



CABINET - FRIDAY 5 FEBRUARY 2021

ORDER PAPER

ITEM DETAILS

APOLOGIES FOR ABSENCE

None.

1. MINUTES (Pages 3 - 12)

Proposed motion

That the minutes of the meeting held on 15 December 2020 be taken as read, confirmed, and signed.

2. URGENT ITEMS

The Chairman has agreed to take one urgent item - a report on the disposal of land at Lake Terrace, Melton Mowbray. This will be taken at agenda item 13.

3. DECLARATIONS OF INTEREST

Members of the Cabinet are asked to declare any interests in the business to be discussed.

4. MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25 (Pages 13 - 58 and Appendix Pack pages 3 - 214)

- *The Corporate Governance Committee at its meeting on 29 January agreed the Risk Management Strategy and the Treasury Management Strategy which are Appendices I and N to the report.*

Proposed motion

- (i) That the comments of the Overview and Scrutiny Committees and the Scrutiny Commission as set out in Appendix P to the report be noted;
- (ii) That the following be recommended to the County Council:
 - (a) That subject to the items below, approval be given to the Medium Term Financial Strategy (MTFS) which incorporates the recommended revenue budget for 2021/22 totalling £399m as set out in Appendices A, B and E of the report and includes the growth and savings for that year as set out in Appendix C;
 - (b) That approval be given to the projected provisional revenue budgets for

2022/23, 2023/24 and 2024/25 set out in Appendix B to the report, including the growth and savings for those years as set out in Appendix C, allowing the undertaking of preliminary work, including business case development, consultation and equality and human rights impact assessments, as may be necessary towards achieving the savings specified for those years including savings under development, set out in Appendix D;

- (c) That approval is given to the early achievement of savings that are included in the MTFs, as may be necessary, along with associated investment costs, subject to the Director of Corporate Resources agreeing to funding being available;
- (d) That the level of the general fund and earmarked funds as set out in Appendix K be noted and the use of those earmarked funds as indicated in that appendix be approved;
- (e) That the amounts of the County Council's Council Tax for each band of dwelling and the precept payable by each billing authority for 2021/22 be as set out in Appendix M (including 3% for the adult social care precept);
- (f) That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with the budget requirement above and the tax base notified by the District Councils, and to take any other action which may be necessary to give effect to the precepts;
- (g) That approval be given to the 2021/22 to 2024/25 capital programme as set out in Appendix F;
- (h) That the Director of Corporate Resources following consultation with the Lead Member for Resources be authorised to approve new capital schemes, including revenue costs associated with their delivery, shown as future developments in the capital programme, to be funded from funding available;
- (i) That the financial indicators required under the Prudential Code included in Appendix N, Annex 2 be noted and that the following limits be approved:

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Operational boundary for external debt				
i) Borrowing	263	263	262	262
ii) Other long term liabilities	1	1	1	1
TOTAL	264	264	263	263
Authorised limit for external debt				
i) Borrowing	273	273	272	272
ii) Other long term liabilities	1	1	1	1
TOTAL	274	274	273	273

- (j) That the Director of Corporate Resources be authorised to effect movement within the authorised limit for external debt between borrowing and other long-term liabilities;
- (k) That the following borrowing limits be approved for the period 2021/22 to 2024/25:
- (i) Upper limit on fixed interest exposures 100%;
 - (ii) Upper limit on variable rate exposures 50%;
 - (iii) Maturity of borrowing:-

	<u>Upper Limit</u>	<u>Lower Limit</u>
	%	%
Under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	50	0
5 years and within 10 years	70	0
10 years and above	100	25

- (iv) An upper limit for principal sums invested for periods longer than 364 days is 10% of the portfolio;
- (l) That the Director of Corporate Resources be authorised to enter into such loans or undertake such arrangements as necessary to finance capital payments in 2021/22, subject to the prudential limits in Appendix N;
- (m) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2021/22, as set out in Appendix N, be approved including:
- (i) The Treasury Management Policy Statement, Appendix N; Annex 4;
 - (ii) The Annual Statement of the Annual Minimum Revenue Provision as set out in Appendix N, Annex 1;
- (n) That the Capital Strategy (Appendix G), Corporate Asset Investment Fund

