Date of meeting	**Wednesday, 3rd February, 2021**
Time	**2.00 pm**
Venue	**Hybrid Meeting - Castle**
Contact	democraticservices@newcastle-staffs.gov.uk

NEWCASTLE UNDER LYME
BOROUGH COUNCIL

Castle House
Barracks Road
Newcastle-under-Lyme
Staffordshire
ST5 1BL

Cabinet

AGENDA

PART 1 – OPEN AGENDA

1 APOLOGIES

2 DECLARATIONS OF INTEREST

To receive declarations of interest from Members on items included in the agenda.

3 MINUTES OF A PREVIOUS MEETING **(Pages 5 - 10)**

To consider the Minutes of the meeting held on 13th January 2021.

4 REVENUE AND CAPITAL BUDGETS AND STRATEGIES 2021-22 **(Pages 11 - 106)**

5 FINANCE AND PERFORMANCE REVIEW REPORT - THIRD QUARTER (OCTOBER - DECEMBER) 2020-21 **(Pages 107 - 132)**

6 PLANNING AGREEMENTS AND COMMUNITY INFRASTRUCTURE LEVY (CIL) **(Pages 133 - 138)**

7 HOUSING SELF BUILD REGISTER **(Pages 139 - 146)**

8 FORWARD PLAN **(Pages 147 - 150)**

9 URGENT BUSINESS

To consider any business which is urgent within the meaning of Section 100B(4) of the Local Government Act 1972.

10 DISCLOSURE OF EXEMPT INFORMATION

To resolve that the public be excluded from the meeting during consideration of the following reports, because it is likely that there will be disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A (as amended) of the Local Government Act 1972.

ATTENDANCE AT CABINET MEETINGS

Councillor attendance at Cabinet meetings:

(1) The Chair or spokesperson of the Council's scrutiny committees and the mover of any motion referred to Cabinet shall be entitled to attend any formal public meeting of Cabinet to speak.

(2) Other persons including non-executive members of the Council may speak at such meetings with the permission of the Chair of the Cabinet.

Public attendance at Cabinet meetings:

(1) If a member of the public wishes to ask a question(s) at a meeting of Cabinet, they should serve two clear days' notice in writing of any such question(s) to the appropriate committee officer.
(2) The Council Leader as Chair of Cabinet is given the discretion to waive the above deadline and assess the permissibility if the question(s). The Chair's decision will be final.
(3) The maximum limit is three public questions at any one Cabinet meeting.
(4) A maximum limit of three minutes is provided for each person to ask an initial question or make an initial statement to the Cabinet.
(5) Any questions deemed to be repetitious or vexatious will be disallowed at the discretion of the Chair.

Members: Councillors Simon Tagg (Chair), Stephen Sweeney (Vice-Chair), Trevor Johnson, Helena Maxfield, Paul Northcott and Jill Waring

Members of the Council: If you identify any personal training/development requirements from any of the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Democratic Services Officer at the close of the meeting.

Meeting Quorums :- **16+= 5 Members; 10-15=4 Members; 5-9=3 Members; 5 or less = 2 Members.**

SUBSTITUTE MEMBER SCHEME (Appendix 9, Section 4 of Constitution)

The Constitution provides for the appointment of Substitute members to attend Committees. The named Substitutes for this meeting are listed below:-

Substitute Members:

If you are unable to attend this meeting and wish to appoint a Substitute to attend in your place you need to:

- Identify a Substitute member from the list above who is able to attend on your behalf
- Notify the Chairman of the Committee (at least 24 hours before the meeting is due to take place) NB Only 2 Substitutes per political group are allowed for each meeting and your Chairman will advise you on whether that number has been reached

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

CABINET

Wednesday, 13th January, 2021
Time of Commencement: 2.00 pm

Present:-	Councillor Simon Tagg – Chair
Councillors	Stephen Sweeney, Trevor Johnson, Helena Maxfield, Paul Northcott and Jill Waring
Officers	David Adams, Martin Hamilton, Simon McEneny, Daniel Dickinson, Denise French, Sarah Wilkes, Shawn Fleet and Jemma March

63. APOLOGIES

There were no apologies for absence.

64. DECLARATIONS OF INTEREST

There were no declarations of interest stated.

65. MINUTES OF A PREVIOUS MEETING

Resolved: that the minutes of the meeting held on 9th December 2020 be agreed as a correct record.

66. CORONAVIRUS RECOVERY UPDATE

Cabinet considered a report on actions being taken across the Council in response to Coronavirus restrictions and to ensure the Borough was well placed to recover from the Pandemic.

The Leader, Councillor Simon Tagg, introduced the report and updated that the current rate of infections across the Borough was now slightly lower than the figures in the report. There were currently 2 vaccination centres in the Borough with more planned.

The report outlined that the Council was maintaining its focus on support for businesses and support for vulnerable people.

The Portfolio Holder for Finance and Efficiency, Councillor Stephen Sweeney, outlined how the Council had paid out £4.5m the previous week to eligible businesses in the Leisure, Retail and Hospitality sectors using Government grant funding.

The Portfolio Holder for Community Safety and Wellbeing, Councillor Helena Maxfield, outlined support for vulnerable people with three lines of work continuing to have priority – support provided by Realise Foundation to those made vulnerable by the restrictions; payments for those required to self-isolate but who would lose income by so doing; and support for those sleeping rough or at risk of being made homeless. Additional accommodation was now available in St George's Chambers for use in severe weather.

In relation to other Council services the Waste and Recycling Service was continuing on track with crews working at weekends over the Christmas period to ensure the service could be maintained. Councillor Johnson, Portfolio Holder for Waste and Recycling, had also been in touch with the County Council regarding ensuring grit bins were kept topped up.

J2 was now closed but classes being delivered online. The Brampton Museum was also closed and works to build the extension would commence shortly. The initial works for the redevelopment of Kidsgrove Leisure Centre had commenced.

In relation to economic recovery, the report outlined the successful bid under the Future High Streets Fund with provisional agreement of funding of just over £11m towards regeneration of Newcastle town centre and specific focus on the Ryecroft site. The Council had also secured Advance Town Deal funding for Newcastle and Kidsgrove and the Town Investment Plan for Kidsgrove had been submitted to the Government.

Resolved: That the report be noted and the work being undertaken in response to the Coronavirus restrictions be endorsed.

67. REVENUE AND CAPITAL BUDGETS AND STRATEGIES 2021/22

Cabinet considered a report on the draft revenue and capital budgets for 2021/22. The draft budgets were based on assumptions set out in the 5 year Medium Term Financial Strategy for 2021/22 to 2025/26. A series of draft documents were also submitted for consideration prior to submission to full Council for approval – Flexible Use of Capital Receipts Strategy for 2021/31; the Treasury Management Strategy for 2021/22 and the Investment Strategy for 2021/22.

Councillor Sweeney introduced the report. Cabinet had been kept updated on the impact of the pandemic which had resulted in lost income and additional costs. The Council had received various funding support streams from the Government as detailed in the report. The latest tranche of emergency Coronavirus funding in the sum of £0.408m meant the Council could forecast a balanced outturn to be presented at year end; any variance would be paid into or from the general fund reserve. The Government had also announced further financial support to local Councils for the first quarter of the forthcoming financial year.

Councillor Sweeney referred to the organisational review – the One Council programme – which was due to commence later in the month and would result in efficiencies and savings of circa £0.922m over a three year period and recurring. The Borough Growth Fund would benefit from investment of £0.250m arising from savings and funding strategies as set out in the report. These savings and funding strategies assumed a £5 per Band D equivalent property Council Tax increase. The Capital Programme included the refurbishment works to Kidsgrove Sports Centre in 2021/22 along with other schemes, funded as set out in the report.

Resolved:

(a) That the progress on the completion of the Revenue and Capital Budgets and updated MTFS Funding Strategy for 2021/22 (Appendix 1) be noted.
(b) That the updated Medium Term Financial Strategy 2021/22 to 2025/26 (Appendix 2) be approved.
(c) That the strategy for ensuring a balanced revenue outturn position for 2020/21 be noted.
(d) That the calculation of the Council Tax base and the Council Tax increase to be proposed for 2021/22 of £5 per year per Band D equivalent property be noted.
(e) That the risk assessment at Appendix 3 and S151 Officer's recommendation on the level of reserves and contingencies provisionally required to be maintained in 2021/22 be noted.
(f) That the draft Flexible Use of Capital Receipts Strategy (Appendix 6), updated for 2021/22, be noted.
(g) That the draft Capital Strategy (Appendix 7) for 2021-31 be noted.
(h) That the draft Treasury Management Strategy (Appendix 8) for 2021/22 be noted.
(i) That the draft Investment Strategy (Appendix 9) for 2021/22 be noted.
(j) That the draft Budget and Council Tax proposals be referred to Finance, Assets and Partnerships Scrutiny Committee for comment before the final proposals are considered at Cabinet on 3rd February 2021.

68. **SCALE OF FEES AND CHARGES 2021/22**

Cabinet considered a report on proposed fees and charges to take effect from 1st April 2021. The Charging Policy approved in 2014 set out the criteria to be taken into account when establishing the amounts to be charged. Councillor Sweeney explained that the Medium Term Financial Strategy assumed an overall 3% increase in the amount of income raised from fees and charges in the forthcoming financial year. There were a number of fees and charges where it was proposed that fees be frozen and this included car park charges and planning fees. A separate review of Jubilee 2 was underway and it was proposed that fees and charges remain frozen pending the outcome of this review.

Resolved:

(a) That the fees and charges proposed to apply from 1 April 2021, as set out in Appendix 1, be approved; and
(b) That following the completion of a review of Jubilee 2 by Alliance Leisure, the Executive Director (Commercial Development & Economic Growth) in conjunction with the Portfolio Holder (Leisure, Culture and Heritage) be granted delegated authority to implement a revised membership pricing structure and offers to attract new memberships.

69. **BUSINESS IMPROVEMENT DISTRICT, NEWCASTLE TOWN CENTRE - RE-BALLOT**

Cabinet considered a report on the Newcastle under Lyme Business Improvement District (BID). The BID planned to hold a re-ballot for a further 5 year term until 2026. The report included a prospectus setting out the Aims and Objectives of the BID along with its Business Plan for the 5 year term, should the vote be successful.

Resolved: that

(a) That Cabinet notes the requirements of the Council to operate the ballot (and collection of levy if vote is successful) in line with the regulations covering Business Improvement District (BID) ballots.

(b) The Prospectus and the Aims and Objectives of the BID and its Business Plan for the new BID duration 2021 to 2026 be noted.
(c) The BID be supported in its efforts for a successful ballot outcome.
(d) That the Portfolio Holder for Corporate & Service Improvements, People and Partnerships is authorised to vote Yes for each of the Council hereditaments to the BID proposal for a new term

70. **NEWCASTLE TOWN DEAL**

Cabinet considered an update on the work to produce a Town Investment Plan for the Newcastle Town Deal area. The Council had set up a Town Deal Board with membership from the public, private and voluntary sectors. A consultation process had been undertaken with a wide range of stakeholders. This lead to priority projects within 4 strategic objectives:

- Objective 1: Digital – this would include digital infrastructure developments.
- Objective 2: Transport – this would include sustainable bus services; improved pedestrian and cycle access to Newcastle Town Centre; and electric vehicle charging points.
- Object 3: development of key sites – including sites in the Knutton Masterplan and Chesterton Cross Street development.
- Objective 4: Culture – development of The Astley International Centre for Performing Arts.

Resolved: That

(a) Cabinet notes the draft submission for the Newcastle Town Deal Investment Plan and grants authorisation to the Deputy Leader, Councillor Stephen Sweeney, to use his vote on the Town Deal Board in support of the Plan at the appropriate time.
(b) Officers be authorised to continue working with the Town Deal Board and other organisations as necessary to progress development and delivery of projects in the Newcastle Town Deal Investment Plan in readiness for submission to MHCLG and upon confirmation of the grant.
(c) The multi-disciplinary officer group established to support delivery of the Advance Town Deal Projects continues this role to support delivery of the Newcastle Town Investment Plan.
(d) The Executive Director Commercial Development and Economic Growth, in consultation with the Section 151 Officer and the Portfolio Holder Corporate and Service Improvement. People and Partnerships are authorised to pursue delivery of the Newcastle Town Investment Plan.

71. **LOCAL PLAN UPDATE**

Cabinet considered a report on options for staying with, or separating from, Stoke on Trent Council on the development of a Joint Local Plan. Cabinet on 9th December had agreed to commence work on the option of a Borough Local Plan. Since that meeting engagement and consultation had taken place with various stakeholders and residents; and Lichfields Planning Consultancy had been engaged to carry out a review of options and issues.

Lichfields had produced a report on the key issues which summarised that a joint plan added complexity which caused delay so a Borough Plan should be able to progress more rapidly. They emphasised the importance of reviewing the evidence base to enable identification of those elements that could be re-used for a Borough plan. They referred to the Duty to Co-operate to ensure separation of the two plans.

Lichfields advised that a Borough Plan would need to address the historic issue of housing provision. They had outlined an indicative timetable which would see adoption in early 2023, which was seen as achievable for a Borough Plan.

The consultation showed residents support for a Borough Plan. Those representatives of the business community who responded were in favour of continuing with a joint Plan, mainly to avoid delay to the process. However, Lichfields felt a Borough Plan could be delivered within the timeframe. Consultees also referred to the Green Belt as an important issue for the Local Plan.

Cabinet discussed the report and the need for a Local Plan to be progressed to protect the Borough from development proposals. Members felt a Borough Plan would be more focused on the needs of the Borough and would take account of recent issues such as Brexit, Covid and the Planning White Paper ‘Planning for the Future’. The Planning Committee had considered the Local Plan on 12th January and had supported the proposal for a Borough Plan.

Resolved:

(a) That the Council withdraws from the preparation of a Joint Local Plan with Stoke on Trent City Council.
(b) Work be commenced on the development of a Borough Local Plan, under the stewardship of a Member Steering Group chaired by the Leader of the Council or the relevant Portfolio Holder.
(c) Provision be made in the Medium Term Financial Plan for the costs associated with delivering a Borough Local Plan amounting to £550,000 over the period 2021-23.

72. TEMPORARY ACCOMMODATION POLICY

Cabinet considered a report and draft Temporary Accommodation Policy. The Policy set out the principle of how the Council would seek to meet its responsibilities to people who were homeless or threatened with homelessness in the Borough.

The Policy had been considered by the Health, Wellbeing and Partnerships Scrutiny Committee who supported the policy.

Resolved:

That the proposed Temporary Accommodation Policy be approved and Officers are supported to continue to develop a range of temporary accommodation options for the Borough for further consideration as appropriate.

73. FORWARD PLAN

Consideration was given to the Forward Plan listing upcoming key decisions to be made by Cabinet.

Resolved: That the Forward Plan be received.

74. URGENT BUSINESS

There was no Urgent Business.

75. DISCLOSURE OF EXEMPT INFORMATION

Resolved:- That the public be excluded from the meeting during consideration of the following matter because it is likely that there will be disclosure of exempt information as defined in paragraph 3 in Part 1 of Schedule 12A of the Local Government Act, 1972.

76. **SCALE OF FEES AND CHARGES 2021/22 - CONFIDENTIAL APPENDIX**

Cabinet considered the confidential appendix of fees and charges for 2021/22.

Resolved: That the information contained within the confidential appendix be agreed.

COUNCILLOR SIMON TAGG
Chair

Meeting concluded at 3.04 pm

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO

Cabinet
03 February 2021

Report Title: **Revenue and Capital Budgets and Strategies 2021/22**

Submitted by: **Head of Finance (Section 151 Officer)**

Portfolios: **Finance and Efficiency**

Ward(s) affected: **All**

Purpose of the Report

To enable the Cabinet to recommend the 2021/22 General Fund Revenue Budget and the 2021/22 Capital Programme for approval to Full Council, meeting on 24 February 2021 following consideration by the Finance, Assets and Performance Scrutiny Committee on 18 January 2021.

To recommend the Flexible Use of Capital Receipts Strategy (updated for 2021/22), the Capital Strategy for 2021/2031, the Treasury Management Strategy for 2021/22 and the Investment Strategy for 2021/22 for approval to Full Council, meeting on 24 February 2021.

Recommendations

(a) **That the Revenue and Capital Budgets as detailed in this report and in the report to Cabinet dated 13 January 2021 be recommended to Full Council for approval.**

(b) **That the updated Medium Term Financial Strategy 2021/22 to 2025/26 (Appendix 2) be recommended to Full Council for approval.**

(c) **That the strategy for ensuring a balanced revenue outturn position for 2020/21 be approved.**

(d) **That the calculation of the Council Tax base and the Council Tax increase to be proposed for 2021/22 of £5 per Band D equivalent property be recommended to Full Council for approval.**

(e) **That the risk assessment at Appendix 3 and the Section 151 Officer's recommendation on the level of reserves and contingencies provisionally required to be maintained in 2021/22 be recommended to Full Council for approval.**

(f) **That the Flexible Use of Capital Receipts Strategy (Appendix 6), updated for 2021/22, be recommended to Full Council for approval.**

(g) **The Borough Growth Fund Priorities for 2021/22 be approved.**

(h) **That the Capital Strategy (Appendix 7) for 2021-31 be recommended to Full Council for approval.**

(i) **That the Treasury Management Strategy (Appendix 8) for 2021/22 be recommended to Full Council for approval.**

(j)	**That the Investment Strategy (Appendix 9) for 2021/22 be recommended to Full Council for approval.**
(k)	**That the Local Council Tax Reduction Scheme (Appendix 10) for 2021/22 be recommended to Full Council for approval.**

Reasons

To enable the Cabinet to recommend a robust and affordable budget for 2021/22 to the Council at its meeting on 24 February 2021.

The Council needs to have an approved Flexible Use of Capital Receipts Strategy for 2021/22, an approved Capital Strategy for 2021/22, an approved Treasury Management Strategy for 2021/22 and an approved Investment Strategy for 2021/22 in place before the start of the 2021/22 financial year.

1. **Background**

1.1 The Council is committed to the delivery of high quality services. Integral to this ambition is effective targeting of financial resources in line with the vision of "a growing borough that is an attractive and welcoming place for all" and the Council's stated aims and objectives, as set out in the Council Plan 2018-22, which was approved by Cabinet on 19 September 2018.

1.2 The Council has a Medium Term Financial Strategy (MTFS) which sets out its financial position over the next 5 years. This is aligned to the Council Plan 2018-2022 and is the key vehicle for ensuring efficiency in service delivery and targeting resources to priority areas. The COVID-19 pandemic has changed the position of the Council significantly creating financial challenge and uncertainty in equal measure.

1.3 Despite the COVID-19 pandemic, and the challenges faced by the Council in its response, there has been good progress against Council Plan objectives in the current year, with high standards of service delivery being achieved overall. Key Outcomes so far in 2020/21 are set out in Appendix 5.

