

**SUMMONS TO COUNCIL**

date Thursday, 24 February 2022 venue County Hall, West Bridgford,  
**commencing at 10:30** Nottingham

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 meeting 20 January 2022   | 5 - 26  |
|   |  |         |
| 2 | Apologies for Absence  |         |
|   |  |         |
| 3 | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |         |
| 4 | Chairman's Business<br>a) Presentation of Awards/Certificates (if any)   |         |
|   |  |         |
| 5 | Collingham By-Election Result and Members of Groups  | 27 - 28 |
|   |  |         |
| 6 | Membership of Committees   | 29 - 30 |

**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 Adult Social Care and Public Health and the Transport and Environment Committees, under paragraphs 42, 46, 47 and 53 of the Procedure Rules, and the answers to which are included at the back of the Council book.
- (8) Members are reminded that these papers may be recycled. Appropriate containers are located in the respective secretariats.
- (9) Commonly used points of order – Budget meetings

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

(10) Time limit of speeches – Budget meetings

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>





Meeting COUNTY COUNCIL

Date Thursday, 20 January 2022 (10.30 am – 5.23 pm)

**Membership**

**COUNCILLORS**

Mike Quigley MBE (Chairman)  
Roger Jackson (Vice-Chairman)

Reg Adair	Mike Introna
Mike Adams	Richard Jackson
Pauline Allan - Apologies	Eric Kerry
Sinead Anderson	Bruce Laughton
Callum Bailey	Johnno Lee
Matt Barney	David Martin
Chris Barnfather	John 'Maggie' McGrath
Ben Bradley MP	Andy Meakin
Richard Butler	Nigel Moxon
Anne Callaghan BEM - Apologies	John Ogle
André Camilleri	Philip Owen
Scott Carlton	Michael Payne
Steve Carr	Sheila Place
John Clarke MBE	Mike Pringle
Neil Clarke MBE	Francis Purdue-Horan - Apologies
Robert Corden	Mrs Sue Saddington
John Cottee	Dave Shaw
Jim Creamer	Helen-Ann Smith
Eddie Cubley	Sam Smith
Sam Deakin – Apologies	Tom Smith
Dr John Doddy	Tracey Taylor
Bethan Eddy	Nigel Turner
Boyd Elliott	Roger Upton
Sybil Fielding	Lee Waters
Kate Foale	Michelle Welsh
Stephen Garner - Apologies	Gordon Wheeler
Glynn Gilfoyle	Jonathan Wheeler
Keith Girling	Daniel Williamson
Penny Gowland	Elizabeth Williamson
Errol Henry JP - Apologies	John Wilmott
Paul Henshaw	Jason Zadrozny
Tom Hollis	

## **HONORARY ALDERMEN**

Terence Butler  
John Carter  
Mrs Kay Cutts MBE

## **OFFICERS IN ATTENDANCE**

Anthony May	(Chief Executive)
Marjorie Toward	(Chief Executives)
Sara Allmond	(Chief Executives)
Carl Bilbey	(Chief Executives)
David Hennigan	(Chief Executives)
Michael Higginson	(Chief Executives)
James McDonnell	(Chief Executives)
Phil Rostance	(Chief Executives)

Chief Officers observed the meeting from the viewing gallery

## **OPENING PRAYER**

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

## **MINUTE SILENCE**

A minute silence was held in memory of former County Councillor Jackie Jenkin-Jones and County Councillor Maureen Dobson.

## **1. MINUTES**

### **RESOLVED: 2022/001**

That the minutes of the previous meeting held on 25 November 2021 be agreed as a true record and signed by the Chairman.

## **2. APOLOGIES FOR ABSENCE**

Apologies for absence were received from:-

- Councillor Pauline Allan (medical/illness)
- Councillor Anne Callaghan (medical/illness)
- Councillor Sam Deakin (medical/illness)
- Councillor Errol Henry (medical/illness)
- Councillor Stephen Garner (other council business)
- Councillor Francis Purdue-Horan (medical/illness)

### **3. DECLARATIONS OF INTEREST**

None.

### **4. CHAIRMAN'S BUSINESS**

The Chairman offered congratulations to all those residents of Nottinghamshire who had received nominations in the Queen's New Year's Honours List.

The Chairman offered particular congratulations to Councillor John Clarke on being awarded an MBE for his services to local government in Nottinghamshire and also to Charlotte Henshaw, daughter of Councillor Paul Henshaw on her MBE for services to canoeing. Congratulations were also offered to Nottinghamshire's Chief Fire Officer John Buckley who had been awarded the Queen's Fire Service Medal for distinguished service.

The following members offered their congratulations to Councillor John Clarke MBE, Charlotte Henshaw MBE and John Buckley:

Councillors Michael Payne, Kate Foale, Ben Bradley MP, Neil Clarke MBE, Chris Barnfather, and John Cottee.

Councillor John Clarke MBE and Councillor Paul Henshaw spoke in thanks.

### **PRESENTATION OF AWARDS**

#### **Covid-19 Outstanding Response Award (Government Office Awards)**

Councillor Boyd Elliott introduced the item which awarded the Nottinghamshire County Council Procurement Team with the COVID-19 Outstanding Response Award for their work on sourcing and providing Personal Protective Equipment (PPE) during the COVID-19 pandemic. Councillor Elliott was pleased to report that the team went above and beyond to secure items which were not widely available.

The Chairman received the award and presented it to Kaj Ghattaora, Dean Sutherland, James Silveston, Helen Lester, Andrea Bell, Lucy Fox, Lorraine Dennis, Stephanie Chadwick, Angela Howat and Geoff Hamilton who represented the various teams involved in the delivery of PPE during the pandemic.

#### **County Councillor Maureen Dobson and Former County Councillor Jackie Jenkin-Jones**

The Chairman spoke in memory of County Councillor Maureen Dobson and former County Councillor Jackie Jenkin-Jones.

Councillors Neil Clarke MBE, Bruce Laughton, Kate Foale, Jason Zadrozny, Keith Girling, John Lee, Roger Jackson, Sam Smith, Steve Carr, Sue Saddington, Chris Barnfather, Michael Payne Mike Pringle also spoke in memory of County Councillor Maureen Dobson and Former County Councillor Jackie Jenkin-Jones.

## **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 the Christmas tree lighting at County Hall, the Inspire Christmas concert at the Albert Hall and attending a fundraising event hosted by the High Sheriff of Nottingham.

### **5. CONSTITUENCY ISSUES**

The following Members 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 Elizabeth Williamson regarding HGVs in Brinsley

Councillor Jason Zadrozny – regarding Covid-19 cases in Ashfields

### **6a. PRESENTATION OF PETITIONS**

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

- (1) Councillor Sam Smith, regarding the national speed limit sign outside No7 Barnby Crossing Cottages
- (2) Councillor Richard Butler, request for a review and reduction of speed limit in Tollerton village
- (3) Councillor Boyd Elliott, request to address traffic issues on Lingwood Lane, Woodborough
- (4) Councillor Penny Gowland, regarding the gates to the highway at Nottingham Forest's City Ground Stadium
- (5) Councillor Jim Creamer, request for a pedestrian crossing at Westdale Lane
- (6) Councillor John Cottey, request for crossing improvements on Nottingham Road outside Keyworth Primary and Nursery School, Keyworth

### **RESOLVED: 2022/002**

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: 2022/003**

That the contents and actions taken as set out in the report be noted.

**7. MEMBERSHIP OF COMMITTEES**

Councillor Chris Barnfather introduced the report and moved a motion in terms of resolution 2022/004 below.

The motion was seconded by Councillor Ben Bradley MP.

The Chairman put the motion to the meeting and after a show of hands the Chairman declared it was carried and it was:-

**RESOLVED: 2022/004**

That the Council confirmed the revised allocation of committee seats as set out in Appendix A of the report.

**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 Jim Creamer about actions to mitigate the anticipated cost of living crisis (Councillor Ben Bradley MP replied)
- 2) from Councillor Andre Camilleri concerning parking arrangements at new schools (Councillor Keith Girling replied)
- 3) from Councillor David Martin regarding removal of free lateral flow tests (Councillor Boyd Elliott replied)
- 4) from Councillor Jason Zadrozny about the BBC licence fee (Councillor Ben Bradley MP replied)
- 5) from Councillor Lee Waters about highways works and the implementation of the Highways Review (Councillor Neil Clarke MBE replied)

- 6) from Councillor Michelle Welsh about the impact of Covid-19 on Nottinghamshire's children and young people (Councillor Tracey Taylor replied)

The Council adjourned from 1.05pm to 2pm for lunch.

- 7) from Councillor Tom Hollis about the cost of delays to the fairer funding review (Councillor Richard Jackson replied)
- 8) from Councillor Bethan Eddy regarding the Council's workforce resilience (Councillor Boyd Elliott replied)
- 9) from Councillor Steve Carr about recycling centres (Councillor Neil Clarke MBE replied)

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

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 Helen-Ann Smith regarding staff recruitment (Councillor Ben Bradley MP to reply)
- 11) Councillor Paul Henshaw concerning recruitment and retention of staff in the Adult Social Care sector (Councillor Boyd Elliott to reply)
- 12) Councillor Kate Foale about resources to tackle climate change (Councillor Neil Clarke MBE to reply)
- 13) Councillor Jason Zadrozny concerning impact of alleged parties at 10 Downing Street (Councillor Ben Bradley MP to reply)

## **12. NOTICE OF MOTIONS**

### **Motion One – from 25 November 2021 meeting**

A motion was moved by Councillor Penny Gowland and seconded by Councillor Neil Clarke MBE in terms of resolution 2022/005 below.

An amendment to the motion as set out below was moved by Councillor Tom Hollis and seconded by Councillor David Martin:-

“This Council recognises the evidence base that exists demonstrating the significant health and safety benefits to the public from a reduction in vehicle speed to 20MPH.

This Council resolves therefore to task the Transport and Environment Committee with exploring the feasibility of implementing a 20MPH speed limit on residential roads and any other new measures that could help improve road safety in all its residential conurbations.

**This Council acknowledges that enforcement of speed restrictions is poor across Nottinghamshire.**

**This Council notes that policing is stretched in Nottingham and Nottinghamshire with 136 less police officers than in 2010.**

**We therefore call for a letter to be sent to Chief Constable Craig Guildford requesting that more resources be allocated to enforcing traffic restrictions across Nottinghamshire – a move this Council believes will save lives.”**

The Council adjourned from 2.27pm to 2.39pm to allow the amendment to be considered. The amendment was not accepted by the mover of the motion.

Following a debate, the amendment was put to the meeting and after a show of hands the Chairman declared it was lost.

The requisite number of Members requested a recorded vote and it was ascertained that the following 11 members voted ‘**For**’ the amendment:-

Tom Hollis  
David Martin  
Andy Meakin  
Helen-Ann Smith  
Lee Waters

Daniel Williamson  
Elizabeth Williamson  
John Wilmott  
Jason Zadrozny

The following 47 members voted ‘**Against**’ the amendment:

Reg Adair  
Mike Adams  
Sinead Anderson  
Calum Bailey  
Matt Barney  
Chris Barnfather  
Richard Butler  
André Camilleri  
Scott Carlton  
John Clarke MBE  
Neil Clarke MBE  
Robert Corden  
John Cottee  
Jim Creamer  
Eddie Cubley  
Dr John Doddy  
Bethan Eddy

Boyd Elliott  
Sybil Fielding  
Kate Foale  
Glynn Gilfoyle  
Keith Girling  
Penny Gowland  
Paul Henshaw  
Mike Introna  
Richard Jackson  
Roger Jackson  
Eric Kerry  
Bruce Laughton  
Johnno Lee  
John ‘Maggie’ McGrath  
Nigel Moxon  
John Ogle  
Philip Owen

Michael Payne  
Sheila Place  
Mike Pringle  
Mike Quigley MBE  
Mrs Sue Saddington  
Sam Smith  
Tom Smith

Tracey Taylor  
Nigel Turner  
Roger Upton  
Michelle Welsh  
Gordon Wheeler  
Jonathan Wheeler

No members '**Abstained**' from the vote.

The Chairman declared the amendment was lost.

Following a debate, the Chairman put the original motion to the meeting and after a show of hands the Chairman declared it was carried and it was:-

**RESOLVED: 2022/005**

This Council recognises the evidence base that exists demonstrating the significant health and safety benefits to the public from a reduction in vehicle speed to 20MPH.

This Council resolves therefore to task the Transport and Environment Committee with exploring the feasibility of implementing a 20MPH speed limit on residential roads and any other new measures that could help improve road safety in all its residential conurbations.

**Motion Two – from 25 November 2021 meeting**

A motion as set out below was moved by Councillor Dr John Doddy and Councillor Bruce Laughton.

“This Council recognises the immediacy of the challenge of poor nutrition and the need to encourage healthy eating in Nottinghamshire and beyond. Without radical change, we risk failing to achieve our statutory goals of improving the health & wellbeing of our residents, supporting the NHS, and tackling longstanding inequalities in our communities.

This Council therefore wishes to see nutrition developed as a key part of our 2022-2026 Health & Wellbeing Strategy, and asks Health & Wellbeing Board to consider in detail with partners how best to include this element appropriately, including plans for how officers can actively engage with residents on this key issue.

This Council will further set out to make Nottinghamshire a "Healthy Food Sustainable Shire" and ensure that these principles are considered and reflected appropriately in the development of the forthcoming Council Plan, overseen by the Deputy Leader, with actions arising from it to ensure that our communities are empowered to make positive choices about their nutrition and health.”

An amendment to the motion as set out below was moved by Councillor Michael Payne and seconded by Councillor Michelle Welsh:-

“This Council recognises the immediacy of the challenge of poor nutrition, **food poverty** and the need to encourage healthy eating in Nottinghamshire and beyond. Without radical change, we risk failing to achieve our statutory goals of improving the health & wellbeing of our residents, supporting the NHS, and tackling longstanding inequalities in our communities.

This Council therefore wishes to see nutrition **and tackling food poverty** developed as a key part of our 2022-2026 Health & Wellbeing Strategy, and asks Health & Wellbeing Board to consider in detail with partners how best to include this element appropriately, including plans for how officers can actively engage with residents on this key issue.

This Council will further set out to make Nottinghamshire a "Healthy Food Sustainable Shire", **as well as appointing a food justice champion, who will lead on tackling food poverty locally and set up a food partnership to bring together partners to develop a food action plan to address the causes of food poverty** and ensure that these principles are considered and reflected appropriately in the development of the forthcoming Council Plan, overseen by the Deputy Leader, with actions arising from it to ensure that our communities are empowered to make positive choices about their nutrition and health.

**Additionally, this Council agrees to use all available resources to support an increase in the take-up of Health Start vouchers in Nottinghamshire, from the current figure of 62% to at least 85%.”**

The Council adjourned from 4.31pm to 4.45pm to allow the amendment to be considered.

The amendment was accepted by the mover of the motion with an alteration in paragraph three, that a “healthy food champion” would be appointed rather than a “food justice champion”. The motion was also altered so that it was jointly moved by Councillors Dr John Doddy and Michael Payne, and jointly seconded by Councillors Bruce Laughton and Michelle Welsh.

Therefore, the motion was altered.

Following a debate, the Chairman put the altered motion to the meeting and after a show of hands the Chairman declared it was carried and it was:-

#### **RESOLVED: 2022/006**

This Council recognises the immediacy of the challenge of poor nutrition, food poverty and the need to encourage healthy eating in Nottinghamshire and beyond. Without radical change, we risk failing to achieve our statutory goals of improving the health & wellbeing of our residents, supporting the NHS, and tackling longstanding inequalities in our communities.

This Council therefore wishes to see nutrition and tackling food poverty developed as a key part of our 2022-2026 Health & Wellbeing Strategy, and asks Health & Wellbeing Board to consider in detail with partners how best to include this element appropriately, including plans for how officers can actively engage with residents on this key issue.

This Council will further set out to make Nottinghamshire a "Healthy Food Sustainable Shire", as well as appointing a healthy food champion, who will lead on tackling food poverty locally and set up a food partnership to bring together partners to develop a food action plan to address the causes of food poverty and ensure that these principles are considered and reflected appropriately in the development of the forthcoming Council Plan, overseen by the Deputy Leader, with actions arising from it to ensure that our communities are empowered to make positive choices about their nutrition and health.

Additionally, this Council agrees to use all available resources to support an increase in the take-up of Health Start vouchers in Nottinghamshire, from the current figure of 62% to at least 85%.

As there would not be enough time to conclude any further business before the time limit of 5.30pm was reached, all remaining business would be carried over to the next ordinary meeting of Full Council.

The Chairman declared the meeting closed at 5.23 pm.

**CHAIRMAN**

## **APPENDIX A**

### **COUNTY COUNCIL MEETING HELD ON 20 JANUARY 2022 QUESTIONS TO COMMITTEE CHAIRMEN**

#### **Question to the Leader of the Council from Councillor Jim Creamer**

Can the Leader detail what actions will be undertaken by this Council in the upcoming budget, to mitigate the impact of the anticipated cost of living crisis facing the people of Nottinghamshire?

#### **Response from the Leader of the Council, Councillor Ben Bradley MP**

Later today there is a motion from Councillor Zadrozny regarding the rising cost of living, so without wishing to pre-empt that motion I'm happy to extract three key points from it.

Point one, obviously this Council does note and recognise the considerable cost of living increase that will affect our residents.

Number two, that the Council believes we should do everything in our power to support those residents and indeed there are a significant number of programs, I think. Officers informed me yesterday that our Covid related support over the last couple of years amounted to some £12 million odd directly to the most vulnerable residents.

Number three is that this Council will obviously consider the impact of that cost-of-living crisis through our budget setting process as we always do.

The question, and the motion later, are a little premature because obviously our council tax plans, and medium term financial strategy will come forward in the coming weeks through first Finance Committee and then obviously to our Full Council budget meeting in February, so I'm sure Councillor Creamer will understand that I can't go into the full details of that quite yet, but colleagues will have the opportunity to properly study and to either support or amend those proposals in the coming weeks. I look forward to that constructive conversation, and to the no doubt full and comprehensive alternative budgets that will be coming for our consideration to that meeting as well.

#### **Question to the Chairman of the Economic Development and Asset Management Committee from Councillor André Camilleri**

Could the Chairman of the Economic Development and Asset Management Committee explain what steps the Council takes when planning and designing new schools, to provide safe stopping areas for parents or guardians dropping off and picking up their children in motor vehicles?

We should encourage parents to allow their children to walk or cycle to nearby schools wherever this is practical and safe because it is healthier for the children and better for the environment, but would the Chairman agree that in some cases motor vehicles

do need to be used, so we must look to engineer highways solutions outside new schools that minimise disruption for drivers and residents alike?

**Response from the Chairman of the Economic Development and Asset Management Committee, Councillor Keith Girling**

When considering planning applications, the National Planning Policy Framework (NPPF) is clear that refusal should only be recommended on highway grounds if there would be an unacceptable impact on highway safety, or where the residual cumulative impact on the road network, in terms of congestion, would be severe.

Within this context, the NPPF recommends that priority should be given to pedestrian and cycle movements, the premise being that the safest and least congested streets are those with the least amount of car movements. Introducing measures which make it easier and more convenient for car users to access and drop off pupils at schools only serves to encourage car usage. This is contrary to the National Planning Policy requirements as well as the County Council's declaration of a Climate Emergency and its stated aim of reducing CO2 emissions.

Notwithstanding this, we are realistic insofar as we expect there will always be parents who wish to drop off their children by car. In recognition of this, the Nottinghamshire Highways Design Guide requires roads serving as the primary point of access to be built with wider carriageways and footways than would usually be required for the remainder of the housing development. Developers are encouraged wherever possible to construct these as through roads and loops as opposed to cul-de-sacs, in order to minimise the need for turning and reversing.

When formally assessing applications, our focus is very much on creating safe areas free from significant car movement and obstruction in the immediate vicinity of the school access. We use traffic calming, school keep clear markings and other safety measures to create school safety zones, rather than convenient parking for parents.