Strategy (Appendix H), Risk Management Policy and Strategy (Appendix I), Earmarked Funds Policy (Appendix J) and Insurance Policy (Appendix L) be approved;

- (o) That it be noted that the Leicester and Leicestershire Business Rate Pool will continue for 2021/22;
- (p) That the Director of Corporate Resources following consultation with the Lead Member for Resources be authorised to make any changes to the provisional MTFs which may be required as a result of changes arising between the Cabinet and County Council meetings, noting that any changes will be reported to the County Council on 17th February 2021;
- (q) That it be noted that following the enactment of the relevant legislation a report will be presented to the Council's Constitution Committee and thereafter to the County Council regarding the proposed addition to the County Council's Constitution (Part 2, Article 12.04) to confirm that the Director of Corporate Resources, as the Chief Financial Officer, is the Responsible Officer for the Leicestershire County Council Local Government Pension Scheme;
- (r) That the Leicestershire School Funding Formula is unchanged and continues to reflect the National Funding Formula for 2021/22.

5. **SUPPORTING ECONOMIC RECOVERY IN LEICESTERSHIRE** (Pages 59 - 102)

- *The Scrutiny Commission considered a report at its meeting on 25 January and a draft minute is attached to this Order Paper, marked "5".*

Proposed motion

- (a) That the comments of the Scrutiny Commission be noted;
- (b) That the proposal for the County Council to act as a Kickstart Gateway (in partnership with Leicester City Council) to provide placements within the Council, extended to 12 months duration, and to support Leicestershire SME (small and medium-sized enterprises) in also offering extended placements, is agreed;
- (c) That the proposal for the Council to establish a two-year Work+ project to support individuals actively looking for employment to become work-ready is agreed;
- (d) That the Council's role in providing support for businesses including the Business Recovery Grant and the Community Pub programme is noted;
- (e) That the Council's continued support for the roll-out of the broadband programme in Leicestershire is noted;
- (f) That the principles set out in paragraphs 63 and 64 of the report, to ensure that Council's actions deliver a green economic recovery, are supported;

- (g) That funding for the measures outlined above as set out in paragraph 72 of the report is agreed.

6. SCRUTINY REVIEW PANEL ON FLOODING (Pages 103 - 132)

- *Mrs M. Wright CC, Chairman of the Scrutiny Review Panel, will attend the Cabinet meeting to present this report.*

Proposed motion

- (a) That the Final Report of the Scrutiny Review Panel be noted and its recommendations approved;
- (b) That representations be made to the Government to strengthen the legislation to enable the County Council as Lead Local Flood Authority to require relevant agencies to complete mitigating measures arising from Section 19 reports;
- (c) That the Chief Executive be requested to ensure that the recommendations of the Review are acted upon.

7. HINCKLEY NATIONAL RAIL FREIGHT INTERCHANGE (Pages 133 - 134 and the supplementary report)

- *Comments have been received from Mr. D. C. Bill MBE CC, Mr. S. Bray CC, and Mr. M. Mullaney CC which are attached to this Order Paper, marked "7".*
- *With the permission of the Chairman Mrs M. Wright CC, the local member, will speak on this item.*

Proposed motion

- (a) That the concerns and views set out in paragraph 29 of the report be communicated to and discussed with the developer, in particular:
- (i) The developer's current planned timetable;
- (ii) The Council's desire to secure a Planning Performance Agreement with the developer that provides certainty regarding both the project programme and the financial contributions required to cover the Council's costs in responding to the developer's proposals; and
- (iii) Concerns regarding the developer's proposed approach to providing evidence in respect of highways and transport issues for consideration by the Planning Inspectorate;
- (b) That the Developer and Planning Inspectorate be informed of the Council's concerns resulting from the developer's submission timeline and that, if the applicant continues to disregard these concerns, the Council's likely objection to the proposal;
- (c) That the County Council engages with Blaby District Council over the

implications for Blaby District Council's emerging Local Plan in the event that a Development Consent Order is made by the Secretary of State approving the project.