1.4 The 2021/22 budget is based on the assumptions set out in the MTFS which was approved as a basis for consultation by the Cabinet at its meeting on 11 November 2020 and scrutinised by the Finance, Assets and Partnerships Scrutiny Committee at its meeting on 14 December 2020 and again at its meeting on 18 January 2021.

1.5 The proposals included in this report will inform the Revenue and Capital Budgets and Council Tax 2021/22 report to Council on 24 February 2021.

1.6 The Capital Strategy 2021-31 sets out how the Council proposes to deploy its capital resources in order to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and interested parties with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.

1.7 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires a report to be prepared and approved by the Council concerning the Treasury Management Strategy to be followed in carrying out its treasury management activities in the forthcoming financial year, 2021/22.

1.8 The Investment Strategy 2021/22 is compiled according to the Ministry of Housing, Communities and Local Government's Guidance on Local Government Investments ('the Guidance') and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ('the CIPFA TM Code') It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

2. Budget 2020/21 – Provisional Outturn Forecast

Revenue

2.1 The COVID-19 pandemic continues to present significant challenges to the Council's financial position through a mix of lost income and additional costs. It is forecast that adverse variances incurred will be offset in total by the emergency Coronavirus funding received from the Government and by the Government income compensation scheme and that this will enable a balanced outturn to be presented at the year end, any variance remaining will be paid into or from the general fund reserve. Close management of the financial position will continue and remains absolutely essential.

2.2 To date emergency Coronavirus Government funding of £2.281m has been secured (including £299k of new burdens funding to offset the costs of administering Coronavirus business support grant, hardship relief, and self-isolation grant schemes), which has reduced the immediate pressure on additional spending and on the Council finances.

2.3 Further Government funding to assist with the Council's response to the Coronavirus has also been secured in relation to rough sleepers (£0.196m), outbreak control (£0.179m), enforcement (£0.061m) and the reopening of the high street (£0.115m).

2.4 The Council's revenue budget relies on service income from fees and charges of around £850k per month across a wide range of services, with a significant proportion coming from J2 and car parking. Taking account of the current restrictions it is forecast that income losses from fees and charges for the financial year will amount to £2.827m, net of furlough scheme assistance of £0.197m.

2.5 The Government announced that it will fund income losses, relating to irrecoverable fees and charges, above the first 5% at the rate of 75p in the pound in the current financial year will to a significant degree insulate the Council from income related financial risks. It is forecast that the Government's income compensation scheme will offset these income losses to the sum of £1.985m, the first instalment of this was received in November.

2.6 Additional expenditure pressures have inevitably been incurred as a result of the COVID-19 pandemic. It is forecast that by the close of the financial year these will amount to £1.749m (excluding the provision of services/activity for which specific funding has been received per 2.3).

2.7 It is forecast that a £0.895m expenditure pressure will be incurred regarding additional disposal costs and the hire of vehicles to allow sufficient levels of social distancing within the Waste and Recycling service.

2.8 A top up of the general fund reserve to its assessed minimum level at the commencement of the financial year regarding the COVID-19 impact on the 2019/20 deficit of £0.207m has been undertaken.

2.9 Expenditure pressures have been incurred regarding Housing Benefits payments made by the Council which are not fully subsidised by the Department of Works and Pensions, mainly around the provision, often emergency, of accommodation for vulnerable and homeless people, it is estimated that the shortfall from this and the under recovery of overpayments will amount to £0.405m by the close of the financial year.

2.10 Expenditure has been reduced wherever possible throughout the Council to ensure that only absolutely necessary spending is being incurred, this has helped to reduce the adverse variance on a service by service basis. It has been forecast, and it is absolutely imperative, that this situation continues throughout the remainder of the financial year.

2.11 The Interim Director of Resources and Support Services informed the Ministry of Housing, Communities and Local Government by letter of the Council's intention to make flexible use of up to £500,000 of capital receipts in each of the financial years 2018/19 and 2019/20 on 5 December 2018 and up to £400,000 for the financial year 2020/21 on 5 December 2019. The Head of Finance (Section 151) Officer informed the Ministry of Housing, Communities and Local Government by letter on 18 December 2020 of the Council's intention to make further flexible use of £250,000 of capital receipts in 2020/21 and a total of £950,000 in 2021/22.

2.12 Officers have reviewed the 'Statutory Guidance on the Flexible Use of Capital Receipts', and have identified expenditure that meets the eligibility criteria laid out in the guidance document, in that it relates to initiatives that are forecast to generate, or have generated, on-going revenue savings through reducing the costs of service delivery.

2.13 The Council's Flexible Use of Capital Receipts Strategy for 2021/22 is included as Appendix 6 to this report. Cabinet are asked to endorse the strategy and recommend to Council that it be approved, as required by the statutory guidance.

Capital

2.14 The Capital Programme approved by Council in February 2020 has been updated to take account of amounts brought forward from 2019/20 where planned expenditure did not occur. This has been added to the budget for 2020/21 (apart from cases where costs have been reduced or expenditure will no longer be incurred). Following the completion of the Capital Programme review as a result of the COVID-19 pandemic, the revised budget for capital projects in 2020/21 now totals £7,302,631.

2.15 It is forecast that the Capital Programme outturn for 2020/21 will largely be in line with the budget and there will not be any significant variance to report. It is anticipated that re-profiling will be incurred for a number of capital projects (i.e. 2020/21 projects carried forward to 2021/22).

2.16 The Capital Funding required for the 2020/21 programme includes £4,019,600 of capital receipts. It is anticipated that these receipts will be received prior to the end of the financial year.

3. **<u>Medium Term Financial Strategy 2021/22 – 2025/26</u>**

3.1 The MTFS was approved as a basis for consultation by the Cabinet on 11 November 2020. There have subsequently been a number of amendments to the MTFS resulting in the following revised gaps. Further details of these changes are set out at Appendix 2.

- £1.275m in 2021/22
- £1.501m in 2022/23
- £0.822m in 2023/24

NEWCASTLE UNDER LYME BOROUGH COUNCIL

- £1.016m in 2024/25
- £0.510m in 2025/26

3.2 Previous years' budget shortfalls have been addressed by a combination of measures such as efficiency savings, reductions in expenditure or income increases, consideration of the need for Council Tax increases, the flexible use of capital receipts, and service reviews. Significant progress has been made to meet shortfalls in the years after 2021/22 as shown in the summary below:

Detail	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Income	50	-	-	-	-
One Council	195	601	126	-	-
Staffing Related	599	-	-	-	-
Good Housekeeping	46	-	-	-	-
Tax Base	-	109	167	169	172
Council Tax Increase	187	188	190	191	191
Financing	198	31	31	-	-
TOTAL SAVINGS	**1,275**	**929**	**514**	**360**	**363**
UPDATED MTFS GAPS	**1,275**	**1,501**	**822**	**1,016**	**510**
REMAINING GAP (- = surplus)	**-**	**572**	**308**	**656**	**147**

4. **Revenue Budget 2021/22**

4.1 The MTFS provides for a gap in 2021/22 of £1.790m and over the 5 year period of the MTFS of £5.911m. The Comprehensive Spending Review announcements on 25 November 20202 and other issues detailed below reduce this gap to £1.275m in 2021/22 and to £5.124m over the 5 year period of the MTFS

- The Comprehensive Spending Review announced that a public sector pay freeze would be imposed with the exception of those employees earning below the United Kingdom's median wage of £24,000, who will be entitled to a £250 pay award. If implemented within Local Government the pay freeze will reduce the gap by £0.377m in 2021/22 and the gap over the 5 year period of the MTFS by £0.425m

- It was also announced that there would be an equitable sharing of local taxation collection losses between local authorities and the Treasury. The Spending Review papers show that the government intends to use a scheme similar to the income compensation and cover 75% of local government's collection fund deficits. Whilst further detail is awaiting, it is assumed that this will reduce the gap by £0.039m in 2021/22 in relation to the Council's share of the Council Tax collection fund forecast deficit and by £0.094m in 2021/22 in relation to the Council's share of the Business Rates collection fund forecast deficit. The gap over the 5 year period of the MTFS will reduce by £0.398m

- The capital programme as shown in Appendix 4 and the updated financing assumptions for this expenditure have resulted in a reduction in the pressure included in the MTFS of £0.005m in 2021/22 and an increase of £0.036m over the 5 year period of the MTFS (i.e. minimum revenue provision and interest payable)

4.2 The table below shows the factors which give rise to the £1.275m "gap" for 2021/22:

	£'000
Additional Income	
Fees and Charges	(151)
Business Rates Retention	(491)
Total Additional Income	**(642)**
Loss of Income	
Government Grant (New Homes Bonus, Housing Benefits Admin)	276
Reduction in income from under achieved budgets	300
Reduction in recycling credits scheme	70
Council Tax (collection fund/support)	73
Total Loss of Income	**719**
Additional Expenditure	
Employees (increments, national insurance and superannuation)	270
Premises (business rates and utilities)	15
Transport (fuel)	10
Borrowing Costs	223
Elections Reserve (top up of reserve)	50
One off budget pressure (reduction in flexible use of capital receipts)	200
Other pressures (housing benefits, homelessness and software licences)	430
Total Additional Expenditure and Loss of Income	**1,198**
Net Increase In Base Budget	**1,275**

4.3 A number of savings and funding strategies have been identified as being both feasible and sustainable, via a vigorous Efficiency Board process including challenge sessions for each of the Portfolios involving Cabinet Members, the Executive Management Team, Heads of Service and the Finance Manager. The proposed savings identified to date for the period of the MTFS, and the remaining funding gaps are outlined in the table below, with further detail for 2021/22 in Appendix 1. These savings and strategies have enabled a balanced financial position to be proposed for 2021/22.

Category	**Amount £'000**	**Comments**
Income	50	Additional sources of income generation and an increased demand for services that the Council charges for.
One Council	195	Efficiencies to be generated from the continuation of prioritising digital delivery processes and services
Staffing Related Efficiencies	599	No redundancies are anticipated to arise from these proposals.
Good Housekeeping Efficiencies, General Other Savings, Changes in Base Budgets	46	Various savings arising from more efficient use of budgets.
Council Tax Increase	187	An assumed £5 (2.49%) per band D equivalent increase in Council Tax.
Financing	198	Transfer of revenue funded items to capital funding
Total	**1,275**	

4.4 As in previous years, the savings plan set out at Appendix 1 was made available to the Finance, Assets and Partnerships Scrutiny Committee for scrutiny at its meeting on 14 December 2020. The Committee also scrutinised the recommendations of the Cabinet report of 13 January 2021 at its meeting on 18 January 2021.

4.5 As a result of the COVID-19 pandemic and the financial challenge the pandemic has raised, the Council has commissioned a full organisational review. This has identified a requirement to make significant changes to the way Council services are delivered, recognising both the impact of the pandemic in terms of creating more and different demands on Council services and the need to retain focus on the most vulnerable and disadvantaged in the community, whilst maximising opportunities for residents to help themselves, ensuring that they have a consistent and efficient interaction with the council when needed. A major programme of work (the One Council Programme) will be undertaken over the period 2021/22 to 2022/23 to implement the necessary changes, which will involve extensive redesign of organisational structures, processes and technology, underpinned by changes in culture, leadership and governance. The programme will be overseen by the ICT and Digital Steering Group chaired by the Leader of the Council and regular updates provided to Cabinet and FAPS.

4.6 Efficiencies and savings expected to be achieved through the One Council Programme will amount to circa £0.922m over a three year period and are recurring. In order to achieve the revenue savings set out above implementation costs of approximately £1.000m will need to be funded. This includes £0.250m in the current financial year for the blueprint and mobilisation phase of the programme which is due to commence in January 2021. These implementation costs consist of website development, ICT costs, staff time including enhanced HR support, external delivery partner and training costs together with programme assurance and contingency. It is proposed these costs will be funded via the flexible use of capital receipts and contributions from the Borough Growth Fund over a two year period.

Borough Growth Fund

4.7 The savings and funding strategies identified in the table above and in Appendix 1 will enable continued investment of £0.250m in the Council's priorities as per the Council Plan 2018-2022 via the Borough Growth Fund. In accordance with the 'Statutory Guidance on the Flexible Use of Capital Receipts', the 'Borough Growth' fund will continue to be used to provide pump-priming investment in initiatives that are forecast to generate on-going revenue savings through reducing the costs of service delivery or through the generation of additional income. The Council's Section 151 Officer will determine whether any proposed use of the fund complies with this guidance on a case by case basis.

4.8 The Borough Growth Fund currently stands at £70k which when added to the £250k contribution in 2021/22 gives the Council a total pot of £320k.

Projects to be funded via the Borough Growth Fund in 2021/22 include:

- £100k "One Council" to drive the Digital Programme which will transform public access to Council services and drive efficiency savings.
- £100k Environmental Sustainability Strategy, this is to ensure that the Council plays its part in improving air quality, reducing carbon emissions and delivering its services in an environmental sustainable way.
- £50k To address community concerns about unpleasant odour widely raised in the community and raised by residents once again under the budget consultation process.
- £70k Town Centre Recovery, to support local businesses and the town centre to get back on track following the Coronavirus pandemic.

Council Tax and Collection Fund

4.9 The savings and funding strategy assumes a £5 per Band D equivalent property Council Tax increase (this is the referendum limit announced as part of the Spending Review), producing £187,000 of additional income. This increase in Council Tax would equate to the following monetary increases for residents:

Property Band	Annual Increase £ p	Weekly Increase £ p
A	3.33	0.06
B	3.89	0.07
C	4.44	0.09
D	5.00	0.10
E	6.11	0.12
F	7.22	0.14
G	8.33	0.16
H	10.00	0.19

4.10 Taking into account the increased level of Council Tax Support claimants that the Council has received during the period of the COVID-19 pandemic and other changes to the Council Tax base (i.e. new properties, discounts and exemptions), the Council Tax base has decreased by 300 band D equivalent properties from 37,387 in 2020/21 to 37,087 in 2021/22.

4.11 The Council is required to declare its estimated surplus or deficit on the Collection Fund (for both Business Rates and Council Tax) ahead of the financial year end for 2020/21. Usually this surplus or deficit is then shared between the relevant preceptors in 2021/22 (a surplus if paid out to preceptors, including the Council, and a deficit is repaid to the collection fund from preceptors, including the Council). As part of its response to the COVID-19 pandemic the Government has announced that deficits on the collection fund incurred in 2020/21 can be spread over a 3 year period.

4.12 It was announced as part of the Local Government Finance Settlement that there would be an equitable sharing of irrecoverable local taxation collection losses between local authorities and the Treasury. The government intends to use a scheme similar to the income compensation and cover 75% of local government’s collection fund deficits, with a small number of exclusions.

4.13 The Business Rates Collection Fund is estimated to be in a deficit position at 31 March 2021, primarily due to a significantly increased contribution to the bad debts provision to allow for the potential impacts of the COVID-19 pandemic. The deficit is estimated to amount to £0.938m (net of the significant additional Section 31 grants received to compensate for the Governments protection of businesses via reliefs), of which the Council’s share is £0.375m. It is anticipated that 75% (£0.281m) of this deficit will be met by the irrecoverable local taxation collection losses scheme, and that the repayment to the collection fund of the remaining deficit (£0.094m) can be spread over a 3 year period.

4.14 The Council Tax Collection Fund is estimated to be in a deficit position as at 31 March 2021, primarily due to an increase number of Council Tax Support claimants due to the COVID-19 pandemic. This deficit is estimated to amount to £1.292m, of which the Council’s share is £0.145m. It is anticipated that 75% (£0.109m) of this deficit will be met by the irrecoverable local taxation collection losses scheme, and that the repayment to the collection fund of the remaining deficit (£0.036m) can be spread over a 3 year period.

4.15 The Local Government Finance Settlement for 2021/22 was received on 17 December 2020, this is largely in line with the assumptions that had previously been made via the Medium Term Financial Strategy. Despite the decision to not increase the business rates multiplier (as part of the Government's protection of businesses), the Council will be fully reimbursed for the increase in business rates retention funding that would otherwise have been received as forecast in the Medium Term Financial Strategy.

4.16 The Government have introduced a Lower Tier Services Grant, this grant is un-ringfenced and is specific to lower tier authorities only. The Council will receive £0.159m from this funding source in 2021/22, it is proposed that this funding be paid into the General Fund Reserve in order to boost the Council's financial resilience during the forthcoming financial year.

4.17 Further funding will also be paid to the Council to assist with COVID-19 related pressures in 2021/22. Again, this will represent un-ringfenced grant support and uses the distribution methods applied to funding received during 2020/21. It is proposed that a COVID-19 specific reserve be established and that this funding be paid into this reserve during the forthcoming financial year.

4.18 The Government has also indicated that it is providing funding to broadly meet the additional costs associated with increases in local council tax support caseloads in 2021/22. The funding will be un-ringfenced and can be used to provide other support to vulnerable households, including through local welfare schemes. Allocations have not yet been published.

4.19 The Government also intend to continue the current income compensation scheme to support local authorities for the first quarter of 2021/22, it is anticipated that the Government will continue to use 2020/21 budgeted income as the baseline to assess losses.

Local Plan

4.20 The withdrawal from the preparation of a Joint Local Plan with Stoke-on-Trent City Council was approved by Cabinet on 13 January 2021. It was also approved that provision be made for costs associated with a delivering a Borough Local Plan amounting to £0.550m over the period 2021-23.

4.21 It is proposed that the £0.550m required is funded as follows:

- Base budget contribution to the Local Plan of £0.047m in 2021/22 and £0.047m in 2022/23
- Transfer of budget for a vacant Senior Planning Officer from Development Control to Planning Policy of £0.048m in 2021/22 and £0.048m in 2022/23
- The Budget Support Fund (Planning Policy) balance currently held of £0.044m
- Reallocation of £0.316m from the Equipment Replacement Fund balance held to the Budget Support Fund (Planning Policy).

5. Budget Consultation

5.1 Public consultation has been undertaken on the budget (Appendix 11). The consultation clearly determined that residents again felt that the following services were the most important to them.

- Town Centre regeneration
- Refuse collection
- Parks, playgrounds and open spaces
- Recycling facilities
- Street cleansing

It also showed that residents feel that services should be protected as far as possible, even if that requires an increase in Council Tax.

5.2 The consultation has been reviewed by Cabinet and the views of those residents that have engaged in the consultation have been taken account of, and reflected, in the 2021/22 savings and funding strategy.

6. Capital Programme 2021/22 to 2023/24 and Capital Strategy 2021-31

6.1 The Capital Programme for 2021/22 to 2023/24 (Appendix 4) is based on new schemes which are vital to ensure continued service delivery and in assisting the Council to achieve its corporate and service objectives as set out in the Council Plan 2018-22 approved by Cabinet on 19 September 2018. These schemes total £31.057m, of which £12.923m relates to 2021/22.

6.2 The Capital Strategy for 2021-31 (Appendix 7) meets the requirements of statutory guidance issued by the Government in January 2018. The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.

