



**Nottingham City Council  
Executive Board**

**Date:** Tuesday, 21 July 2020

**Time:** 2.00 pm

**Place:** Remote - To be held remotely via Zoom -  
<https://www.youtube.com/user/NottCityCouncil>

**Councillors are requested to attend the above meeting to transact the following business**

**Director for Legal and Governance**

**Governance Officer:** Kate Morris, Constitutional Services, Tel: 0115 8764353 **Direct  
Dial:** 0115 8764353

<b>Agenda</b>	<b>Pages</b>
<b>1 Apologies for absence</b>	
<b>2 Declarations of interests</b>	
<b>3 Minutes</b> Last meeting held on 29 June 2020 (for confirmation)	3 - 8
<b>4 BAME Health Inequalities: A Framework for Action</b> Report of the Portfolio Holder for Health, HR and Equalities	9 - 26
<b>5 Treasury Management 2019/20 Annual Report</b> Report of the Portfolio Holder for Finance, Growth and the City Centre	27 - 50
<b>6 Procurement of Waste Reprocessing Contract -Key Decision</b> Report of the Portfolio Holder for Energy, Environment and Democratic Services	51 - 54
<b>7 4-6 Castle Boulevard, Nottingham NG7 1FB - Key Decision</b> Report of the Leader of the Council	55 - 58
<b>8 Exclusion of the public</b> To consider excluding the public from the meeting during consideration	

of the remaining item(s) in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs in the public interest in disclosing the information

- |           |   |         |
|-----------|---|---------|
| <b>9</b>  | <b>Development of Beckhampton Road, Bestwood for new Council housing - Key Decision</b><br>Report of the Portfoli Holder for Planning, Housing and Heritage.    | 59 - 64 |
| <b>10</b> | <b>Exempt Minutes</b><br>Last meeting held 29 June 2020 (for confirmation)  | 65 - 66 |
| <b>11</b> | <b>4-6 Castle Boulevard, Nottingham NG7 1FB - Exempt Appendix</b><br>Report of the Leader of the Council  | 67 - 68 |
| <b>12</b> | <b>Development of Beckhampton Road, Bestwood for new Council housing - Exempt Appendix</b><br>Report of the Portfolio Holder for Housing, Planning and Heritage | 69 - 82 |

All items listed 'under exclusion of the public' will be heard in private for the reasons listed in the agenda papers. They have been included on the agenda as no representations against hearing the items in private were received

If you need any advice on declaring an interest in any item on the agenda, please contact the governance officer shown above, if possible before the day of the meeting

Citizens are advised that this meeting may be recorded by members of the public. Any recording or reporting on this meeting should take place in accordance with the council's policy on recording and reporting on public meetings, which is available at [www.nottinghamcity.gov.uk](http://www.nottinghamcity.gov.uk). Individuals intending to record the meeting are asked to notify the governance officer shown above in advance.

## Nottingham City Council

### Executive Board

**Minutes of the meeting held at Remote - To be held remotely via Zoom - <https://www.youtube.com/user/NottCityCouncil> on 29 June 2020 from 12.00 pm - 1.03 pm**

#### Membership

Present	Absent
Councillor David Mellen (Chair)	
Councillor Sally Longford (Vice Chair)	
Councillor Cheryl Barnard	
Councillor Eunice Campbell-Clark	
Councillor Neghat Khan	
Councillor Rebecca Langton	
Councillor Dave Trimble	
Councillor Adele Williams	
Councillor Sam Webster	
Councillor Linda Woodings	

#### Colleagues, partners and others in attendance:

Councillor Kevin Clarke	
Councillor Andrew Rule	
Chris Henning	- Corporate Director for Development and Growth
Katherine Kerswell	- Interim Chief Executive
Laura Pattman	- Strategic Director of Finance
Malcolm Townroe	- Director of Legal and Governance
Catherine Underwood	- Corporate Director for People
Keri Usherwood	- Portfolio Communications Manager
Hugh White	- Corporate Director for COVID Response and Recovery
Kate Morris	- Governance Officer

#### Call-in

Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 9 July 2022. Decisions cannot be implemented until the working day after this date.

#### 13 Apologies for absence

None.

#### 14 Declarations of interests

Councillors Cheryl Barnard and Councillors Neghat Khan declared an interest in Item number 7 as Directors of the Board for Robin Hood Energy. They did not participate in discussion on this item.

#### 15 Minutes

With the inclusion of Malcolm Townroe, Director of Legal and Governance in the list of colleagues who attended the minutes were confirmed as true record of the meeting held on 16 June 2020 and were signed by the Chair.

## **16 Pre-Audit Corporate Finance Outturn 2019/20 - Key Decision**

The Board considered the report of the Portfolio Holder for Finance, Growth and the City Centre setting out the pre audit General Fund and Housing Revenue Account revenue outturn and Capital Programme for 2019/20. The Portfolio Holder highlighted the substantial reduction in government fund of Local Authorities over the last 10 years, detailing that Nottingham City Council had had to make savings of over £270 million over that period. The following points were highlighted during discussion:

- (a) As a result of loss of income and costs associated with COVID 19 and existing overspend the net overspend is £6.754 million for quarter 3;
- (b) Table 9, Capital Programme Outturn 19/20 shows slippage of projects rather than underspend on budgeted projects. The Strategic Director of Finance indicated that details of the slippage will be circulated to members of the Board at their request;
- (c) The Make Tofu Not War installation is a purchase fully funded by the Arts Council and is a permanent acquisition for the Council. Council funds were not used to purchase this piece of art;
- (d) The Blue Green Infrastructure project has been implemented following a large grant from the EU. Money has been spent across the city, and has helped to alleviate the risk of flooding as well as encouraging natural wetland habitat for a number of species. It has also allowed the creation of new footpaths and cycle routes across the city;

### **Resolved to:**

#### **(1) To note:**

- a. **The pre-audit revenue outturn overspend of £6.754m for 2019/20 as set out in paragraph 2.2 and Appendix A of the report published with the agenda;**
- b. **The portfolio variances +/- £50k as set out in Appendix B of the report published with the agenda;**
- c. **The discretionary rate relief granted in 2019/20 detailed in paragraph 2.11 of the report published with the agenda;**
- d. **The additions to the Capital Programme detailed in Table 10 of the report published with the agenda;**
- e. **The refreshed Capital Programme, including planned and proposed as set out in paragraph 2.17 and 2.18 (Tables 11 to 12) of the report published with the agenda.**

#### **(2) To approve:**

- a. **The movements of resources set out in paragraph 2.5 and Appendix D of the report published with the agenda;**
- b. **The net movement on earmarked reserves, as set out in paragraph 2.7 and Appendix E of the report published with the agenda;**
- c. **The HRA outturn for 2019/20 as set out in paragraph 2.8 of the report published with the agenda**
- d. **Write-offs in excess of £10,000, totalling £0.648m where all options for recovery have been exhausted, as set out in paragraph 2.10 of the report published with the agenda**

- e. **Additional costs of £2.456m in relation to various capital schemes set out in paragraph 2.16 of the report published with the agenda; and**

**(3) To note and endorse the allocations from the corporate contingency as set out in paragraph 2.3 of the report published with the agenda.**

#### **Reasons for decisions**

The approval of virements of budgets is required by corporate financial procedures. The actions approved will enable formal monitoring of progress against the 2019/20 budget and the impact of planned and actual management action.

#### **Other options considered**

This report details the 2019/20 outturn and how the overspend will be managed.

### **17 Council Financial Position - Financial Risk Assessment**

This item does not contain any decisions that are subject to the call in.

The Board considered the report of the Portfolio Holder for Finance, Growth and the City Centre on detailing the Council's current financial position assessing the impact of government austerity alongside the impact of the COVID-19 pandemic. The following points were highlighted:

- (a) The full financial impact of COVID-19 on the city is unlikely to become clear for some time. As a result of additional spend to ensure that vulnerable citizens have been looked after throughout the crisis the Council has spent an additional £85.5million and received a government grant for £19million;
- (b) An In Year budget process is underway to find further savings to help to mitigate this extra spend;
- (c) Core Cities are lobbying the government asking for the financial support that was initially pledged, to fund the cost of the COVID-19 outbreak for Local Councils;
- (d) As a way of generating income to combat the budget cuts from central government, the Council has made investments in property and in companies. Companies such as Nottingham City Transport, which is a successful and multi-award winning company. However even the most successful companies owned by the Council will be unable to pay their usual dividends to the Council this financial year and possible next due to the impact of COVID-19 on the economy;
- (e) Each capital project prior to the outbreak of COVID-19 had a business case for the investment. A piece of work has already begun to look at Post COVID business cases as the impact has been so wide reaching. This piece of work has only recently been started and details will come back to the Board when appropriate;
- (f) The Council is in the early stages of reacting to INTU going into administration. It will look at various options to allow regeneration of the site to continue.

- (g) The impact of the COVID-19 outbreak on homelessness will become more pronounced as time goes on. Section 21 evictions have not stopped even through lockdown and around 100 households a week present to the Council as homeless.
- (h) Despite having projects in the pipeline because of the delay starting them because of the COVID-19 outbreak, the Council may be forced to return right to buy funds to the Government because they cannot be spent within the strict time scales. This will further compound the expected housing pressures going forward;
- (i) The first Local Outbreak Board has met and is working on plans to help prevent and manage future outbreaks.

The board acknowledged the hard work and sacrifices made Nottingham City Council staff and by residents of Nottingham City throughout the lockdown period helping to prevent the further spread of the virus.

**Resolved to:**

- (1) note the overall in-year financial position of the Council as set out in this paper;**
- (2) note the significant impact that the Covid-19 pandemic has had on the income and expenditure of the Council;**
- (3) note the substantial lobbying that is underway to secure further financial support from government to stabilise the financial position of the Council;**
- (4) note the financial gap for this financial year and approve the activities underway to address the position in the form of the extension of spending controls, the identification of in-year savings and the review of reserves;**
- (5) note that if additional savings and the review of reserves are believed to be insufficient to ensure a balanced budget position in the professional judgement of the s151 Officer, then a Section 114 Report will be issued;**
- (6) note that the s151 Officer will keep the financial position under continuous review;**
- (7) note that a review of the capital programme is underway;**
- (8) note that progress on the implementation of a minimum level of £15.5m of savings will be presented to the Board for approval in July; and**
- (9) note that an updated Medium Term Financial Strategy will be presented to Executive Board in September.**

**Reasons for decision**

The City Council, like many other councils across the country are facing significant financial pressures as a result of Governments cuts. This has been compounded by

the impact of COVID-19. Given the scale of the financial challenge it is necessary for the Council to refresh the Medium Term Financial Outlook as well as plan to deal with immediate in year issues.

**Other options considered**

This report is for information only and no other options were considered.

**18 Exclusion of the public**

The Board decided to exclude the public from the meeting during consideration of this/ the remaining agenda item(s) in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, as defined in Paragraph(s) 3 and 5 of Part 1 of Schedule 12A to the Act

**19 Exempt Minutes**

The exempt minutes of the meeting held on 16 June 2020 were confirmed as a true record and were signed by the Chair.

**20 Strategic Review**

**Resolved to approve the recommendation as set out in the exempt report.**

This page is intentionally left blank



<b>Subject:</b>	BAME Health Inequalities: A place based approach for Nottingham City
<b>Director:</b>	Alison Challenger, Director of Public Health
<b>Portfolio Holder:</b>	Councillor Eunice Campbell-Clark, Portfolio Holder for Health, HR and Equalities
<b>Report author and contact details:</b>	David Johns, Consultant in Public Health, <a href="mailto:david.johns@nottinghamcity.gov.uk">david.johns@nottinghamcity.gov.uk</a> Helen Johnston, Specialty Registrar in Public Health Bryony Lloyd, Specialty Registrar in Public Health
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Key Decision:</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(a)	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
<b>and/or</b>	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Type of expenditure:</b>	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
<b>Total value of the decision:</b>	£0
<b>Wards affected:</b>	City-wide
<b>Date of consultation with Portfolio Holders:</b>	22 June 2020
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>
<b>Summary of issues:</b>	
<p>The health inequalities experienced by black, Asian and Minority Ethnic (BAME) groups have been brought into sharp focus through the coronavirus pandemic.</p> <p>The evidence shows that people from particular ethnic backgrounds are at higher risk of ill health and death associated with COVID-19.</p> <p>The recent review by Public Health England has synthesised recommendations from over 4000 stakeholders on the changes needed to reduce ethnic inequalities.</p> <p>Nottingham is an ethnically and culturally rich and vibrant city, with over a third of citizens from BAME backgrounds. However, Nottingham is ranked the 11<sup>th</sup> most deprived district in England in the 2019 Indices of Multiple Deprivation, and there are substantial differences in healthy life expectancy within the city: people in the poorest neighbourhoods on average experience poor health 17 years earlier than those in the wealthiest neighbourhoods.</p> <p><b>There have been calls across the Council and civil society in Nottingham for clear and timely action to reduce BAME health inequalities</b> during our COVID-19 response, and for achieving sustained change as we move into the recovery phase and beyond.</p> <p><b>The Council is committed to an engaged, joined-up and accountable approach.</b> This report highlights <b>six immediate actions to mitigate the impacts of COVID-19 in BAME groups and to improve health and wellbeing outcomes.</b> Some of these actions, such as the communications plan, are already being developed.</p> <p>As well as taking immediate action, the <b>proposed framework outlines a strategic, place-</b></p>	

**based approach to reduce health inequalities, and provides a starting point to develop a comprehensive action plan with communities**, based on priorities and outcomes that communities identify as being meaningful to them.

**A shared, city-wide ambition will be created** that builds on both the Council's existing work and commitments to reduce health inequalities, and the diverse community assets and forums that already exist to meet local needs.

