

CHARNWOOD BOROUGH COUNCIL

**MEETING OF THE CHARNWOOD BOROUGH COUNCIL
HELD IN
VIRTUAL MEETING - ZOOM
ON 9TH NOVEMBER 2020**

PRESENT

The Mayor (Councillor Snartt)
The Deputy Mayor (Councillor Baines)

Councillor Gerrard	Councillor Lowe
Councillor Bailey	Councillor Mercer
Councillor Baines	Councillor Miah
Councillor Barkley	Councillor Morgan
Councillor Bentley	Councillor Murphy
Councillor Bokor	Councillor Needham
Councillor Boldrin	Councillor Pacey
Councillor J. Bradshaw	Councillor Paling
Councillor S. Bradshaw	Councillor Parsons
Councillor Brennan	Councillor Parton
Councillor Brookes	Councillor Poland
Councillor Campsall	Councillor Popley
Councillor Capleton	Councillor Radford
Councillor Charles	Councillor Ranson
Councillor Draycott	Councillor Rattray
Councillor Forrest	Councillor Rollings
Councillor Fryer	Councillor Savage
Councillor Goddard	Councillor Seaton
Councillor Grimley	Councillor Shepherd
Councillor Hadji-Nikolaou	Councillor Smidowicz
Councillor Hamilton	Councillor Tassell
Councillor Harper-Davies	Councillor Taylor
Councillor K. Harris	Councillor Tillotson
Councillor Howe	Councillor Ward
Councillor Hunt	

Honorary Aldermen Day

42. APOLOGIES

Apologies for absence had been received from Councillors Bolton and C Harris, and Honorary Aldermen Bush, Shields, Stott and Tormey.

43. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures of pecuniary or personal interests were made.

44. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of the Council held on 7th September 2020 were confirmed and signed.

45. ANNOUNCEMENTS

46. MAYOR'S ANNOUNCEMENTS

The Mayor made the following announcements:

Loughborough Remembrance Service and Armistice Day

'It was a great personal honour for me to take part in this year's Loughborough Remembrance Service. If this was a normal year, we would have all come together to remember those who served and many who made the ultimate sacrifice for their country.

I was pleased we were able, albeit in limited numbers to honour all past, present serving members and their families within our armed services community. Especially the ones who have been involved in many conflicts around the world, making sure we have made a safer place for our children and future generations.

Tomorrow I will be involved in a service for Armistice Day which will be streamed on the 11th November. This marks 102 years since the end of the First World War when the guns fell silent on the eleventh hour of the eleventh day of the eleventh month in 1918.'

47. LEADER'S ANNOUNCEMENTS

The Leader made the following announcement:

Disabilities Champion

'Mr Mayor I would like to announce that Councillor Popley has been appointed Disabilities Champion for the Council.

As part of this role, Councillor Popley will be responsible for;

- Supporting the Council to achieve its Disability Confident accreditation, and to uphold all relevant policies and practices,
- Identifying areas where disabled provision could be improved within Loughborough and the wider Borough, particularly through the use of Equality Impact Assessments,
- Working with the Equalities Team to help promote disability awareness across the Council/Borough,
- Supporting celebration events such as International Day of People with Disabilities and other associated events throughout the calendar year,

- Ensuring Elected Members have appropriate disability equality awareness training.'

48. CHIEF EXECUTIVE'S ANNOUNCEMENTS

The Chief Executive made no announcements.

49. PETITIONS

No petitions were submitted.

50. BUSINESS RESERVED TO COUNCIL

51. UPDATED CAPITAL STRATEGY 2020/21

A report of the Cabinet to seek approval of an updated Capital Strategy 2020/21, together with the Treasury Management Strategy Statement, the Annual Investment Strategy and Minimum Revenue Provision Policy (item 6.1 on the agenda filed with these minutes).

In considering the item, some concern was expressed regarding the sum of borrowing proposed and the lack of rationale, together with concerns regarding the forward funding for development of the Enterprise Zone. Clarification was sought on the financial returns and associated timelines.

The Leader advised that members had attended a briefing session providing information on how the Updated Capital Strategy 2020/21 would work, and provided an opportunity for members to ask questions of officers. He also highlighted that the Covid-19 pandemic and the Loughborough Town Deal award had meant that alterations to the original Capital Strategy were required.

The Deputy Leader stated that the documentation provided contained all the relevant information. He also highlighted that the Enterprise Zone was a positive attribute for the Borough, providing employment opportunities and improving the economy. Councillor Barkley was confident that financial challenges would be overcome.

It was proposed by Councillor Barkley, seconded by Councillor Morgan and

RESOLVED

1. That the Capital Strategy, as set out in Appendix A of the report of the Head of Financial Services (attached as an Annex), be approved.
2. That the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy, as set out in Appendix B of the report of the Head of Financial Services (attached as an Annex), be approved.
3. That the Prudential and Treasury Indicators, also as set out in Appendix B of the report of the Head of Financial Services (attached as an Annex), be approved.

Reasons

1. To enable the Council to comply with the statutory code of practice issued by CIPFA: 'The Prudential Code for Capital Finance in Local Authorities, 2017 Edition'.
2. To ensure that the Council's governance and management procedures for Treasury Management reflect best practice and comply with the CIPFA Treasury Management in the Public Services Code of Practice, Guidance Notes and Treasury Management Policy Statement.
3. To ensure that funding of capital expenditure is taken within the totality of the Council's financial position and that borrowing and investment is only carried out with proper regard to the Prudential Code for Capital Finance in Local Authorities

52. REVISED GENERAL FUND BUDGET 2020/21 AND MEDIUM TERM FINANCIAL STRATEGY 2020-2023

A report of the Cabinet to seek approval of a revised General Fund Budget 2020/21 and updated Medium Term Financial Strategy (MTFS) 2020-2023 given the material impact of the Covid-19 outbreak on the Council's financial position (item 6.2 on the agenda filed with these minutes).

Councillors were reminded that it was a legal requirement that all votes taken on this item, including votes on amendments must be recorded votes.

For the motion - Councillors Bailey, Baines, Barkley, Bentley, Bokor, S Bradshaw, Brookes, Campsall, Capleton, Charles, Fryer, Gerrard, Grimley, Hadji-Nikolaou, Harper-Davies, Howe, Lowe, Mercer, Morgan, Murphy, Needham, Pacey, Paling, Parsons, Parton, Poland, Popley, Radford, Ranson, Rattray, Rollings, Savage, Seaton, Shepherd, Smidowicz, Snartt, Tassell and Taylor.

Against the motion – Councillors Boldrin, J Bradshaw, Brennan, Draycott, Forrest, Goddard, Hamilton, K Harris, Miah, Tillotson and Ward.

It was proposed by Councillor Barkley, seconded by Councillor Rollings and

RESOLVED

1. That the revised Budget, as set out in Appendix A to the report of the Head of Financial Services (attached as an Annex), be approved.
2. That the updated MTFS 2020-2023, as set out in Appendix B to the report of the Head of Financial Services (attached as an Annex), be approved.

Reasons

1. To ensure that the Budget for 2020/21 reflects the impact of the Covid19 outbreak and can be approved by Council.

2. To reconsider and update the financial issues affecting the Council and the Borough identified in the original version of the MTFs, and to inform the Council's budget setting process for future years.

53. REVISED CAPITAL PLAN 2020-23

Councillor Grimley left the meeting at approximately 7:32pm.

Councillor Hunt joined the meeting at approximately 7:35pm.

A report of the Cabinet to seek approval of a revised Capital Plan 2020-2023 and its financing following a detailed review in the light of the Covid-19 outbreak (item 6.3 on the agenda filed with these minutes).

Concern was expressed by the Shadow Member for Climate Emergency and Carbon Management, that the Carbon Neutral Action fund budget had been reduced and asked when a revised budget for this could be expected. In addition, it was requested that a Labour member be allocated a seat on the Carbon Neutral Board.

The Lead Member for Transformation stated that the Council remained committed to achieving Carbon neutrality by 2030 and had reviewed plans to accommodate for a reduced budget. In addition, Councillor Rollings clarified that Councillor Needham as the Champion for Climate Change, was on the Carbon Action Board.

In considering this item it was also that Council should receive an update on the work of contractor Fortum.

It was proposed by Councillor Barkley, seconded by Councillor Harper-Davies and

RESOLVED

That the Revised Capital Plan for 2020-2023 for the General Fund and HRA schemes, set out in Appendix 2 to the report of the Head of Financial Services (attached as an Annex), is approved.

Reason

To enable approval of the revised Capital Plan which will become the basis for capital spending by the Council for the period ending 31st March 2023.

54. MEMBER DEVELOPMENT STRATEGY

A report of the Cabinet to seek approval of a Member Development Strategy 2020-2024 (item 6.4 on the agenda filed with these minutes).

Council acknowledged the high quality of training and development opportunities available to them both internally and externally. Councillors thanked officers for their work in organising and delivering training, for their support and for enabling them to fulfil their roles as Councillors as successfully as possible. Particular emphasis was made on the support of the Council's ICS function.

It was proposed by Councillor Smidowicz, seconded by Councillor Popley and

RESOLVED

That the Member Development Strategy 2020-2024, set out in Appendix A to the report of the Head of Strategic Support (attached as an Annex), be approved.

Reason

To enable the Strategy, which sets out to ensure that there is support for all members to enable them to acquire enough knowledge and a full range of skills to maximise their ability and capacity, to be adopted and inform the Council's member development activity.

Councillor Grimley joined the meeting at approximately 19:53pm.

Councillor Mercer left the meeting at approximately 20:08pm.

55. CALL-IN REFERENCES

There were no call-in references from Scrutiny.

56. POSITION STATEMENTS

No position statements had been requested.

57. MOTIONS ON NOTICE

58. SKY LANTERNS AND HELIUM BALLOONS

In accordance with Full Council Procedure 9.12, Councillor Fryer had given notice of a motion on Sky Lanterns and Helium Balloons (item 9.1 on the agenda filed with these minutes).

An amendment to point (ii) of the Motion was requested by Councillor Fryer, to read 'refuse the sale of any sky lanterns at any Council event or property'. This amendment was deemed necessary to enable helium balloons to be sold at the annual Loughborough fair and at any Council owned premises where a tenant may sell helium balloons.

The motion was moved by Councillor Fryer and seconded by Councillor Needham, and it was

RESOLVED

1. That permissions for the release of any sky lanterns or helium balloons is refused from any Council owned land regardless of the purpose for the release.

2. That the sale of any sky lanterns at any Council event or property be refused.
3. That officers are required to introduce a condition of contract relating to outdoor events and organised functions on land or property owned and/or controlled by Charnwood Borough Council to prohibit the release of any sky lantern or helium balloon regardless of purpose.
4. That information be provided on the website and parish and town councils with the Charnwood Borough Council boundary be written to drawing attention to the harmful effects of such lanterns and balloons on the environment and animals.

Reasons

1-4 To ensure the motion on notice supported by the Council be implemented.

59. QUESTIONS ON NOTICE

The questions on notice and the responses of the Leader or his nominee were submitted (item 10 on the agenda filed with these minutes).

60. A46 EXPRESSWAY

Councillor Grimley asked whether a scaled back road network provision in the south of Leicestershire would help to evenly distribute housing across the County.

Councillor Bailey thanked Councillor Grimley for his question and stated that the Council did support any roadway which would help to distribute housing more evenly toward the south of the City.

61. JOBS MARKET

Councillor Gerrard asked the Lead Member whether a monthly jobs market would be endorsed, allowing businesses space to advertise opportunities, with a start date of 2021.

Councillor Bokor thanked Councillor Gerrard for her question and stated that the answer had previously been communicated.

62. SECTION 106 AGREEMENTS

Councillor Taylor thanked the Lead Member for the response and enquired about the time frame for a judicial review on planning conditions.

Councillor Bailey thanked Councillor Taylor for her question and confirmed that the time frame was six weeks from the decision date.

63. COMMUNICATIONS STRATEGY

Councillor Draycott asked the Lead Member to confirm how the Council intended to overcome the barriers faced by members of the community over 65 years, unable to access information regarding the pandemic.

Councillor Morgan stated that this was an issue the Council was conscious of and would develop a strategy to address this.

64. CHARNWOOD COMMUNITY ACTION

Councillor Draycott did not have a supplementary question.

65. HOMELESSNESS AND EVICTIONS

Councillor Forrest thanked the Lead Member for the response and asked for more information on the rationale for evicting residents.

Councillor Poland thanked Councillor Forrest for her question and stated that serious antisocial behaviour would result in the notice of eviction. He also emphasized that notice was given six months prior to eviction and that there had been no evictions during the initial lock down period.

66. TRAVEL BETWEEN COUNTIES

Councillor Forrest asked that the information provided by the Lead Member be considered following the relaxing of current national restrictions.

Councillor Morgan stated that when information was available following the current national restrictions then this would be communicated thoroughly. He also stated that the Council would encourage the local media to distribute this information accurately.

67. MINUTE REFERENCES

There were no minute references.

68. CHANGES TO THE DELEGATION OF EXECUTIVE FUNCTIONS

A report of the Chief Executive to inform Council of changes to the delegation of Executive functions (item 12 on the agenda filed with these minutes).

69. URGENT EXECUTIVE DECISIONS EXEMPTED FROM CALL-IN

A report of the Chief Executive to note decisions which were exempted from call-in in accordance with Scrutiny Committee Procedure 11.9 (item 13 on the agenda filed with these minutes).

Excluded?

70. APPOINTMENTS TO COMMITTEES

There were no proposals to consider.

Note:

These minutes are subject to confirmation as a correct record at the next meeting of the Council which is scheduled for Monday 18th January 2021

COUNCIL – 18TH JANUARY 2021

Report of the Cabinet

ITEM 6.1 BOUNDARY REVIEW - COUNCIL SIZE SUBMISSION

Purpose of Report

To consider a submission for the first stage of the Local Government Boundary Commission for England (LGBCE) electoral review.

Recommendations

1. To approve the submission appended to the report (attached as an Annex) as the Council's submission to the LGBCE regarding Council Size, which supports the continuation of the current number of 52 councillors.
2. To give delegated authority to the Chief Executive and the Head of Strategic Support, in consultation with the Leader of the Council, to make minor typographical amendments and corrections to the document prior to submission if required.

Reasons

1. To agree a submission to the LGBCE as part of stage 1 of their review concerning council size.
2. To allow for any minor errors to be corrected before the document is submitted.

Policy Justification and Previous Decisions

Policy justification detailed in the attached Annex.

At its meeting on 10th December 2020, Cabinet considered a report of the Head of Strategic Support proposing a submission for the first stage of the Local Government Boundary Commission for England (LGBCE) electoral review. That report is attached as an Annex. The following minute extract sets out Cabinet's consideration of the matter:

"66. BOUNDARY REVIEW – COUNCIL SIZE SUBMISSION

Considered, a report of the Head of Strategic Support presenting a submission for the first stage of the Local Government Boundary Commission for England (LGBCE) electoral review, for recommendation to full Council (item 12 on the agenda filed with these minutes).

The Head of Strategic Support assisted with consideration of the report.

RESOLVED that it be recommended to Council:

1. *to approve the submission appended to the report as the Council's submission to the LGBCE regarding Council Size, which supports the continuation of the current number of 52 councillors;*
2. *to give delegated authority to the Chief Executive and the Head of Strategic Support, in consultation with the Leader of the Council, to make minor typographical amendments and corrections to the document prior to submission if required.*

Reasons

1. *To agree a submission to the LGBCE as part of stage 1 of their review concerning council size.*
2. *To allow for any minor errors to be corrected before the document is submitted."*

Implementation Timetable including Future Decisions and Scrutiny

As detailed in the attached Annex.

Report Implications

As detailed in the attached Annex.

Key Decision: No

Background Papers: No additional background papers.

Officer to Contact: Adrian Ward
Head of Strategic Support
01509 634573
adrian.ward@charnwood.gov.uk

CABINET - 10TH DECEMBER 2020

**Report of the Head of Strategic Support
Lead Member: Councillor Morgan**

Part A

ITEM BOUNDARY REVIEW – COUNCIL SIZE SUBMISSION

Purpose of Report

To present a submission for the first stage of the Local Government Boundary Commission for England (LGBCE) electoral review for recommendation to full Council.

Recommendations

That it be recommended to Council:

1. To approve the submission appended to this report as the Council's submission to the LGBCE regarding Council Size, which supports the continuation of the current number of 52 councillors.
2. To give delegated authority to the Chief Executive and the Head of Strategic Support, in consultation with the Leader of the Council, to make minor typographical amendments and corrections to the document prior to submission if required.

Reasons

1. To agree a submission to the LGBCE as part of stage 1 of their review concerning council size.
2. To allow for any minor errors to be corrected before the document is submitted.

Policy Justification and Previous Decisions

The consultation phase of stage 1 of the LGBCE ends on 2nd February 2021, and therefore if the Council wishes to make a submission it needs to agree it before that deadline.

Implementation Timetable including Future Decisions and Scrutiny

Any recommendations made by Cabinet will be considered at the full Council meeting on 18th January 2021.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no financial implications arising from this report.

Risk Management

There are no specific risks associated with the decision Cabinet is asked to make.

Key Decision:	No
Background Papers:	None
Officer to contact:	Adrian Ward Head of Strategic Support (01509) 634573 adrian.ward@charnwood.gov.uk

Part B

Background

1. The electoral review by the LGBCE is an examination of the Council's electoral arrangements. This means:
 - the total number of councillors elected to the Council;
 - the number and boundaries of wards or divisions for the purposes of the election of councillors;
 - the number of councillors for any ward or division of a local authority; and
 - the name of any ward or division.
2. At the first stage of the review is for the LGBCE to decide how many councillors should be elected to the Council in the future. They will base this decision on the evidence they receive from the local authority itself (ie. the submission appended to this report), and any other respondents who have made a representation. They will take a view on the council size by considering four factors:
 - The governance arrangements of the Council;
 - The Council's scrutiny functions;
 - The representational role of councillors;
 - Future trends and plans for the Council.
3. Having consulted with the Leaders of the two main political groups, officers have drafted the appended submission on the basis that the Council should retain the current number of 52 councillors.
4. For information, the timetable for the Council Size stage of the review, and the subsequent Warding Patterns stage, are set out below:

Council Size

Activity	Involvement		Key Dates
	Council	LGBCE	
Develop council size proposal	Council Political Groups	Officers will be available to answer any technical queries on making a submission.	Until February 2021
Submission of council size proposals	Council Political Groups	Officers will acknowledge receipt of submissions.	2 February 2021
Commission Meeting: Council Size	Not required	Commission	16 March 2021

Warding Patterns

Activity	Involvement		Key Dates
	Council	LGBCE	
Consultation on warding patterns	Council Political Groups General Public	Run consultation, collate & analyse responses.	23 March 2021 - 31 May 2021
Commission Meeting: Draft Recommendations	Not required	Commission	17 August 2021
Consultation on Draft Recommendations	Council Political Groups General Public	Publish draft recommendations. Run consultation, collate & analyse responses.	31 August 2021 - 8 November 2021
Commission Meeting: Final Recommendations	Not required	Commission	18 January 2022
Publication of Final Recommendations	Not required	Commission	1 February 2022

Appendix

Council Size Submission

Charnwood Borough Council

11 Appendix

Submission from Charnwood Borough Council

Contents

How to Make a Submission.....2

About You2

Reason for Review (Request Reviews Only)2

Local Authority Profile2

Council Size3

Other Issues..... 11

How to Make a Submission

1. It is recommended that submissions on council size follow the format provided below. Submissions should focus on the future needs of the council and not simply describe the current arrangements. Submissions should also demonstrate that alternative council sizes have been considered in drawing up the proposal.
2. The template allows respondents to enter comments directly under each heading. It is not recommended that responses are should unduly long; as a guide, it is anticipated that a 15 to 20-page document using this template should suffice. Individual section length may vary depending on the issues to be explained. Where internal documents are referred to URLs should be provided, rather than the document itself. It is also recommended that a table is included that highlights the key paragraphs for the Commission's attention.

About You

3. The respondent should use this space to provide the Commission with a little detail about who is making the submission, whether it is the full Council, Officers on behalf of the Council, a political party or group, or an individual.

This submission is from Charnwood Borough Council, and was agreed at a full Council meeting on 18th January 2021 (TBC).

Reason for Review (Request Reviews Only)

4. Please explain the authority's reasons for requesting this electoral review; it is useful for the Commission to have context. *NB/ If the Commission has identified the authority for review under one of its published criteria, then you are not required to answer this question.*

Not applicable.

Local Authority Profile

5. Please provide a short description of the authority and its setting. This should set the scene for the Commission and give it a greater understanding of any current issues. The description may cover all, or some of the following:
 - Brief outline of area - are there any notable geographic constraint for example that may affect the review?
 - Rural or urban - what are the characteristics of the authority?
 - Demographic pressures - such as distinctive age profiles, migrant or transitional populations, is there any large growth anticipated?
 - Are there any other constraints, challenges, issues or changes ahead?

The Borough of Charnwood sits centrally between the cities of Leicester, Nottingham and Derby, in the north of the county of Leicestershire. The estimated population of the Borough was 182,643 (2018), and based on ONS projections will rise to 207,000 by 2031. It borders Melton to the east, Harborough to the south east, Leicester and Blaby to the south, Hinckley & Bosworth to the south west, North West Leicestershire to the west and Rushcliffe in Nottinghamshire to the north. It is named after the Charnwood Forest, much of which is contained within the borough.

The administrative centre of the Borough is located in Loughborough, which is the Borough's largest town and its main commercial centre, and which is also the location of the highly regarded Loughborough University. Other notable settlements in the Borough include Shepshed, Syston, Birstall and Thurmaston.

Charnwood Borough Council itself comprises 52 Councillors who are elected to represent residents in the 28 current wards across the Borough. Council policies setting out how services are delivered are decided by Councillors.

Most major decisions are taken by the Cabinet, which is made up of Councillors from the majority political party. There are ten Cabinet Members, including the Leader and Deputy Leader of the Council.

The Council's Corporate Strategy for 2020-24 sets out what the Council will be doing over the relevant four years to make Charnwood a stronger and more vibrant place for people to live, work, visit and invest in:

https://www.charnwood.gov.uk/files/documents/charnwood_borough_council_corporate_strategy_2020_2024/Charnwood%20Borough%20Council%20Corporate%20Strategy%202020-24%20FINAL%2027.02.20.pdf

Council Size

6. The Commission believes that councillors have three broad aspects to their role. These are categorised as: Strategic Leadership, Accountability (Scrutiny, Regulation and Partnerships), and Community Leadership. Submissions should address each of these in turn and provide supporting evidence. Prompts in the boxes below should help shape responses.

Strategic Leadership

7. Respondents should provide the Commission with details as to how elected members will provide strategic leadership for the authority. Responses should also indicate how many members will be required for this role and why this is justified.