That said, we are aware of the concerns raised by Councillor Camilleri and as part of the planning and development of new school developments, as far as is practicable, we should look for solutions that minimise disruption for drivers and residents.

We understand the concerns raised in terms of congestion outside schools at peak times, particularly at drop off and pick up. This is not just an issue to be debated when planning applications come to Planning and Rights of Way Committee, but it has to be thought about when a new school is at the inception stage.

With this in mind I have asked officers to review the processes we currently undertake around designing and planning for new schools to see whether changes can be made to address this issue. The outcome of the review will be reported to the Economic Development and Asset Management Committee on 19<sup>th</sup> April this year.



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

On 9<sup>th</sup> January 2022 – the Sunday Times ran a story saying that the Government were preparing to start charging residents for lateral flow tests to test for COVID. This story was followed up the Daily Mail, the Nottingham Post and broadcasters like the BBC and SKY News.

What impact does the Chairman think that the removal of free lateral flow tests will have on the continuing fight against COVID in Nottinghamshire?

### **Response from the Chairman of the Adult Social Care and Public Health Committee, Councillor Boyd Elliott**

Thank you, Councillor Martin for your question, which refers to Sky News amongst other news outlets.

On Sunday 9<sup>th</sup> January, the Sky News website published an article and a video featuring an interview with the Cabinet Minister Nadhim Zahawi, who dismissed a report in the Sunday Times, saying he “did not recognise” the newspaper’s story that lateral flow tests could be limited to care homes, hospitals, schools and people with symptoms.

Asked if there were any plans to stop free lateral flow tests, Mr Zahawi said, and I quote, “absolutely not”.

Also on Sky News last week, another Cabinet Minister Michael Gove was asked “How long will lateral flow tests be free?”, to which he replied “As long as we need them”, before going on to say, “It is the case that in this country Lateral Flow Tests are free unlike in many other jurisdictions. They are a vital tool in making sure that we can curb the spread of infection and also that people who need to isolate do so.”

Chairman, separately I consulted Nottinghamshire County Council’s Director of Public Health, who advised me that he has no information from UKHSA to suggest that there is a plan to withdraw free of charge Lateral Flow Tests.

In the last 24 hours, I’ve read a report from Reuters who claim to have seen a document saying that British health officials may be ready to start charging Britons for COVID-19 tests that are currently free at the end of June, but they add that this could be postponed if the virus throws what one official close to the health service described as another “curve ball”, perhaps in the form of another variant.

On the basis of this information, Chairman, I am not going to speculate on whether or when free lateral flow tests may cease and what the implications at that stage may be. The overall message I’ve gleaned from various sources so far is that free tests will continue as long as they are considered to be needed, and that this will be assessed over time depending on how the COVID threat develops or recedes.

### **Question to the Leader of the Council from Councillor Jason Zadrozny**

In the week of the death of Nottinghamshire's BBC icon Colin Slater MBE – the Conservative Government have announced plans to abolish the BBC licence fee in 2027. Does the Leader of Nottinghamshire County Council support this and what impact does he think this will have in terms of job losses at the BBC and its supply chain across Nottinghamshire?

### **Response from the Leader of the Council, Councillor Ben Bradley MP**

I'm going to answer this at length but I'm going to do it as if it were two questions, because I have to be honest and say that I do find it in slightly poor taste to connect the two matters in the question.

I am going to first touch on the death of Colin Slater. I was, like many people, deeply saddened to learn about his passing. He had legendary status really for many supporters of Notts County Football Club having reported on almost 3,000 of their games, first for the local newspapers and then for Radio Nottingham.

Now County aren't my team, in fact across Nottinghamshire they're the only team I don't follow, but even for me Colin Slater was a well-known and much-admired local character who contributed a lot to people's memories and experiences of sport around Nottinghamshire.

He was affectionately known as 'Uncle Colin' or the 'Voice of Notts County' by many fans, and his connection with and love for the club extended beyond those reporting duties. For example, he even played a key role in persuading a local businessman, to invest to save the club as far back as 1965, such was his connection to Nottinghamshire sport and Notts County.

For that and many other reasons, the immense respect for Colin Slater in the football world extends way beyond Notts County fans, we've seen tributes to him from supporters of Nottingham Forest, Mansfield Town and other clubs across the country.

He also had a direct connection with Nottinghamshire County Council, which people may not know. He was appointed the Council's first PR (public relations) officer back in the late 1960s, and actually established the department before he joined the BBC in 1968 and reported on the cricket at Trent bridge, was a PA announcer and later took responsibility for Nottinghamshire County crew clubs marketing department until the mid-90s.

In 2001, he was recognised 'for service to radio and the community in Nottinghamshire' with an MBE not only for his contribution to radio but also for his work with the FA (Football Association) and his role as the deputy chairman of the Nottingham Bench of Magistrates.

In 2015 he had the monumental honour of having a tram named after him, an honour afforded only to those local people deemed to have made an exceptional mark on the community. I'm sure councillors will want to join me in saluting his fantastic contribution

to Nottinghamshire life and extending our condolences on his passing to all those who knew and loved him.

Second, and in a totally unconnected issue of the BBC Licence Fee, and I reiterate I do think the connecting of these two points is not ideal, I'll start by saying firstly Government hasn't announced that it's scrapping the licence fee at all. It's announced, and you will have seen in the statement in the Commons this week, Secretary of State announced a freeze to the licence fee for the next two years, and the start of a consultation about the long-term future of this funding mechanism ahead of the current Charter agreement in 2027. Now the Secretary of State has their own very strong view about this and has expressed that, but in terms of tangible decision and announcement, it is a consultation period.

The future of the licence fee has been subject of intense debate for many years, bearing in mind the television industry has changed beyond all recognition since June 1946, when the licence covered a single BBC monochrome channel and cost £2.

Many viewers now have a choice of hundreds of television channels, hosted by a variety of platforms, with specialist channels catering for all sorts of individual tastes, funded by advertising, subscription or both. The market is totally unrecognisable from 1946, so inevitably you have to question whether the funding mechanism is the right one.

I have a very strong personal view, I don't think there will ever really be a need for the County Council to take a corporate view, but I have a personal view, one that I've shared regularly which is that I think the licence fee has had its day, I don't think it's viable anymore. Back when there were just a handful of channels and we needed public service television to enable people to access basic information, it made absolute perfect sense to fund it in this way. But now there are thousands of options, increasingly we find young people don't get or don't even access the BBC, they get their news and basic information through other channels and get their media content elsewhere. You have to consider what is the right option, it's only right with so much choice and variety, millions of people now spending their money on subscription services Netflix, NowTV, widely accepted part of our lives, it doesn't seem right or viable to me to continue to subsidise the media.

As I say that is just my personal view. That doesn't mean, for the record, that I want to BBC to disappear, in fact I am confident large parts of it would compete incredibly well in an international market. Those who believe that the BBC is a beacon of British creativity and is respected around the world, as I do, should take comfort then that if they are free from the licence fee and they're able to compete globally, you're not telling me they couldn't find a market to replace funding from millions in the UK who might choose not to play a BBC subscription, from a global market of 6 billion people who hold the BBC in very high regard? They could in my view, and as I say, my belief is that they absolutely should.

A poll carried out just over a year ago, by ComRes, found that nearly two out of three Britons believe the current BBC licence fee should be abolished, and whilst I would acknowledge that different polls can produce different outcomes, I think it's safe to say, there has been a growing feeling amongst the public that the licence fee should

be considered. It is of course another factor in the cost of living that Councillor Zadrozny highlights later today, although that cost won't now increase for the next two years as a result of the Government's announcement this week.

Councillor Zadrozny made the connection with jobs in Nottinghamshire, and I'd advise him that, sadly those jobs are under threat under the existing Licence Fee model, because those at the top of the BBC have chosen not to continue to fund the local news services to the same extent. Many of those staff at local BBC news and radio services are facing an uncertain future, an issue quite separate from the Licence Fee decision which, if it were to be scrapped, would not be implemented for another 6 years.

I also have a personal view on this, and again one I have expressed many times, one that I think many of my constituents share, which is that these jobs, the local news and reporting services, should be a much higher priority for the BBC than they currently seem to be, and that as a public service broadcaster they should be protecting those local news services at the expense of multi-million pound salaries for high profile presenters, at the expense of £100m diversity programmes. I was shocked this week to hear that the top Diversity Director at the BBC is on £267,000 a year for a three day week, which is quite incredible, when there seems to be no money for local reporters in regional news services, where so many local residents want to access the news from their area not just the national information. These are the kinds of areas where I think the service would benefit from being forced to compete in the wider market, having to make better decisions about how it spends its money. Again, just my personal view, which I will no doubt feed into that national consultation process.

So, in summary, the Secretary of State for Digital, Culture, Media and Sport is perfectly entitled, even obliged, to review the necessity for the licence fee, and at the end of the current Charter which is due in 2027, she's right to want to give the BBC as much time as possible to adapt their model if that is necessary and to prepare for that 2027 deadline, so it is quite right and fair that the conversation happens as soon as possible. Ultimately that's a matter to resolve at national level and doesn't come within the policy-making power of Nottinghamshire County Council, hence me sharing a personal view. I don't see, certainly at this time, for the Council to have a corporate view. I am sure this will be more widely debated in Parliament, and I'm sure that will happen at great length and in great detail over the coming months.

### **Question to the Chairman of the Transport and Environment Committee from Councillor Lee Waters**

On Friday, 14<sup>th</sup> January 2022, Via East Midlands carried out some work on Brookside in Hucknall. Workers chucked some Viafix into a few holes and drove off. This work was described by residents as "an embarrassment" as it went viral on social media.

Does the Chairman agree with me that the quality of work undertaken by Via East Midlands on Nottinghamshire's broken roads and pavements is the biggest single reputational risk to this Council? When will the recommendations of the Highways Review published at the Transport and Environment Committee on 17<sup>th</sup> November 2021 finally be implemented?

## **Response from the Chairman of the Transport and Environment Committee, Councillor Neil Clarke MBE**

You may well remember that last year, I did actually recount a story of me visiting Titchfield Park in Hucknall, and very nice Titchfield Park is too. In fact, Councillor Wilmott will bear testament to the fact that I was there as I met him whilst I was in the park. The reason I mentioned that Mr Chairman, is because after I had finished that visit, I thought, well, I'm not very far from Brookside, I'm going to nip round the corner and have a look at Brookside. Middle of last year, which I did, and it was in a very poor state and I decided then, we need to put this into the improvement programme for next year, because it needs doing, and I saw that last year.

So, I have now seen the emergency repair work that was carried out on Friday, as Councillor Waters mentioned, and it was not acceptable. In some cases, it is necessary to carry out emergency repairs to make the highways safe before our operatives return to carry out more extensive repairs. But in this case, the work carried out by a sub-contractor was unsatisfactory, even as a temporary measure and in fact, at the time, they undertook to redo the work at their own expense. However, I hope, because I have seen the photographs and that Councillor Waters and others have seen the photographs, of now the newly repaired Brookside, of the large scale patches, which are an immense improvement on the condition of Brookside at the moment.

The County Council, as everybody knows I'm sure, has recently carried out a highways review, where it was agreed as a matter of policy that we would be focusing on the local estate roads, carrying out more extensive repairs and re-surfacing roads that are in particularly poor condition. Brookside, as I have just mentioned and I have now had it confirmed as I checked to be sure, is scheduled in this forthcoming year for the further work to be carried out so that the end result will be far more satisfactory for local residents and the road users when completed.

The condition of our roads and pavements is indeed a reputational risk to this Council and that's why we are working a lot harder than our predecessors to address it. The incoming Conservative administration inherited a huge backlog of road repairs in 2017, a problem we have said will take a long time to put right, because there are so many other competing demands on our budget at this time.

Nevertheless, in recognition of that, we invested an extra £24 million. Mr Chairman, an extra £24 million in highways maintenance between 2018 and 2021 and we will be investing heavily again during this administration to ensure that the outcomes of the Highways Review can be turned into action.

As I demonstrated through the cross-party review process, I repeat again the cross-party review process, I am willing to work with councillors of all political persuasions across Nottinghamshire to address the issues raised by local residents and road users. A task of this size can only be tackled by working together, that cross-party bit Mr Chairman, in the interest of our residents, rather than playing politics in the media with outrageously misleading press releases, repeated in the media, claiming that the Independents forced this Council to undertake a review. What did we say, Mr Chairman, in the run up to the election? That the roads were probably the most



important and talked about aspect of all the election issues and we undertook then before the election, we need to get that through. What was one of the first actions that this administration took, Mr Chairman, and at the very first meeting of this Council only a couple of weeks after the elections, what did we do? We announced that we were undertaking a review of the highways. If that's called forcing us, well.

At the forthcoming Transport and Environment Committee on 9<sup>th</sup> February, officers will be updating my Committee on the progress against the agreed Highways Review actions, including our ambitious multi-year programme of highway repairs.

**Question to the Chairman of the Children and Young People's Committee from Councillor Michelle Welsh**

Can the Chairman of the Children and Young People's Committee outline what actions are going to be undertaken to assess and measure the level of impact Covid-19 has had, and continues to have, on Nottinghamshire's children and young people; specifically in terms of their progress and mental health?

**Response from the Chairman of the Children and Young People's Committee, Councillor Tracey Taylor**

Regarding the impact Covid-19 has had on Nottinghamshire's children and young people, your question reads at the end "specifically in terms of their progress and mental health", so its not absolutely clear what you meant by "progress", but I have assumed that you are referring to educational progress, and then separately to mental health, so on that basis I will answer your question in two parts.

Regarding educational progress, we recognise that children and young people have had their education interrupted by repeated closures and moves to remote learning. Schools have developed new ways of working with pupils online which have really helped some students. In addition, there has been significant investment in catch-up programmes for those pupils who are vulnerable.

Whilst primary statutory testing was cancelled, arrangements for statutory GCSE and A levels were amended and students received outcomes which were determined by their teachers, who know their students best.

We don't yet have any data to make a proper analysis of educational outcomes or progress and we won't have this for some time, so it is too early to draw conclusions. The Council itself is ultimately no longer responsible for educational outcomes, this is now a matter for school headteachers and governing bodies, ultimately overseen by the Regional Schools Commissioner and the Education and Skills Funding Agency (ESFA). What we can say is that Ofsted have resumed their inspections of schools in Nottinghamshire, with the early indications being that our schools continue to deliver a 'Good' or better quality of education.

So, moving to mental health regarding children and young people, since the outbreak of Covid, colleagues working across both the Nottingham City and Nottinghamshire County Councils, with colleagues from Health services, have taken a national leading role in developing resources for schools to use in supporting children's mental

health. This began when children were being educated at home during lockdown, and then we supported their wellbeing as they returned to school, and now we continue to do this as children and staff learn to live with a changed learning environment in schools over the longer term.

Children's wellbeing has, quite rightly, received even greater focus in schools than was the case pre-Covid. Schools continue to be best placed to assess the impact Covid has had on their pupils' mental health and local authority services working in partnership with health colleagues continue to support schools in assessing pupils' mental health needs, in designing their school environment so it is conducive to positive mental health, and in accessing services where this is needed. Examples of this work include the creation of the 'NottAlone' website, the provision of training to Senior Mental Health Leads in schools, and the ongoing development of the 'Mental Health in Schools' teams.

The Director of Public Health's team is currently drafting the scope of a Covid-19 Impact Assessment focusing on health and wellbeing, and the effect on inequalities in particular. The scope will be agreed by 1<sup>st</sup> February, and children and young people's mental health is expected to be a part. The delivery date for this part of the Impact Assessment is yet to be confirmed and is subject to the capacity of Nottinghamshire County Council and partners. It will link closely with any Covid impact work being done by partners such as the Nottingham and Nottinghamshire Integrated Care System.

#### **Question to the Chairman of the Finance Committee from Councillor Tom Hollis**

How much does the Chairman of the Finance Committee estimate that the delays to the Government's fairer funding review – due to be published in 2019 has cost Nottinghamshire County Council?

#### **Response from the Chairman of Finance Committee, Councillor Richard Jackson**

In my presentations to Council Budget meetings for the past couple of years I have referred to the Government's Fair Funding Review and the fact that this Council has participated constructively in the whole process. We have provided narrative and data-based responses to various consultations and technical papers as we look to ensure that this authority, and the East Midlands in general, will receive a better deal in the future than was the case under local government funding formulas of the past.

It is, therefore, frustrating that we are still awaiting the outcome of the Fair Funding Review. However, not for the only time today, I think we must acknowledge that the COVID pandemic has disrupted the plans and timetables of both central and local government, and I'm sure it has been a factor in delaying work on this issue.

I agree that we need clarity on the future of local government funding as soon as possible in view of comments last week by the Minister of State for Levelling up, Housing and Communities - Kemi Badenoch – who suggested that councils will not receive a multi-year funding settlement until the Fair Funding Review is completed and the local government funding formula has been duly updated. We know from past experience that the sooner we can return to receiving multi-year funding settlements,

the more confidence we can have in our own Medium-Term Financial Strategy, based on firm guarantees of future funding levels.

However, I don't necessarily accept Councillor Hollis' assertion that the delay to the Fair Funding Review has come at a cost to this Council. It is true that the pandemic has had an unprecedented impact on the County Council's finances. Additional costs and lost income directly associated with the crisis in the current and previous financial years are forecast to be approximately £138 million. However, the one-year settlements received by County Council for the current year and the next year, notwithstanding additional Covid-specific emergency grants, have been on the positive side of the assumptions we previously made in our Medium Term Financial Strategy. I could argue therefore Mr Chairman, that the delay to the Fair Funding Review has worked for us in the short-term, with Government assessing need on a more short-term, annual basis.

Only when the Fair Funding Review is concluded will we know exactly how beneficial it will be to this and other similar Authorities compared with previous settlements, but I agree with Councillor Hollis that the sooner we find that out, the better placed we will be to plan for the medium and long-term.

**Question to the Chairman of the Adult Social Care and Public Health Committee from Councillor Bethan Eddy**

In the last few months, the pandemic has taken another twist with the arrival of the Omicron variant. Colleagues in the care sector and other key workers have had to respond to the rapid rise in infections which in turn has put significant additional pressure on our services during a time when they are already likely to be at peak activity.

Could the Chairman of Adult Social Care and Public Health Committee please provide an update on our workforce resilience and how the department has adapted to the increase in demand and staffing shortages over the winter period?

**Response from the Chairman of the Adult Social Care and Public Health Committee, Councillor Boyd Elliott**

You are absolutely right. Even without the challenges posed by Covid-19, winter is already the most challenging time for Adult Social Care and Health staff. During this period, they face the usual seasonal increases in requests for support, be this down to cold weather, seasonal illnesses or poorer mental health. These all adversely affect the health and wellbeing of our residents during the winter months.

Hospital admissions also tend to be higher; we work hard to ensure that those who are leaving hospital are able to do so safely. There is also an increased need to support people in our community and in their homes.

As this Chamber knows, this year we have been faced with the additional pressures of the Omicron variant of Covid which, at its peak, has caused significant difficulty for our staff and their ability to support residents.



Being vaccinated and having the booster does give our staff and the public great protection against serious illness from Covid, but it does not necessarily stop people from feeling unwell. And for those who would usually spend their time giving care and support directly to people face to face, it is not possible to work through the self-isolation period even if they felt well enough to do so.

This has meant that many of our staff and those who work in our public health or social care commissioned services have been absent from work. We have seen many of our care settings experience significant service disruption through outbreaks.

Nevertheless, our staff have stepped up to this challenge in a number of ways. Many of them who work in our day services and our 'Maximising Independence' service have worked extra hours, often at weekends, to support other services who had significant staff absence. I would like to personally thank them for their continued hard work.

Our Management team have been amazing. They worked intensively before Christmas putting into place contingency plans, so we were well prepared to support any resident who found themselves without support at the risky time of the Bank Holiday weekends over Christmas.

Our Quality and Market Management Team worked with our social care providers to make emergency plans, and to ensure we maximised the additional grants, that we have received from Government in December, to the best effect.