**Exempt information:**

None

**Recommendation(s):**

- 1 To agree the six priority actions for immediate progression in response to BAME health inequalities. These are to:**
  - **Introduce Health Inequalities Impact Assessment within NCC to assess the impact of changes to policies, practices and services.**
  - **Ensure health services respond to the needs of BAME communities through robust equity analysis and moving from models of engagement to co-production.**
  - **Develop a NCC BAME communications plan for COVID-19 to ensure that all of our messages are accessible to BAME colleagues within NCC and to our BAME communities across Nottingham.**
  - **Collate our intelligence on council and community assets (i.e. buildings, outdoor spaces, volunteers, skills) that can be mobilised to maximise action to reduce BAME health inequalities and strengthen the resilience of communities.**
  - **Review current governance and leadership for addressing BAME health inequalities to coordinate existing work, identify gaps, and drive forward sustainable local change**
  - **Develop a city-wide ambition to reduce health inequalities in Nottingham**
- 2 To endorse the proposed strategic, place based approach to reducing inequalities in Nottingham City in order to work with communities and co-create a detailed action plan**
- 3 To delegate authority to the Director of Public Health to establish the governance arrangements**

**1 Reasons for recommendations**

- 1.1 The health inequalities experienced by BAME communities have been brought into sharp focus through the coronavirus pandemic, with a higher risk of COVID-19 deaths in black and Asian populations (see paragraph 2.4, 2.5). Evidence suggests that socioeconomic disadvantage, chronic disease, and racial inequalities are contributory factors to the disparities we are seeing (see paragraph 2.6). Nottingham, which is an ethnically diverse city (see paragraph 2.7), seems to be mirroring national trends in relation to which groups are most affected by COVID-19 (see paragraph 2.8).
- 1.2 The Health Needs Assessment for BAME communities (see paragraph 2.9) provides detailed local information, and the BAME Community of Practice is a recent example of the longstanding collaborative approach within Nottingham to implementing change. The recently formed Nottingham Together Board has also been an active forum working with communities on the COVID-19 response across civil society. Reducing BAME health inequalities has been, and remains a key priority in Nottingham, and there are strong foundations for working with our communities during and beyond the coronavirus

pandemic. Ensuring a joined-up and system wide approach will amplify the effectiveness of our work to achieve a step-change.

- 1.3 This report is also informed by the recent reviews from Public Health England (see paragraph 2.10), which acknowledges the national context to some of the challenges experienced locally, for example that ethnic group is not recorded on death certificates and. Further work will assess where local solutions can be developed, and points for national advocacy. The focus here is on the current priorities for Nottingham.
- 1.4 In 2010, the Marmot Review identified that health inequalities are caused by differences in the conditions in which people are born, grown, live work and age (see paragraph 2.1, 2.2). These conditions, known as the social determinants of health, include income, housing, environment, transport, education, work and healthcare. Therefore, addressing wider socio-economic inequalities is a crucial part of reducing health inequalities. The proposed framework builds on this idea with a place-based approach acting across Nottingham City (see appendix).
- 1.5 Six actions are set out for immediate progress, some of which are already afoot, while consultation with our communities is underway to develop a comprehensive action plan to shape this work going forward. This action plan, along with a progress report, will be brought back to the Executive Board for further review.
- 1.6 **Action 1: Introduce Health Inequalities Impact Assessment within NCC to assess the impact of changes to policies, practices and services.**
- 1.7 NCC colleagues from public health, equalities & HR, to rapidly review approaches to integrate health inequalities within our impact assessment process (drawing on the Scottish Health Inequalities Impact Assessment). This will include socioeconomic circumstances, for example low income, low literacy and area deprivation.
- 1.8 Practical support will need to be put in place to support council officers complete HIAs and structures put in place to ensure they are scrutinised appropriately.
- 1.9 While this action has the potential for a long-term shift in the way we work in Nottingham City Council, it is one that has the potential to influence the way we approach COVID-19 recovery and budget planning and thus requires immediate review.
- 1.10 **Action 2: Ensure health services respond to the needs of BAME communities through robust equity analysis and moving from models of engagement to co-production.**
- 1.11 One example of post-COVID-19 recovery work already underway is the reintroduction of NHS health checks (commissioned by Local Authority), in a way that prioritises individuals from BAME backgrounds. An example of an action for further consideration is a review of the effectiveness of translation services within local health and care services.
- 1.12 Conversations on the importance of tackling inequalities have taken place with health partners in many forums. Specifically, the public health team has used its influence to ensure inequalities form a key part of the Nottingham University Hospitals (NUH) prevention strategy, Integrated Care System (ICS)

approach and that BAME health inequalities are a key priority for the Nottingham City Integrated Care Partnership (ICP).

- 1.13 **Action 3: Develop a NCC BAME communications plan for COVID-19 to ensure that all of our messages are accessible to BAME colleagues within NCC and to our BAME communities across Nottingham.**
- 1.14 This will initially focus on those communities who have struggled to access appropriate messages and information during the COVID-19 pandemic and will consider language, channel of communication and trust. A communications plan is already in development for BAME groups and also considering other groups who may not be reached by traditional messaging, such as citizens with sensory impairments.
- 1.15 Clear communication about the individual opportunities and services that support good health will continue to be required post-COVID-19.
- 1.16 **Action 4: Collate our intelligence on council and community assets (i.e. buildings, outdoor spaces, volunteers, skills) that can be mobilised to maximise action to reduce BAME health inequalities and strengthen the resilience of communities.**
- 1.17 An understanding of assets in local neighbourhoods will inform a place based approach to decision making. This may include consideration of the work experience or training required within local communities; how local leisure facilities can act as a focal point for communities; support around housing rights; and work with external partners to address inequalities in digital access for our most disadvantaged communities
- 1.18 **Action 5: Review current governance and leadership for addressing BAME health inequalities to coordinate existing work, identify gaps, and drive forward sustainable local change**
- 1.19 A number of existing strategic groups have been discussing BAME inequalities. It is timely to review and simplify the leadership on this agenda.
- 1.20 A taskforce with broad and inclusive membership across NCC and external partners, with appropriate community and civil society representation would be an effective way to coordinate immediate actions outlined in this report and implement change.
- 1.21 It is vital that community voice and civil society are at the heart of this programme of work, such as through representation from existing forums for example the Nottingham Together Board, or through a new bespoke forum.
- 1.22 Our action on BAME health inequalities must be council-wide and coordinated, with effective representation from communities across Nottingham. Every Directorate in the City Council has a role to play. The NCC Public Health team are able to provide officer-level leadership and to inform and advise on this work; achieving change requires a team approach.
- 1.23 **Action 6: Develop a city-wide ambition to reduce health inequalities in Nottingham**

- 1.24 It is important to acknowledge the work that has already been done and build on past commitments to reduce health inequalities through the creation of a shared, city-wide ambition. The social determinants of health include income, housing, environment, transport, education, work and healthcare. Therefore, addressing wider socio-economic inequalities and having a joined-up approach with systematic action across multiple fronts is essential.
- 1.25 The Council has demonstrated bold leadership on Climate Change with the commitment for Nottingham to become the first carbon neutral city in the country, reaching this target by 2028. This ambition extends beyond the current term of the Council, and highlights the need for long-term commitment in order to make meaningful and lasting change. It is proposed that, in a similar manner to the carbon neutral commitment, an ambition for tackling health inequalities in Nottingham is developed and pledged. This level of ambition is required to drive the multi-level action necessary to address in equality.
- 1.26 **A framework for a place based approach to reducing health inequalities in Nottingham** has been drafted (see appendix) It acknowledges that our BAME population is made up of diverse communities and provides core principles upon which to build tailored actions; coordinate existing activity; and inform future interventions. Potential actions identified across the three domains of community, services, and policy interventions. The framework provides a starting point for discussion and engagement.
- 1.27 The Council will open up a conversation with our diverse communities to identify the priorities and outcomes that are meaningful to them and develop a comprehensive action plan for change. This will be done in a way enables us to learn from communities' views of past mistakes and include communities whose voices are currently seldom heard. This collaboration with communities will aim to build the bridges needed for a stronger and more inclusive City.

## **2 Background**

- 2.1 Health inequalities are unfair and avoidable differences in health across the population, and between different groups within society. Health inequalities arise because of the conditions in which we are born, grow, live, work and age. These conditions influence our opportunities for good health, and how we think, feel and act, and this shapes our mental health, physical health and wellbeing. The Marmot Review emphasises the importance of action across all stages of life, the commitment to the investment needed to tackle this, and the importance of planning at place level. Reducing inequalities requires improving the socioeconomic conditions across all disadvantaged groups.
- 2.2 The determinants of health include income, housing, environment, transport, education, work and healthcare. Therefore, addressing wider socio-economic inequalities is a crucial part of reducing health inequalities. A comprehensive approach with systematic action across multiple fronts, going well beyond the health and care system, is essential.
- 2.3 The Public Health England review on ethnic inequalities notes that 'the major determinants of ill-health are largely the same across all ethnic groups. However, ethnicity is a salient social identifier in modern Britain, shaping people's networks of association and their social and economic opportunities.

Further, minority ethnic identities continue, in many circumstances, to be stigmatised and subject to exclusionary forces.’

- 2.4 There is growing recognition that rather than being a great leveller, the coronavirus (COVID-19) pandemic may exacerbate existing inequalities. There is clear evidence that black and minority ethnic groups are at higher risk of dying from COVID-19 than the rest of the population, the risk may not be the same for all ethnic groups.
- 2.5 Data from the Office for National Statistics show that, after adjusting for age, deprivation and a range of other factors, men and women of black ethnicity were at highest risk. South Asian populations also have higher risk compared to people from white backgrounds. A number of other studies have observed similar patterns in COVID-19 related deaths in hospital.
- 2.6 The Independent Scientific Advisory Group for Emergencies report on disparities suggests that the reasons why some BAME groups appear to be at greater risk of dying with COVID-19 are complex, with an interplay between socio-economic disadvantage in BAME populations, high prevalence of chronic diseases and the impact of long-standing racial inequalities.
- 2.7 Nottingham is a diverse city. In the 2011 Census 34.6% of the City’s population were from BAME groups, this marked an increase from 19% in 2001. The next Census is awaited to provide an update on the ethnic backgrounds of local citizens. And there are new emerging communities within Nottingham; local information from Councillors and from Communities and Neighbourhood teams complement official statistics. The ethnic diversity is geographically distributed in the City, with concentrations of communities observed at ward level, such as BAME groups making up over 50% of the population in Hyson Green and Arboretum, and Radford. The population of Nottingham has a young age-structure (relatively more children and younger adults than older adults). In January 2017 53.1% of school pupils were from BAME backgrounds and 26% of all pupils had a first language that is not English.
- 2.8 As far as local data exist, Nottingham City is mirroring national trends on ethnic inequalities for COVID-19; postcode data should be coming through shortly to enable further examination of local patterns.
- 2.9 A Health Needs Assessment (HNA) for Black and Minority Ethnic populations in Nottingham was completed in December 2017 by Nottingham City Council and Clinical Commissioning Group. The HNA provides a comprehensive overview of the health and wellbeing of BME communities, and sets out 25 recommendations. Nottingham has a diverse population, there are different characteristics and needs among specific community groups which need to be recognised in the actions. A Community of Practice has been established to lead on developing this work which has paid particular attention to mental health.
- 2.10 Public Health England have conducted a two part review on the impacts of COVID-19 on BAME groups. The first report presents the data on disparities, and the second includes a literature review and reported findings from engagement with over 4000 stakeholders. Stakeholders have requested multi level action across data and research, policy, communications, and for anchor institutions, and have defined 7 recommendations. This paper has been informed by mapping opportunities for Nottingham against those recommendations.

### **3 Other options considered in making recommendations**

#### **3.1 Do nothing**

- 3.2 This has been rejected as reducing BAME health inequalities is already a priority within Nottingham, with substantial work completed and underway. The recommendations here provide a framework that will build upon existing commitments through a joined up approach that makes it easier to both identify gaps and work constructively with communities. These recommendations recognise that the Council will want to provide coordination and leadership on this important agenda.

### **4 Finance colleague comments**

- 4.1 There are no financial implications associated with this report. Any future expenditure associated with tackling health inequalities across BAME groups following on from this report will be subject to a separate decision and approval process.

Hayley Mason  
Strategic Finance Business Partner (Adults & Public Health)  
6 July 2020

### **5 Legal and Procurement colleague comments**

- 5.1 There are no significant legal comments associated with this report. As this framework develops it will need formal agreement through the appropriate channels before it can become part the Council decision making process.

Beth Brown – Head of Legal and Governance 6 July 2020

### **6 Strategic Assets & Property colleague comments**

- 6.1 Not applicable

### **7 Social value considerations**

- 7.1 Nottingham City is a diverse city which prides itself on the ideas of citizenship and inclusion. Nottingham has a BAME population which accounts for just over one third of the total population. The actions identified here emphasise community voice and engagement, including from seldom heard voices, and tackling long-standing inequalities. There are vast opportunities to deliver health and wellbeing improvements through the COVID-19 recovery phase and beyond and there is an explicit call for an ambitious commitment to help drive this.

### **8 Regard to the NHS Constitution**

- 8.1 This paper is fully aligned with the 7 NHS principles in the NHS Constitution and draws on the underpinning NHS values, specifically the collaborative and community-oriented approach of working together for patients, respect and dignity, improving lives and that everyone counts.

### **9 Equality Impact Assessment (EIA)**

9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

This report is focussed on improving outcomes for a protected characteristic examined under an EIA.

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

**10 List of background papers relied upon in writing this report**

None

**11 Published documents referred to in this report**

11.1 National Evidence

The Independent Scientific Advisory Group for Emergencies (SAGE) (2020).  
Disparities in the impact of COVID-19 in Black and Minority Ethnic populations:  
review of the evidence and recommendations for action

Public Health England (2020) Beyond the data: Understanding the impact of  
COVID-19 on BAME groups.

Public Health England (2020) Disparities in the risk and outcomes of COVID-19

Institute of Health Equity (2020) Marmot Review 10 Years On.

NHS Health Scotland (2019) Health Inequalities Impact Assessment (HIIA).

Public Health England (2018) Local action on health inequalities: understanding  
and reducing ethnic inequalities in health.

11.2 Local information

Nottingham Insight (2020) Demography chapter: the people of Nottingham

Nottingham Insight (2017) Health Needs Assessment of the Black and Minority  
Ethnic Populations within Nottingham City.