Topic		
Governance Model	<i>Key lines of explanation</i>	<ul style="list-style-type: none"> ➤ <i>What governance model will your authority operate? e.g. Committee System, Executive or other?</i> ➤ <i>The Cabinet model, for example, usually requires 6 to 10 members. How many members will you require?</i>

		<ul style="list-style-type: none"> ➤ <i>If the authority runs a Committee system, we want to understand why the number and size of the committees you have represents is most appropriate for the authority.</i>
	Analysis	The Council operates under the Executive model, and currently has a Cabinet of 10 members. This governance model is well embedded, and it is anticipated that there would be no change to this if the proposal for a continued Council size of 52 members is adopted.
Portfolios	Key lines of explanation	<ul style="list-style-type: none"> ➤ <i>How many portfolios will there be?</i> ➤ <i>What will the role of a portfolio holder be?</i> ➤ <i>Will this be a full-time position?</i> ➤ <i>Will decisions be delegated to portfolio holders? Or will the executive/mayor take decisions?</i>
	Analysis	<p>The current Cabinet portfolio responsibilities are as follow:</p> <p>Leader: Strategic Relationships, Investments and Development, Regeneration, Communications and Inward Investment.</p> <p>Deputy Leader: Council Tax, Business Rates, Revenues and Benefits, Property Services and Building Control.</p> <p>Lead Member for Planning: Development Control, Conservation & Landscape and s106 Agreements.</p> <p>Lead Member for Loughborough: Loughborough Markets & Fairs, Museums, Town Centre Management, Town Hall, Loughborough Public Conveniences, Arts & Culture, Open Spaces, Grounds Maintenance and Engineering.</p> <p>Lead Member for Community Support & Equalities: Community Safety & Neighbourhood Management, Community Grants, Equalities, Children & Young People, CCTV, Sports & Recreation, Leisure Centres, Waste and Waste Education.</p> <p>Lead Member for Private Housing: Refugee Resettlement, Housing Options, Allocations & Lettings, Housing Needs, Empty Homes and HMO Licensing.</p>

		<p>Lead Member for Public Housing: Repairs & Investment, Tenancy Management, Supported Housing, Rents & Income Management, Leaseholders and Lifeline.</p> <p>Lead Member for Business Support: Regulatory Services, Parking, Env Health, Street Management, Licensing, Tourism and High Street Recovery.</p> <p>Lead Member for Transformation: Carbon Neutral by 2030, ICS, Customer Relationships, Organisational Development & Improvements and Emergency Planning.</p> <p>Lead Member for Strategic Support: Democratic Services, Audit & Risk, Legal Services, HR, Electoral Services & Land Charges.</p> <p>Currently relatively few decisions are delegated to Cabinet Lead Members, and therefore most executive decisions are taken collectively by the Cabinet.</p>
<p>Delegated Responsibilities</p>	<p><i>Key lines of explanation</i></p>	<ul style="list-style-type: none"> ➤ <i>What responsibilities will be delegated to officers or committees?</i> ➤ <i>How many councillors will be involved in taking major decisions?</i>
	<p>Analysis</p>	<p>The Council's constitution sets out delegations to officers, which generally include day-to-day matters.</p> <p>Currently few major decisions are delegated to individual councillors, although recently the Council has started to invest in commercial properties, and the decision making for these purchases has been delegated to the Leader (or in his absence, to the Deputy Leader).</p>

Accountability

8. Give the Commission details as to how the authority and its decision makers and partners will be held to account. The Commission is interested in both the internal and external dimensions of this role.

Topic	
Internal Scrutiny	The scrutiny function of authorities has changed considerably. Some use theme or task-and-finish groups, for example, and others have a committee system. Scrutiny arrangements may also be affected by the officer support available.
<i>Key lines of explanation</i>	<ul style="list-style-type: none"> ➤ <i>How will decision makers be held to account?</i> ➤ <i>How many committees will be required? And what will their functions be?</i> ➤ <i>How many task and finish groups will there be? And what will their functions be? What time commitment will be involved for members? And how often will meetings take place?</i> ➤ <i>How many members will be required to fulfil these positions?</i> ➤ <i>Explain why you have increased, decreased, or not changed the number of scrutiny committees in the authority.</i> ➤ <i>Explain the reasoning behind the number of members per committee in terms of adding value.</i>
Analysis	<p>The Council currently operates 4 scrutiny committees: the Scrutiny Commission, which has overall responsibility for the scrutiny work programme and which carries out Cabinet pre-decision scrutiny, and three committees which focus on specific operational service areas. During the ongoing pandemic only the Scrutiny Commission has been meeting.</p> <p>The Scrutiny Commission can also set up ‘task-and-finish’ scrutiny panels to review specific issues or topics of concerns or public interest, and there have been a number of these in recent years.</p> <p>A separate Scrutiny Call-in Committee, consisting of the Chairs and Vice-chairs of the 4 standing scrutiny committees, meets when required to consider any call-ins of Cabinet or officer decisions that are submitted in accordance with the Constitution.</p> <p>There is a standing Budget Scrutiny Panel which meets annually during the budget setting period to understand, review and comment on the Council’s developing budget proposals. This Panel will meet during the pandemic.</p>

Statutory Function		This includes planning, licencing and any other regulatory responsibilities. Consider under each of the headings the extent to which decisions will be delegated to officers. How many members will be required to fulfil the statutory requirements of the council?
Planning	<i>Key lines of explanation</i>	<ul style="list-style-type: none"> ➤ <i>What proportion of planning applications will be determined by members?</i> ➤ <i>Has this changed in the last few years? And are further changes anticipated?</i> ➤ <i>Will there be area planning committees? Or a single council-wide committee?</i> ➤ <i>Will executive members serve on the planning committees?</i> ➤ <i>What will be the time commitment to the planning committee for members?</i>
	Analysis	<p>The Council has a single Plans Committee consisting of 13 councillors, which meets approximately once a month to consider major applications, applications which are referred to them by ward councillors, and applications which officers consider may be particularly controversial. Approximately 95% of applications are determined by officers under delegated powers.</p> <p>There are currently no plans to change these arrangements.</p> <p>It is accepted practice that Cabinet Members do not also sit on the Plans Committee, although there is no constitutional prohibition preventing this.</p> <p>The time commitment for Plans Committee members includes preparing for and attending the monthly committee meetings, as well as participating in regular training update sessions. Prior to each Plans Committee meeting officers also normally arrange for committee members to undertake collective site visits, though this process is currently suspended during the ongoing pandemic.</p>
Licensing	<i>Key lines of explanation</i>	<ul style="list-style-type: none"> ➤ <i>How many licencing panels will the council have in the average year?</i> ➤ <i>And what will be the time commitment for members?</i> ➤ <i>Will there be standing licencing panels, or will they be ad-hoc?</i> ➤ <i>Will there be core members and regular attendees, or will different members serve on them?</i>
	Analysis	<p>The Council usually has approximately 6 licencing panels a year, which meet on an ad-hoc basis.</p> <p>Panel members are drawn from the Licensing Committee, which has a membership of 15 councillors.</p>

Other Regulatory Bodies	<i>Key lines of explanation</i>	<ul style="list-style-type: none"> ➤ <i>What will they be, and how many members will they require?</i> ➤ <i>Explain the number and membership of your Regulatory Committees with respect to greater delegation to officers.</i>
	Analysis	<p>Other committees and their membership are summarised as follows:</p> <p>Appeals & Reviews Committee (5 members)</p> <p>Audit Committee (6 members, plus Independent Chair)</p> <p>Member Conduct Committee (7 members, plus up to 3 non-voting parish councillor members)</p> <p>Personnel Committee (7 members)</p>
External Partnerships		Service delivery has changed for councils over time, and many authorities now have a range of delivery partners to work with and hold to account.
	<i>Key lines of explanation</i>	<ul style="list-style-type: none"> ➤ <i>Will executive members serve on decision-making partnerships, sub-regional, regional or national bodies?</i> ➤ <i>How many councillors will be involved in this activity? And what is their expected workload? What proportion of this work is undertaken by portfolio holders?</i> ➤ <i>What other external bodies will members be involved in? And what is the anticipated workload?</i>
	Analysis	<p>The Charnwood Community Safety Partnership is chaired by a councillor, who is not currently a Cabinet member.</p> <p>A number of councillors are appointed to external bodies, including local charities, consultative groups, and community organisations. These appointments vary in nature and workload, with some being allocated to Cabinet members based on their portfolio responsibilities, and others being allocated to ward councillors where the body operates within their ward.</p>

Community Involvement

9. The Commission understands that there is no single approach to community leadership and that members represent, and provide leadership to, their communities in different ways. The Commission wants to know how members are required to provide effective community leadership and what support the council offers them in this role. For example, does the authority have a defined role and performance system for its elected members? And what support networks are available within the council to help members in their duties?

Topic		Description
Community Leadership	Key lines of explanation	<ul style="list-style-type: none"> ➤ <i>In general terms how do councillors carry out their representational role with electors?</i> ➤ <i>Does the council have area committees and what are their powers?</i> ➤ <i>How do councillors seek to engage with their constituents? Do they hold surgeries, send newsletters, hold public meetings or maintain blogs?</i> ➤ <i>Are there any mechanisms in place that help councillors interact with young people, those not on the electoral register, and/or other minority groups and their representative bodies?</i> ➤ <i>Are councillors expected to attend community meetings, such as parish or resident's association meetings? If so, what is their level of involvement and what roles do they play?</i> ➤ <i>Explain your approach to the Area Governance structure. Is your Area Governance a decision-making forum or an advisory board? What is their relationship with locally elected members and Community bodies such as Town and Parish Councils? Looking forward how could they be improved to enhance decision-making?</i>
	Analysis	<p>The only area committee in operation is the Loughborough Area Committee, which includes the 20 councillors whose wards include areas either wholly or partly within the town of Loughborough. it is a consultative committee (ie. it does not have any decision making powers), and meets twice a year.</p> <p>Councillors undertake their ward work in a variety of ways, including local newsletters, surgeries, attending town and parish council meetings within their wards, and by using social media. Within the unparished area of Loughborough, ward councillors may attend local residents and community association meetings.</p>
Casework	Key lines of explanation	<ul style="list-style-type: none"> ➤ <i>How do councillors deal with their casework? Do they pass it on to council officers? Or do they take a more in-depth approach to resolving issues?</i> ➤ <i>What support do members receive?</i> ➤ <i>How has technology influenced the way in which councillors work? And interact with their electorate?</i>
	Analysis	<p>Councillors take individual approaches to dealing with their casework (ie. the Council does not operate a casework management system).</p>

		<p>Councillors can, and do, access support and advice from officers in relation to individual cases, depending on their nature and complexity.</p> <p>The nature of casework varies from ward to ward, depending for example on whether it largely rural, or includes some of the more deprived areas of the Borough.</p>
--	--	---

Other Issues

10. Respondent may use this space to bring any other issues of relevance to the attention of the Commission.

The Council undertook a community governance review of the whole Borough in 2018, which made some amendments to parish council boundaries, including creating two new parish council meetings.

Summary

11. In following this template respondents should have been able to provide the Commission with a robust and well-evidenced case for their proposed council size; one which gives a clear explanation as to the number of councillors required to represent the authority in the future. Use this space to summarise the proposals and indicate any other options considered. Explain why these alternatives were not appropriate in terms of their ability to deliver effective Strategic Leadership, Accountability (Scrutiny, Regulation and Partnerships), and Community Leadership.

Charnwood Borough Council proposes that its number of councillors should remain unchanged at 52.

Page 27 The executive model of governance (with a Cabinet) is well established at the Council and has proven to work well. Changing the number of councillors would potentially mean that the current established and effective governance and committee structures would need to be reviewed and amended, and the Council does not see any justification for that.

When the previous boundary review for Charnwood was undertaken in 2002, it recommended retaining the then current number of councillors at 52. In the 18 years since then, there have been significant increases in the population size of the Borough and the number of electors. The Council recognises that this has had an impact on the casework of its councillors, and this will continue as the local population and electorate continues to grow in the future.

The Council recognises that the number of electors per councillor continues to increase: as referred to within the report of the last review, in 2001 there was an average of 2,342 electors per councillor, with a prediction that this would rise to 2,423 by 2006. In December 2018, the average was 2,549 electors per councillor.

However, in light of the current challenging financial situation facing the Council, we do not consider that an increase in the number of councillors can be justified because it would result in budget pressures to fund additional allowances and councillor support, and the Council is facing ongoing financial pressures, which have been made more acute by the pandemic.

Equally, although it could result in some potential financial savings, we do not consider that a reduction in the number of councillors can be justified as the casework of our councillors has increased in line with our ongoing population growth, which is set to continue. Reducing the number of councillors could therefore result in increasing demands in terms of the time commitment required to adequately fulfil the elected member role, which could negatively impact on the ability to attract people to stand for election in the future.

COUNCIL – 18TH JANUARY 2021

Report of the Cabinet

ITEM 6.2 CHARNWOOD STATEMENT OF COMMUNITY INVOLVEMENT

Purpose of Report

To seek approval for the adoption of the Statement of Community Involvement.

Recommendation

That the Statement of Community Involvement in Appendix A of Part B to the report of the Head of Planning and Regeneration (attached as an Annex) be adopted.

Reason

To meet statutory timescales to update the Statement of Community Involvement every five years and ensure that the Council has modern and engaging approaches to plan-making consultations that are sufficiently flexible to enable plan-making to progress in the context of COVID-19 restrictions. Also, to set out the Council's approach to supporting neighbourhood planning and consult on planning applications.

Policy Justification and Previous Decisions

Policy justification detailed in the attached Annex.

At its meeting on 19th November 2020, Cabinet considered a report of the Head of Planning and Regeneration proposing an updated Statement of Community Involvement. That report is attached as an Annex. The following minute extract sets out Cabinet's consideration of the matter:

"55. CHARNWOOD STATEMENT OF COMMUNITY INVOLVEMENT

Considered, a report of the Head of Planning and Regeneration proposing an updated Statement of Community Involvement. The Statement set out how the Council would consult on planning policy documents (including the Local Plan), engage with and support neighbourhood planning, and consult on planning applications (item 9 on the agenda filed with these minutes).

The Head of Planning and Regeneration and the Senior Planning Officer (Policy) assisted with consideration of the report.

Officers were thanked for their work in progressing this matter.

Reference was made to agenda page 176, protected characteristics, item 7 should read "Religion or belief". This would be corrected.

RESOLVED

1. *that the Statement of Community Involvement in Appendix A of Part B to the report of the Head of Planning and Regeneration be adopted*;*
2. *that the fee proposal (detailed at paragraph 2.2 of Appendix A of Part B to the report of the Head of Planning and Regeneration) to charge an administration fee for requests to provide physical copies of consultation documents at a rate of £5 per document plus the printing cost be approved.*

**This is a policy that falls within the Council's Budget and Policy Framework and will now be submitted to Full Council on 18th January 2021 for final approval.*

Reasons

1. *To meet statutory timescales to update the Statement of Community Involvement every five years and ensure that the Council has modern and engaging approaches to plan-making consultations that are sufficiently flexible to enable plan-making to progress in the context of COVID-19 restrictions. Also, to set out the Council's approach to supporting neighbourhood planning and consult on planning applications.*
2. *To establish a new discretionary service charge as set out at paragraph 5.3 of the Council's Income and Charging Policy."*

Implementation Timetable including Future Decisions and Scrutiny

As detailed in the attached Annex.

Report Implications

As detailed in the attached Annex.

Key Decision: No

Background Papers: No additional background papers.

Officer to Contact: Clare Clarke
Group Leader – Plans, Policies and Place-Making
01509 63 4767
07591947043
clare.clarke@charnwood.gov.uk

CABINET - 19TH NOVEMBER 2020**Report of the Head of Planning
Lead Member: Councillor Bailey****Part A****ITEM STATEMENT OF COMMUNITY INVOLVEMENT****Purpose of Report**

The report proposes an updated Statement of Community Involvement for adoption. The document sets out how the Council will consult on planning policy documents (including the Local Plan), engage with and support neighbourhood planning, and consult on planning applications.

Recommendations

1. That the Statement of Community Involvement in Appendix A of Part B to the report be adopted.
2. That the fee proposal (detailed at paragraph 2.2 of Appendix A of Part B to the report) to charge an administration fee for requests to provide physical copies of consultation documents at a rate of £5 per document plus the printing cost be approved.

Reasons

1. To meet statutory timescales to update the Statement of Community Involvement every five years and ensure that the Council has modern and engaging approaches to plan-making consultations that are sufficiently flexible to enable plan-making to progress in the context of COVID-19 restrictions. Also to set out the Council's approach to supporting neighbourhood planning and consult on planning applications.
2. To establish a new discretionary service charge as set out at paragraph 5.3 of the Council's Income and Charging Policy.

Policy Justification and Previous Decisions

The Council is required to produce a Statement of Community Involvement under Section 18 of the Planning and Compulsory Purchase Act 2004 and is required to update it every five years under Regulation 4 of the Town and Country Planning Regulations 2017. The Cabinet adopted the current Statement of Community Involvement in January 2014 (Minute 69 2013 refers).

In the context of COVID-19, the Government's Planning Practice Guidance has been updated to encourage local authorities to undertake an immediate update to their Statement of Community Involvement to ensure that plan-making can continue during public health restrictions. An update to the Statement of Community Involvement is therefore timely ahead of the anticipated consultation on the Local Plan in early 2021.

The Statement of Community Involvement reflects the ‘Your Council’ section of the Corporate Strategy by committing to modern and effective consultation engagement.

Implementation Timetable including Future Decisions and Scrutiny

The decision will come into effect immediately (subject to Call-in).

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no significant financial implications. Any changes to the Council’s approach to consultations will be met from existing budgets. The recommendation to introduce an administration fee for requests to provide physical copies of consultation documents is likely to be used infrequently as consultation documents are made available online, but is intended to cover the cost of this discretionary function.

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Statement of Community Involvement does not comply with minimum legal requirements which could have legal, financial and reputational implications.	Remote (1)	Minor (1)	Very Low (1)	The document has been drafted with full consideration of relevant legislation and identifies optional additional consultation actions that exceed minimum requirements.

Equality and Diversity

An Equalities Impact Assessment (EIA) has been undertaken and is attached at Appendix B. To summarise, the Statement of Community Involvement has been drafted with equalities considerations as a corporate priority. The policies contained apply to the public generally and are not intended to focus on any specific group. For plan-making the Council has committed to maintaining a mix of online and offline consultation methods and to make reasonable adjustments for equalities requests in line with the general equality duty. In all cases, and considering that planning issues can vary significantly depending on individual proposals, the general equality duty applies irrespective of the Statement of Community Involvement.

Councillors are reminded that in making this decision they should give due regard to the need to:

- Encourage participation by disabled people in public life and take account of disabled people's disabilities, even when that involves treating disabled people more favourably.

Key Decision: No

Background Papers: None

Officer to contact: Clare Clarke
Group Leader – Plans, Policies and Place-Making
01509 63 4767
07591947043
clare.clarke@charnwood.gov.uk

Part B

1. Background

- 1.1 Charnwood Borough Council's current Statement of Community Involvement was adopted in January 2014, is now outdated, and is not sufficiently flexible to enable the continuation of plan-making during COVID-19 restrictions.
- 1.2 In August 2020, Government indicated in the 'Planning for the Future White Paper' that significant changes to the planning system will take place over the coming years. The key message is one of culture change in planning – to embrace technology, widen consultation methods and reach unheard voices. Planning processes and documents should be simple and streamlined to speed up decision and plan making and further enable public engagement. The proposed Statement of Community Involvement aims to reflect these principles.
- 1.3 There is no legislative requirement to consult when updating a Statement of Community Involvement although the council may do so if it feels this would be appropriate. With this in mind, it is considered the changes proposed do not represent a significant shift in the current approach to consultation on planning documents. The most significant changes relate to: adapting to Covid-19; reflecting feedback collected during recent consultations; making the document itself more concise; and moving to a more online-positive approach alongside enhanced communications. In this context, it is not considered that consultation on the Statement of Community Involvement is necessary.

2. Summary of the Proposed Changes

- 2.1 The proposed Statement of Community Involvement sets out the Council's approach towards community and stakeholder engagement on planning matters and has been written to be concise and accessible. The document has been reduced in size from 36 to 10 pages, compared with the existing Statement of Community Involvement. The key sections of the document are summarised below.

Planning Policy Documents

- 2.2 This section of the proposed Statement of Community Involvement sets out how the council will consult on planning policy documents as they are prepared. The general principle of this section has been to remove unnecessary detail and to give the Council maximum flexibility in preparing documents, whilst making clear those commitments that exceed the minimum requirements.
- 2.3 In relation to the Local Plan, the council proposes to: retain an additional round of non-statutory consultation to inform plan making; maintain an open consultation database that includes 'hard to reach' groups; and use a range of consultation methods (see Table 1 of Appendix A). The table below summarises the key changes in relation to the Local Plan between the current and proposed Statement of Community Involvement (SCI).

New Additions to the SCI	Removed Parts of the SCI
Greater emphasis on social media/online engagement including Facebook, Twitter, video presentations and the Council's 'Charnwood News' email updates	Remove libraries as deposit points and the production of leaflets (in favour of enhanced online engagement)
Inclusion of responding to Equalities requests as a consultation method (for example making reasonable adjustments for an individual's disability to ensure that they can access content and comment).	Remove detailed commitments to focused exhibitions/workshops (although retain commitment to undertake such events if necessary)
Inclusion of a stated fee for providing printed documents (£5 per document plus printing cost).	Removal of explanatory detail in relation to the preparation of the Local Plan (in favour of a concise document that is accessible to the public – inclusion of a general commitment to fulfil procedural duties)
Inclusion of caveat in relation to physical forms of consultation, that the Council will facilitate online alternatives where COVID-19 measures restrict these methods	Removal of lists of consultation bodies (unnecessarily detailed and specified lists generally become outdated as organisations change over time)
Commits to placing site notices near proposed development allocations as part of the preferred options and publication consultations (in place of placing documents in libraries – publicises proposals closer to impacted communities).	

2.4 In relation to Supplementary Planning Documents and Informal Guidance, the Council proposes to use a range of consultation methods (see Table 1 of Appendix A) which enhances the methods specified in the current Statement of Community Involvement. The proposed Statement of Community Involvement commits to making public a report on consultation responses that details actions arising. However, compared to the current Statement of Community Involvement, it is proposed to remove the reference to an additional optional consultation and to consult for the statutorily required 4 weeks (currently 6 weeks) in order to enhance the flexibility of preparing these documents.

2.5 In relation to the Local Development Scheme, commitments reflect the minimum legal requirements.

Neighbourhood Planning Support

2.6 This section of the proposed Statement of Community Involvement sets out the Council's policies for supporting neighbourhood planning reflecting the Council's duty to give advice and assistance to communities that are engaging with neighbourhood planning. Since the adoption of the current Statement of Community Involvement in 2014, the Town and County Planning Act 1990 has been amended to require local authorities to set out specific policies for

neighbourhood planning, therefore the commitments made are a new addition in the proposed Statement of Community Involvement.

- 2.7 As a minimum, commitments made broadly reflect the Council's legal duties. The Council makes commitments to exceed the requirements by providing assistance on the specified technical matters; providing informal advice on draft policies/orders; and coordinating consultation materials. In response to COVID-19, a caveat is included that the fulfilling of duties will be subject to COVID-19 measures.

Development Management – Processing Planning Applications

- 2.8 This section sets out how the Council will consult on planning applications and broadly reflects the minimum legal requirements for each application type (see Table 2 of Appendix A). It also highlights the Council's policies towards pre-application advice and public involvement at Planning Committee.

Appendices

Appendix A – Statement of Community Involvement

Appendix B – Equalities Impact Assessment

Statement of Community Involvement

Charnwood Borough Council

November 2020



Statement of Community Involvement

Charnwood Borough Council

Executive Summary

This document sets out how Charnwood Borough Council will consult the community, business and organisations on planning matters. Planning shapes the environments where people live, work and spend their time and the Council recognises that effective and meaningful consultation is a valuable component of the planning process. The Statement of Community Involvement sets out how the Council will:

- Consult on **planning policy** documents (including the Local Plan)
- Engage with and support **neighbourhood planning**
- Consult on **development management** planning applications

Contents

1. Introduction	2
What is and why adopt a Statement of Community Involvement?	2
How to read the Statement of Community Involvement	2
2. Planning Policy Documents	3
Local Plan	3
Supplementary Planning Documents/ Informal Guidance	5
Local Development Scheme.....	5
3. Neighbourhood Planning Support	6
Neighbourhood Plans and Neighbourhood Development Orders	6
4. Development Management – Processing Planning Applications	8
Pre-Application Engagement	8
Consultation on Planning Application – by type.....	8
Other Procedural Matters.....	8
5. Further Advice and Contact	11

1. Introduction

What is and why adopt a Statement of Community Involvement?

The Statement of Community Involvement sets out how Charnwood Borough Council will consult on the preparation of planning policy documents, the processing of planning applications and how the Council will engage with neighbourhood planning. The Council is required by legislation to prepare a Statement of Community Involvement¹.

Planning shapes the places where people live, work and spend their time and, in turn, community involvement should help shape planning decisions. The Council values community engagement as a fundamental component of planning and, through this document, our vision is to empower communities to engage in modern, dynamic, efficient and effective ways.

This document replaces the previous Statement of Community Involvement (adopted January 2014) and will be reviewed regularly in accordance with the requirement to review this document every five years².

How to read the Statement of Community Involvement

This document is split into three themes – planning policy documents, neighbourhood planning, and development management. **The Council's specific consultation commitments are shown as Green text for ease of reference.**

¹ Planning and Compulsory Purchase Act 2004 (as amended), Section 18

² The Town and Country Planning Regulations 2017, Regulation 4

2. Planning Policy Documents

2.1 Planning policy documents set a framework for managing development in the area. The adopted Local Plan and adopted Neighbourhood Plans together form the 'Development Plan' for the area. Supplementary Planning Documents can add further detail to the Development Plan. Public consultation forms a key element of the preparation of planning policy documents and the Council attaches great importance to facilitating meaningful and wide-reaching public participation. The Statement of Community Involvement is required to set out the Council's consultation policy in respect the preparation of planning policy documents³.