6.3 The Capital Programme is produced in line with the Capital Strategy for 2021-31 (Appendix 7). In addition to the Council's corporate and service objectives, as set out in the Council Plan 2018-22, the Capital Programme is also influenced by a number of external parties and factors:

- Central government and its agencies;
- Legislation requiring capital works;
- Partner organisations;
- Businesses and Developers; and,
- The needs and views of other interested parties, particularly those of Borough residents.

6.4 The Capital Programme for 2021/22 includes £4.600m for the refurbishment and reopening of Kidsgrove Sports Centre. This is in addition to the £1.000m currently anticipated to have been spent during 2020/21 (i.e. total scheme value of £5.600m) and will enable the provision of leisure facilities within Kidsgrove ahead of the timescale previously planned.

6.5 Delivering the capital programme for 2021/22 will require prudential borrowing to be undertaken. The impact of borrowing is included in the MTFS pressures for 2021/22 and future years.

6.6 Advice will be sought from the Council's Treasury Management advisors, Arlingclose, as to the most beneficial timing of prudential borrowing. Their current advice is to borrow on a short term basis (up to 4 years) from other local authorities whilst interest rates remain low.

6.7 In summary, investment in the capital programme for 2021/22 to 2023/24 totalling £31.057m will be funded by:

- £5.322m External Funding including Disabled Facilities Grant and s106;
- £6.753m Capital Receipts; and,
- £18.982m Prudential Borrowing/Leasing

7. Treasury Management Strategy 2021/22 and Investment Strategy 2021/22

7.1 The Treasury Management Strategy for 2021/22 is attached at Appendix 8. The Minimum Revenue Provision Policy for 2021/22, as referred to at 4.1 of this report, is contained in Annex C to the strategy.

7.2 The Treasury Management Strategy for 2021/22 allows for borrowing. Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the Public Works Loans Board (PWLB). After the utilisation of capital receipts and internal borrowing, the Council will now look to borrow short term from other local authorities in the first instance and will then review any other sources of funding if required.

7.3 The Investment Strategy for 2021/22 is attached at Appendix 9. This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and is based on guidance provided by Arlingclose, the Council's treasury management advisors. Quantitative investment indicators are included within the Strategy to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

7.4 The Investment Strategy is informed by and consistent with the Commercial Strategy approved by Cabinet in October 2019 which proposed the establishment of a Revolving Investment Fund of £50m funded from a mix of revenue contributions, capital receipts and prudential borrowing. At the current time, given the amount of uncertainty in the economy, the establishment of a Revolving Investment Fund has paused.

7.5 The aim of the strategic asset development programme included within the Commercial Strategy will continue to be to steer and manage development opportunities from the Council's property asset base so as to deliver capital receipts and improved revenue income streams but at the same time securing the regeneration, economic development and housing objectives of the Council. Examples include acquisition and development of strategic town centre sites, housing and industrial sites within the borough (including, for example within the Chatterley Valley Enterprise Zone). Developments may be undertaken on a co-investment basis with public, not for profit and private sector partners.

8. Balances and Reserves

8.1 A review of the Council's Balances and Reserves together with a financial resilience risk assessment informing the levels of these has been undertaken by the Council's S151 Officer. Details of the risk factors considered and the weightings applied to each are set out at Appendix 3.

8.2 The Council currently holds a minimum balance of £0.100m as an Income Reserve in order to provide increased flexibility to manage year-to-year fluctuations in income. If the Income Reserve is used in year it is proposed that this be replenished to a balance of £0.100m during the budget setting process for the following financial year.

8.3 It is recommended that a minimum level of unallocated reserves and contingencies of £3m be held in 2021/22 to reflect the increased levels of revenue risk shown in respect of the Coronavirus (a significant increase from the current level of £1.548m). Therefore, the Council's Balances and Reserves Strategy for 2020/21 is that there should be a minimum General Fund balance of £3m in addition to an Income Reserve of £0.100m.

8.4 The recommendation to increase the level of unallocated reserves, together with action already taken to address historic structural budget deficits, is part of continuing action to safeguard the long term financial resilience of the Council and reflects the additional risks that the Council will increasingly be exposed to over the life of the MTFS.

8.5 In order to provide the recommended minimum General Fund balance of £3m, contributions of £1.552m are required. It is proposed that these contributions are made as follows:

- Reallocation of £0.100m from the Equipment Replacement Fund balance held to the General Fund Reserve
- Reallocation of £0.741m from the Business Rates Reserve balance held to the General Fund Reserve
- Payment into the General Fund Reserve of £0.711m regarding the distribution of the Staffordshire and Stoke-on-Trent Business Rates Pool Central Investment Fund to pool members. This has been generated from the retention of business rates within Staffordshire that would otherwise have been retained by Central Government in the absence of pooling arrangements

8.6 The Councils Balances and Reserves (actual at 31 March 2020, and forecast at 31 March 2021 and 31 March 2022) are set out in Appendix 3.

8.7 In addition it is recommended that the current £1m capital programme contingency which is held to allow for emergency unforeseen projects that may be required during the year be transferred to an earmarked fund.

9. **<u>Localised Council Tax Support Scheme 2021/22</u>**

9.1 Section 13A of the Local Government Finance Act 1992, substituted by section 10 of the Local Government Finance Act 2012 requires each billing authority in England to make a Localised Council Tax Reduction scheme, specifying the reductions which are to apply to amounts of Council Tax payable by persons or classes of person whom the authority consider are in financial need.

9.2 Any scheme needs to be approved by the 11 March before the start of a new financial year or a default scheme prescribed by regulations will be imposed by the Secretary of State for Communities and Local Government. The scheme for 2021/22 (Appendix 10), is intended to remain as per the 2020/21 scheme.

10. **<u>Legal and Statutory Implications</u>**

10.1 The Council is required to set its Council Tax for 2021/22 by 11 March 2021. However, it is planned to approve the final budget and council tax rates on the 24 February 2021.

11. **<u>Risk Statement and Major Risks</u>**

11.1 Section 25 of the Local Government Act 2003 places a duty on the Section 151 Officer to report on the robustness of the budget. The main risks to the Revenue and Capital budgets include:

- Spending in excess of the budget;
- Income falling short of the budget, including losses relating to the Coronavirus; and,
- Unforeseen elements e.g. changes to legislation or reductions in government grants.

11.2 Such risks require regular and robust monitoring and it is essential that the Council has sufficient useable reserves to call on if required (see Section 8 above). The review and risk assessment indicates that overall unallocated reserves and contingencies are required to be increased from £1.548m to £3m to reflect the increased levels of risk shown in the revenue budget in relation to the Coronavirus. In addition an earmarked reserve of £1m is required to provide flexibility to manage risks relating to delivery of the capital programme.

11.3 The assessment of the Section 151 Officer is that the proposals included in this report are robust and will ensure an adequate level of reserves.

11.4 Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.

11.5 The overriding consideration in determining where to place the Council's surplus funds is to safeguard the Council's capital. Within this constraint the aim is to maximise the return on capital. Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

12. Equality Impact Assessment

12.1 There are no adverse equality impact identified as a consequence of this report.

13. Financial and Resource Implications

13.1 These are addressed in the body of the report.

14. Risk Statement and Major Risks

14.1 The assessment of the Section 151 Officer is that the draft proposals included in this report are robust and will ensure an adequate level of reserves. However, it should be noted that a number of assumptions and proposals are provisional or draft, and as such this opinion will be confirmed in the Revenue and Capital Budgets and Council Tax 2021/22 reports to Cabinet on 3 February 2021 and to Council on 24 February 2021.

15. Key Decision Information

15.1 Affects all wards within the Borough and monetary values involved are highly significant.

16. Earlier Cabinet/Committee Resolutions

16.1 Medium Term Financial Strategy 2021/22 to 2025/26 (Cabinet 11 November 2020).

16.2 Revenue and Capital Budgets and Strategies 2021/22 (Cabinet 13 January 2021).

17. List of Appendices

Appendix 1: 2021/22 MTFS Funding Strategy
Appendix 2: 2021/22 to 2025/26 MTFS 'Gaps'
Appendix 3: Risk Assessment on Required Balances/Contingency Reserve
Appendix 4: 2021/22 to 2023/24 Capital Programme
Appendix 5: Key Council Achievements in 2020/21
Appendix 6: Flexible Use of Capital Receipts Strategy 2019 to 2022
Appendix 7: Capital Strategy 2021 to 2031
Appendix 8: Treasury Management Strategy 2021/22
Appendix 9: Investment Strategy 2021/22
Appendix 10: Local Council Tax Reduction Scheme for 2021/22
Appendix 11: 2021/22 Budget Consultation Summary

18. **Background Papers**

CIPFA Treasury Management Code of Practice (revised December 2017)
Council's Treasury Management Policy Statement
Local Government Act
Local Authorities (Capital Finance and Accounting) (England) Regulations
Ministry of Housing, Communities and Local Government's Guidance on Local Government Investments
Statutory Guidance on the Flexible Use of Capital Receipts

2021/22 MTFS Funding Strategy

Appendix 1

Ref	Service Area	Description	£000's	Detail
		Income		
I1	Recycling and Fleet	Trade Waste Income	50	Increased marketing and sales regarding the trade waste service, as agreed in the 2020/21 budget setting process
			50	
		One Council		
O1	Corporate	One Council/Digital Delivery	195	Efficiencies to be generated from the continuation of prioritising digital delivery processes and services
			195	
		Staffing Related Efficiencies		
S1	Revenues and Benefits/Customer Services	Restructure	131	Phase 2 of restructure of Revenues and Benefits and Customer Services
S2	Finance	Car Leasing Scheme	3	Car leases not renewed following expiry
S3	Finance	Section 151 Officer Appointment	110	Re-designation of Section 151 Officer role to Head of Finance
S4	Recycling and Fleet	Restructure	40	Restructure of Recycling and Fleet managerial team
S5	Operational	Grounds Maintenance	60	Saving from contract brought back in house with staff TUPE'd from contractor
S6	All	Vacant Posts, Retirements, Reprioritisation	255	Vacant posts, service reprioritisation and employees retirement
			599	
		Good Housekeeping/More Efficient Processes		
G1	ICT Services	Staffordshire Connects	13	Saving in partnership contribution following change of Customer Relationship Manager system
G2	Housing, Regeneration and Assets	Cash Collections	24	Saving from contract to be brought back in house
G3	Communications	Printing	9	Saving from reduced levels of printing across the Council
			46	
		Alternative Sources of Finance/Other		
A1	Corporate	Council Tax Increase	187	Assumed increase of £5 per Band D equivalent property
A2	Corporate	Business Rates Reserve	31	Use of accumulated surplus from Business Rates Retention scheme to offset 2020/21 forecast business rates collection fund deficit
A3	Corporate	Alternative Financing	167	Equipment that was previously provided for via contributions to reserves from revenue will now be funded directly from capital
			385	
		Grand Total	***1275***	

Appendix 2

Medium Term Financial Strategy Gaps

Pressures	**2021/22 (£'000s)**	**2022/23 (£000's)**	**2023/24 (£000's)**	**2024/25 (£000's)**	**2025/26 (£000's)**
Employees	270	575	554	538	553
Premises	15	26	27	28	28
Transport	10	10	10	10	10
Income	77	288	114	(100)	(108)
Financing	473	602	117	540	27
Spending Pressures	430	-	-	-	-
Total Pressures	**1275**	**1501**	**822**	**1016**	**510**
Savings	**2021/22 (£'000s)**	**2022/23 (£000's)**	**2023/24 (£000's)**	**2024/25 (£000's)**	**2025/26 (£000's)**
Income	(50)	-	-	-	-
One Council	(195)	(601)	(126)	-	-
Staffing Related Efficiencies	(599)	-	-	-	-
Good Housekeeping	(46)	-	-	-	-
Tax Base	-	(109)	(167)	(169)	(172)
Council Tax Increase	(187)	(188)	(190)	(191)	(191)
Financing	(198)	(31)	(31)	-	-
Total Savings	**(1275)**	**(929)**	**(514)**	**(360)**	**(363)**
Remaining Gap	**-**	**572**	**308**	**656**	**147**

Appendix 3

Risk Assessment on Required Reserve Balances (i) and Actual/Forecast Reserve Balances at 31 March 2020 to 2022 (ii)

i. Risk Assessment on Required Reserve Balances

Note: All of these risks relate to the Business Objective 'To set a balanced, affordable and achievable budget' and fall into the "Finance" Category

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Balance Needed (£)
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	150,000
2	Reduced Income due to non-availability of service (e.g. COVID-19 related or similar)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	485,000
3	Income, including collection fund income, falls short of Budget because of general change in market conditions, e.g. because of demand fluctuations COVID-19 related or failure to fully recover	Shortfall in income leading to overspends	3 x 5	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	1,030,000
4	Bad debts reduce the Council's income	Shortfall in income leading to overspends Need to top up Bad Debts Provision	3 x 4	High	The Council has a sundry bad debts provision (£237k at 31/03/20). Contribution to provision included in the base budget.	3 x 3	High	Increase monitoring of collection performance	Exec Mgt Team	80,000
5	Employee budgets – The budget is discounted on the assumption there will be vacancies.	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 2%. This is realistic compared with experience from previous years.	3 x 3	High	None	Exec Mgt Team	40,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Balance Needed (£)
6	Employee Budgets - The 2021/22 employee pay settlement results in an increase higher than included in the budget	Additional unbudgeted costs	2 x 1	Low	Pay Spine review known in advance. Balances sufficient to deal with any additional costs, plus reduced job security in economy.	2 x 1	Low	None	Exec Mgt Team	20,000
7	Problems with staff recruitment/retention resulting in the payment of market supplements at extra cost	Additional unbudgeted costs	3 x 3	High	Subject to ongoing review.	3 x 3	High	None	Exec Mgt Team	20,000
8	Problems with staff sickness/suspensions resulting in the needs to use agency/interim staff at extra cost.	Additional unbudgeted costs	3 x 3	High	Situation subject to ongoing review.	3 x 3	High	None	Exec Mgt Team	75,000
9	Council becomes liable to pay compensation or legal fees or other unforeseen commitment arises.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	240,000
10	Inflation relating to supplies and services exceeds the allowance in the budget.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	65,000
11	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 2	Moderate	Budgets subject to checking at several levels. Preparation of standstill budget for comparison.	3 x 2	Moderate	None	Exec Mgt Team	35,000
12	Fall in interest rates reduces income to the Council.	Investment income targets not met	1 x 1	Low	Rates are very low now. A decrease would make no difference investment wise but would reduce costs.	1 x 2	Low	None	Exec Mgt Team	100,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Balance Needed (£)
13	Capital receipts expected are not realised	Additional unbudgeted borrowing costs	3 x 3	Moderate	Capital Budgets and receipt expectations have been realistically set. Allowance provided for in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	
14	Fuel costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget.	2 x 3	Moderate	None	Exec Dir Op Serv	15,000
15	Energy costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget.	2 x 3	Moderate	None	Exec Mgt Team	
16	Unforeseen major repairs needed to Council properties.	Additional unbudgeted costs	4 x 3	High	Planned maintenance programme in place and stock condition survey.	3 x 2	Moderate	None	Exec Mgt Team	50,000
17	Insurances – unexpected increases in premiums.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Chief Exec	20,000
18	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances. Insurance Provision established.	3 x 3	High	Monitor level of Insurance Provision	Chief Exec	60,000
19	Government increase NI rates during 2021/22. An increase of 1% adds about £120,000 to the Council's costs	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	45,000
20	Loss of VAT Exempt Status	Additional unbudgeted costs	3 x 3	High	None	3 x 2	Moderate	Continue to monitor position regularly	Exec Mgt Team	50,000
21	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 3	High	None	Exec Mgt Team	40,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Balance Needed (£)
22	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available. Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	37,500
23	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	2 x 3	Moderate	Few partnerships in place now. Monitor partnership activities and ensure carried out according to agreements.	2 x 1	Low	None	Exec Mgt Team	7,500
24	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme will meet 100% of eligible expenditure within 1 month of an emergency (over threshold set-£25k for NBC)	4 x 2	Moderate	None	Exec Mgt Team	50,000
25	Investment Counterparty (including own bank re current account, etc) fails to meet its financial commitments	Loss of interest due Ongoing loss of interest owing to loss of capital	2 x 3	Moderate	Use of credit rating agencies Counterparty list based on minimum ratings with CDS overlay. Limits to investments with one counterparty (£7m)	2 x 3	Moderate	Frequent reviews of investment strategy	Exec Mgt Team	10,000
26	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	4 x 4	Extreme	MMI Provision	4 x 3	High	Consider increasing amount of provision if reports from administrator indicate it to be necessary	Exec Mgt Team	40,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Balance Needed (£)
27	Data Protection breach resulting in fine	Additional unbudgeted costs	3 x 3	High	Data Protection Policy Reminders to staff. All staff complete mandatory Data Protection e-learning module.	3 x 3	High	None	Exec Mgt Team	75,000
28	Members act against officer advice resulting in cost to the Council	Additional unbudgeted costs	3 x 3	High	Agenda pre-meetings. Liaison with members. Monitoring Officer.	3 x 3	High	None	Exec Mgt Team	75,000
29	Volatility in respect of Brexit	Additional unbudgeted costs re supplies and services and utilities	3 x 3	High	Include in calculation of prudent minimum balances.	3 x 3	High	Monitor	Exec Mgt Team	85,000

Impact (I)	**Likelihood (L)**	**Score**	**Risk rating**
1 - Negligible <£25,000	1 - Extremely Unlikely		
2 - Marginal <£50,000	2 - Remote Chance	1-2	Low Risk
3 - Serious <£250,000	3 - Possible	3-8	Moderate Risk
4 - Critical <£1m	4 - Probable	9-15	High Risk
5 - Catastrophic >.£1m	5 - Frequent / very likely	16-25	Extreme Risk

ii. ***Actual/Forecast Reserve Balances at 31 March 2020 to 2022***

Reserve	Actual Balance at 31/3/20 (£000's)	Estimated Change in 2020/21 (£000's)	Estimated Balance at 31/3/21 (£000's)	Estimated Change in 2021/22 (£000's)	Estimated Balance at 31/3/22 (£000's)	Purpose
General Fund Balance	1,241	1,759	3,000	-	3,000	Working balance to cover unforeseen adverse events affecting the budget. Approved minimum balance of £3m
Income Reserve	100	-	100	-	100	To increased flexibility to manage year-to-year fluctuations in income. Approved minimum balance of £0.100m
Equipment Replacement Fund	462	(123)	339	(307)	32	To pay for the replacement of items of plant and equipment
ICT Development Fund	21	(21)	-	-	-	To meet the cost of new IT requirements, including capital expenditure
Budget Support Fund	1,244	(1,244)	-	-	-	To support the General Fund revenue budget or to meet costs approved by Council
Budget Support Fund (Planning Policy)	68	(24)	44	316	360	To fund the Borough Local Plan in addition to a base budget allocation and transfer of vacant post funding
Borough Growth Fund	30	40	70	(70)	-	To fund investment in corporate priorities
Conservation & Heritage Fund	27	-	27	-	27	To provide repair grants to owners of historic buildings
Mayor's Charity Reserve	8	(8)	-	-	-	To hold funds on behalf of the Mayor's Charity
Museum Purchases Fund	136	(136)	-	-	-	To purchase, conserve and enhance exhibits
Business Reserve	209	6,340	6,549	(5,375)	1,174	To hold surpluses of business rates received per the revenue account and to pay subsequent deficits on the collection fund. Balances held pending repayments of deficits and Section 31 grants to preceptors and Central Government
Keele Master Plan Reserve	24	(24)	-	-	-	To meet the costs of the Keele master planning exercise
Elections Reserve	-	50	50	100	150	To provide budget on a 4 year cycle for Borough Elections
Clayton Community Centre	4	5	9	5	14	Sinking fund held on behalf of Committee (contributions made by Committee)
Totals	**3,574**	**6,614**	**10,188**	**(5,331)**	**4,857**	