# BAME Inequalities: a place based approach for Nottingham City

## Taking action on the inequalities experienced by people of black, Asian and minority ethnic (BAME) backgrounds in Nottingham during and beyond the COVID-19 Pandemic

This framework describes a strategic approach to reducing health inequalities.

Page 17 The framework provides a starting point to develop a comprehensive action plan with communities

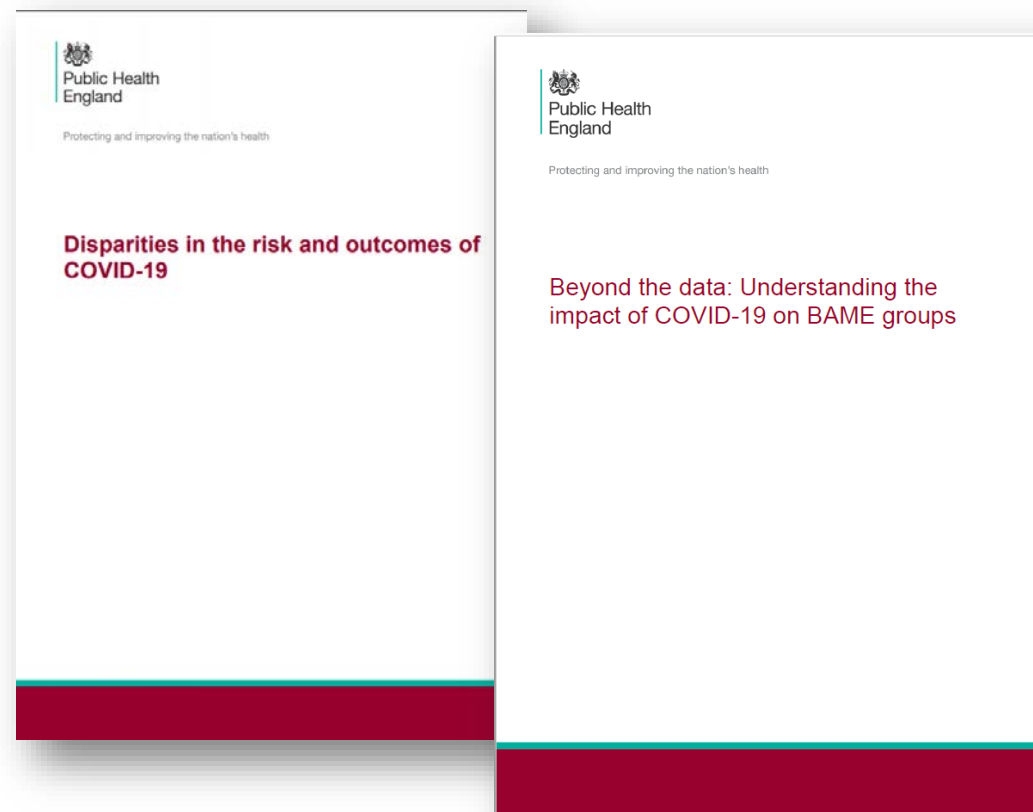
This is a live document for discussion

### Authors:

Helen Johnston, Specialty Registrar in Public Health

Bryony Lloyd, Specialty Registrar in Public Health

David Johns, Consultant in Public Health



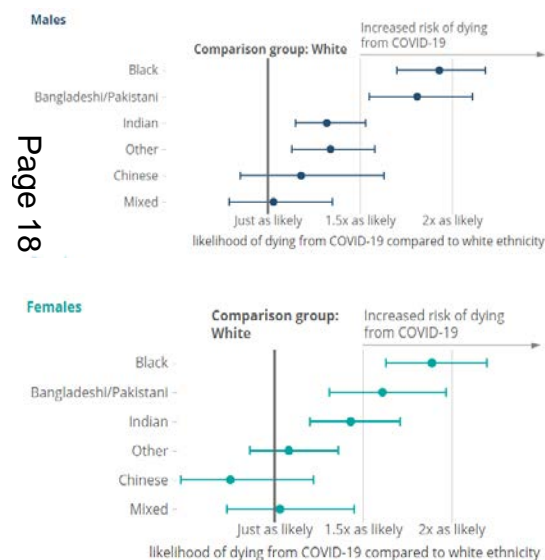
Informed by recent reviews from Public Health England

# BAME inequalities: a place based approach for Nottingham City

## COVID-19 risks amongst ethnic minorities

There is growing recognition that rather than being a great leveler, the coronavirus (COVID-19) pandemic may exacerbate existing inequalities. There is clear evidence that black and minority ethnic groups are at higher risk of dying from COVID-19 than the rest of the population though that risk may not be the same for all ethnic groups.

Data from the ONS show that, after adjusting for age, deprivation and a range of other factors, men and women of black ethnicity were at highest risk. South Asian populations also have higher risk compared to people from white backgrounds.



Page 18

A number of other studies have observed similar patterns in COVID-19-related deaths in hospital.

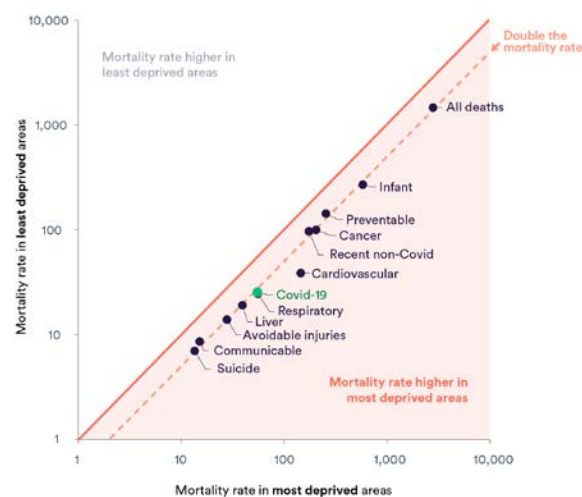
## What do we know about the cause of any difference?

The answer to this question is complex. A wide variety of explanations for these have been examined including upstream social and economic inequalities; prior medical conditions (e.g. heart disease, diabetes); occupational exposure; (e.g. health & social care, public transport, cleaners etc.); and downstream biological factors.

The Public Health England review reported findings from engagement with over 4000 stakeholders on the factors influencing risk in BAME groups. The recommendations include multi-level actions for anchor institutions on data, workforce, policy and communications. The Independent SAGE report sets out the evidence on disparities for BAME communities and also includes a wealth of recommendations.

## Is this the only inequality we are observing?

No. People face the virus from uneven starting points. Existing health inequalities are linked to a greater severity of symptoms and likelihood of death. The inequalities observed are not novel. The coronavirus pandemic, and the wider governmental and societal response, have largely brought the existing inequality within our society into sharp focus.



The wider societal measures introduced to control the spread of the virus and save lives now, are exacting a heavier social and economic price on those already experiencing hardship.

The drivers of inequality is complex and a systems approach is needed as efforts to tackle one area e.g. economic inequality, may have unintended consequences for other disadvantaged populations.

## What is being proposed?

A broader strategy to tackling inequalities is required. This framework cannot sit in isolation of that, and provides a draft for aligning with a wider strategy. The framework describes a place based approach to BAME inequalities. It acknowledges that our BAME population is made up of diverse communities by providing core principles upon which to build tailored actions:

**Community** – Our communities already provide an important foundation to build upon with many important assets such as dedicated volunteers, cultural insight, established social networks, physical resources. These charity, faith and community groups can play an important role in facilitating and leading community action. However, it is important we build on these strengths be it growing relationships and connecting groups; providing training; helping remove barriers; and supporting funding bids through our existing community workforce.

**Services** – Our services engage and consult broadly in order to ensure their development is culturally appropriate. However, disparities remain for access to health and care services experienced by citizens from ethnic minorities. The challenge to the local system is to move beyond consultation to full co-production alongside local communities. Addressing inequalities must therefore be a key Nottingham City ICP priority.

**Policy** – Equity needs to be explicitly considered within all local decisions. Inequalities are not solved by services but require us to consider the environment and circumstances in which people live their lives. For example, key themes that emerged from Nottingham City's 2017 BME Health Needs Assessment include the importance of the urban environment including access to green spaces and planning of fast food outlets; a sense of belonging; and financial wellbeing in relation to affordability of housing and fuel poverty.

# Taking a place based approach: a framework for action



This framework requires a whole system approach that utilises the breadth of influence of the community, council and local organisations. For example -

### Community domain involves:

- Community Cohesion
- BME Community of Practice
- BAME Employee Network

### Services domain involves:

- Leisure & Cultural Services
- Social Care
- Education
- Public Health
- Nottingham City ICP

### Policy domain involves:

- Human Resources (incl. occupational health)
- Growth & Regeneration
- Energy & Environment
- Housing (incl. planning & building control)
- Transport
- Businesses, Training and Employment
- One Nottingham
- Strategy, Policy & Analytics

Page 19

### How could this framework work in practice?

*Example: Mental Health*

**Community** = Champions and making use of existing assets e.g. mental health support groups, faith community

**Service** = Co-production in the commissioning and ongoing improvement/development of mental health services

**Policy** = Post COVID-19 unemployment and skill regeneration plans

# BAME inequalities: a place based approach for Nottingham City

## Priority actions for implementation Summer 2020

Action	Context	Building forwards – possible approaches
Establish a <b>BAME Inequalities Taskforce</b>	<p>PHE Review: establish cross government infrastructure to drive change</p> <p>Existing NCC forums and work:</p> <ul style="list-style-type: none"> <li>Nottingham Together Board &amp; BAME subgroup</li> <li>BME Community of Practice</li> <li>BAME employee network</li> </ul>	<p>Establish cross-sectoral taskforce led by elected members and community representatives.</p> <ul style="list-style-type: none"> <li>Strategic NCC commitment to tackling BAME health inequalities</li> <li>Ensuring community voice and civil society is at the heart through representation from a <b>BAME Inequalities Community Partnership</b></li> <li>Taskforce membership               <ul style="list-style-type: none"> <li>NCC (including Public Health, Community Cohesion, Education, Housing, Transport, Violence Reduction Unit)</li> <li>BAME Inequalities Community Partnership representatives</li> <li>Partners (including Police, DWP, NHS, Justice, educational institutions)</li> </ul> </li> </ul>
Consider <b>inequalities in every decision</b>	<p>Existing NCC forums and work</p> <ul style="list-style-type: none"> <li>Equality Impact Assessments</li> <li>Health &amp; Wellbeing Board (HWB)</li> <li>Equality Board</li> <li>Nottingham BME Health Needs Assessment (2017)</li> </ul> <p>Other areas:</p> <ul style="list-style-type: none"> <li>HIIA used in <a href="#">Scotland</a></li> <li>EHIA in <a href="#">NHS</a></li> </ul>	<p>Building on the success of Equality Impact Assessment (EIA), introduce a <b>Health Inequalities Impact Assessment (HIIA)</b> that goes beyond EIA to assess impact of changes to policies, practices and services on:</p> <ul style="list-style-type: none"> <li>Health inequalities</li> <li>People with protected characteristics</li> <li>Human rights</li> <li>Socioeconomic circumstances e.g. low income, low literacy, area deprivation</li> </ul> <p>Ensure that reducing inequalities, and widening access to opportunities is central to: COVID-19 recovery; policy, practice &amp; commissioning; decommissioning and decisions re savings</p> <p>Support HWB partners to consider similar approaches</p>
<b>Mapping of Council assets and community assets</b>	<p>PHE Review: Co-produce with communities ways to strengthen their resilience in the next phase of this pandemic</p> <ul style="list-style-type: none"> <li>Neighbourhood Management</li> <li>Community Cohesion</li> <li>Nottingham Together Board</li> </ul>	<p>Undertake workshops with BAME communities <b>to identify local priorities</b>, and map <b>Council and community assets</b> (e.g. resources, buildings, outdoor spaces, staff and skills) that can extend action to reduce BAME inequalities and strengthen community resilience.</p> <p>For example: increasing free access to community centres and sports facilities for youth groups; increasing training and work experience opportunities for BAME; providing training to community organisations to apply for funding; NCC and partners to proactively support disadvantaged BAME communities to access benefits and understand housing rights</p>

# BAME inequalities: a place based approach for Nottingham City

**Examples of the types and breadth of actions that an action plan based on this framework and developed through close work with communities, could contain:**

**Short term:  
COVID-19  
Response**

Page 21

**Medium term:  
Looking to  
the future**

	Communities	Services	Policy
Short term: COVID-19 Response	<ul style="list-style-type: none"> <li>• Develop a BAME Inequalities Community Partnership (see priority actions)</li> <li>• Work with community and faith leaders to develop a communication plan to mitigate the fears and stigma in communities arising from media headlines around BAME and COVID-19</li> <li>• Foster links between community engagement for the Violence Reduction Unit and COVID-19 response work</li> <li>• Mitigate risks from the loss of a community volunteer network associated with the return to work following lockdown</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure COVID-19 testing is accessible to eligible BAME citizens</li> <li>• Take a proactive approach to ensuring BAME community members access the financial benefits that they're entitled to</li> <li>• Strengthen our targeted prevention work on risk factors such as CVD and diabetes e.g. stop smoking services or health checks, and ensure that these are appropriately tailored to the needs of different BAME communities</li> <li>• Review the effectiveness of translation services</li> </ul>	<ul style="list-style-type: none"> <li>• Undertake a workforce risk assessment with BAME colleagues working in Nottingham City Council</li> <li>• Understand the impact of school closures on BAME communities and explore what interventions could mitigate any detrimental impact</li> <li>• Promote shared approaches across Nottingham City Integrated Care Partnership</li> </ul>
Medium term: Looking to the future	<ul style="list-style-type: none"> <li>• Conduct workshops with BAME communities to learn about local priorities, the community's existing skills &amp; assets, and what barriers prevent community groups reaching their potential</li> <li>• Establish and support a local community volunteer strategy including training</li> <li>• Support community groups to access funding i.e. provide expertise in evaluation, analysis and bid-writing</li> </ul>	<ul style="list-style-type: none"> <li>• Develop training on co-production approaches for ICP leads from each organisation led by the Community of Practice</li> <li>• Continue to work with community groups to understand their needs</li> </ul>	<ul style="list-style-type: none"> <li>• Build on existing equality and diversity programmes within the council</li> <li>• Include consideration of socioeconomic inequalities in COVID-19 recovery plans</li> </ul>

