its value in levelling up our economy, as well as other economies that are along its eastern route, and continue to make this case to government.

This Administration would not sit by and let Nottinghamshire miss out on its fair share.

Question to the Chairman of the Communities and Place Committee from Councillor Alan Rhodes

Does the Chairman of Communities and Place believe that LIS (Local Improvement Scheme) funding has been devolved equitably, when 70% of this year's allocations were awarded to applications supported by Conservative Members?

Response from Councillor John Handley, Vice-Chairman of the Communities and Place Committee on behalf of Councillor John Cottee, Chairman of the Communities and Place Committee

The short answer to your question is yes. Local Improvement Scheme funding has been devolved equitably in accordance with the published criteria, also taking into account the likelihood and practicality of projects being completed in the current, highly challenging circumstances caused by the COVID-19 pandemic.

The Local improvement Scheme is a Member-led initiative where bidders are expected to contact and then seek the consent, support and signature of their local councillor or councillors for their application.

Almost 70% of the applications to this round of the LIS were sponsored by Conservative and Mansfield Independent Group councillors, who represent 55% of the Council. In comparison, Labour Group councillors make up 33% of the Council but sponsored only 18% of the LIS bids received. Given these proportions of bids coming in for assessment, it is unsurprising that bids sponsored by Conservative and Mansfield Independent Group councillors formed a comparatively larger percentage of the approved allocations.

There is no limit, except a time deadline, on how many bids can be made to the Local Improvement Scheme. I am certainly not going to deter members of any group from sponsoring applications just in case members of another group may be less active in doing so. Whatever the total number of bids received, each application is considered on its merits against the criteria and recommendations are then made to the Communities and Place Committee.

Most of the applications recommended for funding through this year's LIS were approved at the November meeting of Communities and Place Committee where it was stated that a small number of bids were undergoing further analysis. The outcome of this work saw a further 27 applications approved by committee in December.

In determining which applications are recommended for approval, a robust assessment process is undertaken to ensure that applications meet the criteria. Applications are assessed, moderated and reviewed by officers to help the Committee with its decisions. I'd like to say here thank you to the office for the hard work they put in on the LIS scheme. Support is given to the applicants, when requested, to help them understand the process and make the best possible case for their project.

The LIS criteria stated that applicants were encouraged to secure at least 50% of required funding from other sources, known as "match-funding".

Given the reality of the financial and practical circumstances in which approved bids would have to be delivered, a high weighting was given during the assessment process to bids that not only promised a good share of match-funding, but already had that funding in place.

In the case of applications where a significant amount of promised match-funding was unsecured, it was considered that the ongoing COVID lockdown measures could significantly impair the ability of those applicants to raise match-funding in time. It was not therefore considered appropriate, at this time, to commit public money to bids that appeared some way from being “shovel ready” and at high risk of not being completed even within the lengthened timeframe for the 2020-21 scheme.

The bids recommended for approval therefore tended to be those that met the criteria and already had a significant amount of match-funding secured.

I am delighted to report that the 2020/21 Local Improvement Scheme will be delivering more than £680,000 of funding to local projects at a time when other councils are not offering any such discretionary funding. This is a success story of which we should be proud.

Question to the Chairman of the Children and Young People’s Committee from Councillor Liz Plant

Can the Chairman of the Children and Young People’s committee assure members that all pupils in Nottinghamshire maintained schools have the appropriate technology to access online learning when the need arises?

Response from Councillor Philip Owen, Chairman of the Children and Young People’s Committee

The Government has put in place several mechanisms to support Headteachers to ensure there are sufficient IT devices for those children who may require them. Due to the nature of the governance arrangements of academies and maintained schools, the Council does not monitor uptake of IT devices in school. However, Headteachers and Governing Bodies remain committed to ensuring access to education when children are learning at home. It should be noted that even when devices are offered, some parents are still requesting access to paper based resources.

There have been, and remain, a number of schemes to provide laptops and internet access to children and young people during the COVID-19 pandemic. Some of these have been delivered via the Department for Education (DfE) and others have been private enterprises. If I can just illustrate some of the ways in which this has been done:

DfE (Department for Education) Laptops for Children and Young People with a Social Worker

The DfE provided Local Authorities with laptop devices to distribute to children and young people with a social worker and care leavers who did not have access to their own device. Nottinghamshire’s were delivered from June 2020 and were distributed either directly to the children and young people, or via their school. Care leavers were given the device rather than loaned, as allowed in the DfE guidance. Tablets were provided to children under the age of 5.

To date, 1,300 devices under this scheme have been allocated, 65 routers and 99 tablets to children under 5. The council continues to distribute these devices as children and young people come into care. These devices are not only to support education but also to facilitate communication with social workers and, in the case of care leavers, to support them in seeking work and/or undertaking further study. In relation to the DfE provision of routers to access the internet, it should be noted that this data lasts until July 2021.

Laptops for Pupils in Year 10

The DfE also provided laptops and routers to Year 10 pupils. Laptops for Multi Academy Trusts were delivered directly to academies and therefore the council does not know how many were either ordered or secured. Regarding the one secondary school for which this local authority did order, that is the one maintained secondary school, the Headteacher requested 18 devices and 4 routers and these were secured and delivered to the secondary school.

DfE Laptops for pupils (aged 7+) where education has been disrupted

Since the start of the Autumn term 2020 the DfE has provided laptops to schools when face-to-face education has been disrupted, such as when a group or 'bubble' are required to isolate due to a COVID contact within the school, or as a result of a school closure due to COVID. Nottinghamshire's Maintained Schools order the devices themselves but NCC can view the allocation for each school. The allocation was changed due to global demand for devices, however it has now increased again meaning many schools may have ordered some but not all of their allocation to date.

The DfE spreadsheet suggests that Nottinghamshire maintained schools can order up to 2,596 devices. 156 maintained schools have been identified by the DfE to order devices when bubbles are self-isolating or in the case of a school closure. To date, 65 maintained schools have ordered at least part of their allocation.

Multi-Academy Trusts are responsible for ordering their devices directly from the DfE and therefore Nottinghamshire County Council does not know how many devices have either been ordered or allocated.

It should be noted that all Headteachers can continue to order devices should they be required.

Nottinghamshire Libraries

On behalf of the Communities and Place Committee Chairman I can also add that following the easing of the first lockdown early in July, all Nottinghamshire Libraries provided access to its public computers via a booking system.

At implementation of the second lockdown in November, libraries were allowed within the restrictions to provide essential access to computers, which was provided at nine of our libraries via a booking system. Since coming out of the second lockdown on the 2nd December, all libraries are offering access to computing again.

Inspire learning study programmes are providing young people with laptops where required to undertake their courses.

Question to the Chairman of the Finance and Major Contracts Management Committee from Councillor Mike Pringle

Can the Chairman of Finance and Major Contracts Management Committee please explain how this authority can comprehensively plan for the long term sustainability of the vital services it provides to our residents, when this government has repeatedly failed to deliver any guarantees on future funding structures, and instead insists on sporadically plugging the gap with temporary sticking plasters?

Response from Councillor Richard Jackson, Chairman of the Finance and Major Contracts Management Committee

Did you think through the implications of using the word "comprehensively" in the present context? It strikes me as rather naïve, or something said for effect.

I doubt there's a Government in the world, let alone a Council in this country, that can claim to have a "comprehensive" plan for the future at present. Yes, the nature of the COVID pandemic requires administrators to be proactive wherever they can, but there's also a degree to which local and central government is having to react and adapt to changing circumstances, so the notion of "comprehensive" planning in the literal sense of the word is pretty unrealistic.

What I can say, however, is that Nottinghamshire County Council is in a better place to plan for its long-term sustainability than most other local authorities. Due to the ongoing pandemic, no councils are in the position they would ideally wish to be, but Nottinghamshire is in a relatively very good position thanks to our own efforts and help from the Government. For example:-

- The important, sometimes difficult decisions we have taken in previous years to streamline and modernise our services delivered savings which amounted to £300 million over the past decade, putting this council in very good financial shape as acknowledged by our peers in a recent LGA Review;

- This meant we were in a stronger financial position than most going into the pandemic and will emerge from this crisis still well ahead of many other authorities - not that this is a competition - but it means our residents will see less disruption to their services during and after COVID than those elsewhere;

- We are in constant dialogue with Government and all eight Conservative Nottinghamshire MPs and have lobbied successfully for funding, the result being that we have levered in £80.2 million of additional funding to keep the people of Nottinghamshire safe during this pandemic; and

- Despite the challenges of the pandemic we are still delivering £7 million of planned budget savings this year, only £800,000 short of the target set in very different circumstances in February – a remarkable effort by our officers.

Basically Chairman, for the past four years this Conservative and Mansfield Independent administration has rolled up its sleeves and got on with the job despite facing ever more difficult circumstances.

We have been helped greatly by the foresight we showed in the past to prepare for rainy days such as the COVID crisis, and by the Government in the form of four tranches of non-specific COVID grant funding and several other specific COVID-related grants. I admit that there was a time during the summer when I questioned whether sufficient support would be forthcoming from a national level, but the cavalry did arrive, and it means we are on course to balance our COVID-revised books this year.

It also means we will be able to propose a balanced budget for the year 2021/22, after which the next council administration, which I intend to be Conservative, will have to decide how it wishes to maintain this relative economic stability in these uncertain times.

The people of our County could of course take a risk on a Labour administration, but a look at our neighbours in Nottingham provides a stark warning of what a Labour administration can do to a council's ability to deliver the "sustainable services" which Councillor Pringle claims to care so much about.

In fact, Councillor Pringle has something of a nerve expressing concerns about sustainability when he and his group vehemently oppose the formation of a unitary authority for Nottinghamshire that would release at least £27 million a year more to sustain and indeed improve local services, at no additional cost to the taxpayer.

As Councillor Pringle seems to attribute great significance to the word "comprehensively", I look forward to his "comprehensive" alternative budget next February, setting out how Labour intends to fund all the hitherto unsubstantiated promises it loves to make.

Question to the Chairman of the Communities and Place Committee from Councillor Eric Kerry

Would the Chairman of the Communities and Place Committee give his understanding of the reasons for the apparent delay in opening the new link road connecting Humber Road South on the western side of the Boots site to Thane Road on the eastern side, via the new bridge over Beeston Canal?

Around £5 million of public money from D2N2's Growing Places Fund has been contributed towards capital works within the Boots Campus, along with some City Council funding, and concerned residents are rightly asking when this new road will open, given that it appears to have been completed for some time.

Response from Councillor John Cottee, Chairman of the Communities and Place Committee

The construction of the new link road is substantially complete and the final legal agreements are being prepared. The Contractors' contract was signed into maintenance by the City Council on Wednesday 9th December 2020.

Nottinghamshire County Council are not party to this contract but have confirmed to the City Council in writing that we are happy for the road to become live.

Prior to the road being opened to the public, the necessary legal agreements must be completed. These are currently being drafted and will be passed to the City Council and Boots for signing by the end of this week. Once all parties have signed those agreements there should be no encumbrance from the County Council's standpoint to the road being fully opened to the public.

Council officers have worked hard to bring forward the opening of the road, but this was not a Nottinghamshire County Council project and therefore we are not responsible for the delays. I'm sure we will all welcome this road opening soon.

Question to the Chairman of the Communities and Place Committee from Councillor Kevin Greaves

Having made a commitment to residents at the start of this administration to improve roads across the county, which required a £20m diversion of funds from the development of extra care for our elderly and vulnerable residents, could Councillor Cottee please inform Members exactly how much this administration have spent on improving roads in the County since they took office in 2017?

Response from Councillor John Cottee, Chairman of the Communities and Place Committee

I can confirm that the actual Highways capital expenditure has been over £95 million since 2017, when Department for Transport funding and the additional investment from the County Council is all taken into account.

This did not come at the expense of capital investment elsewhere in the Council, contrary to the suggestion in Councillor Greaves' question. And in view of Labour's previous botched attempts to deflect attention away from their mismanagement of the Extra Care programme, Councillor Greaves would probably be best advised not to go there, even though he always has to start somewhere!

Under the Conservative and Mansfield Independent administration since 2017, in addition to significantly increasing our maintenance and improvement works, we have also invested in innovative new technology, for example in new spray injection patching machinery and plant. And we have also made it easier for the public to report highway issues, and track their resolution, through the MyNotts App.

Our focus has been, and continues to be, on carrying out the right repair at the right time, and our substantial investment means that we have begun to tackle the substantial backlog of repairs that has accumulated over many years, especially on the local road network.

Along the way we have faced some exceptional challenges which have put our network under pressure, including intense storms and resultant flooding caused by “The Beast from the East” and other more recent events. And of course, the COVID pandemic this year has presented us with a real workforce and supply chain challenges.

Even so, substantial volumes of work have been completed over the last 4 years, with over 1150 schemes delivered on the local road network, which is of so much importance to our residents.

If Councillor Greaves believes money should be invested differently or work carried out differently, then he has the opportunity to set out “chapter and verse” in an alternative budget and presentation at the next Full Council meeting. I look forward to it.

Question to the Leader of the Council from Councillor Jason Zadrozny

It was recently announced that 67 local authorities can begin enhanced testing support programmes to drive down COVID-19 transmission rates. Does the Leader know why is Nottinghamshire not included?

Response from Councillor Mrs Kay Cutts MBE, Leader of the Council

Lateral Flow Tests are used in a variety of initiatives including the community testing to which you refer. However, this is just one of several such initiatives which the Government has announced in recent weeks, including care home testing, student testing, and testing of staff and students in schools.

The advice of our Director of Public Health is that exploring the potential of such testing should not be prioritised at the expense of existing work on outbreak control and local test and trace arrangements, as these measures deliver the greatest benefits in terms of reducing transmission and creating the right conditions to relax control measures. As such, we have maintained our focus on outbreak control, symptomatic testing, contact tracing, and securing our care homes.

As Lateral Flow Tests are so new, details are still emerging regarding their impact on transmission, community engagement, and the required operational and clinical capacity. Nevertheless, I am pleased to report that a programme director has been recruited to develop the plan for the deployment of targeted community testing in Nottinghamshire. The plan will be brought to Councillor Knight’s committee and will address three needs:

- How best to deploy testing to neighbourhoods with the greatest need
- How best to ensure that vulnerable groups receive timely access to testing, and
- How best to work with employers to pilot routine testing of their workforce

In advance of this report, the Director of Public Health is working with the regional team of the Contain programme to submit an expression of interest to access government support. Until then, he will work with the regional team and with LRF partners to incorporate the learning which emerges from other pilots.

I am sure we all welcome the news that the rollout of the world's first vaccine is already under way here in the UK. Though we all need to remain vigilant and maintain the Hands, Face, Space measures that keep ourselves and our loved ones safe, we can approach Christmas with the very real prospect that in 2021 the protection provided to those most vulnerable to coronavirus will be strengthened.

Question to the Chairman of the Children and Young People's Committee from Councillor John Peck

What arrangements do we have in place as an authority to support schools over the Christmas period, in particular with their obligations to fulfilling track and trace requirements?

Response from Councillor Philip Owen, Chairman of the Children and Young People's Committee

The local authority will provide support for Headteachers during the Christmas break. For the week of the 21st – 24th December, a phone number to a senior officer is being created which can be used if there is any uncertainty about a complex COVID case, or if there has been difficulty in contacting the national Department for Education or Public Health England telephone lines. This number is for use by Headteachers or their senior officer. It will be operational only between 21st – 24th December and again on the 2nd and 3rd January as schools prepare to return to school on the 4th January 2021.

A small number of local authorities may be considering the creation of a centralised contact number (within their council) to be used by the parents of children attending maintained schools. We looked at this ourselves but concluded that there is little direct benefit to the Headteacher of a centralised 'golden number' for parents. This is because Headteachers would still have to undertake the 'tracing' aspect of the call between the 18-24th December, to identify which children and adults need to self-isolate. And from a public health context, having a centralised parent number is likely to further 'slow' the process of identifying those children or adults who need to self-isolate, because it simply introduces another communication layer which is new to parents.

Question to the Chairman of the Adult Social Care and Public Health Committee from Councillor David Martin

Councils face an adult social care overspend of £468m this year as Covid-19 has triggered deepening needs relating to safeguarding, domestic abuse, carer breakdown and hospital discharge. Does the Chairman agree with me that the publication of the Green Paper on Social Care is increasingly urgent, and does he share my view that the overspend is this Council's biggest ticking time bomb?

Response from Councillor Tony Harper, Chairman of the Adult Social Care and Public Health Committee

I refer you to the answer I gave on this subject at the previous Full Council meeting on 15th October 2020, where I explained in some detail my frustrations about the ongoing wait for the Adult Social Care Green Paper.

I criticised the role that successive governments, and opposition parties, have played in avoiding, delaying or undermining a much-needed, mature conversation with the public about a sustainable approach to funding social care.

I am aware of the survey by the Association of Directors of Adult Social Services (ADASS) claiming that councils face an adult social care overspend of £468m this year due to Covid-19. I cannot verify that figure, which perhaps needs to be viewed in the context that it was released just ahead of the Government's Spending Review, when all groups lobbying for more funding tend to feed the media with such claims!

I can however confirm that Nottinghamshire County Council's Adult Social Care and Public Health department is – quite remarkably – still on course to meet its revised budget target of £212, 785 by the end of the year, as reported at this month's Finance and Major Contracts Management Committee. The revised budget target incorporates the additional £47.1 million in COVID grant allocation received from Government, in order to give an accurate indication of the department's performance outwith the effect and costs of dealing with the COVID pandemic.

Thanks to the efforts of our directors, senior managers and social care teams this Council is managing to deliver the services required and balance its books in exceptional circumstances. However, I agree with the thrust of Councillor Martin's question that we cannot continue to perform these 'financial gymnastics' indefinitely, which I said at the last meeting. Regardless of whether the £468 million figure quoted by ADASS is accurate or not, the ongoing lack of clarity around a sustainable, long-term solution to funding social care is certainly a "ticking time bomb" for all councils with primary responsibility for social care and we need urgent progress on this, which will require all parties at national level to work together constructively.

One part of that practical solution would of course be a unitary authority for Nottinghamshire which would release at least £27 million extra each year to spend on services such as adult social care without putting additional pressure on local or national taxpayers!

Nottinghamshire County Council

Report to County Council

25 February 2021

Agenda Item:

REPORT OF THE CHAIRMAN OF THE FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE

ANNUAL BUDGET 2021/22
ADULT SOCIAL CARE PRECEPT 2021/22
COUNCIL TAX 2021/22
MEDIUM TERM FINANCIAL STRATEGY 2021/22 to 2024/25
CAPITAL PROGRAMME 2021/22 to 2024/25
CAPITAL STRATEGY 2021/22

Purpose of the Report

1) This report is seeking approval for the following:

- Annual budget for 2021/22.
- Amount of Adult Social Care Precept to be levied for 2021/22 to part fund increasing adult social care costs.
- Finance and Major Contracts Management Committee be authorised to make allocations from the General Contingency for 2021/22.
- Amount of Council Tax to be levied for County Council purposes for 2021/22 and the arrangements for collecting this from district and borough councils.
- Medium Term Financial Strategy for 2021/22 to 2024/25.
- Capital Programme for 2021/22 to 2024/25.
- Minimum Revenue Provision policy for 2021/22.
- Borrowing limits that the Council is required to set by Statute and that the Service Director (Finance, Infrastructure and Improvement) be authorised to raise loans within these limits in 2021/22.
- The Capital Strategy including the 2021/22 Prudential Indicators and Treasury Management Strategy.
- Treasury Management Policy for 2021/22.
- To delegate responsibility for the setting of Treasury Management Policies and Practices relating to Pension Fund cash to the Pension Fund Committee.

Information

2) The Council continues to operate in an extremely challenging and uncertain financial environment following a period of significant budget reductions and on-going spending pressures, particularly in social care areas. This uncertainty has been exacerbated by the on-going impact of the COVID19 pandemic, the Chancellor of the Exchequer's one-year funding settlement, the further postponement to a new business rates retention scheme and the Fair Funding Review, the stalled Adult Social Care Green Paper, Government funding uncertainty overall and any implications that may arise as a result of the Brexit agreement.

3) The COVID19 crisis has had an unprecedented impact on the County Council's finances. Additional costs and lost income directly associated with the crisis in the current financial year are forecast to be approximately £86m. The Council has managed to deal with this crisis through a combination of Central Government support, expenditure controls and re-prioritisation of discretionary spend. The direct implications of the crisis will continue into the 2021/22 financial year and the impact on the Council's financial position will continue to be monitored through the usual budget monitoring processes.

4) At the same time, the transition to a more self-sufficient funding position has been delayed and numerous Council services continue to experience increasing demand. Many of these services are those directed at the most vulnerable in society, especially in children's and adult's social care.

