

# NORTH NORTHAMPTONSHIRE SHADOW AUTHORITY

## SHADOW EXECUTIVE MEETING

25 June 2020

Report of the Enabling Lead: Legal and Democratic

<b>Report Title</b>	<b>The Assets, Capital Schemes and Reserves Notification Process</b>
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### 1. Purpose

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- 1.1 The purpose of this report is to set out for approval and adoption, a process that allows discussions to be held and conclusions reached in a managed manner on proposals from existing councils concerning assets, capital schemes and reserves.

### 2. Recommendations

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It is recommended that the Shadow Executive:

- (i) Approves and adopts the Assets, Capital Schemes and Reserves Notification Process as set out at Appendix 1.

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1 Existing councils are free to continue to run their affairs and make decisions without taking into account the impact upon the new unitary councils.
- 3.1.2 With the new unitary councils coming into existence from 1 April 2021, resources, investments and assets from the predecessor councils will transfer to one or other of them at that date. It is important therefore that decisions and actions taken in the existing councils are made against the background of not adversely having an impact on the new unitary councils.
- 3.1.3 There is already a spirit of collaboration and co-operation in managing resources, investments and assets amongst the existing councils, and it is felt that this would be enhanced by having a process that allows discussions to be held, and conclusions reached in a managed manner.

- 3.1.4 This could be dealt with through a Section 24 notice (Local Government and Public Involvement in Health Act 2007), which deals with the control of disposals, contracts and the reserves of authorities to be dissolved by orders.
- 3.1.5 A Section 24 notice was not stipulated in the Structural Changes Order and, whilst it can be a helpful tool in protecting the future finances and assets of a new unitary council, it is rather a crude instrument and can capture things it was not intended to e.g. care packages; and not stop things that could have an adverse impact e.g. transfer of car parks to town councils. It is considered best to develop a process that would be more akin to our local needs.
- 3.1.6 A de minimis level of £100,000 is proposed in order to avoid the process becoming unmanageable. This is in line with the de minimis level stipulated in a Section 24 notice. The spirit of this process is that a council should not be breaking down items into parts in order that they become lower than the de minimis level.
- 3.1.7 The key areas covered by the process include the purchase, disposal and transfer of assets, new capital schemes with on-going financial commitments and use of reserves above those already set out in each council's budget.
- 3.1.8 Some exceptions are stipulated:
- Adult and Children care packages
  - HR matters and issues.

## **3.2 Issues and Choices**

- 3.2.1 There is already a spirit of collaboration and co-operation in managing resources, investments and assets amongst the existing councils, and it is felt that this would be enhanced by adopting a process that allows discussions to be held, and conclusions reached in a managed manner.
- 3.2.2 It is therefore proposed that the process set out at Appendix 1 be approved and adopted.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 None specifically.

### **4.2 Resources and Risk**

- 4.2.1 The approval and adoption of the Assets, Capital Schemes and Reserves Notification Process will allow discussions to be held, and conclusions reached in a managed manner; and therefore reduce the risk of an individual council making a decision that may be detrimental to the unitary council(s).

### **4.3 Legal**

4.3.1 The Assets, Capital Schemes and Reserves Notification Process is an alternative to a Section 24 notice and allows local needs to be met, such as certain exceptions, and builds on the spirit of collaboration and co-operation in managing resources, investments and assets that already exists amongst the existing councils.

### **4.4 Equality and Health**

4.4.1 None specifically

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