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Our reference:
Your reference:
Date: Monday, 2 November 2020

To all Members of the Cabinet

Dear Councillor

A Virtual Meeting of the Cabinet will be held via Zoom on Tuesday, 10 November 2020 at 7.00 pm to consider the following items of business.

The meeting will be live streamed via YouTube for the public to listen and view via the link: <https://www.youtube.com/user/RushcliffeBC>

Note: Please be aware that until the meeting starts the live stream video will not be showing on the home page. For this reason, please keep refreshing the home page until you see the video appear.

Yours sincerely



Sanjit Sull
Monitoring Officer

AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Minutes of the Meeting held on 8 September 2020 (Pages 1 - 8)
4. Opposition Group Leaders' Questions

To answer questions submitted by Opposition Group Leaders on items on the agenda.

5. Citizens' Questions

To answer questions submitted by citizens on the Council or its services.

NON-KEY DECISIONS

6. Revenue and Capital Budget Monitoring 2020/21 - Financial and

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Thursday**
8.30am - 5pm
Wednesday
9.30am - 5pm
Friday
8.30am - 4.30pm

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Covid Update Quarter 2 (Pages 9 - 38)

The report of the Executive Manager – Finance and Corporate Services is attached.

7. Development Corporation (Pages 39 - 64)

The report of the Chief Executive is attached.

8. Acquisitions and Disposal Policy (Pages 65 - 78)

The report of the Executive Manager – Transformation is attached.

Membership

Chairman: Councillor S J Robinson

Vice-Chairman: Councillor A Edyvean

Councillors: A Brennan, R Inglis, G Moore and R Upton

Meeting Room Guidance

Mobile Phones: For the benefit of others please ensure that your mobile phone is switched off whilst you are in the meeting.

Recording at Meetings

The Openness of Local Government Bodies Regulations 2014 allows filming and recording by anyone attending a meeting. This is not within the Council's control.

Rushcliffe Borough Council is committed to being open and transparent in its decision making. As such, the Council will undertake audio recording of meetings which are open to the public, except where it is resolved that the public be excluded, as the information being discussed is confidential or otherwise exempt.



MINUTES OF THE MEETING OF THE CABINET

TUESDAY, 8 SEPTEMBER 2020

Held virtually at 7.00 pm and live streamed on the
Rushcliffe Borough Council YouTube channel

PRESENT:

Councillors S J Robinson (Chairman), D Mason (Vice-Chairman), A Edyvean,
R Inglis, G Moore and R Upton

ALSO IN ATTENDANCE:

Councillors B Gray and C Thomas

OFFICERS IN ATTENDANCE:

P Linfield	Executive Manager - Finance and Corporate Services
K Marriott	Chief Executive
D Mitchell	Executive Manager - Communities
S Sull	Monitoring Officer
H Tambini	Democratic Services Manager

APOLOGIES:

There were no apologies.

10 Declarations of Interest

There were no declarations of interest.

11 Minutes of the Meeting held on 14 July 2020

The minutes of the meeting held on Tuesday, 14 July 2020 were declared a true record and signed by the Chairman.

12 Opposition Group Leaders' Questions

Question from Councillor Thomas to Councillor Upton

“In light of government proposals to reduce the opportunities for consultation on planning applications, how is the Council ensuring that residents fully understand that the options for growth identified in the Greater Nottingham Strategic Plan consultation could lead to huge areas for development being allocated on their doorsteps?”

Councillor Upton responded by confirming that the current Growth Options consultation for the Greater Nottingham Strategic Plan has been publicised as widely as is possible, subject to national restrictions on activities during the pandemic. All statutory consultees, local stakeholders and others whose details were held by the Councils have been contacted directly. There has

been extensive use of social media to publicise the consultation. Alongside a dedicated Twitter site for the Strategic Plan, the Borough Council has promoted the consultation on its own Twitter, Facebook and Instagram accounts. There was a joint press release by the Councils concerning the consultation and the Borough Council has also published its own press release at the start of the consultation. There was a dedicated website, which provided full details for the consultation and hosted all the consultation and relevant background documents for everyone to view. The Borough Council had written to all Rushcliffe's town and parish councils with details of the consultation and asked them to, where possible, help publicise the consultation and its contents to their communities. The Growth Options was the first formal stage of preparing the Strategic Plan, prior to any decisions being made as to where further development might be located, and there would be further opportunities for Rushcliffe's communities to engage with the plan-making process as proposals emerged over the coming months.

Councillor Thomas asked a supplementary question to Councillor Upton.

"At the next stage of consultation, If Covid restrictions are still in place, will the Council consider targeted leafleting of residents or letters to particular areas, outdoor exhibitions and well publicised online events?"

Councillor Upton responded by stating that going forward it would be possible to undertake outdoor events and exhibitions and online events.

Question from Councillor Gray to Councillor Moore.

"In the Revenue and Capital Budget Monitoring 2020/21 – Financial and Covid Update Quarter 1. 4.5 there is mention of a loan to be agreed with the West Bridgford CIL and Special Expenses Group. For transparency and accountability, could the Portfolio Holder explain more about the details of this loan for the benefit of Councillors and the public who are less familiar with this internal borrowing process and clarify that the decision will be referred back to cabinet for ratification?"

Councillor Moore responded by stating that this was not something the Council would ordinarily do but these were exceptional times with the advent of Covid 19. Given that West Bridgford was not a parished area and the Special Expense area fulfilled that function the loan was likely to replicate the terms that had been offered to parish councils, therefore being fair and equitable, as a result of the impact of Covid 19.

Councillor Moore quoted from the Executive Manager – Finance and Corporate Services' correspondence sent to Parish Council Chairmen and Clerks on 23 June 2020:

"To cover temporary in-year losses, loans may be provided, interest free until 31 March 2021 and thereafter a rate of 2.5% will apply (the term of the loan is to be agreed). This will help support your cash flow in the short term as you consider your future budgets and precept requirements going forward."

The purpose of the West Bridgford Special Expense Group meeting would be to agree the terms of the loan given the budget implications for the West

Bridgford Special Expense area. The minutes of the meeting would be published and therefore be transparent, in the same way the Council had been transparent in the first instance that this decision needed to be taken. The agreement of the Special Expense was ultimately taken by Full Council, on a recommendation from Cabinet, and all members were therefore involved in agreeing that as part of the budget setting process. The new Group that had been set-up increased transparency and improved governance in the setting of the West Bridgford Special Expense and the Terms of Reference had been approved at Full Council on 16 July 2020, with amendments to the Constitution, which had again involved all Councillors. The Terms of Reference included the important role of the Finance Portfolio Holder Chairing the Group given that the Special Expense local tax feeds into the Council's capping limit for its overall level of Council Tax increase. In other words, excessive increases in West Bridgford local taxation could result in the Council breaching its own Council Tax capping limit. This was currently being reviewed, with the possibility of some future Government income, and an update would be given at the next meeting of the West Bridgford Special expenses Group.

13 Citizens' Questions

There were no questions.

14 Potential Local Government Reorganisation

The Leader presented the report of the Chief Executive providing an update on proposals for Local Government Reorganisation.

The Leader referred to the significance of this issue for everyone. It was anticipated that the Government's Devolution White Paper would be published in the autumn, which would set out the guidelines for future devolution. The Government's agenda was to simplify the local government landscape, incorporating cost and efficiency savings. Some authorities had already gone through unitarisation and reorganisation and as a proactive Council, it was considered to be both timely and pertinent to prepare the framework to go forward and take an active role in future negotiations. The recommendations contained in the report provided the Council with the framework to move forward and in particular to ensure that appropriate public consultation would take place, which would allow due consideration for affected parties and would respect local democracy. The importance of establishing a framework was reiterated to allow the Council to actively participate in the debate and negotiations going forward.

In seconding the recommendation, Councillor Mason reiterated the importance of this issue and the necessity to have an appropriate framework in place, together with full public consultation. There were different ways of delivering unitarisation and it was vital that the Council was proactive and involved in every stage of the decision making process, with all councils in Nottinghamshire being involved.

The Leader highlighted the different services provided by the District Councils and County Council, including waste collection and recycling and the fragmentation across the county, with the County Council being the Waste

Disposal Authority and District Councils making the collections. Going forward there would be opportunities to improve those services and the importance of full public consultation on those matters was reiterated. It was important to acknowledge that change would take place, the report set out the Council's position and framework to go forward, and all Councillors would be updated on any major issues at Full Council meetings.

It was RESOLVED that:

- a) the Leader of the Council and Chief Executive be authorised to undertake engagement regarding Local Government Reorganisation options including proper public consultation with all affected parties, and following a clear timescale to be agreed, which allows due consideration for affected parties and respects local democracy;
- b) the Local Government Reorganisation Member Group be re-formed, chaired by the Leader of the Council, to engage with the process and support Rushcliffe Borough Council's involvement in shaping the future of local government;
- c) a budget of up to £60,000 be allocated for working collectively with other local authority partners to identify and consult on the best options for the future;
- d) the Cabinet be updated regularly on the progress of any work; and
- e) preferred options for any future Local Government Reorganisation that affects Rushcliffe Borough Council be referred to Full Council for consideration and debate.

15 Revenue and Capital Budget Monitoring 2020/21 - Financial and Covid Update Quarter 1

The Portfolio Holder for Finance presented the report of the Executive Manager – Finance and Corporate Services outlining the budget position for revenue and capital at 30 June 2020.

The Portfolio Holder for Finance confirmed that as previously reported the impact of the Covid-19 pandemic has had a negative impact on the Council's finances. The anticipated budget gap had been partially offset by additional Government grants and in-house efficiencies, which had resulted in an overall net in-year budget gap of £422k, which was an improvement from the previous update reported to Cabinet in July 2020. The Capital Programme had a planned underspend of £24.8m largely due to slippage in two major schemes at the Bingham Hub and the Crematorium. The Council had entered into an agreement with Framework, which would lead to an additional investment of £150k to provide accommodation for rough sleepers, which was a commendable investment to help the more vulnerable. The report highlighted the Council's loss of income, additional costs and savings, with the reduction in total income and the support for leisure being the two most significant costs affecting the budget. Savings had been incurred from a number of areas, including increased, garden waste income, housing benefit subsidy, together

with management applied cost savings and efficiencies. In respect of net revenue efficiencies for the year to date, that was projected at £624k, with a pressure of £2.5m due to Covid-19, which equated to £1.9m. It was noted that the Council had received £1.52m in Government support, which had brought the projected budget gap down to £422k. The year-end figure would be updated by any further Government funding and the speed of recovery from the impact of Covid-19. Delays to Capital Receipts of £20m were expected, with some income being moved to the following year. It was confirmed that Nottinghamshire County Cricket Club had repaid the loan of £55,000 on 7 August 2020. In respect of Business Grants, it was noted that over £18m had been paid, which equated to over 91% of eligible businesses in the Borough. £389k in hardship payments had been made in relation to Council Tax support, with over 2,400 households benefitting from those payments. In respect of Discretionary Grants, 189 claims had been made, with £814k being paid to 62 claims, which equated to 84% of the available funds. It was pleasing to note that additional efficiencies had been identified, and together with Government support that had resulted in the budget gap for revenue being more manageable. Reference was made to the normal external financial pressures that affected the budget and it was reiterated that it was important that the Council continued to maintain a tight control over its finances, expenditure and reserves.

In seconding the recommendation, Councillor Edyvean referred to the challenge of managing the budget in such difficult times and commended and thanked officers in the Finance team for their hard work. Whilst the Council should not be complacent, the projected budget gap was significantly better than earlier projections and could be managed through further tight control.

It was RESOLVED that

- a) the projected net effect of in-year efficiencies (£0.624m) and Covid-19 pressures (£2.564m) and Covid Government funding (£1.518m) resulting in an expected net revenue position for the year of £0.422m be noted;
- b) a projected £2.864m net surplus on Business Rates as a result of additional S31 reliefs be noted and this surplus be transferred to the Organisation Stabilisation Reserve to offset the expected Collection Fund deficit in later years;
- c) the capital underspend of £24.8m as a result of planned programme slippage be noted; and
- d) the projected Special Expenses position with a projected deficit of £0.119m for the year be financed by a loan from the Council, with terms to be consulted on with the West Bridgford Community Infrastructure Levy (CIL) and Special Expenses Group.

16 Covid-19 Budget 2020/21 and Medium Term Financial Implications

The Portfolio Holder for Finance presented the report of the Executive Manager – Finance and Corporate Services providing an update on the budget position reported to Cabinet on 14 July 2020 of the projected impact of Covid-19,

together with an update on the expected budget for the year 2020/21 and the remainder of the current Medium Term Financial Strategy (MTFS).

The Portfolio Holder for Finance confirmed that two budget-briefing sessions had been held to update Councillors and those had been well attended. In March 2020, Full Council had approved the Council's annual budget; however, the impact of Covid-19 had resulted in financial pressures from loss of income and additional support costs. The Cabinet had received regular updates on those figures, together with details of the Government funding received. A number of changes had been made to budget projections to cover additional costs and reduced income and it was too early to speculate when some form of 'normality' would return. Prudent estimates had been made upon the levels of income expected in line with Government guidance. In respect of the current budget position, the report highlighted the ongoing work being undertaken on income streams and expenditure, including the leisure contract, which was a significant expense. As leisure facilities started to reopen fully again, the Leisure Centre Contract would be reviewed on 30 September and 31 December 2020, with details reported to Cabinet and the Corporate Overview Group. It was expected that as revenue streams returned the support package for leisure would be reduced; however, it should be noted that a cost of over £1m for the financial year was expected. In respect of the Capital Programme, the new Bingham Hub was out to tender, and there was progress with the Abbey Road development, with some positive signs of recovery. It was noted that the Capital Programme was £38m, which equated to a significant sum of money to invest in the local economy. Reference was made to the agreed repayment policy for the Arena, which would allow officers the flexibility to extend the repayment period if required. The report highlighted the Council's revised Transformation Policy, which included a savings target of £500k, based on efficiencies and increased income. It was noted that if there was a second wave of Covid-19, the current budget gap of £422k could rise to £1.7m and it was vital that the situation continued to be monitored. As expected, there had been an increase in demand for the Council's Hardship Fund, with 2,293 claims in the last year, and this fund had provided much needed support to residents who were struggling financially. This was an extremely difficult time for all local authorities, and it was important to acknowledge that this Council had and continued to be well managed with a healthy level of reserves, which in the short term had enabled it deal with this economic crisis, whilst still delivering its corporate objectives. However, it was acknowledged that the Council could not be complacent; Government funding had been welcomed, although future support would be limited, and officers were thanked again for their hard work and dedication.