5) Despite the challenging environment in which the Council continues to operate, it continues to perform well in many areas including the following examples:-

- Supporting the most vulnerable people in our communities through the COVID19 crisis.
- Four new / replacement schools are / have been built - Bestwood Hawthorne Primary, Orchard Special School, Newark, Hucknall Flying High Academy and Rosecliffe Spencer Academy, Edwalton.
- Good OFSTED inspection of Children's Services.
- Maintaining vital Social Care services.
- Increased investment in the Highways Infrastructure across the county.
- Continued development and improvement to Local Bus Services.
- Full Library provision maintained with significant investment in buildings, fleet and IT.

6) Also, the Peer Review conducted in June 2019, identified Nottinghamshire County Council as an effective Council delivering good quality, citizen focused services to its residents. It has a good track record for delivering savings whilst protecting front line services. There are a range of projects that are delivering innovation and developing cutting-edge practice in service delivery. There is financial stability in the organisation and the Council has a

proven track record in delivering savings while maintaining front-line services over a long period of time.

7) The County Council budget for 2021/22 has been prepared in the context of this on-going and unprecedented uncertainty.

8) The 2020/21 Annual Budget Report that was submitted to Full Council in February 2020 set out a funding shortfall of £28.3m over the four years to 2023/24. The 2021/22 Budget Report that was submitted to Finance and Major Contracts Management Committee on 8 February 2021 set out the financial landscape within which the Council is operating and emphasised once again the uncertainty that a one-year settlement brings.

9) The Council has carried out a full review of the budget pressures and underlying assumptions within the Medium-Term Financial Strategy (MTFS). The Council has also received information on the level of funding it can expect in 2021/22. The report to Finance and Major Contracts Management Committee in February 2021 set out the forecast position and recommended that the level of Council Tax be increased by 1.99% and that an Adult Social Care Precept of 1.00% be implemented in 2021/22. This recommendation is incorporated within this report.

10) The Council continues to take its environmental responsibilities seriously. As such, in March 2020 Policy Committee approved the new Corporate Environmental Policy as well as thirteen key strategic ambitions for the environmental strategy. In December 2020, a report was submitted to Policy Committee which provided an update on progress with the delivery of the Corporate Environment Strategy as well as establishing a new post of Environment Strategy Manager. Environmental factors have been taken into account when constructing this budget and a number of green initiatives are already approved within the Council's capital programme. Details of these are set out in paragraphs 53 and 54 below. This report also proposes that a Green Investment Fund is established to provide funding for projects that improve the Council's environmental performance.

11) This report also seeks approval for the statutory borrowing limits that the Council is required to set in addition to its Treasury Management Strategy and Policy for 2021/22.

Annual Budget 2021/22

12) The report to Finance and Major Contracts Committee on 8 February 2021 outlined the financial position in which the Council is operating, the associated budget shortfall and the Council's strategic response to meeting the budget challenge.

13) The final Local Government Settlement was announced on 4 February 2021. The final settlement remains unchanged from allocations published at the time of the provisional settlement in December 2020. As part of the Local Government Settlement it was announced that the Council will receive an initial allocation of £16.1m to meet the costs of COVID19 in 2021/22.

14) This report brings together the Council's confirmed funding position. The total revenue budget for 2021/22 is £530.3m. A summary is shown in Table 1 with a more detailed breakdown shown in Appendix A.

Table 1 - Proposed County Council Budget 2021/22

Committee Analysis	Net Budget 2020/21 £m	Pressures £m	Savings £m	Pay, NI & Pensions increase £m	Budget Changes £m	Net Budget 2021/22 £m
Children & Young People	140.507	9.132	(0.474)	-	(0.078)	149.087
Adult Social Care & Public Health	210.040	10.576	(0.895)	-	(0.449)	219.272
Communities & Place	126.503	4.399	(0.135)	-	0.488	131.255
Policy	34.088	0.465	(0.268)	-	3.169	37.454
Finance & Major Contracts Mgt	2.901	-	-	-	0.030	2.931
Governance & Ethics	7.572	-	-	-	0.155	7.727
Personnel	15.386	0.300	(0.097)	-	0.198	15.787
Net Committee Requirements	**536.997**	**24.872**	**(1.869)**	**-**	**3.513**	**563.513**
Corporate Budgets	(23.840)	-	-	-	(8.023)	(31.863)
Use of Reserves	(0.609)	-	-	-	(0.724)	(1.333)
Budget Requirement	**512.548**	**24.872**	**(1.869)**	**-**	**(5.234)**	**530.317**

15) Table 1 shows the changes between the original net budget for 2020/21 and the proposed budget for 2021/22, including budget pressures, savings, pay inflation and other budget changes which include permanent contingency transfers approved in 2020/21 and transfers between Committees.

Corporate Budgets and Reserves

16) There are a number of centrally-held budgets that are not reported to a specific committee. They are detailed below with the budget analysis shown in Table 2:

- **Flood Defence Levy:** The Environment Agency issues an annual local levy based on the Band D equivalent houses within each Flood and Coastal Committee area. This helps to fund local flood defence priority works.
- **Pension Enhancements:** The cost of additional years' service awards, approved in previous years. This is a legacy cost and the practice is no longer permitted following changes to the pension rules.
- **Trading Organisations:** This sum is required to cover the difference between the basic employer's pension contributions used in the trading accounts and the amounts actually charged, as required by the actuarial valuation.
- **Contingency:** This is provided to cover redundancy costs, impact of the pay award, delays in efficiency savings, changes in legislation and other unforeseen eventualities. Finance and Major Contracts Management Committee or the Section 151 Officer are required to approve the release of contingency funds.

- **Capital Charges (Depreciation):** This represents the notional costs of using the Council's fixed assets. As such, budget provision is made within the service accounts and adjustments here relate to corresponding movements in the service accounts. However, statute requires that this amount is not a cost to the Council Tax payer, hence this is reversed out within corporate budgets and replaced with the actual cost that impacts on the Council's revenue budget, being the costs of borrowing (i.e. interest) and the Minimum Revenue Provision (MRP).
- **Interest and Borrowing:** The level of borrowing undertaken by the Council is heavily influenced by the capital programme. Slippage can result in reduced borrowing in the year although this will be incurred at a later date. Interest payment budgets are based on an estimated interest rate which can fluctuate depending on the market rates that exist at the time. The level of borrowing will also increase as the Council's level of reserves declines because the ability to borrow internally reduces.
- **Minimum Revenue Provision:** Local Authorities are required by law to make provision through their revenue account for the repayment of long-term external borrowing and credit arrangements. This provision is made in the form of the Minimum Revenue Provision (MRP). The MRP policy can be seen in Appendix C.
- **Revenue Grants:** The New Homes Bonus, Social Care Grant and Local Council Tax Support Grant are held centrally and are not ring-fenced.
- **Use of Reserves:** This represents the Council's use of balance sheet reserves. This budget report is proposing to utilise £17.6m of reserves over the medium term with £1.5m being used to deliver a balanced budget in 2021/22. Further detail is provided in Appendix B.

Table 2 - Proposed Budget 2021/22
Corporate Budgets and Reserves

	Net Budget 2020/21 £m	Budget Changes £m	Net Budget 2021/22 £m
Flood Defence Levy	0.291	0.003	0.294
Pension Enhancements (Centralised)	2.050	-	2.050
Trading Organisations	1.300	-	1.300
Contingency	6.600	1.064	7.664
Capital Charges (Depreciation)	(44.264)	0.194	(44.070)
Interest & Borrowing	21.073	0.250	21.323
Minimum Revenue Provision (MRP)	11.370	0.497	11.867
New Homes Bonus Grant	(1.873)	0.701	(1.172)
Social Care Grant	(20.387)	(3.914)	(24.301)
Local Council Tax Support Grant	-	(6.818)	(6.818)
Subtotal Corporate Budgets	**(23.840)**	**(8.023)**	**(31.863)**
Net Transfer (From)/To Other Earmarked Reserves	0.022	(1.355)	(1.333)
Transfer (From)/To General Fund Balances	(0.631)	0.631	-
Subtotal Use of Reserves	**(0.609)**	**(0.724)**	**(1.333)**

Council Tax Base 2021/22

17) The District and Borough Councils calculate a Council Tax base by assessing the number of Band D equivalent properties in their area, and then building in an allowance for possible non-collection. The notifications received forecast a total tax base of 254,884.46 as set out in Table 7, this represents growth of 0.70%. The increase in tax base has been factored into the construction of this budget.

Council Tax Surplus/Deficit

18) Each year an adjustment is made by the District and Borough Councils to reflect the actual collection rate of Council Tax in the previous year. Sometimes this gives rise to a surplus, payable to the County Council, or a deficit which is offset against the future years' tax receipts. As a result of pressures associated with the Coronavirus pandemic, billing authorities are likely to estimate a larger-than-normal deficit on the 2020/21 Collection Fund and Government has therefore mandated for the estimated deficit to be spread over the three years 2021/22 to 2023/24. After application of this phasing arrangement, the figures confirmed from the District and Borough Councils equate to a net Surplus of £1,718,916 for 2021/22 and a Deficit of £1,175,089 to be applied in both 2022/23 and 2023/24.

Business Rates Surplus/Deficit

19) Budgets in respect of Business Rates are contingent upon a range of inputs derived from District/Borough councils and Central Government returns, the outcome of which at the time of writing this report are uncertain in terms of both timing and amount. The pandemic and its impact in relation to the increase in reliefs made to businesses are likely to have an adverse effect on collection rates. Should any deficit in relation to current projections be

realised, these will be met from a combination of existing Government compensation and COVID related grants already received by the Authority. This is based on the expectation that the Business Rate baseline will recover over the period of the MTFS

Council Tax and Adult Social Care Precept 2021/22

20) The 2021/22 Provisional Local Government Settlement announced by the Government in December 2020 set out funding plans for councils in England to help them to deliver the services that their residents need. It was confirmed that the 2021/22 referendum threshold has been set in line with inflation, and so setting the core Council Tax referendum principle at 2%.

21) As part of the Local Government Finance Settlement the Government affirmed the expectation that, in addition to the usual assumptions with regard to tax base growth, Councils would increase their Council Tax by 2%

22) Also, in the announcement, it was confirmed that there will be further flexibility to levy an Adult Social Care Precept of 3%, part of which may be deferred to 2022/23.

23) In determining the local government settlement, the Government has assumed that the Council would take the maximum Adult Social Care Precept of 3% and increase the Council Tax to the maximum level in 2021/22. It is proposed, therefore, that the Council fixes any increase to local taxes in-line with that expected by the Government. However, at present there is anticipated sufficient funding in 2021/22 to defer 2% of the increase allowed in the Adult Social Care Precept to 2022/23. Therefore, for 2021/22, it is proposed that Council Tax is increased by 1.99% and the Adult Social Care Precept is implemented at 1%. Future Council Tax increases of 1.99% per annum have also been factored into the MTFS together with the deferment of 2% of the Adult Social Care Precept into 2022/23.

Requirement to Raise Local Tax

24) The Local Tax requirement is divided by the tax base to arrive at the Band D figure. This figure then forms the basis of the calculation of the liability for all Council Tax bands.

Table 3 – Local Tax Requirement Calculation

2021/22	**Amount £m**	**% Funding**
Initial Budget Requirement	530.317	100.0
Less National Non-Domestic Rates	(118.561)	22.4
Less Revenue Support Grant	(7.103)	1.3
Net Budget Requirement	**404.653**	
Less Estimated Collection Fund Surplus	(1.719)	0.3
Council Tax Requirement	**402.934**	**76.0**

Adult Social Care Precept Recommendation

25) It is recommended that County Council approves the implementation of a 1.00% Adult Social Care Precept for 2021/22 to part fund increasing costs associated with adult social care. The impact of this is shown in Table 4.

Table 4 – Impact of 1.00% Adult Social Care Precept on Local Tax Levels (County Council Element) 2021/22

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2020/21 £	County Council 2021/22 £	Change £
A	Up to £40,000	145,645	39.4%	6/9	89.53	99.76	**10.23**
B	£40,001 to £52,000	76,295	20.6%	7/9	104.45	116.39	**11.94**
C	£52,001 to £68,000	63,246	17.1%	8/9	119.37	133.01	**13.64**
D	£68,001 to £88,000	42,684	11.5%	1	134.29	149.64	**15.35**
E	£88,001 to £120,000	24,154	6.5%	11/9	164.13	182.89	**18.76**
F	£120,001 to £160,000	11,664	3.1%	13/9	193.97	216.15	**22.18**
G	£160,001 to £320,000	6,279	1.7%	15/9	223.82	249.40	**25.58**
H	Over £320,000	483	0.1%	18/9	268.58	299.28	**30.70**

Local Tax Recommendation

26) It is recommended that Members agree an increase of 1.99% to local tax levels to ensure that the Council meets the local tax requirement. The impact of this is shown in Table 5 below.

Table 5 – Impact of 1.99% Increase on Local Tax Levels (County Council Element) 2021/22

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2020/21 £	County Council 2021/22 £	Change £
A	Up to £40,000	145,645	39.4%	6/9	933.77	954.14	**20.37**
B	£40,001 to £52,000	76,295	20.6%	7/9	1,089.40	1,113.16	**23.76**
C	£52,001 to £68,000	63,246	17.1%	8/9	1,245.03	1,272.19	**27.16**
D	£68,001 to £88,000	42,684	11.5%	1	1,400.66	1,431.21	**30.55**
E	£88,001 to £120,000	24,154	6.5%	11/9	1,711.92	1,749.26	**37.34**
F	£120,001 to £160,000	11,664	3.1%	13/9	2,023.18	2,067.30	**44.12**
G	£160,001 to £320,000	6,279	1.7%	15/9	2,334.43	2,385.35	**50.92**
H	Over £320,000	483	0.1%	18/9	2,801.32	2,862.42	**61.10**

27) The total impact of implementing a 1.00% Adult Social Care Precept and a 1.99% increase in local tax levels is shown in Table 6.

Table 6 - Recommended levels of Council Tax and Adult Social Care Precept 2021/22

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2020/21 £	County Council 2021/22 £	Change £
A	Up to £40,000	145,645	39.4%	6/9	1,023.30	1,053.90	**30.60**
B	£40,001 to £52,000	76,295	20.6%	7/9	1,193.85	1,229.55	**35.70**
C	£52,001 to £68,000	63,246	17.1%	8/9	1,364.40	1,405.20	**40.80**
D	£68,001 to £88,000	42,684	11.5%	1	1,534.95	1,580.85	**45.90**
E	£88,001 to £120,000	24,154	6.5%	11/9	1,876.05	1,932.15	**56.10**
F	£120,001 to £160,000	11,664	3.1%	13/9	2,217.15	2,283.45	**66.30**
G	£160,001 to £320,000	6,279	1.7%	15/9	2,558.25	2,634.75	**76.50**
H	Over £320,000	483	0.1%	18/9	3,069.90	3,161.70	**91.80**

28) The actual amounts payable by householders will also depend on:

- The District or Borough Council's own Council Tax decisions
- The Police and Crime Commissioner and the Combined Fire Authority Council Tax
- Any Parish precepts or special levies
- The eligibility for discounts and rebates.

County Precept

29) District and Borough Councils collect the Council Tax for the County Council. This is then recovered from the Districts by setting a County Precept. The total Precept is split according to the Council Tax base for each District as set out in Table 7.

Table 7 – Amount of County Precept by District – 2021/22

District / Borough Council	Council Tax Base	County Precept
Ashfield	33,731.70	£53,324,758
Bassetlaw	35,771.49	£56,549,360
Browtowe	34,217.46	£54,092,672
Gedling	37,389.96	£59,107,918
Mansfield	29,512.20	£46,654,361
Newark & Sherwood	40,002.05	£63,237,241
Rushcliffe	44,259.60	£69,967,789
Total	**254,884.46**	**£402,934,099**

30) Discussions have been held with District and Borough Councils and the dates shown in Table 8 have been agreed for the collection of the precept:

Table 8 – Proposed County Precept Dates – 2021/22

2021	2022
19 April	5 January
27 May	3 February
2 July	10 March
5 August	
10 September	
15 October	
19 November	

31) The dates shown are those by which the County Council's bank account must receive the credit, otherwise interest is charged. Adjustments for net variations in amounts being collected in 2020/21 will be paid or refunded on the same dates.

Medium Term Financial Strategy (MTFS)

32) The Budget report to the February Council in 2020 forecast a budget gap of £28.3m for the three years to 2023/24. As part of the budget setting process the MTFS has been rolled forward a year to reflect the four-year term to 2024/25 and a rigorous review of the Council's MTFS assumptions has taken place. The impact of these is set out in the paragraphs below.

33) It should be noted that the 2021/22 Local Government Finance Settlement is a one-year settlement only. As such, considerable uncertainty beyond 2021/22 will remain until future funding announcements are made. This uncertainty is compounded as a result of the COVID19 pandemic implications and delays to longer term funding reforms around Business Rates Retention and the Fair Funding Review. Other areas of uncertainty exist throughout the term of the MTFS such as the outcome of the Social Care Green Paper and the implications of the new Brexit deal. As such, the MTFS will continue to be reviewed regularly to ensure that it reflects the latest information available.

34) The MTFS on which this budget report is based assumes Council Tax increases of 1.99% in future years. In addition, an Adult Social Care Precept increase of 2.00% in 2022/23 is factored in.

35) Table 9 summarises the cumulative changes made to the MTFS since the report to February Council in 2020.

36) In summary, from 2022/23 onwards, the Council is currently projecting a budget shortfall of £47.7m across the duration of the MTFS. Proposals as to how the budget will be balanced will need to be made over the coming months.

Table 9 – Analysis of Changes to the Medium-Term Financial Strategy 2021/21 – 2024/25

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Year on Year Savings requirement (February 2020 Report)	-	**14.9**	**13.4**	-	**28.3**
Additional Pressures / Inflation	3.3	8.8	4.5	26.7	**43.3**
Change in Pay / Pension Related Inflation	-	-	-	3.7	**3.7**
Committee Approved Efficiencies	(0.7)	-	-	-	**(0.7)**
Adjustments to Base Budgets	2.6	(0.9)	-	-	**1.7**
Change in Grant Funding	(10.7)	8.7	-	(2.3)	**(4.3)**
Increase in Council Tax / ASC Precept	(3.9)	(8.3)	(0.4)	(9.0)	**(21.6)**
Change in Council Tax Base assumptions	0.3	3.0	0.1	(6.3)	**(2.9)**
Variation in use of Reserves	8.3	(9.2)	(2.7)	2.4	**(1.2)**
Other Corporate Adjustments	0.8	0.6	(0.3)	0.3	**1.4**
Revised Gap	**-**	**17.6**	**14.6**	**15.5**	**47.7**

37) The Council's year by year MTFS for the four years to 2024/25 is shown in Table 10. It shows that whilst the Council can deliver a balanced budget in 2021/22, further savings will need to be identified in each of the following years to 2024/25, based on current assumptions.

Table 10 – Medium Term Financial Strategy 2021/22 – 2024/25

	2021/22 £m	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**
Net Budget Requirement	530.3	568.3	581.2	599.6
Financed by :				
Business Rates	118.6	120.8	123.0	125.3
Revenue Support Grant	7.1	7.1	7.1	7.1
Council Tax	365.8	378.8	392.5	406.5
Adult Social Care Precept	37.1	45.2	45.2	45.2
Collection Fund Surplus / (Deficit)	1.7	(1.2)	(1.2)	-
Total Funding	**530.3**	**550.7**	**566.6**	**584.1**
Funding Shortfall	**-**	**17.6**	**14.6**	**15.5**
Cumulative Funding Shortfall	**-**	**17.6**	**32.2**	**47.7**

Capital Programme and Financing

38) Local authorities are able to determine their overall levels of borrowing, provided they have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA. It is, therefore, possible to increase the capital programme and finance this increase by additional borrowing provided that this is "affordable, prudent and sustainable". This is in addition to capital expenditure funded from other sources such as external grants and contributions, revenue and reserves. The revenue implications of the capital programme are provided for and integrated within the revenue budget.

39) The Council's capital programme has been reviewed as part of the 2021/22 budget setting process. As reported to Finance and Major Contracts Management Committee in January 2021, significant variations and slippage have been identified through the monthly capital monitoring process. The capital programme is monitored closely in order that variations to expenditure and receipts can be identified in a timely manner. Any subsequent impact on the revenue budget and associated prudential borrowing indicators is reported to the Finance and Major Contracts Management Committee.

Major Capital Programme Successes

40) **Roads Maintenance and Renewals** –The Council has identified investment in the highways infrastructure across the county as an important strategic objective. This commitment can clearly be seen as expenditure against the Roads Maintenance and Renewals programme has exceeded £100m since April 2017. This includes over £20m of the Council's own funding on top of grant funding received from the Department for Transport. A total of 291 schemes are programmed for completion in 2020/21 of which 245 have been completed to date.