# BAME inequalities: a place based approach for Nottingham City

## Next steps...

### Approach

- Take an asset-based approach, identifying how we can support and further build on the significant activity that is already happening in Nottingham City
- Engage with our diverse communities to identify the priorities, measures and outcomes that communities say are meaningful to them

### Strategic commitment

- Achieving change requires leadership at the highest levels and throughout the council, working collaboratively with our system partners
- It is important to acknowledge the work that has already been done and build on past commitments to reduce inequalities through the creation of a shared, city-wide ambition

### Assessing progress

- This framework is not intended to be a detailed action plan
- Appropriate targets and outcomes need to be identified and agreed with community partners



Nottingham

City Council



This page is intentionally left blank



# BAME inequalities: a place based approach for Nottingham City

## Priority actions for implementation in Nottingham – July 2020

Action	Detail	Working Groups	Accountability to Elected Members	Timeframe
1. Inequalities in every decision	Introduce Health Inequalities Impact Assessment within NCC to assess the impact of changes to policies, practices and services.	Public Health; Equalities; HR	Portfolio Holder for Health, HR & Equalities  Where cost implications are identified, to be returned to Executive Board for final approval on a Health Inequalities Impact Assessment	3 months
2. Communications	Develop an NCC BAME communications plan for COVID-19 to ensure that all of our messages are accessible to BAME colleagues within NCC and to our BAME communities across Nottingham.	Communications; Communities	Portfolio Holder for Communities; Portfolio Holder for Health, HR & Equalities	1 month
3. Mapping of assets and resources	Collate our intelligence on council and community assets (i.e. buildings, outdoor spaces, volunteers, skills) that can be mobilised to maximise action to reduce BAME inequalities and strengthen the resilience of communities.	Communities (with Public Health input)	Portfolio Holder for Communities	3 months
4. Health services	Ensure health services respond to the needs of BAME communities through robust equity analysis and moving from models of engagement to co-production.	Public Health; Integrated Care Partnership	Portfolio Holder for Health, HR & Equalities	12 months
5. Establish a BAME inequalities taskforce	Review current governance and leadership for addressing BAME health inequalities to coordinate existing work, identify gaps, and drive forward sustainable local change	Public Health; Communities	Portfolio Holder for Health, HR & Equalities Portfolio Holder for Communities;	2-3 months
6. The development of a city-wide Ambition	Develop a city-wide ambition to reduce health inequalities in Nottingham	Public Health	Portfolio Holder for Health, HR & Equalities, returning to Executive Board for endorsement	3 months

This page is intentionally left blank

<b>Subject:</b>	Treasury Management 2019/20 Annual Report
<b>Corporate Director(s)/Director(s):</b>	Laura Pattman, Director of Strategic Finance
<b>Portfolio Holder(s):</b>	Councillor Sam Webster, Portfolio Holder for Finance, Growth and the City Centre
<b>Report author and contact details:</b>	Theresa Channell, Head of Strategic Finance and Deputy S151 Officer 0115 8764157 <a href="mailto:theresa.channell@nottinghamcity.gov.uk">theresa.channell@nottinghamcity.gov.uk</a>
<b>Subject to call-in:</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Key Decision:</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(a)	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
<b>and/or</b>	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Type of expenditure:</b>	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
<b>Total value of the decision:</b>	Nil
<b>Wards affected:</b>	All
<b>Date of consultation with Portfolio Holder(s):</b>	Throughout the year
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input type="checkbox"/>
Living in Nottingham	<input type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>This report sets out the 2019/20 performance in respect of the management of the Council’s external debt and investments (i.e. treasury management). The key issues are:</p> <ul style="list-style-type: none"> <li>the balance of external loan debt increased by £121.3m to £1,074.5m (see section 4.3);</li> <li>the average rate of interest payable on the debt portfolio decreased from 3.359% at 31 March 2019 to 3.138% at 31 March 2020 (see section 4.3);</li> <li>the average rate of interest earned on short-term investments in 2019/20 was 0.892%. This is benchmarked against the 7 day London Inter-bank (LIBID) rate provided by the Bank of England, which averaged 0.530% for the same period (see section 4.7);</li> <li>the actual General Fund Treasury Management expenditure was on budget at £79.531m (see section 5.1);</li> <li>there were no breaches of the Prudential Indicators in 2019/20 (see section 4.10);</li> <li>Covid 19 presented an increased risk to liquidity which was mitigated by increasing the level of liquid investments available to cover additional payments and reduced receipts;</li> <li>PWLB rates reduced for new HRA loans and the HM Treasury have published new PWLB lending arrangements for consultation for General Fund borrowing at reduced rates excluding ‘debt for yield’ schemes (see section 4.12.3).</li> </ul>	
<b>Exempt information:</b>	None
<b>Recommendation(s):</b>	
<b>1</b>	To note the performance information in relation to Treasury Management for 2019/20.

## **1 Reasons for recommendations**

- 1.1 The treasury management function is governed by provisions set out under Part 1 of the Local Government Act 2003, whereby the City Council must have regard to the CIPFA Prudential Code and the CIPFA Code of Practice. Under the latter Code, an annual report is required to be submitted to and considered by councillors.
- 1.2 The Council's Treasury Management Strategy for 2019/20 was approved by full Council on 4 March 2019.
- 1.3 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

## **2 Background (including outcomes of consultation)**

### **2.1 Treasury Management**

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

- 2.2 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead. Receipt by Executive Board

of a Mid-year Review Report and an Annual Report, covering activities during the previous year.

- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee.

2.4 This Annual report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the 2019/20 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, and prudential indicators;
- A review of the Council's investment portfolio for 2019/20;
- A review of the Council's borrowing strategy for 2019/20;
- A review of any debt rescheduling undertaken during 2019/20;
- A review of compliance with Treasury and Prudential Limits for 2019/20.

### **3 Other options considered in making recommendations**

3.1 Options for management of the Council's debt and investment portfolio are continually reviewed. The overall aim is to minimise the net revenue costs of our debt whilst maintaining an even debt profile in future years and to maximise investment returns within stated security and liquidity guidelines.

## **4 TREASURY MANAGEMENT ACTIVITY IN 2019/20**

4.1 Growth and Inflation:

4.1.1 Economic growth in 2019 has been very volatile with quarter 1 unexpectedly strong at 0.5%, quarter 2 dire at -0.2%, quarter 3 bouncing back up to +0.5% and quarter 4 flat at 0.0%, +1.1% year on year. 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the coronavirus outbreak. It now looks likely that the closedown of whole sections of the economy will result in a fall in GDP of at least 15% in quarter two.

Inflation has posed little concern for the Monetary Policy Committee (MPC) during the last year, being mainly between 1.5 – 2.0%. It is not expected to be an issue for the near future as the world economy will be heading into a recession.

4.1.2 UK Monetary Policy:

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, Brexit uncertainty caused the MPC to make no further changes until March 2020; at this point it was abundantly clear that the coronavirus outbreak posed a huge threat to the economy of the UK. Two emergency cuts in Bank Rate from 0.75% occurred in March, first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in quantitative easing

(QE), essentially the purchases of gilts (mainly) by the Bank of England of £200bn.

**Appendix 3** shows the money market interest rates and the Public Works Loans Board (PWLB) borrowing rates for 2019/20.

## 4.2 Local Context

4.2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources based on robust financial modelling, the capital expenditure will give rise to a borrowing need.

4.2.2 The CFR is a gauge of the Council's indebtedness and results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2019/20 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

At 31 March 2020 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £1,382.0m.

Table 1 below shows the original and the actual financing arrangements of the capital programme. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need will also be increased by maturing debt and other treasury requirements.

TABLE 1: CAPITAL EXPENDITURE	2019/20	2019/20
	Original Estimate	Actual
	£m	£m
<b>Total capital expenditure</b>	<b>221.556</b>	<b>171.741</b>
<b>Financed by:</b>		
Capital receipts	21.47	15.874
Capital grants & Contributions	68.057	69.546
Internal Funds / Revenue (inc. Major Repairs Reserve)	38.019	26.369
<b>Total financing</b>	<b>127.546</b>	<b>111.789</b>
<b>Borrowing requirement</b>	<b>94.010</b>	<b>59.952</b>

Note to table: Original estimate was Q3 2018/19 used for the Treasury Management Strategy Report.

The decrease in total capital expenditure is due to slippage on major capital projects which has also resulted in an equivalent reduction in capital expenditure that was financed by borrowing in 2019/20. Slippage of capital expenditure will result in an increase to the 2020/21 forecast borrowing

requirement without changing the overall total forecast level of borrowing required.

4.2.3 The Council's 2019/20 strategy was to maintain an under-borrowed position and continue to utilise short term loans at low interest rates. Against the risks within the economic forecast and the forecast interest rates for 2019/20 a cautious and pragmatic approach to the changing market conditions was taken.

### 4.3 Borrowing

4.3.1 To finance the CFR (the Capital Financing Requirement), the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

4.3.2 During 2019-20, the Council maintained an under-borrowed position. This meant that the capital borrowing need, was not fully funded with loan debt. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

4.3.3 Total outstanding loans debt in 2019/20 increased by £121.3m to £1,074.5m as at 31 March 2020. The total long term debt increased by £10.8m while temporary borrowing had increased by £110.5m as at 31 March 2020. The average rate of interest on total loan debt decreased, from 3.359% at 31 March 2019 to 3.138% at 31 March 2020 due to active management of the debt portfolio. Table 2 below analyses the debt portfolio:

<b>TABLE 2: DEBT PORTFOLIO</b>					
	<b>01-Apr-19</b>		<b>31-Mar-20</b>		<b>Movement</b>
<b>DEBT</b>	<b>£m</b>	<b>Average Interest %</b>	<b>£m</b>	<b>Average Interest %</b>	<b>£m</b>
PWLB borrowing	882.0	3.368	892.8	3.399	10.8
Market loans	49.0	4.348	49.0	4.348	-
Temporary borrowing & other	22.2	0.843	132.7	0.933	110.5
<b>TOTAL LOANS DEBT</b>	<b>953.2</b>	<b>3.359</b>	<b>1074.5</b>	<b>3.138</b>	<b>121.3</b>
Other inc PFI	201.0		191.4		-9.6
<b>TOTAL DEBT</b>	<b>1154.2</b>		<b>1265.9</b>		<b>111.7</b>

4.3.4 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

4.3.5 In 2019/20 the Council has borrowed a further £65m from the Public Works Loans Board (PWLB) £40m for the general fund split over £20m on a fixed rate of 1.91%, on a 31 year maturity loan basis and £20m at a fixed rate of 1.62%, on a 38 year maturity loan basis to replace maturing loans. A further £25m was borrowed for the HRA at an average rate of 1.83% on a 38 year maturity basis.

The Council used the majority of the new loans to replace £54.2m existing PWLB debt that matured during 2019/20.

The PWLB was the Authority's preferred source of long term borrowing given the transparency and control that its facilities provide.

4.3.6 Temporary loans borrowed from the markets, predominantly from other local authorities, has also remained affordable and attractive. £423m of such loans were borrowed at an average rate of 0.738% and an average life of 59 days this total includes the replacement of maturing loans. The Council's outstanding balance of temporary loans has increased by £110.5m with the debt portfolio showing £132.5m outstanding as at 31 March 2020.

The increase in temporary loans was partly a strategic move to take advantage of the changing market outlook for long term borrowing rates but then in February/March the balance increased further to fund short term requirements for liquidity as a response to the Covid 19 outbreak and the associated additional cash outflows and anticipated reductions in cash flow from council income streams.

4.3.7 The Council's under-borrowed position has temporarily reduced by £112.8m in 2019/20 due to the increase in new short-term term borrowing taken and used/held for liquidity at the end of the financial year to mitigate liquidity risks caused by Covid 19. This has reduced the Internal Borrowing to c.£116.1m as at 31 March 2020. This meant that the overall capital borrowing need including prior year capital expenditure (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as a temporary measure. This strategy remained prudent as investment returns were relatively low and counterparty risk was still an issue that needed to be considered.

4.3.8 **Appendix 3** shows the Money Market and borrowing interest rates during 2019/20. The global outlook for growth now also looks to be weak as the economic impact of Covid 19 is beginning to unfold. Treasury yields have therefore fallen sharply during 2020 and gilt yields / PWLB rates have also fallen.

4.3.9 The interest equalisation reserve has been maintained to mitigate the risk of unexpected rises in long term interest rates with c.£10.4m ring-fenced to smooth the impact of further increasing the proportion of fixed long term loans.

#### 4.4 Lender Option Borrower Option (LOBOs)

4.4.1 The Council holds £34.000m of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £19.000m of these LOBO loans had options during the year, none have been exercised by the lender. The Council acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.

4.4.2 The council previously held LOBO loans with Barclays Bank, but in 2016/17 the Bank cancelled all the embedded options within the loans. This effectively converted the £15m of Barclays LOBO loans to fixed rate loans removing the uncertainty on both interest cost and maturity date.

#### 4.5 Debt Rescheduling



4.5.1 The PWLB continued to operate a spread of approximately 1% between “premature repayment rate” and “new loan” rates so the premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council’s portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

#### 4.6 Housing Revenue Account (HRA) Borrowing

4.6.1 From 1 April 2002, the Council’s HRA was allocated a separate debt portfolio based on the appropriate proportion of the Councils existing debt at that time. As a result of existing debt maturing and not being replaced, the HRA accumulates a variable rate internal borrowing position. During 2019/20 the HRA fixed £25m of new PWLB borrowing. These loans had an average life of 38 years and an average rate of 1.83% with a full year revenue cost of c.£0.456m per annum in interest payable. By using long term fixed rate loans the HRA gains cost certainty and removes the exposure to increases in long term interest rates for the HRA CFR as at 31 March 2020.