2021/22 to 2023/24 Capital Programme

Appendix 4

CAPITAL PROGRAMME	2021/22	2022/23	2023/24	TOTAL
	£	£	£	£
PRIORITY - Local Services that work for Local People				
Service Area – ICT and Digital	649,000	110,000	102,000	861,000
Total	**649,000**	**110,000**	**102,000**	**861,000**
PRIORITY - Growing our People and Places				
Service Area - Housing Improvements	1,080,000	2,615,000	2,625,000	6,320,000
Service Area - Managing Property & Assets	466,174	593,634	662,174	1,721,982
Total	**1,546,174**	**3,208,634**	**3,287,174**	**8,041,982**
PRIORITY - A Healthy, Active and Safe Borough				
Service Area - Environmental Health	0	0	60,000	60,000
Service Area - Streetscene and Bereavement Services	610,450	2,210,600	1,125,600	3,946,650
Service Area - Recycling and Fleet	971,500	351,000	2,899,500	4,222,000
Service Area - Leisure	5,671,000	687,000	17,000	6,375,000
Service Area - Museum	240,000	40,000	0	280,000
Service Area - Managing Property & Assets	275,957	359,345	264,669	899,971
Service Area - Engineering	383,000	590,000	1,070,000	2,043,001
Total	**8,151,907**	**4,237,946**	**5,436,769**	**17,826,622**
PRIORITY - A Town Centre for All				
Service Area - Managing Property & Assets	1,476,353	1,157,890	393,248	3,027,490
Total	**1,476,353**	**1,157,890**	**393,248**	**3,027,490**
CONTINGENCY	1,000,000	0	0	**1,000,000**
TOTAL	**12,923,434**	**8,814,470**	**9,319,191**	**31,057,095**

FUNDING				
Capital Receipts	3,075,000	3,128,000	550,000	**6,753,000**
External Contributions	2,252,000	2,035,000	1,035,000	**5,322,000**
Borrowing/Leasing	7,596,434	3,651,470	7,734,191	**18,982,095**
TOTAL	**12,923,434**	**8,814,470**	**9,319,191**	**31,057,095**

Appendix 5

Key Council Achievements in 2020/21

Delivery of a New Recycling and Waste Service

In quarter 2, the new recycling collection service was fully rolled out and operational. This was further supplemented in August with the recommencement of separate food waste collections using a new dedicated fleet of vehicles. Quantities of recycling material collected remains some 20% higher than that of the previous service, with greater participation also by residents who have found the new service so much simpler for them to use.
The quality of the material collected is excellent too, at less than 2.5%, well below national figures for 'non target' material processed through the Councils contracted material recovery facility. This means more of the material residents put out for collection is actually recycled, and there is less chance of it having to be exported. High quality material for recycling can find legitimate homes in the UK.

Britain in Bloom

Although the national, regional and local Bloom campaigns were cancelled in 2020 because of the pandemic, business sponsorship continued and achieved cash income of over £50,000. Phase 6 of the Public Art programme, a "frog" sculpture, was commissioned and installed at Gallowstree Lane Roundabout. A total of 6 of the Borough's strategic parks and cemeteries achieved Green Flag status this year.

Bereavement Services

The Council's Bereavement Services achieved Gold Standard again in the Charter for the Bereaved and continued to deliver services to families throughout the difficult and challenging pandemic, responding to government guidance and operating in a Covid-secure manner. Live streaming of services at the crematorium was facilitated by investment in a new system and a further phase of the cremated remains "leaf garden" was constructed in the grounds. The Council also insourced the grounds maintenance contract which is now being delivered by the Streetscene team at a lower cost.

Environmental Action

The Council delivered a modest programme of environmental education and enforcement activities, taking into account Covid restrictions, and facilitated over 1000 hours of community volunteering activity in local parks, open spaces and neighbourhoods. Successful enforcement action has been delivered in relation to abandoned vehicles and the number of vacant allotment plots has reduced and income from this has increased. Capital programme improvement and equipment replacement projects have been successfully delivered in relation to the Council's playground stock, and the SUNRISE partnership project has improved biodiversity at Thistleberry Parkway, Lyme Valley Parkway and Pool Dam Local Nature Reserve. Advance Town Deal Funding was secured to deliver projects in Clough Hall Park and Newchapel Recreation Ground, as well as improvements to the Grosvenor sunken roundabout and town centre CCTV.

Streetscene

As well as delivering the daily Borough-wide street cleansing and grounds maintenance work, the Streetscene team has supported the Recycling and Waste collection teams throughout the pandemic to ensure that this vital service to residents continued. The annual town centre floral displays were delivered as usual to support economic recovery and social distancing signage was installed to support the management of retail centres. Parks and open spaces remained open and were maintained throughout the lockdown periods to ensure residents had access to green space for exercise and relaxation, and playgrounds were reopened in line with guidance at the appropriate time. The Council's footpath and railing stock has been repaired at key sites and a contract has continued to be managed to progress the large volume of tree work which has been identified as part of the Council's ongoing tree inspection programme.

Garden Waste Service
Garden waste subscriptions have grown during the year, with the Council now supplying garden waste collection services to nearly 21,000 homes. The quality of the material collected is excellent with very little contamination, and the quantity collected this year is 850 tonnes or 12.5% higher than the previous year confirming that residents who have subscribed to the service are ensuring they make full use of it.

Deliver Joint Local Plan
Despite the outbreak of Covid 19 in 2020, the Planning Policy team has worked on updating the evidence base supporting the Joint Local Plan to reflect the effects of the virus on the economy, housing markets and retailing across the Borough. As the impact of Covid 19 continues to affect how the Council delivers it services, the Joint Statement of Community Involvement has been updated to allow for online only consultations. The Council though remains committed to the value of public face to face consultation events but if it is not possible to hold such meetings going forward, the Council can now keep progressing with the Plan. Given the amount of change expected in 2021 following the Countries departure from the European Union and the recovery from the Covid outbreak, the Council is taking the opportunity at the end of the year to assess whether to continue working with Stoke on a joint local plan or build on the work already completed and commence a new plan targeted at meeting the needs and aspirations of the people and businesses in the Borough.

Development Management Service
The Government have set up performance criteria for the determination of planning applications by Councils. For major developments (sites of 10 or more houses or commercial development over 1000 m^2), the target is 60% or more decisions in 13 weeks and for non-majors 70% of decisions within 8 weeks. For 2020/21, the team has far exceeded these targets and delivered figures of 100% in both categories. This is a reflection not only of the new processes and approach to decision making that the team has adopted but also the hard work put in to keeping the service operating effectively especially during the pandemic.

Cultural Developments
The museum has been able to safely open to visitors during all the periods allowed and have also provided a good social media and digital presence for those not able to physically visit.
The installation of Wi-Fi into the museum, due to a recent £5,000 award by the West Midland Museum's development service, to improve and extend our Wi-Fi into more inaccessible parts of the building has commenced, and will allow us to run virtual education tours and talks in places such as the museum stores, street scene and cellar - places that people are unable to visit due to health and safety issues.

Funding has been secured and authorisation to start the museum redevelopment project given for the creation of an extension for a new, dedicated temporary exhibitions space. The project also includes internal reconfiguration of rooms in the building, such as reinterpretation of the galleries to use the collections to tell new stories to better engage visitors. In addition there is three year funding for another member of staff to promote interest in the Borough of Newcastle's heritage and culture.

One Public Estate
The Borough Council received a grant from 'One Public Estate' to cover the cost of undertaking the masterplanning of Knutton Village. This involved preparing proposals for the use or development of a number of cleared sites around the centre of Knutton in the ownership of the Borough and County Councils and Aspire Housing. The objective is to bring forward new housing development in the area and to assess the potential for investing in the improvement and consolidation of community facilities. Aspire Housing also contributed to the Study with a view to reviewing provision of affordable housing in the area, including housing for the elderly. Consultation on the draft masterplan is imminent and once complete, a further report will provide the results and detail the financial implications arising from the proposals. Elements of the Knutton masterplan are included in the draft Town Deal Town Investment Plan which will be submitted in January 2021.

Supporting Retailers and Local Businesses
Activity in 2020 was significantly different than in previous years due to the impact of Covid-19. Work continued in signposting businesses to the Growth Hub and maintaining the business support pages on the website with relevant sources of information and advice. The Council also processed a significant number of applications for Government local business support grants in both the first and second Lockdown periods and continues to administer the Local Restriction and Additional Restriction Support Grants. In excess of 900 businesses have contacted the council for business advice via the online form since March 2020, plus additional queries by phone. In June, all contacts were sent a copy of the council's re-opening checklist, a link to add their details to the Shop Local page and a request to hold their contact details on file if they were interested in receiving a regular e-newsletter. Over 100 responded to this request, which gives an excellent starting point to keeping business updated in the future. The Covid-19 Business Support pages on the website were revised for the second round of business support and the process of grant payment was refined to enable efficient payment of business grants. Additionally links on the business page were refreshed with business information for the end of the Brexit Transition period. A specific business information Twitter account has also been set up. The Council has also been proactive in visiting consumer facing businesses in the town centres and neighbourhood shopping centres across the Borough giving advice on Covid-19 regulations and safety measures to support the safety of both employees and customers in those businesses.

In the town centre, delivery of the market improvement programme continued and a number of specialist markets have been very well supported by visitors to the town centre.

Regeneration of the Newcastle and Kidsgrove Town Centres
The Council has submitted a bid to the Future High Streets Fund for Newcastle Town Centre and is awaiting announcement of the results. This funding will enable delivery of exciting new plans for the redevelopment of the Ryecroft area and Midway multi storey car park as key sites in Newcastle Town Centre, in addition to enabling upgrade of signage in the town centre and improvements to the public realm.

Newcastle and Kidsgrove towns were both selected to submit Town Deal Town Investment Plans. Two new Town Deal Boards were developed and work has been undertaken with a wide range of stakeholders to develop investment proposals for the Town Deal areas. Kidsgrove town Investment Plan was submitted in October, containing a range of transformational projects in Kidsgrove Town Centre around the themes of enhanced enterprise infrastructure, a connected and accessible town centre and health and wellbeing.

In Newcastle, the Town Investment Plan is in the final stages of development and the draft range of projects are designed to complement and add to those in the Future High Street Fund bid. The draft investment plan has projects around the themes of enhanced physical and digital connectivity, diversify and enhance the town centre experience by encouraging new uses and the regeneration of local communities.

The Council was also awarded Accelerated Town Fund monies for projects in Newcastle and Kidsgrove, which need to be delivered by 31 March 2021. We are currently delivering on a range of projects in the two town centres that are in line with the aims of the Town Deal programme.

Business Support
Work continues in signposting business queries to the Growth Hub and maintenance of Business support pages on website. Since March 2020 and the impact of Covid-19, around 900 business have contacted the council for business advice via the online form since March 2020, plus additional queries by phone. In June, all contacts were sent a copy of the council's re-opening checklist, a link to add their details to the Shop Local page and a request to hold their contact details on file if they were interested in receiving a regular e-newsletter. Over 100 responded to this request, which gives an excellent starting point to keeping business updated in the future.

COVID Response Work in our Communities
Working closely with our partners at the Realise Foundation and Support Staffordshire during the pandemic, in supporting our communities and in particular those most vulnerable in need of support, it was acknowledged that there were a number of other vulnerable groups within our community who were not among the ones contacted by the government. These residents may not have care and support needs but may be self-isolating or struggling for a variety of reasons as a result of the Covid-19 virus and need to ask for help from others. Assistance such as help getting shopping, walking the dog or even being put in touch with local community groups or someone to talk to was made available. To assist, the Council initially created a complimentary COVID 19 call centre staffed by volunteers from our leisure services team and gave appropriate information and signposting to callers, including money advice and financial hardship, domestic abuse, social isolation, safeguarding, housing and homelessness, food deliveries etc. In the second lockdown a decision was taken to use our existing Customer Services team to triage calls and signpost to Realise and other local services as appropriate. In addition, the Council have continued to assist more complex cases and other vulnerable households with partners through the work of the Daily Vulnerability Hub, Multi Agency Risk Assessment Conference (MARAC) and the Newcastle Housing Advice Service.

As part of the Covid-19 'Everyone In' response, the Council provided additional accommodation and support to Rough Sleepers to encourage engagement where possible, which is being co-ordinated by the new Navigator post. While the Council and partners are using all of their available tools and powers, there is a cohort of individuals who have been identified but are refusing to engage with the available support offered due to their lifestyle choices, poor mental health and addictions. However, the partnership efforts will continue to use a collaborative and persistent approach to address issues identified in the town as they present.

Taxi Licensing Policy
The Licensing and Public Protection Committee approved the Taxi Licensing policy resulting in full implementation of the policy in January 2020. The policy document is a wide scale reform of the current policy, to ensure that the Council has a policy that is fit for purpose in respect of the legislative framework and administration of the service. Further statutory guidance was published in July 2020, which have resulted in further amendments to the taxi policy being proposed to Licensing and Public Protection committee in October 2020 and public consultation has recently concluded. This will be considered by committee in January 2021.

Environmental Health & Licensing
A new responsibility for the authority this year is for the team to ensure the Covid 19 restrictions were applied and in place as directed by Government. Also the new pavement licensing regime has been implemented by the service, this is a temporary licence which allows premises to apply for a licence for tables & chairs and other furniture on the pavement outside of their premises. In addition, the service is supporting the County Council in the Covid outbreak controls for high risk premises and is continuing with advising business, responding to complaints and undertaking enforcement for non-compliance with Covid controls. It is unknown at present how long these responsibilities will remain in place.

Air Quality Local Development Plan
Work is continuing with Stoke-on-Trent City Council and Staffordshire County Council to create the North Staffordshire Local Air Quality Plan to bring about improvements in Nitrogen Dioxide (NO2) levels. This quarter has seen progress with the outline plan presented to Economy, Environment and Place Scrutiny Committee and approved at Cabinet. Subject to approval by partners and the Joint Air Quality Unit at Government, work upon preparation of the Full Business Case will be progressed. Work on the retrofitting of busses operating on the A53 is well underway and is expected to be completed this year.

Business Support Grants
Since the March lockdown, the council has delivered and managed grant funding payments to support businesses and individuals impacted by Covid-19, with the amount paid in business support grants being £20,555,000, with an additional £1,128,000 paid in discretionary grants. In addition, a further £848,328 of Local Restriction Support Grants and £48,000 of Test and Trace payments have been distributed, as at 30th November 2020.

Customer Service Delivery
Within one week of the Covid lockdown, all Customer Service staff were working from home and continued to answer questions, provide information and support residents of the Borough at this difficult time. During this time, new digital processes were enabled to deal with enquiries at the first point of contact, and support given to new services such as the Business Support Grants process and the rollout of the new Recycling and Waste service.

Developing our Workforce
Despite the Covid 19 situation, work has continued across services in the development of robust, innovative and efficient work force plans which align to the council vision for the future.
High on the list of priorities is the engagement of staff in the development of organisational values and behaviours; from which recognition and reward, development and learning and leadership strategies will be developed. As work develops towards detailed design of the One Council transformation, the People Team will continue the focus on alignment of vision and people processes.

HR are continuing to work with all managers to coach and mentor them through all the HR policies to embed good practice and develop their skills in managing staff successfully to enable a positive working culture. The staff survey in August returned positive results in terms of the support and communication staff are receiving from managers and teams and gave a clear steer to continue the work and promote the services we currently have in place.

Working to ensure staff wellbeing
Due to the changed working conditions for many staff this year, the focus has been to ensure the support of mental health and wellbeing of staff during this time continues and our support and counselling services are available. In partnership with the Trade Unions, a Mental Health working group was set up to work with the staff to develop further our support mechanisms, and in October the World Mental Health day was marked with a campaign for staff to ‘do one thing’ to improve their wellbeing and share their stories. Staff benefitted from enhanced reductions in cost to Council Leisure services and free lunchtime fitness sessions. Staff were also offered the chance to ‘keep well this winter’ and access their free flu vaccination.

Development of Key People policies
Ongoing discussions with the Trade Unions on Organisation Change and Redeployment were paused during the Covid-19 outbreak, but the HR team has continued to work with all managers to coach and mentor them through all the HR policies to embed good practice and develop their skills in managing staff successfully to enable a positive working culture. Work will continue in the new year to confirm the scheduled of work against policy development in partnership.

FUTURE PLANS 2021/22

Development of the Recycling Service

Plans are being developed to increase recycling from schools and communal facilities at flat locations. The schools package will include separate collections of food waste also, and a package of educational resources, closely linked to the curriculum to promote waste minimisation, re-use and recycling.

In addition we are working with our Staffordshire authority partners to procure sorting and processing facilities to treat recycling materials collected from the eight collection authorities across Staffordshire.

Development of the Environmental Service

The service will continue working with Staffordshire County Council and partner organisations in relation to Covid-19 controls, outbreak investigations and enforcement as necessary. This work has been a priority, resulting in the need to develop of new work plans to recover some routine regulatory activities and ensure our regulatory responsibilities are delivered.

The pandemic has enabled the start of work on digitising licensing applications, the roll out of on-line applications for further applications licensing throughout the next year is planned.

The Council is working with Stoke-on-Trent City Council and Stafford Borough Council to implement a grant for the installation of rapid chargers for taxis and members of the public to use throughout the area.

Work will continue on the North Staffordshire Local Air Quality Plan to develop the full business case, in addition for local air quality management work will commence on preparations for the revocation of two local air quality management areas in respect of Nitrogen dioxide, as monitoring has shown that levels of the air pollutant have reduced to below the statutory level, resulting in cleaner air for our residents.

With the progression of HS2, the service will continue review and regulate the environmental implications which arise from the development.