41) **Gedling Access Road** – This major transport scheme will enable the realisation of a key strategic development site in Gedling. It will also fulfil the long-term ambition to provide a bypass around Gedling Village. The project is to be delivered by key public sector partners working jointly towards achieving common objectives for the future development of the former Gedling Colliery site.

42) **New / Replacement Schools** –The Schools Place programme focuses on the Council's statutory duty to provide sufficient school places. The Council works closely with academies and the voluntary aided sector to meet this statutory responsibility and function. As part of this programme four new / replacement schools are / have been built in Bestwood Hawthorne Primary, Orchard Special School, Newark, Hucknall Flying High Academy and Rosecliffe Spencer Academy, Edwalton.

43) **Better Broadband for Nottinghamshire** –In just shy of a decade, the Council has taken the superfast digital infrastructure across Nottinghamshire from a baseline of 86% to 98.7% availability. The original contractual expectations were for 20% of homes and businesses to make the switch to the newly installed superfast connection. This target has been far exceeded, with take-up rate standing at 71.86% This has triggered the contractual

gainshare mechanism for the next seven years. This gainshare funding will be made available to fund further improvements to the county's digital infrastructure in the future.

44) **Homes England Projects** –By embracing the ethos of working closely with Government in order to bring forward new housing, the Council has been very successful in securing external funding of £9.0m from Homes England. This funding, along with £4.5m matched funding contributions, will help fund an increase in the supply of new homes by helping to remove the barriers facing local authorities with development on their sites. Sites at Lowmoor Road and Caudwell Road are benefiting from this funding as well as a further major project at Top Wighay Farm near Hucknall.

45) **Investing in Nottinghamshire** – As set out in a report to Policy Committee in December 2020, the Council has established an Investing in Nottinghamshire capital programme that sets out to utilise the Council's property estate to deliver environmental, economic and financial benefits in a post- COVID19 world. This programme funding allows for the delivery of an ambitious programme of projects that will improve, re-furbish or build new offices across multiple sites of the Council's estate which in turn would deliver widespread benefits across our services and the local economy.

New and Emerging Capital Projects

46) A number of new and emerging capital projects are being developed but are not yet included in the capital programme as follows:-

- **New Special School Provision** – Despite the rebuilding and expansion of the Orchard Special School in Newark as well as a number of additional Special School expansions, there remains insufficient specialist places to allow parents to express a preference for a local special school. This results in an increased demand for county and out of county specialist placements. To mitigate this issue, the Policy Committee in November 2019 gave approval for a feasibility study to be undertaken and work is continuing to identify a suitable site to build a new special school.

- **Increased Secondary School Provision in West Bridgford –** At the Policy Committee meeting in September 2019, approval was granted in principle to the construction of a third secondary school within the West Bridgford planning area in the short to medium term which covers the catchment areas of Rushcliffe School and West Bridgford School.

  Further reports will be submitted to the appropriate Committee in due course to provide updates on these new and emerging capital projects. Any required variations to the capital programme will be subject to the usual capital approval process.

47) During the course of 2020/21, a number of variations to the capital programme have been approved by Policy Committee, Finance and Major Contracts Management Committee and by the Section 151 Officer in accordance with the Council's Financial Regulations. Following a review of the capital programme and its financing, some proposals have been made

regarding both new schemes and extensions to existing schemes in the capital programme. These proposals are identified in paragraphs 48 to 57. Schemes will be subject to Latest Estimated Cost (LEC) reports in accordance with the Council's Financial Regulations.

Children and Young People (CYP)

48) **School Building Improvement Programme** –The Department for Education has yet to announce the Schools Capital Maintenance (SCM) grant allocations for 2021/22 onwards. The 2020/21 allocation was confirmed at £6.5m and it is proposed that an estimated SCM grant allocation of £4.5m is reflected in the capital programme from 2021/22 until 2024/25. It is also proposed that this grant is top sliced by £0.3m from 2021/22 to 2024/25 to provide funding to further the School Access Initiative (SAI) programme.

It is proposed that the Children and Young People capital programme is varied to reflect an estimate SCM Grant of £4.5m from 2021/22 to 2024/25. It is also proposed that the SCM budget is top sliced by £0.3m in 2021/22 to 2024/25 to further the SAI programme.

49) **School Places Programme** – An analysis of school places sufficiency across Nottinghamshire is undertaken on a regular basis. The Authority has received a 2021/22 Basic Need grant of £16.4m. Further Basic Need grant announcements are expected in Spring 2021 but until then it is proposed that estimated further School Places Grant of £2.0m per annum are included in 2022/23 to 2024/25 of the Children and Young People's capital programme.

It is proposed that the Children and Young People capital programme is varied to reflect £16.4m 2021/22 grant allocation and the estimated School Places Grant of £2.0m to 2024/25.

50) **Chapel Lane Primary School –** As reported to Policy Committee in September 2019, as a result of local housing growth there is a need to build a new school in Bingham. It is proposed that the Children and Young People's capital programme is varied to include this new £7.2m school funded from Section 106 contributions (£2.8m) and the School Places programme (£4.4m)

It is proposed that the Children and Young People capital programme is varied to reflect the £7.2m new primary school at Chapel Lane funded from Section 106 contributions (£2.8m) and the School Places Programme (£4.4m).

Communities and Place

51) **Road Maintenance and Renewals Programme** – It is expected that the Communities and Place Committee will receive an Incentive Grant from the Department for Transport in 2021/22. This grant rewards Councils who demonstrate that they are delivering value for money in carrying out cost effective improvements to the county roads maintenance network. It is proposed that an estimated grant figure of £2.5m is included in the 2021/22 to reflect this capital grant. The capital programme will be reviewed once the actual grant allocation is announced.

It is proposed that the Communities and Place Committee capital programme is increased by £2.5m to reflect the estimated 2021/22 DfT Incentive Fund Grant.

52) **Waste Management** – A review of Waste Management costs associated with the Eastcroft Incinerator has been undertaken. The current approved capital programme includes a contribution from the Communities and Place revenue budget. Following the review, these contributions have been amended as follows:-

2021/22	2022/23	2023/24	2024/25
£000	£000	£000	£000
222	877	451	-

It is proposed that the Communities and Place capital programme is varied to reflect the revised estimated contributions from the Communities and Place revenue budget towards costs associated with the Eastcroft Incinerator as shown above.

53) **Green Initiatives** –As part of the Corporate Environment Strategy paper that was reported to Policy Committee on 9 December 2020, it is proposed that the Council establishes a £0.5m Green Investment Fund to provide funding for projects that improve the Council's environmental performance. This will be an internally available fund to which Council services from all departments could apply towards activities in support of the environment and delivery of the Environment Strategy objectives.

It is proposed that the Communities and Place capital programme is varied to reflect the establishment of a £0.5m Green Investment Fund, funded from borrowing.

54) The Communities and Place Committee approved capital programme also includes a number of additional green initiatives as follows:-

- **Carbon Management Programme and the Energy Saving Scheme -** These programmes of work identify and undertake projects that enable energy savings to be made and carbon emissions to be reduced. They also enable investment in spend to save energy and water efficiency measures to supplement the current capital programme and maintenance budgets. All savings are recycled to fund further energy savings projects. The total budget included in the capital programme for these green initiatives is £3.4m.

- **Street Lighting** – This programme of work is aimed at replacing the lanterns in street lights for lower energy options to realise an energy saving. The total budget included in the capital programme to fund street light replacements is £6.3m.

- **Flood Mitigation Projects** –The Council has been successful in securing £4.3m external funding to carry out flood mitigation projects in Southwell. This funding, alongside a £0.7m contribution from the Council's Flood

Alleviation and Drainage programme, will fund two schemes that are scheduled for completion by September 2021 and will benefit approximately 240 properties and 60 businesses. The Council has secured a further £0.6m of external funding to fund works at eight risk sites across the county. In addition, the Council has used its own resources to enable the delivery a £1.0m Property Flood Resilience programme to properties vulnerable to flooding across the county.

Policy

55) **Getting Building Funding** –The Council has been successful in securing a £0.6m Getting Building Fund grant. As reported to Policy Committee on 30 September 2020, it is proposed that this funding will be used to establish a 5G Innovation Hub in North Nottinghamshire acting as a catalyst for skills and innovation development and also as a showcase for ground-breaking 5G related technological developments.

It is proposed that the Policy Committee capital programme is varied to reflect the secured £0.6m Getting Building Fund grant allocation.

Capital Programme Contingency

56) The capital programme requires an element of contingency funding for a variety of purposes, including urgent capital works, schemes which are not sufficiently developed for their immediate inclusion in the capital programme, possible match-funding of grants and possible replacement of reduced grant funding.

57) A number of capital bids described above are proposed to be funded from uncommitted contingency. The levels of contingency funding remaining in the capital programme are as follows:-

2021/22	**£2.3m**
2022/23	**£2.8m**
2023/24	**£2.8m**
2024/25	**£2.9m**

Revised Capital Programme

58) Taking into account schemes already committed from previous years and the additional proposals detailed in this report, the summary capital programme and proposed sources of financing for the years to 2024/25 are set out in Table 11.

Table 11 – Summary Capital Programme

	Revised 2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
Committee:						
Children & Young People*	29.553	24.335	16.377	11.301	11.301	92.867
Adult Social Care & Public Health	1.266	0.241	0.000	0.000	0.000	1.507
Communities & Place	67.033	44.135	23.249	20.893	20.390	175.700
Capital page Policy	26.109	37.332	15.794	5.016	4.430	88.681
Finance & MCM	0.180	0.180	0.180	0.180	0.180	0.900
Personnel	0.354	0.000	0.000	0.000	0.000	0.354
Contingency	0.000	2.300	2.800	2.800	2.854	10.754
Capital Expenditure	**124.495**	**108.523**	**58.400**	**40.190**	**39.155**	**370.763**
Financed By:						
Borrowing	42.924	62.474	26.309	12.016	11.432	155.155
Capital Grants	78.465	45.286	30.714	27.223	27.223	208.911
Revenue / Reserves	3.106	0.763	1.377	0.951	0.500	6.697
Total Funding	**124.495**	**108.523**	**58.400**	**40.190**	**39.155**	**370.763**

* These figures exclude Devolved Formula Capital allocations to schools.

Capital Receipts

- In preparing the capital programme, a full review has been carried out of potential capital receipts. The programme still anticipates significant capital receipts over the period 2021/22 to 2024/25. Any shortfall in capital receipts is likely to result in an increase in prudential borrowing. Forecasts of capital receipts are shown in Table 12.

Table 12 – Forecast Capital Receipts

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
Forecast Capital Receipts	**7.4**	**12.9**	**10.7**	**13.6**	**10.1**	**54.7**

59) Local authorities have been given the opportunity to use capital receipts to fund one off costs associated with transformation to 2021/22. This approach will be reviewed on an annual basis. It is proposed that capital receipts to 2021/22 are, in the first instance, used to fund transformational costs associated with the Programmes and Projects Team and the implementation of the IT Cloud platform. Any excess capital receipts will be set against previous years' borrowing thereby reducing the impact of the Minimum Revenue Provision on the revenue accounts.

60) One of the requirements of the Local Government Act 2003 is that the Council must set an "Authorised Limit" for its external borrowings. Any potential breach of this limit would require authorisation from the Council. There are a number of other prudential indicators that are required by The Prudential Code to ensure that the proposed levels of borrowing are affordable, prudent and sustainable. The values of the prudential indicators are proposed in Appendix D.

61) In accordance with the "CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes", it is proposed that the Council approves a Treasury Management Strategy and Policy for 2021/22. The Strategy is incorporated in to the Capital Strategy in Appendix D and the Policy is in Appendix E.

62) With regard to cash balances that form part of the Nottinghamshire County Council Pension Fund, this report proposes the Council delegates responsibility for the setting of Treasury Management Policies and Practices to the Pension Fund Committee

63) It is proposed that the Service Director – Finance, Infrastructure and Improvement be permitted to raise loans within the authorised limit for external borrowing, subject to the limits in the Treasury Management Strategy for 2021/22.

Statutory and Policy Implications

64) This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Public Sector Equality Duty

65) It is essential that Members give due regard to the implications for protected groups in the context of their equality duty in relation to this decision. Public authorities are required by law to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity between people who share protected characteristics and those who do not

- foster good relations between people who share protected characteristics and those who do not.

66) Decision makers must understand the effect of policies and practices on people with protected characteristics. Equality Impact Assessments are the mechanism by which the authority considers these effects.

67) Equality implications have been considered during the development of the budget, Capital Programme and MTFS and equality impact assessments were undertaken on each relevant proposal and approved by the appropriate Committee.

Recommendations

It is recommended that:	**Reference**
1) The Annual Revenue Budget for Nottinghamshire County Council is set at £530.317 million for 2021/22.	Para. 14
2) The principles underlying the Medium-Term Financial Strategy are approved.	Table 9
3) The Finance and Major Contracts Management Committee be authorised to make allocations from the General Contingency for 2021/22.	Para. 16
4) That the 1.00% Adult Social Care Precept is levied in 2021/22 to part fund increasing adult social care costs.	Para. 25
5) The County Council element of the Council Tax is increased by 1.99% in 2021/22. That the overall Band D tax rate is set at £1,580.85 with the various other bands of property as set out in the report.	Para. 27
6) The County Precept for the year ending 31 March 2022 shall be £402,934,099 and shall be applicable to the whole of the District Council areas as General Expenses.	Para. 29
7) The County Precept for 2021/22 shall be collected from the District and Borough councils in the proportions set out in Table 7 with the payment of equal instalments on the dates set out in Table 8.	Table 7 Table 8
8) The Capital Programme for 2021/22 to 2024/25 be approved at the total amounts below and be financed as set out in the report:	Table 11

Year	Capital Programme
2021/22	£108.523m
2022/23	£58.400m
2023/24	£40.190m
2024/25	£39.155m

COUNCILLOR RICHARD JACKSON

9) The variations to the Capital Programme be approved. Para. 48-57

10) The Minimum Revenue Provision policy for 2021/22 be approved. Appx. C

11) The Capital Strategy including the 2021/22 Prudential Indicators and Treasury Management Strategy be approved. Appx. D

12) The Service Director – Finance, Infrastructure and Improvement be authorised to raise loans in 2021/22 within the limits of total external borrowings. Para. 63

13) The Treasury Management Policy for 2021/22 be approved. Appx. E

14) The Council delegates responsibility for the setting of Treasury Management Policies and Practices relating to Pension Fund cash to the Pension Fund Committee. Para. 62

15) The report be approved and adopted.

CHAIRMAN OF THE FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE

Constitutional Comments (GR 05/02/2021)

Pursuant to the Nottinghamshire County Council Constitution this report and recommendations contained within it are within the remit of Full Council.

Human Resources Implications (GE 05/02/2021)

The human resources implications are implicit in the body of the report. Where there are employment implications arising from any of the identified actions outlined in this report, these will be consulted upon and implemented in line with the agreed employment policies and procedures of the Council.

Financial Comments of the Service Director – Finance, Infrastructure and Improvement (NS 04/02/2021)

The budget proposed has been prepared taking into account the four vision statements and twelve commitments set out in the County Council’s new strategic plan for 2017–2021, entitled Your Nottinghamshire, Your Future and reflects all significant cost variations that can be anticipated.

The budget has been prepared in conjunction with the Corporate Leadership Team and other senior officers, and through significant Member engagement via relevant Committees and Finance and Major Contracts Management Committee. There has been robust examination and challenge of all spending pressures and savings proposals. In addition, Committee approved savings proposals are tracked and reported on by the Improvement and Change Sub-Committee.

As is the case in the current financial year, strict budgetary control will be maintained throughout 2021/22. Departments will be required to utilise any departmental underspends to offset unexpected cost increases that exceed the resources that have been provided to meet known cost pressures and inflation. To the extent that that this may be insufficient or that other unexpected events arise, the Council could potentially call on its General Fund balances.

The levels of reserves and balances have been reviewed and are considered to be adequate. The forecast reduction in Reserves and General Fund balances has been the result of using reserves to balance previous years' budgets and continued use in 2021/22. Whilst this has been in accordance with guidance from the Ministry for Housing, Communities and Local Government and will result in the Council still being above the level that is considered prudent, further reductions in Reserves and General Fund balances would need to be taken only after careful assessment and consideration of the overall level of financial risk.

Given the severity of the financial challenges facing the Council, the budget has been prepared on the basis of accepting an appropriate level of financial risk. More specifically, the impacts of responding to the Covid-19 pandemic has also been considered together with the announcements of the additional financial support from the Government. The contingency budget will be used to mitigate the impact should any of the savings proposals be delayed or not deliver as planned. The risks and assumptions have been communicated to, and understood by, elected Members and the Corporate Leadership Team.

The budget is, in my opinion, robust and meets the requirements of the Local Government Finance Act 1992, the Local Government Act 2003 and the CIPFA Prudential Code. The proposals for 2021/22 fulfil the requirement to set a balanced budget.

Background Papers Available for Inspection:

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Budget Report – Finance and Major Contract Management Committee 10 February 2020

Electoral Division(s) and Member(s) Affected: All

Revenue Budget Summary 2021/22

	2020/21 Original Budget £'000	2021/22 Annual Budget £'000
Committee:		
Children & Young People	140,507	149,087
Adult Social Care & Public Health	210,040	219,272
Communities & Place	126,503	131,255
Policy	34,088	37,454
Finance & Major Contracts Management	2,901	2,931
Governance & Ethics	7,572	7,727
Personnel	15,386	15,787
Net Committee Requirements	**536,997**	**563,513**
Items Outside Committee:		
Flood Defence Levies	291	294
Pension Enhancements (Centralised)	2,050	2,050
Trading Organisations	1,300	1,300
Contingency	6,600	7,664
Capital Charges (included in Committees above)	(44,264)	(44,070)
Interest & Borrowing	21,073	21,323
Minimum Revenue Provision (MRP)	11,370	11,867
New Homes Bonus Grant	(1,873)	(1,172)
Social Care Grant	(20,387)	(24,301)
Local Council Tax Support Grant	-	(6,818)
Total before use of Reserves	**513,157**	**531,650**
Use of Reserves:		
Net Transfer (From)/To Other Earmarked Reserves	22	(1,333)
Transfer (From)/To General Fund Balances	(631)	-
BUDGET REQUIREMENT	**512,548**	**530,317**
Funding Of Budget Requirement:		
Surplus/(Deficit) on Council Tax Collection for Previous Yrs	559	1,719
National Non-Domestic Rates	116,398	118,561
Revenue Support Grant	7,064	7,103
Council Tax	355,385	365,880
Adult Social Care Precept	33,142	37,054
TOTAL FUNDING	**512,548**	**530,317**

Children & Young People Committee
Variation Summary 2020/21 to 2021/22

		£'000	£'000
1	**Original Budget 2020/21**		**140,507**
2	**Budgets Transferred between Committees**		**(229)**
3	**Additional Allocations/Reductions 2020/21**		**1,199**
4	**Capital Financing Budget Transfers**		**(1,048)**
5	**2021/22 Service Changes:**		
	Budget Pressures		
	Non Looked After Children Placements	135	
	Demographic Pressures - Edn, Health & Care Plans (ICDS)	127	
	Growth in External Placements for LAC	7,010	
	Social work assessments	100	
	School Improvement Traded Service	120	
	Education Psychology Service	114	
	Personal Care	100	
	Social Work Staffing - Apprenticeships	150	
	Looked After Children's Services	326	
	National Living Wage - External	35	
	Basic Fostering Allowance	65	
	Contract Cost Inflation	850	
			9,132
	Pay Award, National Insurance & Pensions Increase		**-**
	Budget Savings		
	Remodelling Early Help for 0-4 year olds	(167)	
	DCATCH Home Based Support	(76)	
	Market Management & Cost Control	(90)	
	Decreased mileage through increased technology	(100)	
	Ancillary Savings	(41)	
			(474)
6	**Annual Budget 2021/22**		**149,087**