Omicron we believe has peaked, but we expect the pressures to remain severely challenging throughout this month. We will keep many of our emergency measures in place for now, but I feel confident that although this has been a very tough time, staff are doing all that they can, in many cases going over and above the call of duty, to ensure our core services are maintained keeping our residents safe and well.

**Question to the Chairman of the Transport and Environment Committee from Councillor Steve Carr**

In the last Transport and Environment Committee on 5<sup>th</sup> January – this Council committed to spend £50,000 to carry out a Recycling Centre Strategic Review. Within the document, many operational problems are highlighted – specifically at our recycling centres in Beeston, Mansfield and West Bridgford. Will the Chairman commit to keeping all 12 recycling centres open in their current locations and does he accept that the failure to include the proposed recycling centre near Cotgrave in Rushcliffe breaks a Conservative manifesto commitment made on multiple occasions?

**Response from the Chairman of the Transport and Environment Committee, Councillor Neil Clarke MBE**

Indeed, at that Transport and Environment Committee meeting on 5<sup>th</sup> January, that review was undertaken and that's being driven by the new National Resources and West Strategy which is part of the recently introduced Environment Act, and that will have significant implications for how domestic waste is collected, disposed of and indeed recycled in the future. New legislation will fundamentally change the type and amount of waste collected at the kerbside, and through those recycling centres.

This is very timely to have this review, in view of the amount of new housing that is coming on stream around the County. It varies from district to district, but some districts are having substantial additional housing around the County and time has moved on from four to eight years ago, methods and technology change, there's methods in recycling etc. that have changed and we need to respond to those changes in technology and efficiency and to change in the way products and waste is either reused, recycled or disposed of.

So, the commitment I can make is that the intent of the review is to strengthen our recycling centre provision, not to weaken or reduce it, and to drive up those recycling rates across the County, because there's an enormous disparity in recycling rates from district to district. We will also continue to look to get the very best value for the taxpayer through this service, with the County Council currently reassessing its priorities to ensure best use of the capital funding available to us.

So, I can't commit to keep all the centres open because maybe we might want to have some more or maybe the review might say, well let's close that one and build a bigger, more expansive super centre. We don't know that, that's the purpose of the review. So, I'm not pre-judging what the review is going to say. Let's wait and once the strategic review is complete and the requirements and the impacts of the Environment Act become more clear, because we're not even sure of that yet Mr Chairman, further proposals to improve recycling in the county will be brought forward for members to debate and consider.

**REPORT OF THE CHIEF EXECUTIVE****COLLINGHAM BY-ELECTION RESULT AND RECOGNITION OF MEMBERS OF GROUPS****Purpose of the Report**

1. To report on the outcome of the by-election held in the Collingham Division on 17<sup>th</sup> February 2022 once it is known, and any resulting changes to group memberships.

**Information and Advice**

2. The by-election will be held on 17<sup>th</sup> February, after the Council agenda has been published. An addendum to this report will be circulated once the outcome of the by-election is known and any group membership changes and the impact on political balance has been calculated.

**Other Options Considered**

3. None

**Reason for Recommendation**

4. To inform the Council on the outcome and impact of the Collingham by-election.

**Statutory and Policy Implications**

5. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

**RECOMMENDATION**

- 1) That the outcome of the by-election held in the Collingham Division be noted, together with any consequential impact on the membership of groups.

**Report of the Chief Executive**

**For any enquiries about this report please contact:**

Sara Allmond  
0115 9773794

### **Constitutional Comments**

6. Because this report is for noting only no Constitutional Comments are required

### **Financial Comments (RWK 10/02/2022)**

7. There are no specific financial implications arising directly from this report.

### **Background Papers and Published Documents**

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.

- None

### **Electoral Division(s) and Member(s) Affected**

- All

## **REPORT OF THE CHIEF EXECUTIVE**

### **MEMBERSHIP OF COMMITTEES**

#### **Purpose of the Report**

1. Following the outcome of the by-election to be held on 17 February 2022 once known, Council will be asked to agree the revised allocation of committee seats, to ensure political proportionality.

#### **Information**

2. The County Council is under a duty to review the allocation of committee seats to political Groups where there is a change to the membership of political Groups.
3. In determining the composition of Committees, account must be taken of the requirements of Section 15 of the Local Government and Housing Act 1989. This requires that seats on Committees and Sub-Committees are allocated to the political Groups of the Council in a way which reflects the overall balance on the Council. The advice of the Monitoring Officer is that to comply with legislative requirements the allocation of seats should be based on overall seat numbers rather than on individual committee numbers.
4. The outcome of the Collingham by-election, when known, will result in a need to reconsider the current allocation of committee seats. An addendum to this report will be circulated once the outcome of the by-election is known and the impact on political balance and seat allocations has been calculated.

#### **Other Options Considered**

5. None

#### **Reason/s for Recommendation/s**

6. To meet the Council's duty to review the allocation of seats to political groups on a change in political group membership, in order to ensure seat allocation is made in accordance with the principles of proportionality prescribed by law.

#### **Statutory and Policy Implications**

7. 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.

## **RECOMMENDATION/S**

- 1) That the Council confirm the revised allocation of committee seats as set out in Appendix A (once circulated).

**Anthony May**  
**Chief Executive**

### **For any enquiries about this report please contact:**

Marjorie Toward, Service Director, Customers, Governance and Employees and Monitoring Officer

### **Constitutional Comments (HD 15/02/2022)**

8. The proposals set out in this report fall within the remit of Full Council.

### **Financial Comments (RWK 10/02/2022)**

9. There are no specific financial implications arising from this report.

### **Background Papers and Published Documents**

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.

- Establishment of Committees report to Full Council – 27 May 2021 (published)
- Membership of Committees report to Full Council – 25 November 2021 (published)

### **Electoral Division(s) and Member(s) Affected**

- All

**24 February 2022****Agenda Item: 7****REPORT OF THE CHAIRMAN OF THE FINANCE COMMITTEE****ANNUAL BUDGET 2022/23****ADULT SOCIAL CARE PRECEPT 2022/23****COUNCIL TAX 2022/23****MEDIUM TERM FINANCIAL STRATEGY 2022/23 to 2025/26****CAPITAL PROGRAMME 2022/23 to 2025/26****CAPITAL STRATEGY 2022/23****Purpose of the Report**

- 1) This report is seeking approval for the following:
  - Annual budget for 2022/23.
  - Amount of Adult Social Care Precept to be levied for 2022/23 to part fund increasing adult social care costs.
  - Finance Committee be authorised to make allocations from the General Contingency for 2022/23.
  - Amount of Council Tax to be levied for County Council purposes for 2022/23 and the arrangements for collecting this from district and borough councils.
  - Medium Term Financial Strategy for 2022/23 to 2025/26.
  - The establishment of a £15m earmarked reserve to fund works associated with the highways review and the environment strategy.
  - Capital Programme for 2022/23 to 2025/26.
  - Minimum Revenue Provision policy for 2022/23.
  - 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 2022/23.
  - The Capital Strategy including the 2022/23 Prudential Indicators and Treasury Management Strategy.
  - Treasury Management Policy for 2022/23.
  - 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, a further one-year 2022/23 funding settlement, the delayed Fair Funding Review, funding uncertainties associated with the Adult Social Care Reform White Paper and Government funding uncertainty overall.
- 3) The COVID19 pandemic has had an unprecedented impact on the County Council's finances. Additional costs and lost income directly associated with the crisis in the current and previous financial years are forecast to be approximately £138m. The Council has managed to deal with this through a combination of Central Government support, expenditure controls and re-prioritisation of discretionary spend. The direct implications of the pandemic will continue into the 2022/23 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 as the financial impact of the COVID19 pandemic, many 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) The County Council budget for 2022/23 has been prepared in the context of this on-going and unprecedented uncertainty.
- 6) Despite the COVID19 pandemic and the challenging financial position experienced over recent years, the Council has maintained the delivery of on-going statutory and discretionary services and it continues to perform well in many areas including the following examples: -
  - Supporting the most vulnerable people in our communities
  - 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.
  - Maintaining vital Social Care services.
  - Further investment in the Highways Infrastructure across the county.
  - Full Library provision maintained with significant investment in buildings, fleet and IT.



- 7) The 2021/22 Budget Report that was submitted to Full Council on 25 February 2021 set out a funding shortfall of £47.7m over the three years to 2024/25. The 2022/23 Budget Report that was submitted to Finance Committee on 7 February 2022 set out the financial landscape within which the Council is operating and emphasised once again the uncertainty that a one-year settlement brings.
- 8) 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 2022/23.
- 9) In determining the Local Government Settlement, the Government has assumed that the Council would take the maximum Adult Social Care Precept and increase the Council Tax to the maximum level in 2022/23. The Council has carefully considered balancing the requirements of the Authority to deliver services and the increased cost of those services to meet the needs of the most vulnerable residents against important affordability issues and the increasing cost of living challenges that residents face. The report to Finance Committee in February 2022 proposed therefore that the level of Council Tax be increased by 1% and that an Adult Social Care Precept of 3% be implemented in 2022/23. This recommendation is incorporated into this report.

### **Environmental Strategy and Highways Review**

- 10) The Council continues to take its environmental responsibilities seriously. 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. The report also sought additional funding to take the Strategy forward and enable the Council to achieve its environmental ambitions.
- 11) At the first meeting of the current administration in May 2021, enhanced commitments were made when Members unanimously agreed the declaration of a Climate Emergency. The Transport and Environment Committee is taking the lead in considering, agreeing and overseeing appropriate measures to achieve this Authority's commitment to achieve carbon neutrality in all its activities by 2030.

- 12) The Transport and Environment Committee meeting held on 15 June 2021 agreed to the commencement of a cross-party highways review. A further report to Transport and Environment Committee in December 2021 recommended that the actions arising from the Highways Review are delivered through a Highways Improvement Plan with continuing monitoring from the Highways Review Panel alongside continued external support and challenge.
- 13) Environmental factors and the costs associated with maintaining and improving the county's highways have already been taken into account when constructing this budget. It is proposed however that a £15m earmarked reserve is established to fund works emerging from both the environmental strategy and the highways review over the next four years.
- 14) 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 2022/23.

## Annual Budget 2022/23

- 15) The report to Finance and Major Contracts Committee on 7 February 2022 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.
- 16) The final Local Government Settlement was announced on 7 February 2022. The final settlement remains unchanged from allocations published at the time of the provisional settlement in December 2021.
- 17) This report brings together the Council's confirmed funding position. The total revenue budget for 2022/23 is £559.5m. A summary is shown in Table 1 with a more detailed breakdown shown in Appendix A.

**Table 1 - Proposed County Council Budget 2022/23**

<b>Committee Analysis</b>	<b>Net Budget 2021/22 £m</b>	<b>Pressures £m</b>	<b>Savings £m</b>	<b>Pay, NI &amp; Pensions increase £m</b>	<b>Budget Changes £m</b>	<b>Net Budget 2022/23 £m</b>
Children & Young People	149.087	15.040	(0.357)	-	(2.216)	161.554
Adult Social Care & Public Health	219.272	20.692	(7.745)	-	(0.765)	231.454
Transport & Environment	111.447	3.003	-	-	0.080	114.530
Communities	18.417	0.148	-	-	(0.327)	18.238
Policy	3.186	-	-	-	1.798	4.984
Economic Development & Asset Management	21.246	0.566	-	-	3.326	25.138
Finance	15.097	-	-	-	0.282	15.379
Governance & Ethics	7.727	-	-	-	(0.090)	7.637
Personnel	18.034	-	-	-	(0.577)	17.457
<b>Net Committee Requirements</b>	<b>563.513</b>	<b>39.449</b>	<b>(8.102)</b>	-	<b>1.511</b>	<b>596.371</b>
Corporate Budgets	(31.863)	-	-	-	(1.273)	(33.136)
Use of Reserves	(1.333)	-	-	-	(2.430)	(3.763)
<b>Budget Requirement</b>	<b>530.317</b>	<b>39.449</b>	<b>(8.102)</b>	-	<b>(2.192)</b>	<b>559.472</b>

- 18) Table 1 shows the changes between the original net budget for 2021/22 and the proposed budget for 2022/23, including budget pressures, savings, pay inflation and other budget changes which include permanent contingency transfers approved in 2021/22 and transfers between Committees.

### Corporate Budgets and Reserves

- 19) 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 awards, delays in efficiency savings, changes in legislation and other unforeseen eventualities. Finance 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 Council Services 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 £19.9m of reserves over the medium term with £3.8m being used to deliver a balanced budget in 2022/23. Further detail is provided in Appendix B.

**Table 2 - Proposed Budget 2022/23**  
**Corporate Budgets and Reserves**

	<b>Net Budget 2021/22 £m</b>	<b>Budget Changes £m</b>	<b>Net Budget 2022/23 £m</b>
Flood Defence Levies	0.294	0.015	0.309
Pension Enhancements (Centralised)	2.050	-	2.050
Trading Organisations	1.300	-	1.300
Contingency - General	7.664	(0.625)	7.039
Contingency - Pay	-	10.226	10.226
Capital Charges (Depreciation)	(44.070)	(1.290)	(45.360)
Interest & Borrowing	21.323	(0.100)	21.223
Minimum Revenue Provision (MRP)	11.867	0.815	12.682
New Homes Bonus Grant	(1.172)	(0.465)	(1.637)
Social Care Grant	(24.301)	(9.160)	(33.461)
Council Services Grant	-	(7.507)	(7.507)
Local Council Tax Support Grant	(6.818)	6.818	-
<b>Subtotal Corporate Budgets</b>	<b>(31.863)</b>	<b>(1.273)</b>	<b>(33.136)</b>
Net Transfer (From)/To Other Earmarked Reserves	(1.333)	(2.430)	(3.763)
Transfer (From)/To General Fund Balances	-	-	-
<b>Subtotal Use of Reserves</b>	<b>(1.333)</b>	<b>(2.430)</b>	<b>(3.763)</b>

### Council Tax Base 2022/23

- 20) 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 259,905.83 as set out in Table 7, this represents growth of 1.97%. The increase in tax base has been factored into the construction of this budget.

### Council Tax Surplus/Deficit

- 21) 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, deficits estimated by billing authorities in 2020/21 were allowed by Government legislation 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 equates to a net surplus of £4.1m in 2022/23. The final phased net deficit allowance of £1.2m, relating to the 2020/21 deficit, is applied to 2023/24.

### Business Rates Surplus/Deficit

- 22) 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 2022/23**

- 23) The 2022/23 Provisional Local Government Settlement announced by the Government in December 2021 set out funding plans for councils in England to help them to deliver the services that their residents need. It was confirmed that the 2022/23 referendum threshold has been set in line with inflation, and so setting the core Council Tax referendum principle at 1.99%.
- 24) 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 1.99%
- 25) Also in the announcement, it was confirmed that there will be further flexibility to levy an Adult Social Care Precept of 1%, plus any carried forward from previous years where Council's did not take the full ASC precept increase available.
- 26) In determining the local government settlement, the Government has assumed that the Council would take the maximum Adult Social Care Precept and increase the Council Tax to the maximum level in 2022/23. The Council, however, has carefully considered balancing the requirements of the Authority to deliver services and the increased cost of those services to meet the needs of the most vulnerable residents against important affordability issues and the increasing cost of living challenges that residents face. It is proposed therefore that, rather than raising local taxation to the maximum level in 2022/23, Council Tax is increased by 1% and the Adult Social Care Precept is implemented at 3%. Future Council Tax increases of 1.99% per annum have also been factored into the MTFS together with annual 1% Adult Social Care Precept increases to 2024/25.

## Requirement to Raise Local Tax

- 27) 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**

<b>2022/23</b>	<b>Amount £m</b>	<b>% Funding</b>
Initial Budget Requirement	559.472	100.0
Less National Non-Domestic Rates	(120.767)	21.6
Less Revenue Support Grant	(7.336)	1.3
<b>Net Budget Requirement</b>	<b>431.369</b>	
Less Estimated Collection Fund Surplus	(4.060)	0.7
<b>Council Tax Requirement</b>	<b>427.309</b>	<b>76.4</b>

## Adult Social Care Precept Recommendation

- 28) It is recommended that County Council approves the implementation of a 3.00% Adult Social Care Precept for 2022/23 to part fund increasing costs associated with adult social care. The impact of this is shown in Table 4.

**Table 4 – Impact of 3.00% Adult Social Care Precept on Local Tax Levels  
(County Council Element) 2022/23**

<b>Band</b>	<b>Value as at 1.4.91</b>	<b>No. of Properties</b>	<b>% No. of Properties</b>	<b>Ratio</b>	<b>County Council 2021/22 £</b>	<b>County Council 2022/23 £</b>	<b>Change £</b>
A	Up to £40,000	146,397	39.1%	6/9	99.76	131.38	31.62
B	£40,001 to £52,000	77,141	20.6%	7/9	116.39	153.28	36.89
C	£52,001 to £68,000	63,963	17.1%	8/9	133.01	175.17	42.16
D	£68,001 to £88,000	43,458	11.6%	1	149.64	197.07	47.43
E	£88,001 to £120,000	24,642	6.6%	11/9	182.89	240.86	57.97
F	£120,001 to £160,000	11,888	3.2%	13/9	216.15	284.66	68.51
G	£160,001 to £320,000	6,392	1.7%	15/9	249.40	328.45	79.05
H	Over £320,000	485	0.1%	18/9	299.28	394.14	94.86

## Local Tax Recommendation

- 29) It is recommended that Members agree an increase of 1.00% 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 1.00% Increase on Local Tax Levels  
(County Council Element) 2022/23**

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2021/22 £	County Council 2022/23 £	Change £
A	Up to £40,000	146,397	39.1%	6/9	954.14	964.68	10.54
B	£40,001 to £52,000	77,141	20.6%	7/9	1,113.16	1,125.46	12.30
C	£52,001 to £68,000	63,963	17.1%	8/9	1,272.19	1,286.24	14.05
D	£68,001 to £88,000	43,458	11.6%	1	1,431.21	1,447.02	15.81
E	£88,001 to £120,000	24,642	6.6%	11/9	1,749.26	1,768.58	19.32
F	£120,001 to £160,000	11,888	3.2%	13/9	2,067.30	2,090.14	22.84
G	£160,001 to £320,000	6,392	1.7%	15/9	2,385.35	2,411.70	26.35
H	Over £320,000	485	0.1%	18/9	2,862.42	2,894.04	31.62

- 30) The total impact of implementing a 3.00% Adult Social Care Precept and a 1.00% increase in local tax levels is shown in Table 6.

**Table 6 - Recommended levels of Council Tax and Adult Social Care Precept 2022/23**

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2021/22 £	County Council 2022/23 £	Change £
A	Up to £40,000	146,397	39.1%	6/9	1,053.90	1,096.06	42.16
B	£40,001 to £52,000	77,141	20.6%	7/9	1,229.55	1,278.74	49.19
C	£52,001 to £68,000	63,963	17.1%	8/9	1,405.20	1,461.41	56.21
D	£68,001 to £88,000	43,458	11.6%	1	1,580.85	1,644.09	63.24
E	£88,001 to £120,000	24,642	6.6%	11/9	1,932.15	2,009.44	77.29
F	£120,001 to £160,000	11,888	3.2%	13/9	2,283.45	2,374.80	91.35
G	£160,001 to £320,000	6,392	1.7%	15/9	2,634.75	2,740.15	105.40
H	Over £320,000	485	0.1%	18/9	3,161.70	3,288.18	126.48

- 31) 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

- 32) 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 – 2022/23**

District Council	Council Tax Base	County Precept
Ashfield	34,052.70	£55,985,704
Bassetlaw	36,396.81	£59,839,631
Broxtowe	34,530.00	£56,770,428
Gedling	37,776.42	£62,107,834
Mansfield	30,557.30	£50,238,951
Newark	41,205.00	£67,744,728
Rushcliffe	45,387.60	£74,621,299
<b>Total</b>	<b>259,905.83</b>	<b>£427,308,575</b>

- 33) 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 – 2022/23**

2022	2023
20 April	4 January
27 May	3 February
1 July	10 March
5 August	
12 September	
17 October	
21 November	

- 34) 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 2021/22 will be paid or refunded on the same dates.