In seconding the recommendation, Councillor Inglis referred to the unprecedented events that had occurred this year and the significant impact on the economy to the entire country and beyond. It was fortunate that this forward thinking Council had an excellent business acumen and had made prudent investments, brought in income from its assets and maintained a healthy level of reserves, which had proved invaluable. The significant challenges for the Council over the past six months were acknowledged; however, due to its resilience and management skills the budget had remained strong. The hard work and commitment of the Executive Manager for Finance and Corporate Services, his team, and the Portfolio Holder for Finance to address the issues that Covid-19 had presented was commended. The work

of other Council employees who had been seconded to help administer the grant claims so efficiently and expediently for the benefit of residents and businesses was also acknowledged. It was noted that difficult times still lay ahead, and the Council would continue to work hard to ensure that through prudent management of resources, the Council would remain resilient.

The Leader reiterated the comments made, and in particular thanked the Executive Manager for Finance and Corporate Services and his team for their hard work and asked that those thanks be passed onto his team on the behalf of Cabinet. Locally, the key importance of revitalising the economy and getting people back to work was acknowledged, as was the vital role that Councillors would play in encouraging that. It was pleasing to note that the leisure centres had reopened, with increased use of some facilities including Edwalton Golf Course and it was hoped that would be sustained. The Council remained ambitious, with a high profile Capital Programme in place, which would allow local residents to see the benefits from those capital investments.

It was RESOLVED that the following be approved for submission to Full Council:

- a) the revised projections to the 2020/21 revenue budget and remainder of the current Medium Term Financial Strategy (MTFS) as referred to in Appendix A of the report, as a result of the impact of Covid-19;
- b) the revised projections to the Capital Programme for 2020/21 and the impact on the Capital Programme over the MTFS as referred to in Appendix B of the report;
- c) the changes to the Transformation Strategy as referred to in Appendix C of the report;
- d) the Council Tax Hardship Fund Policy Paper as referred to in Appendix D of the report and its current application;
- e) the strategy of utilising in-year budget efficiencies, the Organisation Stabilisation reserve, reviewing the use of existing reserves, reduced use of Voluntary Revenue Provision and therefore use of New Homes Bonus; as fiscal levers so the Council balances the budget and delivers its corporate objectives, as referred to in paragraph 4.8.6 of the report; and
- f) the transfer of three reserves totalling to £0.524m, as referred to in paragraph 4.8.7 of the report, to the Organisation Stabilisation Reserve from 2020/21 and the revised anticipated position over the next five years as referred to in Appendix E of the report.

17 **Statement of Community Involvement**

The Portfolio Holder for Housing and Planning presented the report of the Executive Manager – Communities providing an update on the Statement of Community Involvement (SCI) for Planning Policy and Planning Applications.

The Portfolio Holder for Housing and Planning confirmed that it was a statutory

requirement that the Council should have a SCI, which set out how the Council would involve local residents in relation to planning consultations and planning applications. The current SCI had been adopted by Cabinet in March 2019; however, due to social distancing requirements imposed as a result of the Covid-19 pandemic, the SCI was no longer up to date and an Addendum had been drafted. The Addendum set out how the Council would ensure effective consultation on planning issues was maintained, in line with social distancing requirements, and it would be removed once those controls were no longer required.

In seconding the recommendation, Councillor Edyvean stated that it was important to ensure that appropriate consultation processes were maintained, and the Addendum highlighted how that would be effectively managed going forward.

The Leader reiterated the importance of ensuring that appropriate consultation continued and welcomed this pragmatic approach.

It was RESOLVED that the Statement of Community Involvement for Planning Policy and Planning Applications Addendum – Implications of the Coronavirus Pandemic be adopted.

The meeting closed at 7.38 pm.

CHAIRMAN



Cabinet

Tuesday, 10 November 2020

Revenue and Capital Budget Monitoring 2020/21 – Financial and Covid Update Quarter 2

Report of the Executive Manager – Finance and Corporate Services

Cabinet Portfolio Holder for Finance and Corporate Services, Councillor Gordon Moore

1. Purpose of report

- 1.1. This report presents the budget position for revenue and capital as at 30 September 2020. This report provides an update to the report to Cabinet on 8 September 2020 and includes the in-year variances along with variances resulting from Covid-19.
- 1.2. Given the current financial climate, particularly relating to the impact of Covid-19, it is imperative that the Council maintains due diligence with regards to its finances and ensures necessary action is taken to ensure a balanced budget is maintained.
- 1.3. As previously reported to Cabinet, the effects of Covid-19 have and will continue to have a negative impact on the Council's finances. The anticipated budget gap caused by the pandemic is partially offset by additional government grants and in-year efficiencies with an overall net in-year position of £0.244m budget gap. This position does not take into account the effects of the implementation of further restrictions from 14 October 2020 nor does it include potential income from the reimbursement of lost fees and charges. Further updates will be reported to Cabinet at Q3.
- 1.4. As previously reported the Capital Programme shows a planned underspend of £23.8m largely due to slippage in two major schemes (Bingham Hub and Crematorium) and uncommitted funds in the Asset Investment Strategy.
- 1.5. The report will request approval to formally carry forward Capital Provisions totalling £18.465m. Of which £17.965m to 2021/22 Capital Programme and £500k to 2022/23 Capital Programme.

2. Recommendation

It is RECOMMENDED that the Cabinet approve the attached report noting:

- a) the projected net effect of in-year efficiencies (£0.497m) and Covid-19 pressures (£2.355m) and Covid Government funding (£1.614m) resulting in an expected net revenue deficit for the year of £0.244m;
- b) a projected £3.017m net surplus on Business Rates as a result of additional S31 reliefs to be transferred to the Organisation Stabilisation Reserve to offset the expected Collection Fund deficit in later years;

- c) the £0.723m receipts are transferred to reserves as follows - £0.523m to Organisation Stabilisation and £0.2m to the Development Corporation Reserve;
- d) the capital underspend of £23.8m of which £18.465m to be carried forward: £17.965m to 2021/22 Capital Programme and £500k to 2022/23 Capital Programme;
- e) the projected Special Expenses position with a projected deficit of £0.082m for the year to be financed by a loan from the Council as agreed by the West Bridgford CIL and Special Expenses Group; and
- f) the six-month trial to engage Waste Investigations Support and Enforcement to deliver enforcement of environmental crimes (following on from Communities Scrutiny Group discussions).

3. Reasons for Recommendation

To demonstrate good governance in terms of scrutinising the Council's on-going financial position and compliance with Council Financial Regulations.

4. Supporting Evidence

Revenue Monitoring

- 4.1 The revenue monitoring statement by service area is attached at **Appendix A** with detailed variance analysis as at 30 September 2020 attached at **Appendix B**. For *this financial year* the budget gap including Covid related pressures and in-year efficiencies is expected to be at least £0.244m (expected position) and up to a worst case scenario of £0.9m (both scenarios take into account current Government funding of £1.614m). The recent announcement to move onto a tiered system of local lockdowns (and latterly to Tier 3) will have further financial impact on the projections and government have recently announced a package of new measures to support this. The Council's allocation is £0.1m and this is included in the above projections. The financial impact of the tiered lockdown announced in October is not yet known and will be included in both the Q3 and Q4 reports when further data is available. Table 1 below summarises the main variations from revenue efficiencies and Covid related pressures.

Table 1: Main Items Impacting on Current Revenue Budget

	Pressure/(Saving) (£m) 2020/21
<i>Reductions in income</i>	1.152
Hire of Facilities	0.155
Car Parking	0.310
Development Control	0.200
Council Tax Summons	0.100
Land Charges	0.050
Commercial Activity	0.170
Other Lost Income	0.167

Additional Costs	1.466
Anti-social behaviour/PPE	0.052
Leisure	1.008
Waste Collection/Street Cleansing	0.174
Homelessness	0.021
Increase in Bad Debt Provision	0.100
Other Costs	0.111
Total Covid Related Budget Pressure	2.618
Covid related savings	(0.214)
Furlough	(0.049)
Government funding	(1.614)
Total additional funding/savings	(1.877)
Net Budget Pressure	0.741
Projected In year costs/(savings):	
Pay award additional 0.75%	0.070
Vacancies	(0.307)
Rental Income (new property)	(0.122)
Garden Waste Income	(0.076)
Housing Benefit Subsidy	(0.123)
Diesel (price reduction)	(0.043)
Investment Income	(0.081)
Discretionary grants (Special Expenses)	(0.030)
Other revenue costs	0.215
Total projected in-year efficiency savings	(0.497)
Total Net Projected Budget Gap	0.244

4.2 **Appendix A** shows projected net revenue efficiency for the year to date of £0.497m and a pressure of £2.355m relating to Covid-19 totalling £1.858m. The Council has received £1.614m in additional Covid-19 support to bring the net projected budget gap to £0.244m. A surplus of £3.017m is anticipated for Business Rates relating to additional S31 grants (see paragraph 4.14). Furthermore, NDR Nottinghamshire pool receipts of £0.723m are anticipated. As discussed at paragraph 4.18 £0.2m is required to support the existing £0.1m Development Corporation Reserve. The remaining £0.523m is to be transferred to the Organisation Stabilisation Reserve. The overall revenue budget variation is £3.505m. This represents (30%) against the net expenditure budget and we currently anticipate £4.9m to be transferred to the Organisation Stabilisation Reserve the majority of which are to meet the anticipated future Business Rates reductions caused by Covid-19 referred to in the Q1 report and in paragraph 5.3.

4.3 **Appendix A** includes a Minimum Revenue Provision (MRP) of £1m. This is a provision that the Council is required to make each year to cover the internal borrowing costs for the Arena which will be funded by the New Homes Bonus. The MRP includes an element of Voluntary Repayment Provision (VRP) and Governance Scrutiny Group recommended to Council on 30 July 2020 that the option be made to withhold the VRP element to potentially use to support the

budget gap created by Covid-19. The Q1 report projected that the budget gap could be supported by the temporary use of reserves without the need to utilise the VRP and this remains the case, however the recent announcement for tighter local restrictions may result in a change to this position.

- 4.4 As documented at **Appendix B**, the financial position to date reflects a number of positive variances totalling £0.890m including additional rent from new property acquisitions (£0.147m), additional garden waste income (£0.076m), housing benefit subsidy (£0.123m) and efficiencies as a result of not delivering activities across the borough (£0.127m). There are several adverse variances totalling £2.667m. The majority of the adverse variances arise from lost income from reduced demand relating to Covid such as facility hire (£0.139m), planning applications (£0.200m), reduced car parking income (£0.310m) and additional payments to Parkwood (£1.008m).
- 4.5 On 14 October 2020 the Government announced further lockdown measures to help stop the spread of the virus. Further financial support packages were also announced aimed at supporting residents of the borough and the Council as a result of tighter restrictions:
- Test and Trace payments of £500 (to be administered by the Council) see paragraph 4.16;
 - Up to £3000 for four weeks for businesses that are forced to close in Tier 3;
 - LA's to get share of £1bn in a 4th tranche of funding. The Council have been allocated £0.1m. This is included in the above projections and is the lowest level of support received in Nottinghamshire by any of the districts; and
 - A 'per head' payment dependant on the local restrictions in place amounting to £20 per head of population for Business Support and £8 per head for enforcement.
- 4.6 **Appendix F** shows the Q2 position on the Special Expenses budget. Budgets within the Special Expenses area have been impacted by Covid-19, particularly on the loss of income from hire of venues and bar sales. These projections are included in the overall £1.858m projected revenue budget gap. The expected budget deficit for the year is £0.082m. This deficit is net of a proportion of Covid Government funding intended as reimbursement for lost income. The net deficit will be repaid by way of a loan which was agreed by the West Bridgford CIL and Special Expenses Group on 25 September 2020. The Special Expenses Budget will be approved by both Cabinet and Full Council (respectively in February and March 2021) with the Council's Medium Term Financial Strategy.

Capital Monitoring

- 4.7 The updated summary of the Capital Programme monitoring statement and funding position is shown at **Appendix C** as at 30 September 2020. **Appendix D** provides further details about the progress of the schemes, any necessary re-phasing and highlights efficiencies. The projected variance at this stage is £23.8m.
- 4.8 The original Capital Programme of £18.936m has been supplemented by a net brought forward and in-year adjustments of £19.435m giving a revised total of £38.371m. The net expenditure efficiency position of £23.8m is primarily due to the following:

- a) Bingham Leisure Hub £11.352m – £11m to carry forward to 2021/22;
- b) Crematorium £4.917m – £4.5m to carry forward to 2021/22;
- c) Support for RSLs: £1.080m – Commitments total £532k for Phase II Garage Sites and a contribution of £52k to Next Steps for Rough Sleepers. £1m of the projected underspend to carry forward: £500k to 2021/22 and £500k to 2022/23;
- d) Total carry forwards of 18.465m are requested. Details of the schemes are set out in **Appendix E**; and
- e) Asset Investment Strategy £3.828m – this is uncommitted and will be recommended to Council, as part of the MTFS 2021/22, to be removed from the Capital Programme.

4.9 The Council was due to receive capital receipts of £20m in the year, primarily from the disposal of surplus operational and investment property: Abbey Road Depot, Land at Hollygate Lane and also from an overage agreement in place for Sharphill Wood site. Covid-19 has impacted on the progress of these schemes with receipts projected to be £4.4m in 2020/21. Significant delays or reductions to capital receipts will affect the funding of the capital programme and may lead to either internal or external borrowing earlier than planned dependant on the progress of the capital programme and any slippage. Alternatively projects could be delayed or not proceed if deemed economically unviable. The current projected overall variance is likely to mean that any borrowing requirement can be met from internal resources with no recourse to borrow externally this financial year.

Covid-19 Update

4.10 The position in relation to Covid-19 was included in the Q1 report to Cabinet on 8 September 2020 and the paragraphs below provide an update to that position where necessary.

4.11 The retail and hospitality sector appeared to improve as a result of the 'Eat Out to Help Out' scheme in June 2020. However further local lockdowns announced in October 2020 will likely further impact on consumer confidence with further lockdowns potentially resulting in closure of parts of the sector. All five of our Leisure centres have re-opened with reduced capacity in most areas with bookings for group classes above 70% of capacity. The fitness suites have seen a slower recovery with between 20% and 45% of capacity currently being used. Swimming has recommenced however there is currently no casual swimming which is having an adverse impact on income receipts. Further lockdown measures will impact on demand for the leisure centres and the Council remains in close dialogue with its leisure providers.