Local Plan

2.2 Local Plans set out a vision and planning policies to guide the determination of future planning applications within the area, and allocate land for housing, employment, retail and protective uses. Information about the role and scope of Local Plans is on the Government website⁴. The process for preparing a Local Plan and minimum consultation requirements are set out in legislation⁵. The Council aims to make local plan consultations meaningful and engaging. Our commitments in relation to preparing the Local Plan are to:

- ✓ **Undertake the following six-week consultations:-**
 - **Preparation Stage (Regulation 18) – to survey the scope and content of the plan at an early stage.**
 - **Preferred Options Stage (non-statutory) – to further inform plan content.**
 - **Publication Stage (Regulation 19/20) – to seek final views on the plan, to be considered by the independent Planning Inspector.**
- ✓ **Consult using all the methods listed in Table 1. Consultation procedures will be clearly explained and engaging.**
- ✓ **Fulfil procedural duties for Local Plan preparation, examination and adoption.**
- ✓ **Upon request, provide physical copies of consultation documents for a charge of the printing cost + £5 (per document) administration fee.**
- ✓ **Maintain a consultation database of consultees including 'specific' organisations prescribed by legislation; 'general' consultation bodies considered appropriate by the Council (including hard to read groups); and any other person/organisation that requests to join the database⁶**
- ✓ **Maintain a separate e-mail alert service that provides regular updates to people/organisations that join the mail list⁷.**
- ✓ **If revising the local plan pursuant to legislation⁸, the Council will undertake two six-week consultations (as per Regulation 18 and 19/20 above).**
- ✓ **For each consultation undertaken, publish a report on the website that collates and responds to consultation representations and identifies actions taken.**
- ✓ **Engage constructively, actively and on an ongoing basis with neighbouring local authorities on issues of a strategic and cross-boundary nature (including consideration of joint working opportunities).**

³ Planning and Compulsory Purchase Act 2004 (as amended), Section 18 (2)

⁴ <https://www.gov.uk/guidance/plan-making>

⁵ Town and Country Planning (Local Planning) (England) Regulations 2012

⁶ Sign up to the consultation database by e-mailing: localplans@charnwood.gov.uk

⁷ <https://www.charnwood.gov.uk/pages/lpsignup>

⁸ Planning and Compulsory Purchase Act 2004 (as amended), Section 26

Table 1: Consultation methods for preparing planning policy documents

Method	Details
Online copy availability	<ul style="list-style-type: none"> Documents and latest information via www.charnwood.gov.uk/planningpolicy
Hard copy availability*	<ul style="list-style-type: none"> Consultation documents made available at the Council's principal office
Site Notices*	<ul style="list-style-type: none"> At the Preferred Options and Publication stages consultations, at least 1 general site notice will be placed near each proposed housing and employment allocation.
E-mail and letter notification to those on the consultation database/ e-mail alert.	<ul style="list-style-type: none"> Local Plan: to be sent to all consultees on the database Other documents: to be sent to consultees dependent on the relevance of the consultation to them (i.e. impacts their area/ specialist topic).
Social Media	<ul style="list-style-type: none"> Publicity material to be posted on the Council's Facebook and Twitter accounts Video/presentation material will be produced at the Council's discretion.
Local Media	<ul style="list-style-type: none"> Press releases will be prepared and sent to local media organisations The Council will respond constructively to media requests for more information
Focused Meetings*	<ul style="list-style-type: none"> Where requested, the Council will facilitate meetings with interest groups; organisations and community advocates. Where necessary the Council will work with stakeholders to coordinate such meetings where there is a high level of demand.
Parish and Town Councils and Neighbourhood Planning Forums	<ul style="list-style-type: none"> To be notified of all Local Plan consultations, and consultations on other document that impact their area, and encouraged to publicise in newsletters.
Notify Local Politicians	<ul style="list-style-type: none"> Where their areas are impacted, Councillors (district and county) and Members of Parliament to be notified of the consultation by e-mail
Exhibitions/ Workshops*	<ul style="list-style-type: none"> To be facilitated at the Council's discretion and can focus on specific topics or localities.
Charnwood News	<ul style="list-style-type: none"> Where timescales permit, publicity material on consultations will be published in the 'Charnwood News' magazine which is distributed to most homes in the Borough.* Consultations will be publicised on the Council corporate 'Charnwood News' e-mailing list
Consultation Responses	<ul style="list-style-type: none"> Responses will be welcomed online or by post to widen engagement
Developer/Stakeholder/Community Forums	<ul style="list-style-type: none"> Members of planning developer/stakeholder/community forums that the Council facilitates will be notified of the consultation by e-mail.
Equal Access Requests	<ul style="list-style-type: none"> The Council will respond positively to equal access requests in line with the public sector equalities duty (for example advancing opportunity of access to consultation documents where inequalities derive from characteristics such as race, disability and age).

*COVID-19 measures may temporarily restrict the Council's ability to undertake physical consultation methods. Should this be the case the Council will facilitate online alternatives.

Supplementary Planning Documents/ Informal Guidance

2.3 Supplementary Planning Documents add detail to, but do not have the same status as, policies in the Local Plan. The process for preparing and consulting on a Supplementary Planning Document is set out in legislation⁹. Informal Guidance is sometimes published to add more clarity to aid the interpretation of policy. Our commitments in relation to preparing Supplementary Planning Documents/ Informal Guidance are to:

- ✓ **Undertake a four-week consultation on the proposed document.**
- ✓ **Consult using all the methods listed in Table 1. Consultation procedures will be clearly explained and seek engagement of those most affected.**
- ✓ **Upon request, provide physical copies of consultation documents for a charge of the printing cost + £5 (per document) administration fee.**
- ✓ **Publish a report on the website that collates and responds to consultation representations and identifies actions taken.**

Local Development Scheme

2.4 Charnwood Borough Council's Local Development Schemes sets out an up-to-date programme and timescales for preparing the Local Plan¹⁰. Our commitments in relation to the Local Development Scheme are to:

- ✓ **Ensure that the scheme is kept up-to-date and publicly available on the website.**
- ✓ **Annually report on progress made on the scheme in the Council's Annual Monitoring Report.**

⁹ Town and Country Planning (Local Planning) (England) Regulations 2012, Part 5.

¹⁰ <https://www.charnwood.gov.uk/localdevelopmentscheme>

3. Neighbourhood Planning Support

3.1 Neighbourhood planning gives communities direct power to develop a shared vision for their local area and takes two forms, which are prepared by the local community, usually parish councils (designated 'qualifying bodies') and endorsed by referendum:

- **Neighbourhood plans** can contain development allocations and planning policies to guide the development of the local area to which the plan relates.
- **Neighbourhood development orders** grant planning permission for specific types of development within a local area.

3.2 Information about neighbourhood planning is on the Government website¹¹. The procedure and timescales for engaging with neighbourhood planning is prescribed by legislation¹². The Council has a duty to give advice and assistance to qualifying bodies (those engaging with neighbourhood planning)¹³. The Statement of Community Involvement is required set out the Council's policy for engaging with neighbourhood planning¹⁴. Considering these matters, The Council will engage positively with local communities partaking in neighbourhood planning.

Neighbourhood Plans and Neighbourhood Development Orders

3.3 Our commitments in relation to neighbourhood planning are to:

- ✓ **Fulfil our duties within statutory timescales unless otherwise agreed with qualifying bodies (subject to consideration of COVID-19 measures)**
- ✓ **Maintain dialogue with qualifying bodies at all procedural stages.**
- ✓ **Where requested, support qualifying bodies with digital mapping, Strategic Environmental Assessment/Habitats Regulations Assessment screening, Environmental Impact Assessment, the establishment of Neighbourhood Forums, and sharing relevant parts of the Council's Local Plan evidence base.**
- ✓ **Where requested, provide informal advice on draft neighbourhood plan policies and draft neighbourhood development orders.**
- ✓ **Respond to the Regulation 14 and 21 consultations (those organised by the qualifying body).**
- ✓ **Communicate with qualifying bodies when organising regulation 6 and 16 consultations (those organised by the Council) in order to coordinate publicity materials. Where the Council is responsible for consultations it will:**
 - **publicise consultation documents the website;**
 - **deposit physical consultation documents at one location within the neighbourhood area;**
 - **consult relevant parties within the Council's planning consultation database. (The same approach will be taken for the publicity of modification or revocation of a plan or order).**
- ✓ **Maintain a webpage, including links to documents, on the Borough Council's website about the neighbourhood plan or neighbourhood development order.**

¹¹ <https://www.gov.uk/guidance/neighbourhood-planning--2>

¹² The Neighbourhood Planning (General) Regulations 2012 (as amended by 2015, 2016 and 2017 regulations)

¹³ The Town and County Planning Act 1990 (as amended), Schedule 4b, Paragraph 3

¹⁴ Planning and Compulsory Purchase Act 2004 (as amended), Section 18 (2B)

3.4 It is not the Council's role to lead on the establishment or drafting of neighbourhood plans or orders. The Council seeks a proactive relationship in assisting qualifying bodies but will not take responsibility for preparing documents or offer additional administrative/ printing facilities.

4. Development Management – Processing Planning Applications

4.1 The Council processes a range of planning applications from householder and minor applications to major housing/ employment sites, and other specific consent routes detailed below. The Council attaches great importance to providing an effective and efficient development management service, including good stakeholder and community consultation, and sets out below how this will be achieved at the various stages.

Pre-Application Engagement

4.2 Pre-application advice helps applicants understand and resolve key issues prior to submitting a formal planning application. Although not a statutory function, the Council encourages and values early pre-application engagement (particularly alongside community engagement exercises) and has set out procedural information and **ten pre-application commitments in the document ‘Pre-Application Advice Service: Guidance Note’¹⁵**. The Council recognises its data protection responsibilities.

Consultation on Planning Application – by type

4.3 The minimum requirements for community consultation on planning applications are set out in legislation¹⁶. Other specific consent routes are governed by different legislation, the requirements of which are as a minimum reflected below. Our commitments in relation to consulting on planning applications are to:

- ✓ **Undertake the consultation actions set out in Table 2. The following will apply to the different consultation methods:-**
 - **Website – documents and information considered to be relevant will be placed on the Council’s Planning Explorer¹⁷ public access website.**
 - **Site Notices – at least 1 will be placed on or near the proposal site. Reasonable steps will be taken to replace removed, obscured or defaced site notices where the Council is made aware.**
 - **Neighbour Letters – sent to the occupier of adjoining properties.**
 - **Newspaper Notice – in the Loughborough Echo or Leicester Mercury.**
- ✓ **Consult statutory consultees¹⁸.**
- ✓ **Invite consultation responses in writing only, using the following routes:-**
 - **Online – using the Council’s Planning Explorer (see footnote 17).**
 - **E-mail – development.control@charnwood.gov.uk**
 - **Post – Planning Services, Charnwood Borough Council, Southfield Road, Loughborough, Leicestershire, LE11 2TN.**

Other Procedural Matters

4.4 Our general commitments in relation to the Development management process are to:

- ✓ **Aim to process planning applications within statutory timescales, unless an extension of time is agreed with the applicant.**
- ✓ **Support public involvement at Planning Committee in accordance with the Council’s ‘Public speaking at Planning Committee’¹⁹ policy.**

¹⁵https://www.charnwood.gov.uk/files/documents/pre_application_advice_guidance_note/Charnwood%20Borough%20Council%20Pre-Application%20Advice%20Service%20May%202017%20-%20mod%20Jan%202018.pdf

¹⁶ The Town and Country Planning (Development Management Procedure) (England) Order 2015 (as amended), Article 15

¹⁷ <https://portal.charnwood.gov.uk/Northgate/PlanningExplorerAA/GeneralSearch.aspx>

¹⁸ <https://www.gov.uk/guidance/consultation-and-pre-decision-matters#Statutory-consultees-on-applications>

¹⁹https://www.charnwood.gov.uk/files/documents/speaking_at_committee/Public%20Speaking%20leaflet%20A5%20Oct%202011.pdf

- ✓ **Make decisions on planning applications available on the website.**
- ✓ **Fulfil statutory duties where an appeal against refusal of planning permission is made and notify in writing those who commented on the application.**

Table 2: Consultation actions on planning applications by type

Application Type	Consultation Duration	Documents on Website	Newspaper Notice	Site Notice or Neighbour Letter
Major Development (10 or more dwellings, 1000 sqm or floorspace, or 0.5ha site)	21 days	✓	✓	✓
Applications that do not accord with the provisions of the Development Plan	21 days	✓	✓	✓
Environmental Impact Assessment applications accompanied by an environmental statement	30 days	✓	✓	✓
Affects a Public Right of Way	21 days	✓	✓	✓
Development affecting or within the setting of a Listed Building, or within a Conservation Area	21 days	✓	✓	✓
All other planning applications (minor, including householder)	21 days	✓		✓
Where an amendment that materially effects the proposal has been received on a planning application.	7-21 days (additional)	✓		✓
Works to trees protected by Tree Preservation Order (TPO) or trees within a Conservation Area.	21 days	✓		✓
Prior notification (where consultation is required only)	As required	✓		✓
Variation/ removal of condition.	21 days	✓		✓
Discharge of conditions	None			
Lawful development certificates	None			
Advertisement consent	None			
Non-material amendments	None			
Hedgerow removal	None			
Environmental Assessment screening or scoping opinion	Consult statutory consultees			

5. Further Advice and Contact

- 5.1** For more information about community consultation on the preparation of planning documents or neighbourhood planning, contact localplans@charnwood.gov.uk.
- 5.2** For more information about community consultation on planning applications, contact development.control@charnwood.gov.uk.

APPENDIX B –

Equality Impact Assessment ‘Knowing the needs of your customers and employees’

■ Background

An Equality Impact Assessment is an improvement tool. It will assist you in ensuring that you have thought about the needs and impacts of your service/policy/function in relation to the protected characteristics. It enables a systematic approach to identifying and recording gaps and actions.

■ Legislation- Equality Duty

As a local authority that provides services to the public, Charnwood Borough Council has a legal responsibility to ensure that we can demonstrate having paid due regard to the need to:

- ✓ Eliminate discrimination, harassment and victimisation
- ✓ Advance Equality of Opportunity
- ✓ Foster good relations

For the following protected characteristics:

1. Age
2. Disability
3. Gender reassignment
4. Marriage and civil partnership
5. Pregnancy and maternity
6. Race
7. Religion or belief
8. Sex (Gender)
9. Sexual orientation

What is prohibited?

1. Direct Discrimination
2. Indirect Discrimination
3. Harassment
4. Victimisation
5. Discrimination by association
6. Discrimination by perception
7. Pregnancy and maternity discrimination
8. Discrimination arising from disability
9. Failing to make reasonable adjustments

Note: Complete the action plan as you go through the questions

■ **Step 1 – Introductory information**

Title of the policy	Statement of Community Involvement
Name of lead officer and others undertaking this assessment	Seb Wilkins (Senior Planning Officer)
Date EIA started	31/08/2020
Date EIA completed	06/10/2020

■ **Step 2 – Overview of policy/function being assessed:**

Outline: What is the purpose of this policy? (Specify aims and objectives)
The Statement of Community Involvement sets out how the Council will consult on planning policy documents (including the Local Plan), engage with and support neighbourhood planning, and consult on planning applications.
What specific group/s is the policy designed to affect/impact and what is the intended change or outcome for them?
None – relates to the general public.
Which groups have been consulted as part of the creation or review of the policy?
None.

■ **Step 3 – What we already know and where there are gaps**

List any existing information/data do you have/monitor about different diverse groups in relation to this policy? Such as in relation to age, disability, gender reassignment, marriage and civil partnership, pregnancy & maternity, race, religion or belief, sex, sexual orientation etc.
Data/information such as: <ul style="list-style-type: none"> ▪ Consultation ▪ Previous Equality Impact Assessments ▪ Demographic information ▪ Anecdotal and other evidence
Consultations for plan-making and development management are applicable to the public generally. The Council's policy towards neighbourhood planning engagement is applicable to neighbourhood planning groups generally.
In relation to plan-making, the Council maintains a consultation database that includes consultees that are considered 'hard to reach', some of which will represent groups with protected characteristics. The list is not exhaustive due to the wide range of potential groups, however the Council encourages interested groups to register onto the consultation database on its website.

What does this information / data tell you about diverse groups? If you do not hold or have access to any data/information on diverse groups, what do you need to begin collating / monitoring? (Please list)
Community interest groups exist for a range of reasons that reflect the diversity of society. Each group may have a unique perspective that would make a valuable contribution to plan-making and it is incumbent on the Council to enable/facilitate these groups to participate in planning consultations.

■ **Step 4 – Do we need to seek the views of others? If so, who?**

In light of the answers you have given in Step 2, do you need to consult with specific groups to identify needs / issues? If not please explain why.

No, the Statement of Community Involvement relates to the public generally. In relation to plan-making, a specific consultation commitment is made to respond to Equalities requests as a consultation method.

Public interest, or the interest of specific equalities groups, in plan-making and development management functions can vary significantly depending on the proposal. In any event the Council has a general equalities duty to respond to equalities matters accordingly.

■ **Step 5 – Assessing the impact**

In light of any data/consultation/information and your own knowledge and awareness, please identify whether the policy has a positive or negative impact on the individuals or community groups (including what barriers these individuals or groups may face) who identify with any 'protected characteristics' and provide an explanation for your decision (please refer to the general duties on the front page).

	Comments
Age	Neutral – The document has a greater emphasis on online consultation methods and removes libraries as deposit points which could disproportionately impact older people who are less likely to be online. However, a physical deposit point at the council offices is retained; site notices near proposed allocations will be used to publicise consultations within the direct locality; and the document makes a specific commitment to make reasonable adjustments for equalities purposes upon request. Overall this would maintain the advancement of equality of opportunity.
Disability (Physical, visual, hearing, learning disabilities, mental health)	Positive – the document makes a specific commitment to make reasonable adjustments for equalities purposes upon request. This would particularly benefit individuals with certain disabilities. Overall the aim of this is to eliminate discrimination and advance equality of opportunity to respond to consultations.
Gender Reassignment (Transgender)	Neutral – benefits of the document would be equal as they apply to the public generally.
Race	Positive – the document makes a specific commitment to make reasonable adjustments for equalities purposes upon request. This would particularly benefit individuals with language barriers. Overall the aim of this is to eliminate discrimination and advance equality of opportunity to respond to consultations.
Religion or Belief (Includes no belief)	Neutral – benefits of the document would be equal as they apply to the public generally.
Sex (Gender)	Neutral – benefits of the document would be equal as they apply to the public generally.
Sexual Orientation	Neutral – benefits of the document would be equal as they apply to the public generally.
Other protected groups (Pregnancy &	Neutral – benefits of the document would be equal as they apply

maternity, marriage & civil partnership)	to the public generally.
Other socially excluded groups (armed forces families/ communities, carers, low literacy, priority neighbourhoods, health inequalities, rural isolation, asylum seeker and refugee communities etc.)	Positive – the document makes a specific commitment to facilitate focused meetings with interest groups, organisations and community advocates where there is demand. Overall the aim of this is to advance equality of opportunity to respond to consultations.

Where there are potential barriers, negative impacts identified and/ or barriers or impacts are unknown, please outline how you propose to minimise all negative impact or discrimination.

Please note:

- If you have identified adverse impact or discrimination that is illegal, you are required to take action to remedy this immediately.
- Additionally, if you have identified adverse impact that is justifiable or legitimate, you will need to consider what actions can be taken to mitigate its effect on those groups of people.

No negative impacts or barriers have been identified.

Summarise your findings and give an overview as to whether the policy will meet Charnwood Borough Council's responsibilities in relation to equality and diversity (please refer to the general duties on the front page).

The Statement of Community Involvement has been drafted with equalities considerations as a corporate priority. The policies contained apply to the public generally and are not intended to focus on any specific group. For plan-making the Council has committed to maintaining a mix of online and offline consultation methods and to make reasonable adjustments for equalities requests in line with the general equality duty. In all cases, and considering that planning issues can vary significantly depending on individual proposals, the general equality duty applies irrespective of the Statement of Community Involvement.

Step 6- Monitoring, evaluation and review

Are there processes in place to review the findings of this Assessment and make appropriate changes? In particular, how will you monitor potential barriers and any positive/ negative impact?

There is a legal requirement to review the Statement of Community Involvement every five years. The Council can also review the document at any time. Should unintended barriers become apparent, the Council is within its right to amend the document accordingly.

How will the recommendations of this assessment be built into wider planning and review processes? e.g. policy reviews, annual plans and use of performance management systems.

The Council will remain vigilant of equalities/access considerations in undertaking its planning functions. When the Statement of Community Involvement is next reviewed, equalities considerations at that point in time will inform the review.

Step 7- Action Plan


Please include any identified concerns/actions/issues in this action plan:
The issues identified should inform your Service Plan and, if appropriate, your Consultation Plan

Reference Number	Action	Responsible Officer	Target Date
	None		

■ **Step 8- Who needs to know about the outcomes of this assessment and how will they be informed?**

	Who needs to know (Please tick)	How they will be informed (we have a legal duty to publish EIA's)
Employees	Planning staff	If Cabinet adopts the Statement of Community Involvement, planning staff will be notified of this decision. The document will be published online for the reference of all service users (general public and organisations).
Service users	General public	
Partners and stakeholders		
Others		
To ensure ease of access, what other communication needs/concerns are there?		Accessibility requests will be responded to in a positive manner.

■ **Step 9- Conclusion (to be completed and signed by the [Service Head](#))**

Please delete as appropriate
I agree / disagree with this assessment / action plan
If <i>disagree</i>, state action/s required, reasons and details of who is to carry them out with timescales:
Signed (Service Head): 
Date: <u>19/10/20</u>

[Please send completed & signed assessment to Suzanne Kinder for publishing.](#)

COUNCIL – 18TH JANUARY 2021

Report of the Chief Executive

ITEM 12 URGENT EXECUTIVE DECISIONS EXEMPTED FROM CALL-IN

Purpose of Report

To note decisions which were exempted from call-in in accordance with Scrutiny Committee Procedure 11.9.

Action Requested

In accordance with Full Council Procedure 9.11(d) questions may be asked of the Leader in relation to the urgent decisions that were taken. The Leader may ask the relevant Lead Member to respond.

Policy Justification and Previous Decisions

The call-in procedure provides for a period of five clear working days during which councillors can ask for decisions taken by the Cabinet and individual Cabinet members, and key decisions taken by officers to be reviewed. With the agreement of the Chair of the Scrutiny Commission or in his/her absence the Mayor or Deputy Mayor) a decision can be exempted from call-in if the decision to be taken is both urgent and reasonable and the delay caused by the call-in process would not be in the interests of the Council or the public. Scrutiny Committee Procedure 11.9 requires that decisions that are exempted from call-in are reported to Council.

(i) *Acquisition of Commercial Properties*

On 8th September 2020, Councillor Morgan, as Leader of the Council, took a decision to allocate Executive functions relating to the purchase and sale of commercial properties. Item 12 on this agenda sets out the detail of the decision taken.

In exercising that Executive function, the Leader took decisions to purchase the following commercial properties:

- Banbury (3 storey office building)
- Aberdeen (warehouse facility with 2 storey offices)
- Scunthorpe (Warehouse/Distribution facility)

The Chair of the Scrutiny Commission was consulted on each transaction and agreed that the decisions be exempted from call-in, as any potential delay arising from a call-in would put the purchase of the properties at risk by delaying the potential completion dates.

The decision records and reports considered can be found in the Annex to this report. At the time of the transactions the reports were classified as exempt as defined in paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972. The passage of time now means that the reports can be made publicly available.

(ii) Electric Vehicle Charging Point - Funding

The Head of Planning and Regeneration made a decision on 6th November to enter into a lease, and other legal agreements as may be necessary, with a supplier of Electric Vehicle Charging points pursuant to the Government's On Street Residential ChargePoint Scheme; and delegated authority was also given to enter into a procurement exercise using a framework agreement to select a supplier to deliver an On Street Residential ChargePoint Scheme.

The Chair of the Scrutiny Commission was consulted and agreed that the decision be exempted from call-in, as any delay would mean that the expressions of interest deadline would not be met.

The report considered can be found in the Annex to this report.

(iii) Charnwood Business Grant Funds Policy

The Strategic Director of Corporate Services made a decision on 18th November 2020 to approve the policy for the operation of the Business Grant Funds, created to support businesses during the November to December 2020 national lockdown and periods of local restrictions.

