

Report to	Council	Item
	23 June 2020	
Report of	Interim chief finance officer (Section 151 Officer)	8
Subject	Adjustment to the General Fund capital programme (Environmental and Repairs services)	

Purpose

To seek approval for an adjustment to the capital programme to provide loans and equity financing for the environment and repairs services company to provide a depot facility and for the council to purchase ICT, tools and equipment for use by the company.

Recommendation

- 1) To approve the following amendments to increase the General Fund capital programme by £2.780m to provide a:
 - a) £1.140m, 20 year loan to the wholly owned company to create a depot facility at a rate of 3%. The loan will be funded through prudential borrowing;
 - b) £0.370m, equity investment to support the creation of the depot facility and establish an equity:loan ratio of 25%:75%. The equity investment will be funded from capital receipts;
 - c) £1.270m budget for IT, tools and equipment to be funded through borrowing and then recharged to the wholly owned company over the useful life of the assets.

Corporate and service priorities

The report helps to meet the corporate priority great neighbourhoods, housing and environment , inclusive economy, people living well and a healthy organisation
Financial implications

The financial consequences to the council of agreeing the loan and equity are an increase to the Capital programme of £2.780m. The council will receive interest of 3% on the loan of £1.140m. The equity of £0.370m will remain vested in the company. The £1.270m budget for IT, tools and equipment will be repaid by the company as a recharge to the company over the useful life of the assets.

Ward/s: Multiple Wards

Cabinet members: Councillor Kendrick - Resources

Contact officers

Hannah Simpson, Interim Chief Finance Officer

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Anton Bull, Director of resources

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Background documents

None

Report

1. At its meeting of 8 July 2020, Cabinet considered a report on the target operating model and latest business case for environmental, repairs and maintenance and asset and estate management services.
2. Cabinet resolved to:
 - i. recommend to council that the capital programme is increased by £2.780m to provide a:
 - a) £1.140m, 20 year loan to the wholly owned company to create a depot facility at a rate of 3%. The loan will be funded through prudential borrowing;
 - b) £0.370m, equity investment to support the creation of the depot facility and establish an equity:loan ratio of 25%:75%. The equity investment will be funded from capital receipts;
 - c) £1.270m budget for IT, tools and equipment to be funded through borrowing and then recharged to the wholly owned company over the useful life of the assets.
3. Cabinet approved a £0.5m working capital loan agreement to the wholly owned company at a rate of 1% above base rate to be repaid within 10 years of the service transfer dates. This loan is not capital in nature and therefore does require an additional to the capital programme.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Council
Committee date:	23 June 2020
Director / Head of service	Interim Chief Finance Officer
Report subject:	Adjustment to the General Fund capital programme (Environmental and Repairs services)
Date assessed:	02 July 2020

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The business case indicates a positive return on investment.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment	
Positive	
Negative	
Neutral	
Issues	