4.12 It had previously been reported that as at 31 March 2020 the value of the Council's Multi Asset investments had dropped in value by £1.238m with an improvement of £0.643m to the end of July 2020. The recent increase in Covid cases and local measures implemented across the Country have had a further negative impact on the value of the investments. As at the end of September 2020, the improvement in the position has reduced to £0.578m. These are investments held for the long term and over time the expectation is that they will recover in value.

4.13 Data to 16 October 2020 shows collection rates for Council Tax has reduced by 0.9% equating to approximately £0.796m of cash not received. Business Rates

are currently behind by £0.57m (2.57%), although £0.6m of this relates to a newly rated property .The aforementioned reductions in cash received will create a deficit and a burden on future income streams albeit the County Council will take a significant proportion of the Council Tax deficit . Recent government announcements mean this deficit can now be spread over three years and this should reduce the burden in each year, nonetheless the burden will still be there.

- 4.14 The Council has paid out £18.025m in BEIS grants equating to 90.7% of approximately 1,700 eligible businesses. This scheme has now closed. Hardship Fund allocations committing in excess of £441k in relation to Council Tax support have also been made, i.e. circa 2600 payments and 86% of the £515k budget.
- 4.15 The Council commenced the discretionary grant scheme on 1 June 2020 with the criteria reviewed and expanded from 15 July 2020. The scheme has now closed. The Council had received 189 claims and paid 82 totalling £0.972m (all of the total available funds).
- 4.16 The Test and Trace scheme entitles eligible individuals to a Test and Trace Support Payment or discretionary support payment of £500 and aims to support people on low incomes who are unable to work from home if they are told to self-isolate by NHS Test and Trace and will lose income as a result. The Council went live with the scheme on 9 October 2020. The scheme will last until 31 January 2021 and Rushcliffe received funding of £30k for the main scheme and £18k for the discretionary scheme along with £24k for the set-up and administering the scheme for the four months it is in place. Additional funding can be requested only for the main scheme. At the time of writing 88 claims have been received, 27 payments made (totalling £13,500) and 29 applications rejected.
- 4.17 The government announced in July 2020 that it would be reimbursing local authorities for lost income from sales fees and charges under a 'co-payment scheme'. Councils are expected to absorb 5% of the losses and can then claim 75% of remaining losses incurred. There are exclusions such as commercial income and lost income where the Council contracts a third party provider. The first submission has been made for April to July 2020 losses and the Council estimates a reimbursement of £0.29m for this period; however, at the time of writing this has not yet been confirmed. Further submissions will be made in November and March 2021 with the reimbursement dependant on losses incurred.

Other budget issues

- 4.18 Development Corporation – This is covered in a separate report on this agenda. The proposals are to establish an interim vehicle of a dedicated and focussed team to develop the business case and progress development of the site. Rushcliffe's funding commitment is proposed to be £0.5m over three years, which is conditional on being match funded. This funding will consist of the current balance in the Development Corporation Reserve (£0.1m) further increased by £0.2m from the NDR pool surplus anticipated for 2020/21 (see paragraph 4.2) plus an allocation of £0.2m from the Climate Change Reserve.
- 4.19 The Communities Scrutiny Group requested that the Council look at how Enviro-Crime enforcement is resourced. Officers have assessed the current levels of

enviro-crime (particularly fly-tipping) and the resources available. It was identified that current resources are insufficient in light of the increase in fly tipping incidents in the borough. Two options were considered: additional staff resources (cost of £36k) and use of an external company: Waste Investigations Support and Enforcement (WISE) which would be a cost neutral solution where the Company retains income in relation to fixed penalty notices issued. The latter solution is considered better value for money for the Council and is the recommended way forward. WISE will be engaged on a six month trial to undertake enviro-crime enforcement. This company guarantee their services can be provided on a cost neutral basis as their costs are recovered from fixed penalty notices. The success or otherwise of this trial will be reported to Corporate Overview Group in a future performance management report.

4.20 Conclusion

4.20.1 The financial position for revenue has improved with a manageable anticipated budget gap of £0.244m (£0.422m at Q1). This is derived from Covid-19 pressures offset by in-year efficiencies and government funding. The situation is currently fluid and will be impacted upon by tightened restrictions and subsequent government funding. As detailed in the Covid Budget Update report on 8 September 2020, the Covid risks prevail beyond this current financial year and have to be managed. It is likely that income levels will not return to pre-covid levels for some time and therefore the Council must ensure it can support the shortfall.

4.20.2 To meet the current year projected deficit an appropriation from the Organisation Stabilisation Reserve will suffice without the need to use the VRP element of MRP. The Council is in a fortunate position that it has healthy reserves and can fund the budget gap in this way. However we will still aim to replenish reserves in future years to help manage both downside and upside risks.

4.20.3 The position on capital is currently positive and the delays in the capital programme means that it is not anticipated to externally borrow this financial year. Further opportunities and challenges can arise during the year, as demonstrated by the Tier 3 lockdown currently in place which will impact on the projected year-end position.

4.20.4 There remain external financial pressures from existing issues such as the uncertainty surrounding business rates retention, the fair funding review and comprehensive spending review that have now been delayed for a second year. The impact of BREXIT is still to be determined. Furthermore there are the Council's own challenges such as meeting its own environmental objectives. Against such a background, it is imperative that the Council continues to keep a tight control over its expenditure, identifies any impact from changing income streams, maintains progress against its Transformation Strategy and retains a healthy reserves position.

5 Risk and Uncertainties

5.1 Failure to comply with Financial Regulations in terms of reporting on both revenue and capital budgets could result in criticism from stakeholders, including both Councillors and the Council's external auditors.

- 5.2 Areas such as income can be volatile and are particularly influenced by public confidence and the general economic climate and Government legislation. This has been clearly evidenced by the impact of Covid and highlighted in Table 1.
- 5.3 Business rates is subject to specific risks given the volatile nature of the tax base with a small number of properties accounting for a disproportionate amount of tax revenue, notably in Rushcliffe Ratcliffe-on-Soar power station. Furthermore, changes in central government policy influences business rates received and their timing, for example policy changes on small business rates relief. Again Covid is likely to have a large impact on the Business Rates position as reported in the Q1 report to Cabinet hence the need to appropriate the in-year NDR surplus to smooth deficits in later years.
- 5.4 The Council is committed to improving the environment and reducing its carbon footprint. Addressing such risks will require funding with the Climate Change Reserve now created to facilitate such opportunities.
- 5.5 The Council needs to be properly insulated against such risks hence the need to ensure it has a sufficient level of reserves, as well as having the ability to use such reserves to support projects where there is 'upside risk' or there is a change in strategic direction.

6 Implications

6.1 Financial Implications

Financial implications are covered in the body of the report.

6.2 Legal Implications

The Council must set and maintain a balanced budget and must take steps to deal with any projected overspends and identify savings or other measures to bring budget pressures under control as detailed in this report.

6.3 Equalities Implications

None

6.4 Section 17 of the Crime and Disorder Act 1998 Implications

None

7. Link to Corporate Priorities

Quality of Life	The budget resources the Corporate Strategy and, therefore, resources all corporate priorities.
Efficient Services	
Sustainable Growth	
The Environment	

8. Recommendation

It is RECOMMENDED that the Cabinet approve the attached report noting:

- (a) the projected net effect of in-year efficiencies (£0.497m) and Covid-19 pressures (£2.355m) and Covid Government funding (£1.614m) resulting in an expected net revenue deficit for the year of £0.244m;
- (b) a projected £3.017m net surplus on Business Rates as a result of additional S31 reliefs to be transferred to the Organisation Stabilisation Reserve to offset the expected Collection Fund deficit in later years;
- (c) the £0.723m receipts are transferred to reserves as follows - £0.523m to Organisation Stabilisation and £0.2m to the Development Corporation Reserve;
- (d) the capital underspend of £23.8m of which £18.465m to be carried forward: £17.965m to 2021/22 Capital Programme and £500k to 2022/23 Capital Programme;
- (e) the projected Special Expenses position with a projected deficit of £0.082m for the year to be financed by a loan from the Council as agreed by the West Bridgford CIL and Special Expenses Group; and
- (f) the six month trial to engage Waste Investigations Support and Enforcement to deliver enforcement of environmental crimes (following on from Communities Scrutiny Group discussions).

For more information contact:	Peter Linfield Executive Manager – Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Council 7 March 2019 – 2019-20 Budget and Financial Strategy; Cabinet 8 September 2020 – Revenue and Capital Budget Monitoring Q1 Council 24 September 2020 - Covid 19 Budget 2020/21 and Medium-Term Financial Implications
List of appendices (if any):	Appendix A – Revenue Outturn Position 2020/21 – September 2020 Appendix B – Revenue Variance Explanations Appendix C – Capital Programme 2020/21 – September 2020 Position Appendix D – Capital Variance Explanations Appendix E – Capital Slippage details Appendix F – Special Expenses Monitoring

Revenue Outturn Position 2020/21 – September 2020

	Original Budget £'000	Revised Budget £'000	Projected Outturn £'000	Projected Outturn Variance £'000
Communities	2,907	2,927	3,460	533
Finance & Corporate Services	3,443	3,521	3,414	(107)
Neighbourhoods	6,521	6,524	8,081	1,557
Transformation	2	171	46	(125)
Sub Total	12,873	13,143	15,001	1,858
Capital Accounting Reversals	-2,131	-2,131	-2,131	0
Minimum Revenue Provision	1,000	1,000	1,000	0
Total Net Service Expenditure	11,742	12,012	13,870	1,858
Grant Income	-2,329	-2,329	-3,952	-1,623
Business Rates (including SBRR)	-3,984	-3,984	-7,724	-3,740
Council Tax	-6,991	-6,991	-6,991	0
Collection Fund Surplus	-444	-444	-444	0
Total Funding	-13,748	-13,748	-19,111	-5,363
Surplus (-)/Deficit on Revenue Budget	-2,006	-1,736	-5,241	-3,505
Capital Expenditure financed from reserves	147	147	147	0
Net Transfer to (-)/from Reserves	-1,859	-1,589	-5,094	-3,505

Revenue Variance Explanations (over £15k)

ADVERSE VARIANCES in excess of £15,000	Reason	Projected Outturn Variance £'000
Communities		
COMMUNITY DEVELOPMENT	Loss of income from facility hire and additional responsive works costs	139
PLANNING & GROWTH	Loss of planning income	369
PLANNING POLICY	Loss of land charges income and additional staff costs	72
Finance & Corporate Services		
DEMOCRATIC SERVICES	Additional equipment for remote/virtual meetings	50
FINANCIAL SERVICES	Increase in bad debt provision and increased bank commission charges	130
ICT	Maintenance Contracts	24
Neighbourhoods		
ENVIRONMENTAL HEALTH	Loss of licensing income	45
LEISURE CONTRACTS & CAR PARKS	Increased payments to Parkwood and loss of car parking income	1,377
STRATEGIC HOUSING	Emergency Accommodation and social distancing costs for homeless	74
WASTE & FLEET MANAGEMENT	Additional agency costs and increase to cleansing of Recycling Bays	251
Transformation		
PROPERTY SERVICES	Reduced rental income from current tenants and loss of rental income on planned acquisition	136
Total Adverse Variances		2,667

Revenue Variance Explanations (over £15k)

FAVOURABLE VARIANCES in excess of £15,000		Projected Outturn Variance £'000
Communities		
COMMUNITY DEVELOPMENT	Savings on activity costs and furlough income	-127
PLANNING POLICY	Contribution to Strategic Site Delivery Officer post (NCC)	-30
PLANNING & GROWTH	Vacancies	-21
Finance		
REVENUES & BENEFITS	Increase in HB subsidy	-123
FINANCIAL SERVICES	Investment Income	-81
PERFORMANCE, REPTN & COMMS	External Printing	-20
Neighbourhoods		
STRATEGIC HOUSING	Vacancies	-20
WASTE & FLEET MANAGEMENT	Additional garden waste income, savings on vacant posts and price of diesel plus additional glass recycling	-226
Transformation		
BSU	Vacancies	-51
LEGAL	Vacancies	-44
PROPERTY SERVICES	Increased occupation of property and new acquisition rent	-147
Total Favourable Variances		-890
Sum of Minor Variances		81
TOTAL VARIANCE		1,858

Capital Programme Summary September 2020

CAPITAL PROGRAMME MONITORING - SEPTEMBER 2020				Explanations
EXPENDITURE SUMMARY	Current	Projected	Projected	
	Budget	Actual	Variance	
	£000	£000	£000	
Transformation	22,921	5,673	(17,248)	£16.450m to be slipped to 21/22 primarily for Bingham Hub and The Crematorium. Some works on Investment Properties also deferred.
Neighbourhoods	3,846	1,792	(2,054)	£1.565m to be slipped to 21/22 and 22/23. Of which £1m Support for Registered Housing Providers not wholly committed; some planned vehicle acquisitions and KLC Roof works deferred to 21/22. DFG grant releases in first half of year slow due to COVID19 impact.
Communities	2,487	1,973	(514)	£400k to be slipped to 21/22 primarily for RCP Visitor Centre enhancements and some Community Hall works. Balance of Skate park grants £80k potential saving.
Finance & Corporate Services	8,967	5,084	(3,883)	£50k IT scheme slipped to 21/22. Balance of the Asset Investment Strategy £3.828m to be removed from the programme.
Contingency	150	0	(150)	Capital Contingency balance not yet allocated.
	38,371	14,522	(23,849)	
FINANCING ANALYSIS				
Capital Receipts	(12,866)	(7,740)	5,126	Intention to use capital receipts to fund expenditure before recourse to internally/externally borrow.
Government Grants	(3,298)	(512)	2,786	
Use of Reserves	(1,075)	(607)	-	

CAPITAL PROGRAMME MONITORING - SEPTEMBER 2020				Explanations
Grants/Contributions	(610)	(610)	2,818	
Section 106 Monies	(4,052)	(1,234)	468	
Borrowing	(16,470)	(3,819)	12,651	Intention to use capital receipts to fund expenditure before recourse to internally/externally borrow.
	(38,371)	(14,522)	23,849	
NET EXPENDITURE	-	-	-	

Capital Programme 2020/21 – September 2020 Position

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
TRANSFORMATION							
Manvers Business Park Surface/Drain		42			35	(7)	Contractor appointed; site commencement delayed COVID19. Works nearing completion, invoice to follow.
Colliers Business Park Surface/Drain		46			30	(16)	Contractor appointed; site commencement delayed COVID19. Works completed and invoice to follow - works to make foul sewer connection packaged together and £17k provision merged from Colliers Scheme below.
Cotgrave Phase 2		2,389	1,195	299	1,819	(570)	Main contractor appointed; site commencement delayed COVID19. Site construction starting end July with projected completion

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
							Feb 21. £570k to be slipped to 21/22.
Bingham Leisure Hub	10,000	14,408	500	296	3,056	(11,352)	Build contract out to tender 01.09.20. SUD funding provisional award of £1.6m, final bid submitted. Detailed cost plans keep projected overall expenditure within the £20m budget. £11m to be slipped to 21/22.
Manvers Business Park Roof Refurbishment		200				(200)	Provision to be slipped to 21/22
Manvers Business Park Roller Shutters		100				(100)	Provision to be slipped to 21/22
Bridgford Park Public Toilets		25			20	(5)	Site commencement delayed COVID19. Start on site w/c 14th Sept - completion anticipated mid October.
Water Course Improvements	60	60				(60)	Provision to be slipped to 21/22
The Point CP Security Gate	20	20				(20)	Provision to be slipped to 21/22

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
The Point		15	15	14	14	(1)	Waterproofing works to Car Park complete.
Colliers Way Industrial Units							Brought forward provision of £17k merged with Colliers BP Surface Drain above.
Abbey Road Redevelopment		340	170	150	340		Continuance of remedial works to site prior to disposal.
Bingham Market Place Improvements	75	89	40	9	89		Tree replacement and incidental paving work complete (£22k in 19/20 and £10k in 20/21). Buttercross design/procurement planned for late summer/early autumn.
Bridgford Hall Enhancements		20			20		Contingency allocation for roof and external decoration enhancements.
The Crematorium	4,800	5,167			250	(4,917)	Land acquired 19/20. Cabinet report 14.07.20 for approval to progress to design stage. Build likely 21/22.