The Chair of the Scrutiny Commission was consulted and agreed that the decision be exempted from call-in, due to the Covid-19 Pandemic national lockdown and to enable payments to be made to the businesses affected by the Pandemic as soon as possible and meet Government expectations in respect of the payments timetable

The report considered can be found in the Annex to this report.

(iv) Homes England Funding

The Chief Executive made a decision on 21st December 2020, to enter into a Next Steps Accommodation Funding Agreement with Homes England to enable the Council to receive a grant award of £586,487. The grant will be used to provide accommodation and support for those who are homeless, at imminent risk of homelessness and rough sleeping.

The Chair of the Scrutiny Commission was consulted and agreed that the decision be exempted from call-in, as to achieve the required timescales, the Funding Agreement must be signed and sealed by the Council so the accommodation and support provision can be acquired and be in place and opened by the 31st March 2021.

The report considered can be found in the Annex to this report.

(v) Bedford Square Gateway Project

The Cabinet at its meeting on 10th December 2020 considered, an exempt report of the Head of Planning and Regeneration in respect of the Bedford Square Gateway Project to consider approval of the final scheme design and proceed to the appointment of contractors to deliver the street works

The Chair of the Scrutiny Commission was consulted and agreed that the decision be exempted from call-in in order that the contractor be appointed soon after Cabinet decision if the works are to be completed before the annual fair in November 2021.

The report considered contains exempt information, and as such that information is included in an exempt appendix.

vi) Licence to the NHS

The Strategic Director, Commercial Development, Assets and Leisure, made a decision on 17th December 2020 in consultation with the Leader and Chief Executive, that the Council grant a license to occupy a portion of the Council Offices at Southfields Road, Loughborough to LLR PCL to deliver a Vaccination Centre on behalf of the National Health Service England in response to the COVID-19 pandemic.

The Chair of the Scrutiny Commission was consulted and agreed that the decision be exempted from call-in in order to achieve the required timescales to open the vaccination centre in response to the COVID-19 pandemic.

The report considered contains exempt information, and as such that information is included in an exempt appendix.

Implementation Timetable including Future Decisions

As detailed within the Annex to this report.

Report Implications

As detailed within the Annex to this report.

Background Papers: None

Officer to Contact: Karen Widdowson
Democratic Services Manager
(01509) 634785

karen.widdowson@charnwood.gov.uk

Annex

Reports considered by the Cabinet Lead Member and relevant officers.

NO LONGER EXEMPT

Decision Record

Report of the Strategic Director for Commercial Development, Assets and Leisure

Leader member: Councillor Jonathan Morgan

PART A

Investment Property Acquisition – Banbury

Purpose of Report

This report seeks approval to acquire a commercial investment property.

Recommendation

1. To acquire the commercial investment property detailed in Part B of the report.
2. To approve the Heads of Terms as set out in the appendices and to delegate authority to the Strategic Director – Commercial Development, Assets and Leisure to continue negotiations and finalise the transaction based on these Heads of Terms.
3. To authorise the Head of Strategic Support to complete the legal transactions.

Reasons

1. Purchasing this property is a prudent investment and will support the Medium Term Financial Strategy (MTFS). The proposed acquisition is in line with the Council's approved Commercial Property Investment Strategy. By investing capital in the purchase of this property, the Council will receive a revenue income and will be the freehold owner of the property. Ultimately, the purchase will support MTFS, thereby protecting the delivery of services to Charnwood's residents.
2. Delegation of this authority will allow for the timely completion of the transaction, as well as timely decision making should additional negotiation be required. The Leader, Deputy Leader, Chief Executive, S151 officer and Monitoring officer will be consulted throughout the transaction to completion.
3. To allow for timely completion and signing of contracts.

Alternative Options Considered

The alternative to not invest in this property would not realise any additional revenue to support the MTFS. Any investment carries risk; however, these risks have been evaluated and understood.

Policy Justification & Previous Decisions

The justification for this decision is outlined within the financial projections and associated challenges set out within the latest version of the MTFS (approved by Council on 20 January 2020), and the proposed method of addressing that challenge through the acquisition of commercial investment property set out in the current Capital Strategy as well as the forthcoming Capital Strategy, approved by Council on 9 November 2020.

Implementation Timetable including Future Decisions and Scrutiny

Officers became aware of the opportunity on 25 August 2020, at which time initial due diligence on lease and title, examination of the tenant covenant and financial modelling were undertaken. The Strategic Director – Commercial Development, Assets and Leisure, with CBC’s property advisor and legal representation, inspected the property on 15 September; no defects or elements of concern were found or noted.

Immediately following approval of the Capital Strategy 20/21 and the associated Capital Plan on 9 November, a bid to acquire the property was submitted to the vendor. The bid was accepted and Heads of Terms (HoT) were agreed on 9 November at 9.30pm. A delegated decision that is supported by this report must be signed by the Leader no later than 11 November. Should the results of further due diligence remain favourable, completion of the acquisition should take place no later than 16 November 2020.

Report Implications

1. Corporate Plan:

A commercial property investment strategy has been outlined in the Corporate Plan, and an investment fund has been approved by Council and forms part of the Capital Strategy and Capital Programme.

2. Legal:

Section 120 of the Local Government Act 1972 empowers a Borough Council to acquire land for the purpose of any of the Council’s functions or for the benefit, improvement or development of their area by agreement inside of or outside of its area.

3. Finance:

This report is effective from 6 November 2020 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	The General Fund Revenue and Capital Financing implications are contained within an appendix to Part B of the report
General Fund – Capital Programme	The financial implications are contained within an appendix to Part B of the report. This proposed acquisition is part of the Commercial Property Investment Scheme as approved within the Capital Strategy and Capital Programme
Housing Revenue Account – Revenue Budget	No implications
Housing Revenue Account – Capital Programme	No implications

4. Risk:

Risk	Likelihood	Impact	Overall	Mitigation
The tenant does not renew the lease at expiry.	2 Unlikely	2 Significant	4 Low	1. Charnwood will establish and maintain a property reserve in the event of such a circumstance. 2. The reversionary letting rates and location are competitive and will not

				<p>unduly disadvantage Charnwood, given the current circumstances.</p> <p>3. Land values in this location are high, and significant development opportunities exist with this property.</p>
The tenant moves staff/operations from this location to alternative locations, decreasing utilisation of the site.	3 Serious	2 Significant	6 Moderate	<p>Regardless of how the tenant uses the space, the tenant remains liable under contract to maintain rent and insurance payments as well as to maintain the building. If the tenant wished to exit the lease and property early, they would be obligated to pay the balance of rents due under the lease. In this case, the tenant and Charnwood would enter (likely protracted) negotiations, during which Charnwood would be able to plan alternative strategies and develop business cases for viability determination.</p> <p>The nearest alternative location for this tenant is Southampton, 93 miles south of the location, making relocation unlikely. Further, letting rates for this property are below the market average, making this location better value for the tenant than alternative premises.</p>
Tenant fails to pay rent	2 Unlikely	3 Serious	6 Moderate	<p>The property reserve to be established will serve as a buffer and monies would be released to maintain cashflow. Simultaneously, Charnwood would take Legal action to recover any rents unpaid.</p>
The property is destroyed (e.g. fire, flood or other)	1 Remote	3 Serious	3 Low	<p>Charnwood will be insured against these risks and against the lost rent in the event of building destruction.</p>
The macroeconomic impact of Brexit results in general economic difficulty.	3 Likely	2 Significant	6 Moderate	<p>The Tenant Covenant is strong (Dun & Bradstreet 4A 1) and is likely to be able to withstand a period of trading difficulty. This will be monitored and managed.</p> <p>The Tenant has fared well during the course of the COVID19 pandemic to date. They remained operational as they are classed as an essential business. Retained profit and Net assets remain sizeable.</p>
CIPFA updates Statutory Guidance relating to non-	2 Unlikely	2 Significant	4 Low	<p>Charnwood is acting in line with the latest guidance (issued 18 November 2019). Should the guidance be updated further, Charnwood will respond accordingly. The</p>

financial investments.				direction of anticipated changes is currently unknown. Should the guidance halt investment activity altogether, Charnwood must find alternative income sources and/or reduce expenditure accordingly to compensate.
Tenant's financial stability – the health and viability of the business	1	2	2 Very Low	Lloyds Bank Commercial Finance Ltd have a strong trading history and very well-established performance record.
Tenant Covenant	2	2	4 Low	Again, the tenant trades and performs well in normal circumstances and is addressing risks of the current pandemic.
Ratio of external Debt/Market value	1	1	1 Low	The purchase will be funded initially without borrowing, and if borrowed, is likely to be internal borrowing. However, prudence dictates that analysis with borrowings be undertaken to ensure the profitability of the investment.
Ratio of Purchase value/Investment pool value	2	2	4 Low	Consumes 31% of the £25M currently allocated in the Capital Plan. Net yields are outlined in Part B. Prudence dictates that the asset be monitored quarterly for performance.
Presence and timing of break clauses & rent reviews	2	2	4 Low	Rent reviews are 5-yearly, upwards only and are subject to open market value meaning that the property is not over-rented. Rents at this location are 70% of Grade A office space in the area. Lease end is 12 December 2025 , no further breaks.
Age and State of repair	1	2	2 Very Low	The property was constructed in 1999. The property is maintained fully by the tenant and is in very good repair. Lease clauses for dilapidations and reinstatements have been reviewed and provide ample recourse and protection to the property owner. On inspection, it was evident that the tenant exercises a high degree of maintenance and repair.
Strength of Market for use / letting	2	2	4 Low	Strong commercial location in the Oxford-Cambridge arc. Good reversionary re-let and development options exist.
Risk of revaluation loss	2	2	4	CIPFA requires LAs to make a prudent provision for MRP. Periodic valuation will

			Low	be necessary. Charnwood will establish a property reserve to protect cash flow.
--	--	--	-----	---

- 4. Human Resources: None
- 5. Equality and Diversity: None
- 6. Sustainability Implications: None

Urgency

The proposed acquisition would be a key decision and the authorising report would contain exempt information, but the full 28 days’ notice is unlikely to be possible due to the urgency of the matter.

In the circumstances, agreement was reached with the Chair of the Scrutiny Commission on 10th November 2020 that the decision was urgent and could not reasonably be deferred and was also exempted from Call-in. The call-in procedure provides for a period of five clear working days during which councillors can ask for decisions taken by the Cabinet and individual Cabinet members, and key decisions taken by officers to be reviewed. With the agreement of the Chair of the Scrutiny Commission or in her/his absence the Mayor or Deputy Mayor) a decision can be exempted from call-in if the decision to be taken is both urgent and reasonable and the delay caused by the call-in process would not be in the interests of the Council or the public. Scrutiny Committee Procedure 11.9 requires that decisions that are exempted from call-in are reported to Council.

NO LONGER APPLIES

Exemption

The report contains exempt information by virtue of paragraphs 3 and 5 of part 1 of Schedule 12A of the Local Government Act 1972 and in respect of which, the Proper Officer considers that the public interest in maintaining the exception outweighs the public interest in disclosing the information.

The report contains financial information relating to a proposed land transaction that is subject to contract which, if in the public domain, could adversely affect the Council’s ability to achieve a favourable outcome. The report also contains information that is legally privileged.

Key Decision: Yes

Background Documents: None

Officer Contact: Justin Henry
 Strategic Director – Commercial Development, Assets and Leisure
 07802 760618
justin.henry@charnwood.gov.uk

PART B

Detailed information

The Property Location

- Banbury is an established commercial centre in North Oxfordshire, located 41 miles south east of Birmingham, 23 miles north of Oxford and 71 miles north west of Central London.
- Banbury town centre benefits from significant infrastructure improvement, through a number of strategic council-led regeneration projects. The Council's vision is to regenerate the entire town centre, incorporating its scenic Canalside, Tramway Road, Bolton Road and the historic old town.
- Banbury is located in the centre of the Oxford-Cambridge Arc, a leading area of economic interest. The Arc intends to capitalise on its established strength in the knowledge-intensive sectors of science, technology and innovation. The Arc is designated as a key economic priority with significant long-term growth forecasts.
- The property lies on Banbury Cross Business Park, 1.3 miles north east of Banbury town centre and 250 metres west of junction 11 of the M40. The Property occupies a highly prominent position overlooking the A422 and M40 Motorway, situated on Brookhill Way at its junction with Wildmere Road. The A422, which abuts the southern boundary of the site, provides direct access between Banbury town centre and Milton Keynes.
- The immediate vicinity benefits from a diverse occupier base, reflecting the area's proximity and ease of access to the town centre and road links. Significant surrounding retail and leisure schemes provide a range of amenities to the Property, alongside its accessibility to nearby centres.
- The UK Government has designated the potential of the Cambridge – Milton Keynes – Oxford growth corridor known as The Arc, as a key economic priority and has entered into a joint declaration with its local authorities to identify it as a strategic belt.
- The Arc contains some of the fastest growing and most productive conurbations in the UK. It has been recognised for its unique potential to become a world leading economic area, acting as a testbed for innovation, by building on its globally renowned universities and its particular strengths in science, technology and high value manufacturing.
- The Arc's economy has outperformed the UK's average, with significant growth in employment, population and construction. Maximising the Arc's potential is predicted to increase its number and quality of jobs and encourage international investment and exports. The area already achieves a GVA of £111 billion a year, with a population of c.3.7 million and workforce of 2 million. Significant infrastructure investment is being made in recognition of the Arc's long-term prospects, with the Government targeting delivery of up to 1 million high quality homes within the Arc by 2050.

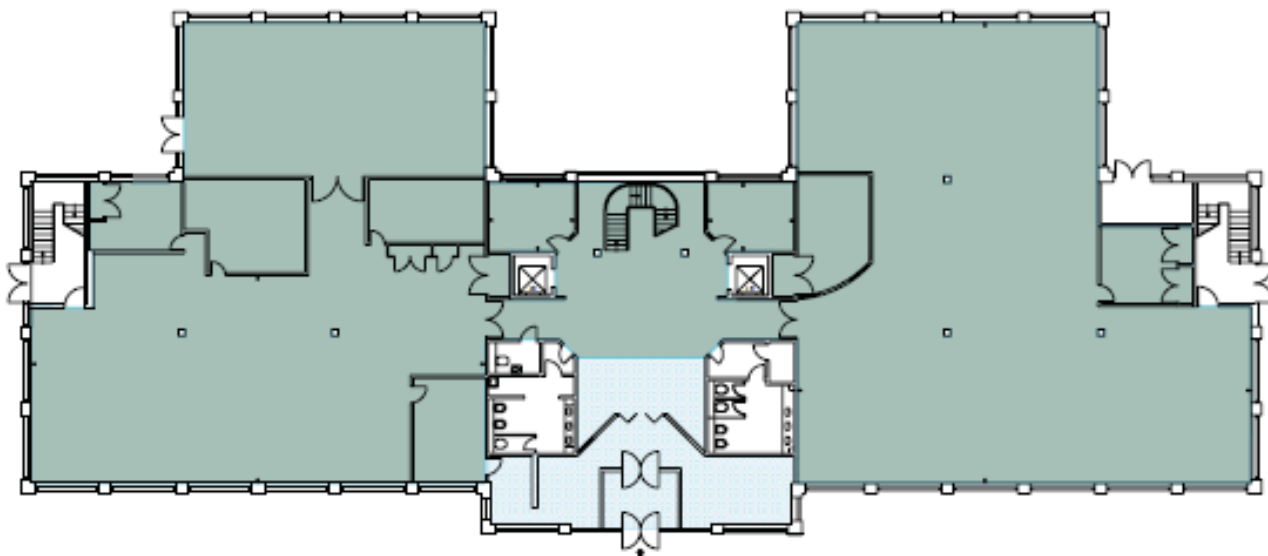


Property Specification and Inspection

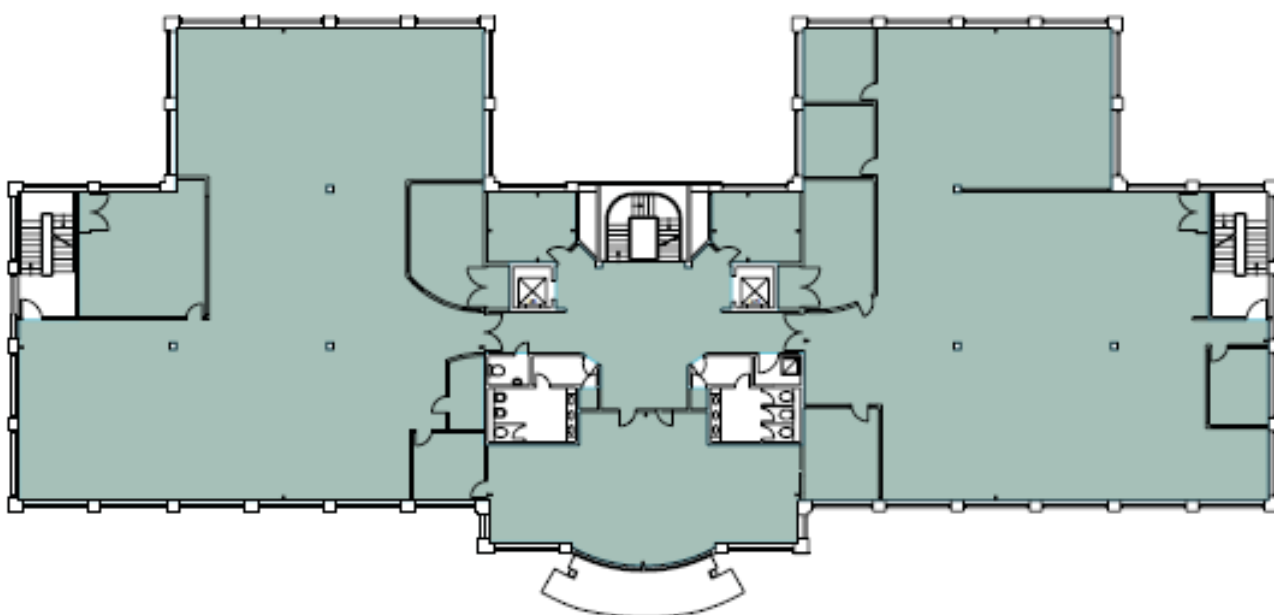
9. The Property comprises a modern three storey office building of steel frame construction, beneath a pitched and tiled roof. Purpose built in 2000 by Prologis for Lloyds Bank, the building benefits from flexible floorplates arranged either side of a central core. All floors enjoy large floor to ceiling heights, affording excellent natural daylight.
10. Further specification items include:
 - 4-pipe fan coil air conditioning
 - Full access raised floors
 - Suspended ceilings with recessed lighting
 - 2 x 10 person passenger lifts
 - Male and female WC's on all floors
 - In-house canteen
 - Shower facilities
 - Secure fence and barrier system
11. The Property also benefits from an outbuilding, within which the Tenant has installed a 4,000-litre diesel tank, backup generator and UPS. The Tenant additionally replaced four boilers in Q1 2020, which serve the central heating system.
12. The property benefits from 183 car parking spaces providing a ratio of 1:184 sq ft.
13. Officers inspected the property on 15 September 2020 and found that the site presents as described. The Facilities Manager acted as escort through the building and noted that there are no issues identified with the property.



FLOOR	GROSS INTERNAL AREA		NET INTERNAL AREA	
	SQ M	SQ FT	SQ M	SQ FT
RECEPTION	-	-	82.03	883
GROUND	1,155.40	12,437	946.28	10,186
FIRST	1,158.00	12,465	1,046.43	11,264
SECOND	1,158.00	12,465	1,046.61	11,266
THIRD	179.30	1,930	-	-
TOTALS	3,650.69	39,297	3,121.35	33,599



GROUND FLOOR



TYPICAL UPPER FLOOR - SECOND FLOOR

Tenant

14. Lloyds Commercial Finance Ltd is a specialist division of Lloyds Banking Group. It provides a mix of asset-based lending and financial intermediation, including receivables finance and hire purchase of plant and equipment. The division is headquartered at the Property. Dun & Bradstreet rates Lloyds Commercial Finance Ltd as 4A 1, reflecting net assets of £18m and minimum risk.
15. As of 10 November 2020, Dun & Bradstreet's assessment of the business states:
 - a. Overall assessment of this organisation over the next 12 months: **STABLE CONDITION**
 - b. Based on the predicted risk of failure: **STRONG LIKELIHOOD OF CONTINUED OPERATIONS**
 - c. Based on the predicted risk of severely delinquent payments: **MODERATE POTENTIAL**

FOR SEVERELY DELINQUENT PAYMENTS”

16. There have been no Court Judgements against the tenant and no adverse financial events.

Tenure

17. The property is to be sold Freehold

Lease

The Property is entirely let to Lloyds Bank Plc and Lloyds Bank Commercial Finance Ltd as joint tenant by way of a 25 year full repairing and insuring lease expiring 12 December 2025, providing an unexpired term of approximately 5.5 years. The current passing rent of £539,682 per annum equates to a level of £16.28 per sq ft, allowing for half rate to the reception area.

The rent is subject to 5 yearly upwards only open market reviews, with the next rent review on 11 March 2021.

Legal Due Diligence

18. CBC’s lawyers have extensively reviewed lease, title, and searches and have found no issues affecting the property that would prevent a purchase.

VAT

19. The property has been elected for VAT. It is intended that the property will be sold as a Transfer of a Going Concern.

Successful Bid

20. Over the 12 months to March 2020, the market for investment properties has struggled to bring forward many quality investments – most activity completed during the period was off market. The slowdown in movement was largely attributed to Brexit and fears of a No Deal scenario. Since March 2020 to date, this has been further impacted by the COVID19 Pandemic. This opportunity, however, remains a strong, investment with a robust tenant covenant.

21. Several Asset Management opportunities exist with the property. There is no indication that Lloyds would leave the location; however, if the tenant did exit at the end of the lease:

- Despite major investment in the town, Banbury suffers from a significant lack of Grade A accommodation, such as this property. Therefore, a single let to another tenant is highly likely.
- There is also flexibility to offer the building on multi let basis, given its layout.
- The southern part of the site, which benefits from significant prominence to the A422 arterial route, could be redeveloped, leaving the original property in situ.
- The property could be extended and/or reconfigured to provide high quality laboratory and office space capitalising on the Arc’s exponential growth in R&D.
- Wholesale future redevelopment of the site is also possible, with very strong residual land values.

22. The price offered by CBC and accepted by the Vendor is £7.25m, which reflects a 7% Net in Yield (NIY) after Purchaser’s costs.

Financial Performance

23. The full financial performance of the asset is detailed in the appendix.

24. The purchase will be funded by prudential borrowing. Prudential borrowing can be met through internal borrowing or by external borrowing. However, prudence dictates that analysis with external borrowing be undertaken to ensure the profitability of the investment.

25. At the time of the initial investment it is **highly unlikely** that Charnwood will secure borrowing at 100% of the capital value due to its cashflow position and internal borrowing capacity; therefore, the MTFS will benefit from lower interest costs than shown in the above appraisal. However, the internal borrowing position and associated interest rate risk must be monitored and managed, and additional external debt may need to be taken in the future.
26. In order to understand the impact and contribution this asset will make to Charnwood's MTFS, asset performance must be aligned to the timing of Charnwood's Financial Year and for Charnwood's MRP policy to be applied with a likely level of borrowing. The table below, presented for illustrative purposes, shows the financial return after costs assuming that none of the capital value is externalised and a nominal interest rate, payable internally, is applied.

Financial Year	Annual Net Yield
20/21	2.100%
21/22	5.005%
22/23	4.968%
23/24	4.930%
24/25	4.890%
25/26	2.747%

APPENDIX – FINANCIAL PERFORMANCE

NO LONGER APPLIES

The appendix contains exempt information by virtue of paragraphs 3 and 5 of part 1 of Schedule 12A of the Local Government Act 1972 and in respect of which, the Proper Officer considers that the public interest in maintaining the exception outweighs the public interest in disclosing the information.

The report contains financial information relating to a land transaction that, if in the public domain, could adversely affect the Council's ability to achieve favourable outcomes in the future.