Keele University Growth Corridor

The Council continues to have aspirational plans for the long-term expansion of the area to the west of Newcastle as a result of a significant planning exercise by the Council and its partners, focussing on the former golf course at Keele, parts of Silverdale and land adjacent to Keele University. The Keele University Growth Corridor responds to the borough’s housing needs and ambitious plans set out in the Keele Deal which identifies opportunities for significant investment at the university and includes the provision for new housing on the former golf course, a new primary school and a small convenience store. An important feature will be the creation of attractive walking routes within the campus and residential parts of the scheme. Land has also been set aside to help the university meet its sustainability aims with renewable energy provision on the campus.

Regeneration of the Newcastle and Kidsgrove Town Centres

Pending a successful outcome to the Future High Street Fund bid the Council will commence delivery of transformational projects in Newcastle Town Centre, starting with the demolition of the former Civic Offices building at Ryecroft. Newcastle Town Deal Town Investment Plan will be submitted at the end of January 2021 with the outcome expected in mid-2021. The outcome of the Kidsgrove Town Deal Town Investment Plan is expected to be announced in Quarter 4 of 2020/21 and following this development of individual project business cases will commence with the Town Deal Board and other partners and stakeholders. Delivery of the Accelerated Town Deal projects is scheduled to be complete by the end of March 2021.

Development of the Planning-Enforcement Service

With the adoption of an updated Local Planning Enforcement Plan in June, the Planning service will be seeking to pursue more enforcement case work in 2021.

Re-opening of the Kidsgrove Sports Centre
The Council is working to improve access to sports and leisure facilities for residents in Kidsgrove and surrounding areas as part of a community led initiative to refurbish and re-open the Kidsgrove Sport Centre. Work has continued this year with WDC and the community group to secure a financially viable scope of works for a budget £6m which now suits both the needs of the community groups' business model and the budgetary constraints of the Council. Additional funding opportunities have been secured in the form of Town Deal Advance Monies for advance strip out works at the centre and further Town Deal contributions are being investigated also. Advance works / internal strip out works by WDC will now commence in December upon completion of the property transfer from Staffordshire County Council.

Britain in Bloom
Newcastle-under-Lyme will be celebrating its 30th year of participation in the regional Heart of England in Bloom campaign. To mark this milestone, a 10 year programme of projects and events will be launched based around 3 themes of public art, parks and youth engagement. 2021 will see Phase 7 of the public art programme being installed on Parkhouse Roundabout, as well as many other community projects making a welcome return after the enforced lay off in 2020.7 of the Borough's strategic parks and cemeteries will apply for Green Flag status this year.

Bereavement Services
The Council's Bereavement Services will seek to achieve Gold Standard again in the Charter for the Bereaved and hold a stakeholder meeting with local Funeral Directors, Memorial Masons and Clergy to discuss future service improvements. The Council will launch an affordable "Resident Funeral" offer in partnership with local Funeral Directors and explore the potential for a greater choice of memorialisation options in the grounds of Bradwell Crematorium.

Environmental Action
The Council will deliver a programme of environmental education and enforcement activities, engage with schools, and facilitate over 1000 hours of community volunteering activity in local parks, open spaces and neighbourhoods. Successful enforcement action will be delivered in relation to unauthorised traveller encampments and abandoned vehicles. The number of vacant allotment plots will be further reduced through proactive letting. Capital programme improvement and equipment replacement projects will be successfully delivered in relation to the Council's playground stock, and Section 106 agreement funding will be used to improve a range of facilities in line with the aims of the Open Space Strategy.

Streetscene
As well as delivering the daily Borough-wide street cleansing and grounds maintenance work, the Streetscene team will resume work in partnership with the Probation Service Community Payback team to deliver a programme of litter and graffiti clearance, painting of railings, play equipment and planters, and vegetation management at various sites across the Borough. The Council's footpath and railing stock will be repaired at key sites. A contract to progress the large volume of tree work which has been identified as part of the Council's ongoing tree inspection programme will continue, and monthly clearances of identified "grotspot" areas will take place.

Newcastle Housing Advice to be in-house service
Midland Heart delivers the Newcastle Housing advice (NHA) service on behalf of the Council, which is the Borough's provision for homelessness, housing advice and housing register services. The Council has made the decision to bring the service back in-house by 1st April 2021, and the Council is already supporting and working with the current contractor to transfer the service effectively. The service will be managed within the Partnerships Team and has a strategic fit with the Council's existing work around vulnerability, including domestic abuse, community safety and wellbeing.

ICT Delivery
The ICT team will play a crucial role in supporting the Council's Digital ambitions from both the external customer perspective and for internal users. The technology and solutions that ICT deliver over the next 12 months will pave the way to fundamentally alter how services are delivered; allowing staff to be more productive and deliver better outcomes for the residents, visitors and businesses within Newcastle under Lyme.

Digital Developments
The advent of COVID-19 has created some new challenges for the Council and has highlighted the importance of having well designed services that are structured to work via a multitude of channels. This presents a significant opportunity for the authority to fundamentally alter how it works in the future. Key priorities for the years ahead will include:

- Continuing to redesign Customer facing services to ensure they focus on customer need and deliver consistent, reliable outcomes.
- Invest in the use of automation of and AI technologies to improve our service offering and ensure that we are able to meet public expectations.
- Develop our internal processes, focusing on what is possible with modern technology to remove inefficiency and waste.
- Ensuring that the wider Newcastle communities are digitally enabled and individually capable, working with partners to ensure that no one is left behind
- Encouraging investment in the Newcastle area to ensure our infrastructure is capable of supporting our digital future – for both residents and businesses

Developing Service Delivery
Building on the experience of the Covid19 pandemic, when the Council needed to respond swiftly to the needs of the most vulnerable, there is an opportunity to build on both the community and council response to ensure that services are designed in ways which respond directly to customer need. Priorities for action will be:

- Review our Customer Access Strategy, focusing on how we continue to offer safe and reliable customer services from our customer service centres and within the community.
- Engage with the Borough's distinct communities to ensure the Council has a current understanding of community activity and vulnerability, to better target services and support community action
- Explore the opportunity to secure (digital) service access points in community locations around the borough.

Revenues & Benefits
Next year, development and digitalisation of Civica Debtors is planned and in addition, the use of e-billing and bulk text messaging increased for recovery work. The service will also work with the Valuation Office to reorganise property reference numbers within the Borough. Staff development will see cross training of Revenues & Benefits with Customer Services.

Implementation of the One Council Model
Next year, the People and Organisational Development Team will be heavily involved, along with other teams in the council, in the development and implementation of the One Council model. This work will include developing and agreeing transactional processes and protocols to underpin the transformation alongside cultural development and provision of a governance framework.

Appendix 6 – Flexible Use of Capital Receipts Strategy

NEWCASTLE UNDER LYME BOROUGH COUNCIL

Flexible Use of Capital Receipts

2019 to 2022 (update for 2021/22)

Introduction

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects.

Power under which the guidance is issued

1. The Local Government Act 2003 ('the Act'), section 15(1) requires a local authority '… to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify …'.

2. Two codes of practice issued by the *Chartered Institute of Public Finance and Accountancy (CIPFA)* contain guidance on capital receipts and local authority accounting that complement the DCLG guidance. These publications are:

    - *The Prudential Code for Capital Finance in Local Authorities*
    - *The Code of Practice on Local Authority Accounting*

3. Local authorities are required to have regard to the current edition of *Treasury Management in Public Services: Code of Practice and Sectoral Guidance Notes* by regulation 2 of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146]* and to the *Local Authority Accounting Code* as proper practices for preparing accounts under section 21(2) of the Act.

Application

4. This guidance applies with effect from 1 April 2016 to 31 March 2022 – i.e. to the financial year 2016-17 and for each subsequent financial year to which the flexible use of capital receipts direction applies.

5. The Council cannot borrow to finance the revenue costs of service reform and can only use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered.

The Council may not use its existing stock of capital receipts to finance the revenue costs of reform.

Qualifying expenditure

6. The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to the authority.

7. A list of types of project that would qualify for the flexible use of capital receipts is shown below. This list is not meant to be prescriptive or exhaustive and individual authorities who have projects that will generate ongoing savings that are not included in the list provided in the guidance can apply the flexibility to fund those projects.

Accountability and transparency

8. The Council is required to prepare a strategy that includes separate disclosure of the individual projects that will be funded or part funded through capital receipts flexibility and that the strategy is approved by full Council or the equivalent. This strategy can be included as part of the annual budget documentation and approved by full Council or the equivalent at the same time as the annual budget.

Qualifying expenditure

Types of qualifying expenditure

9. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years.

10. Set up and implementation costs of any new processes or arrangements can be counted as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.

Examples of qualifying expenditure

11. There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:

- Sharing back-office and administrative services with one or more other council or public sector bodies
- Investment in service reform feasibility work, e.g. setting up pilot schemes
- Collaboration between local authorities and central government departments to free up land for economic use
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation
- Sharing Chief-Executives, management teams or staffing structures
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others)
- Integrating public facing services across two or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery.

Accountability and transparency

Preparation

12. For each financial year, the Council should ensure it prepares at least one Capital Strategy ("the Strategy")

Content

13. As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility, that it details the split of up front funding for each project between capital receipts and other sources, and that on a project by project basis, a cost benefit analysis is included to highlight the expected savings. The Strategy should report the impact on the Councils Prudential Indicators for the forthcoming year and subsequent years.

14. From the 2017-18 Strategy and in each future year, the Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial cost/benefit analysis.

15. The Strategy may also include any other matters considered to be relevant.

Approval

16. The Strategy should be approved by the full council.

Timing

17. For any financial year an efficiency Strategy ("the initial Strategy") should be prepared and approved before the start of the year.

2021/22 Strategy

The Council intends to use capital receipts received in 2020/21 to finance qualifying expenditure up to £950,000 in accordance with the Guidance. The projects which will be financed in this way are shown in the table below.

Project	**Expenditure**	**Expected Savings**
	£'000	**£'000**
One Council Project	750	727
Financial Sustainability	200	200
Total	**950**	**927**

The individual projects selected within these categories will be financed entirely from in year capital receipts

2020/21 and Previous Years' Flexible use of Capital Receipts

The Council financed qualifying expenditure in 2017/18, 2018/19 and 2019/20 in accordance with the Guidance, and further intends to finance such expenditure in 2020/21, as shown in the table below.

Project	Allocation of Flexible Use of Capital Receipts	Actual Spend	Estimated Savings	Actual One off Savings	Actual Ongoing Saving	Notes
	£'000	£'000	£'000	£'000	£'000	
2017/18						
Castle House Project - Redundancy Costs	80	80	80		80	
2018/19						
Digital Delivery Project	66	66	100		96	Flexible retirements and vacant posts
Chargeable Garden Waste Preparatory Costs	233	233	371		200	CGW income
Waste Recycling Service	142	142	150	150		
Building Efficiency Works Expenditure	59	59	50		50	
2019/20						
Digital Delivery Project	128	128	150		145	Payroll Staffordshire Connects
New Recycling Service - Preparatory Costs	134	134	100		100	Ongoing project, expect to save circa £100k per annum
Chargeable Garden Waste Preparatory Costs	38	38	40		500	CGW income
Building for the Future	200	200	217		300	Revenues & Benefits, Customer Services and ICT restructure
2020/21						
One Council Project	250	TBC	195		195	One Council Project
Digital Delivery Project	150	TBC	127		127	Staffordshire Connects, Staffing Related Efficiencies
New Recycling Service - Preparatory Costs	150	TBC				Ongoing project, expect to save circa £100k per annum as above
Building for the Future	100	TBC	131		131	Revenues & Benefits, Customer Services and ICT restructure
Total	**1730**	**TBC**	**2,001**	**150**	**1,964**	

A number of these projects are in the process of being completed. The total savings for these projects cannot be totally quantified until their completion, monitoring of these will continue to be provided to Cabinet on a quarterly basis.

Appendix 10 – Local Council Tax Reduction Scheme for 2021/22

Claim Type	Council Tax Support Scheme
Pensioner Claimants	
No scope for changes within LCTS	Up to 100% of Council Tax Bill
Working Age Claimants	
Claims will be based on a max of 80% Council Tax Liability (unless in a protected group)	Up to 80% of Council Tax Bill
Properties in bands higher than Band D will be based on 80% Band D Council Tax	Up to 80% of band D rate
Second Adult Rebate will not be retained in the Local Scheme	Nil
Capital Cut off at £6K (non-passported)	No Council Tax Support if capital exceeds £6k
Earnings Disregards	Flat rate of £25 if claimant working
Claimants who are eligible to Severe Disability Premium (SDP)	
May allow up to 100% LCTS as protected group	Up to 100% of Council Tax Bill
Claimants who are eligible to receive War Disablement Pensions, War Widow's Pensions and Armed Forces Compensation Scheme Payments	
May allow up to 100% LCTS as protected group	Up to 100% of Council Tax Bill

Discretionary Payments

The Council has discretion to award Council Tax Support, in excess of the accounts determined by this framework, where it is satisfied that exceptional circumstances exist.

Appendix 11 – 2021/22 Budget Consultation Summary

Are you a resident of the borough of Newcastle-under-Lyme? Yes 96% No 4%

What is the single most important thing the Council could do differently to improve the quality of life for your local community?

Most common responses:

- Close Whalley's Quarry
- Regenerate town centres
- Free/cheaper parking
- Keep pavements safe and litter-free
- Improve parks and green spaces

Which of these Council services are the most important to you? (Note – respondents could choose up to five options hence percentages adding up to over 100)

- Parks, playgrounds and open spaces (62%)
- Town centre regeneration (59%)
- Street cleaning (48%)
- Recycling facilities (47%)
- Refuse collection (46%)
- New Vic theatre (46%)
- Planning and building control (26%)
- Arts development (22%)
- Food Safety - Café, takeaway and restaurant inspections (22%)
- Indoor leisure centres (19%)
- Outdoor markets (17%)
- Closed Circuit Television (CCTV) coverage (15%)

Out of the following services which the Council is not required by law to provide, which would you most like to see protected? (Again note – respondents could choose up to five options)

- Town centre regeneration (76%)
- Outdoor leisure facilities (55%)
- Arts development (48%)
- Outdoor markets (38%)
- Neighbourhood grant funding programme (36%)
- Indoor leisure centres (36%)
- Closed Circuit Television (CCTV) coverage (30%)
- Sports development (17%)
- Promotion of tourism (15%)
- Mayoral activities (5%)

When making decisions about spending plans for next year and beyond, should we:

- Protect services, even if this means we will need to increase Council Tax and charges to service users because of central funding reductions? *76%*
- Reduce levels of service to make sure that Council Tax rises and fee increases for service users are kept to a minimum *10%*

- Not increase Council Tax or charges for service users, but instead look to reduce service levels towards a core statutory offer – that is, excluding those listed in question 3 (Which of these Council services are the most important to you?)? *14%*

Which service areas should the Council seek to generate additional income from service users in order to help balance the budget? Note: respondents could choose as many responses as they wanted:

- Leisure facilities (70%)
- Arts Development (56%)
- Off street parking (26%)
- Cemeteries (24%)
- Open Spaces (18%)
- Recycling / Refuse Collection (16%)

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Capital Strategy
2021 to 2031

www.newcastle-staffs.gov.uk

Contents

Introduction	3
Key Objectives and Priorities	4
Factors Influencing the Capital Programme	5
Links with Other Strategies, Policies and Plans	5
External Influences, Partners and Consultation with Other Interested Parties	8
Resources Available to Finance Capital Investment	9
Revenue Implications	11
Appraisal of Investment Proposals	11
Monitoring Arrangements and Project Management	12
Statutory Framework	12
Prudential Indicators	13
Procurement	14
Future Capital Programme	15
Annexes	17
Annex A: Definition of Capital Expenditure	
Annex B: Capital Investment Programme 2021/22 to 2030/31	

Introduction

The purpose of the Capital Strategy is to set out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and interested parties with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.

The Council's current detailed capital investment plan is contained in its approved Capital Programme. A Capital Programme totalling £12,454,103 was approved for 2020/21 on 19 February 2020. Of this total £10,454,103 relates to the total cost of new schemes for 2020/21 together with £1,000,000 for schemes funded by external sources (Disabled Facilities Grants) and £1,000,000 contingency. In addition £3,024,776 slippage was incurred in 2019/20, resulting in a total Capital Programme of £15,478,879 for 2020/21.

Due to the COVID-19 pandemic and the financial impact this has placed on the Council, a review of the 2020/21 Capital Programme has been completed with the assistance of Budget Holders and members of the Capital, Assets and Commercial Investment Review Group. The rationale behind this review was to establish which of the capital projects approved in the programme were essential or health and safety related, were unable to be commenced due to the pandemic, could be deferred to the following year due to resources and services available during the crisis or were no longer required.

The revised 2020/21 Capital Programme now totals £7,302,631 which includes £1,000,000 for schemes funded by external sources (Disabled Facilities Grants) and £250,000 contingency to reflect the remainder of the year and is summarised below, showing the constituent categories of projects:

Project Categories	**Planned Expenditure £m**
Improving Housing in the Borough	1.071
Investing in Community Facilities	1.429
Investing for the Future	1.038
Vehicles, Plant and Equipment	3.514
Capital Contingency	0.250
Total	7.302

Full Council will consider a capital programme to continue investment beyond 2020/21 on 17 February 2021.

The Strategy has been prepared against a background of continuing reductions in funding provided to local authorities by central government and its agencies, arising from the need to restrain public expenditure owing to the ongoing economic conditions and to rebalance public finances. At the same time, the Council's own resources available to finance capital projects have reduced to a low level and will need replenishing before any substantial further capital investments can be made. As a result the Council is considering and consulting upon a programme of asset disposals to address this situation. In addition the Council has also produced a Commercial Strategy with the aim to generate income through commercial activities which can then be reinvested in local priorities.

Key Objectives and Priorities

The Council's Priorities contained in the Council Plan are:

Local Services that work for Local People
Growing our People and Places
A Healthy, Active and Safe Borough
A Town Centre for All

Capital investment projects will be included in the Council's Capital Programme on the basis that they address issues arising from one or more of these Priority Areas. An indication is shown against each project in the Programme of the area or areas it addresses.

New proposals for capital investment will be assessed against the corporate priorities to ensure that they will contribute towards achieving the aims expressed. This assessment will be carried out as part of the appraisal process for new projects.

The Council will also endeavour, through its programme of capital investment, to maintain its assets to a standard such that they remain fit for purpose, enabling continuity of service delivery. In particular, it will carry out regular surveys of its stock of buildings and structures to ascertain their state of repair and any remedial works which may be necessary. Repair or improvement works arising from such surveys will be carried out subject to the availability of resources and consideration of the role the building plays in service delivery and the need to continue the relevant service in order to contribute to meeting corporate priorities. If a building is no longer required for service delivery, it will either be considered for alternative use by the Council or its partners or disposed of and the proceeds made available for future capital investment in priority areas. All property assets are held to either (i) provide Council services, (ii) provide an investment return or (iii) to further regeneration projects.