Children & Young People Committee - Revenue Budget 2021/22

Original Budget 2020/21 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2021/22 £'000
	Schools Budget							
176,720	Schools Block - Distributed	-	-	-	**179,581**	-	-	**179,581**
21,584	High Needs Block - Distributed	-	-	-	**23,677**	-	-	**23,677**
48,544	Early Years Block - Distributed	-	-	-	**49,220**	-	-	**49,220**
62,701	Schools Budget - Centrally Retained	-	-	-	**71,841**	-	-	**71,841**
309,549	**Total Schools Expenditure Budget**	-	-	-	**324,319**	-	-	**324,319**
(309,549)	Dedicated Schools Grant (DSG)	-	-	-	**-**	(324,319)	-	**(324,319)**
-	Other ESFA grants for allocation to maintained schools	-	-	-	**22,765**	(22,765)	-	**-**
13,436	School Assets	-	-	11,002	**11,002**	-	-	**11,002**
	Youth, Families & Social Work							
4,339	Service Improvement	4,829	794	-	**5,623**	-	(11)	**5,612**
22,480	Regulated Services	7,275	11,509	-	**18,784**	(897)	(91)	**17,796**
1,962	Adoption Services (inc Regional Adoption Agency)	2,981	3,406	-	**6,387**	(987)	(3,431)	**1,969**
4,368	Childrens Disability Service & Assessment	12,132	2,267	-	**14,399**	-	(7,126)	**7,273**
16,292	Court Permanence & District Child Protection Teams	8,695	7,655	-	**16,350**	-	-	**16,350**
2,823	Multi Agency Safeguarding Hub & Emergency Duty Team	4,628	220	-	**4,848**	-	-	**4,848**
248	Managing Allegations Against Professionals Service	-	-	-	**-**	-	-	**-**
6,704	Early Help and Young Peoples Service	11,330	1,982	-	**13,312**	(2,913)	(3,735)	**6,664**
59,216	**Total Youth, Families & Social Work**	**51,870**	**27,833**	**-**	**79,703**	**(4,797)**	**(14,394)**	**60,512**
	Education Standards & Inclusion							
6,068	Support to Schools Service	8,594	2,111	-	**10,705**	(828)	(3,561)	**6,316**
6,068	**Total Education Standards & Inclusion**	**8,594**	**2,111**	**-**	**10,705**	**(828)**	**(3,561)**	**6,316**

Children & Young People Committee - Revenue Budget 2021/22

Original Budget 2020/21 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2021/22 £'000
	Commissioning & Resources							
3,176	Safeguarding, Assurance & Improvement	2,904	992	-	**3,896**	-	(396)	**3,500**
4,554	Integrated Childrens Disability Service (ICDS)	3,943	913	-	**4,856**	-	(43)	**4,813**
7,533	Early Childhood Services	8,835	1,922	-	**10,757**	-	(3,548)	**7,209**
46,030	Placements & Commissioning	1,978	55,526	-	**57,504**	(731)	(2,918)	**53,855**
61,293	**Total Commissioning & Resources**	**17,660**	**59,353**	**-**	**77,013**	**(731)**	**(6,905)**	**69,377**
494	**Capital Charges**	-	-	1,880	**1,880**	-	-	**1,880**
140,507	**TOTAL CHILDREN & YOUNG PEOPLE COMMITTEE**	**78,124**	**89,297**	**12,882**	**180,303**	**(6,356)**	**(24,860)**	**149,087**

Children & Young People Committee - Capital Programme 2021/22

	Revised 2020/21 £000	**Budget Year 2021/22 £000**	Indicative Figures 2022/23 £000	2023/24 £000	2024/25 £000
Children & Young People Capital Programme					
School Access Initiative	500	400	300	300	300
School Places Programme	7,100	11,000	9,277	6,801	6,801
School Building Improvement Programme	7,929	5,417	4,200	4,200	4,200
Children's Homes	4	-	-	-	-
Orchard Special School	5,486	-	-	-	-
Early Years Education Places	239	-	-	-	-
Children's Centre - IT Devices	459	-	-	-	-
Clayfields House	100	-	-	-	-
Bestwood New School	125	-	-	-	-
Special School Grant	650	307	-	-	-
Mill Adventure Base	402	987	-	-	-
Sharphill New School	5,922	754	-	-	-
Watnall Road New School	237	-	-	-	-
Increasing Residential Capacity for LAC	-	1,270	-	-	-
Bingham Chapel Lane	400	4,200	2,600	-	-
Gross Capital Programme	**29,553**	**24,335**	**16,377**	**11,301**	**11,301**
Funded from:					
Approved County Council Allocations	15,765	15,314	2,476	-	-
External Grants & Contributions	13,190	9,021	13,901	11,301	11,301
Revenue	-	-	-	-	-
Reserves	598	-	-	-	-
Total Funding	**29,553**	**24,335**	**16,377**	**11,301**	**11,301**

Adult Social Care & Public Health Committee
Variation Summary 2020/21 to 2021/22

		£000	£000
1	**Original Budget 2020/21**		**210,040**
2	**Budgets Transferred between Committees**		**(1,267)**
3	**Additional Allocations/Reductions 2020/21**		**882**
4	**Capital Financing Budget Transfers**		**(64)**
5	**2021/22 Service Changes:**		
	Budget Pressures		
	Care Package Demand for Adults Aged 18-64 Years	3,078	
	Care Package Demand for Adults Aged 65 and Over	1,100	
	Increased Approved Mental Health Practitioner (AMHP)	272	
	Fair Price for Care	2,162	
	National Living Wage - External	3,964	
			10,576
	Pay Award, National Insurance & Pensions Increase		**-**
	Budget Savings		
	Imp of Younger Adults (18-64) Housing Support Strategy	(811)	
	Ancillary Savings	(84)	
			(895)
6	**Annual Budget 2021/22**		**219,272**

Adult Social Care & Public Health Committee - Revenue Budget 2021/22

Original Budget 2020/21 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2021/22 £'000
	Corporate Director & Departmental Costs							
358	Corporate Director & Departmental Costs	167	2,248	-	**2,414**	(216)		**2,198**
358	**Total Corporate Director & Departmental Costs**	**167**	**2,248**	**-**	**2,414**	**(216)**	**-**	**2,198**
	Strategic Commissioning & Integration							
255	Service Director Strategic Commissioning	384	132	-	**515**	-	-	**515**
10,544	Integrated Strategic Commissioning	2,447	9,231	24	**11,702**	(213)	(258)	**11,231**
2,408	Service Improvement	1,739	444	391	**2,574**	-	-	**2,574**
1,909	Quality Assurance & Citizen Safety	1,367	242	-	**1,609**	-	-	**1,609**
(51,174)	Partnership Programme	-	7,887	-	**7,887**	(37,898)	(23,792)	**(53,803)**
(36,058)	**Total Strategic Commissioning & Integration**	**5,937**	**17,935**	**415**	**24,287**	**(38,110)**	**(24,050)**	**(37,873)**
	Living Well & Direct Services							
31	Service Director Living Well	124	38	-	**162**	-	(130)	**32**
19,308	Direct & Provider Services	14,179	4,126	566	**18,871**	(30)	(865)	**17,975**
30,527	Living Well - North Nottinghamshire	3,549	41,757	79	**45,386**	(979)	(12,055)	**32,352**
35,167	Living Well - Mid Nottinghamshire	3,524	46,042	-	**49,566**	(676)	(11,923)	**36,968**
39,555	Living Well - South Nottinghamshire	3,905	55,345	-	**59,251**	(695)	(16,547)	**42,008**
124,588	**Total Living Well & Direct Services**	**25,283**	**147,308**	**645**	**173,235**	**(2,380)**	**(41,520)**	**129,335**

Adult Social Care & Public Health Committee - Revenue Budget 2021/22

Original Budget 2020/21 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2021/22 £'000
	Ageing Well & Maximising Independence							
184	Service Director Ageing Well	124	1	-	**126**	-	-	**126**
13,690	Maximising Independence	11,066	4,126	-	**15,192**	-	(11)	**15,181**
35,239	Ageing Well - North Nottinghamshire	4,339	45,408	-	**49,748**	(34)	(14,752)	**34,961**
31,722	Ageing Well - Mid Nottinghamshire	6,797	37,976	-	**44,773**	(172)	(11,303)	**33,298**
40,317	Ageing Well - South Nottinghamshire	8,705	52,522	-	**61,228**	(486)	(18,695)	**42,046**
121,152	**Total Ageing Well & Maximising Independence**	**31,032**	**140,034**	**-**	**171,066**	**(693)**	**(44,761)**	**125,612**
	Public Health							
6,363	Directorate Pay & Associated Costs	2,521	6,024	-	**8,545**	-	-	**8,545**
34,060	Commissioned Services	331	34,244	-	**34,575**	-	(1,143)	**33,431**
(40,423)	Public Health Grant	-	-	-	**-**	(41,976)	-	**(41,976)**
-	**Total Public Health**	**2,852**	**40,268**	**-**	**43,120**	**(41,976)**	**(1,143)**	**-**
210,040	**TOTAL ADULT SOCIAL CARE & PUBLIC HEALTH COMMITTEE**	**65,270**	**347,792**	**1,060**	**414,122**	**(83,375)**	**(111,475)**	**219,272**

Adult Social Care & Public Health Committee -
Capital Programme 2021/22

	Revised 2020/21 £000	**Budget Year 2021/22 £000**	Indicative Figures 2022/23 £000	2023/24 £000	2024/25 £000
Adult Social Care & Public Health Capital Programme					
Supported Living	290	241	-	-	-
ASCH Strategy	84	-	-	-	-
DFG Equipment	564	-	-	-	-
County Horticulture	328	-	-	-	-
Gross Capital Programme	**1,266**	**241**	**-**	**-**	**-**
Funded from:					
Approved County Council Allocations	371	-	-	-	-
External Grants & Contributions	854	241	-	-	-
Revenue	-	-	-	-	-
Reserves	41	-	-	-	-
Total Funding	**1,266**	**241**	**-**	**-**	**-**

Communities & Place Committee
Variation Summary 2020/21 to 2021/22

		£'000	£'000
1	**Original Budget 2020/21**		**126,503**
2	**Budgets Transferred between Committees**		**(414)**
3	**Additional Allocations/Reductions 2020/21**		**450**
4	**Capital Financing Budget Transfers**		**452**
5	**2021/22 Service Changes:**		
	Budget Pressures		
	SEND Transport Growth	850	
	Waste PFI Contract Growth	500	
	COVID related SEND Transport costs	100	
	COVID related HtS and Post 16 Transport costs	500	
	Loss of Income within Highways and Transport Division	325	
	Local Bus & Home to School Contracts	50	
	SEND Transport Inflation	100	
	Waste PFI Contract Inflation	1,330	
	Contract Cost Inflation	644	
			4,399
	Pay Award, National Insurance & Pensions Increase		**-**
	Budget Savings		
	Delivering Sustainable Waste Services	(150)	
	Transport Base budget review	210	
	Scholars Pass Scheme	(20)	
	Riverview & Porthole Restaurant	(175)	
			(135)
6	**Annual Budget 2021/22**		**131,255**

Communities & Place Committee - Revenue Budget 2021/22

Original Budget 2020/21 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2021/22 £'000
	Highways							
19,866	VIA East Midlands Contract	-	19,902	-	**19,902**	-	(40)	**19,862**
22,147	NCC Highways Retained Client	2,245	10,797	19,971	**33,013**	-	(10,395)	**22,618**
42,013	**Highways Total**	**2,245**	**30,699**	**19,971**	**52,915**	**-**	**(10,435)**	**42,480**
	Transport							
11,250	Concessionary Fares	-	11,285	-	**11,285**	-	(35)	**11,250**
3,785	Local Bus Services	-	4,135	-	**4,135**	-	(140)	**3,995**
2,126	Other Transport Running Costs	3,786	4,427	625	**8,838**	(1,003)	(5,423)	**2,412**
13,400	SEND / Home to School Transport	-	18,344	-	**18,344**	(656)	(2,138)	**15,550**
30,561	**Transport Total**	**3,786**	**38,191**	**625**	**42,602**	**(1,659)**	**(7,736)**	**33,207**
	Waste & Energy							
26,871	Veolia PFI Contract	-	32,351	-	**32,351**	(2,039)	(1,666)	**28,646**
6,296	NCC Retained Client	715	5,834	1,847	**8,396**	-	(2,021)	**6,375**
33,167	**Total Waste & Energy**	**715**	**38,185**	**1,847**	**40,747**	**(2,039)**	**(3,687)**	**35,021**

Communities & Place Committee - Revenue Budget 2021/22

Original Budget 2020/21 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2021/22 £'000
	Other Communities & Place							
10,834	Libraries inc. Inspire Contract	74	13,900	1,199	**15,173**	(4,422)	-	**10,751**
380	Bestwood & Rufford Country Parks	-	463	-	**463**	-	(11)	**452**
431	National Watersports Centre	56	376	-	**432**	-	-	**432**
715	Planning, Policy & Development Management	988	100	-	**1,088**	-	(365)	**723**
1,125	HW Development Management & Transport Policies & Programmes	825	78	-	**903**	-	-	**903**
760	Conservation (Including Green Spaces)	680	119	4	**803**	-	(80)	**723**
502	Communities Staffing	538	28	-	**566**	-	(81)	**485**
1,690	Communities Grants	-	1,889	-	**1,889**	(198)	-	**1,691**
910	Trading Standards	1,607	40	2	**1,649**	-	(729)	**920**
254	Emergency Planning	349	21	-	**370**	-	(64)	**306**
1,517	Coroners	-	1,517	-	**1,517**	-	-	**1,517**
114	Registration of Births, Deaths & Marriages	1,331	282	1	**1,614**	-	(1,560)	**54**
180	Directorate	476	7	-	**483**	-	(20)	**463**
1,350	Recharges, Insurance & Internal Services	-	90	1,037	**1,127**	-	-	**1,127**
20,762	**Total Other Communities & Place**	**6,924**	**18,910**	**2,243**	**28,077**	**(4,620)**	**(2,910)**	**20,547**
126,503	**TOTAL COMMUNITIES & PLACE COMMITTEE**	**13,670**	**125,985**	**24,686**	**164,341**	**(8,318)**	**(24,768)**	**131,255**

Communities & Place Committee - Capital Programme 2021/22

	Revised 2020/21 £000	Budget Year 2021/22 £000	Indicative Figures 2022/23 £000	2023/24 £000	2024/25 £000
Communities & Place Capital Programme					
Hucknall Town Centre Improvement Scheme	310	200	200	-	-
Road Maintenance & Renewals	24,639	14,507	12,006	12,006	12,006
Street Lighting Renewals	949	1,000	1,000	1,000	1,000
Flood Alleviation & Drainage	1,020	3,237	600	600	600
Road Safety	262	350	350	350	350
Integrated Transport Measures	8,113	4,416	4,416	4,416	4,416
Transport & Travel Services	450	2,446	750	750	750
Gedling Access Road	21,500	9,573	891	-	-
County Enterprise Foods	24	-	-	-	-
Salix Street Light Fund	1,323	-	-	-	-
Enhanced Rail Services	110	-	-	-	-
Rushcliffe Recycling Centre	50	2,450	-	-	-
Major Infrastructure Improvement	111	-	-	-	-
Permanent Barriers - West Bridgford	254	-	-	-	-
Southwell Flood Projects	1,363	1,291	-	-	-
Slowing the Flow	287	-	-	-	-
Supporting Local Communities	1,550	500	500	500	500
Waste Management	1,119	722	1,377	951	448
Libraries Improvement Programme	685	50	-	-	-
Sherwood Forest Visitor Centre	431	-	-	-	-
Rufford Country Park	54	-	-	-	-
Libraries and Archives ICT Replacement	2,000	-	-	-	-
Energy Saving Scheme	85	830	839	-	-
Carbon Management	320	320	320	320	320
National Water Sports Centre	24	-	-	-	-
Active Travel Fund	-	1,743	-	-	-
Green Investment Fund	-	500	-	-	-
Gross Capital Programme	**67,033**	**44,135**	**23,249**	**20,893**	**20,390**
Funded from:					
Approved County Council Allocations	12,462	17,429	5,239	4,200	4,148
External Grants & Contributions	53,084	26,164	16,813	15,922	15,922
Revenue	1,119	222	877	451	-
Reserves	368	320	320	320	320
Total Funding	**67,033**	**44,135**	**23,249**	**20,893**	**20,390**

Policy Committee
Variation Summary 2020/21 to 2021/22

		£'000	£'000
1	**Original Budget 2020/21**		**34,088**
2	**Budgets Transferred between Committees**		**1,869**
3	**Additional Allocations/Reductions 2020/21**		**770**
4	**Capital Financing Budget Transfers**		**530**
5	**2021/22 Service Changes:**		
	Budget Pressures		
	Vacant and Surplus Property	350	
	Schools PFI Inflation	115	
			465
	Pay Award, National Insurance & Pensions Increase		**-**
	Budget Savings		
	Energy – post covid reduction in consumption	(50)	
	ICT staffing	(218)	
			(268)
6	**Annual Budget 2021/22**		**37,454**

Policy Committee - Revenue Budget 2021/22

Original Budget 2020/21 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2021/22 £'000
	Property							
4,130	Facilities Management - County Offices	1,227	2,728	618	**4,573**	-	(481)	**4,092**
-	County Enterprise Foods	1,536	1,271	139	**2,946**	(106)	(1,583)	**1,257**
5,260	Building Maintenance & Compliance	-	5,353	-	**5,353**	-	(82)	**5,271**
6,206	Schools PFI, Options Appraisal & Childrens Centres	-	25,516	-	**25,516**	(12,337)	(6,718)	**6,461**
1,047	Property Asset Mgmt, Commissioning, Estates & Strategy	1,867	1,546	78	**3,491**	(401)	(1,372)	**1,718**
16,643	**Total Property**	**4,630**	**36,414**	**835**	**41,879**	**(12,844)**	**(10,236)**	**18,799**
	Corporate Services							
12,008	ICT Services	7,854	2,535	4,443	**14,832**	-	(2,666)	**12,166**
291	Directorate	256	38	-	**294**	-	-	**294**
1,300	Document Services	908	2,015	2	**2,925**	(25)	(1,602)	**1,298**
1,274	Performance & Improvement	1,443	315	-	**1,758**	-	(166)	**1,592**
968	Corporate Communications	796	276	3	**1,075**	-	(127)	**948**
500	County Council Elections	-	1,300	-	**1,300**	-	-	**1,300**
16,341	**Total Corporate Services**	**11,257**	**6,479**	**4,448**	**22,184**	**(25)**	**(4,561)**	**17,598**
1,104	Economic Development	587	470	-	**1,057**	-	-	**1,057**
34,088	**TOTAL POLICY COMMITTEE**	**16,474**	**43,363**	**5,283**	**65,120**	**(12,869)**	**(14,797)**	**37,454**

Policy Committee -
Capital Programme 2021/22

	Revised 2020/21 £000	**Budget Year 2021/22 £000**	Indicative Figures 2022/23 £000	2023/24 £000	2024/25 £000
Policy Capital Programme					
Building Works	2,977	2,400	2,400	2,400	2,400
ICT Infrastructure	560	1,570	1,000	1,000	1,000
Microsoft Enterprise Agreement	2,460	3,624	3,674	1,000	1,000
IT Replacement	565	1,000	-	-	-
Lindhurst Project	692	2,522	-	-	-
Investing in Nottinghamshire	3,559	13,400	8,720	616	30
Site Clearance Programme	1,600	1,739	-	-	-
Digital Connectivity Nottinghamshire	2,500	3,276	-	-	-
Economic Development Capital Fund	239	-	-	-	-
Superfast Broadband	650	2,730	-	-	-
Smarter Ways of Working	48	-	-	-	-
Top Wighay Farm - Homes England	6,892	1,500	-	-	-
White Hills Park Federation	236	-	-	-	-
Land Release Funding - Eastwood	999	-	-	-	-
Wide Area Network	1,514	400	-	-	-
Lowmoor / Caudwell Road	197	3,000	-	-	-
Getting Building Fund	421	171	-	-	-
Gross Capital Programme	**26,109**	**37,332**	**15,794**	**5,016**	**4,430**
Funded from:					
Approved County Council Allocations	13,972	27,431	15,794	5,016	4,430
External Grants & Contributions	11,337	9,860	-	-	-
Revenue	-	-	-	-	-
Reserves	800	41	-	-	-
Total Funding	**26,109**	**37,332**	**15,794**	**5,016**	**4,430**

Finance & Major Contracts Management Committee
Variation Summary 2020/21 to 2021/22

		£'000	£'000
1	Original Budget 2020/21		2,901
2	Budgets Transferred between Committees		(76)
3	Additional Allocations/Reductions 2020/21		106
4	Capital Financing Budget Transfers		-
5	2021/22 Service Changes:		-
	Pay Award, National Insurance & Pensions Increase		-
6	Budget Savings		-
7	Annual Budget 2021/22		2,931

Finance & Major Contracts Management Committee - Revenue Budget 2021/22

Original Budget 2020/21 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2021/22 £'000
2,976	Finance Services & Procurement	4,158	331	-	**4,489**	-	(1,558)	**2,931**
	Contribution from Trading Services:							
(75)	Catering	9,758	7,525	-	**17,283**	-	(17,283)	**-**
-	Cleaning	10,649	1,347	-	**11,996**	-	(11,996)	**-**
-	Landscapes	1,189	849	-	**2,038**	-	(2,038)	**-**
2,901	**TOTAL FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE**	**25,754**	**10,052**	**-**	**35,806**	**-**	**(32,875)**	**2,931**