Financial Performance

27. At the level of the second bid, Charnwood's total transactions costs will be:

Bid	£7,250,000
SDLT	£352,000
Agency Fee	£72,500
Surveys	£15,000
Legal and Contingency fees	£43,500
Total Expenditure	£7,733,000

28. The purchase will be funded by prudential borrowing. Prudential borrowing can be met through internal borrowing or by external borrowing. However, prudence dictates that analysis with external borrowing be undertaken to ensure the profitability of the investment. Using PWLB rates (2.53% as of 05 November 2020) and borrowing 100% of the total expenditure, the maximum costs of finance are shown below:

Loan amount	£7,733,000
Type & term	40yr, Maturity, Fixed rate
Interest rate with certainty	2.73%
Potential borrowing costs per full financial year.	£211,110.90

29. The resulting worst-case asset financial performance is modelled below.

Lease year ending	Rent rec'd in Lease year	MRP - straight line asset method	Finance costs	Net Rent rec'd in lease year	NIY after costs
12/12/2020	£39,921.68	£0.00	£15,616.42	£24,305.26	0.31%
12/12/2021	£539,682.00	£193,325.00	£211,110.90	£135,246.10	1.75%
12/12/2022	£539,682.00	£193,325.00	£211,110.90	£135,246.10	1.75%
12/12/2023	£539,682.00	£193,325.00	£211,110.90	£135,246.10	1.75%
12/12/2024	£539,682.00	£193,325.00	£211,110.90	£135,246.10	1.75%
12/12/2025	£539,682.00	£193,325.00	£211,110.90	£135,246.10	1.75%

30. An important point to note: the straight line MRP method above is implied within the current Capital Strategy, but reports will be brought for approval to Council on 9 November 2020 whereby Charnwood will adopt the annuity life MRP method – a standard approach exemplified in the Code - as this is more

appropriate for commercial property investments. As such, the MRP charges above will be less than those above. (i.e. Charnwood pays less MRP in early years and more in later years). In the remaining current financial year (2020/21) under either method, there will be no MRP payable.

31. At the time of the initial investment it is **highly unlikely** that Charnwood will secure borrowing at 100% of the capital value due to its cashflow position and internal borrowing capacity; therefore, the MTFS will benefit from lower interest costs than shown in the above appraisal. However, the internal borrowing position and associated interest rate risk must be monitored and managed, and additional external debt may need to be taken in the future.
32. In order to understand the impact and contribution this asset will make to Charnwood's MTFS, asset performance must be aligned to the timing of Charnwood's Financial Year and for Charnwood's MRP policy to be applied with a likely level of borrowing. The table below, presented for illustrative purposes, shows the financial contribution assuming that none of the capital value is externalised and a nominal interest rate of 0.5%, payable internally, is applied.

Charnwood Financial Year	Rent rec'd in Financial Year	MRP - annuity life method	Finance Costs	Net Rent in Financial Year	Annual Net Return
20/21	£201,086.99		£38,665.00	£162,421.99	2.100%
21/22	£539,682.00	£113,967.10	£38,665.00	£387,049.90	5.005%
22/23	£539,682.00	£116,850.46	£38,665.00	£384,166.54	4.968%
23/24	£539,682.00	£119,806.78	£38,665.00	£381,210.22	4.930%
24/25	£539,682.00	£122,837.89	£38,665.00	£378,179.11	4.890%
25/26	£377,038.11	£125,945.69	£38,665.00	£212,427.42	2.747%

APPENDIX – HEADS OF TERMS



AGREED HEADS OF TERMS
Instruction: Lloyds, Banbury

Subject to Contract

Date:	10 November 2020
Property:	1 Brookhill Way Banbury Cross Business Park Banbury OX16 3EL
Purchase Price:	£7,250,000 (Seven Million, Two Hundred and Fifty Thousand Pounds)
Vendor:	Banbury MHA Ltd
Vendor's Agent:	ADS Real Estate Advisors Bond House 19-20 Woodstock Street London W1C 2AN FAO: Simeon Cohen DD: 07500 333 640 Email: simeon@adsre.co.uk
Vendor's Solicitor:	Fladgate LLP 16 Great Queen Street London WC2B 5DG FAO: Matthew Williams DD: 020 3036 7236 Email: mwilliams@fladgate.com
Purchaser:	Charnwood Borough Council
Purchaser's Agent:	Jones Realty 83 Baker Street London W1U 6AG FAO: Andy Byrne DD: 07779 611 765 Email: andy@jonesrealty.co.uk

Purchaser's Solicitor:	<p>Bevan Brittan LLP Fleet Place House 2 Fleet Place London EC4M 7RF</p> <p>FAO: Ian Caplan DD: 0370 194 7738 Email: ian.caplan@bevanbrittan.com</p>
Property Information:	<p>The Property comprises an office building totalling 33,599 sq ft NIA.</p> <p>The Property is let to Lloyds Bank Plc and Lloyds Bank Commercial Finance Ltd as joint tenant by way of a Full Repairing and Insuring lease expiring 12 December 2025.</p> <p>The current passing rent is £539,682 per annum and is subject to an upwards only open market review on 11 March 2021.</p>
Tenure:	Freehold.
Funding:	The acquisition is to be fully funded from existing cash resources. No third party finance is required.
Conditions:	<p>Subject to:</p> <ul style="list-style-type: none"> ▪ Contract; ▪ Assignment of Measured survey; ▪ Building survey, which is to be undertaken by the Vendor and assignable to the Purchaser. ▪ Environmental survey; ▪ Searches are to be undertaken by the Vendor, for which the Purchaser is to be provided with reliance; and ▪ Verification of information contained within the sales details and satisfactory due diligence.
Timing:	Simultaneous exchange and completion of contracts is to occur on 16 November 2020.
Approvals:	<p>The Purchaser has obtained Charnwood Borough Council Capital Strategy approval.</p> <p>The Purchaser requires the Leader of the Council to sign a Delegated Decision Record (DDR), which is a constitutional governance requirement. The DDR is to be secured within 5 working days from agreement of Heads of Terms.</p>

Capital Allowances:	The Vendor is to retain the benefit of any Capital Allowances.
VAT:	The Property is elected for VAT. It is envisaged that the transaction will be treated as a Transfer Of a Going Concern (TOGC).
Costs:	<p>Each party is to be responsible for their own costs, with the exception of those relating to the building survey.</p> <p>The parties agree that 50% of the survey cost + VAT will be borne by the Purchaser by way of completion statement adjustment.</p> <p>Should the Purchaser withdraw from the transaction upon the terms agreed herein, it will remain liable for its share of the building survey cost, to be payable within 15 working days of withdrawal.</p> <p>Should the Vendor withdraw from the transaction upon the terms agreed herein, it will bear the full cost of the building survey.</p>
Anti Money Laundering:	The Purchaser and Vendor agree to provide the necessary information within a timely manner to allow their respective Agents to undertake and clear Anti Money Laundering Checks prior to an exchange of contracts.
Exclusivity:	The Purchaser is to benefit from an exclusivity period until 16 November 2020.

NO LONGER EXEMPT

EXECUTIVE DECISION RECORD
CABINET LEAD MEMBER: COUNCILLOR MORGAN

Reasons for exemption

NO LONGER APPLIES

Publication of this document and the attached report would involve the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The report provides information about a commercial property purchase and related legal advice. Disclosure of this commercially sensitive information prior to completion of the purchase could put the transaction at risk, and it is not, therefore, in the public interest for it to be disclosed.

COMMERCIAL PROPERTY PURCHASE: BANBURY

The Decision

The Leader approves the following recommendations:

1. To acquire the commercial investment property detailed in the Part B report.
2. To approve the Heads of Terms as set out in the appendices of the Part B report and to delegate authority to the Service Director – Commercial Development, Assets and Leisure to continue negotiations and finalise the transaction based on these Heads of Terms.
3. To delegate authority to the Head of Strategic Support to complete the legal transactions.

Reasons

1. Purchasing this property is a prudent investment and will support the Medium Term Financial Strategy (MTFS). The proposed acquisition is in line with the Council's approved Commercial Property Investment Strategy. By investing capital in the purchase of this property, the Council will receive a revenue income and will be the freehold owner of the property. Ultimately, the purchase will support MTFS, thereby protecting the delivery of services to Charnwood's residents.
2. Delegation of authority will allow for the timely completion of the transaction, as well as timely decision making should additional negotiation be required. The Leader, Deputy Leader, Chief Executive, S151 officer and Monitoring officer will be consulted throughout the transaction to completion.

3. To allow for timely completion and signing of contracts.

Authority for Decision

On 8th September 2020, the Leader delegated Executive authority to himself, or in his absence to the Deputy Leader, to approve the purchase and sale of commercial properties.

Approved: 

Date: 10.11.20

Leader of the Council

NO LONGER EXEMPT

Decision Record

Report of the Strategic Director for Commercial Development, Assets and Leisure

Leader member: Councillor Jonathan Morgan

PART A

Investment Property Acquisition – Aberdeen

Purpose of Report

This report seeks approval to acquire a commercial investment property.

Recommendation

1. To acquire the commercial investment property detailed in Part B of the report.
2. To approve the Heads of Terms as set out in the appendices and to delegate authority to the Strategic Director – Commercial Development, Assets and Leisure to continue negotiations and finalise the transaction based on these Heads of Terms.
3. To authorise the Head of Strategic Support to complete the legal transactions.

Reasons

1. Purchasing this property is a prudent investment and will support the Medium Term Financial Strategy (MTFS). The proposed acquisition is in line with the Council's approved Commercial Property Investment Strategy. By investing capital in the purchase of this property, the Council will receive a revenue income and will be the freehold owner of the property. Ultimately, the purchase will support MTFS, thereby protecting the delivery of services to Charnwood's residents.
2. Delegation of this authority will allow for the timely completion of the transaction, as well as timely decision making should additional negotiation be required. The Leader, Deputy Leader, Chief Executive, S151 officer and Monitoring officer will be consulted throughout the transaction to completion.
3. To allow for timely completion and signing of contracts.

Alternative Options Considered

The alternative to not invest in this property would not realise any additional revenue to support the MTFS. Any investment carries risk; however, these risks have been evaluated and understood.

Policy Justification & Previous Decisions

The justification for this decision is outlined within the financial projections and associated challenges set out within the latest version of the MTFS (approved by Council on 20 January 2020), and the proposed method of addressing that challenge through the acquisition of commercial investment property set out in the current Capital Strategy as well as the forthcoming Capital Strategy due for approval by Council on 4 November 2020.

Implementation Timetable including Future Decisions and Scrutiny

Officers became aware of the opportunity on 25 August 2020, at which time initial due diligence on lease and title, examination of the tenant covenant and financial modelling were undertaken. The Strategic Director – Commercial Development, Assets and Leisure, with CBC’s property advisor and legal representation, inspected the property on 15 September; no defects or elements of concern were found or noted.

Immediately following approval of the Capital Strategy 20/21 and the associated Capital Plan on 9 November, a bid to acquire the property was submitted to the vendor. The bid was accepted and Heads of Terms (HoT) were agreed on 9 November at 9.30pm. A delegated decision that is supported by this report must be signed by the Leader no later than 11 November. Should the results of further due diligence remain favourable, completion of the acquisition should take place no later than 16 November 2020.

Report Implications

1. Corporate Plan:

A commercial property investment strategy has been outlined in the Corporate Plan, and an investment fund has been approved by Council and forms part of the Capital Strategy and Capital Programme.

2. Legal:

Section 120 of the Local Government Act 1972 empowers a Borough Council to acquire land for the purpose of any of the Council’s functions or for the benefit, improvement or development of their area by agreement inside of or outside of its area.

3. Finance:

This report is effective from 6 November 2020 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	The General Fund Revenue and Capital Financing implications are contained within an appendix to Part B of the report
General Fund – Capital Programme	The financial implications are contained within an appendix to Part B of the report. This proposed acquisition is part of the Commercial Property Investment Scheme as approved within the Capital Strategy and Capital Programme
Housing Revenue Account – Revenue Budget	No implications
Housing Revenue Account – Capital Programme	No implications

4. Risk:

Risk	Likelihood	Impact	Overall	Mitigation
The tenant does not renew the lease at expiry.	2 Unlikely	2 Significant	4 Low	1. Charnwood will establish and maintain a property reserve in the event of such a circumstance.

				2. The reversionary letting rates and location are competitive and will not unduly disadvantage Charnwood, given the current circumstances.
The tenant moves staff/operations from this location to alternative locations, decreasing utilisation of the site.	2 Unlikely	2 Significant	4 Low	Regardless of how the tenant uses the space, the tenant remains liable under contract to maintain rent and insurance payments as well as to maintain the building. If the tenant wished to exit the lease and property early, they would be obligated to pay the balance of rents due under the lease. In this case, the tenant and Charnwood would enter (likely protracted) negotiations, during which Charnwood would be able to plan alternative strategies and develop business cases for viability determination.
Tenant fails to pay rent	2 Unlikely	3 Serious	6 Moderate	The property reserve to be established will serve as a buffer and monies would be released to maintain cashflow. Simultaneously, Charnwood would take Legal action to recover any rents unpaid.
The property is destroyed (e.g. fire, flood or other)	1 Remote	3 Serious	3 Low	Charnwood will be insured against these risks and against the lost rent in the event of building destruction.
The macroeconomic impact of Brexit results in general economic difficulty.	3 Likely	2 Significant	6 Moderate	The Tenant Covenant is strong (Dun & Bradstreet 5A 2) and is likely to be able to withstand a period of trading difficulty. This will be monitored and managed. The Tenant has fared well during the course of the COVID19 pandemic to date. They remained operational as they are classed as an essential business. Retained profit and Net assets remain sizeable.
CIPFA updates Statutory Guidance relating to non-financial investments.	2 Unlikely	2 Significant	4 Low	Charnwood is acting in line with the latest guidance (issued 18 November 2019). Should the guidance be updated further, Charnwood will respond accordingly. The direction of anticipated changes is currently unknown. Should the guidance halt investment activity altogether, Charnwood must find alternative income sources and/or reduce expenditure accordingly to compensate.
Tenant's financial stability – the health and	2.5	2	5 Moderate	Eriks Industrial Services Ltd have a strong trading history and very well-established performance record.

viability of the business				Originally the business' client base was heavily weighted toward the North Sea oil industry. Over the last 12 years, Eriks have diversified their offering and now maintains clients from Defence, Distilling, Brewing and Renewable Energy clients.
Tenant Covenant	2	2	4 Low	Again, the tenant trades and performs well in normal circumstances and is addressing risks of the current pandemic.
Ratio of external Debt/Market value	1	1	1 Low	The purchase will be funded initially without borrowing, and if borrowed, is likely to be internal borrowing. However, prudence dictates that analysis with borrowings be undertaken to ensure the profitability of the investment.
Ratio of Purchase value/Investment pool value	2	2	4 Low	Consumes 35% of the £10M currently allocated in the Capital Plan. Net yields are outlined in Part B. Prudence dictates that the asset be monitored quarterly for performance.
Presence and timing of break clauses & rent reviews	2	2	4 Low	Rent reviews are upwards only at the 5 th and 10 th anniversaries of the current lease and are subject to open market value meaning that the property is not over-rented. Lease end is 1 September 2034, with a tenant only break option at 2 September 2029.
Age and State of repair	1	2	2 Very Low	The property was constructed in 2016. The property is maintained fully by the tenant and is in very good repair. Construction warranties remain in force and will transfer with title. Lease clauses for dilapidations and reinstatements have been reviewed and provide ample recourse and protection to the property owner.
Strength of Market for use / letting	2	2	4 Low	Strong commercial location in Aberdeen. Good reversionary re-let options exist.
Risk of revaluation loss	2	2	4 Low	CIPFA requires LAs to make a prudent provision for MRP. Periodic valuation will be necessary. Charnwood will establish a property reserve to protect cash flow.

3. Human Resources: None

4. Equality and Diversity: None

5. Sustainability Implications: None

Urgency

The proposed acquisition would be a key decision and the authorising report would contain exempt information, but the full 28 days' notice is unlikely to be possible due to the urgency of the matter.

In the circumstances, agreement was reached with the Chair of the Scrutiny Commission on 6th November 2020 that the decision was urgent and could not reasonably be deferred and was also exempted from Call-in. The call-in procedure provides for a period of five clear working days during which councillors can ask for decisions taken by the Cabinet and individual Cabinet members, and key decisions taken by officers to be reviewed. With the agreement of the Chair of the Scrutiny Commission or in her/his absence the Mayor or Deputy Mayor) a decision can be exempted from call-in if the decision to be taken is both urgent and reasonable and the delay caused by the call-in process would not be in the interests of the Council or the public. Scrutiny Committee Procedure 11.9 requires that decisions that are exempted from call-in are reported to Council.

Exemption

NO LONGER APPLIES

The report contains exempt information by virtue of paragraphs 3 and 5 of part 1 of Schedule 12A of the Local Government Act 1972 and in respect of which, the Proper Officer considers that the public interest in maintaining the exception outweighs the public interest in disclosing the information.

The report contains financial information relating to a proposed land transaction that is subject to contract which, if in the public domain, could adversely affect the Council's ability to achieve a favourable outcome. The report also contains information that is legally privileged.

Key Decision: Yes

Background Documents: None

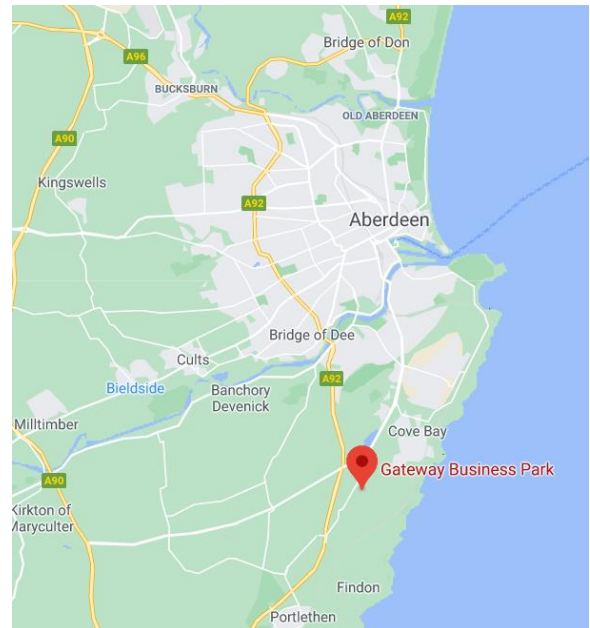
Officer Contact: Justin Henry
Strategic Director – Commercial Development, Assets and Leisure
07802 760618
justin.henry@charnwood.gov.uk

PART B

Detailed information

The Property Location

1. Aberdeen is Scotland's third largest city with a population of approximately 225,000 and a regional catchment population of over 500,000. It is the administrative capital of the North East of Scotland and benefits from two universities, an expanding international harbour and airport, seven major research institutes, together with food, fisheries and agricultural research establishments.
2. Aberdeen Gateway is located to the south side of the city and is the natural extension to Altens Industrial Estate providing a prime location. The Park lies alongside the main southern access point into Aberdeen city centre and Aberdeen Harbour, close to the A90 junction with the A956, which also gives access to the Aberdeen Western Peripheral Route (AWPR).
3. Development at Aberdeen Gateway commenced in 2007 and has attracted several high-profile occupiers, including Total, National Oilwell Varco, Hydrasun, Oilstates and EnSCO. A location map is provided showing Aberdeen Gateway's close proximity to the city's arterial road network. Neighbouring occupiers in the area include Home Bargains, Aldi, Inchcape Mercedes, Sandiccliffe Ford and Wickes.



Property Specification and Inspection

4. The property address is Unit E7, Gateway Business Park, Moss Wynd, Aberdeen AB12 3UF.
5. The property comprises a warehouse facility with a two-storey office, together with 46 car parking spaces, built on a site of approximately 0.47 hectares (1.15 acres). The specification of the warehouse is:
 - Steel portal frame construction with composite roofing and panel system
 - Floor loading of 35.0 kN/m²
 - 7.0m 'floor to underside of haunch'
 - 2 x Electric sectional overhead doors
 - The tenant has invested heavily in the building with two crane systems inside the warehouse (10 tonne and 15 tonne lifts).

The office specification is:

- Floor to ceiling height of 2.7m
 - VRV cooling & heating system
 - High frequency lighting
 - 8 person DDA compliant passenger lift
6. Officers inspected the property on Weds 28 October 2020 and found that the site presents as described. The Site Manager acted as escort through the building and noted that there are no issues identified with the property.





Tenant

7. The tenant, Eriks Industrial Services provides industrial products and services to its customers revolving around the supply of bearings, power transmission, pneumatic and hydraulic products, seals, gaskets, hoses, valve products, electric motors, gearboxes, pumps and other industrial consumables.
8. From this location Eriks provides bespoke engineering services. Locating here in early 2017, Eriks consolidated 3 separate premises in the Aberdeen area. They have diversified their client base from a heavy reliance on the oil sector since 2014 – they work in renewables, breweries and distilleries, the Royal Navy and many others.
9. Classed as an essential business, Eriks have remained open and operational throughout the COVID pandemic. 20 mechanical and electrical engineers work onsite, and their field sales teams are operational from remote locations.
10. Eriks Industrial Services Ltd have a Dun & Bradstreet rating of 5A 2, indicating a tangible net worth of £41.9m and lower than average risk..
11. As of 5 November 2020, Dun & Bradstreet’s assessment of the business states:
 - a. Overall assessment of this organisation over the next 12 months: STABLE CONDITION*
 - b. Based on the predicted risk of failure: HIGH LIKELIHOOD OF CONTINUED OPERATIONS*
 - c. Based on the predicted risk of severely delinquent payments: VERY LOW POTENTIAL FOR SEVERELY DELINQUENT PAYMENTS”*
12. There have been no Court Judgements against the tenant and no adverse financial events.

Tenure

13. The property is to be sold with Heritable Interest, the Scottish equivalent of Freehold.

Lease

14. The property has been let to Eriks Industrial Services Ltd on a full repairing and insuring lease for 15 years from 31 October 2016 with no breaks. The initial rent was £211,238 per annum, subject to measurement, and is subject to rent reviews every 5 years, fixed at 2.50% per annum compounded. The lease is guaranteed by ERIKS UK Holdings Ltd.

Red Flag Due Diligence

15. Officers and CBC’s legal representation in Scotland have reviewed the Title and Lease documents prior to inspecting the property and found no anomalies or issues that would prevent Charnwood from acquiring the property.

VAT

16. The property has been elected for VAT. It is intended that the property will be sold as a Transfer of a Going Concern.

Bid Strategy

17. Over the 12 months to March 2020, the market for investment properties has struggled to bring forward many quality investments – most activity completed during the period was off market. The slowdown in movement was largely attributed to Brexit and fears of a No Deal scenario. Since March 2020 to date, this has been further impacted by the COVID19 Pandemic. This opportunity, however, remains a strong, long-income investment with a robust tenant covenant. Likewise, the size of the purchase is optimal for private investors, property companies and Self Invested Personal Pensions (SIPPs).

18. The price offered and accepted is £3.325m, which reflects a 6.75% Net in Yield (NIY) after Purchaser's costs based on the next rent uplift. The vendor will top up the rent to this level in the purchase until the rent review scheduled in October 2021..

Financial Performance

19. The full financial performance of the asset is detailed in the appendix.
20. The purchase will be funded by prudential borrowing. Prudential borrowing can be met through internal borrowing or by external borrowing. However, prudence dictates that analysis with external borrowing be undertaken to ensure the profitability of the investment.
21. At the time of the initial investment it is **highly unlikely** that Charnwood will secure borrowing at 100% of the capital value due to its cashflow position and internal borrowing capacity; therefore, the MTFS will benefit from lower interest costs than shown in the above appraisal. However, the internal borrowing position and associated interest rate risk must be monitored and managed, and additional external debt may need to be taken in the future.
22. In order to understand the impact and contribution this asset will make to Charnwood's MTFS, asset performance must be aligned to the timing of Charnwood's Financial Year and for Charnwood's MRP policy to be applied with a likely level of borrowing. The table below, presented for illustrative purposes, shows the financial return after costs assuming that none of the capital value is externalised and a nominal interest rate, payable internally, is applied.

Financial Year	Annual Net Yield
20/21	1.717%
21/22	4.761%
22/23	4.724%
23/24	4.685%
24/25	4.646%
25/26	5.124%
26/27	5.449%
27/28	5.407%
28/29	5.363%
29/30	5.319%
30/31	5.273%
31/32	5.226%
32/33	5.178%
33/34	1.998%

APPENDIX – FINANCIAL PERFORMANCE

NO LONGER EXEMPT

The appendix contains exempt information by virtue of paragraphs 3 and 5 of part 1 of Schedule 12A of the Local Government Act 1972 and in respect of which, the Proper Officer considers that the public interest in maintaining the exception outweighs the public interest in disclosing the information.