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
							Project Management/design team appointed. £4.5m to be slipped to 21/22.
	14,955	22,921	1,920	768	5,673	(17,248)	
NEIGHBOURHOODS							
Vehicle Replacement	612	612	184	182	182	(430)	32t Refuse Freighter bought; £330k acquisitions to be slipped to 21/22; £100k balance is uncommitted.
Support for Registered Housing Providers	216	1,612			532	(1,080)	£480k contribution committed for second phase garage sites to deliver 30 units of affordable housing. Start on site date to be confirmed. £52k committed for 2 units of Next Steps accommodation for Rough Sleepers and remodelling of Elizabeth House. £1m to be slipped to future years.

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
Assistive Technology	12	17	8		17		Provision for Home alarm units for the vulnerable.
Discretionary Top Ups	57	57	28		25	(32)	Grant activity slowed in first quarter due to COVID19 impact. Likely underspend.
Disabled Facilities Grants	490	627	258	133	450	(177)	Grant activity slowed in first quarter due to COVID19 impact. Likely underspend.
Hound Lodge Access Control System		25			25		Scheme not yet commissioned but completion anticipated by year end.
Hound Lodge Annexe Patio Doors	35	35			20	(15)	Scheme designed; out to tender end July; site works projected for completion by November. Contractor appointed; works on site Oct/Nov.
Bowls Hall Replacement Furniture	15	15				(15)	Provision to be slipped to 21/22
Arena Enhancements		115	57	5	115		Residual provision to deal with emerging enhancement, health and safety works.

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
Car Park Resurfacing		215			215		Design to commence shortly; procurement will follow. Works on site Mar/Apr.
Car Park Improvements - Lighting WB		48			48		Scheme designed; procurement delayed by Covid. Works on site anticipated Feb/Mar.
Car Park Improvements - Lighting Other		102			102		Scheme designed; procurement delayed by Covid. Works on site anticipated Feb/Mar.
CLC Changing Village Enhancements		12			12		Provision for Fire Doors, installation complete. Payment to be processed.
CLC Pool Lining		25	25	24	24	(1)	Allocation from Capital Contingency to undertake work during COVID19 closure. Works complete.
BLC Improvements		109			25	(84)	Residual provision to deal with emerging health and safety enhancement works prior to construction of new leisure centre. £25k

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
							committed for high level cladding to Sports Hall.
KLC Refurb Pitched/Flat Roof Areas	220	220				(220)	Provision to be slipped to 21/22
	1,657	3,846	560	344	1,792	(2,054)	
COMMUNITIES							
Gresham Pitches and 3 G Lighting	1,000	1,295			1,295		Contractor appointed. Scheme funded by grant from Football Foundation (up to £500k) £760k from Section 106 Developer Contributions, £35k Capital Receipts for lighting. Increased FF bid to be submitted in order to do grass pitches. If approved, the total provision will increase.
Gamston Community Centre Toilets	45	45				(45)	Provision to be slipped to 21/22
Lutterell Hall Kitchens and Toilets	50	50			50		Scheme paused temporarily whilst operation and operator are reviewed. Additional

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
							works may need to be undertaken which will be met by acceleration provision made in 21/22 Capital Programme.
Gresham Upgrade 3G Pitch Lighting	35						To ensure uniformity of lighting and ease of maintenance, Property decided that lighting to existing pitch will be replaced in tandem with installation of lighting to new pitch - scheme budget merged with that for new pitch above.
RCP Front Footpath Improvements	15	15				(15)	Provision to be slipped to 21/22
RCP Visitor Centre	250	285				(285)	£35k transferred from Education Building. Provision to be slipped to 21/22.
VE 75th Commemoration	20	20				(20)	Celebrations on hold due to COVID.
RCP Toilets and Educational Building		10			10		Mini refurb on 'log cabin' public toilets planned in this calendar year to

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
							maintain standard balance £35k transferred to RCP Visitor Centre for more substantial upgrade to facilities.
Capital Grant Funding		59			50	(9)	2 grants approved £20k, 2 pending applications £30k, £9k unallocated can be given up as a saving.
RCP Vehicle Access Controls		15				(15)	Provision to be slipped to 21/22
Play Areas - Special Expense	50	69			69		£81k allocated to Boundary Road Cycle Track. Design options for the balance of this provision for a scheme to be delivered January 21.
Boundary Rd Cycle Track Special Expense		81			81		£81k allocated from the provision for Play Areas. Scheme scoped and out to tender September. Works likely late September/October.

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
RCP Skatepark	220	218			218		Out to tender. Works to commence Q4, potential for slippage.
West Park Fencing and Drainage		25			25		Contractor appointed; site commencement delayed COVID19. Works now complete, invoice to follow.
West Park Car Park Lighting		25			25		Scheme designed; procurement delayed by Covid. Works on site anticipated Feb/Mar.
West Park Public Toilet Upgrade		20			20		Scheme design advanced; out to tender in Sept with works on site in Nov.
West Park Julien Cahn Pavilion		40				(40)	Provision to be slipped to 21/22
Skateboard Parks		190			110	(80)	£110k committed to RCP Skate park. Potential new allocation of £35k being assessed. Balance of £45k unallocated and likely to be offered up as a saving.

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
Warm Homes on Prescription	54	25	13	2	20	(5)	Grant activity slowed in first quarter due to COVID19 impact. Likely underspend.
	1,739	2,487	13	2	1,973	(514)	
FINANCE & CORPORATE SERVICES							
Information Systems Strategy	335	435	325	214	380	(55)	Acquisitions under the strategy continue to support business development. £50k provision to be slipped to 21/22 for Edge Switches.
Streetwise Loan 20/21	150	150			150		Loan advance agreed for 30.10.20
Asset Investment Strategy		8,382	2,096	2,083	4,554	(3,828)	£4.554m committed to two acquisition of Business Units in West Bridgford. One now complete with the second due Sept/Oct. Balance of £3.828m to be taken out of the programme.
	485	8,967	2,421	2,297	5,084	(3,883)	
CONTINGENCY							
Contingency	100	150				(150)	Original Estimate £100k plus brought forward £95k less

	Original Budget £000	Current Budget £000	Budget YTD £000	Actual YTD £000	Projected Actual £000	Variance £'000	
							£25k to undertake work to CLC Pool Lining during COVID19 closure; £20k Bridgford Hall Enhancements. Balance not yet committed.
	100	150				(150)	
TOTAL	18,936	38,371	4,914	3,411	14,522	(23,849)	

20/21 Capital Schemes to be slipped:	20/21	21/22	22/23
Transformation			
Cotgrave Phase 2	(570)	570	
Bingham Leisure Hub	(11,000)	11,000	
Manvers Business Park Roof Refurbishment	(200)	200	
Manvers Business Park Roller Shutters	(100)	100	
Water Course Improvements	(60)	60	
The Point CP Security Gate	(20)	20	
The Crematorium	(4,500)	4,500	
Sub-total Transformation	(16,450)	16,450	0
Neighbourhoods			
Vehicle Replacement	(330)	330	
Support for Registered Housing Providers	(1,000)	500	500
Bowls Hall Replacement Furniture	(15)	15	
KLC Refurb Pitched/Flat Roofs	(220)	220	
Sub-total Neighbourhoods	(1,565)	1,065	500
Communities			
Gamston Community Centre Toilets	(45)	45	
RCP Front Footpath Improvements	(15)	15	
RCP Visitor Centre and Education Building	(285)	285	
RCP Vehicle Access Controls	(15)	15	
West Park Julien Cahn Pavilion	(40)	40	
Sub-total Communities	(400)	400	0
Finance and Corporate			
IS Strategy	(50)	50	
Sub-total Finance and Corporate	(50)	50	0
TOTAL	(18,465)	17,965	500

Budget Monitoring for Special Expense Areas - Quarter 2

	2020/21 Original	2020/21 Revised	Actual to Q2	2020/21 Projected	Reasons for variance
	£	£	£	£	
West Bridgford					
Parks & Playing Fields	404,100	405,000	266,173	493,800	Loss of income from sports hire and additional security on Bridgford Park
West Bridgford Town Centre	55,900	55,900	15,134	55,900	
Community Halls	68,700	69,800	68,560	129,500	Loss of income from facility hire as a result of Covid-19
Seats & Litter Bins	300	300	0	300	
Contingency	14,700	14,700	0	14,700	
Annuity Charges	76,800	76,800	0	76,800	
RCCO	50,000	50,000	0	50,000	
Sinking Fund (The Hook)	20,000	20,000	0	20,000	
Total	690,500	692,500	349,867	841,000	
Keyworth					
Cemetery	8,800	8,800	4,400	8,800	
Annuity Charge	1,300	1,300	0	1,300	
Total	10,100	10,100	4,400	10,100	

Budget Monitoring for Special Expense Areas - Quarter 2

	2020/21 Original	2020/21 Revised	Actual to Q2	2020/21 Projected	Reasons for variance
Ruddington					
Cemetery & Annuity Charges	11,300	11,300	5,650	11,300	
Total	11,300	11,300	5,650	11,300	
Government Income Loss reimbursement	0	0	0	-66,300	
TOTAL SPECIAL EXPENSES	711,900	713,900	359,917	796,100	Budget deficit of £82.2k to be met from loan

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Cabinet

Tuesday, 10 November 2020

Development Corporation

Report of the Chief Executive

Portfolio Holder for Strategic and Borough Wide Leadership Councillor S J Robinson

1. Purpose of report

- 1.1. As previously presented to Cabinet in February 2020 and Council in March 2020, the Ratcliffe on Soar site in Rushcliffe is one of the three sites in the proposals for an East Midlands Development Corporation (EMDC).
- 1.2. This report provides background on, and progress to date of, the East Midlands Development Corporation Programme; specifically, to seek approval for Rushcliffe Borough Council's involvement in the establishment of an Interim Vehicle from January 2021 for a period of three years, to maintain the momentum prior to a Statutory Development Corporation being created by Parliament.

2. Recommendation

It is RECOMMENDED that the Cabinet:

- a) notes the progress made to date of the East Midlands Development Corporation Programme, and the establishment of an interim vehicle;
- b) approves the principle of making a financial contribution to support the interim vehicle over the next three years, subject to further negotiation and agreement by Council and subject to match funding from other affected local authorities and Government and, thereafter, the funding arrangements to be included within the Medium Term Financial Strategy for 2021/22 onwards;
- c) requests the Chief Executive to prepare a report including further detail on the Interim Vehicle and Rushcliffe Borough Council's involvement in it to be ratified by Full Council in December 2020; and
- d) approves in principle the Council entering into the Members' Agreement and participating in the incorporation of the Interim Vehicle Company Limited by Guarantee and delegates authority to the Leader and Chief Executive for agreeing the final form of the Members' Agreement and Articles of Association subject to agreement by Council.

3. Reasons for Recommendation

- 3.1. Subject to the approval of the recommendations in this report, a report will be taken to Council in December 2020 to ratify the decision for Rushcliffe Borough Council to be involved in the Interim Vehicle (EM Dev Co), both financially and as part of the board of the Company Limited by Guarantee (CLG).
- 3.2. If established and supported with the required resources and expertise the Development Corporation would attract nationally and internationally significant investment and development into the East Midlands and more specifically in to the Ratcliffe on Soar Power Station site. It is believed that this type of investment is not something that Rushcliffe, or the owners of the power station, could attract on their own.
- 3.3. Following the Government announcement regarding the decommissioning of coal-fired power stations, Ratcliffe on Soar Power Station is due to be decommissioned by 2025. This could have a significant impact on the Borough both financially (loss of business rates) and with the potential to have a very large derelict site at the entrance to the Borough from the A453. The Development Corporation would provide greater certainty on the redevelopment of the site, leveraging investment and resources to support delivery.

4. Supporting Information

- 4.1. As previously reported (Cabinet February 2020), in February 2019 the Government approved funding for a two year programme to explore the business case for a locally led development delivery vehicle for the East Midlands and asked the Midlands Engine to lead the work. The Midlands Engine was asked to consider three locations in the East Midlands; specifically, Ratcliffe on Soar Power Station site (in Rushcliffe), Toton and Chetwynd Barracks (in Broxtowe), and East Midlands Airport (in North West Leicestershire).
- 4.2. The development corporation programme is overseen by an Oversight Board (now known as The Alchemy Board) supported by an Executive Group. The Alchemy Board is made up of Leaders from the region's upper tier local authorities and directly affected districts (Rushcliffe, Broxtowe and North West Leicestershire) alongside private sector, business community, central government, LEP's, and university representatives. The Executive Group is a smaller group of executive officers. Both are chaired by Sir John Peace, as chairman of the Midlands Engine. Anthony May (Chief Executive of Nottinghamshire County Council and Chair of the Midlands Engine Operating Board) is the Senior Responsible Officer. The executive group will be superseded by the Company Limited by Guarantee as covered below.
- 4.3. The overall ambition of the EMDC is to supercharge a new era of growth for the regional economy by enabling projects which build directly on the potential of HS2, the region's status as a major trade and logistics gateway and its historic

strengths in research and development and industrial innovation; particularly research and innovation related to the emerging low carbon economy.