A Capital Assets and Commercial Investment Review Group is in place and chaired by the Cabinet Portfolio Holder for Finance and Efficiency. This Group keeps the Council's capital investment strategy under continuous review, including the prioritisation of projects for inclusion in future capital investment programmes over the medium term. Regular reviews of the property portfolio will be carried out by the group to identify properties or land which could potentially be disposed of, following a consultation process in the case of significant proposals, and a capital receipt obtained from the sale.

Where suitable "Invest to Save" projects can be identified the Council will actively pursue such projects as it recognises the benefits, in the form of reduced costs falling on the General Fund Revenue Account, that can result from such investment.

The Council will seek, where practicable and economically justifiable, to develop its investment projects having regard to principles of sustainability, for example in relation to materials used and environmentally friendly modes of operation once in use, following construction or purchase.

Factors Influencing the Capital Programme

Projects for inclusion in the capital programme arise from a variety of sources, some of them internally generated and some arising from external factors. The more significant of these can be summarised diagrammatically as follows:

INTERNAL	**EXTERNAL**
Corporate Priorities, as set out in the Council Plan	Government sponsored programmes, e.g. Disabled Facilities Grants
Investment identified in Strategies, Policies and Plans	Unforeseen Emergency Works
Work needed to maintain Property Assets	Works required to comply with legislation, e.g. re disabled access, health and safety
Vehicles, Plant and Equipment replacement needs	Projects resulting from Partnership Activity
ICT Investment and Replacement	Availability of External Funding
Invest to Save Projects	Public expectation that works should be carried out

These are discussed in greater detail in sections below:

Links with Other Strategies, Policies and Plans

As well as the Council's Plan and the Capital Programme the Capital Strategy has clear links to many other strategies, policies and plans, the most significant of which are shown in the following table:

Key Strategies:
Economic Development Strategy
Health and Wellbeing Strategy
Stronger and Safer Communities Strategy

Other Strategies:
Asset Management Strategy
Investment Strategy
Medium Term Financial Strategy
Flexible Use of Capital Receipts Strategy
Service and Financial Plans
Procurement Strategy
North Staffs Green Spaces Strategy
Private Sector Housing Renewal Strategy
Housing Strategy
Arts and Cultural Strategy
Customer Access Strategy
Energy Efficiency and Climate Change Strategy and Carbon Reduction Plan
Treasury Management Strategy
Sustainable Community Strategy
Sustainable Environment Strategy

An important link is to the Asset Management Strategy (AMS) in that many capital investment projects are related to the Council's fixed assets, such as its stock of buildings. Needs and priorities identified in the AMS will require consideration for inclusion in the Council's Capital Programme and have wider financial consequences. Equally important is the opportunity to generate capital receipts from the disposal of land/property where there is no current or likely future operational need.

The Investment Strategy sets out the Council's policies and practices in relation to commercial investments, for example investments in property and will include information about any such proposals, including funding the expenditure and the effect upon the revenue budget. Expenditure relating to commercial investments will be capital and will be included in the capital programme.

The Medium Term Financial Strategy will take account of the revenue effect of capital investment.

The Flexible Use of Capital Receipts Strategy sets out the conditions and arrangements in place to flexibly use Capital Receipts for qualifying expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years.

Appraisal, procurement and management of capital projects needs to be carried out with regard to the objectives, methodologies the principles and practices set out in the Procurement Strategy.

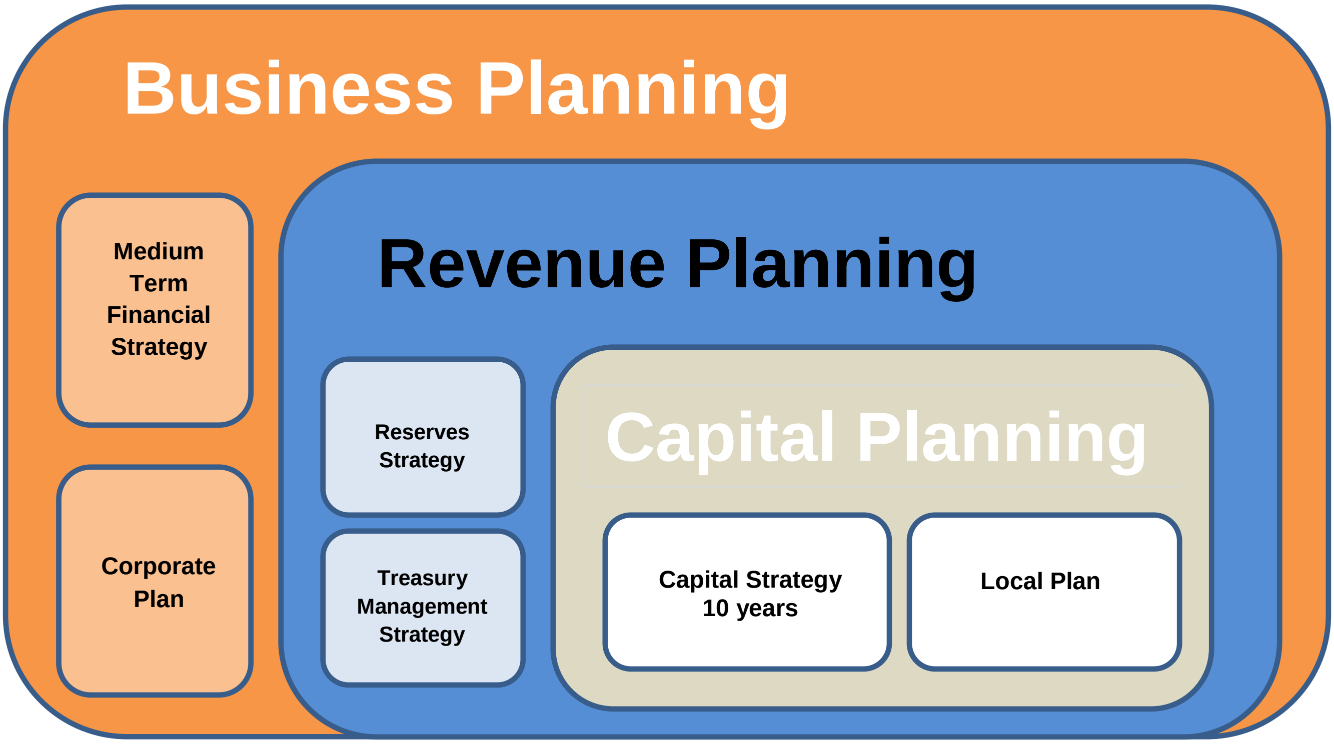
The various service based strategies will inform the Council's capital investment process through their identification of areas for action and of priorities within individual service areas.

The Treasury Management Strategy needs to reflect planned capital spend, particularly with regard to setting limits for tying up money over the longer term and the limits relating to the amount of permitted borrowing.

In addition the Capital Strategy will be influenced by the results of any Service Reviews which have been carried out by the Council, either as part of the budget preparation process or as one-off exercises. Where these reviews identify areas of service which are to be discontinued, this may give rise to assets which will be available for disposal and possibly generate a capital receipt which will be available for funding further capital investment. Alternatively reviews may identify areas for investment, including potential "invest to save" projects, some of which may be capital investment.

The Council plans to set up a Revolving Investment Fund to assist in the generation of capital receipts and help fund future capital investments. The Covid-19 pandemic has delayed the commencement and operation of this fund and associated projects however the fund still forms part of the capital strategy and will commence in due course. A revolving fund is a fund or account that remains available to finance an organisation's continuing operations without any fiscal year limitation, because the organisation replenishes the fund by repaying money used from the account from additional revenues or savings generated from investments. The Council proposes to set up a fund with an initial value of £1m which will be used to fund projects which will have an investment return. There are many different project areas which this fund could be applied to such as digital delivery, asset disposal, economic growth and the housing growth programme

Simple Business Planning Model



External Influences, Partners and Consultation with Other Interested Parties

The Council's capital investment plans are influenced by a number of external parties and factors: central government and its agencies, legislation requiring capital works, partner organisations, businesses, developers and by the needs and views of other interested parties, particularly those of Borough residents

Government sponsored initiatives and programmes will influence the projects which the Council will include in its capital investment plans. In particular, its Housing Investment Programme in which the Council participates with regard to Disabled Facilities Grants, this is a major area of investment where funding is provided by Government to meet a proportion of the costs of some of these activities. This funding currently consists mainly of grant payments to partially meet the cost of disabled facilities grants payable to eligible applicants.

Where required by legislation to carry out works of a capital nature, such as to comply with the Disablement Disability Act or Health and Safety requirements, or anti-pollution regulations, the Council will consider the most effective way to discharge its obligations and appropriate provision will be made in its Capital Programme once it has determined that it shall carry out the necessary work and that this should be capitalised.

The Council works with a wide range of partners from the public, private, voluntary and community sectors, all of which have an influence over its spending priorities. Relationships with partners, including those concerning capital matters, will be governed by the Council's Partnerships Code of Practice. Wherever possible the Council will seek to work in partnership with others to deliver its capital investment programme in order to provide facilities which meet its own and partners' needs. When working with the private sector, the objective will be to maximise the benefits to the Council and the community from any projects, both in terms of outputs and in relation to obtaining funding for the project.

The Council is a participant in the Local Strategic Partnership (LSP) and will have regard to the content of its Sustainable Community Strategy together with any other elements of the partnership which relate to capital investment and may be able to use the capital programme as a means of fulfilling some of its obligations to the LSP.

Projects for consideration for inclusion in the Capital Programme may arise from the Council's participation in the Staffordshire and Stoke on Trent Local Enterprise Partnership (LEP) or similar sub-regional partnerships which seek to stimulate economic growth.

The Council has established a Town Centre Partnership, together with relevant parties such as representatives of retailers and businesses in the town centres of Newcastle and Kidsgrove. The partnership may identify proposals for town centre improvements which could place demands upon future capital programmes where such works align with the Council's economic development objectives. It may also present an opportunity for costs to be shared between the parties likely to benefit from their implementation.

The availability of external funding will also influence the projects which the Council will include in its capital investment plans. This is referred to in the following section of the Strategy.

Regard will be given to the Council's obligations under Disabled Access requirements in putting forward proposals for capital investment and in the design of any facilities which are proposed.

Wherever possible the principles of financial and environmental sustainability will be incorporated into any capital projects.

Resources Available to Finance Capital Investment

The following diagram shows the main sources of funding which are available to the Council to finance its capital investment. Individual projects may be financed solely by one of these or by a combination of a number of them.

INTERNAL	**EXTERNAL**
Capital Receipts in Hand	Government Grants
Reserves	Other Grants, e.g. Heritage Lottery Fund
New Capital Receipts from Asset Sales	Contributions from Partners
Revenue Contributions	Other Contributions
	Borrowing

More details of these funding sources are given in the following paragraphs:

Capital Receipts have been the major source of funding for the Capital Programme in recent years. The amount of useable capital receipts in hand at 1 April 2020 was £1.425m. Capital receipts are committed to finance the currently approved Capital Programme. Additional capital projects may be financed from capital receipts obtained by asset sales or other new capital streams.

A previously significant source of capital receipts has been the Council's continuing right to a share of receipts arising from tenants of Aspire Housing under the Right to Buy legislation. However, Right to Buy sales have diminished from historically high levels, both because of the present depressed property market and there being fewer potential purchasers as time goes by. Future sales income is projected to be in the range of £0.5m per annum.

Capital receipts from sales of land and property (including covenant release payments) have been relatively modest in recent times.

The Asset Management Strategy sets out expected sales over the next ten years. It is anticipated that receipts from sales will increase in the medium term, enabling some increase in financing of capital investment from this source. The Capital Review Group meets on a bi-monthly basis and is responsible for the formulation of strategies in respect of income generation relating to asset disposals.

The use of capital receipts and reserves to finance new capital projects has an effect upon investment income receipts and hence the General Fund Revenue Account. At current investment interest rates of around 0.5%, every £100,000 of such capital receipts or reserve balances used will cost £500 to the revenue account on an ongoing basis. The use of capital receipts and reserves to finance the Capital Programme 2021/22 is taken account of in the Medium Term Financial Strategy. Any receipts generated from the sale of assets will be invested until they are required to finance capital expenditure.

Wherever Government grants are available to meet all or part of the cost of capital projects the Council will ensure that these are applied for and used to maximise the amount of investment which can be made and the benefit which will result from that investment.

Funding will be sought towards the cost of capital projects from external parties wherever possible and appropriate. These will include property developers, central government and government agencies, funding bodies such as the National Lottery or the Football Foundation and partner organisations that may join with the Council to bring forward particular projects of mutual benefit. In the current climate, however, the Council may find such sources of funding to be limited.

The Council is presently debt free, having no long term loans outstanding. The capital investment programme set out in Annex B will require a significant amount of borrowing if it is to be carried out in its entirety.

There has no intention to charge any capital investment directly to the General Fund Revenue Account.

The Council does not presently intend to consider the use of Private Finance Initiative type arrangements or tax increment financing to meet the cost of capital investment.

The Head of Finance (Section 151 Officer) will prepare estimates of the resources which are presently in hand plus those likely to be available in future to finance capital investment. She will keep these estimates up to date and periodically report upon them to Cabinet and Council, particularly when the Capital Programme is being considered. The Council will decide on the appropriate form of financing for projects included in the Capital Programme based on advice from the Head of Finance (Section 151 Officer) as to availability and the consequences and costs of use of the various options.

The need to have available liquid funds to be used to pay for capital projects will be considered when drawing up the Council's Treasury Management Strategy. An appropriate limit will be placed on long term investments based on predictions of the capital spending profile over the period covered by the Strategy so that there are likely to be enough readily available easily cashable investments to meet requirements.

Revenue Implications

The impact upon the General Fund Revenue Account arising from capital investment proposals will be calculated and considered at the time projects are placed before Cabinet or Full Council for inclusion in the Approved Capital Programme or for specific approval. Such impact may be in the form of reduced interest receipts, where projects are to be financed from capital receipts or reserves, borrowing costs, if loan finance is to be employed, or additional running costs arising from the provision of a new or altered facility. Offset against these costs will be any savings which might accrue, for example from "invest to save" projects.

The Council will always have regard to the affordability of its proposed capital investments, in terms of the revenue implications arising.

The revenue implications of the capital programme will be taken account of in the Council's Medium Term Financial Strategy.

Appraisal and Prioritisation of Investment Proposals

In accordance with the Council's Financial Regulations proposals for new capital investment estimated to cost more than £20,000 will be subject to an appraisal process, whereby a business case will be made out for the proposal, considering its contribution towards meeting corporate objectives and service priorities, its outputs and milestones, its cost and sources of and its effect, if any, upon the revenue budget in future years. Less significant projects costing below £20,000 will be subject to a simplified process. All new capital investment proposals must be considered by the Capital Programme Review Group prior to specific Cabinet approval being requested. Before any project may be commenced Specific Cabinet approval must be obtained and the project will only be included in the approved Capital Programme, after considering its priority relative to other proposed projects and the overall level of resources available to fund the Capital Programme as a whole.

Work is being undertaken to develop the project prioritisation process further during 2020/21 in order to provide a robust, transparent and impartial basis for determining the relative merits of individual projects proposed for inclusion in the capital programme. No projects should be considered in isolation. They must be required to be measured against all other competing projects to determine which should go forward. This process should also apply to any projects which are proposed subsequent to the approval of the programme, to ensure that only those projects with a high priority are proceeded with and funds are not diverted to projects of a lesser priority.

A Risk Assessment, in the approved corporate format, will be completed for capital projects over £20,000.

Monitoring Arrangements and Project Management

Progress in relation to individual projects will be monitored through the Council's arrangements for the monitoring of capital projects, which entail quarterly monitoring reports to be received by the Cabinet. The Capital Programme Review Group will also review project progress and corrective action will be initiated where projects fall behind schedule, appear likely to overspend or otherwise give cause for concern. Individual Project Forms will be maintained in respect of each project by the Executive Director (Resources and Support Services) which will track the progress of projects and be available to officers and members with an interest in reviewing progress of those projects.

All projects will be assigned to a named officer who will be responsible for overseeing the project, including project monitoring and control and implementing exception reports and, where appropriate, corrective action if the project deviates from its planned progress or cost. Where complex major projects are to be carried out, consideration will be given to employing the Prince2 project management methodology.

All capital projects will be subject to Internal Audit review to ensure correct procedures have been followed and sums have been paid out in accordance with Financial Regulations and Standing Orders as they relate to contracts. Where projects have received funding from government or quasi-governmental sources, the expenditure will also be subject in many cases to external audit. European Union funded projects may also be subject to audit by auditors on behalf of that body. Where monitoring returns or claims for reimbursement of expenditure are required to be sent to funding bodies, these will be completed and forwarded promptly to the relevant body in compliance with any deadlines laid down by them. All capital investment proposals and project progress and management are subject to the Council's scrutiny arrangements.

Statutory Framework

The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.

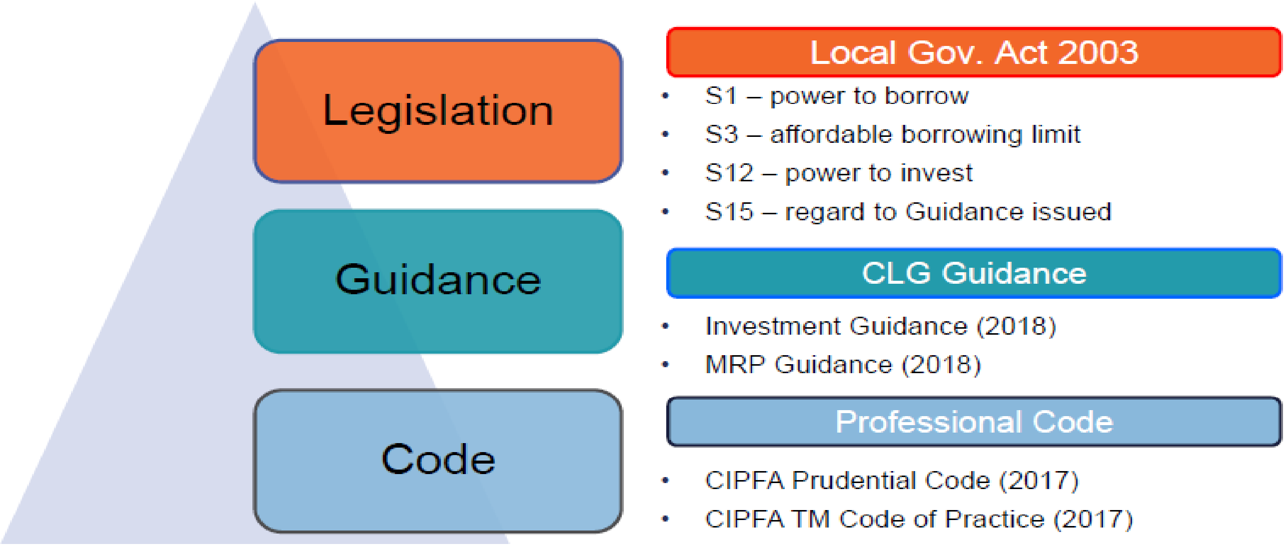
Capital expenditure is defined by the 2003 Act as that which falls to be capitalised in accordance with proper practices, which means in accordance with the Code of Practice on Local Authority Accounting, published by the Chartered Institute of Public Finance and Accountancy (CIPFA), applicable to all local authorities. Annex A sets out a summarised version of the definition provided by the Code. In addition there are a number of other types of expenditure that have been defined by Regulations as being treatable as capital in nature. Generally these do not apply to this Council.