The report contains financial information relating to a land transaction that, if in the public domain, could adversely affect the Council's ability to achieve favourable outcomes in the future.

Financial Performance

23. At the level of the second bid, Charnwood's total transactions costs will be:

Bid	£3,325,000
LLBT & registration fee	£162,250
Agency Fee	£33,250
Surveys	£10,000
Legal and Contingency fees	£19,950
Total Expenditure	£3,550,450

24. The purchase will be funded by prudential borrowing. Prudential borrowing can be met through internal borrowing or by external borrowing. However, prudence dictates that analysis with external borrowing be undertaken to ensure the profitability of the investment. Using PWLB rates (2.53% as of 05 November 2020) and borrowing 100% of the total expenditure, the maximum costs of finance are shown below:

Loan amount	£3,550,450
Type & term	40yr, Maturity, Fixed rate
Interest rate with certainty	2.53%
Potential borrowing costs per full financial year.	£89,826.39

25. The resulting worst-case asset financial performance is modelled below.

Lease year ending	Rent rec'd in Lease year	MRP - straight line asset method	Finance costs	Net Rent in Lease year	NIY after costs
30/10/2021	£211,238.00	£88,761.25	£89,826.39	£32,650.36	0.92%
30/10/2022	£238,996.41	£88,761.25	£89,826.39	£60,408.77	1.70%
30/10/2023	£238,996.41	£88,761.25	£89,826.39	£60,408.77	1.70%
30/10/2024	£238,996.41	£88,761.25	£89,826.39	£60,408.77	1.70%
30/10/2025	£238,996.41	£88,761.25	£89,826.39	£60,408.77	1.70%
30/10/2026	£238,996.41	£88,761.25	£89,826.39	£60,408.77	1.70%
30/10/2027	£270,402.50	£88,761.25	£89,826.39	£91,814.86	2.59%

Lease year ending	Rent rec'd in Lease year	MRP - straight line asset method	Finance costs	Net Rent in Lease year	NIY after costs
30/10/2028	£270,402.50	£88,761.25	£89,826.39	£91,814.86	2.59%
30/10/2029	£270,402.50	£88,761.25	£89,826.39	£91,814.86	2.59%
30/10/2030	£270,402.50	£88,761.25	£89,826.39	£91,814.86	2.59%
30/10/2031	£270,402.50	£88,761.25	£89,826.39	£91,814.86	2.59%

26. An important point to note: the straight line MRP method above is implied within the current Capital Strategy, but reports will be brought for approval to Council on 9 November 2020 whereby Charnwood will adopt the annuity life MRP method – a standard approach exemplified in the Code - as this is more appropriate for commercial property investments. As such, the MRP charges above will be less than those above. (i.e. Charnwood pays less MRP in early years and more in later years). In the remaining current financial year (2020/21) under either method, there will be no MRP payable.
27. At the time of the initial investment it is **highly unlikely** that Charnwood will secure borrowing at 100% of the capital value due to its cashflow position and internal borrowing capacity; therefore, the MTFS will benefit from lower interest costs than shown in the above appraisal. However, the internal borrowing position and associated interest rate risk must be monitored and managed, and additional external debt may need to be taken in the future.
28. In order to understand the impact and contribution this asset will make to Charnwood's MTFS, asset performance must be aligned to the timing of Charnwood's Financial Year and for Charnwood's MRP policy to be applied with a likely level of borrowing. The table below, presented for illustrative purposes, shows the financial contribution assuming that none of the capital value is externalised and a nominal interest rate of 0.5%, payable internally, is applied.

Charnwood Financial Year	Rent rec'd in Financial Year	MRP - annuity life method	Finance Costs	Net Rent in Financial Year	Annual Net Return
20/21	£78,707.86	NIL	£17,752.25	£60,955.61	1.717%
21/22	£238,996.41	£52,209.55	£17,752.25	£169,034.61	4.761%
22/23	£238,996.41	£53,535.67	£17,752.25	£167,708.48	4.724%
23/24	£238,996.41	£54,895.48	£17,752.25	£166,348.68	4.685%
24/25	£238,996.41	£56,289.82	£17,752.25	£164,954.33	4.646%
25/26	£257,409.84	£57,719.59	£17,752.25	£181,938.01	5.124%
26/27	£270,402.50	£59,185.66	£17,752.25	£193,464.59	5.449%
27/28	£270,402.50	£60,688.98	£17,752.25	£191,961.27	5.407%
28/29	£270,402.50	£62,230.48	£17,752.25	£190,419.77	5.363%
29/30	£270,402.50	£63,811.13	£17,752.25	£188,839.11	5.319%
30/31	£270,402.50	£65,431.94	£17,752.25	£187,218.31	5.273%
31/32	£270,402.50	£67,093.91	£17,752.25	£185,556.34	5.226%
32/33	£270,402.50	£68,798.09	£17,752.25	£183,852.16	5.178%
33/34	£159,278.18	£70,545.56	£17,800.89	£70,931.73	1.998%

APPENDIX – HEADS OF TERMS

3 November 2020



Andy Byrne
Jones Realty
30 City Road
London
EC1Y 2AB

Rodric Leslie
E: rleslie@savills.com
DL: +44 (0) 131 247 3812

Wemyss House
8 Wemyss Place
Edinburgh EH3 6DH
T: +44 (0) 131 247 3700
F: +44 (0) 131 247 3724
savills.com

Dear Andy

Eriks Industrial Services Ltd
Unit E7, Gateway Business Park, Moss Wynd, Aberdeen, AB12 3UF
Agreed Heads of Terms

Further to our ongoing correspondence, I am pleased to confirm I have instructions to issue the agreed terms in respect of the above property.

1. Purchaser

Charnwood Borough Council (CBC)
Southfields,
Loughborough
Leicestershire
LE11 2TR

CBC has 95 assets in their portfolio across all commercial property sectors. Within the last 2 weeks CBC have completed the purchase of a car show room investment for £3.2m and a High Street retail purchase. The investment team have completed 20 investment transactions with a value of over £68m within the past 24 months.

2. Vendor

Balgownie Development Company Ltd
9 Caroline Terrace
London
SW1 W8JS

3. Property

The property comprises 19,500 sq ft (1,811.59 sq m) of warehouse and ancillary office accommodation. The property is let in its entirety to ERIKS Industrial Services Ltd until 30 October 2031 on a full repairing and insuring lease, with a passing rent of £211,238 per annum. The lease is subject to rent reviews every 5 years fixed to 2.50% per annum compounded. The vendor will top up the rent to £238,996 per annum until the next rent review.

4. Tenure

Heritable (Scottish equivalent of English Freehold).

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

Savills (UK) Limited. Chartered Surveyors. Regulated by RICS.

A subsidiary of Savills plc. Registered in England No. 2605136. Registered office: 33 Margaret Street, London, W1G 0JD



5. Purchase Price

£3,325,000 (Three Million Three Hundred and Twenty Five Thousand Pounds), subject to contract and exclusive of VAT.

6. Funding

The purchase is not subject to third party finance and will be completed using existing cash resources.

7. VAT

The property has been elected for VAT; the purchaser will opt to tax the property upon agreed HoT; therefore, the sale will be treated as a TOGC.

8. Approvals

In order to complete the purchase, the Leader of the Council must sign a Delegated Decision record (DD), a constitutional governance requirement. The Leader has been fully briefed on the property, the results of the due diligence, and financial analysis; The DD will be secured within 5 working days of agreed Heads of Terms.

9. Capital Allowances

All available capital allowances are to be retained by the vendor.

10. Timetable

Simultaneous exchange and completion to take place within 15 working days from receipt of a complete legal pack.

11. Due Diligence

CBC have completed their analysis and financial modelling and their solicitors have undertaken initial due diligence on the title, lease and associated documents received to date.

CBC's Strategic Director - Commercial Development has inspected the property.

12. Conditions

- a) Contract.
- b) Subject to measured, building and environmental surveys, to be cleared within 12 working days of receipt of a complete legal pack.
- c) Chamwood BC's formal Delegated Decision Report approval.
- d) Receipt of a complete legal pack; confirmation to be provided by CBC's solicitors.
- e) Exclusivity from agreed heads of terms until the agreed completion date.
- f) Verification of the information contained within the sales details and satisfactory due diligence.



13. Purchaser's Solicitors

Aberdein Considine
18 Waterloo Street
Glasgow
G2 6DB

Contact: Paul Jennings (Partner)

T - 0141 225 5425

E - pjennings@acandco.com

14. Vendor's Solicitors

Burness Paull LLP
5th & 6th Floor
Union Plaza
1 Union Wynd
Aberdeen
AB10 1SL

Contact: Mike Morrice (Partner)

T – 01224 618 523

E – mike.morrice@burnesspaull.com

Lastly, I am required by the Requirements of Writing (Scotland) Act 1995 to confirm that this letter is not intended to form part of a legally binding contract and the correspondence of which it is part is expressly subject to completion of formal legal missives in accordance with Scots Law.

Yours sincerely

A handwritten signature in black ink that reads "Rodric Leslie". The signature is written in a cursive, slightly slanted style.

Rodric Leslie
Director
Savills (UK) Ltd

NO LONGER EXEMPT

EXECUTIVE DECISION RECORD
CABINET LEAD MEMBER: COUNCILLOR MORGAN

NO LONGER APPLIES

Reasons for exemption

Publication of this document and the attached report would involve the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The report provides information about a commercial property purchase and related legal advice. Disclosure of this commercially sensitive information prior to completion of the purchase could put the transaction at risk, and it is not, therefore, in the public interest for it to be disclosed.

COMMERCIAL PROPERTY PURCHASE: ABERDEEN

The Decision

The Leader approves the following recommendations:

1. To acquire the commercial investment property detailed in the Part B report.
2. To approve the Heads of Terms as set out in the appendices of the Part B report and to delegate authority to the Service Director – Commercial Development, Assets and Leisure to continue negotiations and finalise the transaction based on these Heads of Terms.
3. To delegate authority to the Head of Strategic Support to complete the legal transactions.

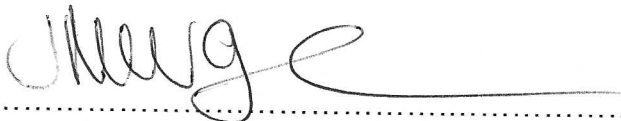
Reasons

1. Purchasing this property is a prudent investment and will support the Medium Term Financial Strategy (MTFS). The proposed acquisition is in line with the Council's approved Commercial Property Investment Strategy. By investing capital in the purchase of this property, the Council will receive a revenue income and will be the freehold owner of the property. Ultimately, the purchase will support MTFS, thereby protecting the delivery of services to Charnwood's residents.
2. Delegation of authority will allow for the timely completion of the transaction, as well as timely decision making should additional negotiation be required. The Leader, Deputy Leader, Chief Executive, S151 officer and Monitoring officer will be consulted throughout the transaction to completion.

3. To allow for timely completion and signing of contracts.

Authority for Decision

On 8th September 2020, the Leader delegated Executive authority to himself, or in his absence to the Deputy Leader, to approve the purchase and sale of commercial properties.

Approved: 

Date: 06.11.20

Leader of the Council

NO LONGER EXEMPT

Decision Record

Report of the Strategic Director for Commercial Development, Assets and Leisure

Leader member: Councillor Jonathan Morgan

PART A

Investment Property Acquisition – Scunthorpe

Purpose of Report

This report seeks approval to acquire a commercial investment property.

Recommendation

1. To acquire the commercial investment property detailed in Part B of the report.
2. To approve the Heads of Terms as set out in the appendices and to delegate authority to the Strategic Director – Commercial Development, Assets and Leisure to continue negotiations and finalise the transaction based on these Heads of Terms.
3. To authorise the Head of Strategic Support to complete the legal transactions.

Reasons

1. Purchasing this property is a prudent investment and will support the Medium Term Financial Strategy (MTFS). The proposed acquisition is in line with the Council's approved Commercial Property Investment Strategy. By investing capital in the purchase of this property, the Council will receive a revenue income and will be the freehold owner of the property. Ultimately, the purchase will support MTFS, thereby protecting the delivery of services to Charnwood's residents.
2. Delegation of this authority will allow for the timely completion of the transaction, as well as timely decision making should additional negotiation be required. The Leader, Deputy Leader, Chief Executive, S151 officer and Monitoring officer will be consulted throughout the transaction to completion.
3. To allow for timely completion and signing of contracts.

Alternative Options Considered

The alternative to not invest in this property would not realise any additional revenue to support the MTFS. Any investment carries risk; however, these risks have been evaluated and understood.

Policy Justification & Previous Decisions

The justification for this decision is outlined within the financial projections and associated challenges set out within the latest version of the MTFS (approved by Council on 20 January 2020), and the proposed method of addressing that challenge through the acquisition of commercial investment property set out in the current Capital Strategy.

Implementation Timetable including Future Decisions and Scrutiny

Officers became aware of the opportunity on 25 November 2020, at which time initial due diligence on lease and title, examination of the tenant covenant and financial modelling were undertaken by the Council's legal representation; nothing adverse was discovered. The Strategic Director – Commercial Development, Assets and Leisure, with CBC's property advisor, inspected the property on 07 December; no defects or elements of concern were found or noted.

On 08 December, the Leader, Deputy Leader, Chief Executive, S151 Officer and Monitoring officer were provided with a report detailing the site visit. A bid to acquire the property was authorised and submitted to the vendor the same day. The bid was accepted and Heads of Terms (HoT) were agreed on 15 December. A delegated decision that is supported by this report must be signed by the Leader no later than 18 December. Should the results of further due diligence remain favourable, completion of the acquisition should take place no later than 04 January 2021.

Report Implications

1. Corporate Plan:

A commercial property investment strategy has been outlined in the Corporate Plan, and an investment fund has been approved by Council and forms part of the Capital Strategy and Capital Programme.

2. Legal:

Section 120 of the Local Government Act 1972 empowers a Borough Council to acquire land for the purpose of any of the Council's functions or for the benefit, improvement or development of their area by agreement inside of or outside of its area.

3. Finance:

This report is effective from 18 December 2020 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	The General Fund Revenue and Capital Financing implications are contained within an appendix to Part B of the report
General Fund – Capital Programme	The financial implications are contained within an appendix to Part B of the report. This proposed acquisition is part of the Commercial Property Investment Scheme as approved within the Capital Strategy and Capital Programme
Housing Revenue Account – Revenue Budget	No implications
Housing Revenue Account – Capital Programme	No implications

4. Risk:

Risk	Likelihood	Impact	Overall	Mitigation
The tenant does not renew the lease at expiry.	2 Unlikely	2 Significant	4 Low	Charnwood will establish and maintain a property reserve in the event of such a circumstance. The remaining term certain

				on the lease is 15 years; therefore this is not a near or mid term risk.
The tenant moves staff/operations from this location to alternative locations, decreasing utilisation of the site.	1 Very Unlikely	2 Significant	2 Very Low	Regardless of how the tenant uses the space, the tenant remains liable under contract to maintain rent and insurance payments as well as to maintain the building. If the tenant wished to exit the lease and property early, they would be obligated to pay the balance of rents due under the lease. In this case, the tenant and Charnwood would enter (likely protracted) negotiations, during which Charnwood would be able to plan alternative strategies and develop business cases for viability determination. However, this is very low risk as this warehouse is used to store all items manufactured by the tenant for distribution to markets in the UK, EU and US. There is no alternative storage location for these items.
Tenant fails to pay rent	2 Unlikely	3 Serious	6 Moderate	The property reserve to be established will serve as a buffer and monies would be released to maintain cashflow. Simultaneously, Charnwood would take Legal action to recover any rents unpaid.
The property is destroyed (e.g. fire, flood or other)	1 Remote	3 Serious	3 Low	Charnwood will be insured against these risks and against the lost rent in the event of building destruction.
The macroeconomic impact of Brexit results in general economic difficulty.	3 Likely	2 Significant	6 Moderate	The Tenant Covenant is good (Dun & Bradstreet 3A 2) and is likely to be able to withstand a period of trading difficulty. This will be monitored and managed. The Tenant has fared well during the COVID19 pandemic to date. They initially closed and re-commenced all operations in April 2020. Retained profit and Net assets remain sizeable.
CIPFA updates Statutory Guidance relating to non-financial investments.	2 Unlikely	2 Significant	4 Low	Charnwood is acting in line with the latest guidance (issued 18 November 2019). Should the guidance be updated further, Charnwood will respond accordingly. The direction of anticipated changes is currently unknown. Should the guidance halt investment activity altogether, Charnwood must find alternative income

				<p>sources and/or reduce expenditure accordingly to compensate.</p> <p>There has been new guidance issued by the PWLB which prohibits access to borrowing if investment property activity is undertaken. There remain other competitive, alternative sources of funding. The Council has powers in law that allow it to undertake the acquisition.</p>
Tenant's financial stability – the health and viability of the business	2 Unlikely	2 Significant	4 Low	<p>Specialist Building Products Limited have a strong trading history and very well-established performance record.</p> <p>The tenant specialises in the manufacture of extruded PVC elements for use in Construction, such as doors, windows soffits, fascias, cladding, decking and many other items.</p>
Tenant Covenant	2 Unlikely	2 Significant	4 Low	Again, the tenant trades and performs well in normal circumstances and is addressing risks of the current pandemic.
Ratio of external Debt/Market value	1 Very Unlikely	1 Low	1 Low	The purchase will be funded initially without borrowing, and if borrowed, is likely to be internal borrowing. However, prudence dictates that analysis with borrowings be undertaken to ensure the profitability of the investment.
Ratio of Purchase value/Investment pool value	2 Unlikely	2 Significant	4 Low	<p>Consumes 33% of the £25M currently allocated in the Capital Plan.</p> <p>Net yields are outlined in Part B.</p> <p>Prudence dictates that the asset be monitored quarterly for performance.</p>
Presence and timing of break clauses & rent reviews	1 Very Unlikely	2 Significant	2 Very Low	<p>Rent reviews are 5 yearly, upwards only and are subject to open market value meaning that the property is not over-rented.</p> <p>The next uplift is October 2022, where the rent payable increases from £550,000 to £600,000.</p> <p>Lease end is 26 October 2035.</p> <p>There are no breaks.</p>
Age and State of repair	2 Unlikely	2 Significant	2 Low	<p>The property was constructed in 1992. The property is maintained fully by the tenant and is in very good repair.</p> <p>Lease clauses for dilapidations and reinstatements have been reviewed and provide ample recourse and protection to the property owner, though they are subject to a schedule of condition.</p>

Strength of Market for use / letting	2 Unlikely	2 Significant	4 Low	Strong commercial location.
Risk of revaluation loss	2 Unlikely	2 Significant	4 Low	CIPFA requires LAs to make a prudent provision for MRP. Periodic valuation will be necessary. Charnwood will establish a property reserve to protect cash flow.

1. Human Resources: None
2. Equality and Diversity: None
3. Sustainability Implications: None

Urgency

The proposed acquisition would be a key decision and the authorising report would contain exempt information, but the full 28 days' notice is unlikely to be possible due to the urgency of the matter.

In the circumstances, agreement was reached with the Chair of the Scrutiny Commission on 17 December 2020 that the decision was urgent and could not reasonably be deferred and was also exempted from Call-in. The call-in procedure provides for a period of five clear working days during which councillors can ask for decisions taken by the Cabinet and individual Cabinet members, and key decisions taken by officers to be reviewed. With the agreement of the Chair of the Scrutiny Commission or in her/his absence the Mayor or Deputy Mayor) a decision can be exempted from call-in if the decision to be taken is both urgent and reasonable and the delay caused by the call-in process would not be in the interests of the Council or the public. Scrutiny Committee Procedure 11.9 requires that decisions that are exempted from call-in are reported to Council.

Exemption

NO LONGER APPLIES

The report contains exempt information by virtue of paragraphs 3 and 5 of part 1 of Schedule 12A of the Local Government Act 1972 and in respect of which, the Proper Officer considers that the public interest in maintaining the exception outweighs the public interest in disclosing the information.

The report contains financial information relating to a proposed land transaction that is subject to contract which, if in the public domain, could adversely affect the Council's ability to achieve a favourable outcome. The report also contains information that is legally privileged.

Key Decision: Yes

Background Documents: None

Officer Contact: Justin Henry
Strategic Director – Commercial Development, Assets and Leisure
07802 760618
justin.henry@charnwood.gov.uk

PART B

Detailed information

The Property Location

1. Scunthorpe is the principle commercial centre for North Lincolnshire and benefits from a catchment area approximately 152,000 people. The area is well situated, being in close proximity to Humberside International Airport and Robin Hood Airport. The town is situated adjacent to the M180 and M181 motorways, which links to the national motorway network, regional airports, docks and other substantial conurbations. North Lincolnshire also offers an extensive and readily available labour supply with a variety of manufacturing, production and distribution skills.
2. The property is located on the north side of Cupola Way immediately upon its junction with Normanby Road forming part of an established industrial area encompassing Normanby Enterprise Park and Foxhills Industrial Estate. The property is situated approximately two miles to the north of Scunthorpe town centre but benefits from good road access to Phoenix Parkway (A1077) which in turn provides access to the M181 and also junction 3 of the M180.



Property Specification and Inspection

3. The property address is Cupola Way, Normanby Enterprise Park, Scunthorpe, DN15 9YJ.
4. The property comprises a detached substantial warehouse/distribution facility.
5. The main building comprises a three-bay warehouse facility with ancillary two storey office, showroom and staff facilities, being of steel portal frame construction having an eaves height of approximately 7.93 metres. The elevations are enclosed by mixed cavity brick/blockwork walls with insulated profile steel sheet cladding thereafter and to the pitched roofs above which incorporate certain translucent panels to provide natural light. There are 10 electric dock level access doors to the front elevation with a canopy area above together with a ground level access door. The building benefits from a sprinkler system, fitted halogen lighting and a mezzanine storage area together with staff canteen and WC's. There is additional two storey office accommodation to the front elevation with reception, kitchen and WC's together with a ground floor showroom, whilst to the first floor there is a range of further offices and additional showroom accommodation.
6. There is also a smaller detached twin bay warehouse being of steel portal frame construction, constructed to an eaves height of 6.9m approx having mixed cavity brick/blockwork walls to a height of approximately 2.2m with insulated profile steel sheet cladding thereafter and to the pitched roofs above which also incorporate certain translucent panels to provide natural light. The warehouse accommodation also benefits from a sprinkler system, halogen high bay lighting together with two ground level electrically operated roller shutter doors, canteen facility and WC facilities.
7. Externally, the property benefits from a good sized yard area which provides ample servicing and parking. The site is securely fenced and there is a security lodge.
8. Officers inspected the property on Monday 7 December 2020 and found that the site presents as described. The Site Manager acted as escort through the building and noted that there are no issues identified with the property.



Tenant

9. The tenant is Specialist Building Products Limited, tradestyle: Kestrel (company number 01268689). They manufacture low maintenance (PVC) building products, both bespoke and standard, to the public and private sectors.
10. From this building, Kestrel receive, store and distribute all items manufactured at the facility immediately to the rear. Locating here in October 2017, Kestrel consolidated 2 separate nearby storage and distribution premises in the Scunthorpe area. Kestrel have been present in Scunthorpe for 35 years.
11. Classed as an essential business, Kestrel initially closed all operations until April 2020, after which they have remained open and operational throughout the COVID pandemic. 20 logistics and transport professionals work onsite.
12. Kestrel have a Dun & Bradstreet rating of 3A 2, indicating a tangible net worth of £10.3m and lower than average risk.
13. As of 18 December 2020, Dun & Bradstreet's assessment of the business states:
 - a. Overall assessment of this organisation over the next 12 months: **STABLE CONDITION**
 - b. Based on the predicted risk of failure: **HIGH LIKELIHOOD OF CONTINUED OPERATIONS**
 - c. Based on the predicted risk of severely delinquent payments: **VERY LOW POTENTIAL FOR SEVERELY DELINQUENT PAYMENTS**

14. There have been no Court Judgements against the tenant and no adverse financial events.

Tenure

15. The property is to be sold Freehold.

Lease

9. The property is subject to a lease of whole dated 26 October 2017 for a term of 18 years from that date with no breaks. Furthermore, the terms are full repairing and insuring (FRI) subject to a schedule of condition, with 5 yearly upwards only rent reviews and is guaranteed by the parent company by Epwin Group Plc (company number 07742256). The Lease is registered at the Land Registry under title number HS389274.