Finance & Major Contracts Management Committee - Capital Programme 2021/22

	Revised 2020/21 £000	**Budget Year 2021/22 £000**	Indicative Figures 2022/23 £000	2023/24 £000	2024/25 £000
Finance & Major Contracts Management Capital Programme					
Risk Management	150	150	150	150	150
Landscape Services	30	30	30	30	30
Gross Capital Programme	**180**	**180**	**180**	**180**	**180**
Funded from:					
Approved County Council Allocations	-	-	-	-	-
External Grants & Contributions	-	-	-	-	-
Revenue	-	-	-	-	-
Reserves	180	180	180	180	180
Total Funding	**180**	**180**	**180**	**180**	**180**

Governance & Ethics Committee
Variation Summary 2020/21 to 2021/22

		£'000	£'000
1	Original Budget 2020/21		7,572
2	Budgets Transferred between Committees		2
3	Additional Allocations/Reductions 2020/21		153
4	Capital Financing Budget Transfers		-
5	2021/22 Service Changes:		-
	Pay Award, National Insurance & Pensions Increase		-
	Budget Savings		-
6	Annual Budget 2021/22		7,727

Governance & Ethics Committee - Revenue Budget 2021/22

Original Budget 2020/21 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2021/22 £'000
631	Democratic Services	711	127	-	**838**	(62)	(70)	**706**
1,860	Members Allowances	-	1,896	-	**1,896**	-	-	**1,896**
329	Councillors Divisional Fund	-	329	-	**329**	-	-	**329**
4,752	Legal Services, Information Governance and Complaints	3,508	1,523	-	**5,031**	-	(235)	**4,796**
7,572	**TOTAL GOVERNANCE & ETHICS COMMITTEE**	**4,219**	**3,875**	**-**	**8,094**	**(62)**	**(305)**	**7,727**

Personnel Committee
Variation Summary 2020/21 to 2021/22

		£'000	£'000
1	**Original Budget 2020/21**		**15,386**
2	**Budgets Transferred between Committees**		**115**
3	**Additional Allocations/Reductions 2020/21**		**147**
4	**Capital Financing Budget Transfers**		**(64)**
5	**2021/22 Service Changes:**		
	CSC - Resourcing of ongoing COVID-19 work	300	**300**
	Pay Award, National Insurance & Pensions Increase		**-**
	Budget Savings		
	Business Support	(97)	**(97)**
6	**Annual Budget 2021/22**		**15,787**

Personnel Committee - Revenue Budget 2021/22

Original Budget 2020/21 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2021/22 £'000
2,700	Corporate Human Resources	3,920	1,115	-	**5,035**	-	(2,383)	**2,652**
7,759	Business Support	10,372	281	-	**10,653**	(22)	(2,785)	**7,846**
2,058	Business Services Centre	4,223	4,907	83	**9,213**	(15)	(7,129)	**2,069**
2,869	Customer Services Centre	3,221	344	76	**3,641**	-	(421)	**3,220**
15,386	**TOTAL PERSONNEL COMMITTEE**	**21,736**	**6,647**	**159**	**28,542**	**(37)**	**(12,718)**	**15,787**

Personnel Committee -
Capital Programme 2021/22

	Revised 2020/21 £000	**Budget Year 2021/22 £000**	Indicative Figures 2022/23 £000	2023/24 £000	2024/25 £000
Personnel Capital Programme					
Business Management System	249	-	-	-	-
Customer Service Centre - MASH	105	-	-	-	-
Gross Capital Programme	**354**	**-**	**-**	**-**	**-**
Funded from:					
Approved County Council Allocations	354	-	-	-	-
External Grants & Contributions	-	-	-	-	-
Revenue	-	-	-	-	-
Reserves	-	-	-	-	-
Total Funding	**354**	**-**	**-**	**-**	**-**

ROBUSTNESS OF BUDGET ESTIMATES AND THE ADEQUACY OF THE COUNTY COUNCIL'S RESERVES

1. The County Council has always taken a prudent approach regarding its reserves, which are specifically set aside to meet future, or potential future, expenditure. The Council's current position is therefore relatively robust.

2. There are four main types of reserve held by the County Council:

   - The General Fund Balance is a non-earmarked reserve, consisting of the accumulated surpluses. A balance on the General Fund is maintained to cushion the impact of uneven cash flows and as a contingency to reduce the impact of unexpected events or emergencies.
   - Earmarked Reserves are held to meet specific planned expenditure, for example, that relating to PFI schemes.
   - Schools Statutory Reserve represents monies held on behalf of Schools under the Financial Management of Schools scheme.
   - Capital Grants have been received in advance but have not yet been applied.

Forecast Level of Reserves

3. Given the continuing financial challenges facing local authorities, central government have encouraged councils to be innovative regarding the deployment of existing reserves to meet one-off costs of transformation. This budget report is proposing to utilise £17.6m of reserves over the medium term with £1.5m being used to deliver a balanced budget in 2021/22. Also, as part of the 2021/22 Local Government Settlement, it was announced that the Council will receive a further £16.1m to meet costs associated with COVID19 in 2021/22. It is expected that most of this funding will be utilised in 2021/22 with an element held in reserve to fund the future impact of 2020/21 Council Tax and Business Rates deficits.

4. As in previous years the County Council has undertaken a review of all of its reserves; forecasts based on latest estimates for the current and following year are shown in Table B1 below.

Table B1 – County Council Reserves Forecast to 31st March 2022

Reserve	Actual Balance as at 31/03/2020 £'m	Projected balance at 31/03/2021 £'m	Forecast balance at 31/03/2022 £'m
General Fund Balance	**22.0**	**21.4**	**21.4**
Earmarked Reserves			
General Insurance Reserve	34.0	34.0	34.0
Trading Activities	0.2	0.2	0.2
Earmarked for Services	9.1	8.6	8.6
Revenue Grants	13.7	12.9	12.9
Section 256 Grants	13.6	12.7	12.7
Earmarked Reserve	3.2	3.2	1.7
CapitalProjects Reserve	3.2	3.2	3.2
NDR Pool Reserves	10.2	9.7	9.7
East Leake PFI	2.8	2.8	2.8
Bassetlaw PFI	0.1	0.4	0.4
Waste PFI	24.1	23.3	23.3
Workforce Reserve	6.2	6.2	6.2
IICSA Reserve	1.5	1.4	1.4
Strategic Development Fund	2.8	2.7	2.7
COVID 19 Reserve	22.3	26.2	8.4
Subtotal Earmarked Reserves	**147.0**	**147.5**	**128.2**
Schools Statutory Reserve	**22.9**	**22.9**	**22.9**
Capital Grants Unapplied	**1.8**	**1.8**	**1.8**
Total Usable Reserves	**193.7**	**193.6**	**174.3**

5. Certain assumptions have been made in predicting closing balances and the timing of when movements on balances will occur. These are outlined below.

- A full external review of the Council's Reserves Strategy was undertaken in 2015 and subsequently built upon. Given the uncertain future economic outlook and the risks surrounding the MTFS, the Council is maintaining a risk based General Fund Balance. Although the General Fund reserve has fluctuated over the previous three years, the position is relatively strong in terms of risk cover when compared with other County Councils. This is a prudent approach given the uncertainty that currently exists within Local Government Finance. A risk based assessment of the required level of General Fund Reserve has been undertaken and can be seen in the table below:

Risk	Impact	Probability (low, medium or high)	Mitigation	Proposed level of reserve cover for 2021/22 £m
Major funding stream variations	If an in-year correction or top-slice is made to external funding during 2021/22 this would reduce the Council's ability to fund its Budget (say 0.5% of RSG+BR)	Medium	The government settlement has been announced, however, there have been in-year changes previously.	£0.6
Major variations in budget assumptions e.g. inflation	If inflationary expectations are too low, it could have a greater impact on the Council's expenditure than expected.	Low	The Service Director – Finance, Infrastructure & Improvement monitors the economic environment and takes forecasts from reliable sources	£1.4
Major expenditure and income variations	If expenditure is higher than budgeted or income lower than budgeted in any service, this will lead to a service overspend and potentially an overall overspend in Budget (say 1.5% of net committee requirements of £563.513m)	Medium	The Council's Management Team control the budget through a robust monthly budget management process, however, there are ongoing risks in Children's and Adults Services where safeguarding takes priority	£8.5
Delay in and/or non-delivery of savings	If planned savings are delayed or are found to be undeliverable this will have a significant impact on the Council's ability to deliver its Budget (say, 10% non-delivery in-year of £1.744m to be saved)	High	The Council's Management Team control the delivery of the savings programme through a robust monthly budget management process, however, this becomes more difficult year-on-year given the savings already delivered to date and the complexity of building change on change	£0.2
Major disaster implications	The Council could face unplanned expenditure if faced with a major disaster e.g. freak weather conditions	Medium	The Council may receive central government support but it is not certain that this would cover all required expenditure, there is also robust major emergency plans in place	£1.0

Risk	Impact	Probability (low, medium or high)	Mitigation	Proposed level of reserve cover for 2021/22 £m
Health and safety breaches	The Council could be faced with a fine if it was found to be in breach of health and safety requirements	Low	The Council has very good health and safety procedures and records in place and these are reviewed and updated on a regular basis. A mandatory training programme is also in place.	£0.5
Security breaches	The Council could be liable for a penalty from the Information Commissioner's Office with regard to the new General Data Protection Regulations.	Low	The establishment of an Information Governance Framework was approved at Policy Committee in March 2018. A mandatory training programme is also in place.	£3.0
ICT failure	The reliance on ICT for the Council is significant and growing, which means that there could potentially be a significant impact if one or more of the Council's main systems failed	Low	The Council has an ICT Strategy in place, which includes a disaster recovery plan and business continuity plans are in place for all services	£1.0
Impact of litigation	The Council may be faced with litigation related to the services that it provides e.g. related to safeguarding in Children's and Adults Services	Low	The services have strong procedures in place for the delivery of services and are fully conversant with the requirements of the legislation relevant to each service area	£1.0
Employment matters	The Council could be faced with costs associated with industrial action or individual tribunal cases	Low	The Council has good employee and union relations, including early consultation for major policy implications and major service changes	£0.5
Third party failure	The Council could have a significant negative financial impact of one or more if its major suppliers or trading operations failed	Low	The Council has strong governance and contract controls in place, with major contracts reviewed and monitored closely as part of the operation of each Council service	£1.0

Risk	Impact	Probability (low, medium or high)	Mitigation	Proposed level of reserve cover for 2021/22 £m
Contingency – unforeseen events	The above risks are intended to cover all foreseen situations that the Council could face, however, there could be future major policy changes or unforeseen incidents that could significantly impact on the Council's financial stability (say 0.5% of Net Budget Requirement £530.317m)	Low	In the current uncertain times associated with Local Government Finance changes, volatility in the global economy and the implications of Brexit it is advisable for the Council to hold a contingent level of reserves	£2.7
Risk assessed minimum level of General Fund Reserve				**£21.4**
% of net revenue expenditure (based on £563.513m)				**3.8%**

- The latest budget monitoring report, which covers the first three quarters of the current financial year, predicts a significant underspend. Given the uncertainty that currently exists there may however still be fluctuations in the forecast before year end. It is proposed that any in-year underspend is treated as a contribution to General Fund balances.
- PFI Reserves are built up using funding surpluses which are held for use in later years of the contract, when the planned withdrawal of government funding will leave a funding shortfall.
- The Workforce Reserve covers potential pay protection, National Living Wage increases and Pension Strain, as well as Pension Contributions and Redundancy.
- A full review of services reserves has also been undertaken and where funds have been identified as no longer required, transfers have been actioned. A further review will be undertaken to assess planned use against the need to support County Council priorities. The Earmarked for Services reserves also include revenue grants that are received in advance, these will be spent in accordance with the grant conditions.
- In previous years a Strategic Development Fund was established to deliver the Council's revised operating model, invest in IT and realise the savings agreed in the proposed Options for Change. It is proposed that, to 2021/22, these transformational costs continue to be funded from the

extension to the capital flexibility opportunity as announced in the 2018/19 provisional Local Government Finance Settlement.

- The Trading Organisations Reserve is money set aside by the Trading Units e.g. Catering, Cleaning, and Landscape to fund future replacement equipment.
- The Schools Statutory Reserve comprises money that schools have set aside from their Dedicated Schools Grant and these funds are not available for general authority use. As such it is not possible to accurately predict future balances although they are likely to reduce as schools transfer to Academy status.

Adequacy of Proposed Reserves

6. CIPFA do not advocate the introduction of a statutory minimum level of reserves as 'there is a broad range within which authorities might reasonably operate depending on their particular circumstances. Imposing a statutory minimum would also be against the promotion of local autonomy and would conflict with the increased financial freedoms that are being introduced in local authorities. Indeed, guidance suggests that 'local authorities, on the advice of their finance directors, should make their own judgement on such matters taking into account all the relevant local circumstances'.

7. Further, in previous responses to media coverage of Council reserve balances, CIPFA have supported the flexible management of reserves 'If local councils are trying to manage their reserves to protect the public from future financial problems this is good financial management and should be applauded. In fact it is encouraging that the majority of councils are exercising prudence in their reserves management, providing crucial capacity to invest in service transformation and protect against future unexpected shortfalls.' The CIPFA Resilience Indicator for local authorities provides a useful broad dashboard indicator of the financial risks and mitigations within the budget approved for the current year. The Resilience Indicator for Nottinghamshire does not highlight any undue risk to the Authority.

8. Ultimately it is the responsibility of the County Council's Section 151 Officer to recommend a strategy for the management of reserves based on their professional opinion.

Risk Management Measures

9. The Council has developed a strategic approach to risk management that seeks to identify potential risks at an early stage so that remedial action can be taken. This supports the general arrangements the authority has in place for managing risk, and is underpinned by:

   - The External Auditors annual review of the Council's financial arrangements and assessment of the Council's financial health, which are then formally reported in their Annual Audit Letter.
   - The Council's positive track record in sound and effective financial management.

Professional Opinion of the County Council's Section 151 Officer

10. The 2003 Local Government Act stipulates that the County Council's Section 151 Officer should report to Members on the robustness of budget estimates and the adequacy of proposed reserves. A summary of the total usable reserves available to the County Council is shown in Table B1 above. The table includes estimates of future reserve levels based on latest estimates of plans and commitments.

11. The strategy proposed in this report is to utilise up to £1.5m of General Fund and earmarked reserves in 2021/22 to help deliver a balanced budget for 2021/22. In addition, it is expected that the COVID19 reserve will be utilised to fund further COVID19 related expenditure in 2021/22.

12. My conclusion is that the budget as set out in this report is legal, robust and sustainable. However, given the on-going financial uncertainties and challenges, the need for robust financial management, strict budgetary control and the on-going monitoring of savings delivery plans, will be of paramount importance.

Recommendations

13. The level of proposed General Fund balances in 2021/22 be regarded as acceptable cover for any reasonable level of unforeseen events.

14. The report be noted.

NIGEL STEVENSON CPFA

SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND IMPROVEMENT

ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT

Local authorities are required by law to make provision through their revenue account for the repayment of long term external borrowing and credit arrangements. This provision is made in the form of the Minimum Revenue Provision charge to the Council's General Fund.

The Council is under a statutory duty "to determine for the current financial year an amount of MRP which it considers to be prudent". Local authorities are asked by the Secretary of State "to prepare an annual statement of their policy on making MRP for submission to their Full Council".

It is proposed that the following policy, approved by Full Council (27 February 2020) for 2020/21, is continued for 2021/22:

- That MRP for capital expenditure financed by borrowing prior to 1 April 2007 is based on a fixed, straight line method over a period of 50 years commencing in 2016/17;
- That MRP for capital expenditure financed by borrowing after 1 April 2007 is based on the annuity method over the estimated life of assets;
- For assets acquired by lease or PFI, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability, over the life of the lease.

As part of the MRP report to Finance and Property Committee in February 2016, it was identified that applying the previous policy had led to MRP charges that exceeded what prudence required during the period from 1 April 2007 to 31 March 2016. There was a realignment of MRP charged to the revenue account in 2017/18 and this will continue into future years to recognise this excess sum. Total MRP after applying realignment will not be less than zero in any financial year.

The critical consideration of the MRP Policy is prudence. The proposed policy detailed above ensures responsible economic foresight and is consistent with the methods prescribed by statutory guidance.

NIGEL STEVENSON CPFA

SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

Nottinghamshire County Council Capital Strategy

Purpose and Aims

1. The Prudential Code for Capital Finance in Local Authorities was updated by the Chartered Institute of Public Finance and Accountancy in December 2017. The framework established by the Prudential Code supports local strategic planning, local asset management planning and proper option appraisal.

2. The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

3. The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long run financing implications and potential risks to the authority.

4. The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

5. This capital strategy sets out a framework for the self-management of capital finance and examines the following areas:

   - Capital expenditure and investment plans
   - Prudential Indicators
   - External debt
   - Treasury Management

National Context

6. It is important to set out the external environment in which Nottinghamshire County Council is currently operating. Some of the key factors that impact directly on the capital programme are outlined below:

   - The Council continues to operate in a challenging financial landscape with funding for local authorities expected to undergo fundamental structural changes over the next few years. Increased demand in areas such as Adult and Children’s Social Care alongside the postponement to a new Business Rates Retentions Scheme, the delayed Fair Funding Review, the stalled Adult Social Care Green Paper and any implications that may arise from Brexit negotiations make the current financial position particularly challenging for local authorities.

- Nottinghamshire is facing one of its biggest challenges ever with COVID-19 impacting our entire economy. The Council has developed an Action Plan to help the local economy withstand and recover from COVID-19 and this is being overseen and monitored by the newly established Resilience, Recovery and Renewal Committee. A Finance Resilience Group was established during 2020/21 to consider the financial impact arising from the COVID-19 crisis. This Group identified factors that helped to mitigate the in-year financial impact of the crisis. Reviews have also been undertaken on all assumptions that underpin the Medium-Term Financial Strategy including areas such as the capital programme, capital receipts, pressures, savings forecasts and reserves. These areas will continue to be scrutinised as part of the budget monitoring and budget setting processes.

- The Government has chosen to prioritise high-value investment, specifically in infrastructure and innovation that will directly contribute to raising Britain's productivity.

- The 2019 Conservative Manifesto pledged an "infrastructure revolution" in the UK. The Government plans to invest in infrastructure to "level up" economic growth and prosperity across the country and to address the challenges posed by climate change.

- Mechanisms for distributing government funding continue to evolve through the Government's devolution agenda specifically through the Local Growth Fund (LGF) and the increased role of Local Enterprise Partnerships (LEPs) in the strategic oversight of regional areas.

Managing the Future – Nottinghamshire County Council's Strategic Response

7. The County Council's strategic plan for 2017 - 2021, Your Nottinghamshire, Your Future, is a four-year plan, reviewed annually, that sets out the strategic ambition for the future of Nottinghamshire and the Council.

8. "Your Nottinghamshire, Your Future" is structured around four vision statements:

   - A great place to bring up your family
   - A great place to fulfil your ambition
   - A great place to enjoy your later life
   - A great place start and grow your business

9. In addition, four detailed departmental strategies have been developed to ensure that each Department is designed to offer the best possible services whilst making best use of the Council's resources.

10. Following the County Council elections in May 2021 a new Council Strategic Plan will be developed which will set out the vision, ambitions and plan for the County Council.

11. As reported to Policy Committee in October 2019, given the context of ongoing financial pressures, increased and complex demand and changing resident expectations, a new model for transformation is proposed to support the organisation to move forward and build on our strong foundations. The following three tier approach is proposed to reposition the Council and help achieve future transformation objectives: -

    - Tier 1 – Strategic Review of Outcomes (Achieve)
    - Tier 2 – Targeted Cross Cutting Transformation Reviews (Transform)
    - Tier 3 – Ongoing efficiency as part of continuous improvement (Save)

12. This new approach to transformation will lay the foundations for a review of the Council Plan in 2021. A key part of this work is in cementing the County's position as a leading authority recognised by Government, partners and communities for providing excellent services, future proofed for a changing world.

13. To help the Council deliver the departmental strategies and hence the Council Plan it is essential that necessary long-term fixed assets continue to be made available. The provision of long-term assets is further defined as being capital expenditure.

14. There are a number of local influences that help shape the need for capital investment across the county as follows:

    - Nottinghamshire remains an area that is experiencing significant population growth. This is contributing to significant pressure being placed on school places and infrastructure.
    - There is pressure on budgets to keep pace with the deterioration of roads from exceptional weather conditions and increased usage.
    - In line with the national context, safeguarding of children remains a challenging area for all local authorities.
    - The Council is committed to investing to stimulate the Nottinghamshire economy in order to place the county at the forefront of business, commerce, jobs and economic prosperity.