It should be noted that the Act and Regulations are framed in a permissive way, allowing local authorities to capitalise expenditure which fits the definition but not forcing them to capitalise such expenditure. The Council will decide, therefore, whether to include a project meeting the capital definition in its capital programme or to meet its cost from a revenue account.

The Council does not set a minimum amount for the capitalisation of expenditure (de minimis level). Accordingly, any expenditure complying with the above definition may be capitalised.

Capital Finance Regulations

Legal and Regulatory Requirements



Prudential Indicators

The Council shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact, and potential impact, on the Council's overall fiscal sustainability. The Council's prudential indicators (shown in Annex C) are as follows:-

- Estimates of capital expenditure

  The Council will make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years.

- Actual capital expenditure

  After the year end, the actual capital expenditure incurred during the financial year will be recorded.

- Estimates of capital financing requirement

  The Council will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years.

- Actual capital financing requirement

  After the year end, the actual capital financing requirement will be calculated directly from the Council's balance sheet.

- Ratio of financing costs to net revenue streams

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.

- Authorised limit on external borrowing

  The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

- Operational boundary for external debt

  This indicator refers to the means by which the authority manages its external debt to ensure it remains within the statutory authorised limit. It differs from the authorised limit in as far as it is based on the most likely scenario, in terms of capital spend and financing during the year.

- Gross debt and capital financing requirement

  This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

  Where the gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy.

Procurement

Regard will be given to the contents of the Council's Procurement Strategy when considering the delivery of capital projects.

Where estimated project contract costs exceed the relevant statutory threshold, the appropriate EU or other tendering procedures will be followed.

Standing Orders relating to contracts will apply to all contracts proposed to be let in relation to capital projects, together with Financial Regulations and the provisions of the Council's scheme of Delegation.

The achievement of Value for Money will be a guiding principle in the procurement of capital works and services and in managing contracts.

Future Capital Programme

Capital investment needs have been assessed over a ten year period (2021/22 to 2030/31) and are set out in Annex B.

During this period, there will be a need for some items of capital investment to be made in order to ensure continued service delivery or to comply with statutory requirements or to ensure health and safety of staff and public. Examples of these include: operational building repairs and maintenance; replacement of vehicles, plant and equipment required to deliver services; disabled facilities grants.

It may be possible to extend the lives of some of the vehicles, if they are in a fit condition when their replacement date is reached. Similarly some of the maintenance/improvement works to the Council's operational properties may be capable of being deferred; periodic stock condition surveys will inform any decisions in this regard. Additionally, some properties may be deemed surplus to operational requirements and eligible for disposal in their current condition.

In addition to the essential works outlined above, there are significant amounts of expenditure which need to be incurred:

- in respect of the commercial portfolio in order to keep properties in a state of repair such as to continue to obtain a reasonable rental income
- to maintain various engineering structures such as walls, bridges, drains, and reservoirs to ensure safety to the public
- to enable agreed actions in relation to approved policies and strategies to be progressed and to meet other Council commitments.

Over the period 2021/22 to 2030/31 it is estimated that this expenditure will total £76.569m.

Funding will depend on capital receipts from asset sales. There will be insufficient capital receipts arising from these planned sales to meet all of the costs of the investment programme. Accordingly, it is estimated that around £23.490m of expenditure will have to be funded from borrowing over the ten year period if the programme is to be delivered in its entirety.

There will be a consequent cost to the revenue budget which will have to be included in the MTFS projections. Based on the expenditure shown in Annex B and forecasts of the amount and timing of receipts and current capital financing costs, the additional costs to the revenue budget will be around £11.180m over 10 years, with the costs in each year 2021/22 to 2030/31 being as shown below:

Year	Total £m
2021/22	0.22
2022/23	0.65
2023/24	0.79
2024/25	1.33
2025/26	1.36
2026/27	1.39
2027/28	1.41
2028/29	1.44
2029/30	1.26
2030/31	1.33
Total	**11.18**

A capital programme for 2021/22 to 2023/24 totalling £31.057m will be recommended to Full Council on 17 February 2021, consistent with the detail shown in Annex B. The prudential indicators that will apply for this 3 year period are set out at Annex C.

Funding for 2021/22 expenditure is likely to be available from the following sources:

- Further capital receipts from asset sales
- Right to Buy capital receipts
- Government grants
- Other external contributions
- Borrowing

All of the above funding sources are likely to be limited so the programme only includes affordable projects.

As described earlier, current estimates of the amount required to be invested in projects to ensure continued service delivery and meet commitments compared with forecasts of likely receipts from asset sales and other available resources indicate that there will be insufficient resources available to fund all of these requirements. If forecast receipts from sales of assets cannot be achieved within this timeframe, the Council may have to review its stance with regard to borrowing, if this proves to be the only practical means of funding necessary investment, particularly if a major unforeseen item of capital expenditure were to materialise, for example major repairs to enable an operational building to continue to be used or new legislation requiring capital spending.

Annexes

Annex A

DEFINITION OF CAPITAL EXPENDITURE INCLUDED IN THE CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM

All expenditure that can be directly attributed to the acquisition, creation or enhancement of items of property, plant and equipment or the acquisition of rights over certain longer-term intangible benefits is accounted for on an accruals basis and capitalised as a non-current asset. It must be probable that the future economic benefits or service potential associated with the item will flow to the Council - the Council does not have to own the item but it must be more than likely that it has gained the right to use the item in the provision of services or to generate cash from it. In addition it must be possible to measure the cost of the item reliably.

Expenditure that should be capitalised will include expenditure on the:

- Acquisition, reclamation or laying out of land
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels

In this context, the definition of enhancement contained in the previous Code of Practice (SORP) is still applicable and means the carrying out of works which are intended to:

- Lengthen substantially the useful life of the asset, or
- Increase substantially the market value of the asset, or
- Increase substantially the extent to which the asset can or will be used for the purpose or in conjunction with the functions of the local authority concerned.

Under this definition, improvement works and structural repairs should be capitalised, whereas expenditure to ensure that the fixed asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred. Expenditure on existing fixed assets should be capitalised in three circumstances:

- Enhancement - see above
- Where a component of the fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful life is replaced or restored
- Where the subsequent expenditure relates to a major inspection or overhaul of a fixed asset that restores the benefits of the asset that have been consumed by the authority and have already been reflected in depreciation

Assets acquired on terms meeting the definition of a finance lease should be capitalised and included together with a liability to pay future rentals.

Where an asset is acquired for other than cash consideration or where payment is deferred the asset should be recognised and included in the balance sheet at fair value.

2020/21 to 2029/30 Capital Programme

Annex B

CAPITAL PROGRAMME	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
PRIORITY - Local Services that work for Local People											
Service Area – ICT and Digital	649,000	110,000	102,000	15,000	653,000	40,000	29,000	15,000	565,000	125,000	**2,303,000**
Total	**649,000**	**110,000**	**102,000**	**15,000**	**653,000**	**40,000**	**29,000**	**15,000**	**565,000**	**125,000**	**2,303,000**
PRIORITY - Growing our People and Places											
Service Area - Housing Improvements	1,080,000	2,615,000	2,625,000	2,675,000	2,775,000	2,975,000	3,500,000	5,125,000	3,125,000	3,125,000	**29,620,000**
Service Area - Managing Property & Assets	466,174	593,634	662,174	335,928	188,066	206,041	396,600	9,100	1,400	433,605	**3,292,723**
Total	**1,546,174**	**3,208,634**	**3,287,174**	**3,010,928**	**2,963,066**	**3,181,041**	**3,896,600**	**5,134,100**	**3,126,400**	**3,558,605**	**32,912,723**
PRIORITY - A Healthy, Active and Safe Borough											
Service Area - Environmental Health	-	-	60,000	-	12,000	-	-	-	12,000	-	**84,000**
Service Area - Streetscene and Bereavement Services	610,450	2,210,600	1,125,600	850,600	360,600	330,600	235,600	195,600	210,600	1,235,600	**7,365,850**
Service Area - Recycling and Fleet	971,500	351,000	2,899,500	565,500	1,026,500	3,431,000	1,395,000	303,000	3,109,000	600,000	**14,652,000**
Service Area - Leisure	5,671,000	687,000	17,000	17,000	150,000	-	-	-	-	-	**6,542,000**
Service Area - Museum	240,000	40,000	-	-	-	-	-	-	-	-	**280,000**
Service Area - Managing Property & Assets	275,957	359,345	264,669	212,528	1,004,869	329,020	100,475	181,374	62,000	451,766	**3,242,003**
Service Area - Engineering	383,000	590,000	1,070,000	85,000	272,000	20,000	-	-	-	125,000	**2,545,001**
Total	**8,151,907**	**4,237,946**	**5,436,769**	**1,730,628**	**2,825,969**	**4,110,620**	**1,731,075**	**679,974**	**3,393,600**	**2,412,366**	**34,710,854**
PRIORITY - A Town Centre for All											
Service Area - Managing Property & Assets	1,576,353	1,257,890	493,248	331,183	441,266	320,561	220,800	321,245	332,000	348,000	**5,642,545**
Total	**1,576,353**	**1,257,890**	**493,248**	**331,183**	**441,266**	**320,561**	**220,800**	**321,245**	**332,000**	**348,000**	**5,642,545**
CONTINGENCY	1,000,000	-	-	**-**	**-**	**-**	**--**	**-**	**-**	**-**	**1,000,000**
TOTAL	**12,923,434**	**8,814,470**	**9,319,191**	**5,087,739**	**6,883,301**	**7,652,222**	**5,877,475**	**6,150,319**	**7,417,000**	**6,443,971**	**76,569,122**

FUNDING											
Capital Receipts	3,075,000	3,128,000	500,000	4,037,739	5,788,301	6,577,222	4,813,475	5,100,319	6,332,000	850,944	**40,203,000**
External Contributions	2,252,000	2,035,000	1,085,000	1,050,000	1,095,000	1,075,000	1,064,000	1,050,000	1,085,000	1,085,000	**12,876,000**
Borrowing/Leasing	7,596,434	3,651,470	7,734,191	-	-	-	-	-	-	4,508,027	**23,490,122**
TOTAL	**12,923,434**	**8,814,470**	**9,319,191**	**5,087,739**	**6,883,301**	**7,652,222**	**5,877,475**	**6,150,319**	**7,417,000**	**6,443,971**	**76,569,122**

Annex C – Prudential Indicators

Capital Prudential Indicators

Actual and Estimate of Capital Expenditure

31/03/20 Actual (£000's)	31/03/21 Estimate (£000's)	31/03/22 Estimate (£000's)	31/03/23 Estimate (£000's)	31/03/24 Estimate (£000's)
2,923	7,302	12,923	8,814	9,319

The Capital Financing Requirement (The Councils Borrowing Need)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR projections are below:

31/03/20 Actual (£000's)	31/03/21 Estimate (£000's)	31/03/22 Estimate (£000's)	31/03/23 Estimate (£000's)	31/03/24 Estimate (£000's)
4,405	4,405	12,001	15,652	23,386

The amounts shown above from 2020/21 onwards allow the Council to borrow during those years to finance capital expenditure which cannot be funded from other revenue or capital resources. However, the likelihood of individual schemes, the timings and the amounts involved cannot be assessed with certainty at this point.

The sale of Council assets for capital receipts will have a significant impact upon the CFR, if sales are made the Council's borrowing requirement will be reduced, if not the Council's borrowing requirement will be greater.

Affordability Prudential Indicators

Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Financing Costs comprise the aggregate of: interest payable, interest receivable and investment income; the amount charged as MRP; depreciation and impairment charges that have not been reversed out of the revenue account.

Net Revenue Stream is defined as the 'amount to be met from government grants and local taxpayers'. This is the Council's 'budgetary requirements' figure shown in the General Fund Revenue Budget, being the net expenditure for the year before deducting government grants (Revenue Support and Business Rates Retention) and adjusting for the Collection Fund surplus/deficit. The relevant figures for this Council are set out in the table below:

	2019/20 Actual (£000's)	**2020/21 Estimate (£000's)**	**2021/22 Estimate (£000's)**	**2022/23 Estimate (£000's)**	**2023/24 Estimate (£000's)**
Net Revenue Stream	13,257	15,690	15,709	15,784	15,861
Financing Costs	(49)	40	263	690	832
Ratio	(0.37%)	0.25%	1.67%	4.37%	5.25%

Treasury Indicators

Limits to Borrowing Activity

The Local Government Act 2003 requires each local authority to determine and keep under review how much money it can afford to borrow. This is to be determined by the calculation of an affordable borrowing limit which Regulations to the Act specify should be calculated with regard to the CIPFA Prudential Code.

Previously borrowing has not been used to fund the capital programme because the Council has had sufficient reserves and useable capital receipts to finance capital expenditure from these sources.

The Operational Boundary

This is the limit beyond which external debt is not normally expected to exceed.

Operational boundary	**2020/21 Estimate (£000's)**	**2021/22 Estimate (£000's)**	**2022/23 Estimate (£000's)**	**2023/24 Estimate (£000's)**
Borrowing	75,000	75,000	75,000	75,000
Other long term liabilities	0	0	0	0

The Authorised Limit for External Borrowing

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

The Council is asked to approve the following authorised limit:

Authorised limit	2020/21 Estimate (£000s)	2021/22 Estimate (£000’s)	2022/23 Estimate (£000’s)	2023/24 Estimate (£000’s)
Debt	85,000	85,000	85,000	85,000
Other Long Term Liabilities	0	0	0	0

Limits on Interest Rate Exposures (fixed and variable interest rates)

The following limits will apply in relation to the Council’s interest rate exposure. They relate to interest on both borrowings and investments. These limits are intended to reduce the risk of the Council suffering unduly from significant adverse fluctuations in interest rates.

Limit on Fixed Interest Rate Exposures (as a percentage of total borrowings / investments)

	Borrowing		Investments	
	Upper	**Lower**	**Upper**	**Lower**
2020/21	100%	0%	100%	0%
2021/22	100%	0%	100%	0%
2022/23	100%	0%	100%	0%
2023/24	100%	0%	100%	0%

Limit on Variable Interest Rate Exposures (as a percentage of total borrowings/ investments)

	Borrowing		**Investments**	
	Upper	**Lower**	**Upper**	**Lower**
2020/21	100%	0%	100%	0%
2021/22	100%	0%	100%	0%
2022/23	100%	0%	100%	0%
2023/24	100%	0%	100%	0%

In relation to both borrowing and investing fixed rate investments and loans may be anything between 0% and 100% of the total, with the same proportions being permitted for variable rate loans – in effect there is no limit on each type. This enables maximum flexibility to be afforded to take advantage of prevailing interest trends to obtain the best deal for the Council.

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Treasury Management Strategy

2021/22

Contents

Introduction	3
Economic Situation	3
Borrowing Strategy	5
Investment Strategy	6
Treasury Management Indicators	10
Related Matters	13
Financial Implications	13
Other Options Considered	14
Annex A – Arlingclose Economic & Interest Rate Forecast	15
Annex B – Existing Investment & Debt Portfolio Position	17
Annex C – Minimum Revenue Provision Policy	18
Annex D – Treasury Management Glossary of Terms	20

Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council may invest or borrow substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

Economic Situation

Highlights of the report supplied by Arlingclose Ltd.

External Context

Economic background: The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the Authority's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.

GDP growth fell by -19.8% in the second quarter of 2020, a much sharper contraction from -2.0% in the previous three months, with the annual rate falling -21.5% from -1.6%. All sectors fell quarter-on-quarter, with dramatic declines in construction (-35.7%), services (-19.2%) and production (-16.3%), and a more modest fall in agriculture (-5.9%). Monthly GDP estimates have shown the economy is recovering but remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in October, the third successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time with further monetary stimulus expected later in 2020.

Credit outlook: After spiking in late March as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, as does the UK not achieving a Brexit deal, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the end of 2023. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the Brexit transition period ends. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.5% and 0.75% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Annex A.

Local Context

On 30th November 2020, the Council held no borrowing and £16.8million of treasury investments, largely due to grant monies temporarily held. This is set out in further detail at Annex B. Forecast changes in these sums are shown in the balance sheet analysis in table below:

Balance Sheet Summary and Forecast	**31/03/2020 Actual £m**	**31/03/2021 Forecast £m**	**31/03/2022 Forecast £m**	**31/03/2023 Forecast £m**	**31/03/2024 Forecast £m**
General Fund CFR	4.4	4.4	12.0	15.6	23.3
Less: Existing external borrowing	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Capital borrowing level	**4.3**	**4.3**	**11.9**	**15.5**	**23.2**
Less: Usable reserves	(6.2)	(10.3)	(8.4)	(6.4)	(4.6)
Less: Working capital	(2.8)	(0.5)	(0.5)	(0.5)	(0.5)
Investments or Cash Held/ (New external borrowing)	**4.7**	**6.5**	**(3.0)**	**(8.6)**	**(18.1)**

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. Where borrowing is required this will be in line with Arlingclose's current advice of doing so from other local authorities on a short term basis. This will be undertaken until it becomes advantageous to switch to long term debt, with the lowest cost option being considered, include such options as municipal bonds

The Council has an increasing CFR due to the capital programme, but minimal investments and may therefore be required to borrow over the forecast period. More details in relation to the Council's CFR are included within the Capital Strategy.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The table above shows that the Council expects to comply with this recommendation during 2020/21.

Borrowing Strategy

The Council does not currently hold any loans, as per the previous year, as part of its strategy for funding previous years' capital programmes.

The balance sheet forecast, in the table above, shows that the Authority [expects to borrow in 2021/22. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. These short terms loans will be via local to local borrowing where possible, until a time where it becomes advantageous to switch to longer term debt, including municipal bonds on either a project by project, or overall global basis.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the Public Works Loans Board (PWLB), but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option. A HM Treasury consultation on lowering PWLB rates concluded in July 2020, and in November 2020 new lending terms were published. These lending terms included a reduction of 1% in all Standard Rate and Certainty Rate PWLB loans. As a condition of accessing the PWLB, local authorities will be asked to confirm there is no intention to buy investment assets primarily for yield in the current or next two financial years. At this present time, the Council will look to borrow short term from other local authorities in the first instance and will then review any other sources of funding if required.

Alternatively, the Council may arrange forward starting loans during 2021/22, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing:

The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board);
- any institution approved for investments (see below);
- any other bank or building society authorised to operate in the UK;
- any other UK public sector body;
- UK public and private sector pension funds;
- capital market bond investors; and
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing;
- hire purchase; and
- sale and leaseback.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Investment Strategy

The Council can hold significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between nil and £27 million, and similar levels are expected to be maintained in the forthcoming year. The highest figure of £27 million was invested at the beginning of the financial year, when the Council received monies in relation to the Business Rate Relief grants that were to be distributed to local businesses due to Covid-19.

