

**Open Report on behalf of Andy Gutherson, County Commissioner -
Economy and Place**

Report to:	Councillor M J Hill OBE, Leader of the Council
Date:	11 December 2018
Subject:	Write off of debenture to Investors in Lincoln and re-investment of funding in priorities shared by LCC and Investors in Lincoln
Decision Reference:	I017088
Key decision?	No

Summary:

This report explains that Lincolnshire County Council (LCC) holds a £200,000 debenture in the company Investors In Lincoln. The debenture is secured on a property on Limekiln Way, Lincoln owned and operated by Investors in Lincoln.

The debenture is due for repayment to LCC in January 2019, however, it is proposed that the debenture, at a value of £200,000, is written off on the understanding that an equivalent amount is invested by Investors in Lincoln on matters that are of shared importance both to LCC and to Investors in Lincoln.

These matters include Medical School and rural medicine, promotion of heritage, and exploration of the vitality of High Streets.

Recommendation(s):

It is recommended that the Leader of the Council:

1. approves the write-off of the LCC debenture in Investors in Lincoln to the value of £200,000.
2. agrees that LCC enters into a legally binding agreement with Investors In Lincoln requiring the equivalent amount of £200,000 be invested by Investors in Lincoln in matters that are of shared importance to both LCC and Investors in Lincoln.
3. delegates oversight of the effective use by Investors in Lincoln of this funding to the County Commissioner - Economy and Place.

Alternatives Considered:

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| 1. | Do not agree to write off the debenture |
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Reasons for Recommendation:

By agreeing to write off the value of the debenture, and agreeing that Investors in Lincoln should invest the equivalent funding in matters of shared importance to LCC and Investors in Lincoln, LCC will have been able to support schemes which are of strategic priority but which may not have been able to be funded directly by LCC due to the pressures on our own discretionary funding.

1. Background

The construction of the Managed Workspace on Limekiln Way, Greetwell Road Lincoln was a partnership between the City of Lincoln Council and Investors in Lincoln, with Investors in Lincoln raising the funds for the development.

The Lincolnshire Training and Enterprise Council (TEC) provided a loan of £200,000 from its local discretionary funds to Investors in Lincoln towards the costs of establishing the facility. This loan was made in the form of a debenture.

When the TEC was closed in 2001 many of the assets held by the organisation had to be handed over to central government, but as part of the closure negotiations the TEC sought to retain as much as possible within Lincolnshire so that the funds that had been created for use in the county remained in the county.

The Government Office officials would not agree to transfer the debenture asset to Investors in Lincoln (effectively writing it off) but they did agree to the asset being transferred to the County Council, as a local public body.

The debenture is due to be repaid in 2019, which would see the County Council receive the cash value of £200,000 being the 'repayment' of the debenture. LCC did not make the original loan payment of £200,000, the TEC did, however this was "gifted" to and used by the County Council at the time the TEC ceased operating allowing the investment to be maintained in Lincolnshire within the custody of a public body. LCC have earned a cumulative total of approximately £80,000 of interest since the debenture was transferred into the County Council's name.

It is now a question of deciding whether to request the repayment of the debenture, or whether to write it off.

Investors in Lincoln have approached LCC and proposed that LCC writes off the debenture on the understanding that they invest the equivalent amount of £200,000 in projects that are of shared priority to both LCC and Investors in Lincoln.

Three projects have been proposed and have been discussed by the Executive Councillor for Economy and Place and senior officers with Investors in Lincoln. These are set out below:

1 Contribution to University of Lincoln: Lincoln Medical School

- (a) Continue to fund the Project Management Post currently supported by Investors until October 2019 (£62,300)

- (b) Contribute to a clinician post to support student recruitment from across Lincolnshire (£37,700)

The Executive of Lincolnshire County Council wrote a letter of support for the Lincoln Medical School, and it is specifically identified as a priority in the leading group's election manifesto.

2 Investors in Lincoln contribution to projects to be delivered by Lincolnshire County Council.

- (a) Eastern Relief Road: Display of Artefacts. Make a major contribution to the display of artefacts discovered during the building of the Lincoln Eastern Relief Road.. (£50,000)

The Environment and Economy scrutiny committee has received reports about the artefacts that have been discovered during the building of the Lincoln Eastern Relief Road and agreed that it would be beneficial to display them effectively.

- (b) Inform strategic planning by supporting an investigation into the future of the 'High Street', both in urban centres such as Lincoln but also in the smaller market towns across the county. (£15,000).

The Environment and Economy scrutiny committee has established a working group to explore the issues relating to high street vitality, and is likely to make recommendations to the Executive Councillor for Economy and Place which will need funding to be delivered.