Key strategies and policies impacting on the Council's Capital Strategy

15. The Council has a number of strategies and policies in place which significantly influence the Council's Capital Programme. The major ones are as follows.

Corporate Property Strategy

16. The Corporate Property Strategy (2018-2023) provides a framework to support the development and management of the Council's land and property assets to achieve our ambition of delivering collaborative property solutions which achieve corporate objectives.

17. The Corporate Property Strategy is publicly available at: https://www.nottinghamshire.gov.uk/policy-library/60247/corporate-property-strategy-2018-2023

ICT Strategy

18. The ICT Strategy helped shaped the support the next phase of business transformation with an emphasis on delivering increasingly jointed up public services that are effective, affordable and designed around the needs of service users.

19. The current strategy requires updating and during 2021/22 the ICT Strategy will be revised to match the ambitions of the transformation plans of the council and the new Council Strategic Plan.

Pupil Place Planning and School Capital Policy

20. This Policy is a key document enabling the Local Authority to meet its statutory duty to provide sufficient places for the children and young people of Nottinghamshire. It provides a context for all to understand the pressures and considerations when addressing demand for the expansion of existing provision or the creation of new provision across the County.

21. The Pupil Place Planning and School Capital Policy is publicly available at: https://www.nottinghamshire.gov.uk/policy-library/41408/pupil-place-planning

Highway Infrastructure Asset Management Plan

22. This document sets out the asset management strategy and plan for Nottinghamshire, promoting best practice and the implementation of asset management principles in all highway maintenance activities.

23. The Highway Infrastructure Asset Management Plan is publicly available at https://www.nottinghamshire.gov.uk/transport/roads/highway-infrastructure-asset-management-plan

Commercial Strategy

24. The Commercial Strategy sets out the high level framework for the commercial approach of the Council across a wide number of activities.

25. The Commercial Strategy is publicly available at: https://www.nottinghamshire.gov.uk/policy-library/55851/commercial-strategy

Corporate Environmental Policy

26. The Council recognises the impact its operations and decisions have on the environment and how its position as a service provider, major employer, community leader and partner can have positive environmental outcomes. This policy outlines the Council's commitment to protecting and enhancing the environment for today and for future generations.

27. The Corporate Environmental Policy is publicly available at: https://www.nottinghamshire.gov.uk/policy-library/72901/corporate-environmental-policy

Working in Partnership
Arc and Via – A Collaboration to Deliver Economic Growth

28. Arc Partnership and Via East Midlands are Alternative Service Delivery Models established by the Council to deliver services in line with their Service Agreements and empowered to deliver third party works under the auspices of Local Authority Trading Companies, as both are classed as 'Teckal Companies'. Both companies are either wholly or partly owned by the Council.

29. Arc Partnership delivers multi-disciplinary property design, consultancy, master planning, regeneration, project/programme management, construction; emergency, reactive, compliance, asset management and planned servicing on behalf of the Council and the communities and people it represents.

30. Via East Midlands delivers multi-disciplinary engineering and fleet management services, including highways maintenance, design and consultancy, project/programme management, construction, signals and lighting, drainage, landscaping, environmental assessment, road safety, fleet services and a highway training centre.

31. Both organisations already collaborate and partner in a number of areas in delivering projects and programmes of work that deliver value for money, quality of output and customer excellence. They are looking to formalise this collaboration in order to deliver greater joint working, cross selling, and establish a framework which will bring forward a number of key regeneration, inward investment and economic growth opportunities.

What is Capital Expenditure?

32. An understanding of what constitutes capital expenditure is fundamental to realising the benefits that an authority can obtain under the Prudential framework. Unless expenditure qualifies as capital it will normally fall outside the scope of the framework and be charged to revenue in the period that the expenditure is incurred. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.

33. Capital expenditure is where the Council spends money on buying, building or enhancing long-term fixed assets that will yield benefits for the Council and be used for more than one financial year.

34. Examples of long-term assets include but are not limited to: land and buildings, vehicles, infrastructure such as roads and bridges.

35. In Local Government this includes spending on assets owned by other bodies and loans / grants to other bodies enabling them to buy assets.

Approach to Capital Investment

36. Nottinghamshire County Council's Capital Strategy defines and outlines the Council's approach to capital investment and is fundamental to the Council's financial planning processes. It aims to ensure that:

- Capital expenditure contributes to the achievement of the Council's strategic plan.
- An affordable and sustainable capital programme is delivered.
- Use of resources and value for money is maximised.
- A clear framework for making capital expenditure decisions is provided.
- A corporate approach to generating capital resources is established.
- Access to sufficient long-term assets to provide services are acquired and retained.
- Invest to save initiatives to make efficiencies within the Council's revenue budget are encouraged.
- An appraisal and prioritisation process for new schemes is robust.

Governance Arrangements

Capital Programme Approvals

37. The Authority's constitution and financial regulations govern the capital programme as set out below:

- All capital expenditure must be carried out in accordance with the financial regulations and the Council's Constitution.
- The expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards.
- The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council, the prioritisation of funding and the schemes receiving entry into the Capital Programme.
- All schemes are formally approved into the capital programme by following a process as set out in the financial regulations.
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations.
- Each scheme must be under the control of a responsible person/project manager.
- Corporate Directors must take a Latest Estimated Cost report to Finance and Major Contracts Management Committee where the capital cost is over £1 million.
- Any agreements (such as section 106) which contractually commit to procure capital schemes will need to follow the same approval process as other capital expenditure before it can be formally incorporated into the capital programme.

Capital Programme Bodies

38. The main internal bodies that are responsible for the governance and management of the capital programme are the Full Council, Policy Committee, Finance and Major Contracts Management Committee and the Corporate Asset Management Group.

39. **Full Council:**

- Approves the capital programme as part of the Annual Budget Report within the strategic boundaries set by the Council.
- Approves capital schemes into the approved capital programme to enable commencement of delivery and schemes to start to incur expenditure.

40. **Policy Committee / Finance and Major Contracts Management Committee:**

- Approves additional schemes into the capital programme and cost variations to existing schemes.
- Receives Latest Estimated Cost reports where the capital costs are in excess of £1m.

41. **Corporate Asset Management Group (CAMG)** – CAMG is a cross-service group of officers with a finance, service and property management background. It is responsible for ensuring that the County Council has a clear and cohesive strategy for managing its physical assets and to oversee the development and delivery of the County Council's capital programme in support of that strategy.

Funding Streams

42. Nottinghamshire County Council's Capital Programme is funded from a mix of sources including: -

- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. The Council must ensure that unsupported borrowing is affordable, prudent and cost effective. This funding can also be used as an option to front fund development to stimulate growth. This has provided the Council with the flexibility to raise capital funding as demand and business need have dictated. This type of borrowing has revenue implications for the Council in the form of financing costs.

- **External Grants** – The largest form of capital funding comes through as external grant allocations from central government departments such as the Department for Transport and Department for Education.

- **Section 106 and External Contributions** – Elements of the capital programme are funded by contributions from private sector developers and partners.

Growth in Nottinghamshire has resulted in Section 106 contributions from developers accounting for significant elements of funding of the capital programme in recent years.

- **Revenue Funding** – The Council can use revenue resources to fund capital projects on a direct basis and this funding avenue has been used in the past. However, the impact of austerity on the Council's revenue budget has reduced options in this area and therefore the preference is for Invest to Save options to be adopted where feasible.

- **Capital Receipts** – The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources which will be available to support the Council's plans.

43. The size of the Capital Programme will be influenced by funding sources and financing costs. The main limiting factor on the Council's ability to undertake capital investment is whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by central government, now mainly through capital grants.

Overview of the Capital Programme

44. The following table shows Nottinghamshire County Council's overall Capital Programme by Committee and how it is funded from 2020/21 to 2024/25:-

Table D1 - Capital Programme by Committee

	Revised 2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
Committee:						
Children & Young People*	29.553	24.335	16.377	11.301	11.301	92.867
Adult Social Care & Public Health	1.266	0.241	0.000	0.000	0.000	1.507
Communities & Place	67.033	44.135	23.249	20.893	20.390	175.700
Policy	26.109	37.332	15.794	5.016	4.430	88.681
Finance & MCM	0.180	0.180	0.180	0.180	0.180	0.900
Personnel	0.354	0.000	0.000	0.000	0.000	0.354
Contingency	0.000	2.300	2.800	2.800	2.854	10.754
Capital Expenditure	**124.495**	**108.523**	**58.400**	**40.190**	**39.155**	**370.763**
Financed By:						
Borrowing	42.924	62.474	26.309	12.016	11.432	155.155
Capital Grants	78.465	45.286	30.714	27.223	27.223	208.911
Revenue / Reserves	3.106	0.763	1.377	0.951	0.500	6.697
Total Funding	**124.495**	**108.523**	**58.400**	**40.190**	**39.155**	**370.763**

*This table excludes funding that is given directly to schools.

Description of Major Schemes

45. The main capital projects / programmes of work that are incorporated into the Authority's capital programme are identified below:

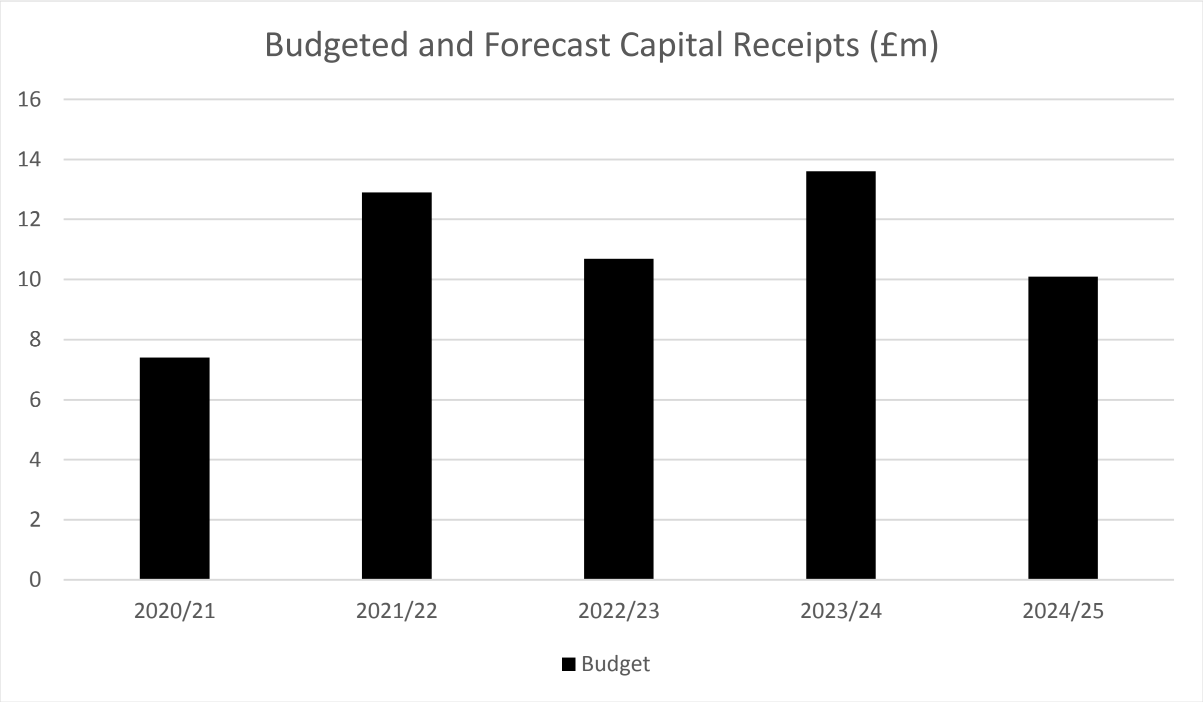
- **Schools Building Improvement Programme (SBIP) –** The SBIP focuses on the most immediate condition issues relating to heating, lighting and power, windows and roofing of the County Councils' maintained school building stock.
- **School Places Programme** - The School Places Programme focuses on the Council's statutory duty to provide sufficient school places. This applies to sufficiency planning across all schools, including academies. It is expected that local authorities will work closely with academies and the voluntary aided sector to meet this statutory responsibility and function. The fulfilment of this duty is described as meeting Basic Need. Children and Young People's Services analyse the pupil projection data available to identify schools which would be best suited to fulfil the Basic Need requirement and secure diversity of provision and increase the opportunity for parental preference.

- **Replacement Schools** – As part of the programme to ensure that there are sufficient school places across the county four new replacement schools are to be built in Bestwood, Newark, Hucknall and West Bridgford.
- **Roads Maintenance and Renewals -** This major programme of work supports local highway maintenance across the County and is funded mainly from Department for Transport grant with a local top up funded from capital allocation.
- **Integrated Transport Measures (ITM) -** The ITM is a package of capital schemes developed to support the Local Transport Plan and is funded mainly by direct grant from Government with a local top up funded from capital allocation.
- **Gedling Access Road (GAR) -** This major transport scheme will enable the realisation of a key strategic development site in Gedling. It will also fulfil the long-term proposal to provide a bypass around Gedling village. The project is to be delivered by key public sector partners working jointly towards achieving common objectives for the future redevelopment of the former Gedling Colliery site.
- **Building Works -** The building works capital budget funds essential capital works to maintain the condition of the Council's property portfolio.
- **Homes England** – The Council has been successful in securing Homes England Local Authority Accelerated Construction Fund funding to assist the development of three sites in its ownership. The fund aims to make the best possible use of public sector land to increase the supply of new homes by removing the barriers facing local authorities with development on their sites.
- **Investing in Nottinghamshire** –As set out in a report to Policy Committee in December 2020, the Council has established an Investing in Nottinghamshire capital programme that sets out to utilise the Council's property estate to deliver, environmental, economic and financial benefits in a post- COVID19 world. This programme funding allows for the delivery of an ambitious programme of projects that will improve, re-furbish or build new offices across multiple sites of the Council's estate which in turn would deliver widespread benefits across our services and the local economy.
- **Superfast Broadband** - In just shy of a decade, the Council has taken the superfast digital infrastructure across Nottinghamshire from a baseline of 86% to 98.7% availability. The original contractual expectations were for 20% of homes and businesses to make the switch to the newly installed superfast connection. This target has been far exceeded, with take-up rate standing at 71.86% This has triggered the contractual gainshare mechanism for the next seven years. This gainshare funding will be made available to fund further improvements to the county's digital infrastructure in the future.

Capital Receipts / Disposals

46. Anticipated capital receipts are reviewed on a regular basis by the Finance and Major Contracts Management Committee. All forecasts are based on estimated disposal values of identified properties and prudently assume a slippage factor based on risks associated with each property.

47. The chart below shows the budgeted capital receipts for the four years to 2024/25:



48. Local authorities have been given the opportunity to use capital receipts to fund one off costs associated with transformation to 2021/22. This approach will be reviewed on an annual basis. It is proposed that capital receipts to 2021/22 are, in the first instance, used to fund transformational costs associated with the Programmes and Projects Team and the implementation of the IT Cloud platform. Any excess capital receipts will be set against previous years' borrowing thereby reducing the impact of the Minimum Revenue Provision on the revenue accounts.

2021/22 PRUDENTIAL INDICATORS FOR CAPITAL FINANCE

49. This section of the capital strategy sets out the prudential indicators and outlines how expenditure will be financed by borrowing in an affordable, prudent and sustainable way.

Information and Advice

50. The Local Government Act 2003 enables local authorities to determine their programmes for capital investment and associated borrowing requirements, provided they have regard to the Prudential Code for Capital Finance in Local Authorities developed by CIPFA and also take advice from the Section 151 Officer.

51. The Executive Summary of the Code states that "The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice."

52. The Code sets out a number of prudential indicators designed to support and record local decision making and it is the duty of the Service Director – Finance, Infrastructure and Improvement (the Council's Section 151 Officer) to ensure that this information is available to Members when they take decisions on the County Council's capital expenditure plans and annual budget. Key issues to be considered are:

   - Affordability (e.g. implications for Council Tax)
   - Prudence and sustainability (e.g. implications for external borrowing and whole life costing)
   - Value for money (e.g. option appraisal)
   - Stewardship of assets (e.g. asset management planning)
   - Service objectives (e.g. alignment with the Council's Strategic Plan)
   - Practicality (e.g. whether the capital plans are achievable).

Affordability

53. The fundamental objective in the consideration of the affordability of the Authority's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the authority remains within sustainable limits.

54. In considering the affordability of its capital plans, the Authority is required to consider all of the resources currently available to it and estimated for the future, together with the totality of its capital plans, income and expenditure forecasts.

55. The costs of financing capital expenditure are:

- Interest payable to external lenders less interest earned on investments; and
- Amounts set aside for repayments of amounts borrowed (including repayments of amounts relating to PFI schemes and other finance lease liabilities).

The relevant figures from the 2019/20 Accounts are as follows.

Table D2 – 2019/20 Capital Financing Costs and Net Revenue Stream

Capital Financing Costs	£'m
Interest Payable (incl. PFI/Finance Leases)	32.374
Interest and Investment Income	(1.891)
Repayment of Previous Years' Borrowing	0.000
Repayment of PFI/Finance Lease Liabilities	3.252
Other Amounts Set Aside for Repaying Debt	6.502
Total Capital Financing Costs	**40.237**

Net Revenue Stream	**543.086**

56. The Capital Financing Costs as a proportion of Net Revenue Stream for 2019/20 and future years are shown in the table below:

Table D3 – Capital Financing Costs as a Proportion of Net Revenue Stream

Capital Financing Costs as a proportion of Net Revenue Stream		
Actual	2019/20	7.4%
Estimates	2020/21	9.4%
	2021/22	10.7%
	2022/23	10.3%
	2023/24	10.7%
	2024/25	10.2%

57. The low proportion in 2019/20 reflected the low MRP charge that was achieved as a result of using a significant element of the previously identified over-provision of MRP. The higher proportions in later years reflect the return to full MRP charges following the full utilisation of the previously identified over-provision. The proportion of capital financing costs to net revenue stream will be kept under review.

Prudence and Sustainability

58. The Prudential Code requires that the Authority shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the Authority's overall fiscal sustainability.

59. The Authority is required to make reasonable estimates of the total capital expenditure that it plans to incur in the forthcoming financial year and at least the following two financial years. These indicators, together with anticipated sources of finance, are as follows.

Table D4 – Estimates of Capital Expenditure

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Capital Expenditure	**108.323**	**58.400**	**40.190**	**39.155**
Funded from:				
Borrowing	62.474	26.309	12.016	11.432
Grants and Contributions	45.286	30.714	27.223	27.223
Revenue / Reserves	0.763	1.377	0.951	0.500
Total Capital Financing Costs	**108.523**	**58.400**	**40.190**	**39.155**

60. The proposed level of borrowing under the Prudential Code for 2021/22 is £62.5m.

61. One of the features of the Prudential Code arrangements is the need to calculate the Capital Financing Requirement. This figure covers capital expenditure which has not yet been permanently financed through the revenue account. It is derived by consolidating a number of Balance Sheet items as follows.

Table D5 – Capital Financing Requirement 2019/20

	£m
Fixed Assets	1,436
Short-term Assets Held For Sale	5
Capital Adjustment Account	(407)
Revaluation Reserve	(224)
Capital Financing Requirement as at 31/3/20	**810**

62. The Code states that "In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years." This is a key indicator of prudence.

63. The Capital Financing Requirement needs to be rolled forward to the estimated position at the end of 2020/21:

<u>Table D6 – Estimated Capital Financing Requirement 2020/21</u>

	£m
Capital Financing Requirement 2019/20	**810**
Borrowing in 2020/21	43
Additional PFI/Finance Lease Liabilities in 2020/21	4
Repayment of PFI/Finance Lease Liabilities in 2020/21	(7)
Capital Receipts set against previous borrowing in 2020/21	(4)
Other amounts set aside for Repayment of Debt in 2020/21	(12)
Estimated Capital Financing Requirement 2020/21	**834**

64. The additional Capital Financing Requirements for the next 3 years are:

<u>Table D7 – Estimated Capital Financing Requirements 2021/22 - 2023/24</u>

	2021/22 £m	2022/23 £m	2023/24 £m
New Borrowing	62	26	12
Additional PFI/Finance Lease Liabilities	3	-	2
Repayment of PFI/Finance Lease Liabilities	(7)	(6)	(7)
Capital Receipts set against previous borrowing	(10)	(11)	(14)
Other amounts set aside for Repayment of Debt	(12)	(10)	(10)
Capital Financing Requirement Net Additions	**36**	**(1)**	**(17)**
Estimated Capital Financing Requirement	**870**	**869**	**852**

65. As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2021/22 does not, except in the short term, exceed £870m (i.e. the estimated CFR for 2021/22).