- 4.4. For the purposes of Government assessment, the team considered a range of different scenarios. The initial analysis indicates that the emerging proposition, across the three sites, could deliver 4,500 homes, an additional 84,000 jobs across the region and £4.8bn GVA growth per annum for the region.
- 4.5. The EMDC will contribute substantially to inclusive, zero carbon growth and “levelling up” by initially realising the potential of the three key sites:
- HS2 Hub at Toton & Chetwynd - a new destination for knowledge-driven jobs and an exemplar zero carbon mixed-use community, showcasing next generation living, with a HS2 hub station offering unrivalled connectivity;
 - Ratcliffe Power Station and East Midlands Airport Area that together will provide a demonstrator for new technologies and methods of:
 - production and energy generation and supply
 - transport and digital connectivity
 - a proposal to be the UK’s only Inland Freeport with the Country’s largest and only 24-hour dedicated air freight hub being its main entry point to the freeport
 - a global multi-modal hub and centre for trade and logistics with substantial housing growth proposed across the wider area
 - creation of “ZERO” on the Ratcliffe Power Station site, an international centre for the development of market-ready zero emission technologies.
- 4.6. In addition to the broad programme benefits outlined in Para 4.5, there are a number of specific benefits for each of the five authority areas (three districts and two counties). For Rushcliffe Borough Council the identified benefits include the development of a comprehensive and integrated plan for the area in and around the Ratcliffe on Soar Power Station which will create a series of attractive and deliverable investment propositions including:
- A world-class green and blue environmental investment programme with R&D in climate change and zero carbon;
 - employment opportunities and infrastructure investment;
 - Investment in major infrastructure improvements which include; enhanced links to the A453 and A50 – including the option to dual the A453 connection to the A42;
 - Enhanced transport links;
 - Shared benefits from the key sites in the wider East Midlands; and Development Corporation programme.
- 4.7. Work is continuing on the preparation of the detailed business case, which will set out to Government how the proposals meet the criteria for public sector intervention. It will establish a case for change, a value for money assessment, commercial viability, financial affordability and a route to delivery. It is anticipated that this will be submitted to Government in March 2021.

- 4.8. The proposal for the Development Corporation in the East Midlands identified the need for a new form of development corporation to be established to meet the needs of the East Midlands creating a locally led urban development corporation. This model does not currently exist and, therefore, if agreed by Government it would require legislation to establish this hybrid model of development corporation.
- 4.9. There has been an ongoing and positive dialogue with Government regarding the most appropriate legislative pathway to establish this new type of Development Corporation:
- In January 2020, the Midlands Engine responded to the MHCLG 'Development Corporation Reform: Technical Consultation';
 - In July 2020 the Secretary of State confirmed his support for the establishment of an Interim Vehicle, to continue to build momentum prior to the creation of a statutory Development Corporation; and
 - In August 2020, the [Planning White Paper consultation "Planning for the Future"](#) included positive reference to the Development Corporation work on page 69 with the following statement:
"As we bring forward planning reform, we also want to ensure we have in place the right delivery mechanisms, including development corporations. A good example that we are already progressing is development at Toton in the East Midlands, where we have announced our intention to support the establishment of a development corporation to maximise the area's international links and create tens of thousands of new homes and jobs. We want to see more schemes of this kind, backed by modern delivery models, around the country."
- 4.10. The Parliamentary processes required to establish a new type of development corporation will take time and at the July meeting of the Alchemy Board, partners endorsed the establishment of an Interim Vehicle to maintain momentum, subject to approval of the five directly affected local authorities.

Establishment of the Interim Vehicle

- 4.11. Since the report to Cabinet in February, more work has been done by the consultant teams, development corporation programme team and officers from Rushcliffe to establish the detail of the arrangements for the interim vehicle. The proposal is for the interim vehicle to be a company limited by guarantee (CLG).
- 4.12. Subject to the approval of the recommendations in this report and report to Council in December 2020, the Interim Vehicle, to be known as EM Devco will be incorporated in January 2021. The five local authorities with administrative responsibilities within the current scope of the programme (Toton, Chetwynd Barracks, East Midlands Airport Area and the power station at Ratcliffe on Soar), will be the members of the company shall all need to approve similar recommendations:

- Broxtowe Borough Council
- Leicestershire County Council
- North West Leicestershire District Council
- Nottinghamshire County Council
- Rushcliffe Borough Council.

4.13. The Interim Vehicle will, in part, mirror the intended form of the statutory Development Corporation and will consist of:

- An Oversight Authority comprising the five local authorities who will be the guarantee holders and corporate 'Members' of the CLG (this is different to the Alchemy Board);
- An independent skills-based board of directors, including up to 11 directors, made up of a combination of independent and non-independent directors - the independent directors will be appointed through an open recruitment process and non-independent will be representatives from the five local authorities; and
- Local delivery vehicles/ special purpose vehicles or joint ventures for each site.

4.14. The Interim Vehicle will not have any statutory powers (eg planning), these will remain with the relevant local authority partners until the establishment of the statutory development corporation.

4.15. The draft Members Agreement and draft Articles of Association set out the formal constitutional arrangements for the CLG and a summary of the key matters included in those documents are attached in Appendix A. Approval to establish the Interim Vehicle will confirm the authority's agreement to the details within these documents. The two County Councils (Leicestershire and Nottinghamshire) have jointly commissioned Bevan Brittan and the three District and Borough Councils (Rushcliffe, Broxtowe and North West Leicestershire) Browne Jacobson to provide independent advice. These documents have been based on an agreed set of principles developed between the five local authorities.

4.16. There remain some outstanding points to be agreed on the Members Agreement and Articles of Association, but at this stage, the key matters for consideration are highlighted below, for ease of reference.

- A. The Interim Vehicle has applied for funding from MHCLG. Once the level of that funding has been confirmed, Rushcliffe Borough Council will be asked to determine what level of contribution it can make to the Interim Vehicle's operating budget for the financial year 2021/22. This will be provided to the Interim Vehicle in the form of a grant.
- B. Nottinghamshire County Council to assume the responsibility of Host Authority for the Interim Vehicle, this will be for the purposes of back office services e.g. accommodation, HR, procurement and financial administration.
- C. Matters to be reserved for agreement by the Oversight Authority i.e. the five local authorities who will own the CLG. Matters reserved to the local

authorities shall be split in to two 'tiers' with Tier 1 requiring the unanimous approval of all local authorities, and Tier 2 requiring 75% agreement based on the weighted voting rights.

D. The Interim Vehicle Board Size and Composition.

- 4.17. Once established the first key task will be to consider appointments and develop a business plan. It will be the responsibility of the Board to deliver the business plan which will need the approval of the Oversight Authority and which will be reviewed on an annual basis. Approval will be required of the Oversight Authority for decisions that fall outside the business plan especially those which have a budgetary implication.
- 4.18. Broadly speaking, the role of the Interim Vehicle will be:
- Developing the proposals and full business case for the Development Corporation;
 - Master planning, submitting conventional planning applications and other development control applications;
 - Agreements and land negotiations;
 - Discussions with funders;
 - Raising finance;
 - Acquiring land;
 - Delivering early infrastructure; and
 - Selling serviced land.
- 4.19. The core costs for 2019-20 and 2020-21 of the Midlands Engine development corporation programme so far have been funded by Government, through the Ministry of Housing, Communities and Local Government (MHCLG). The total funding was £2 million, spread equally across two years (2019/20 and 2020/21). The programme team has also received additional resources through a mix of direct funding and in kind support from partner local authorities.
- 4.20. The Interim Vehicle will require additional funding to bring forward the proposals. As such, in September 2020 the programme submitted a £18.6m ask to Government as part of the Comprehensive Spending Review 2020 (CSR) process to cover the first three years, which is awaiting decision (Appendix B).
- 4.21. The CSR proposition includes the establishment of a dedicated and focussed team and governance structure to rapidly progress delivery. Given the situation with Covid and the postponement of the November budget there is a real risk there will be a lack of clarity in terms of government support.
- 4.22. Over the three years, this funding will pay for the Programme Team as well as costs such as; concept masterplan, site investigation, planning application and the business case for the Centre for Zero Carbon Futures.
- 4.23. The Council wants to play an active role in the Development Corporation. It has been identified, therefore, that the Council could contribute £500k over the three

years that the interim vehicle is established. This would be conditional on Government funding being secured and approval of Council.

- 4.24. As ratified at Full Council, a Development Corporation Reserve of £100k utilised from 2019/20 projected revenue efficiencies has been provided in order to support the project. This will, therefore, now need to increase to £300k over three years and be included as part of the Medium Term Financial Strategy presented to Full Council in March 2021. A further £200k would be allocated from the Climate Change reserve in recognition of the proposal for the National Centre for Integrated Zero Carbon Futures at Ratcliffe on Soar. This takes the total investment to £500k over three years (2021, 2022 and 2023).
- 4.25. In addition, should the additional £200k (on top of the £100k already identified) be required upfront a request has been made that Nottinghamshire County Council pay this and the Borough Council enters into an arrangement to repay them over the three year period.
- 4.26. The level of financial contribution proposed to be provided by the Council may mean that weighted voting rights would be in place due to the different levels of financial contributions, however, we are working on a level of majority voting that means that decisions should only be taken which have the agreement of the majority. Further detail is awaited on this once the financial commitment from all is known.
- 4.27. As stated above, it is important to note that until such time as a statutory development corporation is established, planning powers would remain with the local authority so not achieving equal voting rights on the board may not carry any particular detriment to Rushcliffe Borough Council.

5. Alternative options considered and reasons for rejection

- 5.1. Not to establish the Interim Vehicle is not desirable because momentum would stall and the deliverability of the benefits set out in this report would be put into considerable doubt.
- 5.2. As outlined, there is an expectation that local authority partners fund the development corporation interim vehicle for its planned three years of operation. Providing this funding will ensure that Rushcliffe has a seat at the table to play a key role in shaping the Development Corporation in to the future to ensure the delivery of maximum benefit for Rushcliffe and the region.
- 5.3. The alternative option for Rushcliffe Borough Council is to not support this proposal. However, the Development Corporation could continue without the support of all local authority partners, although this would be far from ideal. In the short term, the Borough Council will retain planning control but in the longer term (when the formal development corporation is established) this is unlikely to be the case and therefore the Council would lose any control of the site and its future development.

6. Risks and Uncertainties

- 6.1. There are risks that the Development Corporation does not get approval from Government or the required level of funding, in the immediate or longer term, and so it does not deliver or does not progress beyond the initial three-year interim vehicle stage. Throughout the process, the Borough Council will maintain a close working relationship with Uniper and will support them with the development of the site in this instance (in line with planning considerations). Given the situation with Covid and the postponement of the November budget there is a real risk there will be a lack of clarity in terms of government support.
- 6.2. There is a risk that after the initial three-year term, further funding will be required from local authority partners to support the development corporation. This will need to be reviewed by each individual partner at that point in time if required and based on outputs delivered to date. There is no commitment from Rushcliffe Borough Council to fund beyond the initial three years. It is expected that if a statutory development corporation is set up by government in the future it will be funded and will be able to borrow and secure private investment to deliver the ambitions.
- 6.3. At this stage there is limited legal risk in deciding to become a guarantee holder of the Interim Vehicle because there are no overly onerous obligations within the documentation, there is no obligation to contribute a specific amount of money and Rushcliffe Borough Council is able to leave the Interim Vehicle by giving notice.
- 6.4. Appointing a Director and being involved in the Consent Matter decisions increases Rushcliffe Borough Council's control over and involvement with the project and is preferable to not being a member of the Interim Vehicle.
- 6.5. The Council will retain its statutory powers, including planning powers. It is not until the development corporation is formally established following the passing of relevant primary legislation and an order having been made by the Secretary of State that the development corporation will be afforded any statutory powers. The extent of the powers afforded to the development corporation will depend on the nature of the primary legislation passed and also the Order made by the Secretary of State. Early involvement in the Interim Vehicle may assist the Council in shaping the nature of the development corporation. The loss of powers on the part of the Council can be mitigated by the extent to which the oversight authority retains power over any matters. This is likely to be influenced by the balance that can be struck in the interim period.
- 6.6. Depending on the exact nature of the final form of development corporation in the primary legislation, the Council may lose financial income from Section 106 contributions, community infrastructure levy payments and business rates. This however will only impact at the point of the development corporation being established and not the Interim Vehicle, and it is preferable for the Council to be actively involved during this interim period so as to have the opportunity to influence the potential longer term position.

7. Financial Implications

- 7.1. As ratified at Full Council, a Development Corporation Reserve of £100k utilised from 2019/20 projected revenue efficiencies has been provided in order to support the project. The request is now that this be increased to £300k over three years based on the conditions set out earlier in this report. The timing of any advances are yet to be agreed. If there prove to be any cash flow issues Nottinghamshire County Council have been asked to advance any payments for Rushcliffe and they will be repaid over the period. It is anticipated the £300k will be funded from the Rushcliffe element of the 2020/21 Nottinghamshire Business Rates Pool surplus (as reported in the Quarter Financial Monitoring Report).
- 7.2. A further £200k to be allocated from the Climate Change reserve in recognition of the proposal for the National Centre for Integrated Zero Carbon Futures proposal for Ratcliffe on Soar. This takes the total investment to £500k over three years (2021, 2022 and 2023).
- 7.3. The financial contribution to be subject to confirmation by Council in December when the Council's formal involvement in the Non-Statutory Interim Vehicle is debated. The financial contribution will also be subject to match funding from other local authorities partners and Government funding. It will, thereafter, be included as part of the Council's MTFs.

8. Legal Implications

Proposed Development Corporation

- 8.1. The Midlands Engine has instructed Pinsents to advise it in relation to this matter. Pinsents have given detailed advice in relation to the various potential options for establishing a development corporation which has been reviewed by Browne Jacobson on behalf of the District/Borough Councils. Four key features were identified as needing to be satisfied for the development corporation:
 - To be locally led in order to better meet the needs of the local area. An oversight authority is proposed, potentially comprised of local authority membership to have oversight and control of various powers of the development corporation.
 - To have wide financial powers so as to be able to access a wide range of funding including private and public equity and debt finance, and grants and other investments. It is also proposed that the development corporation be given powers to become a community infrastructure levy charging authority.
 - To have two streams of planning powers. Firstly plan making powers, and secondly operational and enforcement powers to include the ability to approve planning applications.
 - To be able to undertake delivery of projects and infrastructure, including the ability to determine planning applications and grant development orders. This will avoid multiple applications to separate local authorities where applications span more than one local authority area.