4.6.2 The HRA element of the CFR was £292.5m and is fully financed at an average rate of 4.34% as at 31 March 2020. The HRA interest charge for 2019/20 was £12.8m.

4.6.3 In October 2018 the Government announced the HRA debt cap was to be abolished, but the now notional cap has been retained as a useful indicator shown in **Appendix 1**. Any capital expenditure financed by borrowing would need to comply with the requirements of the CIPFA prudential code including ensuring the scheme was affordable, sustainable and in proportion to the resources available.

4.6.4 On the 11 March 2020 HM Treasury announce a 1% reduction on new PWLB loans that are ring-fenced to finance HRA capital expenditure at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure. This reverses the October 2019 PWLB rate increase and is available for new HRA loans taken from 11 March 2020. The £25m new HRA loans were taken at this new reduced rate.

#### 4.7 Investments

4.7.1 Security of capital has remained the Council’s main investment objective. This has been maintained by following the Council’s counterparty policy as set out in its Treasury Management Strategy for 2019/20.

4.7.2 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council’s minimum long-term counterparty rating was A-across rating agencies Fitch, S&P and Moody’s); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

4.7.3 In the past 12 months, the Council’s investment balance has ranged between £57.6m and £129.2m. The average sum invested during the year was £90.1m, earning total interest of £0.804m at an average rate of 0.892%. The Council benchmarks its average return against the 7-day London Interbank (LIBID) rate provided by the Bank of England. For 2019/20, the average 7-

day LIBID rate was 0.530%. This performance was above the market due to active management of the investment portfolio.

- 4.7.4 The expectation for interest rates within the treasury management strategy for 2019/20 was that Bank Rate would stay at 0.75% during 2019/20 as it was not expected that the Monetary Policy Committee (MPC) would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. However, there was an expectation that Bank Rate would rise after the Brexit issue was settled, but would only rise to 1.0% during 2020.

**Appendix 3** shows the 2019/20 Money Market interest rates. During 2019/20 rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU. When the coronavirus outbreak hit the UK in February/March, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets. As longer term rates were significantly higher than shorter term rates during the year, value was therefore sought by placing longer term investments where cash balances were sufficient to allow this.

While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

The Council has continued to manage its exposure to bank credit risk by depositing balances for investment in short term notice accounts and in highly diverse and liquid money market funds. It has also placed longer term fixed interest rate deposits with other local authorities as shown in table 3 below.

**TABLE 3 - Investment Activity in 2019/20**

Investments	Balance on 01/04/2019	Balance on 31/03/2020	Avg Rate / Yield (%) Avg days to maturity as at 31/03/2020
	£m	£m	
Short term Investments (call accounts, deposits)			
- Banks and Building Societies with ratings of A- or higher	-	20.0	1.00% / 82
- Local Authorities	57.5	25.0	0.90% / 164
Long term Investments	-	10.0	0.90% / 390
Money Market Funds	33.1	74.0	0.39% / 1
<b>TOTAL INVESTMENTS</b>	<b>90.6</b>	<b>129.0</b>	<b>0.62% / 75</b>
- Increase/ (Decrease) in Investments £m		38.4	

- 4.7.6 The council has retained its use of instant access money market funds with the dual benefit of increased diversity and a credit rating of AAAm.
- 4.7.7 The investment activity during the year conformed to the approved strategy, and the Council managed the increased need for liquidity in Feb/March due to Covid 19 by increasing cash held in money market funds.

4.7.8 **Appendix 2** provides details of the Council’s external investments at 31 March 2020, analysed between investment type and individual counterparties showing the Fitch long-term credit rating.

4.8 External advisors

4.8.1 External treasury management advisors are retained to provide additional input on treasury management matters. The service comprises economic and interest rate forecasting, advice on strategy, portfolio structure, debt restructuring, investment policy and credit ratings and technical assistance on other matters, as required.

4.8.2 The council has retained Link Asset Services (previously known as Capita Asset Services) as its treasury management advisors.

4.9 Compliance with Prudential Indicators

4.9.1 The Council confirms compliance with its Prudential Indicators for 2019/20 set on 4 March 2019 as part of the Council’s Treasury Management Strategy Statement.

4.9.2 The Council measures and manages its exposures to treasury management risks using the following indicators.

4.9.3 **Interest Rate Exposures:** This indicator is set to control the Council’s exposure to interest rate risk. The limits variable rate interest rate exposures are:

	2018/19 £m	2019/20 £m	2020/21 £m
Upper limit on variable interest rate exposure	300	300	350
Actual	95.5	168.9	

4.9.4 **Maturity Structure of Borrowing:** This indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Lower	Upper	Actual
Under 12 months	0%	25%	14%
12 months and within 24 months	0%	25%	2%
24 months and within 5 years	0%	25%	8%
5 years and within 10 years	0%	25%	14%
10 years and within 25 years	0%	50%	8%
25 years and within 40 years	0%	50%	23%
40 years and above	0%	50%	31%

4.9.5 **Principal Sums Invested for Periods Longer than 365 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2018/19 £m	2019/20 £m	2020/21 £m
Limit on principal invested beyond year end	100	100	100
Actual	0	10	

4.9.6 **Operational Boundary and Authorised Limit for External Debt:** The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

	2019/20 Original Estimate £m	2019/20 Max Debt in year £m
Borrowing	992.7	1,074.5
Other Long-term Liabilities *	191.4	191.4
Total External Debt	1,184.1	1,265.9
Operational Boundary	1,421.0	
Authorised Limit	1,471.0	

\* Includes PFI and Leases liabilities

#### 4.10 Treasury Management Reserve

4.10.1 The Treasury Management Reserve is maintained to smooth the impact of any volatility in treasury management revenue charges in any one year including new technical accounting entries relating to IFRS 9 expected loss model based impairments on Treasury related investments and capital investments such as loans to third parties and financial guarantees.

A reserve is maintained for interest equalisation specifically to balance the risk of having to secure new long term loans at higher interest rates than anticipated including the unwinding of internal borrowing position detailed in section 4.3.

The balance on these reserves at 31 March 2020 is £5.892m. In 2019/20 a further technical adjustment of £8.673m has been made to account for the annual impairment review on non-treasury investments as at 31 March 2020 under the IFRS 9 requirements. There was no expected loss impairment made to treasury investments.

#### 4.11 Risk Management

4.11.1 Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. The management of specific treasury management risks is set out in the Manual of Treasury Management Practices and Procedures and a risk register is maintained for the treasury function.

4.11.2 The treasury management risk register's overall risk rating at 31 March 2020 was 6.58, Likelihood = possible, Impact = moderate which represents an increase from 4.23, Likelihood = unlikely, Impact = moderate as at 31 March 2019. The increase in risk rating reflects risks around the impacts of Covid 19, the working from home arrangements and the proposed changes to the PWLB lending arrangements currently in a consultation period. The Treasury Management working group continue to manage this risk and take appropriate actions as required.

#### 4.12 Other Issues

4.12.1 In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code. A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the council at a much higher level than can be attained by treasury investments.

A Capital Investment Strategy report was considered alongside the Treasury Management Strategy at Executive Board and approved at Full Council on 4 March 2019. These reports provides a high level summary of the overall capital strategy and enables councillors to see how the cash resources of the council have been apportioned between treasury and non-treasury investments. These reports are as per the updated requirements within the CIPFA codes.

4.12.2 **IFRS 9.** The statement of accounts will need to take account of the 2019/20 Accounting Code of Practice requirements for the valuation of investments.

- Expected credit loss model. Whilst this is not be material for vanilla treasury investments such as bank deposits, this can result in a revenue impact for non-treasury management investments dealt with in the Capital Investment Strategy.

#### 4.12.3 **PWLB Rate Changes & Consultation on Revised Lending Terms**

The HM Treasury has imposed two changes in the margins over gilt yields for PWLB rates in 2019-20 without any prior warning; the first on 9 October 2019, added an additional 1% margin over gilts to all PWLB rates. That increase was then partially reversed for some forms of borrowing on 11 March 2020, at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this ends on 31 July. It is clear that the Treasury intends to put a stop to local authorities borrowing money from the PWLB to purchase commercial property and other debt for yield assets if the aim is solely to generate an income stream.

Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

There is likely to be little upward movement in PWLB rates over the next two years as it will take national economies a prolonged period to recover all the momentum they will lose in the sharp recession that will be caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.

## **5 Finance colleague comments (including implications and value for money/VAT)**

### 5.1 General Fund Revenue Implications

5.1.1 Revenue costs associated with borrowing and lending can be volatile, being affected by a number of factors including movements in interest rates, the timing of capital spending, the extent of reserves held and actual cash flows during the year.

5.1.2 The General Fund outturn in 2019/20 for treasury management costs was £79.531m comprising of interest charges less receipts, provisions for the repayment of debt and PFI related expenditure. A proportion of the Council's debt relates to capital expenditure on council housing and £12.838m of these costs was charged to the HRA. The PFI expenditure accounted for £28.214m which includes the NET lines 1 & 2.

The General Fund costs of £79.531m gave a nil variance which is included within the General Fund corporate Budget Outturn Report on the 29 June 2020 Executive Board agenda.

### 5.2 Value for Money

5.2.1 Management of borrowing and investments is undertaken in conjunction with our appointed advisors, with the aim of minimising net revenue costs, maintaining an even debt maturity profile and ensuring the security and liquidity of investments.

Finance advice provided by Glyn Daykin/Sue Risdall, Technical Accounting dated 30 June 2020.

## **5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

5.1 None.

## **6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

6.1 None.

## **7 Social value considerations**

7.1 N/A

## **8 Regard to the NHS Constitution**

8.1 N/A

## **9 Equality Impact Assessment (EIA)**

9.1 The report has no proposal to change processes or systems therefore no equality impact assessment has been completed.

## **10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

10.1 None

## **11 Published documents referred to in this report**

11.1 Treasury Management Strategy 2019/20 and Capital Investment Strategy 2019/20

11.2 Treasury Management Strategy 2020/21 and Capital Investment Strategy 2020/21

11.3 Money Market and PWLB loan rates

11.4 Treasury Management in the Public Services Code of Practice 2017–CIPFA

11.5 Prudential Code 2017-CIPFA

11.6 Treasury Management in the Public Services Guidance Notes 2018 – CIPFA

11.7 Statutory guidance on local government investments 3rd Edition 2018

11.8 Statutory guidance on Minimum Revenue Provision (MRP) 2018

This page is intentionally left blank



PRUDENTIAL INDICATORS

Appendix 1

INDICATORS	2018/19 Actual	2019/20 Estimate	2019/20 Outturn
<b>1) Prudence indicators</b>			
<b>i) Capital Expenditure</b>			
General Fund	£105.9m	£166.7m	£127.9m
HRA	£42.1m	£54.9m	£43.8m
	<b>£148.0m</b>	<b>£221.6m</b>	<b>£171.7m</b>
<b>ii) CFR at 31 March</b>			
General Fund	£887.4m	£983.7m	£898.1m
HRA	£294.8m	£295.9m	£292.5m
PFI notional 'debt'	£201.0m	£191.4m	£191.4m
	<b>£1,383.2m</b>	<b>£1,471.0m</b>	<b>£1,382.0m</b>
<b>iii) External Debt at 31 March</b>			
Borrowing	£953.2m	£992.7m	£1,074.5m
PFI & leasing notional 'debt'	£201.0m	£191.4m	£191.4m
<b>Gross debt</b>	<b>£1,154.3m</b>	<b>£1,184.1m</b>	<b>£1,165.9m</b>
Less investments	£(90.6)m	£(30.0)m	£(129.0)m
<b>Net Debt</b>	<b>£1,063.7m</b>	<b>£1,154.1m</b>	<b>£1,036.9m</b>
<b>2) Affordability indicators</b>			
<b>i) Financing costs ratio</b>			
General Fund	17.31%	16.89%	16.66%
General Fund (Inc PFI costs)	25.74%		25.81%
HRA	12.41%	13.17%	13.60%
	<b>Max in year</b>		<b>Max in year</b>
<b>ii) Authorised limit for external debt</b>	£1,353.8m	£1,471.0m	£1,471.0m
<b>iii) Operational limit for ext. debt</b>	£1,313.8m	£1,421.0m	£1,421.0m
<b>iv) HRA limit on indebtedness</b>			
HRA Debt Cap	319.8	319.8	319.8
HRA CFR	294.8	295.9	292.5
<b>Headroom</b>	<b>25.0</b>	<b>23.9</b>	<b>27.3</b>
<b>3) Treasury Management indicators</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>i) Limit on variable interest rates</b>	95.5	300.0	168.9
<b>ii) Fixed Debt maturity structure</b>			
- Under 12 months	8%	0-25%	14%
- 12 months to 2 years	3%	0-25%	2%
- 2 to 5 years	8%	0-25%	8%
- 5 to 10 years	14%	0-25%	14%
- 10 to 25 years	14%	0-50%	8%
- 25 to 40 years	18%	0-50%	23%
- 40 years and above	37%	0-50%	31%
	<b>Max in year</b>		<b>Max in year</b>
<b>iii) Max sum invested for &gt;365 days</b>	£0m	£100.0m	£10m

## **NOTES TO THE SCHEDULE OF PRUDENTIAL INDICATORS**

### **1) Prudence Indicators**

- i) *'Estimate of total capital expenditure'* – a “reasonable” estimate of total capital expenditure to be incurred, split between the General Fund and the HRA.
  - This estimate takes into account the current approved asset management and capital investment strategies.
- ii) *'Capital financing requirement' (CFR)* – this figure constitutes the aggregate amount of capital spending which has not yet been financed by capital receipts, capital grants or contributions from revenue, and represents the underlying need to borrow money long-term. An actual figure at 31 March each year is required.
  - This approximates to the previous Credit Ceiling calculation and provides an indication of the total long-term debt requirement.
  - The figure includes an estimation of the total debt brought 'on-balance sheet' in respect of PFI schemes and finance leases.
- iii) *'External debt'* - the actual level of gross borrowing (plus other long-term liabilities, including the notional debt relating to on-balance sheet PFI schemes and leases) calculated from the balance sheet.