## Medium Term Financial Strategy (MTFS)

- 35) The Budget report to the February Council in 2021 forecast a budget gap of £47.7m for the three years to 2024/25. As part of the budget setting process the MTFS has been rolled forward a year to reflect the four-year term to 2025/26 and a rigorous review of the Council's MTFS assumptions has taken place. The impact of these is set out in the paragraphs below.
- 36) It should be noted that the 2022/23 Local Government Finance Settlement is a one-year settlement only. Despite the direction of travel set out in the 2021 Comprehensive Spending Review, considerable uncertainty beyond 2022/23 will remain until future funding announcements are made. This uncertainty is compounded by the on-going impact of the COVID19 pandemic, the delayed Fair Funding Review, funding uncertainties associated with the Adult Social Care Reform and Government funding uncertainty overall. As such, the MTFS will continue to be reviewed regularly to ensure that it reflects the latest information available.
- 37) 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 1.00% in both 2023/24 and 2024/25 is factored in.
- 38) Table 9 summarises the cumulative changes made to the MTFS since the report to February Council in 2021.
- 39) In summary, from 2023/24 onwards, the Council is currently projecting a budget shortfall of £29.1m 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  
2022/23 – 2025/26**

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Year on Year Savings requirement (February 2021 Report)	17.6	14.6	15.5	-	47.7
Additional Pressures / Inflation	10.2	5.2	0.8	27.4	43.6
Increase in Contingency for Pressures Risk	4.2	-	-	-	4.2
Change in Pay / Pension Related Inflation	1.9	1.9	0.1	3.9	7.8
Approved Efficiencies & Base Budget Adjustments	(6.0)	(3.6)	(0.3)	0.1	(9.8)
Change in Grant Funding	(22.9)	(4.9)	(9.2)	(2.3)	(39.3)
Increase in Council Tax	-	(4.3)	(4.6)	(9.4)	(18.3)
Change in Council Tax Base assumptions	(3.2)	(0.1)	(0.1)	(5.5)	(8.9)
Change in Council Tax Surplus	(5.2)	5.2	-	-	-
Variation in use of Reserves	3.0	(6.5)	4.3	0.5	1.3
Other Corporate Adjustments	0.4	0.7	(0.3)	-	0.8
<b>Revised Gap</b>	-	<b>8.2</b>	<b>6.2</b>	<b>14.7</b>	<b>29.1</b>

- 40) The Council's year by year MTFS for the four years to 2025/26 is shown in Table 10. It shows that whilst the Council can deliver a balanced budget in

2022/23, further savings will need to be identified in each of the following years to 2025/26, based on current assumptions.

**Table 10 – Medium Term Financial Strategy 2022/23 – 2025/26**

	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
Net Budget Requirement	559.5	582.8	603.1	628.9
<b>Financed by :</b>				
Business Rates	120.8	123.0	125.3	127.7
Revenue Support Grant	7.3	7.4	7.4	7.4
Council Tax	377.9	391.7	406.0	420.9
Adult Social Care Precept	49.4	53.7	58.2	58.2
Collection Fund Surplus / (Deficit)	4.1	(1.2)	-	-
<b>Total Funding</b>	<b>559.5</b>	<b>574.6</b>	<b>596.9</b>	<b>614.2</b>
<b>Funding Shortfall</b>	<b>-</b>	<b>8.2</b>	<b>6.2</b>	<b>14.7</b>
<b>Cumulative Funding Shortfall</b>	<b>-</b>	<b>8.2</b>	<b>14.4</b>	<b>29.1</b>

## Capital Programme and Financing

- 41) 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.
- 42) The Council’s capital programme has been reviewed as part of the 2022/23 budget setting process. As reported to Finance Committee in February 2022, 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 Committee.

## Major Capital Programme Successes

- 43) **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 £120m 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 250 schemes are programmed for completion in 2021/22 of which 193 have been completed to date.
- 44) **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.
- 45) **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 with new schools at East Leake and Bingham in the pipeline.
- 46) **Digital Connectivity in Nottinghamshire** – Nottinghamshire has cemented its position in the top three most digitally connected counties in the UK through its range of strategies, policy initiatives and capital funding. The Council has an outstanding record of delivering world class digital infrastructure particularly the roll-out of superfast broadband. Standing at 76% coverage in 2011, the figure is now 98.7% a figure that is 2% higher than the national average and our neighbouring counties. The programme is now

aiming at the goal of achieving 99% by the end of 2021/22. Take-up in the county also continues to rise thereby triggering gainshare funding which will be used to fund further improvements. The Council, in partnership with academic researchers and local businesses, has also created the world's first 5G Connected Forest within the historic Sherwood Forest area, due for completion in March 2022 and, through the Getting Building Fund, is delivering the 5G Digital Turbine project.

- 47) **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.
- 48) **Investing in Nottinghamshire** – As set out in a report to Economic Development and Asset Management Committee in November 2021, 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, refurbish 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.
- 49) Further reports will be submitted to the appropriate Committee in due course to provide updates on any new and emerging capital projects. Any required variations to the capital programme will be subject to the usual capital approval process.
- 50) During the course of 2021/22, some variations to the capital programme have been approved by Policy Committee, Finance 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 76 to 88. Schemes will be subject to Latest Estimated Cost (LEC) reports in accordance with the Council's Financial Regulations.

### **Children and Young People (CYP)**

- 51) **School Building Improvement Programme** – The Department for Education has yet to announce the Schools Capital Maintenance (SCM) grant allocations for 2022/23 onwards. The 2021/22 allocation was confirmed at £9.5m and it is proposed that an estimated SCM grant allocation of £4.5m is reflected in the capital programme from 2022/23 until 2025/26. It is also proposed that this grant is top sliced by £0.3m from 2022/23 to 2025/26 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 estimated SCM Grant of £4.5m from 2022/23 to 2025/26. It is also proposed that the SCM budget is top sliced by £0.3m in 2022/23 to 2025/26 to further the SAI programme.**

- 52) **School Places Programme** – An analysis of school places sufficiency across Nottinghamshire is undertaken on a regular basis. The Authority has received a 2022/23 Basic Need grant of £1.2m. Further Basic Need grant announcements are expected in Spring 2022 but until then it is proposed that estimated further School Places Grant of £2.0m per annum are included in 2023/24 to 2025/26 of the Children and Young People's capital programme.

**It is proposed that the Children and Young People capital programme is varied to reflect an estimated School Places Grant of £2.0m per annum to 2025/26.**

- 53) **Clayfields House** - The Council has been successful in securing £2.8m of external funding from the Department for Education to carry out improvement works of the Loxley and Sherwood House Units at Clayfields House Secure Unit. The works will help to address feedback from the OFSTED inspection which took place in June 2021 and bring these units up to the same standards as achieved elsewhere on the site.

**It is proposed that the Children and Young People capital programme is varied to reflect the £2.8m grant received from the department for Education to carry out improvement works at Clayfields House.**

- 54) **Mill Adventure Base** – A spend to save initiative is already approved within the Children and Young People's Committee capital programme. The estimated cost of the project has increased by £0.5m due to an enhanced provision and following more detailed feasibility work which has identified increased construction material and contractor costs. It is proposed that the estimated costs are funded from borrowing in the first instance which will then be fully replenished from future income generation.

**It is proposed that the Children and Young People capital programme is varied by £0.5m to enable the delivery of spend to save developments at the Mill Adventure Base, funded from borrowing to be replenished from future income generation at the site.**

- 55) **New CYP System** – In the Children and Young People's Committee an exercise is underway to procure the replacement education, early years and youth justice systems as the current contract is due to end in March 2023. The cost required to procure the system and bring it into operation is estimated to be £0.3m.

**It is proposed that the Children and Young People capital programme is varied by £0.3m to enable the procurement of a new education, early years and youth justice system, funded from borrowing.**

## Transport & Environment

- 56) **Road Maintenance and Renewals Programme** – Department for Transport (DfT) Capital Block allocations for 2022/23 and future years have not yet been announced. It is expected however that future year's allocations will be very much in line with the 2021/22 allocations received. It is proposed therefore that an annual estimated grant figure of £18.6m is included in the capital programme from 2022/23 onwards to reflect the estimated block allocations from the DfT to fund the Roads Maintenance and Renewals programme. The capital programme will be reviewed once the actual grant allocations are announced.

**It is proposed that the Transport and Environment Committee capital programme is varied to reflect estimated DfT annual grant allocations of £3.9m to fund the Integrated Transport Measures capital programme.**

- 57) **Gedling Access Road** - The latest costs for the delivery of the Gedling Access Road and the overall project position was reported to Finance Committee in November 2021. Finance Committee approved a variation to the capital programme of £8.6m to allow the completion of the project.

**It is proposed that the Transport and Environment Committee capital programme is increased by £8.6m to reflect the revised estimated cost of the Gedling Access Road, as set out in the report to Finance Committee in November 2021.**

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

2022/23	2023/24	2024/25	2025/26
£000	£000	£000	£000
714	253	711	306

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

- 59) **Green Initiatives** – The Transport and Environment 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 £2.1m.

- **Street Lighting** – This programme of work is aimed at replacing the lanterns in streetlights for lower energy options to realise an energy saving. The total budget included in the capital programme to fund street light replacements is £4.0m.
- **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 Summer 2022 and will benefit approximately 240 properties and 60 businesses. In addition, the Council has used its own resources to enable the delivery of a £1.0m Property Flood Resilience programme to properties vulnerable to flooding across the county.

## **Economic Development & Asset Management**

- 60) **Hybridisation Programme** – A report was submitted to the Economic Development and Asset Management Committee in January 2022 which approved £0.4m investment in Hybrid Meeting and Live Streaming technology at County Hall to support and facilitate the delivery of Hybrid meetings in the Council Chamber, the Rufford Suite and Committee Rooms B and C.

**It is proposed that the Economic Development and Asset Management Committee capital programme is varied by £0.4m to fund Hybrid Meeting and Live Streaming Technology at County Hall, funded from grant.**

- 61) **Lindhurst Development** – The Council has been very successful in working as a partner of the Lindhurst Group to make the best possible use of the land which will make a crucial contribution towards fulfilling the Council's ambitions for the county and for the housing needs of communities. A £3m D2N2 funded development project is already approved in the capital programme for the provision of infrastructure into Phase 2 of the development site. It is proposed that the consortium fund further expenditure totalling £2.6m to bring the project to completion.

**It is proposed that the Economic Development and Asset Management Committee capital programme is varied by £2.6m to fund the completion of works at the Lindhurst Development, funded from the Lindhurst consortium.**

## **Finance**

- 62) **Computer Equipment Replacement Programme** – A need has been identified to extend the Computer Equipment Replacement Programme. The COVID19 pandemic has re-shaped the way that Council employees work and during the past two years more staff have been forced to work remotely thereby impacting on the Council's ICT estate.



In 2022/23, a further £5.4m funding is required to ensure that sufficient ICT devices can be purchased to ensure that our workforce can execute their work in an efficient and effective manner with reliable, performant devices. It is proposed that the following extension to the CERP programme is funded from COVID19 grant: -

Year	Value
2022/23	£1.785m
2023/24	£2.535m
2024/25	£1.035m

**It is proposed that the Finance Committee capital programme is varied by £5.4m to reflect the requirement for additional ICT devices as a result of the changed way in which the Council's employees work, funded from COVID19 grant.**

- 63) In addition to the variations to increase the capital programme, there are two requirements to reduce the capital programme. Firstly, the project to introduce a new Rushcliffe Recycling has been removed from the programme until a full review of the county's household waste recycling service has been completed. Also, the Authority will not use all of the Homes England grant received to bring forward developments at Lowmoor Road and Caudwell Road and so an element of the grant will be returned. The projects have progressed to planning permission submission stage but further works were considered unaffordable to be funded from the grant.

### **Capital Programme Contingency**

- 64) 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.
- 65) 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:-

<b>2022/23</b>	<b>£4.6m</b>
<b>2023/24</b>	<b>£4.6m</b>
<b>2024/25</b>	<b>£4.6m</b>
<b>2025/26</b>	<b>£4.6m</b>

## Revised Capital Programme

- 66) 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 2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
<b>Committee:</b>						
Children & Young People*	19.844	43.193	12.139	11.301	6.500	92.977
Adult Social Care & Public Health	0.971	0.000	0.000	0.000	0.000	0.971
Transport & Environment	57.903	46.268	27.908	28.502	26.903	187.484
Communities	2.013	1.943	0.500	0.500	0.500	5.456
Economic Devt & Asset Mngt	20.438	23.806	6.400	3.335	2.400	56.379
Finance	10.083	7.069	5.145	3.645	2.610	28.552
Personnel	0.151	0.000	0.000	0.000	0.000	0.151
Contingency	0.000	4.600	4.600	4.600	4.600	18.400
<b>Capital Expenditure</b>	<b>111.403</b>	<b>126.879</b>	<b>56.692</b>	<b>51.883</b>	<b>43.513</b>	<b>390.370</b>
<b>Financed By:</b>						
Borrowing	39.751	56.420	17.660	14.595	13.660	142.086
Capital Grants	64.312	65.586	35.774	35.072	29.077	229.821
Revenue / Reserves	7.340	4.873	3.258	2.216	0.776	18.463
<b>Total Funding</b>	<b>111.403</b>	<b>126.879</b>	<b>56.692</b>	<b>51.883</b>	<b>43.513</b>	<b>390.370</b>

\* These figures exclude Devolved Formula Capital allocations to schools.

## Capital Receipts

- 67) 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 2022/23 to 2025/26. 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**

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
<b>Forecast Capital Receipts</b>	<b>8.4</b>	<b>11.8</b>	<b>37.1</b>	<b>29.1</b>	<b>14.7</b>	<b>101.1</b>

- 68) As set out in the report to Finance Committee in February 2022, a decision was taken as part of the recent capital programme review to limit borrowing to what is already approved in the capital programme. To further minimise the impact of the cost of borrowing on the revenue budget it is proposed that capital receipts, to the value approved as part of the February 2021 budget report, are set against previous years' borrowing thereby reducing the impact of the Minimum Revenue Provision on the revenue accounts. This will enable excess capital receipts to be used to fund future additional capital investment.
- 69) 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.
- 70) 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 2022/23. The Strategy is incorporated in to the Capital Strategy in Appendix D and the Policy is in Appendix E.
- 71) 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
- 72) 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 2022/23.

### **Statutory and Policy Implications**

- 73) 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**

- 74) 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.
- 75) 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.
- 76) 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

<b>It is recommended that:</b>	<b><u>Reference</u></b>
1) The Annual Revenue Budget for Nottinghamshire County Council is set at £559.472 million for 2022/23.	Para. 17
2) The principles underlying the Medium-Term Financial Strategy are approved.	Table 9
3) The establishment of a £15m earmarked reserve to fund costs associated with the highways review and the environment strategy.	Para. 13
4) The Finance Committee be authorised to make allocations from the General Contingency for 2022/23.	Para. 19
5) That the 3.00% Adult Social Care Precept is levied in 2022/23 to part fund increasing adult social care costs.	Para. 28
6) The County Council element of the Council Tax is increased by 1.00% in 2022/23. That the overall Band D tax rate is set at £1,644.09 with the various other bands of property as set out in the report.	Para. 29
7) The County Precept for the year ending 31 March 2023 shall be £427,308,575 and shall be applicable to the whole of the District Council areas as General Expenses.	Para. 32
8) The County Precept for 2022/23 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

- 9) The Capital Programme for 2022/23 to 2025/26 be approved at the total amounts below and be financed as set out in the report:

Table 11

Year	Capital Programme
2022/23	£126.879m
2023/24	£56.692m
2024/25	£51.883m
2025/26	£43.513m

- 10)The variations to the Capital Programme be approved. Para. 51-63
- 11)The Minimum Revenue Provision policy for 2022/23 be approved. Appx. C
- 12)The Capital Strategy including the 2022/23 Prudential Indicators and Treasury Management Strategy be approved. Appx. D
- 13)The Service Director – Finance, Infrastructure and Improvement be authorised to raise loans in 2022/23 within the limits of total external borrowings. Para. 72
- 14)The Treasury Management Policy for 2022/23 be approved. Appx. E
- 15)The Council delegates responsibility for the setting of Treasury Management Policies and Practices relating to Pension Fund cash to the Pension Fund Committee. Para. 71
- 16)The report be approved and adopted.

**COUNCILLOR RICHARD JACKSON  
CHAIRMAN OF THE FINANCE COMMITTEE**

**Constitutional Comments (GR 08/02/2022)**

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

**Human Resources Implications (GR 15/02/2022)**

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 11/02/2022)**

The budget proposed has been prepared taking into account the ambitious new strategic vision as set out in The Nottinghamshire Plan 2021-31: Healthy, Prosperous, Green and 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 Committee. There has been robust examination and challenge of all spending pressures and savings proposals. It was agreed in principle at the Full Council meeting held in September 2021 to move to a leader and cabinet model of decision making. The budget will be amended to reflect the new constitution on approval.

As is the case in the current financial year, strict budgetary control will be maintained throughout 2022/23. 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 risk-based General Fund balances as set out in Appendix B to this report.

The levels of reserves and balances have been reviewed and are considered to be adequate. Given the uncertain future economic outlook and the risks surrounding the MTFs, the Council is maintaining a risk-based General Fund Balance. The current General Fund Balance is relatively strong and stable in terms of risk cover when compared with other County Councils.