8.2. A number of existing forms of vehicles were considered with a view to meeting these requirements:

- A simple joint venture – considered to be inappropriate because it would not have the requisite power to progress this project with the complex make up of authorities and stakeholders involved.
- A Locally Led New Town Development Corporation – whilst this form of vehicle enjoys many of the powers identified for this project and is locally led, under existing legislation it would not have plan making or planning enforcement powers and it does not have the power to become a community infrastructure levy charging authority and so is limited in the funding streams it may be able to access.
- An Urban Development Corporation – there are many benefits to this form of vehicle, however the Secretary of State has the power to give binding directions with which the vehicle must comply and so it does not have the benefit of being truly locally led.
- A Development Consent Order – these vehicles can have wider ranging powers but do have restrictions in terms of transport and economic development powers.

8.3. As none of the above existing vehicles are considered to meet all of the requirements of the proposed development corporation a new form of Locally Led Urban Development Corporation is proposed. This will require new primary legislation to be passed by Parliament. If legislated as suggested then this new form of vehicle will offer the greatest benefits to the local authorities going forwards. However at this stage the benefits are of course only hypothetical and represent a significant drawback to the proposed structure.

Power to Establish the Development Corporation

8.4. The power to establish the proposed form of development corporation will come through primary legislation, in a similar way to the current forms of Urban Development Corporation and Locally Led New Town Development Corporation. In both of those cases there is primary legislation in place which broadly provides a power to the Secretary of State to designate an area for the relevant purpose and to establish the relevant vehicle by way of an order of the Secretary of State. Such an order will provide certain powers to the vehicle established by the order, with the Secretary of State potentially being able to exclude powers. Depending on the nature of the vehicle proposed there are differences as to the process to be undertaken and also the nature of the order that may be made by the Secretary of State. In both cases Parliamentary approval of the order is required.

8.5. The proposal for the new form of development corporation follows a similar process. Primary legislation will be required in order to provide the Secretary of State with the power to designate an area and establish a development corporation by way of an order. Parliamentary approval of the proposed order will be required.

- 8.6. As such the Council will not take a formal decision to establish the proposed development corporation. This will be a matter for the Secretary of State with the approval of Parliament. The Secretary of State will however be required to consult in relation to the designation of an area and the making of an order to establish the development corporation. The Council will have the opportunity to respond to that consultation with a view to shaping the nature of the development corporation and the powers afforded to it. The Council may also make proposals directly to the Secretary of State in relation to the development corporation.
- 8.7. The possibility of the primary legislation itself establishing the development corporation without further steps being required by the Secretary of State is being explored. However, whether this is required will depend on how the primary legislation progresses.
- 8.8. Early involvement through the Interim Vehicle will be beneficial to the Council in helping it to shape the nature of the proposed development corporation, in particular with a view to ensuring a locally led position is established. The position that is established with the Interim Vehicle is likely to be reflected in the development corporation in due course.

Nature and Structure of the Development Corporation

- 8.9. The powers of the proposed development corporation will depend on the nature of the primary legislation that is ultimately passed. Whilst at this stage this is uncertain, it is proposed that this form of development corporation will be able to take on powers in its area to include acting as:
- Planning authority
 - Highways authority
 - Local transport authority
- 8.10. It is also proposed that the powers of the development corporation will potentially also include those relating to air quality, tourism and housing under a combined authority model.
- 8.11. The Council's main role following establishment of the development corporation will be within the proposed oversight authority. The functions available to the oversight authority will be conferred by the legislation and the order creating the development corporation, but proposals include:
- The ability to give directions to the development corporation;
 - The ability to appoint members of the development corporation;
 - A requirement to give consent or approval to the acquisition or disposal of land by the development corporation; and
 - A requirement to give consent in the event that the development corporation seeks to have additional powers conferred on it by a subsequent order.

- 8.12. Again, the benefit of the Council being involved in the Interim Vehicle is that the position that is established is likely to be reflected in the development corporation in due course, and this provides the Council with the ability to influence the nature of the future development corporation.

Legal Implications for the Council of the Proposed Development Corporation

- 8.13. The key legal implication for the Council of the proposed development corporation is that to the extent that any powers in respect of a particular area are afforded to the development corporation, the Council will no longer be able to exercise such powers. As such the Council will lose a degree of control over those matters, the functions in respect of which are then to be exercised by the development corporation.
- 8.14. The potential for the legislation to include an ability for powers of the development corporation to be “switched on and off” is being explored. For example, certain powers may be afforded to the development corporation for certain phases of development, and otherwise revert to the Council. Again, this is only a proposal at this stage and what is ultimately the position will depend on the nature of the proposed primary legislation.

The Interim Position

Power to Join the Interim Vehicle

- 8.15. In the interim it is proposed that an Interim Vehicle be established as set out in this report. This Interim Vehicle is proposed to be in the form of a company limited by guarantee. The Council’s power to join a company limited by guarantee comes from the general power of competence in Section 1 of the Localism Act 2011 (“the 2011 Act”). This gives the Council the power to do anything that an individual might do. The power is restricted by Section 4 of the 2011 Act which requires that a thing done for a commercial purpose must not be something that the Council is required to do by statute, and must be something that the Council may also do for a non-commercial purpose. Pursuant to Section 4, when doing something for a commercial purpose the Council must do this through a company, which includes a company limited by guarantee.
- 8.16. Development and regeneration areas have regularly utilised the general power of competence, and the Council may do so in the current matter.

Nature and Structure of the Interim Vehicle

- 8.17. As stated above, the Interim Vehicle will take the form of a company limited by guarantee. This means that the company will have no share capital, and the local authorities will be the guarantee holders and therefore the ‘members’ of the company.

8.18. Guarantees cannot be sold in the same way that shares can, therefore if a local authority wishes to leave the company, they would hand their guarantee back and leave. They could not pass their guarantee on to another body or organisation. The local authorities may leave the company at any time by giving 12 months' notice to the other authorities that they wish to leave.

8.19. While guarantee holders, the local authorities can exercise their control over the company in two key ways:

- Each local authority can appoint a director to the board, who will have a say in the day to day running of the company; and
- As members, the local authorities together can take direction on the 'Consent Matters' set out in Schedule 1 to the Members Agreement.

8.20. At present, the following key provisions of the Members Agreement are awaiting finalisation by agreement between the local authorities:

- The division between Tier 1 and Tier 2 Consent Matters; and
- Whether funding will be provided as a grant or loan.

Legal Implications for the Council joining the Interim Vehicle

8.21. By joining the Interim Vehicle, the Council will not delegate any of its statutory powers to the Interim Vehicle. The Council will retain control of these powers and any planning decisions will revert to each Council to be taken. The Council will not be bound by the considerations of the Interim Vehicle in exercising those powers.

Governance

8.22. The table below sets out the decisions to be taken by the Council in relation to the Interim Vehicle and the relevant decision making body within the Council:

Decision	Decision Maker
To join the Interim Vehicle	Full Council
To contribute financially to the Interim Vehicle	Full Council
To appoint a director to the Interim Vehicle	Cabinet

9. Planning Implications

9.1. At this stage, a statement of intent on planning has been drafted which sets out the broad principles. For the statutory development corporation, this would likely mean:

- Planning powers will only be sought for land within the proposed development corporation area. The range of powers may include, as examples, plan-making; development management and associated revenue raising (e.g. CIL and s106) and CPO powers. Should any planning powers be provided to the development corporation, consideration will be given to how they will interact with the powers held by the surrounding planning authorities in respect of both how the powers are expressed and how they will be exercised.
 - The requirements under the duty to co-operate will apply between the development corporation and local authorities, should the development corporation obtain plan making powers.
 - Community engagement and consultation will be enshrined from the outset through the preparation of a statement of community involvement (SCI) and with a statutory consultation process envisaged.
 - Planning fee income, which operates on a cost recovery basis only, will be paid to the development corporation for planning applications within its boundary.
 - The partners will seek to ensure that the constituent local authorities will have an important role as statutory consultees for planning applications (and policy through the duty to co-operate and the SCI), which would ordinarily fall within their respective administrative areas.
 - The development corporation will act as the s.106 and/or CIL authority for associated infrastructure and where appropriate this may include the development corporation requiring developers to make contributions to strategic infrastructure outside of the development corporation's area.
- 9.2. In advance of the statutory development corporation, it is anticipated that the Interim Vehicle would work with respective local authority partners to develop masterplans and supportive policy frameworks for the sites.
- 9.3. The five councils who will be the members of the Interim Vehicle will support it either individually or together through the following means:
- Financial Resources.
 - Planning policy expertise and related information associated with the three areas.
 - Understanding the practicalities of undertaking planning functions.
 - Transport Planning, Economic Development and Strategic Place making including planning of supporting connectivity, environmental and social infrastructure.
 - Engage in site master planning and ensure consistency with Local Plan review processes.

- Consult with the Interim Vehicle and engage their planning teams on land use and transport planning policies being developed as part of the current reviews of local plans and strategies.
- Consult with the Interim Vehicle and engage their planning teams on planning applications and other development management decisions relating to the development of the sites.

10. Equalities Implications

Inclusive growth is a key theme in the business case ensuring that, as far as possible, the Development Corporation brings benefits for all. As well as creating jobs the focus is on the quality as well as the accessibility of those jobs.

11. Section 17 of the Crime and Disorder Act 1998 Implications

There are no crime and disorder implications associated with this report.

12. Link to Corporate Priorities

Quality of Life	The Development Corporation has the potential to benefit local residents' quality of life through the provision of new jobs, open space and green infrastructure.
Efficient Services	
Sustainable Growth	<p>The development of Ratcliffe on Soar Power Station through the Development Corporation and Freeport could attract a significant number of new businesses and approximately 20,000 jobs.</p> <p>The Development Corporation could deliver significant improvements to connectivity enabling more people to access opportunities at the three sites and in the wider region.</p>
The Environment	<p>Beyond the economic benefits, the developments will enhance and improve the environment, take account of the need to reduce emissions and achieve net gains in natural capital.</p> <p>The proposal for Ratcliffe on Soar is for a National Centre for Integrated Zero Carbon Futures putting Rushcliffe at the forefront of driving climate change.</p> <p>In addition, an integral part of the proposition is the connectivity between the sites and more broadly across the region. The focus of this is green infrastructure and public transport, minimising the impact on the environment.</p> <p>The proposition includes the creation of a wildway which is an active transport link between the sites enhancing and protecting the existing areas specifically around Attenborough Nature Reserve, River Trent and the canal network.</p>

13. Recommendations

It is RECOMMENDED that the Cabinet:

- a) notes the progress made to date of the East Midlands Development Corporation Programme, and the establishment of an interim vehicle;
- b) approves the principle of making a financial contribution to support the interim vehicle over the next three years, subject to further negotiation and agreement by Council and subject to match funding from other affected local authorities and Government and, thereafter, the funding arrangements to be included within the Medium Term Financial Strategy for 2021/22 onwards;
- c) requests the Chief Executive to prepare a report including further detail on the Interim Vehicle and Rushcliffe Borough Council's involvement in it to be ratified by Full Council in December 2020; and
- d) approves in principle the Council entering into the Members' Agreement and participating in the incorporation of the Interim Vehicle Company Limited by Guarantee and delegates authority to the Leader and Chief Executive for agreeing the final form of the Members' Agreement and Articles of Association subject to agreement by Council.

For more information contact:	Kath Marriott Chief Executive kmarriott@rushcliffe.gov.uk
Background papers available for Inspection:	
List of appendices:	

APPENDIX A

Summary of Key Matters – Draft Members Agreement/Draft Articles of Association

The incorporation of the Company will involve the Council agreeing, as a founding member, 2 principle documents. The first being the articles of association which is the legal constitutional document of the corporation which sets out how the company is constituted and the basic rules around how the company will be run. The second is a members agreement, this is a “private” contract between the member councils which regulates the relationship between them. Whilst you do not have to have a members agreement it is a very common document in these kind of joint venture type arrangements

The key points to note for the documents are as follows:

Articles:

- The company will be established as a company limited by guarantee , to this end in principle, the council will only be liable for the amount of the guarantee (being £1) should the company be wound up. This should however, be separated from the prospect of repayment of any sums loaned to the company which would also be at risk in the situation where the company is wound up.
- The board of directors shall be 11, made up of 6 independent directors and 5 directors appointed by the councils, each council having the power to appoint a director and remove that director. The Chair shall be an independent director but will not have a casting vote.
- The independent directors will be appointed following a transparent process and subject to the approval of members in accordance with the members agreement.
- Where any decision is reserved to the member councils (rather than the board of directors) then the members will have weighted voting rights. With each County having a vote representing 33% of the rights and each district having a vote which has 11% of the rights.

Members Agreement:

- At present the agreement obliges the company to apply to MHLG for all the funds required by the Company. Once the MHCLG funding has been determined the Members will be asked what level of contribution they will be willing to make.
- Contributions will either be given as a grant or the loan. The Members’ lawyers are discussing the best route to provide such a contribution, however even under a loan agreement repayments are likely to be minimal.
- The council may withdraw from the agreement and membership of the company by giving not less than 12 months’ notice.
- As drafted presently the agreement provides that certain matters are reserved to the member councils to decide upon. These decisions are split into matters requiring all councils to agree to and those which require members holding not less than 75% of the voting rights (both county councils and at least 1 district council) to agree to. The list requiring unanimity only includes a decision around formally constituting the

statutory development company. The Councils' lawyers are seeking to include, approval and material variation of the business plan, appointment and removal of the independent directors and any variation of the voting rights of the members in the articles of association.

- The Members shall determine the business plan for the company which the Directors will enact. In this way the Members will set the scope and objectives for the company over the next 3 years, with an annual refresh.



**Comprehensive Spending
Review (CSR) 2020
Proposition**



THE EAST MIDLANDS: OVERCOMING CHALLENGE, DRIVING OPPORTUNITY

The East Midlands regional economy is at an historic turning point, with a strategic response now required to address challenges and exploit long-term opportunities. As it recovers from the impact of COVID-19, its industrial base is also confronting the continuing digital revolution and adapting to a zero-carbon future. To harness its true potential, it must also raise skill levels and improve connectivity.