### **2) Affordability Indicators**

- i) *'Ratio of financing costs to net revenue stream'* – expresses the revenue costs of the Council's borrowing (interest payments and provision for repayment) as a percentage of the total sum to be raised from government grants, business rates, council and other taxes (General Fund) and rent income (HRA). From 1 April 2012, the General fund income figure includes revenue raised from the Workplace Parking Levy.
  - These indicators show the impact of borrowing on the revenue accounts and enable a comparison between years to be made. The increase in the General Fund ratio reflects the falling grant from government and the impact of the extension of the NET capital scheme, funded from specific Government grant and the Workplace Parking Levy income streams.
- ii) *'Authorised limit for external debt'* – this represents the maximum amount that may be borrowed at any point during the year.
  - This figure allows for the possibility that borrowing for capital purposes may be undertaken early in the year, with a further sum to reflect any temporary borrowing as a result of adverse cash flow. This represents a 'worst case' scenario.
- iii) *'Operating boundary for external debt'* – this indicator is a working limit and represents the highest level of borrowing is expected to be reached at any time during the year - It is recognised that this operational boundary may be breached in exceptional circumstances.

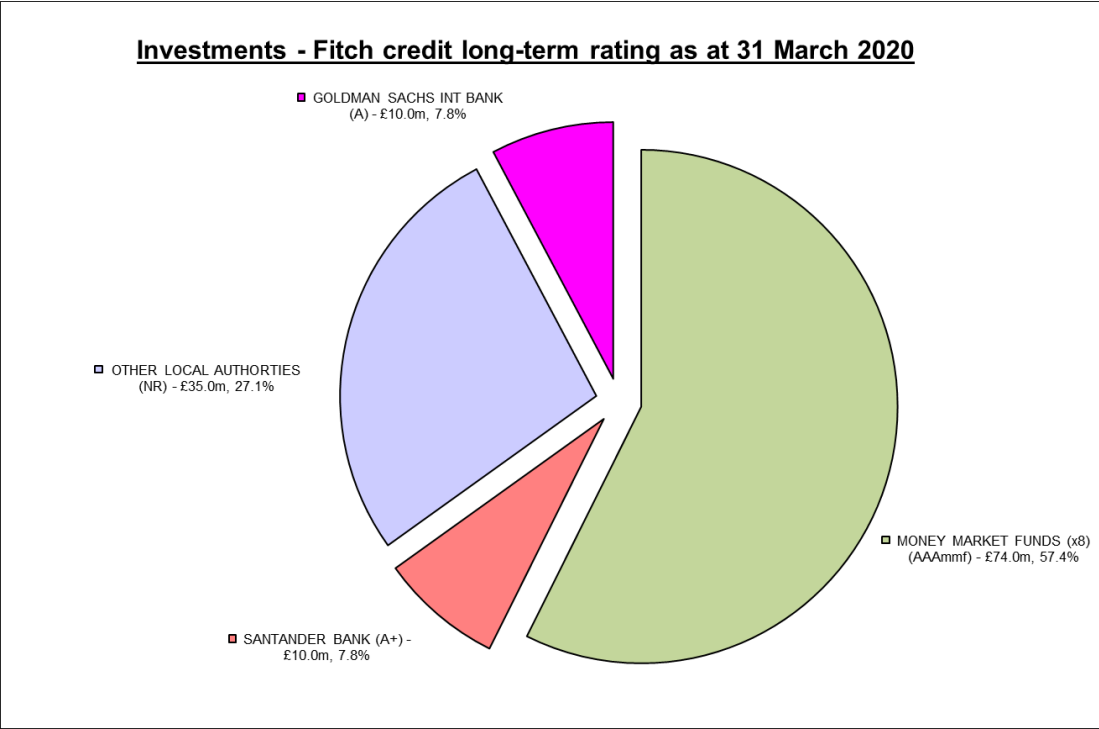
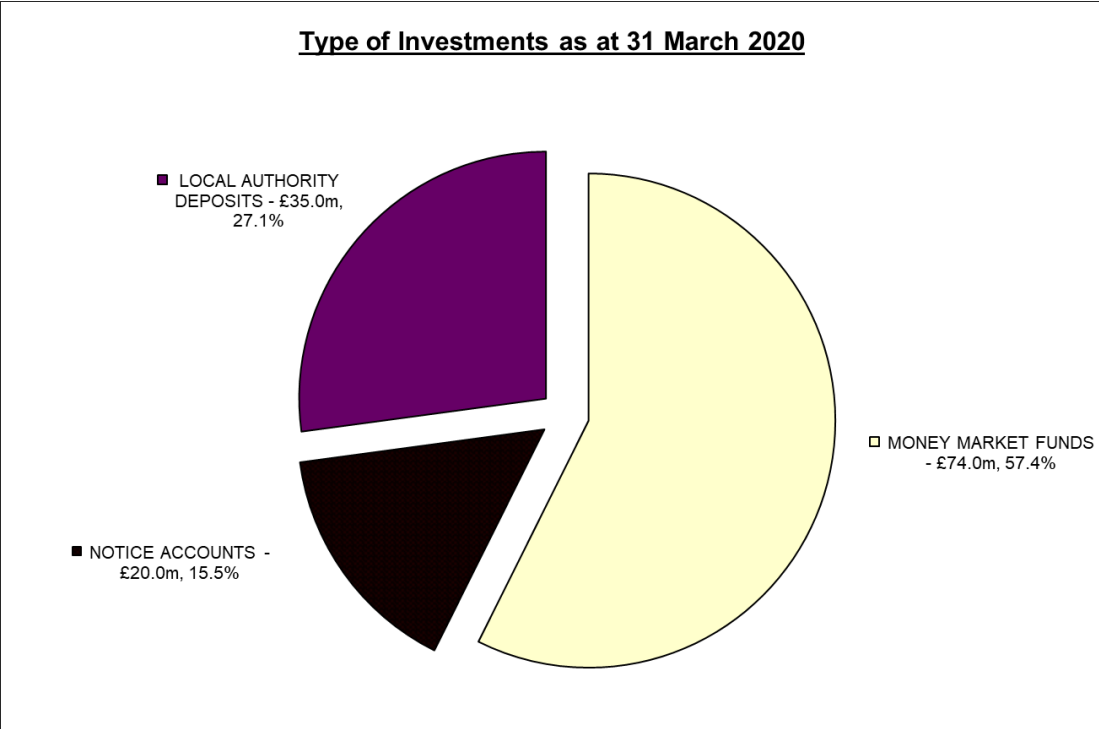
- iv) *'HRA limit on indebtedness'* – from 1 April 2012, a separate debt portfolio has been established for the HRA. The MHCLG have now abolished the 'cap' on the maximum level of HRA debt, but this indicator shows the notional difference between this limit and the actual HRA CFR i.e. notional headroom available for future new borrowing.

### 3) **Treasury Management Indicators**

- i) *'Upper limit on variable interest rate exposure'* - is set to control the Authority's exposure to interest rate risk. The upper limits on variable rate interest rate exposures, expressed as the amount of principal borrowed.
- A high level of variable rate debt presents a risk from increases in interest rates. This figure represents the maximum permitted exposure to such debt.
- ii) *'Upper and lower limits with respect to the maturity structure of the authority's borrowing'* – this shows the amount of fixed rate borrowing maturing in each period, expressed as a percentage of total fixed rate borrowing.
- This indicator is designed to be a control over having large amounts of fixed rate debt falling to be replaced at the same time.
- iii) *'Total sums invested for periods of greater than 365 days'* – a limit on investments for periods longer than 1 year.
- This indicator is designed to protect the liquidity of investments, ensuring that large proportions of the cash reserves are not invested for long periods.

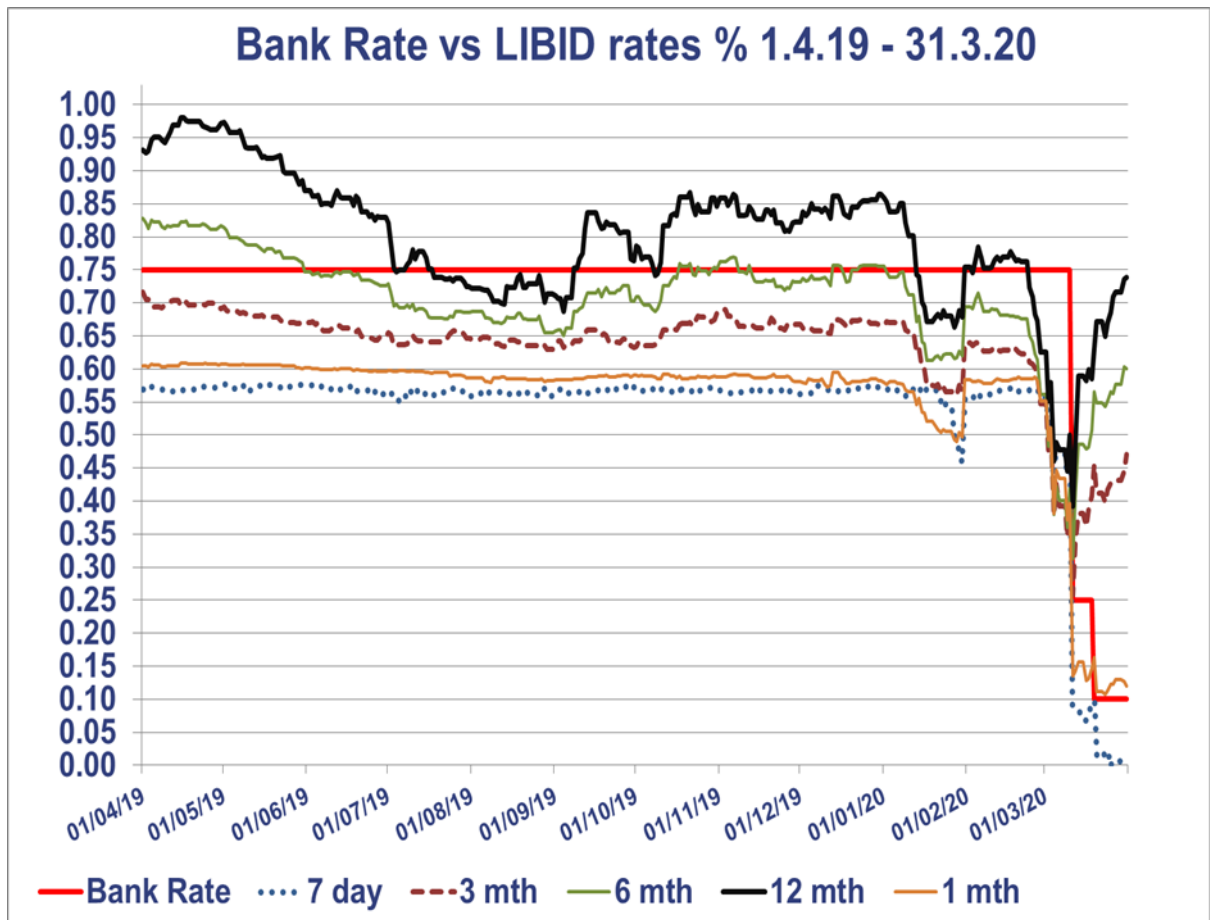
This page is intentionally left blank

Investments Credit Risk



This page is intentionally left blank

Money Market Interest Rates, PWLB rates in 2019/20 & Forecast at 31/03/20

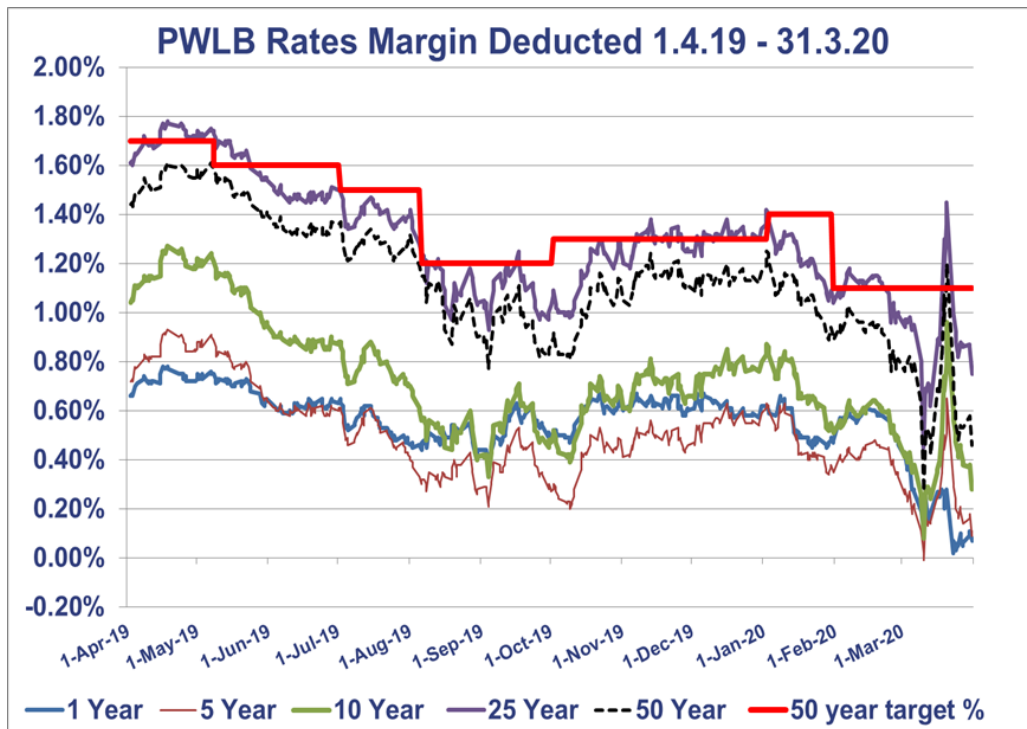


	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.75	0.58	0.61	0.72	0.83	0.98
High Date	01/04/2019	09/05/2019	15/04/2019	01/04/2019	01/04/2019	15/04/2019
Low	0.10	0.00	0.11	0.26	0.31	0.39
Low Date	19/03/2020	25/03/2020	23/03/2020	11/03/2020	11/03/2020	11/03/2020
Average	0.72	0.53	0.56	0.63	0.70	0.80
Spread	0.65	0.58	0.50	0.46	0.52	0.59