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 continuing impacts the Covid-19 pandemic have 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 delivered 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 2022/23 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 Committee 7 February 2022

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

## Revenue Budget Summary 2022/23

	2021/22 Original Budget £'000	2022/23 Annual Budget £'000
<b>Committee:</b>		
Children & Young People	149,087	161,554
Adult Social Care & Public Health	219,272	231,454
Transport & Environment	111,447	114,530
Communities	18,417	18,238
Policy	3,186	4,984
Economic Development & Asset Management	21,246	25,138
Finance	15,097	15,379
Governance & Ethics	7,727	7,637
Personnel	18,034	17,457
<b>Net Committee Requirements</b>	<b>563,513</b>	<b>596,371</b>
<b>Items Outside Committee:</b>		
Flood Defence Levies	294	309
Pension Enhancements (Centralised)	2,050	2,050
Trading Organisations	1,300	1,300
Contingency - General	7,664	7,039
Contingency - Pay	-	10,226
Capital Charges (included in Committees above)	(44,070)	(45,360)
Interest & Borrowing	21,323	21,223
Minimum Revenue Provision (MRP)	11,867	12,682
New Homes Bonus Grant	(1,172)	(1,637)
Social Care Grant	(24,301)	(33,461)
Council Services Grant	-	(7,507)
Local Council Tax Support Grant	(6,818)	-
<b>Total before use of Reserves</b>	<b>531,650</b>	<b>563,235</b>
<b>Use of Reserves:</b>		
Net Transfer (From)/To Other Earmarked Reserves	(1,333)	(3,763)
Transfer (From)/To General Fund Balances	-	-
<b>BUDGET REQUIREMENT</b>	<b>530,317</b>	<b>559,472</b>
<b>Funding Of Budget Requirement:</b>		
Surplus/(Deficit) on Council Tax Collection for Previous Yrs	1,719	4,060
National Non-Domestic Rates	118,561	120,767
Revenue Support Grant	7,103	7,336
Council Tax	365,880	377,928
Adult Social Care Precept	37,054	49,381
<b>TOTAL FUNDING</b>	<b>530,317</b>	<b>559,472</b>

## Children & Young People Committee Variation Summary 2021/22 to 2022/23

	£'000	£'000
<b>1 Original Budget 2021/22</b>		<b>149,087</b>
<b>2 Budgets Transferred between Committees</b>		<b>(949)</b>
<b>3 Additional Allocations/Reductions 2021/22</b>		<b>(441)</b>
<b>4 Capital Financing Budget Transfers</b>		<b>(826)</b>
<b>5 2022/23 Service Changes:</b>		
<b>Budget Pressures</b>		
Non Looked After Children Placements	94	
Demographic Pressures - Edn, Health & Care Plans (ICDS)	127	
Growth in External Placements for LAC	9,434	
Social Work assessments	(100)	
Education Psychology Service	403	
Supported accommodation for young people	350	
Social Work Staffing - Apprenticeships	10	
Looked After Children's Services	(12)	
The Independent Chair Service	151	
Children's Occupational Therapy	100	
Social Work Staffing	800	
Senior Transformation Resource	440	
Social Work Staffing - Activity Pressure	647	
National Living Wage - External	107	
Basic Fostering Allowance	80	
Contract Cost Inflation	2,409	
		<b>15,040</b>
<b>Budget Savings</b>		
Development of the Fostering Service	(357)	
		<b>(357)</b>
<b>6 Annual Budget 2022/23</b>		<b>161,554</b>



## Children & Young People Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
	<b>Schools Budget</b>							
179,581	Schools Block - Distributed	-	-	-	179,048	-	-	179,048
23,677	High Needs Block - Distributed	-	-	-	23,244	-	-	23,244
49,220	Early Years Block - Distributed	-	-	-	49,461	-	-	49,461
71,841	Schools Budget - Centrally Retained	-	-	-	79,722	-	-	79,722
<b>324,319</b>	<b>Total Schools Expenditure Budget</b>	-	-	-	331,475	-	-	331,475
(324,319)	Dedicated Schools Grant (DSG)	-	-	-	-	(331,475)	-	(331,475)
-	- Other ESFA grants for allocation to maintained schools	-	-	-	21,719	(21,719)	-	-
11,002	School Assets	-	-	11,242	11,242	-	-	11,242
	<b>Youth, Families &amp; Social Work</b>							
4,969	Service Improvement	4,305	1,343	-	5,648	-	(3)	5,645
9,760	Regulated Services	7,853	4,497	-	12,350	(1,834)	(271)	10,245
1,969	Adoption Services (including Adoption East Midlands)	3,020	3,932	-	6,952	(1,135)	(3,431)	2,386
7,273	Internal Residential & Contact	10,939	1,742	-	12,681	-	(7,139)	5,542
16,993	Court Permanence & District Child Protection Teams	9,474	7,723	-	17,197	-	(8)	17,189
4,848	MASH, Assessment & Emergency Duty Team	4,536	183	-	4,719	-	-	4,719
6,665	Early Help and Young Peoples Service	11,259	1,550	-	12,809	(3,034)	(3,656)	6,119
<b>52,477</b>	<b>Total Youth, Families &amp; Social Work</b>	<b>51,386</b>	<b>20,970</b>	-	<b>72,356</b>	<b>(6,003)</b>	<b>(14,508)</b>	<b>51,845</b>
	<b>Education Standards &amp; Inclusion</b>							
6,316	Support to Schools Service	8,494	2,512	-	11,006	(828)	(3,545)	6,633
<b>6,316</b>	<b>Total Education Standards &amp; Inclusion</b>	<b>8,494</b>	<b>2,512</b>	-	<b>11,006</b>	<b>(828)</b>	<b>(3,545)</b>	<b>6,633</b>

## Children & Young People Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
	<b>Commissioning &amp; Resources</b>							
4,427	Safeguarding, Assurance & Improvement (inc departmental costs)	3,753	1,248	-	5,001	-	(404)	4,597
4,814	Integrated Childrens Disability Service (ICDS)	4,163	945	-	5,108	-	(43)	5,065
7,209	Early Childhood Services	8,859	1,391	-	10,250	-	(3,551)	6,699
60,962	Placements & Commissioning (including foster care payments)	1,384	76,274	-	77,658	(34)	(3,405)	74,219
<b>77,412</b>	<b>Total Commissioning &amp; Resources</b>	<b>18,159</b>	<b>79,858</b>	-	<b>98,017</b>	<b>(34)</b>	<b>(7,403)</b>	<b>90,580</b>
-	<b>Transformation &amp; Improvement</b>	394	46	-	440	-	-	440
<b>1,880</b>	<b>Capital Charges</b>	-	-	814	814	-	-	814
<b>149,087</b>	<b>TOTAL CHILDREN &amp; YOUNG PEOPLE COMMITTEE</b>	<b>78,433</b>	<b>103,386</b>	<b>12,056</b>	<b>193,875</b>	<b>(6,865)</b>	<b>(25,456)</b>	<b>161,554</b>

## Children & Young People Committee - Capital Programme 2022/23

	Revised 2021/22 £000	Budget Year 2022/23 £000	Indicative Figures		
			2023/24 £000	2024/25 £000	2025/26 £000
<b>Children &amp; Young People Capital Programme</b>					
School Access Initiative	762	300	300	300	300
School Places Programme	3,750	9,497	4,751	6,801	2,000
School Building Improvement Programme	7,200	10,069	4,200	4,200	4,200
Children's Homes	3	-	-	-	-
Orchard Special School	30	290	-	-	-
Early Years Education Places	23	-	-	-	-
Clayfields House	29	-	-	-	-
Bestwood New School	147	-	-	-	-
Special School Grant	1,100	4,934	-	-	-
Mill Adventure Base	100	1,362	-	-	-
Sharphill New School	300	-	-	-	-
Watnall Road New School	223	-	-	-	-
Increasing Residential Capacity for LAC	700	570	-	-	-
Chapel Lane Primary, Bingham	4,475	3,314	-	-	-
Clayfields House - Sherwood & Loxley	130	1,887	838	-	-
New CYP System	22	242	-	-	-
East Leake School	850	10,728	2,050	-	-
<b>Gross Capital Programme</b>	<b>19,844</b>	<b>43,193</b>	<b>12,139</b>	<b>11,301</b>	<b>6,500</b>
<b>Funded from:</b>					
Approved County Council Allocations	6,481	14,343	-	-	-
External Grants & Contributions	12,854	28,850	12,139	11,301	6,500
Revenue	509	-	-	-	-
Reserves	-	-	-	-	-
<b>Total Funding</b>	<b>19,844</b>	<b>43,193</b>	<b>12,139</b>	<b>11,301</b>	<b>6,500</b>

## Adult Social Care & Public Health Committee

### Variation Summary 2021/22 to 2022/23

	£000	£000
<b>1 Original Budget 2021/22</b>		<b>219,272</b>
<b>2 Budgets Transferred between Committees</b>		<b>(888)</b>
<b>3 Additional Allocations/Reductions 2021/22</b>		<b>130</b>
<b>4 Capital Financing Budget Transfers</b>		<b>(7)</b>
<b>5 2022/23 Service Changes:</b>		
<b>Budget Pressures</b>		
Care Package Demand for Adults Aged 18-64 Years	3,348	
Increased Approved Mental Health Practitioners (AMHP)	435	
Increasing demand in Adult Safeguarding	355	
Care Support and Enablement (CSE) Contract	2,588	
Vacancy rate temp Adj	(1,000)	
Fair Price for Care	597	
National Living Wage - External	12,384	
NI uplift to Care Providers	1,985	
		<b>20,692</b>
<b>Budget Savings</b>		
Imp of Younger Adults (18-64) Housing Support Strategy	(348)	
Maximising Independence Service	(832)	
Maximising Independence Service Additional Team	(1,335)	
Technology Enabled Care	(268)	
Strength Based Programme - Aging Well	(1,980)	
Strength Based Programme - Living Well	(1,371)	
Shared Lives	(364)	
Living Well - Preparing for Adulthood	(314)	
Increase Use of Personal Assistants - commissioning	(933)	
		<b>(7,745)</b>
<b>6 Annual Budget 2022/23</b>		<b>231,454</b>

## Adult Social Care & Public Health Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
	<b>Corporate Director &amp; Departmental Costs</b>							
2,198	Director & Departmental Costs	517	1,330	-	1,847	(216)	-	1,631
<b>2,198</b>	<b>Total Corporate Director &amp; Departmental Costs</b>	<b>517</b>	<b>1,330</b>	<b>-</b>	<b>1,847</b>	<b>(216)</b>	<b>-</b>	<b>1,631</b>
	<b>Strategic Commissioning &amp; Integration</b>							
515	Service Director Strategic Commissioning	122	132	-	253	-	-	253
11,231	Integrated Strategic Commissioning	2,404	9,392	24	11,819	(213)	(258)	11,348
2,574	Service Improvement	1,740	444	391	2,575	-	-	2,575
1,609	Quality Assurance & Citizen Safety	1,361	96	-	1,456	-	-	1,456
(53,803)	Partnership Programme	-	8,826	-	8,826	(38,806)	(24,764)	(54,743)
<b>(37,873)</b>	<b>Total Strategic Commissioning &amp; Integration</b>	<b>5,626</b>	<b>18,889</b>	<b>415</b>	<b>24,930</b>	<b>(39,018)</b>	<b>(25,022)</b>	<b>(39,110)</b>
	<b>Living Well &amp; Direct Services</b>							
32	Service Director Living Well	122	37	-	158	-	-	158
17,975	Direct & Provider Services	13,970	3,507	514	17,991	(30)	(854)	17,107
32,352	Living Well - North Nottinghamshire	3,468	46,367	124	49,960	(979)	(12,870)	36,112
36,968	Living Well - Mid Nottinghamshire	4,013	48,980	-	52,993	(676)	(12,326)	39,991
42,008	Living Well - South Nottinghamshire	3,858	60,824	-	64,681	(695)	(17,315)	46,671
<b>129,335</b>	<b>Total Living Well &amp; Direct Services</b>	<b>25,431</b>	<b>159,716</b>	<b>638</b>	<b>185,785</b>	<b>(2,380)</b>	<b>(43,366)</b>	<b>140,039</b>

## Adult Social Care & Public Health Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
	<b>Ageing Well &amp; Maximising Independence</b>							
126	Service Director Ageing Well	122	1	-	123	-	-	123
15,181	Maximising Independence	12,002	4,183	-	16,186	-	(1,204)	14,982
34,961	Ageing Well - North Nottinghamshire	4,249	49,057	-	53,306	(34)	(16,387)	36,885
33,298	Ageing Well - Mid Nottinghamshire	7,357	38,792	-	46,149	(172)	(12,985)	32,993
42,046	Ageing Well - South Nottinghamshire	8,922	54,143	-	63,065	(498)	(18,655)	43,911
<b>125,612</b>	<b>Total Ageing Well &amp; Maximising Independence</b>	<b>32,653</b>	<b>146,177</b>	-	<b>178,829</b>	<b>(705)</b>	<b>(49,231)</b>	<b>128,894</b>
	<b>Public Health</b>							
8,545	Directorate Pay & Associated Costs	2,724	5,208	-	7,932	-	(72)	7,860
33,431	Commissioned Services	327	35,325	-	35,652	-	(1,112)	34,540
(41,976)	Public Health Grant	-	-	-	-	(42,400)	-	(42,400)
-	<b>Total Public Health</b>	<b>3,051</b>	<b>40,534</b>	-	<b>43,585</b>	<b>(42,400)</b>	<b>(1,185)</b>	-
<b>219,272</b>	<b>TOTAL ADULT SOCIAL CARE &amp; PUBLIC HEALTH COMMITTEE</b>	<b>67,278</b>	<b>366,645</b>	<b>1,053</b>	<b>434,975</b>	<b>(84,719)</b>	<b>(118,803)</b>	<b>231,454</b>

**Adult Social Care & Public Health Committee -  
Capital Programme 2022/23**

	Revised 2021/22 £000	Budget Year 2022/23 £000	Indicative Figures		
			2023/24 £000	2024/25 £000	2025/26 £000
<b>Adult Social Care &amp; Public Health Capital Programme</b>					
Supported Living	241	-	-	-	-
ASCH Strategy	74	-	-	-	-
DFG Equipment	640	-	-	-	-
County Horticulture	16	-	-	-	-
<b>Gross Capital Programme</b>	<b>971</b>	-	-	-	-
<b>Funded from:</b>					
Approved County Council Allocations	43	-	-	-	-
External Grants & Contributions	881	-	-	-	-
Revenue	16	-	-	-	-
Reserves	31	-	-	-	-
<b>Total Funding</b>	<b>971</b>	-	-	-	-

## Transport & Environment Committee

### Variation Summary 2021/22 to 2022/23

	£'000	£'000
<b>1 Original Budget 2021/22</b>		<b>111,447</b>
<b>2 Budgets Transferred between Committees</b>		<b>(329)</b>
<b>3 Additional Allocations/Reductions 2021/22</b>		<b>(48)</b>
<b>4 Capital Financing Budget Transfers</b>		<b>457</b>
<b>5 2022/23 Service Changes:</b>		
<b>Budget Pressures</b>		
SEND Transport Growth	950	
Waste PFI Contract Growth	75	
COVID related SEND Transport costs	(50)	
COVID related HtS and Post 16 Transport costs	(375)	
Loss of Income within Highways and Transport Division	(325)	
Green Spaces maintenance	235	
Climate Emergency Response Staffing Support	200	
Local Bus & Home to School Contracts	100	
SEND Transport Inflation	115	
Waste PFI Contract Inflation	1,130	
Contract Cost Inflation	700	
Highways Energy	248	
	<hr/>	<b>3,003</b>
<b>Budget Savings</b>		-
<b>6 Annual Budget 2022/23</b>		<hr/> <b>114,530</b> <hr/>



## Transport & Environment Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
	<b>Highways</b>							
19,862	VIA East Midlands Contract	-	20,579	2	20,581	-	(40)	20,541
1,657	HW Group Management	102	7,191	-	7,293	-	(5,788)	1,505
20,346	HW Retained Client	239	2,066	20,766	23,071	-	(1,916)	21,155
300	Countryside Access	354	61	-	415	-	(165)	250
377	Flood Risk Management	385	113	2	500	-	(122)	378
(62)	LTP, Prog Dev and Traffic Mgt	1,167	1,332	6	2,505	(140)	(2,435)	(70)
<b>42,480</b>	<b>Highways Total</b>	<b>2,247</b>	<b>31,342</b>	<b>20,776</b>	<b>54,365</b>	<b>(140)</b>	<b>(10,466)</b>	<b>43,759</b>
	<b>Transport</b>							
11,250	Concessionary Fares	-	11,285	-	11,285	-	(35)	11,250
3,995	Local Bus Services	-	4,275	-	4,275	-	(140)	4,135
553	Fleet Operations	2,300	1,319	413	4,032	-	(3,528)	504
1,154	TTS Salaries & Serv Dev.	1,120	20	-	1,140	-	-	1,140
529	Bus Stations	72	1,033	191	1,296	(1)	(794)	501
(15)	Passenger Information	180	1,902	-	2,082	(1,003)	(1,097)	(18)
191	System Development	-	190	-	190	-	-	190
6,115	Home to School Transport	-	6,230	-	6,230	(816)	(315)	5,099
9,435	SEND Transport	-	12,800	-	12,800	-	(1,849)	10,951
<b>33,207</b>	<b>Transport Total</b>	<b>3,672</b>	<b>39,054</b>	<b>604</b>	<b>43,330</b>	<b>(1,820)</b>	<b>(7,758)</b>	<b>33,752</b>

## Transport & Environment Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
	<b>Waste &amp; Energy</b>							
28,646	Veolia PFI Contract	-	32,400	-	32,400	(2,039)	(702)	29,659
6,376	NCC Retained Client	655	5,763	1,516	7,934	-	(1,812)	6,122
-	Emergency Climate Response	261	-	-	261	-	-	261
<b>35,022</b>	<b>Total Waste &amp; Energy</b>	<b>916</b>	<b>38,163</b>	<b>1,516</b>	<b>40,595</b>	<b>(2,039)</b>	<b>(2,514)</b>	<b>36,042</b>
	<b>Other Communities &amp; Place</b>							
738	Conservation (Including Green Spaces)	695	399	7	1,101	-	(124)	977
<b>738</b>	<b>Total Other Communities &amp; Place</b>	<b>695</b>	<b>399</b>	<b>7</b>	<b>1,101</b>	<b>-</b>	<b>(124)</b>	<b>977</b>
<b>111,447</b>	<b>TOTAL TRANSPORT &amp; ENVIRONMENT COMMITTEE</b>	<b>7,530</b>	<b>108,958</b>	<b>22,903</b>	<b>139,391</b>	<b>(3,999)</b>	<b>(20,862)</b>	<b>114,530</b>

**Transport & Environment Committee -  
Capital Programme 2022/23**

	Revised 2021/22 £000	Budget Year 2022/23 £000	Indicative Figures		
			2023/24 £000	2024/25 £000	2025/26 £000
<b>Transport &amp; Environment Capital Programme</b>					
Hucknall TCIS	150	359	-	-	-
Road Maintenance & Renewals	20,641	16,630	18,630	18,630	18,630
Street Lighting Renewals	1,009	1,000	1,000	1,000	1,000
Flood Alleviation & Drainage	1,542	2,993	600	600	600
Road Safety	528	350	350	350	350
Integrated Transport Measures	5,727	4,447	4,447	4,447	4,447
Transport & Travel Services	2,400	1,833	750	750	750
Gedling Access Road	17,219	5,000	-	-	-
Active Travel Fund	1,000	1,708	-	-	-
Salix Street Light Fund	1,697	-	-	-	-
Enhanced Rail Services	110	-	-	-	-
Major Infrastructure Improvement	695	-	-	-	-
Transforming Cities Fund	200	7,527	-	-	-
Southwell Flood Projects	855	559	-	-	-
Green Investment Fund	550	-	-	-	-
Waste Management	722	1,214	753	1,211	806
Trees for Climate	1,268	1,586	1,058	1,194	-
Energy Saving Scheme	904	839	-	-	-
Carbon Management	686	223	320	320	320
<b>Gross Capital Programme</b>	<b>57,903</b>	<b>46,268</b>	<b>27,908</b>	<b>28,502</b>	<b>26,903</b>
<b>Funded from:</b>					
Approved County Council Allocations	14,284	11,268	3,700	3,700	3,700
External Grants & Contributions	38,038	32,499	23,635	23,771	22,577
Revenue	234	714	253	711	306
Reserves	5,347	1,787	320	320	320
<b>Total Funding</b>	<b>57,903</b>	<b>46,268</b>	<b>27,908</b>	<b>28,502</b>	<b>26,903</b>

## Communities Committee Variation Summary 2021/22 to 2022/23

	£'000	£'000
<b>1 Original Budget 2021/22</b>		<b>18,417</b>
<b>2 Budgets Transferred between Committees</b>		<b>78</b>
<b>3 Additional Allocations/Reductions 2021/22</b>		<b>(529)</b>
<b>4 Capital Financing Budget Transfers</b>		<b>124</b>
<b>5 2022/23 Service Changes:</b>		
<b>Budget Pressures</b>		
Contract Cost Inflation	148	
		<b>148</b>
<b>Budget Savings</b>		-
<b>6 Annual Budget 2022/23</b>		<b><u>18,238</u></b>

## Communities Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
	<b>Traded Services</b>							
	- Schools Catering	8,569	9,527	-	18,096	-	(18,096)	-
	- West Bridgford Catering	10,381	1,972	-	12,353	-	(12,353)	-
	- Cleaning and Landscapes	910	1,081	-	1,991	-	(1,991)	-
	<b>- Traded Services Total</b>	<b>19,860</b>	<b>12,580</b>	<b>-</b>	<b>32,440</b>	<b>-</b>	<b>(32,440)</b>	<b>-</b>
	<b>Other Communities &amp; Place</b>							
9,548	Libraries inc. Inspire Contract	-	9,686	1,127	10,813	-	-	10,813
1,393	Cultural Services	130	4,051	68	4,249	(4,121)	-	128
452	Bestwood & Rufford Country Parks	-	444	85	529	-	(11)	518
241	National Watersports Centre	-	282	55	337	-	-	337
485	Communities Staffing	538	28	-	566	-	(110)	456
1,690	Communities Grants	-	1,388	-	1,388	(198)	-	1,190
921	Trading Standards	1,607	35	1	1,643	-	(729)	914
306	Emergency Planning	349	22	-	371	-	(64)	307
1,517	Coroners	-	1,517	-	1,517	-	-	1,517
54	Registration of Births, Deaths & Marriages	1,331	283	2	1,616	(40)	(1,521)	55
463	Directorate	476	196	-	672	-	-	672
90	Recharges, Insurance & Internal Services	-	90	-	90	-	-	90
1,257	County Enterprise Foods	1,472	1,163	127	2,762	(106)	(1,415)	1,241
<b>18,417</b>	<b>Total Other Communities &amp; Place</b>	<b>5,903</b>	<b>19,185</b>	<b>1,465</b>	<b>26,553</b>	<b>(4,465)</b>	<b>(3,850)</b>	<b>18,238</b>
<b>18,417</b>	<b>TOTAL COMMUNITIES COMMITTEE</b>	<b>25,763</b>	<b>31,765</b>	<b>1,465</b>	<b>58,993</b>	<b>(4,465)</b>	<b>(36,290)</b>	<b>18,238</b>