3 LCC contribution to a National Centre for Rural Health & Care

Provide additional funds over an agreed period to support the further development of the National Centre for Rural Health & Care. The details for individual themes to be discussed and agreed, but broadly speaking along the following lines:

- (a) Contribute to the costs of a Parliamentary Inquiry into Rural Health & Care chaired by Ann-Marie Morris MP (£10,000)

- (b) Contribute to the costs of research being undertaken by the Nuffield Trust into the inequities of the NHS funding formula in a rural context (£5,000).

- (c) Building on results from (b) above develop a longer term campaign, including a more detailed analysis of specific themes and including dedicated lobbying activities, to feed into the forward view of NHS funding announced by the Government. (£10,000)

- (d) Contribute towards the costs of activities aimed at maintaining a high profile for the Centre in the Parliamentary context, building on the impact already made via the Parliamentary Launch on 16 October 2018. (£10,000)

LCC has supported the National Centre for Rural Health and Care, and has recognised that rural issues have an impact on the health, and access to healthcare, of people living in the area.

It is clear that the proposal by Investors in Lincoln is that the funding will support initiatives that are important to LCC.

If the debenture is not repaid and instead, used on the projects above, this will result in the £200,000 debenture being written off from the Council's balance sheet with the equivalent funding having to be found from within existing resources to offset the amount of the write off.

If LCC were to request the repayment of the debenture, then this would be used to offset the £200,000 long term investment held on the Council's balance sheet. There would be no financial impact on the Council and the Council would not have an additional £200,000 to reinvest on other initiatives.

On agreement to write off the debenture LCC will, need to ensure that the funding is used on the priorities that were agreed in this paper. As well as the generally positive relationship that LCC has with Investors in Lincoln, there are two practical ways in which this will be achieved.

The first is that the write-off of the debenture, and the priorities for the use of the funding will be subject to a shared legal agreement between LCC and Investors in Lincoln. The second will be that the Council will put in place for the County Commissioner - Economy and Place to monitor the use of the funding and manage the agreement between Investors in Lincoln and LCC.

Finally, it has been proposed that Investors in Lincoln make a presentation to the Environment and Economy scrutiny committee on their work and their ongoing proposals as these develop.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

The proposals for use of the funding include a particular focus on helping people in rural areas not to be disadvantaged through the health system, and indeed they propose to positively improve the health care system for people who are at a disadvantage by living in rural areas.

The proposals also include a section on displaying artefacts that have been discovered in the construction of the Lincoln Eastern Relief Road. The display of these artefacts will be done in a way which is accessible to all.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

The JSNA identifies that there is a need for further medical training to be delivered in Lincolnshire, and the JHWS specifically identifies that Lincoln Medical School will be beneficial. This paper provides funding for the Lincoln Medical School's continued development.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

The paper includes a proposal that funding will be used to explore the issues relating to High Street vitality. The Environment and Economy scrutiny committee's working group has already identified that reducing anti-social behaviour is important to high street vitality, so strategic connections will be made between this issue and the broader work on high streets.

3. Conclusion

In summary, the option of writing off the debenture of £200,000 with Investors in Lincoln will benefit LCC because it will enable the investment in matters which are of significant priority to the council. Agreeing the write-off will lead to a legal agreement which will protect the investment of funding into the priorities that are set out in the paper.

4. Legal Comments:

The Council has the power to write off the debenture in the question provided it has regard to its duty to protect the public purse. The use of the money to pursue priorities of the Council ensures that the money is used for public purposes.

The decision is consistent with the Policy Framework and within the remit of the Leader of the Council.

5. Resource Comments:

Accepting the recommendation within this report to write off the debenture, will create a charge of £200,000 in the service accounts of Economic Regeneration. This charge will be necessary to remove the long term investment asset being held on the Council's balance sheet. The service can accommodate this charge by utilising part of the 1% budget carried forward from the previous year underspend, that has not currently been allocated.

If the recommendation is not accepted, and Investors in Lincoln repay the debenture, this would have no effect on the service accounts, as the cash repayment would be used to offset and remove the long term investment on the Council's balance sheet.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This has not been considered by a scrutiny committee.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

The risk of going ahead with this decision is that Investors in Lincoln may decide not to use the funding as agreed with LCC. There are three mitigations against this risk: (i) a legal agreement will be reached between LCC and Investors in Lincoln over the writing off of the debenture, (ii) a senior LCC councillor is a member of the Investors in Lincoln board, and (iii) LCC has developed a strong working relationship with Investors in Lincoln.

7. Background Papers

No Background Papers within the meaning of section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Justin Brown, who can be contacted on 01522 550630 or justin.brown@lincolnshire.gov.uk .