External Debt

66. The Local Government Act 2003 requires the County Council to set two borrowing limits for next year and the following two years with respect to external borrowing.

67. Operational Boundary – has to be set for both borrowing and long-term liabilities. This measure encompasses all borrowing and is used in-year as a tool for monitoring the Council's prudent borrowing requirements. The operational boundary is calculated by taking account of existing borrowing and long-term liabilities, planned new borrowing, net change in long term liabilities and any amounts set aside for repayment of debt.

68. Authorised Limit – this higher measure, is the upper limit on the level of gross indebtedness which must not be breached without County Council approval. If it appears that the Authorised Limit might be breached, the Service Director –

Finance, Infrastructure and Improvement has a duty to report this to the County Council for appropriate action to be taken.

69. The Operational Boundary for external debt for the next three years is built up from the existing level of external borrowing, which was £499m, and the level of relevant liabilities (including finance lease liabilities), which was £115m, on the Balance Sheet at 31 March 2020.

70. These figures can be rolled forward to provide the proposed Operational Boundaries for 2021/22 and subsequent years.

Table D8 – Operational Boundaries 2021/22 – 2023/24

	Borrowing £m	Other Long-Term Liabilities £m	TOTAL £m
External borrowing at 31 March 2020	499	-	499
Other Long-Term Liabilities at 31 March 2020	-	115	115
Net new borrowing in 2020/21	6	-	(6)
Net change in PFI/finance lease liabilities	-	(3)	(3)
Estimated external borrowing at 31 March 2021	505	112	**617**
Capital expenditure financed by borrowing 2021/22	63	-	63
Amounts set aside for repayment of debt	(21)	-	(21)
Net change in PFI/finance lease liabilities	-	(4)	(4)
Contingency for changes in cash flow forecast	40	-	40
Operational Boundary 2021/22	587	108	**695**
Capital expenditure financed by borrowing 2022/23	26	-	26
Amounts set aside for repayment of debt	(20)	-	(20)
Net change in PFI/finance lease liabilities	-	(6)	(6)
Contingency for changes in cash flow forecast	40	-	40
Operational Boundary 2022/23	633	102	**735**
Capital expenditure financed by borrowing 2023/24	12	-	12
Amounts set aside for repayment of debt	(24)	-	(24)
Net change in PFI/finance lease liabilities	-	(6)	(6)
Contingency for changes in cash flow forecast	40	-	40
Operational Boundary 2023/24	661	96	**757**

71. The Authorised Limits should not need to be varied during the year, bar exceptional purposes. It is proposed to add a further £25m to the Operational Boundaries for Borrowing to provide sufficient headroom for events such as unusual cash movements. The proposed Authorised Limits are:

Table D9 – Authorised Limits 2021/22 – 2023/24

	Authorised Limit		
	Borrowing £m	Other Long-Term Liabilities £m	Borrowing and Other Long-Term Liabilities £m
2021/22	612	108	720
2022/23	658	102	760
2023/24	686	96	782

72. Both the Authorised Limits and Operational Boundaries are less than the Capital Financing Requirement because best practice in treasury management means that actual borrowing is below the notional underlying borrowing requirement.

73. The Prudential Code indicator in respect of treasury management is the adoption of the CIPFA Treasury Management Code of Practice. The County Council has formally adopted the code and approves an annual Treasury Management Policy and Strategy. This includes setting the treasury indicators:

- upper limits for fixed and variable interest rate exposures
- upper limit for investments over 364 days
- upper and lower limits for the maturity structure of borrowing.

Value for money – option appraisal

74. The County Council's Capital Programme is driven by the desire to provide high quality, value for money public services and is monitored by the CAMG. Business cases for proposed new capital schemes are reviewed by this group against an agreed prioritisation criteria. The results of this exercise are presented to Finance and Major Contracts Management Committee.

Stewardship of Assets

75. The Council's Asset Management Plan sets out the condition of its assets and the arrangements for managing these effectively. The Council's Corporate Property Strategy enhances these arrangements, including increasing the awareness that efficient use of property is an important element of maximising the value obtained from the Council's overall resources.

Service Objectives

76. The option appraisal of proposed capital schemes overseen by CAMG considers, amongst other factors, the following:

- How the proposal helps achieve the objectives and priorities set out in the Council's Strategic Plan 2017-2021.
- How the proposal will help achieve objectives set out in Departmental Strategic Plans.
- The service improvements and other anticipated benefits expected to be delivered from the investment.

77. **Practicality / Monitoring**

- Capital budget holders are responsible for providing monthly forecasts to the Financial Strategy and Accounting Team. Any slippage on schemes is identified as soon as possible.
- All forecasts are collated by the Financial Strategy and Accounting Team and reported to Finance and Major Contracts Management Committee on a monthly basis.

Recommendation

78. It is recommended that the Prudential Indicators in Table D10 are approved as part of the 2021/22 budget.

Table D10 – Prudential Indicators 2021/22 – 2023/24

	2021/22	2022/23	2023/24
Estimated capital expenditure	£108.5m	£58.4m	£40.2m
Estimated Capital Financing Requirement	£870m	£869m	£852m
Authorised limit for external debt	£720m	£760m	£782m
Operational boundary for external debt	£695m	£735m	£757m
Financing costs as a % of net revenue stream	10.7%	10.3%	10.7%

Report of the Service Director (Finance, Infrastructure & Improvement)

Treasury Management Strategy 2021/22

Introduction

79. Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as:

"the management of the organisation'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".

80. The Local Government Act 2003 (the Act) requires local authorities "to have regard –

(a) to such guidance as the Secretary of State may issue, and
(b) to such other guidance as the Secretary of State may by regulations specify for the purposes of this provision."

81. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 state that:

"In carrying out its capital finance functions, a local authority must have regard to the code of practice in 'Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes' (regulation 24)."

82. The 2003 regulations further require local authorities to have regard to the code of practice entitled the 'Prudential Code for Capital Finance in Local Authorities' (published by CIPFA), when considering how much they can afford to borrow. Both the Treasury Management Code (the Code) and the Prudential Code were updated in December 2017.

83. With regard to investment of funds, the Secretary of State issued revised guidance in 2010 that requires local authorities to prepare an annual investment strategy which has the key objectives of security and liquidity of funds.

84. The Code has 3 key principles which are:

- the establishment of 'comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury activities'.
- the effective management and control of risk are prime objectives and that responsibility for these lies clearly within the organisation.
- the pursuit of value for money and the use of suitable performance measures are valid and important tools.

85. In accordance with the CIPFA Code, the Council adopts the following:

(a) The Council will create, and maintain, as the cornerstones for effective treasury management:

- a Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities
- suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject to amendment only where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

(b) The Council will receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

(c) The Council delegates responsibility for the implementation, scrutiny and monitoring of its treasury management policies and practices to the Treasury Management Group, comprising:

- Service Director (Finance, Infrastructure & Improvement)
- Group Manager (Financial Services)
- Senior Accountant (Financial Strategy & Accounting)
- Senior Accountant (Pensions & Treasury Management)

The responsible officer for the execution and administration of treasury management decisions is the Senior Accountant (Pensions & Treasury Management), who will act in accordance with the policy statement and TMPs.

86. With regard to cash balances that form part of the Nottinghamshire County Council Pension Fund, the Council delegates responsibility for the setting of treasury management policies and practices to the Pension Fund Committee.

87. This Treasury Management Strategy has been prepared in accordance with regulations, guidance and codes of practice to support the Council's Medium-Term Financial Strategy and in particular the financing of the capital programme and the management of cash balances. In addition to this strategy there is a Treasury Management Policy Statement in Appendix E that underpins the strategy, together with the TMPs that govern treasury management operations.

88. The strategy covers:
    - Current treasury position
    - Borrowing requirement
    - Treasury Indicators
    - Interest rate forecasts
    - Borrowing strategy

- Investment strategy

Current Treasury Position

89. The table below shows the Council's forecast treasury position as at 31 March 2021:

Table D11		**Total** **£m**	**Average Interest Rate**
EXTERNAL BORROWING			
Fixed Rate	PWLB	415.2	4.00%
	Market loans	90.0	3.83%
Total External Borrowing		**505.2**	**3.97%**
Other Long Term Liabilities		110.4	
Total Gross Debt		**615.6**	
Less: Cash balances		(32.6)	
Total Net Debt		**583.0**	

Note 1: PWLB = Public Works Loans Board
Note 2: Figures exclude accrued interest

Borrowing Requirement

90. Under the Prudential Code, the Council is required to calculate the 'Capital Financing Requirement' (CFR). This represents the Council's underlying need to borrow for the approved capital programme. New capital expenditure, financed by borrowing or by credit arrangements such as finance leases and private finance initiative schemes, increases the CFR.

91. The Council also sets aside an amount each year as a provision for the repayment of debt. This is known as the Minimum Revenue Provision (MRP) and is, in effect, the principal repayment for the borrowing expected to be undertaken by the Council to finance its capital programme. MRP set aside reduces the CFR.

92. The difference between the CFR and the total of long-term liabilities and existing and new borrowing indicates that the Council has made temporary use of internal cash balances (from its own earmarked reserves and working capital) to finance the capital programme. This is known as "internal borrowing". Internal borrowing is a way of making short-term savings and avoiding the risks associated with holding large cash balances and is explained further in the "Borrowing Strategy" section below.

93. The Local Government Act 2003 and supporting regulations requires the Council to determine and keep under review how much it is prepared to borrow, termed the "Authorised Limit". This limit is determined for external borrowing (including both long-term and temporary borrowing and other forms of long-term liability, such as credit arrangements). This limit reflects the need to borrow for capital purposes. The Authorised Limit is set for at least the forthcoming financial year and two successive financial years. The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that its total capital investment is 'affordable, prudent and sustainable'.

94. In practice during the year the level of borrowing will be monitored against the "Operational Boundary". This represents the planned level of borrowing for capital purposes and, as shown in paragraph 69, is made up as follows:

- Existing borrowing and other long-term liabilities
- Increased by:
  - planned new borrowing
  - net change in long-term liabilities
- Reduced by amounts set aside for repayment of debt (referred to as Minimum Revenue Provision or MRP).
- Contingency for changes to reserves forecast

95. The Operational Boundary is set for the forthcoming financial year and next two financial years. Any breach of this indicator would provide an early warning of a potential breach of the Authorised Limit and allow time for the Council to take appropriate action.

96. There are two main reasons why planned actual borrowing may be lower than that shown as being required to finance the capital programme. These are slippage in capital schemes and the Council temporarily making use of its cash reserves to delay external borrowing (the internal borrowing referred to above). The main components involved in calculating planned actual borrowing over the next three years are shown in the table below.

Table D12	**2019/20 Actual**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
	£m	**£m**	**£m**	**£m**	**£m**
Closing Capital Financing Requirement	808.0	834.0	870.0	869.0	852.0
Less:					
- Long-term liabilities	-113.4	-110.4	-106.4	-100.4	-95.4
- Existing borrowing	-487.8	-505.2	-494.4	-483.6	-472.8
- Cap Ex to be financed by borrowing (a)			-62.0	-26.0	-12.0
- Replacement borrowing (b)			-6.2	-62.0	-77.8
Internal borrowing (A)	**206.8**	**218.4**	**201.0**	**197.0**	**194.0**
Y/E cash balances (B)	**44.2**	**32.6**	**20.0**	**20.0**	**20.0**
Cash deployed (A+B)	**251.0**	**251.0**	**221.0**	**217.0**	**214.0**
comprising:					
- Usable reserves	194.0	194.0	164.0	160.0	157.0

- Provisions / Working capital (est.)	57.0	57.0	57.0	57.0	57.0
Cumulative minimum borrowing requirement (-a-b)	**0.0**	**0.0**	**68.2**	**88.0**	**89.8**

97. The table above shows the latest capital expenditure, financing and reserves forecasts. From this can be calculated the Council's estimated internal borrowing and its cumulative minimum borrowing requirement. It can be seen that the Council is expecting to borrow approximately £70m in 2021/22, with a further £20m from the financial markets over the subsequent 2 years, some £90m in total.

98. £90m is a minimum, as it assumes that temporarily held cash surpluses will be used in the first instance to delay borrowing and keep year-end cash balances to a comfortable minimum (£20m). Therefore, if reserve balances are used quicker than forecast, or if working capital is reduced, then a higher amount of borrowing will be necessary. On the other hand, slippage in the capital programme will mean borrowing can be postponed and so this £90m minimum will be reduced.

99. The final figure for new long-term borrowing taken in 2020/21 is forecast to be £30m, which is lower than the £50m as estimated in the 2020/21 Strategy Report. This is due partly to slippage in the capital programme and partly to additional central government grant monies temporarily shoring up cash balances and allowing some borrowing to be postponed.

100. Under the capital finance regulations, local authorities are permitted to *fully borrow* (ie. use no internal borrowing) up to three years in advance of need as determined by the Capital Financing Requirement. This will only be done if cashflow dictates or if market conditions indicate that it is the best course of action.

101. The main reason for borrowing more than the minimal amount is to take advantage of, and lock in, low long-term interest rates, making long-term savings and also reducing the Council's exposure to variable interest rate risk. However, this would almost certainly result in a short-term 'cost of carry', especially as interest rates on invested surplus cash are effectively zero. The financial implications of any amounts borrowed long-term would therefore be fully evaluated by Treasury Management Group before commitment.

102. Borrowing in advance of need also increases the level of temporary investments and makes the security of those funds even more important. However, the Council's treasury management practices ensure that the risks of investing funds are minimised.

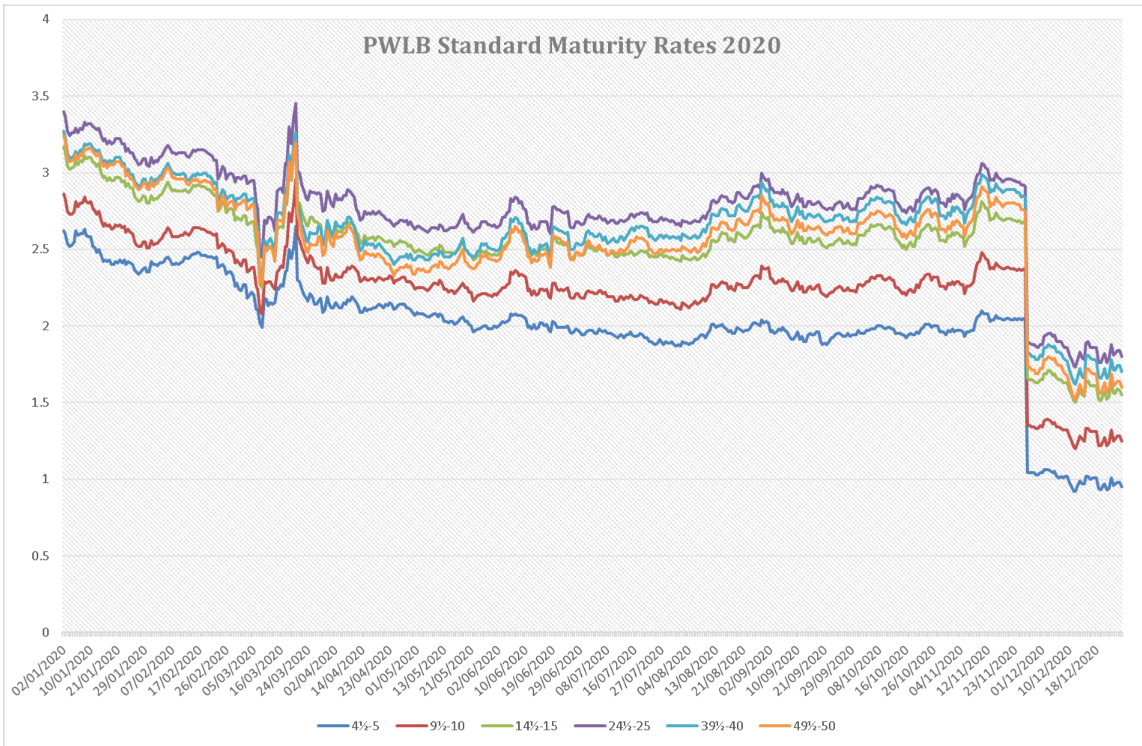
103. A summary of the proposed Treasury Management Indicators for the years to 2023/24 are set out in tables D13 and D14 below. Please note that the 'Authorised Limit and 'Operational Boundary' are detailed in paragraphs 69 and 70.

Table D13 TREASURY INDICATORS	Proposed 2021/22 £m	Proposed 2022/23 £m	Proposed 2023/24 £m
Upper limit for Rate Exposure (fixed-term investments)			
Fixed Rate	100%	100%	100%
Variable Rate	75%	75%	75%
Upper limit for principal sums invested for over 364 days	Higher of £20m or 15%	Higher of £20m or 15%	Higher of £20m or 15%

Table D14 Maturity structure of fixed rate borrowing	Lower limit	Upper limit
under 12 months	0%	25%
12 months and within 24 months	0%	25%
24 months and within 5 years	0%	75%
5 years and within 10 years	0%	100%
10 years and above	0%	100%
Adoption of CIPFA's Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes	Adopted	

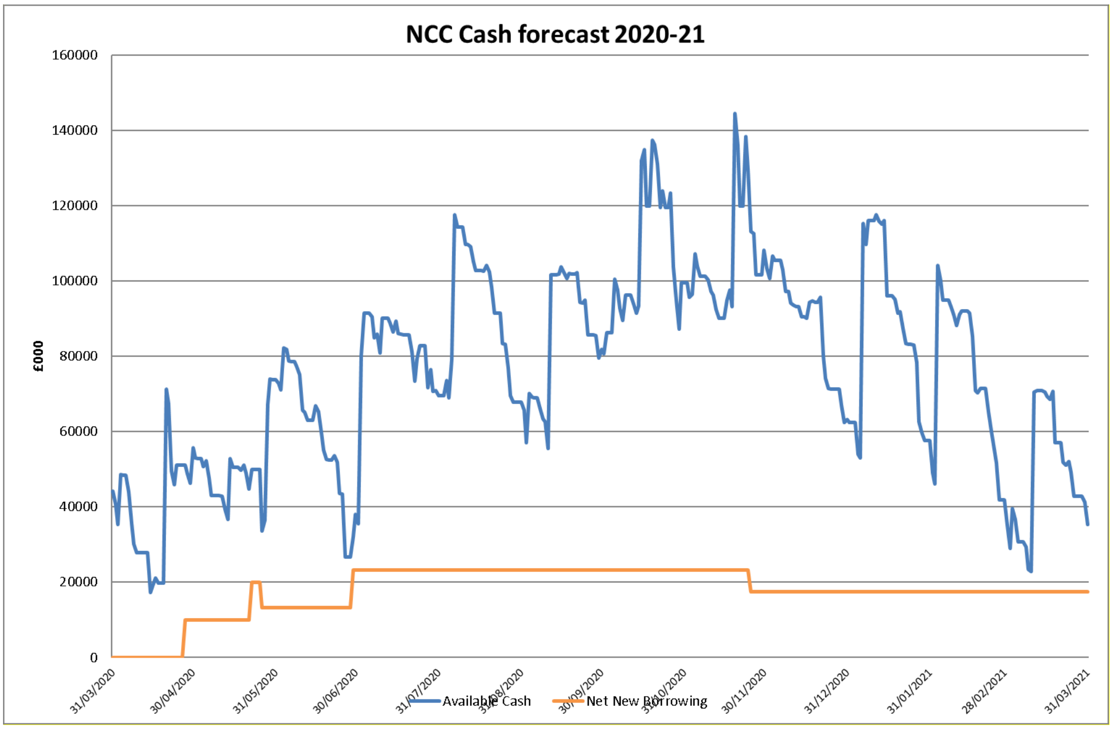
Borrowing Strategy

104. Over the course of 2020 PWLB rates showed a downward trend, reflecting the market's view of the uncertainty surrounding the COVID19 pandemic. The initial effects of the coronavirus pandemic and the Government's budgetary response can be seen in early March. The effect of the PWLB policy change in November (which effectively reversed the 100bp increase introduced in late 2019) can also be seen in the chart below:



105. The chart below shows how the Council’s instant-access cash position has progressed over the financial year to January 2021 and how it is forecast to progress until the year-end. This position varies over the course of the year but averages about £77m. The line reflects the day-to-day impact of the Council’s revenue and capital expenditure, grant and precept income, together with any borrowing or fixed-term lending decisions made by the Council’s treasury management team.

106. The lower line shows the Council’s net new borrowing over the course of the year. It can be seen that for 2020/21 this was approximately £17m (that is, new borrowing of £30m less £13m of maturing debt).



107. Over the past several years the Council has financed the capital programme (on a temporary basis) mainly by using its cash balances. These are essentially earmarked reserves, general fund reserves and net movement on current assets. As the cash in these reserves is not required in the short term for the reserves' specific purposes, it has been utilised in order to reduce external borrowing, and is known as 'internal borrowing'.