Red Flag Due Diligence

16. Officers and CBC's legal representation have reviewed the Title and Lease documents prior to inspecting the property and found no anomalies or issues that would prevent Charnwood from acquiring the property.

17. Officers have learned that the vendor authorised a COVID rent concession with the tenant: Half rent is to be paid monthly in arrears, on every 25th day of the month, starting 25th April 2020 (This has been paid on time to date and this will be verified with rent accounts during conveyancing). This new arrangement will last for a maximum of 12 months i.e. it will end 25 March 2021 and the Tenant is to pay the 12 months of half rent remaining (which they have not yet paid) in full on 25th March 2021. The Landlord will not charge any interest on the rent because it is paid monthly in arrears and is half rent. The tenant can look to repay the rent earlier – but to date have not.

18. In light of the above, the Council's bid contained the following condition:

"7. Covid 19 Rent Concession

CBC understands there is an ongoing Covid 19 rent concession given to the tenant. It is understood that this arrangement will end on the 25th March 2021, at which point the rent payment terms will revert to those in the lease, and the payment of deferred rent will be due. Our offer is subject to the following, regarding the rent concession:

The completion statement will include a provision to "top up" the rent concession (50% rent reduction) on a pro rata basis from the completion date to the end of the arrangement (25th March 2021). CBC will accept a reasonable endeavours obligation to collect the deferred rent from the tenant and to reimburse the vendor when received."

This condition was accepted by the vendor, which means that Charnwood will be in full receipt of rents, and when the first rent invoice is issued to the tenant (for payment on 25 March 2021), it will be in full and as per the terms of the lease. The arrears will be paid directly to the vendor, who retains no right to litigate against the tenant. If necessary, Charnwood will assume collection responsibilities but is also not required to litigate against the tenant to recover arrears if not paid.

VAT

19. The property has been elected for VAT. It is intended that the property will be sold as a Transfer of a Going Concern.

Bid

20. Over the 12 months to March 2020, the market for investment properties has struggled to bring forward many quality investments – most activity completed during the period was off market. The slowdown in movement was largely attributed to Brexit and fears of a No Deal scenario. Since March 2020 to date, this has been further impacted by the COVID19 Pandemic. This opportunity, however, remains a strong,

long-income investment with a robust tenant covenant. Likewise, the size of the purchase is optimal for private investors, property companies and Self Invested Personal Pensions (SIPPs).

21. The price offered and accepted is £8.25m, which reflects a 6.25% Net in Yield (NIY) after Purchaser's costs.

Financial Performance

22. The full financial performance of the asset is detailed in the appendix.
23. The purchase will be funded by prudential borrowing. Prudential borrowing can be met through internal borrowing or by external borrowing. However, prudence dictates that analysis with external borrowing be undertaken to ensure the profitability of the investment.
24. At the time of the initial investment it is **highly unlikely** that Charnwood will secure borrowing at 100% of the capital value due to its cashflow position and internal borrowing capacity; therefore, the MTFS will benefit from lower interest costs than shown in the above appraisal. However, the internal borrowing position and associated interest rate risk must be monitored and managed, and additional external debt may need to be taken in the future.
25. In order to understand the impact and contribution this asset will make to Charnwood's MTFS, asset performance must be aligned to the timing of Charnwood's Financial Year and for Charnwood's MRP policy to be applied with a likely level of borrowing. The table below, presented for illustrative purposes, shows the financial return after costs assuming that none of the capital value is externalised and a nominal interest rate, payable internally, is applied.

Financial Year	Annual Net Yield
20/21	1.144%
21/22	4.638%
22/23	4.843%
23/24	4.804%
24/25	4.764%
25/26	4.723%
26/27	4.681%
27/28	4.637%
28/29	4.593%
29/30	4.548%
30/31	4.501%
31/32	4.453%
32/33	4.403%
33/34	4.353%
34/25	1.387%

APPENDIX – FINANCIAL PERFORMANCE

NO LONGER EXEMPT

The appendix contains exempt information by virtue of paragraphs 3 and 5 of part 1 of Schedule 12A of the Local Government Act 1972 and in respect of which, the Proper Officer considers that the public interest in maintaining the exception outweighs the public interest in disclosing the information.

The report contains financial information relating to a land transaction that, if in the public domain, could adversely affect the Council's ability to achieve favourable outcomes in the future.

Financial Performance

26. At the level of the second bid, Charnwood's total transactions costs will be:

Bid	£8,250,000
SDLT	£402,000
Agency Fee	£82,500
Surveys	£15,000
Legal and Contingency fees	£49,500
Total Expenditure	£8,799,000

27. The purchase will be funded by prudential borrowing. Prudential borrowing can be met through internal borrowing or by external borrowing. However, prudence dictates that analysis with external borrowing be undertaken to ensure the profitability of the investment. Using Market rates (2.20% as of 18 December 2020) and borrowing 100% of the total expenditure, the maximum costs of finance are shown below:

Loan amount	£8,799,000
Type & term	40yr, Maturity, Fixed rate
Interest rate with certainty	2.20%
Potential borrowing costs per full financial year.	£89,826.39

28. The resulting worst-case asset financial performance is modelled below, assuming no rental uplifts beyond 2022.

Lease year ending	Rent rec'd in Lease year	MRP - straight line asset mthd	Finance costs	Net Rent rec'd in lease year	NIY after costs
25/10/2021	£458,082.19	£0.00	£161,226.61	£296,855.58	3.37%
25/10/2022	£550,000.00	£219,975.00	£193,578.00	£136,447.00	1.55%
25/10/2023	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2024	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2025	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%

Lease year ending	Rent rec'd in Lease year	MRP - straight line asset mthd	Finance costs	Net Rent rec'd in lease year	NIY after costs
25/10/2026	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2027	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2028	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2029	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2030	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2031	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2032	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2033	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2034	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%
25/10/2035	£600,000.00	£219,975.00	£193,578.00	£186,447.00	2.12%

29. An important point to note: the straight line MRP method above is known as the “straight-line” method, where equal amounts of MRP are charged over the life of the loan. Charnwood has adopted the annuity life MRP method – a standard approach exemplified in the Code - as this is more appropriate for commercial property investments. As such, the MRP charges above will be less than those above. (i.e. Charnwood pays less MRP in early years and more in later years). In the remaining current financial year (2020/21) under either method, there will be no MRP payable.
30. At the time of the initial investment it is **highly unlikely** that Charnwood will secure borrowing at 100% of the capital value due to its cashflow position and internal borrowing capacity; therefore, the MTFs will benefit from lower interest costs than shown in the above appraisal. However, the internal borrowing position and associated interest rate risk must be monitored and managed, and additional external debt may need to be taken in the future.
31. In order to understand the impact and contribution this asset will make to Charnwood’s MTFs, asset performance must be aligned to the timing of Charnwood’s Financial Year and for Charnwood’s MRP policy to be applied with a likely level of borrowing. The table below, presented for illustrative purposes, shows the financial contribution assuming that none of the capital value is externalised and a nominal interest rate of 0.5%, payable internally, is applied.

Charnwood Financial Year	Rent rec'd in Financial Year	MRP - annuity life method	Finance Costs	Net Rent in Financial Year	Annual Net Return
20/21	£144,657.53		£43,995.00	£100,662.53	1.144%
21/22	£578,630.14	£126,539.79	£43,995.00	£408,095.35	4.638%
22/23	£600,000.00	£129,880.44	£43,995.00	£426,124.56	4.843%
23/24	£600,000.00	£133,309.29	£43,995.00	£422,695.71	4.804%
24/25	£600,000.00	£136,828.65	£43,995.00	£419,176.35	4.764%
25/26	£600,000.00	£140,440.93	£43,995.00	£415,564.07	4.723%
26/27	£600,000.00	£144,148.57	£43,995.00	£411,856.43	4.681%

Charnwood Financial Year	Rent rec'd in Financial Year	MRP - annuity life method	Finance Costs	Net Rent in Financial Year	Annual Net Return
27/28	£600,000.00	£147,954.09	£43,995.00	£408,050.91	4.637%
28/29	£600,000.00	£151,860.08	£43,995.00	£404,144.92	4.593%
29/30	£600,000.00	£155,869.18	£43,995.00	£400,135.82	4.548%
30/31	£600,000.00	£159,984.13	£43,995.00	£396,020.87	4.501%
31/32	£600,000.00	£164,207.71	£43,995.00	£391,797.29	4.453%
32/33	£600,000.00	£168,542.80	£43,995.00	£387,462.20	4.403%
33/34	£600,000.00	£172,992.33	£43,995.00	£383,012.67	4.353%
34/35	£343,561.64	£177,559.32	£43,995.00	£122,007.32	1.387%

APPENDIX – HEADS OF TERMS



HEADS OF TERMS
Instruction: Epwijn, Scunthorpe

Subject to Contract

Date:	15 December 2020
Property:	Cupola Way, Normanby Enterprise Park, Scunthorpe, DN15 9YJ
Purchase Price:	£8,250,000 (Eight Million, Two Hundred and Fifty Thousand Pounds)
Vendor:	Thorpe Property Limited C/o Investra Capital
Vendor's Agent:	ADS Real Estate Advisors Bond House 19-20 Woodstock Street London W1C 2AN FAO: Anthony Sidoli DD: 07743 207051 Email: anthony@adsre.co.uk FAO: Simeon Cohen DD: 07500 333 640 Email: simeon@adsre.co.uk
Vendor's Solicitor:	Forsters LLP 31 Hill Street London W1J 5LS FAO: Anthony Goodmaker DD: 020 7863 8350 Email: anthony.goodmaker@forsters.co.uk
Purchaser:	Charnwood Borough Council
Purchaser's Agent:	Jones Realty 83 Baker Street London W1U 6AG FAO: Andy Byrne DD: 07779 611 765 Email: andy@jonesrealty.co.uk

Purchaser's Solicitor:	<p>Bevan Brittan LLP Fleet Place House 2 Fleet Place London EC4M 7RF</p> <p>FAO: Ian Caplan DD: 0370 194 7738 Email: ian.caplan@bevanbrittan.com</p>
Property Information:	<p>The Property is let to Specialist Building Products Limited, guaranteed by Epwin Group Plc, for a term of 18 years from 26 October 2017.</p> <p>The passing rent is £550,000 per annum. The rent increases to £600,000 per annum on 26 October 2022. The rent is subject to 5 yearly open market reviews thereafter.</p>
Tenure:	Freehold.
Funding:	The acquisition is to be fully funded through equity resources. No <u>third party</u> finance is required.
Conditions:	<p>Subject to:</p> <ul style="list-style-type: none"> ▪ Contract; ▪ Satisfactory legal due diligence; ▪ Receipt of a complete legal pack excluding Searches; ▪ Verification of the information provided to date; ▪ Measured survey; ▪ Building survey; ▪ Environmental survey; ▪ Purchaser's Delegated Decision Record approval.
Covid Rent Concession:	<p>The tenant is currently in a period of rent concession due to Covid 19, on the following terms.</p> <ul style="list-style-type: none"> ▪ Half rent is to be paid monthly in arrears, on every 25th day of the month, starting 25th April 2020. ▪ This arrangement will last for a maximum of 12 months, ending 25 March 2021. ▪ The Tenant is to pay the balance of the rent on 25 March 2021. ▪ The tenant can look to repay the rent earlier if they wish. <p>For the purpose of the sale the rent will be topped up to the full rent from the date of completion to the 25 March 2021.</p> <p>The notional arrears that have arisen as a result of the Covid rent concession will not be assigned to the Vendor on completion. Instead, the right to</p>

	recover the deferred sums will remain with the Vendor (and notified to the tenant in the rent authority letter on completion), but the Vendor may not bring any forfeiture or insolvency and/or bankruptcy proceedings against the tenant.
Timing:	Surveys to be undertaken on 16 December 2020 and cleared 5 working days thereafter. Simultaneous exchange and completion in 10 working days from receipt of a full legal pack, excluding Searches.
Approvals:	The Council's Delegated Decision Record is to be signed within 5 working days from agreement of Heads of Terms.
VAT:	The Property is elected for VAT. It is envisaged that the transaction will be treated as a Transfer <u>Of</u> A Going Concern (TOGC).
Capital Allowances:	All available Capital Allowances are to be passed to the purchaser.
Anti-Money Laundering:	The Purchaser and Vendor are to provide the required anti-money laundering information prior to exchange of contracts.
Costs:	Each party is to be responsible for their own costs.
Exclusivity:	The Purchaser is to benefit from an exclusivity period for the duration of the timescales stated herein.

NO LONGER EXEMPT

EXECUTIVE DECISION RECORD
CABINET LEAD MEMBER: COUNCILLOR MORGAN

NO LONGER APPLIES

Reasons for exemption

Publication of this document and the attached report would involve the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The report provides information about a commercial property purchase and related legal advice. Disclosure of this commercially sensitive information prior to completion of the purchase could put the transaction at risk, and it is not, therefore, in the public interest for it to be disclosed.

COMMERCIAL PROPERTY PURCHASE: SCUNTHORPE

The Decision

The Leader approves the following recommendations:

1. To acquire the commercial investment property detailed in the Part B report.
2. To approve the Heads of Terms as set out in the appendices of the Part B report and to delegate authority to the Service Director – Commercial Development, Assets and Leisure to continue negotiations and finalise the transaction based on these Heads of Terms.
3. To delegate authority to the Head of Strategic Support to complete the legal transactions.

Reasons

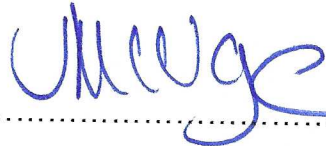
1. Purchasing this property is a prudent investment and will support the Medium Term Financial Strategy (MTFS). The proposed acquisition is in line with the Council's approved Commercial Property Investment Strategy. By investing capital in the purchase of this property, the Council will receive a revenue income and will be the freehold owner of the property. Ultimately, the purchase will support MTFS, thereby protecting the delivery of services to Charnwood's residents.
2. Delegation of authority will allow for the timely completion of the transaction, as well as timely decision making should additional negotiation be required. The Leader, Deputy Leader, Chief Executive, S151 officer and Monitoring officer will be consulted throughout the transaction to completion.

3. To allow for timely completion and signing of contracts.

Authority for Decision

On 8th September 2020, the Leader delegated Executive authority to himself, or in his absence to the Deputy Leader, to approve the purchase and sale of commercial properties.

Approved:



Date:

18/12/20

Leader of the Council

Decision under Delegated Powers

Officer Requesting Decision

Sustainability Officer

Officer Making the Decision

Head of Planning and Regeneration

Recommendation

1. That delegated authority be given to the Strategic Director of Commercial Development, Asset and Leisure to enter into a lease, and other legal agreements as may be necessary, with a supplier of Electric Vehicle Charging points pursuant to the Government's On Street Residential Chargepoint Scheme; and
2. That delegated authority be given to the Head of Planning and Regeneration to enter into a procurement exercise using a framework agreement to select a supplier to deliver an On Street Residential Chargepoint Scheme.

Reason

1&2 to ensure that there is authority to enter into the agreements necessary to secure electric vehicle chargepoints on council owned assets under the Government's On Street Residential Chargepoint Scheme

Authority for Decision

Delegation of Executive functions - Section 8.3 of the Constitution states that the Chief Executive, Strategic Directors and Heads of Service can take such action as is required in the case of an emergency or **urgency** subject to:

- (i) consultation with the Leader (or, in the Leader's absence, the Deputy Leaders);
- (ii) consultation with the Chief Executive and relevant Strategic Directors in each case; and
- (iii) a report on the action taken being made to the next meeting of the Cabinet.

Decision and Date



6 November 2020

Background

- 1.1 The Countywide Green Agenda Group, attended by the Head of Planning and Regeneration and chaired by the Harborough District Council Chief Executive, is working collaboratively to prepare grant funding bids for the On-Street Residential Chargepoint Scheme (ORCS) operated by the government Office for Low Emission Vehicles (OLEV). The purpose of the scheme is to increase the availability of on-street charging points within easy reach of residential streets where off-street parking is not available, thereby ensuring that on-street parking is not a barrier to realising the benefits of owning a plug-in electric vehicle. 'Easy reach' is defined under the scheme as within a 7 minute walk time from the residential areas. Due to the nature of the scheme locations must be on council owned land.
- 1.2 There are benefits to carbon reduction for the Borough by encouraging residents to switch to electric cars. This meets the objectives in the Climate Strategy (2018) to promote carbon reduction in the wider community.
- 1.3 The OLEV grant only came to the attention of the Council in October as a consequence of the collaborative working through the County Green Agenda Group. The current government grant scheme runs until 31 March 2021, having already been extended by a year by OLEV. It is not known if the grant will be extended into 2021/22. The grant is administered by the Energy Saving Trust and is paid directly to the local authority. The project must be completed by 31 March 2021 to be eligible for grant.
- 1.4 Although the Council is open to working with any supplier of electric charge points, the timescales involved in a tendering exercise to procure a supplier and deliver a project make it unlikely to be achieved before the grant window closes in March 2021. In this context, the merits of an ORCS project between Blaby District Council and a supplier called Electric Blue was presented to the Countywide Green Group at its last meeting on 1 October. Interested authorities were invited to consider working with Electric Blue to investigate and assess feasibility for charge point locations in their areas. Such an arrangement would require Electric Blue to be selected off a procurement framework to ensure procurement rules are met. Electric Blue have confirmed they have capacity to work with the council to deliver an ORCS project before the end of the year if we provide in principle confirmation by 16 November. It is intended that the Head of

Planning and Regeneration will then make the bid to OLEV for funding before December 2020 subject to the feasibility of the project.

- 1.5 Subject to site feasibility criteria being met, Electric Blue will install and maintain 7Kw twin fast chargers for a seven-year period under a lease agreement. After seven years the council would take ownership and liability for maintenance/operation. The funding model requires 10% contributions from the local authority with the remainder made up by 15% from Electric Blue and 75% from OLEV grant. The charging points would be connected to Electric Blue's own meters and electricity would be paid for by Electric Blue with customers paying for the electricity they use directly to Electric Blue. Any surplus profit would be returned to the Council although this is not expected to be significant. Based on other projects, it is estimated that the capital contribution from the council for a notional 15 charge points would be in the region of £9,750. Electric Blue are currently being approached to ascertain broad cost proposals based on the interest from Hinckley, Harborough, Oadby and Wigston, Charnwood and North West Leicestershire.
- 1.6 Officers have undertaken a desk based feasibility exercise to consider car parks the Council owns across the Borough that might meet the ORCS criteria and have submitted this to Electric Blue for further review and feasibility testing in terms of power supply capacity and proximity. In order to take the project further forward, an executive decision will be required before 16 November to enable Electric Blue to commit resources to the project and so officers can apply for the OLEV grant to ensure the project is delivered before the end of March 2021. Electric Blue will undertake works at its own risk in advance of the grant award being made and the council is not liable for any expenditure that is made by the company should the project not be taken forward.

Reason for urgency

- 1.7 This level of funding and the lease would normally require a Cabinet approval but as expressions of interest need to be made by mid November 2020 and bids to OLEV made before December, there is insufficient time to take a decision to Cabinet if the chosen supplier is to have time to deliver the project by year end.

Comments from HR

N/A in this case.

Financial Implications

The overall cost of the scheme is estimated at £97,500 based on 15 chargepoints but the value will depend on the feasibility of the sites identified by the council, which will be subject to due diligence by the supplier. 75% of the costs would be paid to the Council by OLEV to pay the supplier to providing the service with 15% being invested by the supplier and 10% by the Council. This is likely to be in the region of £9,750. 75% of the OLEV grant is

paid on award with 25% paid on completion of the project. There is sufficient funding available through the remaining Carbon Management Plan Capital or Carbon Neutral Action Fund capital to support this project.

Consultation with Leader (or deputy appointed)

The Leader, Councillor Morgan has been consulted and confirmed that he was content with the approach.

Consultation with Chief Executive and relevant Strategic Director(s)

The Proposal has been considered and endorsed by the Carbon Neutral Board at its meeting on 2 November 2020. The Strategic Director of Commercial Development, Assets and Leisure has been consulted and has raised no objections to the proposed project in principle. The wider Senior Leadership Team including the Chief Executive have been consulted and they have no objections to the proposal or the need for an urgent decision.

Risk Management

List risks in table below or state that 'No specific risks have been identified'

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
That the grant is not approved by OLEV in principle and the project cannot proceed	Unlikely (2)	Minor (1)	Very low (2)	The costs and risks of of progressing the project are borne by the supplier
That none of the identified locations prove to be feasible and the project cannot be taken any further forward	Unlikely (2)	Minor (1)	Very low (2)	The costs and risks of of progressing the project are borne by the supplier

Key Decision: No

Background Papers: None

Decision under Delegated Powers

Officer Making the Decision

Strategic Director of Environmental & Corporate Services

Recommendation

That the policy for the operation of the Business Grant Funds, created to support businesses during the November to December 2020 national lockdown and periods of local restrictions, be approved as set out at Appendix A.

Reason

To take action in relation to a matter which would otherwise have been submitted to Cabinet.

Authority for Decision

*Delegation of Executive functions*_- (Section 8.3 of the Constitution states that the Chief Executive, Strategic Directors and Heads of Service can take such action as is required in the case of an emergency or urgency subject to:

- (i) consultation with the Leader (or, in the Leader's absence, the Deputy Leaders);
- (ii) consultation with the Chief Executive and relevant Strategic Directors in each case; and
- (iii) a report on the action taken being made to the next meeting of the Cabinet.

Decision and Date



18 November 2020

Background

Following a surge in Coronavirus infections in autumn 2020, the government announced a suite of Business Grants to support businesses during the November to December 2020 national lockdown and periods of local restrictions. These Grants are summarised below:

Local Restrictions Support Grant (Closed) – Original Scheme

This Grant is for businesses that were required to close under Local Covid Alert Level 'Very High' restrictions (LCAL 3). The Grant is targeted at businesses that were open as usual and providing in-person services to customers from their business premises and then required to close for a consecutive period of no less than 14 days as a result of regulations made, such as pubs, restaurants and non-essential retail businesses.

LCAL 3 has been superseded by the National Lockdown imposed from 5 November 2020. This Grant has not so far been generally applicable to businesses in Charnwood as the Borough has not, to date, been the subject of 'Very High' restrictions. However, this Grant Scheme may become applicable should Charnwood be designated LCAL 3 following the cessation of the period of National Lockdown. In this case the Scheme, which has no discretionary element], would be administered in accordance with the extant guidance.

National Restrictions Support Grant (Closed)

An Addendum to the Closed Scheme guidance provides conditions that supersede the original Closed Scheme and, in effect, introduces equivalent payments to businesses that have to close in the period of National Lockdown.

Businesses that are eligible for this Grant (*National Restriction Closed*) are those that have been mandated to close by Government and include non-essential retail, leisure, personal care, sports facilities and hospitality businesses.

Grant payments are prescribed on a sliding scale based on the rateable value of property occupied as follows:

- Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under on the date of the commencement of the widespread national restrictions will receive a payment of £1,334 per 28-day qualifying restriction period
- Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the widespread national restrictions will receive a payment of £2,000 per 28-day qualifying restriction period.

- Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the widespread national restrictions, will receive £3,000 per 28-day qualifying restriction period.

There is no discretionary element to this scheme.

The Government will fund this Scheme in full, topping up original local authority allocations if required.

Additional Restrictions Grant

The Addition Restrictions Grant (*ARG*) is discretionary in nature. Under the ARG, local authorities will receive a one-off lump sum payment amounting to £20 per head of population (representing £3.7m for Charnwood) when LCAL 3 or widespread national restrictions are imposed. Local authorities can use this funding for business support activities which the Government envisage will primarily take the form of discretionary grants, but could also be used for wider business support activities.

The Scheme commenced from 14 October 2020 and applies from when LCAL 3 or National Lockdown restrictions apply; the latter is the case for Charnwood giving an effective commencement date for the Scheme of 5 November 2020.

The ARG funding can be used across Financial Years 2020/21 and 2021/22. It seems highly likely from the guidance available at this date that no additional ARG funding over and above the initial £3.7m allocation will be available.

Based on feedback from local businesses to the effect that businesses would prefer to receive cash as soon as possible, rather than in a more graduated way, the policy for the operation of the Business Grant Funds will address the initial distribution of ARG which is intended to disburse 75% of the Charnwood allocation (ie. approximately £2.7m).