## Communities Committee - Capital Programme 2022/23

	Revised 2021/22 £000	Budget Year 2022/23 £000	Indicative Figures		
			2023/24 £000	2024/25 £000	2025/26 £000
<b>Communities Capital Programme</b>					
Local Improvement Scheme	1,020	500	500	500	500
Libraries Improvement Programme	30	343	-	-	-
Libraries and Archives ICT Replacement	900	1,100	-	-	-
National Water Sports Centre	16	-	-	-	-
Rufford Country Park	47	-	-	-	-
<b>Gross Capital Programme</b>	<b>2,013</b>	<b>1,943</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Funded from:</b>					
Approved County Council Allocations	1,977	1,943	500	500	500
External Grants & Contributions	-	-	-	-	-
Revenue	20	-	-	-	-
Reserves	16	-	-	-	-
<b>Total Funding</b>	<b>2,013</b>	<b>1,943</b>	<b>500</b>	<b>500</b>	<b>500</b>

# **Policy Committee** **Variation Summary 2021/22 to 2022/23**

	£'000	£'000
<b>1 Original Budget 2021/22</b>		<b>3,186</b>
<b>2 Budgets Transferred between Committees</b>		<b>73</b>
<b>3 Additional Allocations/Reductions 2021/22</b>		<b>1,725</b>
<b>4 Capital Financing Budget Transfers</b>		<b>-</b>
<b>5 2022/23 Service Changes:</b>		
<b>Budget Pressures</b>		<b>-</b>
<b>Budget Savings</b>		<b>-</b>
<b>6 Annual Budget 2022/23</b>		<b>4,984</b>

## Policy Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
	<b>Corporate Services</b>							
294	Directorate	256	39	-	295	-	-	295
1,318	Business Intelligence Unit	960	124	-	1,084	-	(146)	938
274	Transformation and Change	3,550	235	-	3,785	-	(34)	3,751
1,300	County Council Elections	-	-	-	-	-	-	-
<b>3,186</b>	<b>Total Corporate Services</b>	<b>4,766</b>	<b>398</b>	<b>-</b>	<b>5,164</b>	<b>-</b>	<b>(180)</b>	<b>4,984</b>
<b>3,186</b>	<b>TOTAL POLICY COMMITTEE</b>	<b>4,766</b>	<b>398</b>	<b>-</b>	<b>5,164</b>	<b>-</b>	<b>(180)</b>	<b>4,984</b>



## Economic Development & Asset Management Committee Variation Summary 2021/22 to 2022/23

	£'000	£'000
<b>1 Original Budget 2021/22</b>		<b>21,246</b>
<b>2 Budgets Transferred between Committees</b>		<b>2,046</b>
<b>3 Additional Allocations/Reductions 2021/22</b>		<b>(201)</b>
<b>4 Capital Financing Budget Transfers</b>		<b>1,481</b>
<b>5 2022/23 Service Changes:</b>		
<b>Budget Pressures</b>		
Delivering major programmes	500	
Schools PFI Inflation	<u>66</u>	
		<b>566</b>
<b>Budget Savings</b>		<b>-</b>
<b>6 Annual Budget 2022/23</b>		<b><u><u>25,138</u></u></b>

## Economic Development & Asset Management Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
	<b>Property</b>							
4,092	Safety & Facilities Mgmt - County Offices/Operational Sites	1,711	3,292	625	5,628	-	(481)	5,147
5,271	Building Maintenance + Compliance	-	5,637	-	5,637	-	(82)	5,555
6,461	Schools PFI/Options Appraisal/Children's Centres/Joint Use	1,867	25,445	1,085	28,397	(12,453)	(6,464)	9,480
1,718	Asset Mgmt/Commissioning/Estates/Strategy	-	1,950	189	2,139	(401)	(1,263)	475
<b>17,542</b>	<b>Total Property</b>	<b>3,578</b>	<b>36,324</b>	<b>1,899</b>	<b>41,801</b>	<b>(12,854)</b>	<b>(8,290)</b>	<b>20,657</b>
	<b>Economic Development</b>							
1,291	Growth Infrastructure and Development	753	1,038	326	2,117	-	-	2,117
722	Planning, Policy & Development Management	987	89	-	1,076	-	(354)	722
655	HW Development Control	838	91	-	929	-	(274)	655
1,036	Recharges & Internal Services	-	-	987	987	-	-	987
<b>3,704</b>	<b>Total Corporate Services</b>	<b>2,578</b>	<b>1,218</b>	<b>1,313</b>	<b>5,109</b>	<b>-</b>	<b>(628)</b>	<b>4,481</b>
<b>21,246</b>	<b>TOTAL ECONOMIC DEVELOPMENT &amp; ASSET MANAGEMENT COMMITTEE</b>	<b>6,156</b>	<b>37,542</b>	<b>3,212</b>	<b>46,910</b>	<b>(12,854)</b>	<b>(8,918)</b>	<b>25,138</b>

**Economic Development & Asset Management Committee -  
Capital Programme 2022/23**

	Revised 2021/22 £000	Budget Year 2022/23 £000	Indicative Figures		
			2023/24 £000	2024/25 £000	2025/26 £000
<b>Economic Development &amp; Asset Management Capital Programme</b>					
Building Works	2,700	3,759	2,400	2,400	2,400
Social Housing Decarbonisation Fund	1,350	150	-	-	-
Getting Building Fund	267	-	-	-	-
Lindhurst Project	4,293	1,367	-	-	-
Investing in Nottinghamshire	1,787	13,565	4,000	935	-
Site Clearance Programme	500	2,007	-	-	-
Digital Connectivity Nottinghamshire	3,424	720	-	-	-
Economic Development Capital Fund	88	-	-	-	-
Superfast Broadband	1,500	1,268	-	-	-
Top Wighay Farm - Homes England	3,753	400	-	-	-
White Hills Park Federation	-	133	-	-	-
Land Release Funding - Eastwood	176	-	-	-	-
Lowmoor / Cauldwell Road	600	-	-	-	-
Hybridisation Programme	-	437	-	-	-
<b>Gross Capital Programme</b>	<b>20,438</b>	<b>23,806</b>	<b>6,400</b>	<b>3,335</b>	<b>2,400</b>
<b>Funded from:</b>					
Approved County Council Allocations	8,923	21,132	6,400	3,335	2,400
External Grants & Contributions	10,539	2,237	-	-	-
Revenue	176	-	-	-	-
Reserves	800	437	-	-	-
<b>Total Funding</b>	<b>20,438</b>	<b>23,806</b>	<b>6,400</b>	<b>3,335</b>	<b>2,400</b>

# Finance Committee

## Variation Summary 2021/22 to 2022/23

	£'000	£'000
1 Original Budget 2021/22		15,097
2 Budgets Transferred between Committees		12
3 Additional Allocations/Reductions 2021/22		180
4 Capital Financing Budget Transfers		90
5 2022/23 Service Changes:		
Budget Pressures		-
Budget Savings		-
6 Annual Budget 2022/23		<u>15,379</u>

## Finance Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
	<b>Corporate Services</b>							
2,931	Financial Services & Procurement	4,173	346	-	4,519	-	(1,561)	2,958
12,166	ICT Services	7,508	2,700	4,534	14,742	-	(2,321)	12,421
<b>15,097</b>	<b>Total Corporate Services</b>	<b>11,681</b>	<b>3,046</b>	<b>4,534</b>	<b>19,261</b>	-	<b>(3,882)</b>	<b>15,379</b>
<b>15,097</b>	<b>TOTAL FINANCE COMMITTEE</b>	<b>11,681</b>	<b>3,046</b>	<b>4,534</b>	<b>19,261</b>	-	<b>(3,882)</b>	<b>15,379</b>

**Finance Committee -  
Capital Programme 2022/23**

	Revised 2021/22 £000	Budget Year 2022/23 £000	Indicative Figures		
			2023/24 £000	2024/25 £000	2025/26 £000
<b>Finance Capital Programme</b>					
ICT Infrastructure Replacement Programme	1,641	1,000	1,000	1,000	1,000
Microsoft Enterprise Agreement	3,822	3,674	1,000	1,000	1,000
IT Replacement	3,464	2,245	2,995	1,495	460
Wide Area Network	1,006	-	-	-	-
Risk Management	150	150	150	150	150
<b>Gross Capital Programme</b>	<b>10,083</b>	<b>7,069</b>	<b>5,145</b>	<b>3,645</b>	<b>2,610</b>
<b>Funded from:</b>					
Approved County Council Allocations	7,892	5,134	2,460	2,460	2,460
External Grants & Contributions	2,000	-	-	-	-
Revenue	-	-	-	-	-
Reserves	191	1,935	2,685	1,185	150
<b>Total Funding</b>	<b>10,083</b>	<b>7,069</b>	<b>5,145</b>	<b>3,645</b>	<b>2,610</b>

## Governance & Ethics Committee Variation Summary 2021/22 to 2022/23

	£'000	£'000
1 Original Budget 2021/22		7,727
2 Budgets Transferred between Committees		(3)
3 Additional Allocations/Reductions 2021/22		(87)
4 Capital Financing Budget Transfers		-
5 2022/23 Service Changes:		
Budget Pressures		-
Budget Savings		-
6 Annual Budget 2022/23		<u>7,637</u>

## Governance & Ethics Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
706	Democratic Services	711	124	-	835	(61)	(70)	704
1,896	Members Allowances	-	1,896	-	1,896	-	-	1,896
329	Councillors Divisional Fund	-	329	-	329	-	-	329
4,796	Legal Services, Information Governance and Complaints	3,420	1,523	-	4,943	-	(235)	4,708
<b>7,727</b>	<b>TOTAL GOVERNANCE &amp; ETHICS COMMITTEE</b>	<b>4,131</b>	<b>3,872</b>	<b>-</b>	<b>8,003</b>	<b>(61)</b>	<b>(305)</b>	<b>7,637</b>



# **Personnel Committee** **Variation Summary 2021/22 to 2022/23**

	£'000	£'000
1 Original Budget 2021/22		18,034
2 Budgets Transferred between Committees		(39)
3 Additional Allocations/Reductions 2021/22		(509)
4 Capital Financing Budget Transfers		(29)
5 2022/23 Service Changes:		
Budget Pressures		-
Budget Savings		-
6 Annual Budget 2022/23		<u>17,457</u>

## Personnel Committee - Revenue Budget 2022/23

Original Budget 2021/22 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2022/23 £'000
2,652	Corporate Human Resources	3,891	990	-	4,881	-	(2,337)	2,544
7,846	Business Support	10,110	228	-	10,338	(48)	(2,742)	7,548
2,070	Business Services Centre	4,351	4,906	77	9,334	(15)	(7,350)	1,969
3,220	Customer Services Centre	3,196	320	55	3,571	-	(421)	3,150
1,298	Document Services	895	1,690	4	2,589	(25)	(1,342)	1,222
948	Corporate Communications	901	250	-	1,151	-	(127)	1,024
<b>18,034</b>	<b>TOTAL PERSONNEL COMMITTEE</b>	<b>23,344</b>	<b>8,384</b>	<b>136</b>	<b>31,864</b>	<b>(88)</b>	<b>(14,319)</b>	<b>17,457</b>

**Personnel Committee -  
Capital Programme 2022/23**

	Revised 2021/22 £000	Budget Year 2022/23 £000	Indicative Figures		
			2023/24 £000	2024/25 £000	2025/26 £000
<b>Personnel Capital Programme</b>					
Business Management System	104	-	-	-	-
Customer Service Centre / MASH	47	-	-	-	-
<b>Gross Capital Programme</b>	<b>151</b>	-	-	-	-
<b>Funded from:</b>					
Approved County Council Allocations	151	-	-	-	-
External Grants & Contributions	-	-	-	-	-
Revenue	-	-	-	-	-
Reserves	-	-	-	-	-
<b>Total Funding</b>	<b>151</b>	-	-	-	-



## **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 that 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 £19.9m of reserves over the medium term with £3.9m being used to deliver a balanced budget in 2022/23.
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.
5. The Council has taken a risk-based approach in setting the Budget for 2022/23 and compiling the MTFS which is also reflected in the level of balances and reserves it needs to maintain. These financial risks include:
  - The on-going financial impact of the COVID19 pandemic and the implications that this may have on the delivery of council services.
  - The assumptions factored into the budget may not be sufficient to meet the underlying cost and demand pressures that actually arise, particularly with regard to increased demand and inflationary pressures in Adults and Children's Social Care Services.
  - The 2022/23 Settlement reflects a one-year settlement only. As such, the considerable uncertainty beyond 2022/23 will remain.
  - The outcome of the Fair Funding Review and the move to a higher retention of business rates has been delayed and we await further announcements as to if and when this review will complete.

- General inflationary pressures on our suppliers particularly in energy, construction and ICT.

**Table B1 – County Council Reserves Forecast to 31st March 2023**

Reserve	Actual Balance as at 31/03/2021 £'m	Projected balance at 31/03/2022 £'m	Forecast balance at 31/03/2023 £'m
<b>General Fund Balance</b>	<b>32.1</b>	<b>32.2</b>	<b>32.2</b>
<b>Earmarked Reserves</b>			
General Insurance Reserve	36.7	36.7	36.7
Trading Activities	0.6	0.3	0.3
Earmarked for Services	9.4	9.1	9.1
Revenue Grants	16.6	15.7	15.7
Section 256 Grants	22.6	19.0	19.0
Earmarked Reserve	3.2	1.7	1.7
Capital Projects Reserve	7.5	10.9	8.2
NDR Pool Reserves	11.5	10.0	7.7
East Leake PFI	2.9	3.0	3.0
Bassetlaw PFI	0.9	1.0	1.0
Waste PFI	24.3	23.7	23.1
Workforce Reserve	6.2	6.2	6.2
IICSA Reserve	1.4	0.0	0.0
Strategic Development Fund	12.4	9.6	6.8
Council Tax Equalisation	2.4	1.2	0.0
COVID19 Recovery Reserve	19.3	5.2	0.0
Highways / Env't Reserve	0.0	15.0	10.0
<b>Subtotal Earmarked Reserves</b>	<b>177.9</b>	<b>168.3</b>	<b>148.5</b>
<b>Schools Statutory Reserve</b>	<b>28.5</b>	<b>28.5</b>	<b>28.5</b>
<b>Capital Grants Unapplied</b>	<b>2.9</b>	<b>2.9</b>	<b>2.9</b>
<b>Total Usable Reserves</b>	<b>241.4</b>	<b>231.9</b>	<b>212.1</b>

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

- 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 and stable 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, pressures on our services, together with the ongoing implications of responding to the COVID19 pandemic and the impact this is having upon our suppliers. A risk-based assessment

## Appendix B

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 2022/23 £m
Major funding stream variations	If an in-year correction or top-slice is made to external funding during 2022/23 this would reduce the Council's ability to fund its Budget (say 0.5% of RSG+BR)	Low	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. (1% of net committee requirements of £596.371m)	Low	The Service Director – Finance, Infrastructure & Improvement monitors the economic environment and takes forecasts from reliable sources	£6.0
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 £596.371m)	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	£9.0
Risk in the Social Care Market	As a result of the COVID19 pandemic, the Social Care Market is facing significant challenges relating to workforce, quality and cost which could lead to potential service overspends in Children's and Adult budgets	High	The Council will maximise the use of external funding opportunities, put plans in place for improved career progression and recruitment and continue to control budgets through the usual budget monitoring processes.	£5.0

## Appendix B

Risk	Impact	Probability (low, medium or high)	Mitigation	Proposed level of reserve cover for 2022/23 £m
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	£0.9
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 are also robust major emergency plans in place	£1.0
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



## Appendix B

<b>Risk</b>	<b>Impact</b>	<b>Probability (low, medium or high)</b>	<b>Mitigation</b>	<b>Proposed level of reserve cover for 2022/23 £m</b>
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 if one or more of 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
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 £559.472m)	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	£2.6
<b>Risk assessed minimum level of General Fund Reserve</b>				<b>£32.1</b>
<b>% of net revenue expenditure (based on £596.371m)</b>				<b>5.3%</b>

- The latest budget monitoring report, which covers the first three quarters of the current financial year, predicts a minor 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 transformational costs have been funded by the capital flexibility opportunity as announced in the 2018/19 provisional Local Government Settlement. As this funding opportunity is no longer available and the Authority has taken the decision to use future capital receipts to re-pay previous years borrowing, it is proposed that the Strategic Development Fund is used to fund future costs of transformation.
- 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**

7. 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'.
8. 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.

9. 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**

10. 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 the Auditor's Annual Report.
  - The Council's positive track record in sound and effective financial management.

**Professional Opinion of the County Council's Section 151 Officer**

11. 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.
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 2022/23 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 (25 February 2021) for 2021/22, is continued for 2022/23:

- 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**

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## Purpose and Aims

1. The importance of having a meaningful and comprehensive capital strategy was recognised in the Prudential Code for Capital Finance in Local Authorities that was updated by the Chartered Institute of Public Finance and Accountancy in December 2017. This requires that all Local Authorities have a Capital Strategy to ensure that capital investment is directed to programmes and projects which maximise the delivery of organisational objectives. This report has been developed with reference to the updated Capital Strategy Guidance document that was published in 2021.
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

## Nottinghamshire County Council – Longer Term Investment Influencers

6. Nottinghamshire County Council is the upper-tier Local Authority for the county of Nottinghamshire. The Council is responsible for providing such important public services as Education, Transport, Social Care, Libraries, Trading Standards and Waste Management. How the Council is structured, how it listens to its stakeholders, how it meets its environmental targets and delivers services to its residents will have a major impact on the capital investment decisions that will be made over the longer term.
7. Nottingham and Nottinghamshire councils have been working together to identify areas for greater collaboration and opportunities to make an even bigger



difference for our residents in the future. The national policy context is a driver for this work with the Levelling Up White Paper expected to set out plans for further rounds of devolution.

8. An expression of interest was submitted to Government in September 2021 for Nottingham and Nottinghamshire to be selected as one of the new Devolution deal pathfinders. The ambition is to:

- Attract significant inward investment, boosting economic growth and raising productivity, as well as growing the private sector
- Raising living standards and achieve a demonstrable reduction in inequalities including poverty, health and social care
- Deliver high quality places to live for all residents
- Regenerate our city and town centres, unlocking difficult sites for development
- Tackle climate change and protect local people from its impacts including a focus on cleaner air
- Deliver better services for residents
- Secure better outcomes and value for money for local taxpayers through a public service reform and efficiencies

Altogether Nottinghamshire County Council is working towards a stronger, more prosperous Nottinghamshire for everyone.

9. Through the Big Notts Survey, residents have had the opportunity to engage with the Council and they made it clear what matters to them as we recover from the pandemic and look to the future. The Survey helped the Council understand:

- How the pandemic, lockdown and other restrictions have affected Nottinghamshire
- Our main challenges and opportunities as we recover from the pandemic
- Long term goals for residents, our communities and the county

10. In March 2020, the County Council resolved to bring forward proposals for a new Environment Strategy to support the Government's national aspiration to achieving a legally binding target of net-zero greenhouse gas emissions by 2050. The Climate Emergency, which the Council declared in May 2021, heightened expectation further with the Transport and Environment Committee being tasked with overseeing the measures required to achieve the Authority's commitment to achieve carbon neutrality in all its activities by 2030.