8. REVISED CORPORATE ASSEST INVESTMENT FUND STRATEGY 2021 TO 2025 (Pages 135 -196)

- *The Scrutiny Commission considered a report at its meeting on 25 January and a draft minute is attached to this Order Paper, marked "8".*

Proposed motion

- That the comments of the Scrutiny Commission be noted;
- That the outcome of the review of the Corporate Asset Investment Fund Strategy be noted;
- That the Corporate Asset Investment Fund Strategy 2021-2025 be approved for submission to the Council as part of the Medium Term Financial Strategy 2021/22 to 2024/25.

9. TECHNOLOGY ENABLED CARE (Pages 197 - 238)

Proposed motion

- That the outcome of the diagnostic work undertaken by Hampshire County Council, detailed in Appendix A to the report, be noted;
- That the Business Case, including options for commissioning a technology partner to deliver a transformed county-wide service for Technology Enabled Care, attached to the report as Appendix B, be noted;
- That the Option 2 for the procurement of a Technology Enabled Service, namely to commission this through a strategic partnership with Hampshire County Council as detailed in paragraphs 42 to 44 of the report be agreed;
- That the Director of Adults and Communities, following consultation with the Cabinet Lead Member for Adult Social Care, be authorised to make the appropriate arrangements to enter into a partnership with Hampshire County Council to commission a Technology Enabled Service.

10. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN REPORT REGARDING NURSERY CHARGES (Pages 239 - 254)

Proposed motion

- That the public report of the Local Government and Social Care Ombudsman (LGO) be noted;
- That the Director of Children and Family Services be required to implement the recommendations of the LGO as set out in paragraph 15 (a) to (c) of the report;

- (c) That the position in relation to the recommendations of the LGO where the Council departs from the recommendations as out in paragraphs 16 and 20 to 21 of the report be noted.

11. LEICESTERSHIRE'S POLICY ON ADMISSIONS TO MAINSTREAM SCHOOLS: DETERMINATION OF ADMISSION ARRANGEMENTS (Pages 255 - 324)

- *With the permission of the Chairman, Mr. O. O'Shea CC, the local member for Martinshaw Primary School, will speak on this item.*

Proposed motion

- (a) That the outcome of the consultation on changes to the admission number at Martinshaw Primary School be noted;
- (b) That the admission number at Martinshaw Primary School be reduced from 45 to 30 pupils with effect from entry in September 2022;
- (c) That the Leicestershire School Admissions Policy for entry from September 2022 and associated coordinated admissions schemes for first-time admissions, secondary transfers and mid-term transfers, as set out in Appendix A to the report, be approved.

12. ITEMS REFERRED FROM OVERVIEW AND SCRUTINY

None.

13. ANY OTHER ITEMS WHICH THE CHAIRMAN HAS DECIDED TO TAKE AS URGENT -

- *An urgent report has been circulated separately -*

DISPOSAL OF LAND AT LAKE TERRACE, MELTON MOWBRAY

Proposed motion

- (a) That the Cabinet approves the disposal of the land at Lake Terrace, Melton Mowbray (shown as shaded pink and edged red on the plan attached as Appendix B to this report);
- (b) That the Director of Corporate Resources, following consultation with the Cabinet Lead Member for Resources, be authorised to agree a 'best value' sum for the disposal of the land at (a) above and finalise the disposal.

14. EXCLUSION OF THE PRESS AND PUBLICProposed motion

That under Section 100A of the Local Government Act 1972, the public be excluded for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1, 2, 3 and 10 of Part 1 of Schedule 12A of the Act and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Officer to contact

Jenny Bailey
Democratic Services
Tel: (0116) 305 6225
Email: jenny.bailey@leics.gov.uk



SCRUTINY COMMISSION – 25th JANUARY 2021

MINUTE EXTRACT

Supporting Economic Recovery in Leicestershire

The Committee considered a report of the Chief Executive which set out the proposed economic recovery actions to be taken by the County Council in response to the impact of Covid-19 restrictions on Leicestershire's businesses and workforce. The report also sought the Commission's views on a range of actions proposed to support businesses and individuals over the short, medium and long term, including participating in the national Kickstart scheme, the work+ programme designed to support people seeking work, and Broadband improvements. A copy of the report marked 'Agenda Item 13' is filed with these minutes.