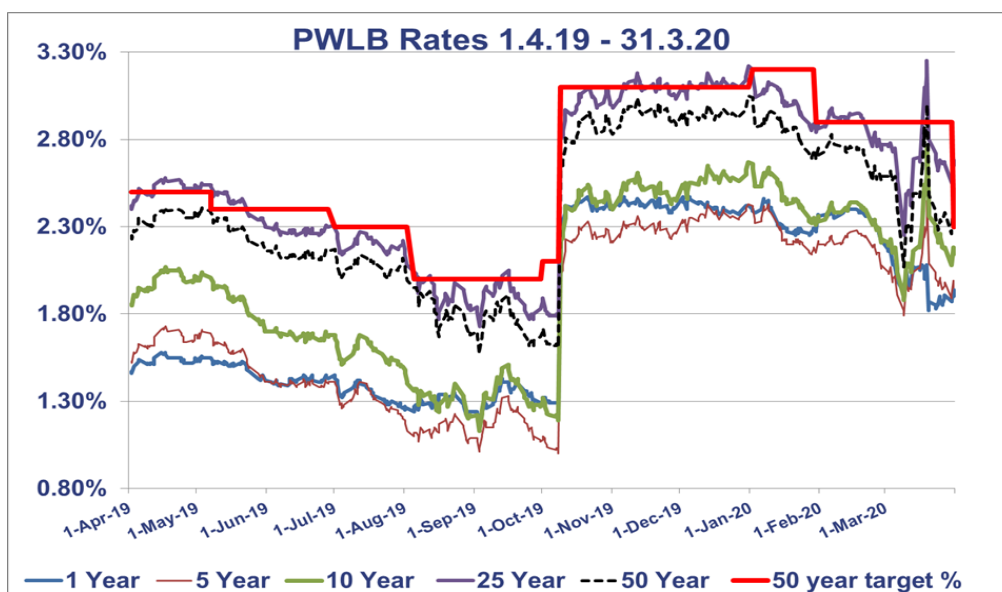
To show the change in market expectations the mid-year forecast outlook for money market interest rates and PWLB Certainty rates are shown below (forecast rates have significantly reduced since – Bank rate now 0.10%).

Link Asset Services Interest Rate View 11.11.19													
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The graph and table below show the actual 2019/20 UK Gilt yields on which rates for PWLB are based. On 9 October 2019, the margin over gilt yields for PWLB certainty rates was increased from 80 bps to 180 bps. The graph below shows PWLB rates less the margins added over gilt yields. This graph therefore shows more clearly the actual movements in gilt yields during the year on which PWLB rates are based.



	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2019	0.66%	0.72%	1.04%	1.61%	1.44%
31/03/2020	0.10%	0.15%	0.34%	0.85%	0.59%
Low	0.02%	-0.01%	0.08%	0.45%	0.27%
Date	20/03/2020	09/03/2020	09/03/2020	09/03/2020	09/03/2020
High	0.78%	0.93%	1.27%	1.78%	1.61%
Date	15/04/2019	17/04/2019	17/04/2019	17/04/2019	17/04/2019
Average	0.55%	0.49%	0.72%	1.28%	1.12%





## Forecast Outlook for Interest rates and PWLB rates at 31 March 2020

Link Asset Services Interest Rate View		31.3.20						
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020, and a general background of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued; these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have therefore seen, over the last year, many bond yields up to 10 years in the Eurozone turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields were on a generally falling trend during the last year up until the coronavirus crisis hit western economies. Since then, gilt yields have fallen sharply to unprecedented lows as investors have panicked in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks also started quantitative easing purchases of government bonds which will act to maintain downward pressure on government bond yields at a time when there is going to be a huge and quick expansion of government expenditure financed by issuing government bonds; (this would normally cause bond yields to rise). At the close of the day on 31 March, all gilt yields from 1 to 5 years were between 0.12 – 0.20% while even 25-year yields were at only 0.83%.

There is likely to be little upward movement in PWLB rates over the next two years as it will take national economies a prolonged period to recover all the momentum they will lose in the sharp recession that will be caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.

This page is intentionally left blank

<b>Subject:</b>	Procurement of Waste Processing Contract
<b>Corporate Director(s)/Director(s):</b>	Andrew Errington, Director of Community Protection
<b>Portfolio Holder(s):</b>	Councillor Sally Longford, Portfolio Holder for Energy, Environment and Democratic Services
<b>Report author and contact details:</b>	Antony Greener, Head of District Heating and Waste Strategy <a href="mailto:antony.greener@nottinghamcity.gov.uk">antony.greener@nottinghamcity.gov.uk</a> 07864605200
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(a)	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
<b>and/or</b>	
(b)	Significant impact on communities living or working in two or more wards in the City <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Type of expenditure:</b>	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
<b>Total value of the decision:</b>	Estimated £17.5 million over 5 years (no indexation)
<b>Wards affected:</b>	All
<b>Date of consultation with Portfolio Holder(s):</b>	TBC
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input type="checkbox"/>
Living in Nottingham	<input type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
	The current contract for waste processing expires on 31 <sup>st</sup> March 2021 with no extension options. The contract allows for the treatment of municipal waste that is not delivered for treatment at the Eastcroft Incinerator or to Oxtun Estates for composting. The Council is required to tender for the renewal of this provision and seeks approval to tender and award a new contract.
<b>Exempt information:</b>	
	None
<b>Recommendation(s):</b>	
1	To commence a tender process for the processing of municipal waste collected by the Council for waste treatment;
2	To delegate the award of and signing of the contract(s) to the Interim Chief Executive.

## 1 Reasons for recommendations

- 1.1 The Environmental Protection Act 1990 places a duty on a Waste Disposal Authority to arrange for the disposal of waste collected on its behalf. The new contract delivers this requirement for waste streams that will be out of contract on 1<sup>st</sup> April 2021.

1.2 The Public Contract Regulations 2015 place an obligation on the Council to procure this service as the value exceeds the stipulated financial thresholds.

## **2 Background (including outcomes of consultation)**

2.1 The current contract for waste processing expires on 31<sup>st</sup> March 2021. Currently circa 48,000 tonnes are processed annually through this contract at a cost of £3.4m per annum, contributing to our recycling/composting rate and landfill diversion rate.

2.2 Waste treated under this contract includes kerbside collected waste for residual and recycling treatments, Street Cleansing arisings, Bulky waste, other similar residual wastes, inerts and residual waste collected at the Household Waste & Recycling Centre and Council's own Waste Transfer Station.

2.3 The Council is currently reviewing its kerbside recycling service, but will not be in a position to specify its requirements to the market in time for this contract renewal. However, the contract specification will be drafted to enable sufficient contract flexibility within it to transition to any alternative collection arrangements once the Council has determined its preferred solution.

2.4 In the meantime, the procurement exercise needs to be completed in a timely manner to enable the new contract award to be made in sufficient time for any contractor to prepare to receive waste from 1<sup>st</sup> April 2021.

2.5 The requirements of the contract can be broken down into three distinct units:

- Recycling – Dry mixed recycling and single stream materials for both household and non-household waste streams;
- Residual waste – General residual waste, Bulky Waste, Street arisings/ litter and waste delivered through our own transfer station waste located at Eastcroft depot. This waste comprises wastes that in general can't be incinerated or directly recycled/composted
- Inert materials including rubble, tarmac, soil, brick and concrete

2.6 Whilst the intention is to evaluate tender responses against the Council's immediate requirements, changes to recycling services will be catered for within the contract specification to reflect future Council ambitions with respect to minimising the carbon impact of the contractual provision, and delivering the requirements of the national Waste and Resources Strategy. Provision will be included to change delivery of waste streams through negotiation with the successful contractor, which if unsuccessful will be grounds for termination, upon which a new tender exercise will be required.

2.7 Allowing for this unpredictability, an initial period of two years, with further extensions of up to three years, by single year periods is proposed with extensions purely at the Council's discretion. This format allows flexibility to both evaluate market conditions and commodity prices, to review best practice and potential to drive additional value. The structure of individual lots or a combination of lots within the tender exercise will also enable the Council to secure the processing of non-recyclable waste streams without impacting any changes to the recyclable waste streams within the contract.

### **3 Other options considered in making recommendations**

- 3.1 To not award a contract was rejected on the basis that the Council would not be compliant with Public Contract Regulations.
- 3.2 To extend the existing contract was rejected on the basis that the legal and procurement advice obtained would render this option to not be compliant with Public Contract Regulations.

### **4 Finance colleague comments (including implications and value for money/VAT)**

- 4.1 The cost of any new contract, is likely to create a budget pressure for the authority. Market intelligence suggests that the risk of commodity price variation will be resisted by potential bidders, and the Council may have to accept a greater proportion of the variable pricing risk than the current contract which provides a degree of protection and pricing certainty. The market is likely to propose pricing mechanisms for certain waste streams in line with the market values for paper, plastics and other recyclable materials which generate an income stream, with no cap on variability. By completing the tender process in a timely manner, any budget pressures identified can be considered as part of the Council's MTFP considerations for 2021-22 and beyond. Detailed financial implications of the contract can only be concluded once tenders are returned and evaluated.
- 4.2 The current budget allocation for waste in 2020/21 is £5.835m, however due to the increase in price from previous years there is also an earmarked pressure reserve of £1.452m, taking the total allocated budget to £7.287m. However the financial aim is only use the additional contingency when/if required.
- 4.3 Any price over the £7.287m will cause a pressure to the Council and will need to be included in the budget process for 2021/22, as there will be an impact to the MTFP

Claire Gavagan, Strategic Business Partner, Commercial & Operations, 6 July 2020

### **5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

- 5.1 This report seeks authority to procure and award a contract for the treatment of waste collected by the City Council's. The report does not raise any significant legal issues provided the contract is awarded in accordance with the City Council's Financial Regulations and the Public Contract Regulations 2015. Legal Services will work with colleagues in Commercial and Operations on the development of the contract to ensure it provides the City Council with flexibility over the contract term to meet both changes in demand and the types of waste sent for recycling.

Andrew James -Team Leader; Commercial, Employment and Education. 15 June 2020

**6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

6.1 There are no implications of the recommendations in respect of Strategic assets and Property services.

Peter Taylor-Principal Surveyor Operational Property 7 July 2020.

**7 Social value considerations**

7.1 None.

**8 Regard to the NHS Constitution**

8.1 None.

**9 Equality Impact Assessment (EIA)**

9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

Whilst the report does not include specific proposals for new or changing policies, services or functions the contract specification allows for development of services over the length of the contract period. As such, equalities issues are a contributing factor in the evaluation of tenders and the winning tenderer will work closely with the Council to ensure that changes and improvements to collection services consider, and make provision for, any relevant equality issues.

Yes

**10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

10.1 None

**11 Published documents referred to in this report**

11.1 None

<b>Subject:</b>	To declare surplus and sell the Councils freehold interest in 4-6 Castle Boulevard, Nottingham NG7 1FB
<b>Corporate Director(s)/Director(s):</b>	Chris Henning – Corporate Director of Development and Growth
<b>Portfolio Holder(s):</b>	Councillor David Mellen – Leader of the Council
<b>Report author and contact details:</b>	Jeremy Bryce – Estates Surveyor – Strategic Assets & Property - 0115 876 3082 – <a href="mailto:jeremy.bryce@nottinghamcity.gov.uk">jeremy.bryce@nottinghamcity.gov.uk</a>
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(a)	<input type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
<b>and/or</b>	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Type of expenditure:</b>	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
<b>Total value of the decision:</b>	see exempt appendix
<b>Wards affected:</b>	Castle
<b>Date of consultation with Portfolio Holder(s):</b>	
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input type="checkbox"/>
Living in Nottingham	<input type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
	This report proposes the disposal of uneconomic, management intensive investment and Operational properties which have been identified via the Asset Rationalisation Programme as poorly performing investments. Number 4 Castle Boulevard is a multi-occupied property and Number 6 Castle Boulevard is an Operational office, which is to be shortly vacated and historically formed part of the original Loxley House purchase business case.
<b>Exempt information:</b>	
	An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the sale price of property and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it includes sale prices for property and estimated repair costs which, if disclosed, will prejudice the Council's position in negotiations and/or selling price.
<b>Recommendation(s):</b>	
	1 To declare 4-6 Castle Boulevard, Nottingham surplus to the needs of the Trading Account and from Operational property, and make the premises available to the Corporate Director of Development and Growth to sell, subject to no alternative operational, regeneration, community or other requirements being identified.
	2 To delegate authority to the Corporate Director of Development and Growth in conjunction with the Director of Strategic Assets and Property to agree the method and terms for the sale of the freehold of the property as set out in the exempt appendix.

- 3 To reinvest the capital receipt in the most effective way possible to support the financial position of the City Council.

## **1 Reasons for recommendations**

- 1.1 This proposal supports the Corporate Asset Management Plan 2018 – 2020.
- 1.2 Releasing these buildings for sale will help support the Council Plan 2020 - 2024 and the recently adopted Local Plan Part 2 in aiding delivery of inner city regeneration projects, specifically the adjacent Central College Site, and more widely the Broadmarsh West Masterplan.
- 1.3 Revenue savings will be made in regard to void business rates and essential repairs (see exempt appendix) which will help relieve any in year pressures on the Trading Account.
- 1.4 The expected capital receipt from this transaction will be available to support the financial position of the City Council (see exempt appendix).
- 1.5 An open market sale will ensure the Council receives best value as the building does lend itself to potential other uses which would yield a better return for a developer.

## **2 Background (including outcomes of consultation)**

- 2.1 4 Castle Boulevard is a multi-occupied managed workspace with several tenants and 6 Castle Boulevard a vacant office space in converted Edwardian premises over several floors. Until recently the building provided accommodation for Children's Centre Services and Selective Licencing which are in the process of relocating to Loxley House and Byron House respectively.
- 2.2 Both properties require extensive investment in terms of repair and modernisation. The high cost of investment to make the buildings commercially viable (estimates in the exempt appendix) and make the void building available for rent at higher market rents makes retention uneconomical.