11. The current and changing connectivity and access needs across the county with regards to travel and expected changes in user behaviour are being addressed as part of a full highways services review which is being overseen by the Transport and Environment Committee. The outcomes of the review will include:

- Developing a new Highways Strategy which will set out the highways service the Council wants and the quality / outcomes required within the context of the new Council Plan 2021 – 31

- Refreshing and updating the current Highways Infrastructure Asset Management Plan and Policy
- Embedding a 'right repair, right first time' approach in our Asset Management Plan

Actions arising from this review were reported to the Transport and Environment Committee in December 2021 and will be delivered through a Highways Improvement Plan.

12. Other major areas of service delivery will continue to inform the capital strategy over the next ten years as follows:
13. The Council has a statutory duty to ensure that there continues to be sufficiency of school places for children resident in the county, including special school provision. The Council is also responsible for ensuring that all mainstream schools are maintained to suitable condition.
14. The Council has a rich history and a considerable level of maturity around Smarter Working. As such we were in a good position to respond to the COVID19 pandemic. There have been unforeseen impacts and far-reaching changes to how the Council views its property portfolio. A review of the Investing in Nottinghamshire programme will capture the opportunities provided by the Hybrid Working Strategy, address the Climate Emergency declaration, maximise the environmental benefits available and connects with our communities and ensure the Council maximises the use of our buildings and office spaces. This programme of work will continue to evolve as the pandemic progresses and capital investment will be kept under review.
15. The Council has a continuing successful record of delivering world-class digital infrastructure throughout Nottinghamshire. The Council has achieved 98% superfast broadband coverage to make Nottinghamshire one of the top three most digitally connected in the UK. The Council will continue to invest in new technology as, for example, 5G mobile will have a huge impact on the way people interact with local government and the services they expect.
16. It is important to note that the capital strategy has been prepared against a background of continuing reductions in funding provided to local authorities by central government arising from the need to restrain public expenditure owing to the ongoing economic conditions and to rebalance public finances. At the same time the Council's own resources available to finance capital projects have reduced to a low level and will need to be replenished before any substantial further capital investment can be made. The Council will however work to lever in external funding wherever possible to ensure that continuing capital investment can be made.
17. In summary, the next decade promises both opportunities and challenges for our public services. With the growing, increasingly ageing population, demand for our services will continue to grow. Many services will need to be re-invented and rebuilt to meet the new challenges ahead and the Council is in a good position to meet these challenges.

## **The Nottinghamshire Plan 2021 – 2031: Healthy, Prosperous, Green**

18. At the Full Council meeting held on 25 November 2021, the Council approved The Nottinghamshire Plan 2021-31: Healthy, Prosperous, Green. This ambitious, new plan sets out the strategic vision for the future of Nottinghamshire and the local authority.
19. The activity in the Nottinghamshire Plan is built around achieving a bold 10-year vision for a 'healthy, prosperous and greener future for everyone'. The plan will focus on:
  - Improving health and well-being in all our communities
  - Growing our economy and improving living standards
  - Reducing the County's impact on the environment
  - Helping everyone access the best of Nottinghamshire.
20. These are broad themes that will build resilience in our communities into the future and are supported by nine ambitions which will act as a framework for all County Council activity:
  - Helping our people live healthier, more independent lives
  - Supporting communities and families
  - Keeping children, vulnerable adults and communities safe
  - Building skills that help people to get good local jobs
  - Strengthening businesses and creating more good-quality jobs
  - Making Nottinghamshire somewhere people love to live, work and visit
  - Attracting investment in infrastructure, the economy and green growth
  - Improving transport and digital connections
  - Protecting the environment and reducing our carbon footprint
21. The Plan sets out what the County Council will do over the next four years to achieve these ambitions as well as how it will measure progress and success. This will have a particular focus on supporting Nottinghamshire's communities and businesses to recover from the socio-economic impacts of the COVID19 pandemic. The Plan also details the Council's on-going journey of improvement as we continue to deliver services in a responsive, efficient, financially sustainable and forward-looking way.
22. Finally, the Plan sets the approach the Council will take in planning and delivering its services. Our approach is to:
  - Listen to our communities
  - Support independence
  - Reduce inequalities
  - Spend money wisely
  - Make decisions based on evidence
  - Work together
  - Lead with optimism

23. The vision and ambitions of the Council Plan are far-reaching and cannot be delivered by the County Council alone. The Council is proud to be working towards a stronger future with a wide range of public, private and voluntary sector organisations as well as communities themselves.

### Capital Ambitions

24. The Council's ambitious Capital Strategy is prepared principally to enable the Council to achieve its vision and its ambitions. Despite the unprecedented financial and non-financial challenges that Local Government is currently facing, Nottinghamshire's Capital Strategy has delivered and will continue to deliver capital investments that the residents of Nottinghamshire can be proud of. The following section of the Capital Strategy will set a flavour of the capital projects that have been or will be undertaken to help deliver the Council's nine ambitions. The links will take you to a short YouTube video which outlines each ambition.
25. [The Nottinghamshire Plan - Ambition 1: Helping our people live healthier and more independent lives - YouTube](#)

The Council continues to work with partners to use its land to supply new homes that meet the needs of people of all abilities in Nottinghamshire and help them to live independently. The Top Wighay Farm site, a 40-hectare site situated north-west of the Nottinghamshire town of Hucknall will feature an 805 property housing development, a new primary school and a local community centre. Developers will use modern building techniques to accelerate construction of the housing units, 30% of which have been designated as affordable.





26. [The Nottinghamshire Plan - Ambition 2: Supporting communities and families - YouTube](#)

A key element of the Children and Young People's capital strategy is to provide support to children with special educational needs and their families. The range of local, specialist service provision will be improved as the Council looks to find ways to better support those preparing for adulthood. The replacement Orchard Special School in Newark was delivered in March 2021 and further funding has been secured to support the provision of new places for children with special educational needs and disabilities in future years.



27. [The Nottinghamshire Plan - Ambition 3: Keeping children, vulnerable adults and communities safe - YouTube](#)

The Council will keep improving support for vulnerable children and adults and continue to make improvements where we can. Clayfields House is a secure children's home run by the Council. A new, robust modern wing has recently been completed and delivered through our partnership with ARC. The new wing has created a more homely, inspiring space for young people to live, yet making security a top priority. Additional external funding has already been secured to carry out further improvements at Clayfields House.



28. [The Nottinghamshire Plan - Ambition 4: Building skills that help people get good jobs - YouTube](#)

Working alongside the Government and local developers, the Council will address the growing demand for secondary school places in Gedling, Rushcliffe and Worksop and primary schools in East Leake, Carlton, Colwick and Edwinstowe. We will also ensure sufficient places are provided alongside new housing developments. The Rosecliffe Spencer Academy, a new primary school in West Bridgford, opened in Spring 2021. The new school provides 315 pupil places for the local area together with a 26 place nursery.



29. [The Nottinghamshire Plan - Ambition 5: Strengthening businesses and creating more good-quality jobs - YouTube](#)

The Council's ambition to develop new opportunities for business growth within the Council's land and premises portfolio has already been seen at the Worksop Turbine Centre. The Centre has been developed through previous capital



programmes and is a dedicated business centre which assists small businesses to achieve growth. Further innovative opportunities will be created at Top Wighay Farm where plans are in place to build a range of offices, green spaces and other infrastructure opening up more jobs for local people.



30. [The Nottinghamshire Plan - Ambition 6: Making Notts somewhere people love to live, work and visit - YouTube](#)

The Council will deliver the Nottinghamshire Visitor Economy Strategy to grow tourism across the county. More opportunities to invest in and improve our beautiful country parks and green spaces, like Rufford Abbey and Sherwood Forest as well as our sporting venue, the National Water Sports Centre. A project to create the Sherwood Forest Visitor Centre has been completed and it is hoped that new, RSPB led building brings higher footfall, increases tourism, aids education, learning and engagement as well as benefitting the local community. Additional external funding has been secured to carry out pioneering work which aims to introduce cutting-edge digital technology in the heart of Sherwood Forest and Rufford Country Park. The project will focus on how 5G technology can boost tourism and environment protection sectors.



31. [The Nottinghamshire Plan - Ambition 7: Attracting investment - YouTube](#)

The Council will continue to deliver the major development programme at Lindhurst and Top Wighay Farm. Top Wighay Farm in particular will be developed as a blueprint for sustainable living in Nottinghamshire and will develop more sites over the coming years to supply quality housing and new job opportunities for our residents.



32. [The Nottinghamshire Plan - Ambition 8: Improving transport and digital connections - YouTube](#)



The Council will continue to improve and join up local and regional transport connections, opening up employment, training and leisure opportunities to everyone and securing funding to develop new infrastructure where it is needed most. The Gedling Access Road (GAR) is a new 3.8km single carriageway road which will provide a link between the B684 Mapperley Plains and the A612 Trent Valley Road. The new road will provide significant economic and congestion relief benefits and is required to unlock new housing in the Gedling Local Plan, create jobs and provide business opportunities locally.



33. [The Nottinghamshire Plan - Ambition 9: Protecting the environment and reducing our carbon footprint - YouTube](#)

As part of the Council's ambition to restore our landscapes, ecosystems and biodiversity, the Council will plant 250,000 trees on Council land and set up five new nature reserves to restore our green spaces. The Council has already secured significant external funding from the Department for the Environment, Food and Rural Affairs to create a new community forest in Nottinghamshire. This new 'Trees for Climate' programme was announced as part of the Government's 'Nature for Climate' fund to deliver widespread woodland creation to help combat the climate emergency.



34. In summary, the capital strategy is not intended to be static, it is a dynamic plan that will evolve and change over time alongside the Council's changing priorities. The strategy is set over a ten year period but will be updated annually and include short, medium and long term investment ambitions.

#### **Future Capital Strategy Development**

35. As set above, it is recognised that the capital strategy is a continually changing document that will need to develop over time. Potential development actions will be identified during 2022/23 as part of a process of continuous improvement. Such actions include:
- Building on an initial data gathering exercise identifying capital pressures and risks over a ten-year horizon
  - Assessment of service asset management plans to inform decision making and inform prioritisations
  - Clear scope and post project evaluations to identify learnings
  - Review the existing capital strategy and identify any areas that require improving.

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

36. 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

37. 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.
38. The Corporate Property Strategy is publicly available at:  
<https://www.nottinghamshire.gov.uk/policy-library/60247/corporate-property-strategy-2018-2023>
39. Aligned to the Corporate Property Strategy is a five-year Property Asset Management Plan (PAMP). This is updated annually and its main purpose is to:
- set out the Council's objectives, priorities, programmes and performance in relation to land and property assets
  - provide a clear statement of direction for other land and property stakeholders and customers
40. Service Asset Management Plans (SAMPs), also updated annually, are developed to support the PAMP and to clearly articulate a service's land and property needs. Each will contain important information to help inform capital bids such as anticipated changes to the service, supply and demand detail, prioritised solutions and a delivery plan.

### ICT Strategy

41. The ICT Strategy 2021-2024 helped shaped the support business transformation with an emphasis on delivering increasingly jointed up public services that are effective, affordable and designed around the needs of service users. This included several key themes including Smarter Working, Health and Social Care integration, business intelligence and Cloud Services.
42. Finance Committee approved the new strategy 2022-2025 in 2021, building on the existing strategy, was drawn up with the linkages to the new Council Plan. The key themes of this new strategy revolve around Cloud based technologies, technical debt, safe and ethical use of systems and data, reducing ICT's environmental impact, accessible services, transparency and governance.

[ICT Strategy](#)

### Pupil Place Planning and School Capital Policy



43. 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.
44. 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**

45. 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.
46. The Highway Infrastructure Asset Management Plan is publicly available at  
<https://www.nottinghamshire.gov.uk/transport/roads/highway-infrastructure-asset-management-plan>

### **Commercial Strategy**

47. The Commercial Strategy sets out the high-level framework for the commercial approach of the Council across a wide number of activities.
48. The Commercial Strategy is publicly available at:  
<https://www.nottinghamshire.gov.uk/policy-library/55851/commercial-strategy>
49. The area of Property Investment comes with risk, especially in light of Brexit and the ongoing COVID-19 pandemic. The Council takes a largely risk-averse approach and does not tend to invest in Commercial Property for the sole purpose of revenue return.
50. Investment Properties represent only 3.7% of total Long-Term assets.
51. Sales of property has and continues to deliver capital receipts, but in the main the property was not originally acquired for this purpose.
52. The Council owns a number of commercial units and farms that deliver a return through rental income but these were not originally purchased for the purpose of generating a commercial return. The net figure for rental income and expenditure from these properties in 2020-21 was £397k.

### **Corporate Environmental Policy**

53. 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.

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

### **Working with External Partners**

55. Delivering investment across the county to meet the Council's ambition needs a strategic approach with the public, private, voluntary and community sectors. In delivering its capital strategy the Council works with a number of external partners, each of whom have their own strategies, priorities and availability of funding, which in turn interact with the Council's capital strategy. These partners include:
- Central government and its Agencies
  - D2N2 Local Enterprise Partnership
  - Other local authorities in the region
  - Local NHS providers
  - Local Universities and Further Education Providers
  - Charities and other voluntary organisations

### **Working in Partnership**

#### **Arc and Via – A Collaboration to Deliver Economic Growth**

56. 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.
57. 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.
58. 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.
59. 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?

60. 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.
61. 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.
62. Examples of long-term assets include but are not limited to: land and buildings, vehicles, infrastructure such as roads and bridges.
63. In Local Government this includes spending on assets owned by other bodies and loans / grants to other bodies enabling them to buy assets.

## Funding Streams

64. 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 the 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.
65. The size of the Capital Programme will be influenced by funding sources and financing costs and any related constraints. The Strategy has been prepared against a background of continuing reductions in funding provided to local authorities by central government and its agencies, arising from the need to restrain public expenditure owing to the ongoing economic conditions and to rebalance public finances.
66. 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.

### **Approach to Capital Investment**

67. 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.

### **Capital Prioritisation**

68. It is usual that demand for capital resources to meet investment needs and aspirations will exceed the resources available to the Council. In times of financial difficulty this situation is exacerbated.
69. To ensure that capital resources are allocated to the Council's priorities it is essential that an objective, structured prioritisation process is adopted when determining new schemes within the capital programme. This capital prioritisation process will then assist the Corporate Asset Management Group in making recommendations to the Corporate Leadership Team and Members in respect of the content of the Capital Programme.
70. The prioritisation process specifically addresses the key requirements of the Prudential Code:-

- Affordability, prudence and sustainability – the integration of the capital and revenue planning processes ensure that coherent decision-making takes place with regard to the level of borrowing.
    - Spend to save schemes must be able to demonstrate clearly the level of forecast revenue savings. These savings will be applied towards the repayment of the capital investment required. Subsequent savings will accrue to departmental budgets.
    - External funding may include earmarked capital receipts that require agreement with Strategic Property with regard to value and timing. Any external funding must be confirmed prior to project commencement.
  - There should be a regard for the stewardship of the Council's assets – with explicit regard to the Council's Asset Management Plan.
  - All capital expenditure should link into, and be consistent with, current corporate / service strategic objectives and be supported by appropriate levels of option appraisal and consultation to ensure value for money.
71. The practicalities of the capital expenditure plan – i.e projects are realistically phased and are capable of being delivered in physical terms.

Particular types of projects are prioritised as follows:

- **Externally Funded Schemes**  
Schemes that are totally funded by external sources and have no revenue or capital impact on the County Council are not subject to prioritisation. This would include 'spend to save' schemes where expenditure is fully funded by savings within the same financial year. These schemes are automatically absorbed into the capital programme once necessary funding and approvals are confirmed.
- **Immediate, Unavoidable Obligations**  
These schemes would have the highest priority against available funding and would include, for example, compulsory and immediate legislative changes requiring funding.
- **Other schemes**  
These are scored and prioritised according to the following criteria:
  - Funding criteria: for example Spend to Save initiatives and projects that lever in external funding / capital receipts
  - Service needs
  - Corporate priorities.



## **Governance Arrangements**

### **Capital Programme Approvals**

72. 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**

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

74. **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.

75. **Policy Committee / Finance 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.

76. **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.

### **Skills & Training**

77. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. All staff are encouraged to keep abreast of new developments and skills to ensure their continuous professional development.
78. The Council's property portfolio is valued by a team of internal valuers working in accordance with the statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The team has extensive knowledge of the Nottinghamshire property market and experience dealing with a mix of property types.

## Overview of the Capital Programme

79. The following table shows Nottinghamshire County Council's overall Capital Programme by Committee and how it is funded from 2021/22 to 2025/26:-

**Table D1 - Capital Programme by Committee**

	Revised 2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
<b>Committee:</b>						
Children & Young People*	19.844	43.193	12.139	11.301	6.500	92.977
Adult Social Care & Public Health	0.971	0.000	0.000	0.000	0.000	0.971
Transport & Environment	57.903	46.268	27.908	28.502	26.903	187.484
Communities	2.013	1.943	0.500	0.500	0.500	5.456
Economic Devt & Asset Mngt	20.438	23.806	6.400	3.335	2.400	56.379
Finance	10.083	7.069	5.145	3.645	2.610	28.552
Personnel	0.151	0.000	0.000	0.000	0.000	0.151
Contingency	0.000	4.600	4.600	4.600	4.600	18.400
<b>Capital Expenditure</b>	<b>111.403</b>	<b>126.879</b>	<b>56.692</b>	<b>51.883</b>	<b>43.513</b>	<b>390.370</b>
<b>Financed By:</b>						
Borrowing	39.751	56.420	17.660	14.595	13.660	142.086
Capital Grants	64.312	65.586	35.774	35.072	29.077	229.821
Revenue / Reserves	7.340	4.873	3.258	2.216	0.776	18.463
<b>Total Funding</b>	<b>111.403</b>	<b>126.879</b>	<b>56.692</b>	<b>51.883</b>	<b>43.513</b>	<b>390.370</b>

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

## Description of Major Schemes

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

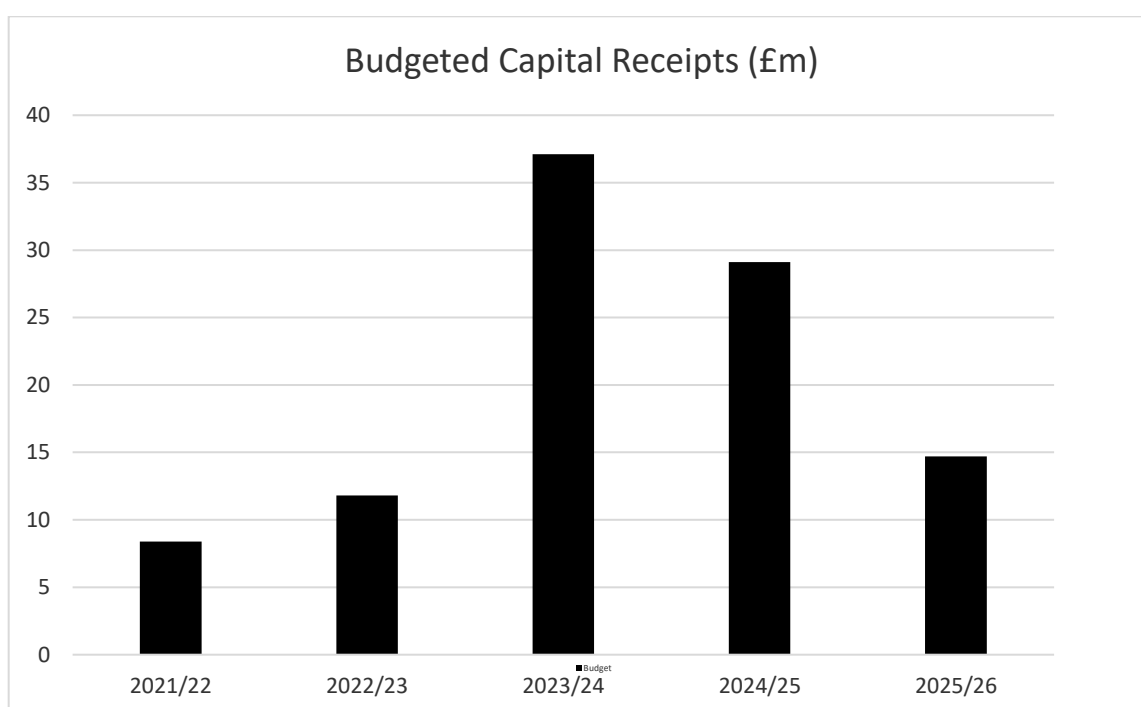
- **Schools Building Improvement Programme (SBIP)** – The SBIP focuses on the most immediate condition issues relating to heating, lighting and power, windows and roofing of the County Councils' maintained school building stock.
- **School Places Programme** - The School Places Programme focuses on the 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.