108. The advantage to the Council of internal borrowing is that it costs less than external borrowing, the cost being the opportunity cost of interest foregone by not investing the cash (investment rates are currently below 0% for short-term deposits). It therefore generates short-term savings for the Council. Another advantage is that counterparty risk is reduced by having less cash to invest.

109. On the other hand, by postponing its long-term borrowing the Council is in effect increasing its exposure to interest rate risk, as rates will fluctuate in the intervening period until long-term fixed rate borrowing is taken. Treasury management staff monitor this risk, and regularly review interest rates.

110. As a result of all this, the borrowing strategy needs to provide funds not only to finance the capital programme but also funds (i) to replenish reserves as and when these are required and (ii) to cover principal repayments on any maturing debt. If long-term borrowing is not taken to cover these outflows of cash then the Council would need to consider other sources of finance (such as an ongoing bank overdraft facility or a series of short-term loans).

111. These strategic factors drive the Council's objective need to secure long-term debt finance, but there are a number of day-to-day factors – relating to market conditions and the Council's own revenue budget - that must be taken into account when deciding precisely when to borrow.

112. Long-term rates being offered by PWLB remain relatively attractive. Occasionally, in addition, long-term loans offered by the market or by other local authorities can be a competitive alternative to PWLB loans, and these are worth considering.

113. However, as at December 2020 short-term PWLB debt is around 0.7% cheaper than long-term debt, and this may be worth considering, especially as interest rates on surplus cash held by the Council are effectively zero.

114. It should be borne in mind though that there would be a risk if the Council were to take *only* short-term debt. This is because short-term loans need more frequent refinancing and at such points the Council would find itself exposed to whatever the prevailing interest rates were at the time. If this happened the Council could find itself facing considerably higher interest rates, which would quickly undermine any saving made by taking short-dated debt.

115. In practice, a balanced portfolio will include a mix of:
    - Temporary use of the Council's cash reserves
    - Short-term debt provided by the market/other local authorities
    - Short-term or variable rate debt provided by PWLB
    - Long-term debt provided by PWLB
    - Long-term debt provided by the market or other local authorities

116. Given these contingencies the amount, type, period, rate and timing of new borrowing will be an operational matter falling under the responsibility of the Service Director (Finance, Infrastructure & Improvement) exercised by the Senior Accountant (Pensions & Treasury Management) within the approved borrowing strategy, taking into account the following factors:
    - expected movements in interest rates as outlined above.
    - current debt maturity profile.
    - the impact on the medium-term financial strategy.
    - the capital financing requirement.
    - the operational boundary.
    - the authorised limit.

117. Opportunities to reschedule debt will be reviewed as and when they occur during the coming year. However, prevailing conditions make rescheduling a costly activity.

Investment Strategy

118. During 2021/22 it is intended to keep cash balances at a low level with the aim of maintaining a minimal working cash balance of around £20m. This will provide a level of liquidity without recourse to temporary borrowing, ie. having to seek funds at short notice when availability may be restricted and therefore expensive.

119. The Council manages counterparty risk by monitoring the ratings of the institutions in which it could invest. Exposure to the Eurozone is limited by

investing in UK banks and high credit quality overseas banks. The criteria for selecting counterparties are detailed in TMP 1 in Appendix E.

120. A further measure to ensure security of the Council's cash investments is to maintain the Council's exposure to the UK local authority sector and UK government securities. When lending to local authorities fixed term deposits would be used but these are subject to demand and cannot be relied upon in the same way as bank lending. The use of treasury bills and UK government gilts may be considered and would ensure priority is given to security and liquidity of funds.

NIGEL STEVENSON CPFA
SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

Report of the Service Director (Finance, Infrastructure & Improvement)

Treasury Management Policy Statement 2021/22

1. The Council, in line with the CIPFA Code of Practice, defines its treasury management activities as:

   The management of the Council'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. The Council regards the successful identification, monitoring and control of risk as the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

3. The Council acknowledges that effective treasury management will provide support towards achieving its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

4. The Council's borrowing strategy will take account of all legislative requirements, codes of practice and other guidance to ensure that borrowing costs are "affordable, prudent and sustainable" and to mitigate refinancing risk. The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so within the Council's capital financing requirement.

5. The Council's investment strategy will take account of all legislative requirements, codes of practice and other guidance to ensure that priority is given to the security and liquidity of investments.

6. The Council delegates responsibility for the implementation, scrutiny and monitoring of its treasury management policies and practices to the *Treasury Management Group*, comprising:

   - Service Director (Finance, Infrastructure & Improvement)
   - Group Manager (Financial Services)
   - Senior Accountant (Financial Strategy & Accounting)
   - Senior Accountant (Pensions & Treasury Management)
   - Investments Officer

7. The Council's Treasury Management Policy will be implemented through the following Treasury Management Practices (TMPs). The responsible officer for the execution and administration of treasury management decisions is the Senior Accountant (Pensions & Treasury Management), who will act in accordance with the policy statement and TMPs.

TMP1 Risk management

8. The Senior Accountant (Pensions & Treasury Management) will design, implement and monitor all arrangements for the identification, management and control of treasury management risk. Reports will be made on these arrangements in accordance with the procedures set out in *TMP6 Reporting requirements and management information arrangements*. The arrangements will seek to cover each of the following risks.

Credit and counterparty risk

9. The risk of failure by a counterparty to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or revenue resources.

10. The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparties and lending limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in the following paragraphs.

11. The Local Government Act 2003 gives a local authority power to invest for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs. In exercising this power, the local authority must have regard to any guidance issued by the Secretary of State.

12. Current guidance classifies investments between "specified" and "non-specified". Specified investments are those offering high security and high liquidity. All such investments should be in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a local authority will automatically count as specified investments. In addition, short-term sterling investments with bodies or investment schemes of "high credit quality" will count as specified investments. The Council's policy is to invest surplus funds prudently, giving priority to security and liquidity rather than yield and investing in sterling instruments only. The majority of these will be specified investments.

13. The Council will operate an approved list of counterparties for lending. The lending list will comprise institutions based on minimum ratings (see paragraph below) from at least 2 rating agencies together with Fitch support rating for longer term lending. The list reflects a prudent attitude to lending and uses a combination of ratings issued by the 3 main ratings agencies: Fitch, Moody's and Standard & Poor's. Banks will be assessed for inclusion on the basis of long-term, short-term and support ratings; money market funds (MMFs) on the basis of Sterling MMF ratings.

14. Short-term ratings assess the capacity of an entity to meet financial obligations with maturity of up to and including 12 months and are based on the short-term

vulnerability to default. The long-term ratings cover a period in excess of 12 months and are useful as a key indicator impacting on the cost of borrowing for financial institutions. This cost of borrowing will feed through to the ability of the financial institution to obtain funds at reasonable cost to maintain liquidity.

15. MMFs are mutual funds that invest in cash and short-term money market instruments such as government bonds and commercial paper. They allow investors to participate in a more diverse portfolio than direct investment by spreading capital across a variety of institutions. The highest AAA rating reflects an extremely strong capacity to achieve the 'investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk'.

16. The Council will monitor ratings from the main agencies along with general market data. The Council will also monitor developments in the financial markets including policy announcements by the Government, Bank of England, regulatory bodies and other international bodies. It will use this information to determine if any changes are required to the above methodology.

17. Bail-in legislation, which aims to ensure that large investors (including local authorities) will rescue failing banks instead of taxpayers, has now been fully implemented in the UK, USA and Germany. This has had an impact on credit ratings, particularly Fitch support ratings. The criteria below take account of these changes.

18. The lending list will include institutions that meet the following criteria from at least 2 rating agencies:

	Long Term	**Short Term**	**GBP MMF**
Fitch	A-	F1	AAAmmf
Moodys	A3	P-1	Aaamf
Standard & Poors	A-	A-1	AAAm

Sovereign Rating	AA

19. However, within the approved list the following minimum criteria will apply, dependent on the terms of the deposit, from at least 2 ratings agencies:

	Fitch Long term	Fitch Support	Moodys Long term	S&P Long term
Instant access	A-	-	A3	A-
Up to 3 months	A-	-	A3	A-
Up to 364 days	AA-	-	AA3	AA-
365 days and over	A	1 or 2	A2	A

20. All investments (up to 365 days duration) with the counterparties in the approved list are considered specified investments.

21. Exceptions (to be determined by the *Treasury Management Group*) to rating criteria may be made in respect of the following:

    1) UK government
    2) UK local authorities
    3) The Council's bank

22. The lending list will be approved by the *Treasury Management Group* and monitored by the Senior Accountant (Pensions & Treasury Management) in the light of rating changes and market conditions. Individual institutions or countries may be suspended from the list if felt appropriate. The *Treasury Management Group* may add or remove organisations from the approved list subject to maintaining consistency with the approved criteria.

23. The maximum amount of County Council cash (excluding Pension Fund cash) that can be lent to any organisation on the approved list is subject to individual institution limits of £20m. Only two institutions within the same group may be used at any one time. The *Treasury Management Group* may increase the limit for specific institutions by £10 million for investments in call accounts and MMFs with same day liquidity.

24. Investments with the UK government will have no upper limit but in practice limits will be dependent on the liquidity of those investments and may fall within the definition of specified or non-specified investments. Amounts invested in non-specified investments will be limited to £20 million or 15% of the total invested at the time of the investment, whichever is the higher.

25. The Council's current account, through which all treasury management activity operates, is held at Barclays Bank.

26. As a result of the second Markets in Financial Instruments Directive (MiFID II), from January 2018 local authorities have been treated as 'retail' clients by investment counterparties by default unless they chose to opt up to 'professional' client status. The Council has chosen to do so with all of its counterparties where required.

Liquidity risk

27. The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be thereby compromised.

28. The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

29. Summarised cash flow forecasts will be provided on a quarterly basis to the *Treasury Management Group*. Detailed daily cash flow forecasts will be maintained

by the Loans Officer. These forecasts will be used as the basis for ensuring adequate cash resources are available in order to support the Council's objectives.

30. The Senior Accountant (Pensions & Treasury Management) or Investments Officer may approve fixed term investments up to 365 days. Longer periods require permission from either the Service Director (Finance, Infrastructure & Improvement), the Group Manager (Financial Strategy & Compliance) or the Group Manager (Financial Management) and must comply with the relevant treasury management limits.

31. The Treasury Management Group must also approve any long-term borrowing to ensure (a) that it is within the Council's borrowing limits and (b) that it will not have an adverse impact (in terms of creating a situation in which counterparty limits could be exceeded) on the Council's cash management.

Interest rate risk

32. The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

33. The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with *TMP6 Reporting requirements and management information arrangements*.

34. It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

35. Regular monitoring of interest rates and monthly monitoring of the Interest Payable and Interest Receivable budgets will be undertaken by the Senior Accountant (Pensions & Treasury Management), in line with the treasury management indicators, with quarterly reports to the *Treasury Management Group*.

Exchange rate risk

36. The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

37. The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels. Exposure will be minimal as the Council's borrowing and investment are all in sterling.

Refinancing risk

38. The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the Council for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

39. The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to managing refinancing risk and obtaining terms which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time. It will manage the profile of its maturing debt such that excessive refinancing is not required in any one financial year.

40. It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

41. The maturity structure and prevailing interest rates are monitored by the Senior Accountant (Pensions & Treasury Management) in line with the limits set in the treasury management indicators, and regular reports are made to the *Treasury Management Group*.

Legal and regulatory risk

42. The risk that the Council itself, or a counterparty with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

43. The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under *TMP1(1) credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.

44. The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

45. The Council is an administering authority in the Local Government Pension Scheme and is required, under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, to invest any fund money that is not needed immediately to make payments. Responsibility for the investment of Pension Fund cash surpluses has been delegated to the Pension Fund Committee.

Fraud, error and corruption and contingency management

46. The risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

47. The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Market risk

48. The risk that, through adverse market fluctuations in the value of the principal sums the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

49. The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations. Decisions on investment in tradeable securities, which risk loss of capital due to market fluctuations, will only be authorised by the *Treasury Management Group*.

TMP2 Performance measurement

50. The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy. One key performance measure is income/expenditure against budget, and budget setting for interest payable and receivable is crucially important for effective treasury management.

51. Furthermore, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. Methods of service delivery and the scope for potential improvements will be regularly examined.

52. The Council's positive cashflows tend to be weighted towards the first half of the financial year, with outflows towards the second half of the year. This allows the Council to make investments most days but restricts its use of fixed rate investments to the first half of the year, with most investments being for very short, often overnight, periods. For this reason, cash management returns will be benchmarked against the average ***7-day LIBID*** rate each year.

53. Borrowing will be undertaken in accordance with the treasury management strategy and opportunities will to be taken to borrow, with regard to the Council's Capital Financing Requirement and the most recent cashflow forecast, at rates that are considered to be affordable and attractive over the long-term.

TMP3 Decision-making and analysis

54. The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

55. Treasury management processes and practices are well-documented. These are reviewed and agreed by the *Treasury Management Group* following any material changes. Full records are maintained of all treasury management decisions in order to demonstrate compliance with these processes and for audit purposes. Where appropriate, decisions are reported to the *Treasury Management Group*.

TMP4 Approved instruments, methods and techniques

56. The Council will undertake its treasury management activities within the limits and parameters defined in *TMP1 Risk management.* Its borrowing activity will be within the prudential limits and may include the following:
    - (a) overdraft or short-term loan from an authorised financial institution;
    - (b) short-term loan from a local authority;
    - (c) long-term loan from an authorised financial institution (to include Lender Option Borrower Option (LOBO) loans)
    - (d) the PWLB (or successor);
    - (e) loan instruments, including transferable loans up to five years duration and non-transferable of no fixed duration;
    - (f) UK Municipal Bonds Agency.

57. For investing purposes, the Council may use the following financial instruments:
    - a) call or notice accounts
    - b) fixed term deposits
    - c) callable deposits
    - d) structured deposits
    - e) certificates of deposits
    - f) money market funds
    - g) UK Treasury Bills
    - h) UK government bonds

58. For sterling money market funds the Council will limit their use to those with minimum total assets of £5 billion. For UK Treasury bills and UK government bonds the objective will be to hold until maturity but their tradeability gives the flexibility to realize these instruments earlier for liquidity purposes or in the event of significant capital gains. The Council will use forward dealing for both investing and borrowing where market conditions indicate that this approach offers better value for money.

TMP5 Organisation, clarity and segregation of responsibilities and dealing arrangements

59. The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

60. The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

61. If the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Senior Accountant (Pensions & Treasury Management) will ensure that the reasons are properly reported in accordance with *TMP6 Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.

62. The Senior Accountant (Pensions & Treasury Management) will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Senior Accountant (Pensions & Treasury Management) will also ensure that at all times those engaged in treasury management shall follow the policies and procedures set out.

63. The Senior Accountant (Pensions & Treasury Management) will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

64. The current responsibilities are outlined below.
    - Treasury management strategy, policies and practices are set by the County Council.
    - Responsibility for the implementation, scrutiny and regular monitoring of the treasury management policies and practices is delegated to the *Treasury Management Group*.
    - The responsible officer for the execution and administration of treasury management decisions is the Senior Accountant (Pensions & Treasury Management), who will act within the parameters set by the Treasury Management Policy Statement and TMPs and decisions of the *Treasury Management Group*. The Investments Officer will act as deputy to the Senior Accountant (Pensions & Treasury Management) in his or her absence.

65. The current procedures are outlined below.
    - Daily cash flow forecasts will be maintained by the Loans Officer. Annual cash flow forecasts will be provided to the *Treasury Management Group* on a quarterly basis.

- The daily procedures for cash flow monitoring, placing deals, transmission of funds and documentation are set out in the Investments Procedure Manual. These procedures are usually carried out by the Loans Officer with absences covered by another officer under the responsibility of the Senior Accountant (Pensions & Treasury Management).
- The officer dealing on the money market each day must prepare a cash flow forecast for that day based on the most up-to-date information available and this must be checked by the Senior Accountant (Pensions & Treasury Management), or another officer under the responsibility of the Senior Accountant (Pensions & Treasury Management), before that day's deals are carried out. Before conducting a deal, the officer will confirm that the credit ratings of the counterparty are in line with the approved policy.
- Deals must be within the limits set out in *TMP1 Risk management*. Dealing staff must be aware of the principles set out in UK Money Markets Code 2017 published by the Bank of England. Documentation must be kept in accordance with the Investments Procedure Manual.
- The transfer of funds will normally be actioned by CHAPS transfer through the banking system. Separate authorisation is required by a senior officer of the Council in order to release the payment.

66. Individual deal limits specified in *TMP1 Risk management* apply to all staff placing deals. Any borrowing or lending for periods greater than 365 days may only be actioned on the authority of any two of the following members of Treasury Management Group:
    - Senior Accountant (Pensions & Treasury Management)
    - Service Director (Finance, Infrastructure and Improvement)
    - Group Manager (Financial Strategy & Accounting)

    Money may only be lent to institutions or funds on the *Approved List*.

TMP6 Reporting requirements and management information arrangements

67. The Service Director (Finance, Infrastructure and Improvement) will ensure that regular reports are prepared and considered on the implementation of the Council's treasury management strategy and policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

68. Full Council will receive:
    - an annual report on the strategy to be pursued in the coming year
    - a mid-year review
    - an annual report on the performance of the treasury management function in the past year and on any circumstances of non-compliance with the Council's treasury management policy statement and TMPs.

69. The *Treasury Management Group* will receive regular monitoring reports on treasury management activities and risks and on compliance with and suggested

revisions to policy. Members of the *Treasury Management Group* will be informed of any breach of the principles contained in TMP5.

TMP7 Budgeting, accounting and audit arrangements

70. The Service Director (Finance, Infrastructure & Improvement) will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with *TMP1 Risk management*, *TMP2 Performance measurement*, and *TMP4 Approved instruments, methods and techniques*.

71. The Service Director (Finance, Infrastructure & Improvement) will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with *TMP6 Reporting requirements and management information arrangements*.

72. The Council accounts for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

73. The impact of expected borrowing and investment activity is dealt with in the Council's budget book. Systems and procedures are subject to both internal and external audit and all necessary information and documentation is provided on request.

TMP8 Cash and cash flow management

74. Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Service Director (Finance, Infrastructure & Improvement), and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Service Director (Finance, Infrastructure & Improvement) will ensure that these are adequate for the purposes of monitoring compliance with *TMP1(2) liquidity risk management*.

75. As outlined in TMP5, daily cash flow forecasts are prepared in accordance with the Investments Procedure Manual, and summarised weekly and annual forecasts are regularly provided to the *Treasury Management Group*.

TMP9 Money laundering

76. The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

77. All treasury management activity with banks other than the Council's own bank is actioned through CHAPS transfers to/from nominated accounts. Suspicions that a third party is attempting to involve the County Council in money laundering will be reported to the Service Director (Finance, Infrastructure & Improvement).

TMP10 Training and qualifications

78. The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

79. The person specifications for the Senior Accountant (Pensions & Treasury Management) and the Investments Officer require a CCAB qualification and other members of the treasury team have the option to be supported to attain professional qualifications from the Association of Accounting Technicians, the Chartered Institute of Public Finance and Accountancy or the Association of Corporate Treasurers. The members of the *Treasury Management Group* are also required to be CCAB or ACT qualified.

80. Professional qualifications will be supplemented by relevant training courses, attendance at seminars and conferences and access to CIPFA's Treasury Management Network and Technical Information Service for all team members. The Senior Accountant (Pensions & Treasury Management) will recommend and implement the necessary arrangements. Requests and suggestions for training may be discussed at any time with the Senior Accountant (Pensions & Treasury Management) and also feature as part of the EPDR process.

81. The *Treasury Management Group* will ensure that board/council members tasked with treasury management responsibilities have access to training relevant to their needs and those responsibilities. Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to undertake their role effectively.

TMP11 Use of external service providers

82. The Council recognises that responsibility for treasury management decisions remains with the Council at all times. It also recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. However, it does not currently employ the services of any specialist treasury management advisers.

83. In the employment of such service providers, the Council will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also 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. It will also ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements,

legislative requirements will be observed. The monitoring of such arrangements rests with the responsible officer.

84. The Council currently uses broking companies to act as intermediaries in lending and borrowing activity, although it will also carry out this activity directly with counterparties when opportunities arise and when settlement details can be adequately verified.

TMP12 Corporate governance

85. The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

86. The Council has adopted and implemented the key provisions of the CIPFA Treasury Management in the Public Services Code (2011 edition) and reports are made in accordance with the approved policy. The Council's constitution includes schemes of delegation covering treasury management activities.

87. These measures are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if necessary, report upon the effectiveness of these arrangements.