Local Restrictions Support Grant (Open)

This Grant (*LRSO Open*) targets businesses that were still open but severely impacted by Local Covid Alert Level 'High' (LCAL 2) and 'Very High' (LCAL 3) restrictions. This strand of support was announced 22 October 2020 to help kickstart recovery for businesses that are not legally required to close. This Grant is retrospective, applying from 1 August 2020, but ceased to apply when the National Lockdown commenced. In the case of Charnwood this Grant applied immediately prior to the National Lockdown and covered the period 30 October to 4 November 2020 inclusive.

Local Authorities will receive funding based on the number of hospitality, hotel, bed & breakfast and leisure businesses there are in their area. Funding is calculated on a guideline award for these businesses plus a 5% top-up, reflecting a recognition that businesses not falling within the above definitions

will also be severely impacted. However, whilst the Government would expect the funding to be targeted at hospitality, hotel, bed & breakfast and leisure businesses, local authorities have the freedom to determine the precise eligibility criteria for these grants.

Given the short time period for which this Grant Scheme applied, it is intended that the Charnwood allocation will be distributed with the initial tranche of ARG funding.

Local Restrictions Support Grant (Sector)

This Grant (*LRSB Sector*) is intended to support businesses – nightclubs and similar - that have been required to close nationally since 23 March 2020 in all 314 business rate billing local authorities. The Grant applies only from 1 November 2020 and is not retrospective.

Grants are payable as follows:

- Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under on the date of the commencement of the national restrictions will receive a payment of £667 per 14-day qualifying restriction period
- Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the national restrictions will receive a payment of £1,000 per 14-day qualifying restriction period.
- Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the national restrictions will receive a payment of £1,500 per 14-day qualifying restriction period.

Subject to State aid limits, businesses will be entitled to receive a grant for each eligible hereditament per 14-day period of national restrictions that require them to close from 1 November 2020. Businesses may receive more than one grant where they have more than one eligible hereditament

The Government will fund this Scheme in full, topping up original local authority allocations if required.

Grant administration process

There are very few businesses in Charnwood which qualify for the LRSB Sector Grant and the grant payments will be managed by making direct contact with these businesses.

Certain businesses that qualify for LRSG Closed Grants can be paid automatically (as relevant details are held within Council systems) and this will be done where possible.

For other businesses claiming LRSG Closed Grants, and ARG or LRSG Open Grants, an on-line application form will be available.

The Council's policy in respect of the discretionary element of these grants is set out at Appendix A, and approved by reason of this decision.

The assessment criteria and scoring matrix used to apply this policy is set out at Appendix B.

Financial Implications

The cost of these grants are fully funded by government; the Council has been allocated amounts as follows:

- National Restrictions (Closed) £2,370,744 (initial allocation)
- ARG £3,717,020
- LRSG Open Allocation yet to be advised
- LRSG Sector Allocation yet to be advised

The ARG and LRSG Open funds are fixed; the National Restrictions (Closed) and LRSG Sector funds may be topped-up (or subject to Government clawback) subject to actual demand.

The Council will receive new burdens funding, details of which are still awaited, to cover the costs of administering the fund; however, in general, the administration costs related to these Grants will be covered out of existing budgets.

Consultation with Leader and Deputy Leader

Following an informal briefing, a fair draft of this policy was used to consult with Cabinet Members (including the Leader and Deputy Leader) and it was confirmed that this could be used as the basis for the final policy. (There are no material differences between the consultation draft and final version as set out at Appendix A.)

Consultation was also undertaken with the Chief Executive and relevant Senior Leadership colleagues as required by the delegation.

As a result of the consultation it is concluded that the recommendation of this report is both necessary and urgent.

Risk Management

There are unavoidable inherent risks within the discretionary elements within these Grant schemes around the prioritisation of different business sectors and the rationing of grant payments (hence it is inevitable that there will be disappointed applicants) but there are no specific risks associated with this decision.

Key Decision:	Yes
Date included on Forward Plan	Special Urgency Notice and exemption from Call In approved by the Chair of Scrutiny Commission on 16 November 2020
Background Papers:	None
Appendix A	Charnwood Business Grants (November 2020) policy
Appendix B	Assessment and scoring matrix

APPENDIX A

CHARNWOOD BOROUGH COUNCIL **BUSINESS GRANT SUPPORT POLICY**

1. Background to Business Grants

- 1.1 The Covid-19 pandemic is unprecedented and has had an immediate and significant impact on the borough of Charnwood. On Wednesday 28 October 2020, the Government announced that in order to curb rising infection rates, Charnwood Borough had been placed into a High alert level (Tier 2) which came into force on Friday 30 October 2020. This meant that support became available for businesses in the hospitality, hotel, bed & breakfast and leisure sector that remained open but were significantly impacted by the Tier 2 restrictions.
- 1.2 Furthermore, in response to the increasing infection rate recently experienced across the nation as a result of Coronavirus Pandemic a 28-day national lockdown came into force as of 00:01 on the 5th November and will be in place until the 2nd December.
- 1.3 As a result, the Government has now provided guidance and funding for several grants, which the Council is administering, covering different time periods and different business sectors as follows:

Time Period	Name of Fund	Description
30 Oct 2020 to 04 Nov 2020	Local Restrictions Support Grant (Open)	Support for businesses in the hospitality, hotel, bed & breakfast and leisure sectors that have remained open under Tier 2 restrictions of up to £2,100 for 4 weeks
01 Nov 2020 to 04 Nov 2020	Local Restrictions Support Grant (Sector)	Support for businesses that were required to close in March 2020, and which have never been able to re-open (for example nightclubs) of up to £3,000 for 4 weeks.
05 Nov 2020 to 02 Dec 2020	National Restrictions Support Grant (Closed)	Support for businesses that have legally been forced to close under the conditions of the national lockdown of up to £3,000 for 4 weeks
05 Nov 2020 - onwards	Additional Restrictions Grant	Support for businesses affected by reduced trading conditions experienced during national lockdown. Focusing on the hospitality, accommodation, beauty and leisure sectors, and non-essential retail.

Not yet invoked	Local Restrictions Support Grant (Closed)	Support for businesses in the hospitality, accommodation, beauty and leisure sectors that have legally been forced to close under Tier 3 restrictions of up to £3,000 for 4 weeks
-----------------	--	---

1.4 Details are of the grants are set out below:

1.5 **Local Restrictions Support Grant (Open)** - for hospitality, accommodation and leisure businesses that could remain open under Tier 2 and Tier 3 restrictions but are significantly affected

An eligible business may receive a payment for each 28-day period for as long as Tier 2 or Tier 3 restriction are in place.

If the eligible business occupies a property with a rateable value (RV) as follows:

- RV less than £15,000 – Grant of up to £934 per 28-day period
- RV is between £15,000 and less than £51,000 – Grant of up to £1,400 per 28-day period
- RV is over £51,000 - Grant of up to £2,100 per 28-day period

If the applicable period for the grant is less than 28 days, the Council reserves the right to pro-rata the grant accordingly

1.6 **Local Restrictions Support Grant (Closed)** - for businesses forced to close due to COVID restrictions under Tier 3 or national lockdown conditions

If the eligible business occupies a property with a rateable value as follows:

- RV of less than £15,000 - Grant of £667 for each 14-day period the business is closed in the qualifying restriction period.
- RV of between £15,000 and less than £51,000, Grant of £1000 for each 14-day period the business is closed in the qualifying restriction period
- RV of £51,000 or above - Grant of £1,500 for each 14-day period the business is closed in the qualifying restriction period

Grants will be based on the rateable value of the property on the first full day of local lockdown restrictions.

Grants will be paid every 28 days under the conditions of a national lockdown, and every 14 days under localised tier 3 conditions. If the applicable period for the grant is different the value of the award will be pro-rata'd accordingly.

1.7 Local Restrictions Support Grant (Sector) - businesses that were required to close in March 2020, and which have never been able to re-open (for example nightclubs)

If the eligible business occupies a property with a rateable value as follows:

- RV of less than £15,000 - Grant of £667 for each 14-day period the business is closed in the qualifying restriction period.
- RV of between £15,000 and less than £51,000, Grant of £1000 for each 14-day period the business is closed in the qualifying restriction period
- RV of £51,000 or above - Grant of £1,500 for each 14-day period the business is closed in the qualifying restriction period

Grants will be based on the rateable value of the property on the first full day of local lockdown restrictions.

Grants will be paid every 28 days under the conditions of a national lockdown, and every 14 days under localised tier 3 conditions. If the applicable period for the grant is different the value of the award will be pro-rata'd accordingly.

There is no back-dating of the scheme, with payments applicable from 1 November 2020. Businesses will be contacted directly by the Council if they meet the criteria for this scheme.

The Local Restrictions Support Grants (both Open and Closed) apply from when the Council is informed of its 'tier status' as a result of Covid. All grants are subject to sufficient government funding being made available and are capped at the respective funding levels.

1.8 The Additional Restrictions Grant Fund - Support for businesses affected by reduced trading conditions experienced during national lockdown and Tier 2 and Tier 3 restrictions. It will be up to Local authorities to develop discretionary grant schemes to help those businesses which – while not legally forced to close – are nonetheless severely impacted by the restrictions put in place to control the spread of Covid-19. This could include – for example – businesses which supply the retail, hospitality, and leisure sectors, or businesses in the events sector and those outside the business rates system, which are effectively forced to close – for example market traders.

2.0 Local Discretionary Support Grant (also known as Additional Restrictions Grant)

2.1 The grant fund for the Charnwood Borough area is being managed by Charnwood Borough Council, which is responsible for delivering grants to eligible businesses and charities. The Council must follow the

guidance set by the Government. The Council has authority to make these payments under Section 1 of the Localism Act 2011.

- 2.3 The Council has decided to set out the scope of the LDSG scheme on their website, providing clear guidance on which types of business are being prioritised, as well as the rationale for the level of grant to be provided.
- 2.4 The Government intends that this grant scheme widens access to support to businesses that are struggling to survive due to the latest shutdown or tier restrictions. Local authorities are asked to make payments as quickly as possible to support struggling businesses. Once applications have been received. Charnwood Borough Council will progress these payments as a matter of urgency but recognise the need to undertake a thorough assessment and appropriate due diligence before grants are paid.
- 2.5 Due to the very compressed timescales to meet these expectations of the Government and businesses, the Council has only been able to complete limited consultation with external partners on the development of this policy but has liaised fully with neighbouring local authorities to inform it. The Council has taken full account of the requirements of Government (as set out in the guidance received on the 3rd Nov 2020) and the issues and questions that have arisen locally and nationally through the delivery of previous grant schemes.

Potential applicants will be/are asked to note that:

1. Businesses that have already received grant payments that equal the maximum levels of State aid permitted under the de minimis and the Covid-19 Temporary State Aid Framework will not be eligible for this grant scheme (as identified in para 29 of the guidance). The Council does not have the discretion to vary this position
2. Grants under this scheme will be subject to tax in line with the applicant's tax arrangements. For businesses, the Government advises this is only where there is an overall profit for the tax year once this award is included.
3. Grants awarded under this scheme will not generally affect the Council's business ratings list or any rates charges payable by the recipient.
4. Notwithstanding this, any applicant who should in fact be added to the rates list will be, which may result in a rates bill.

3.0 Total funding available

- 3.1 The Government has allocated £3.71m towards this funding and that is to stretch to cover this lockdown period and any future potential lockdown periods or tier 2 and 3 restrictions. Due to this it is expected that a proportion of funding will be set aside to support businesses through any future lockdowns or tiered restrictions should they be put into place. It is expected this will be around 25% of the total allocation.
- 3.2 As per para 13 of the guidance Local Authorities can use this funding for business support activities. The Council envisages that this will primarily take the form of discretionary grants. However, the Council reserves the right to commit a proportion of this funding for wider business support activities should it be viewed that this would be of more benefit.
- 3.3 As is likely to be the case in the Charnwood area, over subscription to the funding available for this scheme will require local authorities to prioritise which types of businesses will receive funding, the Government states it will be at the local authority's discretion as to which types of business are most relevant to their local economy. There will be no penalty for local authorities because of their use of discretion to prioritise some business types.

4.0 Who may benefit from Charnwood's Local Discretionary Support Grant?

- 4.1 The Government suggests that local authorities may wish to consider collaborating as they design their discretionary schemes to ensure consistency where they are working across a functional economic area, notably here the Leicester and Leicestershire Local Enterprise Partnership (LLEP) area; and to ensure alignment and reduce duplication with any other local discretionary business grants that may have been established. The councils within the LLEP area are mindful of this suggestion, however the extent to which this can be achieved in practice will be limited by the significant time constraints and by local priorities.
- 4.2 As set out by the Government, the LDSG is to be primarily and predominantly allocated taking into consideration the following points.
- Ongoing fixed costs
 - The amount of staff they employ
 - Losses incurred as a result of lockdown
 - Ability to trade online during the lockdown period

- 4.3 National priorities - Nationally the Government's guidance has encouraged that this fund is used to help businesses that were not forced to close but severely impacted (e.g. suppliers to the retail, hospitality, leisure or events industry).

The LDSG is available both to eligible businesses that plan to continue operating and, in a different way, to those that are required to close for the period of these restrictions (at least four weeks).

- 4.4 Other eligibility criteria that must be met to be able to access this grant are that the business:

- Can't be insolvent
- Can't be in administration
- Can't have a striking off notice
- Must adhere to state aid requirements by receiving the funding

- 4.5 Charnwood Borough Council (CBC) wishes to support those businesses that adhere to the priorities as set out in section 4 and can demonstrate significant hardship is being experienced as a result of the recent lockdown. In order to assess against this CBC has set up an application process that applicants will be required to fill in. This will be explored further in section 5.

5. Application Process and Timescale

- 5.1 The Government recognises that local authorities will need to run some form of application process as the potential beneficiaries are highly unlikely to be known directly by the local authorities. Also, the Council must manage the process in a fair and equitable manner within the funding available.

- 5.2 In order to make this process as easy as possible for businesses the Council intends to run 1 application form for the LRSF and LDSG. Once received the Council will then assess which grant businesses are eligible and allocate the funding this way.

The Council invites applications via its website www.charnwood.gov.uk

Any applicant who is unable to apply via the website should contact DFG@charnwood.gov.uk to request support in completing an application

5.3 Applications can be made from 19th Nov to midnight on 3rd December. Potential applicants should assume that this window will not be extended, although the Council reserves the right to do so.

5.4 The Council's website will set out the information required from applicants, which will be the minimum reasonably required to establish eligibility and enable a fair and equitable assessment of grant entitlement. Applicants will be asked to evidence or demonstrate the following:

- Compliance with the scheme eligibility requirements
- Ongoing fixed business-related costs
- Identification of the business and the person making the application
- Evidence of trading at 5 November 2020
- Evidence that the bank account into which any grant will be paid properly relates to the business, charity, etc.

Depending on the status of the applicant, applicants may also be asked to demonstrate:

- A significant fall in income due to the COVID-19 crisis
- Number of jobs directly supported by the business or charity
- Whether any other grants or financial support has been received

5.5 The Council will individually assess and validate applications as they are received and may request further information should it be required. The pre-payment checks will include confirming eligibility, checks against Companies House and other government websites.

5.6 Applicants would also be asked to confirm that by accepting payments they are in compliance with State Aid rules, that to the best of their knowledge they are eligible for the scheme, and acknowledge that the council reserves the right to recover any funding made in error or as the result of misleading information being submitted and that they are happy for their information to be stored in adherence to the relevant GDPR regulations. The Council's website will require applicants to confirm acceptance of various compliance statements through tick boxes.

5.7 The Council will undertake written post payment assurance around compliance, in particular State Aid as per the request set out in the guidance provided by national government for post payment monitoring and reporting

- 5.8 There is no right to appeal, and the decision of the Council is final. The Council's interpretation of this document is at its own discretion and it will be the final arbiter of the definitions contained within this policy.
- 5.9 The Local Discretionary Support Grant Scheme applies initially for a 28-day period. If the lockdown arrangements are extended or tiered restrictions are imposed, and additional Government funding is made available, further consideration will be given as to how the funds will be distributed for example further tranches of the scheme.

6.0 How will the value of grants be calculated?

6.1 The Government guidance states that in taking decisions on the appropriate level of grant, local authorities may want to consider the level of:

- Fixed costs faced by the business in question,
- The number of employees,
- Whether businesses have had to cease trading and are unable to trade online
- The consequent scale of impact of this lockdown on income

6.2 The Council has considered this statement and has developed an application process and assessment criteria that take these considerations into account.

In addition, Charnwood Borough Council will also consider:

- Independent locally owned businesses with a longstanding commitment to Charnwood
- Any previous grant or financial support businesses may have already received during the pandemic

6.3 Charnwood Borough Council has determined that the value of any grants awarded will be in the following bandings:

- £1,000
- £2,500
- £5,000
- £10,000
- £20,000

The value of the grant awarded will be dependent on the outcome of the scoring of the application against the criteria as set out in 6.1 and 6.2. The value of the grant awards may be pro rata'd should the

qualifying number of applications exceed the funding pot available.

- 6.4 As allowed within the guidance, the Council reserves the right to award a higher level of funding to support larger businesses that are important to our local economy. This allocation will be determined on a case by case basis.
- 6.5 The emphasis of this fund will be on making meaningful payments to those in significant need, rather than paying as many businesses as possible small amounts. Due to this, grants will be determined on a case by case basis following careful consideration of the information provided. Therefore, an application to this grant scheme does not guarantee that a grant will be received.
- 6.6 We reserve the right to modify and/or withdraw each grant award and its associated conditions, particularly to ensure that public money is spent well. This may be in response to changes in national legislation, local economic and health conditions and changes in funding circumstances. Any payments made outside of the payment cycles will be pro-rata'd accordingly.

7.0 Managing the Risk of Fraud

- 7.1 The Council and the Government will not accept deliberate manipulation and fraud. Any business or person caught falsifying their records or the information submitted to gain a grant award will face prosecution and any funding issued will be subject to clawback, as may any grants paid in error.
- 7.2 The Government's grants management and counter fraud functions will provide local authorities with access to 'Spotlight', a digital assurance tool. This tool will also assist the Council with pre and post payments assurance, including identification of high-risk payments. There will also be joint working across councils and government departments in preventing fraud.
- 7.3 The Council also reserves the right to use any details submitted by businesses to check against national records and databases to highlight any potentially fraudulent activity.

8. Policy Review

- 8.1 This policy has been written in line with Government guidance. It will be subject to dynamic review as circumstances dictate and in line with future clarifications and changes that may be announced by the Government.

Strategic Director of Environmental & Corporate Services

Charnwood Borough Council

November 2020

APPENDIX B

CHARNWOOD ADDITIONAL RESTRICTIONS GRANT: SCORING MATRICES & GRANT ALLOCATIONS v.1.0.

Grants in the following categories are awarded based on eligibility, and then calculated according to algorithm set out within the policy, as follows:

Score	0	1	2	3	4
Maintain and support employment in Charnwood Each owner / director and full-time jobs counts as ONE; each part-time job counts as HALF		Jobs supported: 2 or fewer jobs	Jobs supported: 2.5 – 10 jobs	Jobs supported: 10.5 – 20 jobs	Jobs supported: Above 20 jobs
Have relatively high on-going fixed costs Include things such as overheads, insurance etc..	Ongoing fixed business costs £0 - £999	Ongoing fixed business costs £1,000 - £10,000	Ongoing Fixed business costs £10,001 - £25,000	Ongoing Fixed business costs £25,001 - £51,000	Ongoing Fixed business costs £51,000+
Can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis Assess based on self-certification and understanding of the business Consider whether business could mitigate CV19 losses via – e.g – home working (Examples where we would not generally expect significant impact include professional services such as accountants, lawyers, etc, or where we think businesses could / should have operated effectively on-line)	No income loss to business	Some loss of income due to CV19 appears likely: 0-25% loss	Significant loss of income due to CV19 appears likely: 26 - 50% loss	Major loss of income due to CV19 appears likely 51-75% loss	Total loss of income due to CV19 appears likely 76 -100% loss

Score	0	1	2	3	4
Independent locally owned businesses/charities with a commitment to Charnwood Actual base of operations is deciding factor; registered offices may be ignored if essentially just a post box for statutory services	Not an independent locally owned business/charity	Independent, locally owned business/charity based within Charnwood			
Online Trading Does the business solely trade online, have a mixed model or only offer in person services		Online business model	Mixed business model (online and face to face)	Business only offers in person services	
Has the business received any previous business grants or financial support? May have received previous business grants or loans – furlough or SEISS are disregarded for this purpose	Yes, previous grant or financial support received	No previous support received			

Grant allocations:	
Score 16 – 18	Standard award of £20,000 (No restriction possible)
Score 14 – 15	Base award of £10,000 Restrict pro rata if number qualifying result in funding pot being exceeded
Score 11 - 13	Base award of £5,000 Restrict pro rata if number qualifying result in funding pot being exceeded
Score 8 – 10	Base award £2,500 Restrict pro rata if number qualifying result in funding pot being exceeded
Score 6 -7	Base award £1,000 Restrict pro rata if number qualifying result in funding pot being exceeded
Score 0 – 5	No award

Decision under Delegated Powers

Officer Requesting Decision

Alison Simmons, Head of Strategic and Private Sector Housing

Officer Making the Decision

Rob Mitchell, Chief Executive

Recommendation

To enter into a Next Steps Accommodation Funding Agreement with Homes England to enable the Council to receive grant award of £586,487.

Reason

The grant will be used to provide accommodation and support for those who are homeless, at imminent risk of homelessness and rough sleepers.

The Funding Agreement must be signed by all Parties prior to any funds being distributed to the Council.


Authority for Decision

Delegation of Executive functions - Section 8.3 of the Constitution states that the Chief Executive, Strategic Directors and Heads of Service can take such action as is required in the case of an emergency or **urgency** subject to:

- (i) consultation with the Leader (or, in the Leader's absence, the Deputy Leaders);
- (ii) consultation with the Chief Executive and relevant Strategic Directors in each case; and
- (iii) a report on the action taken being made to the next meeting of the Cabinet.

Decision and Date

Approved 21 December 2020



Rob Mitchell
Chief Executive

Background

The Ministry of Housing, Communities and Local Government (MHCLG) invited local authorities, registered providers, and their local partners to engage with the next stage of the COVID 19 Rough Sleeping response. The Next Steps Accommodation Programme makes available the financial resources needed to support local authorities and their partners to do this work.

The overall objectives of the Next Steps Accommodation Programme are to reduce rough sleeping and to seek to ensure rough sleepers brought into emergency accommodation in response to COVID 19, do not return to sleeping rough. As COVID 19 remains a risk, it is essential that people, particularly those who are at increased risk of severe illness, are kept safe.

The Programme, comprised of the two distinct funding streams and aims to bring together a range of solutions, including both short term/interim accommodation and longer term move on options, and the support linked to this accommodation.

The Council 's bid was for the purchase a 5 bed property with ensembles to be used as supported accommodation. Support will be provided by a partner agency to prepare rough sleepers to be tenancy ready before moving onto permanent accommodation. In addition, the purchase of two 1 bedroom units to be used for move on accommodation from emergency accommodation for those rough sleepers who are tenancy ready on fixed term tenancies.

At the end of the funding period the scheme will continue to provide supported accommodation for rough sleepers with rental income being used to provide on-going support and cover the ongoing maintenance costs.

The Council have been awarded Next Steps Accommodation Programme funding £586,487 for Charnwood. The Council are required to enter into a Next Steps Accommodation Programme Funding Agreement. The Funding Agreement is non-negotiable, and the Funding Agreement will need to be entered into by all Parties prior to any funds being distributed.

Reason for the Urgency

The Funding Agreement must be signed and sealed by the Council so the accommodation and support provision can be acquired and be in place and opened by the 31st March 2021. Without the funds the Council are unable to provide the accommodation and support proposed.

Comments from HR

Not applicable in this case.

Financial Implications

The Funding Agreement are non-negotiable, and the Funding Agreement will need to be entered into by all Parties prior to any funds being distributed.

The Council are required to provide match funding which is the subject of an additional delegated decision for the use of disabled facility grant funding for this purpose.

Consultation with Leader (or deputy appointed)

The Leader, Councillor Morgan has been consulted and confirmed that he was content with the approach.

Consultation with Chief Executive and relevant Strategic Director(s)

Consultation has been effectively concluded and the Chief Executive and all Directors have concluded that the recommendations of this report are both necessary and urgent.

Risk Management

List risks in table below or state that ‘No specific risks have been identified with this report’.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Failure to enter into the agreement the Council will not receive funding to provide the supported accommodation	4	4	16	The Council will continue to use Bed and Breakfast accommodation

Key Decision: Yes

Background Papers: None