The East Midlands Development Corporation (EMDC) will be the catalyst for turning significant challenge into historic opportunity. It will provide the capacity, coherence, confidence and drive which enables a series of large-scale developments to deliver regional and national impacts.

The EMDC Comprehensive Spending Review (CSR) 2020 programme has brought together all upper tier authorities across the East Midlands together with university, LEPs and business leaders.

THE EAST MIDLANDS DEVELOPMENT CORPORATION: THE PATHWAY TO PROGRESS CORPORATION

The EMDC will supercharge a new era of growth for the regional economy by enabling projects which build directly on the potential of HS2; the region's status as a major UK trade and logistics gateway; and its historic strengths in R&D and industrial innovation – particularly research and innovation related to the emerging low carbon economy.

Those projects will contribute substantially to levelling-up the regional economy by driving clean, inclusive growth, significantly improving connectivity, and enabling real-world technologies which open up new markets and give the UK competitive advantage.

Our CSR 2020 programme proposals will drive early momentum for these opportunities by creating an interim body which will pave the way for the statutory Development Corporation.

This interim vehicle will:

- Provide detailed, deliverable investment plans
- Establish commercial arrangements
- Invest in enabling infrastructure which unlocks the key sites
- Acquire and assemble the land needed for coherent delivery of homes and jobs

- Establish a National Skills Academy focused on future economic need
- Fund ZERO, an international centre for the development of commercial applications to meet the climate change challenge
- Demonstrate economic ambition, drive market confidence.

The EMDC programme is focused on ambitious long-term outcomes which will lift regional economic performance to a point where it makes a greater contribution to UK output. Those outcomes are:

An exemplar community at Toton & Chetwynd centred on the HS2 Hub – A destination for knowledge-driven jobs and an exemplar carbon zero community which mixes next generation living, working and connectivity, and builds a new ‘Garden of Innovation’.

Symbolic transformation of the UK’s last coal-fired power station into an international centre for next-generation carbon zero technologies – The Ratcliffe-on-Soar Power Station, due to close in 2025, would host ZERO, a demonstrator for the development of market-ready carbon zero technologies for energy, industry, housing, transport.

An Inland Freeport centred on the UK’s largest 24-hour airfreight hub – East Midlands Airport is a global freight gateway which sits alongside a major multi-modal logistics interchange and is close to world-class industries such as aerospace and automotive.

The East Midlands was the cradle of the UK’s Industrial Revolution, an historic economic transformation. It is fitting that it should now be the place which overcomes some of the challenging environmental legacies that this fossil-fuelled revolution left behind.

It is also a deliverable strategy, with a number of factors aligning to make this new transformation possible: the arrival of HS2, which will supercharge connectivity and enable new housing and commercial investment; the decommissioning of Ratcliffe-on-Soar Power Station, a strategically-positioned 700-acre investment site with grid infrastructure; the UK’s largest airfreight gateway at East Midlands Airport; and the presence of specialist low-carbon expertise in the region’s major businesses and universities – who have a history of collaboration.

The EMDC model itself is the key to exploiting potential at this transformational scale: through vision, capacity and professional expertise, it will reverse the coordination challenges that have held back regional economic momentum. Critically, it will also provide confidence to investors looking for clear opportunities driven by committed teams working to a long-term goal.

GOVERNMENT'S ROLE: LEVELLING-UP IN ACTION

Our ambitions for the EMDC project are of an historic magnitude. Without bold government intervention, old hurdles to progress will remain, and growth ambitions will not be met:

- Housing and business space delivery would be slower and at lower levels without the leadership, focus, specialist skills and visible momentum of the Interim Vehicle.
- Coordinated and timely delivery of plans for Toton & Chetwynd will not be possible without a link road and early land acquisition.
- ZERO is a visionary project which requires significant upfront investment to prime delivery whilst key areas of focus and operating models are refined.
- The National Skills Academy's scope and significance is such that it requires funding over and above that available via Local Authority and partner budgets.

Central to the EMDC concept is a structure and purpose which overcomes challenges posed by the current system:

- Complex local authority boundaries and responsibilities mean strategic intervention is required to bring forward a coherent plan for priority regeneration of key regional development sites.



- Fragmented land ownership at Toton and Chetwynd hinders coordinated infrastructure investment. Intervention enables investment aligned to strategic goals.
- New transport infrastructure and green spaces – critical to connectivity and quality of life – would be limited without a strategic masterplan, which will maximise impact and value.
- ZERO will marshal resources for R&D in a way which ensures a focus on the delivery of applied solutions capable of transforming connectivity, productivity and place.
- The Development Corporation's strategic priorities will provide a repeatable model for zero carbon regeneration, development and integrated placemaking.
- Growth enabled by HS2 could cause congestion which strains existing infrastructure. The Interim Vehicle will mitigate these impacts by coordinating responses across boundaries.
- Regional inequalities would be locked-in without intervention. The Interim Vehicle can correct this under-performance by prioritising interventions and coordinating delivery.

INITIAL INVESTMENT: BUILDING VISIBLE MOMENTUM



The initial investment will deliver:

- 1500 new homes
- 500 new jobs
- £25m Gross Value Added (GVA)
Growth per annum

It will also provide visible momentum behind an historic intervention designed to both shift the dial of regional economic performance and make decisive progress towards zero carbon innovation and growth via industrial and academic collaboration which delivers viable, real-world solutions.

Both HM Treasury Green Book and Departmental Guidance, including MHCLG, suggest early intervention will deliver a Benefit Cost Ratio of 2:1 based on land value uplifts and the impacts of each project.

Initial Investment



1,500
new homes



500
new jobs



£25m
additional GVA



Overall Ambition



at least 4,500
new homes



84,000
new jobs



£4.8bn
additional GVA

This initial investment is a critical step which paves the way for a transformational long-term programme which is expected to deliver 84,000 jobs, at least 4,500 homes and a £4.8bn uplift to the East Midlands' GVA.



FINANCIAL PROFILE: UNLOCKING OPPORTUNITY

The EMDC CSR 2020 projects have a total current-price cost of £235m. These costs have been based on estimates developed by professional expertise, including cost consultants, chartered surveyors, consulting engineers and infrastructure specialists. Specialist advice has also been provided about land acquisitions. Land assembly costs will be recovered as sites are developed and any uplift in value resulting from investment by EMDC will also be captured.

The estimated total cost of ZERO reflects its capacity to deliver benefit at societal level, with early investment required to finalise detailed feasibility studies.

Grant Thornton has advised on establishing the Interim Vehicle, with costs for the corporate team and deliverables split between the three key sites, and costs for specialist expertise assessed according to site-specific requirements.

Total private sector investment levered by the EMDC CSR 2020 programme is estimated to be some £300 million.

CRITICAL FIRST STEPS: SUPPORTING AND DELIVERING THE 2020 CSR PROPOSITION

The process starts with the five key steps which form this 2020 CSR proposition:

- 1. The Interim Vehicle** is pivotal to project-specific objectives, commercial confidence and region-wide economic ambitions: if funding is reduced, the capacity does not exist. Various models have been evaluated by partners and government and the appropriate structure has now been identified.
- 2. The Toton & Chetwynd Link Road** to open up the first phase of development. It cannot be delivered without the full requested funding. It is also central to the 'Access To Toton' strategy developed to maximise the connectivity value of investment in the Toton HS2 Hub. It will be implemented by Nottinghamshire County Council as highway authority working with the EMDC interim vehicle.
- 3. Land assembly at Toton & Chetwynd** – pooling public sector land and acquiring other strategic assets, including formally integrating the Chetwynd MoD barracks into the site.
- 4 ZERO** – Creating an international centre on a radically new scale to develop commercial low emission solutions at speed and linked to a large industrial development fund. ZERO will be critical in achieving decarbonisation and emissions targets and will put the UK at the forefront of applied innovation in sustainable future technologies.



The business case for ZERO reflects the investment required to go from the conceptual stage to a detailed delivery plan involving researchers, engineers, policy and behavioural specialists – including application-focused technologists and an unrivalled set of solution demonstrators. Reducing funding would impact on confidence and miss the opportunity to accelerate the delivery of much needed solutions. This is a symbolic transformational ambition defined by expertise in problem-solving and real-world outcomes. Regional universities, industry, local partners and the Energy Research Accelerator are already developing a feasibility study. Turner & Townsend has identified a programme to progress the proposals.

5. Creating a National Skills Academy

is a central part of our programme, ensuring growth opportunities created in the East Midlands can be extended to all communities. It is therefore a priority for partners, and fundamental to our inclusive ambitions. It will be delivered by a collaboration between our university partners & a local secondary school to develop low carbon economy skills: training key workers, linked to knowledge sector, also providing retraining & social mobility to support sustained inclusive growth.



Risk Management

Robust governance and delivery arrangements have been identified for the proposed EMDC and its associated Interim Vehicle, ensuring efficient and effective delivery of CSR 2020 projects. Through a shared vision with partners, they have already prepared responses to key delivery risks:

- **Site Assembly** – Nottinghamshire County Council has already acquired a strategically important part of the Toton site. CSR funding will enable aligned landholdings, including MoD property at Chetwynd, to be assembled.
- **Planning consent** – required for the link road, but the proposed scheme will also form part of local planning policies, and the emerging Supplementary Planning Document.
- **Cost management** – appropriate allowances have been made in the project, both in cost estimates and feasibility advice to help develop the projects.
- **Dependence on third parties** to take forward early investments – local partners have close working relationships, for example, the University of Loughborough and the owners of Ratcliffe Power Station site.
- **Market/economic uncertainty** – mitigated by the involvement of public sector in infrastructure for early win projects; development plots ready as Covid-19 recovery accelerates.

SUMMARY:

A REGION LEVELLED-UP AND LIFTED

A series of major development opportunities have been identified which offer long-term potential to drive inclusive growth which better connects communities to the emerging low carbon economy. These projects offer individual benefits and the collective potential for viable, next generation solutions for living, working and travelling. They also address UK-wide strategic policy objectives related to skills, housing, transport, innovation and zero carbon.

A 'purpose-built' structure is required to lead progress and attract significant private sector investment. The model identified is the East Midlands Development Corporation, which will have the capacity, skills and coherence to act at a regional scale.



To build momentum ahead of the creation of a statutory body, an Interim Vehicle is needed to drive the early, enabling interventions such as infrastructure, land assembly and preparation/scoping.

This will not only enable the statutory body to hit the ground running but will build confidence that the levelling-up agenda will create long-term opportunities for communities and investors.



www.midlandsengine.org



Rushcliffe
Borough Council

Cabinet

Tuesday, 10 November 2020

Acquisitions and Disposals Policy

Report of the Executive Manager - Transformation

Cabinet Portfolio Holder for Business and Transformation, Councillor A Edyvean

1. Purpose of report

- 1.1. Cabinet supported the Council's new Asset Management Strategy 2020 – 2025 at the meeting of 10 March 2020. The Strategy was then approved by full Council on 16 July 2020. The Strategy sets out how the Council's land and building portfolio is aligned to the Council's corporate objectives, with the Asset Management Plan (AMP) setting out how this is carried out: ensuring the diverse portfolio is fit for purpose, effectively managed and supports service delivery. As part of the AMP, the Council buys and sells land and building assets and the Acquisitions and Disposals Policy 2020 – 2025 at Appendix A sets out the parameters of these transactions.

2. Recommendation

It is RECOMMENDED that Cabinet approves the Acquisitions and Disposals Policy 2020 – 2025.

3. Reasons for Recommendation

It is good practice for the Council to have a current Acquisitions and Disposals Policy to provide transparency in these transactions.

4. Supporting Information

- 4.1. The Policy sets out the key principles in considering the purchase or sale of an asset, which includes: the contribution in meeting the Council's objectives; asset review, including financial appraisal; the best practice in determining the most appropriate method of acquisition or disposal; and the legislation the Council must follow.
- 4.2. Sales of property can range from a sliver of grass verge to allow a resident to extend their garden to a significant building no longer required to deliver services. The Policy defines assets that are surplus or under used and the process for disposal. In considering an asset for disposal, it is reviewed against

some key criteria, including: asset performance; meeting service needs; legal; financial; and local considerations – such as the community value an asset contributes and the environmental cost or value it has.

- 4.3. Whatever the asset, it will have an appropriate method of disposal (such as informal tender or auction), and authorisation process as set out in the constitution: where the sale has a value of less than £25,000 this could be delegated to the Chief Executive or Executive Manager. Where the value is greater than £25,000 this will be a Cabinet decision.
- 4.4. For acquisitions, the Policy outlines the circumstances in which an asset may be purchased, this could be: as part of the Asset Investment Strategy; for affordable homes; as part of the Empty Homes Strategy; and assets that support the Corporate Strategy, service delivery and regeneration.
- 4.5. Similarly to sales, the Policy sets out the review criteria to be considered prior to acquisition and the authorisation process: where the purchase has a value of less than £25,000 or falls within the criteria set out in the Asset Investment Strategy, Affordable Homes and Empty Homes Strategy (which have already been approved by Cabinet) approval is delegated jointly to the Leader/Portfolio Holders and the Chief Executive/Executive Managers. All other purchases above the value of £25,000 will be reported to Cabinet.
- 4.6. Throughout the process, appropriate stakeholder engagement and consultation will form part of the review and decision making.
- 4.7. The Acquisition and Disposal Policy is an important tool in ensuring the property portfolio is fit for purpose, with the right assets in the right place, supporting service delivery and the Corporate Objectives.

5. Alternative options considered and reasons for rejection

The alternative is not to have an agreed Acquisitions and Disposal Policy, which is not good practice in providing transparency in these transactions.

6. Risks and Uncertainties

Ineffective management of the Council's property portfolio negatively impacts on service delivery for residents, income generation, maintenance/management costs, business support and growth, partner working and regeneration. This Policy, which sits within the Asset Management Strategy, provides transparency in management of the property portfolio, specific to the sale and purchase of land and buildings, to ensure it is fit for purpose.

7. Implications

7.1. Financial Implications

There are no direct financial implications of the report. Any property disposal would be reported as part of the Council's current governance arrangements and financial reporting.

7.2. Legal Implications

All acquisitions and disposals will be subject to due diligence. All transfers will be subject to legal review and completion.

7.3. Equalities Implications

The Policy aims to be fully inclusive, providing clear guidelines by which the Council acquires and disposes of its land and building assets.