Arising from discussion and questions the following points were raised:

- (i) Members welcomed the good work being undertaken to support businesses and generate employment opportunities for young people that had been disproportionately affected by the economic impacts of Covid-19. In particular, members were pleased that the Kickstart Gateway placements would be for 12 not 6 months. A Member requested a summary of the schemes be circulated to all members so that they too could disseminate this information to their local contacts.
- (ii) The County Council had identified 15 Kickstart placements. The response across the Council had been positive. Arrangements would be made to allocate people to those posts quickly, subject to current Covid-19 restrictions.
- (iii) A member questioned how it could be ensured that through the schemes, workers were not exploited, and, in respect of the Kickstart scheme, this would result in longer term employment opportuneness when the 6 or 12 month placements came to an end. Members were reassured that for the Kickstart programme a robust evaluation of businesses was undertaken both through the DWP process and through a local assessment carried out by the County Council. Work+ would be run by the Adult Learning and Communities teams and so would be subject to the usual checks throughout. Members noted that both schemes would be subject to an evaluation process so that outcomes could be assessed.
- (iv) It had been disappointing that a broadband partner had not been secured during the procurement exercise covering the east of the County undertaken last year. However, members were hopeful that the actions now proposed and conversations with Broadband Delivery UK (BDUK)

would enable progress to be made in this area.

- (v) A member highlighted the need to bring people back into the high street which had been struggling prior to the pandemic but had now been hit further as a result of Covid 19 restrictions. It was suggested that place marketing would play a critical role in helping to encourage people back into the areas towns at the appropriate time. Whilst funding had been allocated to support tourism initiatives, detail of specific activities had not yet been agreed. The funding whilst substantial also needed to be spread across a broad area and consideration would therefore be given to what those towns were already doing and what the Place Marketing Organisation could do to support that.
- (vi) A Member raised concerns that some businesses needed further support to help them diversify as a result of the challenges now posed by Covid. It was noted that the Council's business recovery grant which had operated last year had supported a number of businesses for that purpose. New enquires for support now, however, needed to be referred through the Business Gateway (<https://bizgateway.org.uk/>) which could provide information on funding available from a range of sources.

RESOLVED:

That the comments now made be reported to the Cabinet at its meeting on 5th February 2021.

COMMENTS FROM MR. D.C. BILL MBE CC, MR. M. MULLANEY CC, AND MR. S. BRAY CC

Proposed Hinckley Rail Freight Terminal

I write to express concerns about Agenda item 7 at Cabinet on Friday 5th February.

The paper for the agenda item appears to be a holding paper which alerts Cabinet members to a supplementary report which will be either tabled at the Cabinet meeting or shortly before. This gives members very little, if any, opportunity to review the “identified risks” as mentioned to comment on whether these risks are covering the breadth or depth of the many concerns members in this quarter of the County fear.

We recognise that Hinckley is at the heart of the country’s road distribution network and this makes it an attractive location for operators to relocate. We also recognise the **potential** benefits of rail freight terminals in removing long-distance lorries from the strategic road network.

However, we have serious concerns about this proposal which will include the loss of valuable countryside and habitats, but will also place thousands more lorries on our local road network.

The current policy assumes that the market will drive the locations. However, as we know developers and investors are principally driven by profit and may not ensure that these terminals are located in the most sustainable or strategically beneficial locations.

A 2016 government commissioned ARUP report, to understand the future growth potential in the UK rail freight market and the transfer of freight from road to rail. The report concludes the importance of rail terminal to rail terminal carriage to achieve a reduction of road carriage, however, such uptake will require that new SRNIs are **strategically** located. Currently the focus of SRFI developments are for carriage from ports to central locations in the East and West Midlands, where **road delivery** is then used for the next leg of the journey.

The Planning Inspector’s comments in the Scoping Opinion for the Environmental Assessment sets out where the applicant’s plans are deficient in a number of areas, particularly around roads and transport works and the assumptions for traffic and intended operations. Further the Inspector has specifically highlighted the need for the applicant to provide more details of **“reasonable alternatives studied and the reasoning for the selection of the chosen option(s), including a comparison of the environmental effects.”** Given the potential impact on this area of the County and the close proximity to Burbage Common and Woods, which are particularly important to the public in this area, we welcome the inspector’s direction that this site location **must** be subject to a credible site selection process which considers the harm which could result from this development.