- **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 with new schools at East Leake and Bingham in the pipeline.
- **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 Economic Development and Asset Management Committee in November 2021, 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, refurbish 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.
- **Digital Connectivity in Nottinghamshire** - Nottinghamshire has cemented its position in the top three most digitally connected counties in the UK through its range of strategies, policy initiatives and capital funding. The Council has an outstanding record of delivering world class digital infrastructure particularly the roll-out of superfast broadband. Standing at 76% coverage in 2011, the figure is now 98.7% a figure that is 2% higher than the national average and our neighbouring counties. The programme is now aiming at the goal of achieving 99% by the end of 2021/22. Take-up in the county also continues to rise thereby triggering gainshare funding which will be used to fund further improvements. The Council, in partnership with academic researchers and

local businesses, has also created the world's first 5G Connected Forest within the historic Sherwood Forest area, due for completion in March 2022 and, through the Getting Building Fund, is delivering the 5G Digital Turbine project.

### Capital Receipts / Disposals

81. Anticipated capital receipts are reviewed on a regular basis by the Finance 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.
82. The chart below shows the budgeted capital receipts for the four years to 2025/26:



83. As part of the recent capital programme review, a decision was taken to limit borrowing to what is already approved in the capital programme. To further minimise the impact of the cost of borrowing on the revenue budget it is proposed that capital receipts, to the value approved as part of the February 2021 budget report, are set against previous years' borrowing thereby reducing the impact of the Minimum Revenue Provision on the revenue accounts. This will enable excess capital receipts to be used to fund any future additional capital investment.

## 2022/23 PRUDENTIAL INDICATORS FOR CAPITAL FINANCE

84. 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

85. 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.
86. 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.”
87. 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

88. 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.
89. 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.

90. 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 2020/21 Accounts are as follows.

**Table D2 – 2020/21 Capital Financing Costs and Net Revenue Stream**

<b>Capital Financing Costs</b>	<b>£'m</b>
Interest Payable (incl. PFI/Finance Leases)	34.511
Interest and Investment Income	(0.563)
Repayment of Previous Years' Borrowing	5.208
Repayment of PFI/Finance Lease Liabilities	6.594
Other Amounts Set Aside for Repaying Debt	11.576
<b>Total Capital Financing Costs</b>	<b>57.326</b>
<b>Net Revenue Stream</b>	<b>624,137</b>

91. The Capital Financing Costs as a proportion of Net Revenue Stream for 2020/21 and future years are shown in the table below:

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

<b>Capital Financing Costs as a proportion of Net Revenue Stream</b>		
<b>Actual</b>	2020/21	9.2%
<b>Estimates</b>	2021/22	9.3%
	2022/23	9.6%
	2023/24	9.5%
	2024/25	9.4%
	2025/26	10.2%

92. The prudential indicator that sets out the proportion of capital financing costs to net revenue stream will be kept under review.

### **Prudence and Sustainability**

93. 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.

94. 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**

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
<b>Capital Expenditure</b>	<b>126.879</b>	<b>56.692</b>	<b>51.883</b>	<b>43.513</b>
<b>Funded from:</b>				
Borrowing	56.420	17.660	14.595	13.660
Grants and Contributions	65.586	35.774	35.072	29.077
Revenue / Reserves	4.873	3.258	2.216	0.776
<b>Total Capital Financing Costs</b>	<b>126.879</b>	<b>56.692</b>	<b>51.883</b>	<b>43.513</b>

95. The proposed level of borrowing under the Prudential Code for 2022/23 is £56.4m.
96. 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 2020/21**

	£m
Fixed Assets	1,462
Short-term Assets Held For Sale	5
Capital Adjustment Account	(423)
Revaluation Reserve	(228)
<b>Capital Financing Requirement as at 31/3/21</b>	<b>816</b>

97. 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.



98. The Capital Financing Requirement needs to be rolled forward to the estimated position at the end of 2021/22:

**Table D6 – Estimated Capital Financing Requirement 2021/22**

	£m
<b>Capital Financing Requirement 2020/21</b>	<b>816</b>
Borrowing in 2021/22	40
Additional PFI/Finance Lease Liabilities in 2021/22	3
Repayment of PFI/Finance Lease Liabilities in 2021/22	(7)
Capital Receipts set against previous borrowing in 2021/22	(5)
Other amounts set aside for Repayment of Debt in 2021/22	(12)
<b>Estimated Capital Financing Requirement 2021/22</b>	<b>835</b>

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

**Table D7 – Estimated Capital Financing Requirements 2022/23 - 2024/25**

	2022/23	2023/24	2024/25
	£m	£m	£m
New Borrowing	56	18	15
Additional PFI/Finance Lease Liabilities	7	2	1
Repayment of PFI/Finance Lease Liabilities	(6)	(7)	(8)
Capital Receipts set against previous borrowing	(11)	(14)	(10)
Other amounts set aside for Repayment of Debt	(13)	(13)	(13)
<b>Capital Financing Requirement Net Additions</b>	<b>33</b>	<b>(14)</b>	<b>(15)</b>
<b>Estimated Capital Financing Requirement</b>	<b>868</b>	<b>854</b>	<b>839</b>

100. As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2022/23 does not, except in the short term, exceed £868m (i.e. the estimated CFR for 2022/23). It should be noted that the estimated increase in finance lease liabilities in 2022/23 are as a result of the implementation of the new IFRS16 leasing standard.

### **External Debt**

101. 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.
102. 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.

103. 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.
104. The Operational Boundary for external debt for the next three years is built up from the existing level of external borrowing, which was £516m, and the level of relevant liabilities (including finance lease liabilities), which was £108m, on the Balance Sheet at 31 March 2021.
105. These figures can be rolled forward to provide the proposed Operational Boundaries for 2022/23 and subsequent years.

**Table D8 – Operational Boundaries 2022/23 – 2024/25**

	<b>Borrowing £m</b>	<b>Other Long-Term Liabilities £m</b>	<b>TOTAL £m</b>
External borrowing at 31 March 2021	516	-	516
Other Long-Term Liabilities at 31 March 2021	-	109	109
Net new borrowing in 2021/22	(12)	-	(12)
Net change in PFI/finance lease liabilities	-	(4)	(4)
<b>Estimated external borrowing at 31 March 2022</b>	<b>504</b>	<b>105</b>	<b>609</b>
Capital expenditure financed by borrowing 2022/23	56	-	56
Amounts set aside for repayment of debt	(23)	-	(23)
Net change in PFI/finance lease liabilities	-	1	1
Contingency for changes in cash flow forecast	40	-	40
<b>Operational Boundary 2022/23</b>	<b>577</b>	<b>106</b>	<b>683</b>
Capital expenditure financed by borrowing 2023/24	18	-	18
Amounts set aside for repayment of debt	(18)	-	(18)
Net change in PFI/finance lease liabilities	-	(7)	(7)
Contingency for changes in cash flow forecast	40	-	40
<b>Operational Boundary 2023/24</b>	<b>617</b>	<b>99</b>	<b>716</b>
Capital expenditure financed by borrowing 2024/25	15	-	15
Amounts set aside for repayment of debt	(23)	-	(23)
Net change in PFI/finance lease liabilities	-	(6)	(6)
Contingency for changes in cash flow forecast	40	-	40
<b>Operational Boundary 2024/25</b>	<b>649</b>	<b>93</b>	<b>742</b>

106. 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 2022/23 – 2024/25**

	Authorised Limit		
	Borrowing £m	Other Long-Term Liabilities £m	Borrowing and Other Long-Term Liabilities £m
<b>2022/23</b>	602	106	708
<b>2023/24</b>	642	99	741
<b>2024/25</b>	674	93	767

107. 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.
108. 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**

109. 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**

110. 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**

111. 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.
- 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.

#### 112. 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 Committee on a monthly basis.

#### Recommendation

113. It is recommended that the Prudential Indicators in Table D10 are approved as part of the 2022/23 budget.

**Table D10 – Prudential Indicators 2022/23 – 2024/25**

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Estimated capital expenditure	£126.9m	£56.7m	£51.9m
Estimated Capital Financing Requirement	£868m	£854m	£839m
Authorised limit for external debt	£708m	£741m	£767m
Operational boundary for external debt	£683m	£716m	£742m
Financing costs as a % of net revenue stream	9.6%	9.5%	9.4%

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

### Treasury Management Strategy 2022/23

#### Introduction

114. 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”.

115. 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.”

116. 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).”

117. 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.

118. 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.

119. 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.

120. 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)
  - Investments Officer

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.

121. 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.
122. 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.
123. The strategy covers:
- Current treasury position
  - Borrowing requirement
  - Treasury Indicators
  - Interest rate forecasts

- Borrowing strategy
- Investment strategy

### Current Treasury Position

124. The table below shows the Council's forecast treasury position as at 31 March 2022:

Table D11		Total £m	Average Interest Rate
<b>EXTERNAL BORROWING</b>			
Fixed Rate	PWLB	404.4	3.94%
	Market loans	90.0	3.83%
<b>Total External Borrowing</b>		<b>494.4</b>	
Other Long Term Liabilities		104.9	
<b>Total Gross Debt</b>		<b>599.3</b>	
Less: Cash balances		(25.4)	
<b>Total Net Debt</b>		<b>573.9</b>	

Note 1: PWLB = Public Works Loans Board

Note 2: Figures exclude accrued interest

### Borrowing Requirement

125. 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.
126. 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.
127. 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.

128. 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’.
129. 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 102, 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
130. 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.
131. 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.



	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Closing Capital Financing Requirement	816.0	835.0	868.0	854.0	839.0	822.0
Less:						
- Long-term liabilities	-108.2	-104.9	-105.6	-98.8	-92.3	-84.6
- Existing borrowing	-505.2	-494.4	-483.6	-472.8	-462.3	-452.2
- Cap Ex to be financed by borrowing (a)			-56.0	-18.0	-15.0	-14.0
- Cumulative replacement borrowing (b)			36.0	-15.6	-25.6	-32.4
<b>Internal borrowing (A)</b>	<b>202.6</b>	<b>235.7</b>	<b>258.8</b>	<b>248.8</b>	<b>243.8</b>	<b>238.8</b>
Cash and cash equivalents	62.2	26.1	20.0	20.0	20.0	20.0
Fixed investments	30.0	30.0	0	0	0	0
<b>Y/E investment balances (B)</b>	<b>92.2</b>	<b>56.1</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>
<b>Cash deployed (A+B)</b>	<b>294.8</b>	<b>291.8</b>	<b>278.8</b>	<b>268.8</b>	<b>263.8</b>	<b>258.8</b>
comprising:						
- Usable reserves	236.0	233.0	220.0	210.0	205.0	200.0
- Estimated provisions / working capital	58.8	58.8	58.8	58.8	58.8	58.8
<b>Cumulative minimum borrowing requirement (-a-b)</b>	<b>0.0</b>	<b>0.0</b>	<b>20.0</b>	<b>33.6</b>	<b>40.6</b>	<b>46.4</b>
Cumulative annual borrowing requirement	0.0	0.0	20.0	30.0	40.0	50.0

132. The table above shows that 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 £20m in 2022/23, with a further £30m from the financial markets over the subsequent 3 years, some £50m in total.
133. This forecast 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 delayed and so this £50m could be reduced.
134. 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.
135. 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.
136. 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.

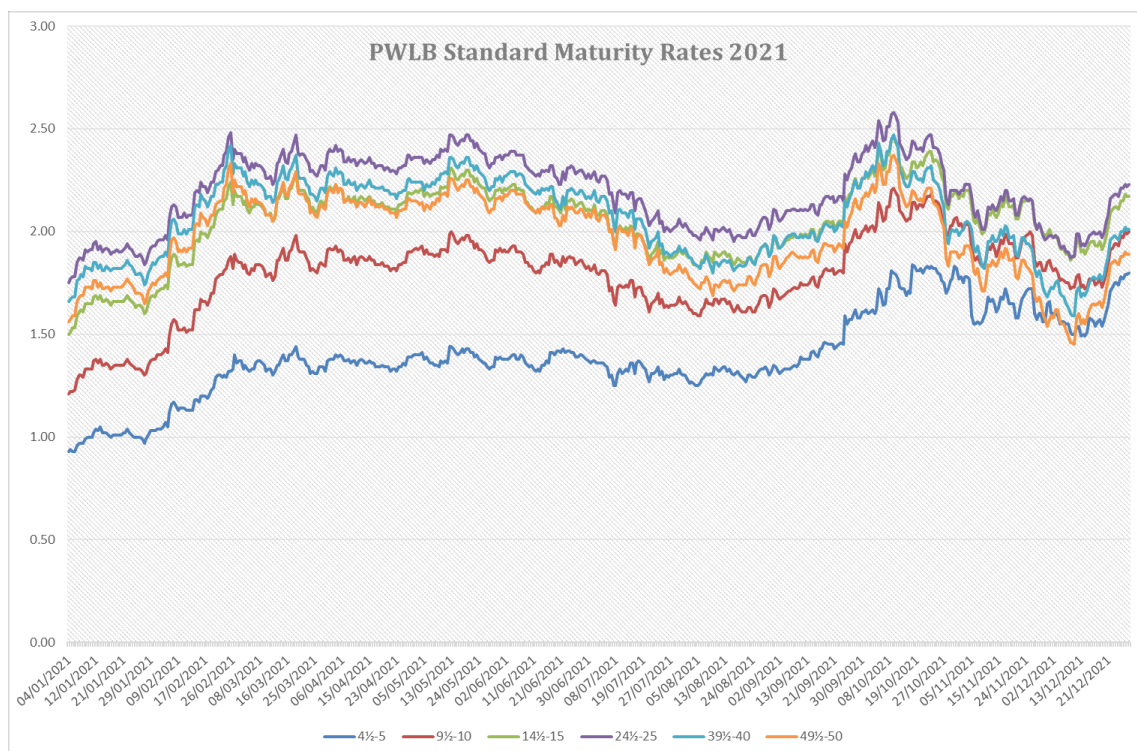
137. A summary of the proposed Treasury Management Indicators for the years to 2024/25 are set out in tables D13 and D14 below. Please note that the 'Authorised Limit and 'Operational Boundary' are detailed in paragraphs 105 and 106.

<b>Table D13 TREASURY INDICATORS</b>	<b>Proposed 2022/23 £m</b>	<b>Proposed 2023/24 £m</b>	<b>Proposed 2024/25 £m</b>
<b>Upper limit for Rate Exposure (fixed-term investments)</b>			
Fixed Rate	100%	100%	100%
Variable Rate	75%	75%	75%
<b>Upper limit for principal sums invested for over 364 days</b>	Higher of £20m or 15%	Higher of £20m or 15%	Higher of £20m or 15%

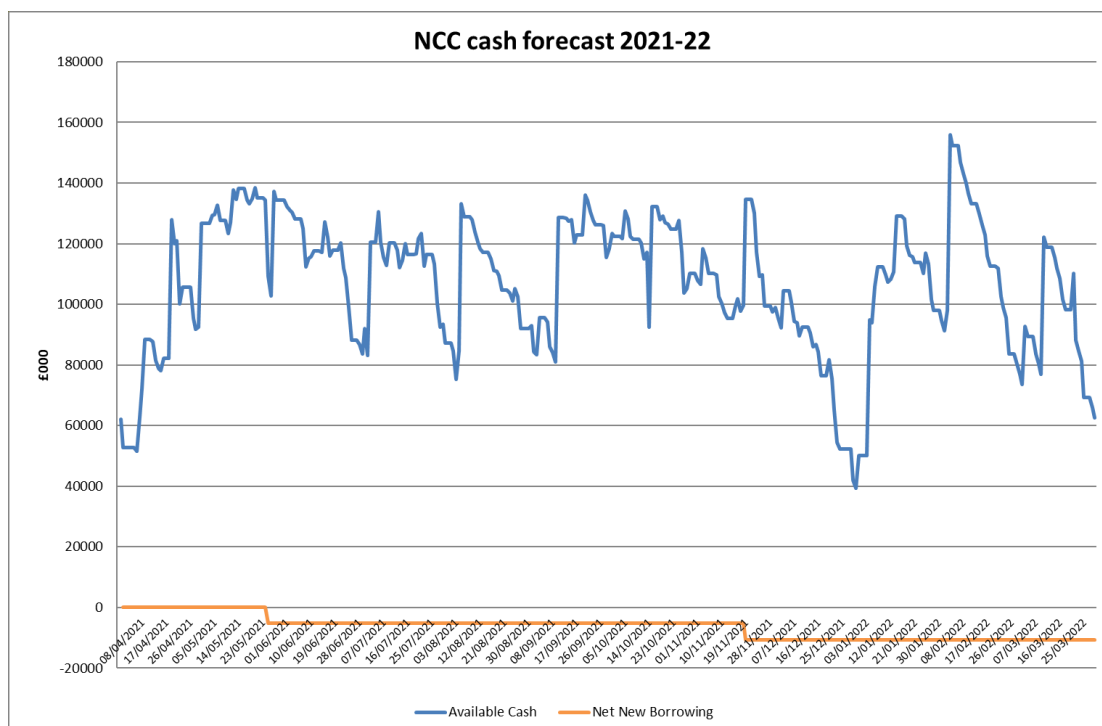
<b>Table D14 Maturity structure of fixed rate borrowing</b>	<b>Lower limit</b>	<b>Upper limit</b>
under 12 months	0%	25%
12 months and within 24 months	0%	25%
24 months and within 5 years	0%	75%
5 years and within 10 years	0%	100%
10 years and above	0%	100%
<b>Adoption of CIPFA's Treasury Management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

### **Borrowing Strategy**

138. PWLB rates increased towards the close of 2021, in line with inflation expectations. This can be seen in the chart below:



139. The chart below shows how the Council's instant-access cash position has progressed over the financial year to January 2022 and how it is forecast to progress until the year-end. This position varies over the course of the year but averages about £107m. 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.
140. The lower line shows the Council's net new borrowing which was negative over the course of the year. During 2021/22 approximately £10.8m matured and no new borrowing was undertaken.



141. 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'.
142. 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.
143. 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.
144. 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).
145. 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.

146. 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.
147. However, as at December 2021 short-term PWLB debt is around 0.5% 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.
148. 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.
149. 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
150. 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.
151. 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

152. During 2022/23 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.

153. 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.
154. 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 2022/23

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.
9. **Credit and counterparty risk**  
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
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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 (i.e. not 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.
27. **Liquidity risk**  
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 & Procurement), 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.

**32. Interest rate risk**

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*.

**36. Exchange rate risk**

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.

**38. Refinancing risk**

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*.

**42. Legal and regulatory risk**

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.

**46. Fraud, error and corruption, and contingency management**

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.

**48. Market risk**

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 tends to restrict 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 **SONIA** (Sterling Over Night Indexed Average) rate each year, which replaced the LIBID rate in December 2021.

53. Borrowing will be undertaken in accordance with the treasury management strategy and opportunities will 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 can now be carried out remotely and are set out in the Treasury Management team's Cash Process Notes. 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 markets 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*. A separate arrangement holds for any Pension Fund cash, for which separate cashflow projections are prepared.
75. As outlined in TMP5, daily cash flow forecasts are prepared in accordance with the team's Cash Process Notes, 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, and attendance at seminars and conferences for all team members as and when these become available. 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.