7.4. Section 17 of the Crime and Disorder Act 1998 Implications

The Strategy provides a framework to ensure effective management of the Council's assets, which includes making sure assets are appropriate for their environment and managed effectively.

8. Link to Corporate Priorities

Quality of Life	Residents directly benefit from the effective management of a well maintained and efficient portfolio to enable effective service delivery to residents.
Efficient Services	As with Quality of Life, having well placed assets with their effective management enables services to be delivered to a high standard across the borough.
Sustainable Growth	Managing assets in the right place, effective partnership working and providing a support system for local business.
The Environment	Ensuring sustainable design in new assets and working to reduce the impact of existing assets on the environment.

9. Recommendations

It is RECOMMENDED that Cabinet approves the Acquisitions and Disposals Policy 2020 – 2025.

For more information contact:	Leanne Ashmore Executive Manager Transformation 0115 914 8578 lashmore@rushcliffe.gov.uk
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Background papers available for Inspection:	Asset Management Strategy 2020 – 2025 Empty Homes Strategy 2019 – 2024 Asset Investment Strategy
List of appendices:	Acquisitions and Disposal Policy 2020 – 2025

**DISPOSAL AND ACQUISITION POLICY FOR LAND AND BUILDINGS
(APPENDIX D OF THE ASSET MANAGEMENT STRATEGY)**

1.0 Purpose

- 1.1 To provide the guidelines by which the Council shall consider the disposal or acquisition of assets in the delivery of Council services and meeting corporate objectives.
- 1.3 This policy relates to acquisitions and disposals for the freehold and leasehold interest (leasehold where the lease/licence is greater than 7 years).

2.0 Other Document Links

- 2.1 This Policy is an appendix to the Council's Asset Management Strategy 2020 – 2025 and links to the Capital Strategy, Corporate Strategy and Asset Investment Strategy and Empty Homes Strategy.

3.0 Key principles

- 3.1 The key principles in considering disposal or acquisition of an asset are:

- Its strategic contribution to the Council's objectives
- Potential for future strategic, regeneration or redevelopment purposes
- Disposals to be for the best consideration (in accordance with Section 123 of the Local Government Act 1972*
- Disposals at an undervalue must fall within the acceptable grounds of Local Government Act 1972, General Disposal Consent (England) 2003*
- Appropriate disposal procedures and method of disposal*
- Acquisitions assessed against the Council's capital programme
- Acquisitions meet the AIS criteria (where relevant)
- Appropriate financial appraisal
- Climate Change – environmental cost/value of the asset
- To be advantageous to the Council

*see Annex A

DISPOSALS

4.0 DEFINITION OF SURPLUS/UNDER USED ASSETS

4.1 An asset can be considered for disposal if it is surplus or under used, as defined below:

4.2 An asset is deemed to be surplus to the Council's requirements if:

- a) It makes no or minimal contribution to the delivery of the Council's services or corporate objectives
- b) It has no viable alternative use or potential for future service delivery or strategic regeneration/redevelopment or wider community purposes
- c) an alternative asset or site has been identified, which would be more cost effective in delivering the Council's services or objectives
- d) For investment properties, it does not generate sufficient income to be retained for investment purposes when compared to alternative rates of return available
- e) The sale of an asset is required to fund other Council priorities

4.3 An asset is deemed to be under used if:

- a) The income being generated from the site is below that which would be achieved from:
 - i. an alternative use
 - ii. disposing of the site and investing the receipt
 - iii. intensifying the use
- b) part of the site is vacant and is likely to remain vacant for the foreseeable future
- c) it makes insufficient quantifiable contribution to the delivery of the Council's services and objectives

4.4 In the case of open spaces, amenity areas and similar sites, the surplus/under used test should also consider the community value of the asset.

6.0 Asset Identification

6.1 Assets for potential disposal may be identified in a range of ways, including:

- At asset or service review
- Identification of development opportunities
- Assets being identified as surplus or under used
- Local Plan designation
- Direct approach from an interested party
- Identification that disposal delivers another corporate objective
- Identification through day to day estates management
- Community ownership (eg Asset of Community Value)

7.0 Asset Review

7.1 The asset review will assess the performance of the asset, eg:

- Use
- Suitability
- Condition
- Maintenance and operating costs
- Fit with corporate objectives
- Financial (business case)
- Alternative use/options
- Community value
- Environmental value/cost
- Legal
- Planning
- Consultation (eg Councillors, residents, partners)

8.0 Disposal Considerations

8.1 The following list (not exhaustive) are considered in assessing an asset for disposal:

Legal/Legislative Considerations

- The purpose/legislation under which the Council holds the asset
- Legal constraints/powers to dispose
- Disposal within s123 of the LGA 1972 (eg obtaining best value)*
- Implications of disposing at an undervalue (LGA 1972, General Disposal Consent (England) 2003*
- Ownership/Title constraints
- Which disposal route to follow*
- Due diligence
- Terms and conditions of sale
- Other legislation around specific disposals, eg procurement, disposal of allotments and open space, Charities Act, State Aid implications, etc

*See Annex A

Financial

- Business case (eg making a loss)
- Optimising the disposal value (eg development potential, adjoining asset marriage value)
- Timing (eg opportunity to increase value in future against opportunity cost)
- Potential to increase value by obtaining outline planning permission

- Cost and method of disposal
- Access to funding or a partnership
- Community arrangement (eg Asset of Community Value)
- Market conditions
- Existing condition of the asset and operational costs

Local Considerations

- Community and environmental 'value' (level of use)
- Any anti-social or community matters
- Cabinet and ward member engagement/consultation
- Community engagement/consultation (where appropriate)
- Local Plan (allocation of asset)

9.0 Authorisation

9.1 The Chief Executive, Executive Manager Transformation and Executive Manager Finance and Corporate Services (s151 Officer) have the authority to approve:

- Sales of sites for electricity sub-stations or gas governors
- Grant, surrender and renewal of leases, licences, wayleaves and easements
- Grants of grazing licences
- Grant, surrender, renewal of leases where the asset has already been let (eg commercial properties)
- Sales of land and property under the value of £25,000

9.2 All other disposals will be reported to Cabinet for approval.

10.0 Method of Disposal

10.1 The Property Services Manager in conjunction with the Executive Manager Transformation will determine the appropriate marketing strategy for the surplus or under used asset (see Annex A). There may be circumstances when an alternative approach is recommended, such as:

- A 'special purchaser' is identified (eg someone who is prepared to pay a premium for the site, or where they have the only interest)
- A partner has been identified
- The asset is being disposed at an undervalue following an appraisal
- An alternative opportunity is identified

10.2 The recommended method of disposal will be reported to Cabinet for approval, where appropriate.

11.0 Disposal

- 11.1 Once approval is in place, the Property Services Manager will be instructed to conduct the marketing, negotiations and instruct Legal to prepare transfer documentation and liaise with Finance and the appropriate service area. Once completed, they will notify appropriate Cabinet and ward members and EMT and update the land ownership database.

ACQUISITIONS

12.0 Acquisition Considerations

- 12.1 The purpose for an asset acquisition must be clear, examples may include: for the delivery of services, meeting corporate objectives, wider regeneration purposes and as part of the Asset Investment Strategy (AIS).
- 12.3 Considerations (not exhaustive) when determining to acquire an asset:

- Fit with corporate objectives
- Appraisal against capital programme and other capital schemes
- Terms and conditions of sale
- Price of asset and if considered to be reasonable/market value
- Location and condition of asset
- 'Fit for purpose' for proposed use
- Fit out works, set up costs, acquisition and associated costs
- Alternative assets for comparison
- Another way of delivering the same outcome
- Operating costs/whole life cost
- Legal, financial and planning considerations
- Timing, local market conditions
- Partnership/community arrangement
- For the wider community benefit/regeneration

13.0 Affordable Homes

- 13.1 Acquisition of residential assets for the purposes of providing accommodation for homeless households.
- 13.2 Properties will be acquired using the Affordable Housing Capital Fund and held in the Council's general fund.
- 13.3 Acquisition of an asset for this purpose must meet the following criteria:

- Demonstration of need
- Location of asset where need is identified
- Managed and maintained by a Registered Provider or directly by the Council (but without providing a Right to Buy opportunity)
- A maximum of 199 properties to be acquired at any one time
- Specific characteristics of the asset to ensure:
 - No structural defects
 - Minimal refurbishment required (unless business case)
 - Minimal management and maintenance liability
 - Freehold (or long leasehold in exceptional circumstances)

14.0 Empty Homes

14.1 As set out in the Empty Homes Strategy 2019 – 2024, the Council will purchase empty homes in certain circumstances.

14.2 Properties will be purchased through specific legislation and funded by the Capital budget. Assets will firstly be considered for use as affordable homes, as set out in 13.0 above, otherwise will be resold on the open market.

15.0 Authorisation

15.1 The Asset Investment Group has delegated authority to approve the acquisition of investment assets that meet the AIS criteria.

15.2 The s151 Officer and Portfolio Holder for Finance have delegated authority to approve the acquisition of the above defined Affordable Housing.

15.3 The Chief Executive, s151 Officer and Executive Manager Transformation have the authority to approve the acquisition of assets up to the value of £25,000.

15.4 All other acquisitions will be reported to Cabinet for approval.

16.0 Acquisition

16.1 Once approval is received, the Property Services Manager, reporting to/working with the Executive Manager Transformation, will commence negotiations to acquire the asset and instruct Legal accordingly.

16.2 The Property Services Manager will keep Cabinet members and EMT updated throughout the process and once completed. They will also inform the relevant service areas and update records accordingly.

16.3 The Property Service Manager will undertake effective estates and building management thereafter.

METHODS OF DISPOSAL

There are a number of methods by which a property interest may be disposed. Sale by competition is the best way of demonstrating that the best price has been obtained but there are sometimes situations where competition is not appropriate or where best price is not the principle objective.

Sale by competition could be by the following means:

(a) Auction

This is useful when marketing a property has generated a widespread interest and has one advantage of being relatively quick and inexpensive. Auctions can work well where most of the potential purchasers are builders or investors used to auctions or where they are from the locality and know the market in detail. Examples of situations where an auction may be appropriate could be surplus plots of land, residential or office buildings. It is not generally suitable for complex sites or high values because potential bidders are deterred from the expense of making the necessary pre-auction enquiries to enable them to make a binding bid.

(b) Formal Tender

With a formal tender, potential purchasers have to make binding offers in a specified form, by a specified date and with a specified amount of deposit. Formal tenders offer a greater certainty on the timescale of the deal than the informal methods and it is relatively easy to demonstrate and defend the question of obtaining the best price. However, tender documents must be very precise and therefore detailed and as a result the Council risks incurring high abortive costs if the process fails to attract sufficient interest. It would be good practice to prepare and include the contract in the tender documents in order to prevent post tender negotiations and to place a fixed date for completion (although circumstances don't always allow for this).

As any offer is binding it can be seen as a deterrent to potential interested parties because of the expense of making the necessary pre-bid enquiries to allow a binding bid to be made in the first place.

(c) Informal Tender

With an informal tender, non-binding offers are secured by a specified date and a preferred bidder is selected with whom to negotiate actual terms. Theoretically this process should generate more offers than the 'Formal Tender' process, but the negotiation period can be protracted and the offer price may be reduced in the process. If the Council receives more than one attractive offer, they may then ask bidders to submit a second or best offer. This keeps the potential purchasers in a competitive situation and thereby a potential for obtaining increased offers. The 'Informal Tender' process is more likely to be used when the interest in the property is not sufficiently certain to risk the 'upfront' costs associated with the 'Formal Tender' process.

Alternatives to Sale by Competition

a) Private Treaty

This should be considered if there is a special purchaser, this may be where the asset would not be of interest to any other buyer (i.e. small areas of land adjoined to an existing dwelling to extend a garden), or the buyer has existing property interests and so would pay a premium, perhaps to merge two sites to make it more developable. In this case, a valuation would be sought from an independent valuer to demonstrate best value had been achieved and negotiations would take place with the relevant party.

Alternatively, it may be where the Council has decided not to obtain best value and instead dispose of the asset to meet a corporate objective:

b) Transfer to charity/other community group

This should only be considered if it meets the Council's corporate objectives or business case.

c) Considerations other than for best price

This may relate to buildings of historic interest, where disposal to a body which represents the wider public interest rather than it being redeveloped by a private company purely for profit. For example, if the Council wanted to control the development as part of a wider scheme or to preserve an asset. A valuation certificate would be obtained from an independent valuer in order to demonstrate best value.

Disposal of an Asset for the Best Consideration or at an Undervalue

Except in the case of land held for housing purposes, the requirements of s123 of the Local Government Act 1972 ('best consideration') and the related General Disposal Consent 2003 should be taken into account.

a) Best Consideration

S.123 of the Local Government Act 1972 states that "..... except with the consent of the Secretary of State, a Council shall not dispose of land, otherwise than by way of a short tenancy, for consideration less than the best that can reasonably be obtained".

S.123 qualifies 'best consideration' therefore it might not necessarily be the highest price. Other factors, for example, planning, can apply. 'Best consideration' will be Market Value (taking into account conditions and covenants that run with the land as well as planning issues); quality of proposals; regeneration objectives; sale conditions that might bring about other quantifiable benefits; whether the bid appears financially realistic and deliverable; whether the bid is from a special purchaser, etc. This introduces a degree of flexibility in determining 'best consideration'.

b) General Disposal Consent 2003

There is a general consent for local authorities to dispose of land or grant a lease in excess of seven years for less than best consideration where:

- i) The Authority considers that the purpose for which the land is to be disposed of is likely to contribute to the promotion or improvement of the economic, social or environmental well being of the whole or any part of its area or of all or any persons resident or present in the area.
- ii) The difference between the full Market Value of the land and the actual consideration for disposal does not exceed £2m.

The Consent provides a technical appendix describing the information which must be supplied if an application is made to the Secretary of State for approval of a sale if it does not meet these criteria or if there is doubt.

Authorities are asked to note that these provisions do not apply to certain classes of properties which are not covered by Section 123, which includes land held under the Housing and Planning Acts.

Authorities are reminded that the Consent does not override restrictions on State Aid arising under European Legislation.

Disposals of land to assist the provision of privately let Housing

A separate legal power (which applies to both housing and non-housing land) exists under Sections 24 and 25 Local Government Act 1988 (and a related general consent) to dispose of land for less than best consideration to assist the provision of “privately let housing” (an expression which includes shared ownership and shared equity schemes, as well as housing for rent). These provisions allow disposals either to registered social landlords or, on a more restricted basis (subject to an annual financial limit) to other providers of housing.

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