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SCRUTINY COMMISSION – 25th JANUARY 2021

MINUTE EXTRACT

Corporate Asset Investment Fund Strategy 2021-2025

The Commission considered a report of the Director of Corporate Resources which detailed the revised Corporate Asset Investment Fund (CAIF) Strategy for 2021 to 2025 and set out the Council's planned approach to future asset investments utilising the CAIF. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

The Chairman welcomed the Lead Member for Resources, Mr J B Rhodes, who attended for this item.

Arising from discussion and questions the following points were raised:

- (i) The CAIF had been in place since 2014, and it was considered timely for an independent external review to be undertaken of the Strategy, especially in the light of Covid 19 and the effect the pandemic had, and was forecasted to continue to have, on the economy.
- (ii) The CAIF had performed well during 2020 despite the pandemic. No tenants had gone bankrupt and there were no voids directly arising from the pandemic. Whilst some changes to the frequency of rental payments had been agreed with some tenants, all continued to pay rent on time.
- (iii) 34 new lettings had been agreed since March. Whilst it was more difficult to secure new tenants at this uncertain time, the assets owned by the County Council continued to remain attractive which made the CAIF, at its core, strong and resilient. Despite this, Members agreed there was no time for complacency, as 2021 would continue to be a difficult year for the economy both nationally and globally.
- (iv) Although the Council held investments in office buildings, the nature of the tenants occupying such premises e.g. the Loughborough University Science and Enterprise Park (LUSEP), meant these had not been affected like many others.
- (v) Members noted the suggestion by Hymans to invest in overseas infrastructure schemes. The Director confirmed that this could be done directly or indirectly utilising the Council's pension fund expertise to assess such investments and risk exposure.
- (vi) Concern was raised about the possible increase in investments outside the County as a result of the suggestion by Hymans that more account

should be taken of 'location'. Members were reassured that most of the Council's investments were within Leicestershire or its economic subregion and that this was unlikely to change. The Lead Member for Resources emphasised, however, that the purpose of the Fund was to generate income for the Council and whilst locating within the County would be preferred this had to be balanced against the security of the investment, the level of yield likely to be generated and risk and flexibility. He said it was important that CAIF investments were made for sound business reasons to support the Council's Medium Term Financial Strategy, as to do otherwise could result in riskier investments being made.

- (vii) Members expressed concern about the possible reduction in rural assets and proposals to sell county farm land for development where possible. A member raised specific concerns about the long term risks to the Council if it reduced its asset base for short term gain. Another member emphasised that rural farm land was not just an asset, but the much valued countryside of the County and that the sale of such land should be considered in this wider context. Members were pleased to note that the Council would seek to acquire land to replace any of the County Farms Estate which was disposed of for other uses under the CAIF Strategy and that this had been its approach for some time.
- (viii) It was noted that, in light of the independent review by Hymans, investigations into asset classes such as residential and student accommodation would be undertaken. Members highlighted that Leicester City, De Montfort and Loughborough University had recently reported that student accommodation was already over allocated. Given the number of students now accessing courses remotely, a member further questioned if demand for such accommodation would likely reduce post-Covid.
- (ix) As the Council was not a housing authority, housing investments raised some specific technical issues for the Council which would need to be overcome by the setting up of a Council owned housing company. There were no proposals planned to enter the housing market at the current time, but this would be considered when and where appropriate.
- (x) In response to a question raised, the Director confirmed that one of the Council's sites occupied by a Citroen dealership was operating well and the tenant continued to pay rent on time.
- (xi) A member questioned the Council's continued investment in logistical buildings and whether this approach provided a sufficiently mixed range of employment. It was noted that whilst the retail sector was not doing well, even pre-Covid, logistics and industrial sectors were, and the Council had benefited as a result. The Director highlighted that the CAIF generated an income which supported the delivery of a balanced budget, without which the financial gap would increase and cuts to services would be more likely.

- (xii) In terms of next steps, Members noted the proposal to continue with current investments but that new, large strategic investments would be unlikely given the level of current economic uncertainty. The position would be monitored, and investments pursued as and when deemed appropriate. Such investments would be overseen by the CAIF Advisory Board and would be reported to the Scrutiny Commission and the Cabinet as necessary.

RESOLVED:

That the comments now made be referred to the Cabinet for consideration at its meeting on 5th February 2020.

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