## **3 Other options considered in making recommendations**

- 3.1 Continue letting the property. However the property requires significant capital investment to secure a future income stream. Some units cannot be relet in the commercial market until they are remediated at the Trading Accounts cost to conform to current EPC legislation. It is also noted the front and rear windows have reached the end of their economical life and need replacing. Therefore this option was rejected.
- 3.2 Offer for sale by Informal Tender. The recommended option. This enables the Council to seek interest during a defined marketing period, and allows the ability to negotiate with prospective purchasers to ensure the best onward use and capital receipt. If no interest is received in the property an alternative method of sale will be reviewed and the property will be reoffered for sale by the most appropriate method decided at the time.



#### **4 Finance colleague comments (including implications and value for money/VAT)**

- 4.1 Having regard to any loss of income or revenue pressure that is created within the Property Trading Account as a consequence, that the receipt from this transaction will be used in the most effective way possible to support the financial position of the City Council.

Mandy Bryce – Senior Commercial Business Partner 18 June 2020

#### **5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

- 5.1 From the information provided by the instructing officer and following discussion with that officer, and on the basis of the Land Registry freehold title documentation obtained, the proposed sale does not appear to raise any substantive legal issues of concern.
- 5.2 The proposal is stated to be an unconditional land sale of the freehold property on the open market with the sale being subject to all tenancies and leases currently in place. The sale will be subject to normal property legal due diligence work and the drafting, agreement and completion of formal legal documentation between the respective parties and their legal representatives.

Mick Suggett, Team Leader and Solicitor – Conveyancing Team, Legal Services, 22 June 2020.

#### **6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

- 6.1 This is a Property report, no further Property comments are required.

Rod Martin – Development Manager 23 June 2020

#### **7 Social value considerations**

- 7.1 N/A

#### **8 Regard to the NHS Constitution**

- 8.1 N/A

#### **9 Equality Impact Assessment (EIA)**

- 9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

This decision does not include principals for new or changing policies, services or functions.

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

**10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

10.1 None

**11 Published documents referred to in this report**

11.1 Broadmarsh West Masterplan

11.2 Central College Site (Development Briefing)

**Executive Board – 21 July 2020** Agenda Item 10

<b>Subject:</b>	Development of Beckhampton Road, Bestwood for new Council housing.
<b>Corporate Director(s)/Director(s):</b>	Chris Henning, Corporate Director Development and Growth.
<b>Portfolio Holder(s):</b>	Councillor Linda Woodings, Portfolio Holder for Planning, Housing and Heritage.
<b>Report author and contact details:</b>	Fran Cropper, Regeneration Team Leader Email: fran.cropper@nottinghamcity.gov.uk
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(a)	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
<b>and/or</b>	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Type of expenditure:</b>	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
<b>Total value of the decision:</b>	See exempt appendix
<b>Wards affected:</b>	Bestwood
<b>Date of consultation with Portfolio Holder(s):</b>	22 June 2020
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>This report proposes the appointment of Nottingham City Homes (NCH) to develop the City Council owned site at Beckhampton Road in Bestwood for c.131 new Council homes, to be let at affordable rent. The homes will be held within the Housing Revenue Account (HRA), and funded through a combination of Right to Buy receipts (which might otherwise be lost) and prudential borrowing within the HRA. This is subject to the contractors' tenders being within the funding envelope set out in the exempt appendix, and to the demonstration of value for money. This development will contribute towards achieving the Council's commitment to build or buy 1,000 Council or Social homes for rent by 2023.</p>	
<b>Exempt information: State 'None' or complete the following</b>	
<p>An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial and business affairs of the Authority, and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because making public the approved budget could prejudice contractual negotiations.</p>	
<b>Recommendation(s):</b>	
<b>1</b>	To declare the Beckhampton Road site surplus to requirements of the Education service of the Council, and to delegate authority to the Director of Strategic Assets and Property, in consultation with the Leader of the Council, to finalise the appropriation details of the land, including price, into the HRA
<b>2</b>	To approve the budget for the construction of c.131 new Council homes and associated costs within the funding envelope set out in the exempt appendix, with the corresponding

	amendment to the HRA programme.
<b>3</b>	To approve the allocation of £0.125m Adaptations budget to this scheme to support the provision of 5 three bedroomed disabled access bungalows, by reducing the Adaptations budget in the Public Sector Housing Capital Programme. This will be spread over a maximum period of six years.
<b>4</b>	To authorise Nottingham City Homes (NCH) to act as the City's developer agent and tender and manage contractors on NCC's behalf, and for NCC to enter into a contract for the works to redevelop the site
<b>5</b>	To approve the expenditure of £0.5m of Section 106 Affordable Housing contributions, made in line with the planning conditions for development at Woodhouse Park (planning ref. 13/01703/POUT), towards the development.

## **1 Reasons for recommendations**

- 1.1 This proposal supports the City Council's housing strategy, Quality Homes for All (2018-2021) in providing quality Council homes.
- 1.2 This development will contribute c.131 new homes towards achieving the Council's commitment to build or buy 1,000 Council or social homes for rent by 2023.
- 1.3 The Covid-19 pandemic is significantly increasing economic and housing market uncertainty (which acts as a break on new investment), disrupting construction activity and having a direct impact on local labour market activity, notably in terms of increased lay-offs, unemployment and economic inactivity in Nottingham. This is having important knock-on effects on consumer spending and investment which are dampening economic activity more broadly.
- The importance of Council/social housing to the economic and wellbeing and prosperity of our city is therefore highly significant at this time for three key reasons:
- Firstly, the growing importance of skills to Nottingham's economic performance means that getting the right housing offer, including affordable housing, is essential to attracting and retaining a skills base that will encourage inward investment
  - Secondly, by aligning our strategies for housing and economic development the City Council has a strong track record of increasing the likelihood that efforts to address deprivation will be supported by measures to address the underlying economic causes of area deprivation. We have found that co-ordinating regeneration and economic development interventions maximises the potential for achieving a virtuous circle that can deliver greater economic inclusion
  - Finally, housing investment in and of itself can be a powerful driver of local economic activity through direct investment in house-building and refurbishment, which in turn generates significant economic multiplier-effects via supply chains and increasing disposable income and therefore consumption of local goods and services.
- 1.4 The homes will be carbon efficient with a fabric first approach. The homes will be energy efficient with an aim to attain an 'A' SAP rating. Car charging points and solar panels will be provided on homes where appropriate.
- 1.5 The principle of utilising the Beckhampton Road site for new Council housing was established in Delegated Decision ref 3684, which allocated prestart budget for sites at Chingford, Beckhampton Road and Oakdene.

- 1.6 In accordance with statutory requirements concerning appropriation (Local Government Act 1972 s122), consultation has been carried out. This consultation notifies of the Council's intention to change the land allocation from General Fund (Education) to HRA ahead of residential development. This is necessary because the land at Beckhampton Road currently comprises Open Space. No responses were received to the public notices.
- 1.7 The site is around 5 hectares, and is in the ownership of the General Fund of the City Council. The whole site will be transferred to the HRA, with an annual maintenance fee paid from HRA to Public Realm for the upkeep of the substantial area of open space which will be retained on completion of the development.
- 1.8 The site will be transferred for less than best consideration into the HRA. Full market value cannot be achieved for the site due to the proposed use as affordable housing, which cannot yield the same returns as market sale led housing schemes. The transfer at less than full market value can be justified through provisions in the Local Government Act allowing Councils to sell their assets for less than achievable market value on the basis of social benefit.
- 1.9 Beckhampton Road was formerly reserved for Sports use, however throughout the preparation of the Local Plan and in consultation with Sport England, the site was released for development due to nearby provision of Open Space, such as at Southglade Football hub.
- 1.10 One of the key principles of development of Beckhampton Road is that some of the land is retained for Open Space, therefore around 1.5 hectares will be retained and enhanced as open space.
- 1.11 The Beckhampton Road scheme is currently going through the planning process and formal planning consultation, therefore scheme design and detail is subject to change. The scheme is for 131 homes; including 72 x 2 bed houses, 14 x 3 bed houses, 5 x 1 bed bungalows, 5 x 3 bed disabled access bungalows and 35 x 1 bed flats. All of these home types are in high demand in Bestwood, and will help reduce the housing waiting list. It is also anticipated that the inclusion of the bungalows will help in freeing up some larger family homes, with tenants choosing to downsize. Some of the bungalows will be suitable for families with disabilities.
- 1.12 To contribute towards the additional capital required to provide disabled access bungalows the Adaptations budget within the HRA capital programme will be reduced by £0.125m, and this will be smoothed over a maximum period of 6 years. The detail of this reduction is to be agreed between finance and the Adaptations Agency to minimise the impact on the Adaptations Agency service. The rationale for this is because the scheme is providing new, fit for purpose properties there should be a reduced demand for adaptations to existing properties.
- 1.13 To ensure that there is a reduction of demand on the Adaptations Agency, the 5 three bed bungalows will be made available for direct offers from Adult Social Care referrals.
- 1.14 Concept designs and 3d images have been worked up by the architect and these designs will be subject to a consultation and input from the wider

community. This scheme will create better connected and safer neighbourhoods by improving the quality of the built environment, and through the Secure by Design framework which will help to both reduce crime and the fear of crime.

- 1.15 The Council has accumulated Right to Buy replacement funding which can be used to meet up to 30% of the cost of developing new affordable housing. If this funding is not spent within three years of receipt it has to be paid to Central Government plus interest above base rate. This development will be eligible for this funding as they are a net gain of affordable homes.
- 1.16 There is currently £0.500m of Section 106 Affordable Housing commuted sums available to be put towards improving the viability of new Council housing schemes, and it is proposed that this goes towards the Beckhampton Road scheme. This comes from the planning application at Woodhouse Park (planning ref. 13/01703/POUT). The Council is obliged to use the affordable housing commuted sum 'towards the provision of Affordable Housing within Nottingham City'. The scheme meets this definition, and the grant is necessary to mitigate some of the more expensive house types such as the bungalows.

## **2 Background (including outcomes of consultation)**

- 2.1 The recently adopted Local Plan (January 2020) supports residential development of predominantly family housing on Beckhampton Road- the site reference is SR6
- 2.2 The Council's current target for delivery of social/affordable housing indicate the importance of delivering new housing on this site.
- 2.3 The scheme has been endorsed for recommendation by the Building a Better Nottingham Steering Group in June 2020.
- 2.4 Consultation with local residents was undertaken in November 2018 on the principle of development of Beckhampton Road.
- 2.4. Local ward members have been fully consulted and are supportive of the scheme.
- 2.5 The statutory planning process is currently underway, giving local residents and stakeholders an opportunity to make representations.
- 2.6 NCH will act as the Council's development agent and ensure procurement compliance with national and organisational legislation.
- 2.7 The utilisation of section 106 funding requires consultation to be held with the local Area Committee in which the funding will be spent, which is Bestwood, Bulwell and Bulwell Forest Area Committee. The Chair and vice-chairs were consulted on 17<sup>th</sup> April 2020 and are supportive of the proposal.

## **3 Other options considered in making recommendations**

- 3.1 Do nothing. This was rejected as the site has been identified for residential development within the Local Plan, and development will contribute to meeting the Council's housing delivery targets, as well as providing much needed new social homes for rent.

3.2 Market sale. This option was rejected because it would not provide the Council with the necessary degree of control over the quality and delivery of the new housing, and would result in fewer affordable housing units which are much in demand in the ward, as well as throughout the whole city.

#### **4 Finance colleague comments (including implications and value for money/VAT)**

4.1 See exempt appendix.

#### **5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

5.1 There have been several incidents of Anti-Social behaviour on Beckhampton Road, which should be somewhat mitigated by residential development. For example, there have been incidents of occupation by Travellers, with ensuing costs of tidying the site and making good and security costs.

5.2 NCH will act as the City Council's agent and therefore NCH must ensure it undertakes a procurement process on behalf of the City Council which complies with the Public Contracts Regulations 2015. NCH should only use a framework where the City Council has been correctly identified as a contracting authority on that framework. Any lessons learned from previous large projects where there has been an overspend should be considered and appropriate contract oversight should be put in place.

Andrew James – Commercial, Employment and Education 22 April 2020

5.3 Legal property comments are attached in an Exempt Appendix A.

#### **6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

6.1 It will be necessary for the site to be appropriated from the General Fund to the Housing Revenue Account.

6.2 Property has placed formal notice of the Council's intention to appropriate the Beckhampton site for HRA purposes in the Local Press for two consecutive weeks as required by the Local Government Act 1972, Section 122. The deadline for responses was 15 May 2020 and no responses were received. Any responses would have been made available to Executive Board as part of this report, so that they could have been taken into account when making the decision to appropriate.

6.3 Property will undertake a valuation of the Beckhampton site to establish the market value of the site. This Valuation will be undertaken immediately prior to the formal appropriation, to ensure that the valuation reflects market value at that time and the level of undervalue, if any, is known to the Director of Strategic Assets and Property and the Leader of the Council when finalising the terms of the appropriation. It is considered likely that the appropriation will be at less than best consideration as the proposed scheme is not market lead and is not designed to maximise the value of the land.

Rod Martin, Development Manager, Strategic Assets and Property. 26<sup>th</sup> June 2020.

## **7 Social value considerations**

- 7.1 The proposed development will contribute to meeting the need for new affordable housing within the city. The construction of the new housing has the potential to benefit the local economy by providing opportunities for local employment and local businesses, including by using Nottingham City Homes' award winning apprenticeship scheme.

## **8 Regard to the NHS Constitution**

- 8.1 N/A

## **9 Equality Impact Assessment (EIA)**

- 9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

The approval does not contain proposals for new or changing policies, services or functions.

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

## **10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

- 10.1 None

## **11 Published documents referred to in this report**

- 11.1 Delegated Decision 3684; Prestart work to new residential sites at Chingford, Beckhampton and Oakdene, 25 October 2019.



Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 5 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



Document is Restricted

This page is intentionally left blank