The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to diversify into more secure and higher yielding asset classes during 2021/22.

Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Approved investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£7m	unlimited
Secured investments*	25 years	£7m	unlimited
Banks (unsecured)*	13 months	£7m	unlimited
Building societies (unsecured)*	13 months	£7m	£7m
Registered providers (unsecured)*	10 years	£10m	£10m
Money market funds*	n/a	£7m	unlimited
Real estate investment trusts	n/a	£2m	£2m
Other investments	5 years	£7m	£7m

* Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is

used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either where external advice indicates the entity to be of similar credit quality.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £7,000,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: In order that the Council will not be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government and Registered Providers) will be £7 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Limits are also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Additional Investment limits

	Cash limit
Any group of pooled funds under the same management	£7m per manager
Negotiable instruments held in a broker's nominee account	£7m per broker
Foreign countries	£7m per country

Liquidity management: The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

Non-treasury investments are covered by the Council's Investment Strategy.

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Limits to Borrowing Activity

The Local Government Act 2003 requires each local authority to determine and keep under review how much money it can afford to borrow. This is to be determined by the calculation of an affordable borrowing limit which Regulations to the Act specify should be calculated with regard to the CIPFA Prudential Code.

Borrowing limits are set in order to enable the completion of the Council's Commercial Strategy, and will be funded via local to local borrowing until such time as it is advantageous to switch to long term debt. Advice on this will be sought from the Council's treasury management advisors.

The Operational Boundary

This is the limit beyond which external debt is not normally expected to exceed.

Operational boundary	2021/22 Estimate (£000's)	2022/23 Estimate (£000's)	2023/24 Estimate (£000's)	2024/25 Estimate (£000's)
Borrowing	75,000	75,000	75,000	75,000
Other long term liabilities	0	0	0	0

The Authorised Limit for External Borrowing

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

The Council is asked to approve the following authorised limit:

Authorised limit	2021/22 Estimate (£000's)	2022/23 Estimate (£000's)	2023/24 Estimate (£000's)	2024/25 Estimate (£000's)
Debt	85,000	85,000	85,000	85,000
Other Long Term Liabilities	0	0	0	0

Limits on Interest Rate Exposures (fixed and variable interest rates)

The following limits will apply in relation to the Council's interest rate exposure. They relate to interest on both borrowings and investments. These limits are intended to reduce the risk of the Council suffering unduly from significant adverse fluctuations in interest rates.

Limit on Fixed Interest Rate Exposures (as a percentage of total borrowings / investments)

	Borrowing		Investments	
	Upper	Lower	Upper	Lower
2021/22	100%	0%	100%	0%
2022/23	100%	0%	100%	0%
2023/24	100%	0%	100%	0%
2024/25	100%	0%	100%	0%

Limit on Variable Interest Rate Exposures (as a percentage of total borrowings/ investments)

	Borrowing		Investments	
	Upper	Lower	Upper	Lower
2021/22	100%	0%	100%	0%
2022/23	100%	0%	100%	0%
2023/24	100%	0%	100%	0%
2024/25	100%	0%	100%	0%

In relation to both borrowing and investing fixed rate investments and loans may be anything between 0% and 100% of the total, with the same proportions being permitted for variable rate loans – in effect there is no limit on each type. This enables maximum flexibility to be afforded to take advantage of prevailing interest trends to obtain the best deal for the Council.

Principal sums invested for periods longer than a year

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£25m	£25m	£25m

Related Matters

The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk. The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive (MiFID II): The Council has retained retail client status with its providers of financial services, including advisers and banks, allowing it access to a smaller range of services but with the greater regulatory protections afforded to individuals and small companies. This is believed to be the most appropriate status given the size and range of the Council's treasury management activities. The Council may upgrade their client status to professional if the requirements to do so are met during the year. This will allow a greater range of services but without the same level of regulatory protections provided by retail client status.

Financial Implications

Due to the current rate of return on investments, the budget for investment income in 2021/22 is nil. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. It is believed that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A – Arlingclose Economic & Interest Rate Forecast November 2020

Underlying assumptions:

- The medium-term global economic outlook remains weak. Second waves of Covid cases have prompted more restrictive measures and further lockdowns in Europe and the UK. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.

- The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise.

- Although these measures supported a sizeable economic recovery in Q3, the imposition of a second national lockdown in England during November will set growth back and likely lead to a fall in GDP in Q4.

- Signs of a slowing economic recovery were already evident in UK monthly GDP and PMI data, even before the latest restrictions. Despite some extension to fiscal support measures, unemployment is expected to rise when these eventually come to an end in mid-2021.

- This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets continue to price in a chance of negative Bank Rate.

- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, the development of a vaccine or if the UK leaves the EU without a deal.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.

- Additional monetary loosening through increased financial asset purchases was delivered as we expected. Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.

- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.

- Downside risks remain in the near term, as the government continues to react to the escalation in infection rates and the Brexit transition period comes to an end.

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	*0.00*	*0.00*	*0.00*	*0.15*	*0.15*	*0.15*	*0.15*	*0.30*	*0.30*	*0.30*	*0.30*	*0.30*	*0.30*
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	*-0.10*	*-0.20*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*
3-mth money market rate													
Upside risk	*0.05*	*0.05*	*0.05*	*0.10*	*0.10*	*0.15*	*0.20*	*0.30*	*0.30*	*0.30*	*0.30*	*0.30*	*0.30*
Arlingclose Central Case	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	*-0.40*	*-0.40*	*-0.45*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*
5-yr gilt yield													
Upside risk	*0.40*	*0.40*	*0.40*	*0.45*	*0.45*	*0.50*	*0.50*	*0.55*	*0.60*	*0.60*	*0.65*	*0.65*	*0.70*
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.15	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	*-0.30*	*-0.40*	*-0.50*	*-0.55*	*-0.60*	*-0.60*	*-0.60*	*-0.60*	*-0.60*	*-0.60*	*-0.60*	*-0.60*	*-0.60*
10-yr gilt yield													
Upside risk	*0.40*	*0.40*	*0.40*	*0.45*	*0.45*	*0.50*	*0.50*	*0.55*	*0.60*	*0.60*	*0.65*	*0.65*	*0.70*
Arlingclose Central Case	0.30	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.55	0.55
Downside risk	*-0.30*	*-0.40*	*-0.50*	*-0.55*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*	*-0.50*
20-yr gilt yield													
Upside risk	*0.40*	*0.40*	*0.40*	*0.45*	*0.45*	*0.50*	*0.50*	*0.55*	*0.60*	*0.60*	*0.65*	*0.65*	*0.70*
Arlingclose Central Case	0.70	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.85
Downside risk	*-0.20*	*-0.20*	*-0.25*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*
50-yr gilt yield													
Upside risk	*0.40*	*0.40*	*0.40*	*0.45*	*0.45*	*0.50*	*0.50*	*0.55*	*0.60*	*0.60*	*0.65*	*0.65*	*0.70*
Arlingclose Central Case	0.60	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Downside risk	*-0.20*	*-0.20*	*-0.25*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*	*-0.30*

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

PWLB HRA Rate = Guilt yield + 0.8%

Annex B – Existing Investment & Debt Portfolio Position

	30/11/2020 Actual Portfolio £m	30/11/2020 Average Rate %
Treasury investments:		
Banks & building societies (unsecured)	3.8	0.00
Government (incl. local authorities)	11.0	0.00
Money Market Funds	2.0	0.05
Total treasury investments	16.8	
Total external borrowing	0.0	
Net investments	**16.8**	

Annex C – Minimum Revenue Provision Policy

Background

In instances whereby Local Authorities have a positive Capital Financing Requirement (CFR), Ministry of Housing, Communities and Local Government (MHCLG) Guidance requires them to adopt a prudent approach in order to fund the repayment of debt. This may be achieved by setting aside a minimum amount from revenue, known as the Minimum Revenue Provision (MRP). This means that the Council would be required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP).

MHCLG Regulations and Guidance have been issued which require the Full Council to approve **an MRP Statement** in advance of each year. Four options for prudent provision of the MRP are provided to councils, these being:

Option 1 – Regulatory Method

For debt which is supported by the Government through the Revenue Support Grant system, authorities may continue to use the formulae in the current regulations, since the Revenue Support Grant is calculated on that basis. Although the existing regulation 28 is revoked by regulation 4(1) of the 2008 Regulations, authorities will be able to calculate MRP as if it were still in force. Solely as a transitional measure, this option will also be available for all capital expenditure incurred prior to 1 April 2008.

Option 2 – Capital Financing Requirement Method

This is a technically much simpler alternative to Option 1 which may be used in relation to supported debt. While still based on the concept of the CFR, which is easily derived from the balance sheet, it avoids the complexities of the formulae in the old regulation 28 (though for most authorities it will probably result in a higher level of provision than Option 1).

Option 3 – Asset Life Method

For new borrowing under the Prudential system for which no Government support is being given and is therefore self-financed, there are two options included in the guidance.

Option 3 is to make provision over the estimated life of the asset for which the borrowing is undertaken. This is a possibly simpler alternative to the use of depreciation accounting (Option 4), though it has some similarities to that approach.

Within option 3, two methods are identified. The first of these, the equal instalment method, will normally generate a series of equal annual amounts over the estimated life of the asset. The original amount of expenditure (“A” in the formula) remains constant.

The cumulative total of the MRP made to date (“B” in the formula) will increase each year. The outstanding period of the estimated life of the asset (“C” in the formula) reduces by 1 each year.

For example, if the life of the asset is originally estimated at 25 years, then in the initial year when MRP is made, C will be equal to 25. In the second year, C will be equal to 24, and so on. The original estimate of the life is determined at the outset and should not be varied thereafter, even if in reality the condition of the asset has changed significantly

The formula allows an authority to make voluntary extra provision in any year. This will be reflected by an increase in amount B and will automatically ensure that in future years the amount of provision determined by the formula is reduced.

The alternative is the annuity method, which has the advantage of linking MRP to the flow of benefits from an asset where the benefits are expected to increase in later years. It may be particularly attractive in connection with projects promoting regeneration or administrative efficiencies or schemes where revenues will increase over time.

Option 4 – Depreciation Method

Alternatively, for new borrowing under the Prudential system for which no Government support is being given, Option 4 may be used.

This means making the MRP in accordance with the standard rules for depreciation accounting. A step in this direction was made in the last set of amendments to the MRP rules [SI 2007/573]. However, the move to reliance on guidance rather than regulations will make this approach more viable in future.

Authorities will normally need to follow the standard procedures for calculating depreciation provision. But the guidance identifies some necessary exceptions:

The MRP continues until the total provision made is equal to the original amount of the debt and may then cease.

If only part of the expenditure on the asset was financed by debt, the depreciation provision is proportionately reduced.

MRP Policy in respect of Finance Leases

The introduction of International Financial Reporting Standards in 2011/12 resulted in some leases being reclassified as finance leases instead of operating leases. This resulted in a positive CFR and as such the need to set aside a MRP.

In accordance with the revised MHCLG Guidance this Council will set aside an annual MRP equal to the amount of the lease that has been taken to the Balance Sheet to reduce the finance lease liability i.e. the principal amount of the finance lease. This approach will produce an MRP charge which is the same as Option 3 in the guidance (Asset Life Method – annuity method). The revised guidance aims to ensure that authorities are in the same position as if the change in accounting standards had not occurred.

MRP Policy – Other Capital Expenditure

Capital Financing Requirement (CFR)

The Council's CFR is currently positive. This means that there is a requirement to set aside a MRP for the redemption of debt. The Prudential Indicator for the CFR, shown at Table 1 in the Treasury Management Strategy, indicates that the CFR will become positive within the period covered by the Strategy. This is based on the assumption that there will be a general overall increase in expected capital expenditure, which cannot be funded from revenue or capital resources. Accordingly, the Council needs to determine the option it will employ to make the necessary MRP in respect of the amount borrowed, when this occurs.

Option for making MRP

The most appropriate of the four options permitted by the Regulations is Option 3, the Asset Life Method, within which there are two further options, an equal instalment method and an annuity method (as detailed in 1.1 – option 3). The Council is permitted to apply either of these two further options to projects on a scheme by scheme basis. However preference will be the annuity method.

It should be noted that MRP does not commence until the year following that in which the asset concerned became operational; however, voluntary MRP can be made at any given time if considered prudent.

Annex D – Treasury Management Glossary of Terms

- *Basis Points* – there are 100 basis points to 1%.
- *Credit Default Swap* – an additional assessment of credit worthiness by providing a risk analysis of changes in credit quality as perceived by the market.
- *CFR* – the Capital Financing Requirement is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources.
- *CIPFA* – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations.
- *Counterparty* – an institution with whom a borrowing or investment transaction is made.
- *CPI* – a measure that examines the weighted average of prices of a basket of consumer goods and services. The Consumer Price Index is calculated by taking price changes for each item in the predetermined basket of goods/services and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.
- *Credit Rating* – is an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. The main rating agencies are Fitch. Standard and Poor's and Moody's.
- *Depreciation* – the measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.
- *DMADF and DMO* – the DMADF is the 'Debt Management Account Deposit Facility' which is a highly secure fixed term deposit account with the Debt Management Office, part of Her Majesty's Treasury.
- *Forward Commitments* - agreeing in advance to place an investment with a borrower at a future specified date at an agreed interest rate.
- *GDP* – Gross Domestic Product is the market value of all officially recognised final goods and services produced within a country in a given period of time.
- *GILTS* – the name given to bonds issued by the UK Government. Gilts are issued bearing interest at a specified rate, however, they are traded on the markets like shares and their value rises of falls accordingly. The 'yield' on a gilt is the interest paid divided by the market value of that gilt.
- *IFRS (International Financial Reporting Standards)* – International accounting standards that govern the treatment and reporting of income and expenditure in an organisation's accounts, which came fully into effect from 1 April 2010.
- *Leasing* - a lease is a contractual arrangement calling for the lessee (user) to pay the lessor (owner) for use of an asset.
- *Liquidity* – relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.
- *MHCLG* – Ministry of Housing, Communities, and Local Government (formerly the Department for Communities and Local Government).

- *Money Market Funds (MMF)* – Money Market Funds are investment funds that are invested by a Fund Manager in a wide range of money market instruments. MMF's are monitored by the official ratings agencies and due to many requirements that need to be fulfilled; the funds usually receive the highest quality rating (AAA) so provide minimal risk. They are very flexible and can be withdrawn in the same way as any other call deposit.
- *MPC* – interest rates are set by the Bank of England's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be met
- *MRP* – the Minimum Revenue Provision represents the revenue charge for the repayment of debt.
- *PWLB* – the Public Works Loan Board is a statutory board that is run within the UK Debt Management Office (DMO), its function is to lend money to Local Authorities and other prescribed bodies.

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Investment Strategy
2021/22

Contents

Introduction	3
Treasury Management Investments	3
Service Investments: Loans	4
Service Investments: Shares	5
Commercial Investments: Property	6
Loan Commitments and Financial Guarantees	7
Proportionality	7
Borrowing in Advance of Need	8
Capacity, Skills and Culture	8
Investment Indicators	9

Introduction

This strategy is compiled according to the Ministry of Housing, Communities and Local Government's Guidance on Local Government Investments ("the Guidance") and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code") It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Guidance distinguishes between Treasury Management Investments and Other Investments. Treasury Management Investments are those which arise from the Council's cash flows and debt management activity and ultimately represent balances which need to be invested until the cash is required for use in the course of business. Other Investments are all those falling outside of normal treasury management activity, as defined above. They may be made with the express purpose of making a financial surplus for the Council, usually as a means towards balancing the revenue budget. They may be funded from borrowing where appropriate. The prime example referred to in the Guidance is direct investment in property assets. Loans, for example to voluntary organisations, local enterprises or joint ventures are also classified as Other Investments.

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to earn investment income (known as commercial investments where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Possible Revisions to the Strategy

The initial strategy may be replaced with a revised strategy at any time during the year in cases where any treasury management issues (including investment issues) need to be brought to the attention of Full Council.

Treasury Management Investments

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £0m and £15m during the 2021/22 financial year.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2020/21 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: During 2020/21 the Council has not lent money to local charities, housing associations or any other bodies. However the Council would consider applications from such bodies individually, in order to support local public services and stimulate local economic growth.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Loans for service purposes in £ thousands

Category of borrower	31/03/2020 Actual			2021/22
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Local charities	0	0	0	500
Housing associations	0	0	0	10,000
Other bodies	0	0	0	500
TOTAL	**0**	**0**	**0**	**11,000**

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding service loans on an individual basis for each proposal. The risks inherent in the proposal will be reported to members when it is placed before them for consideration together with an assessment of the likelihood of any of them materialising, their impact on the revenue budget and the mitigating controls that will be put in place. Risk factors to be assessed include:

- barriers to entry into and exit out of the market concerned;
- the nature and level of competition;
- how the market and customer needs will evolve over time;
- ongoing need for further investment to be made; and
- whether there is sufficient internal capacity to assess the business case and risks relating to the proposal.

An initial review of each proposal will be carried out by Council officers, intended to determine whether there are any risks apparent at that stage which indicate that the proposal should not be proceeded with. Provided this is not the case and it has also been determined that there is a worthwhile business case for further consideration, a more detailed risk assessment will be carried out. Where necessary, owing to lack of internal expertise, external advisors may be used to assist with the assessment of appropriate risks. Any other appropriate sources of information may be used to assess and monitor risk, including credit ratings, if these are relevant. Data used to monitor ongoing risk will be reviewed regularly and appropriate action will be taken if there are any indications of increasing risk or risks materialising.

The Council will consider the following points:

- the degree to which the loan complies with corporate policies and furthers corporate objectives;
- the overall desirability of the activity which the loan is intended to fund;
- affordability in terms of the use of capital or other resources and impact on the revenue budget;
- the likelihood that the loan will be repaid in accordance with agreed terms; and
- the total amount of loans already made to ensure that as a whole the Council is not over-exposed to the risk of default.

All proposed loans will be subject to approval by members, normally via Full Council, following consideration of a report setting out all relevant matters, including compliance with the above criteria.

All loans will be subject to credit control arrangements to recover overdue repayments. Credit risk will be determined by reference to the "expected credit loss" model for loans and receivables as set out in International Reporting Standard (IFRS) 9 Financial Instruments.

Service Investments: Shares

Contribution: The Council currently does not invest in the shares of suppliers and local businesses in order to support local public services and stimulate local economic growth. This is due to the nature of the risks associated with investing in shares i.e. they are volatile and may fall in value meaning that the initial outlay may not be recovered. If the Council was to consider investing in shares, then in order to limit the risk, upper limits on the sum invested in each category of shares would need to be set.

Shares held for service purposes in £ thousands

Category of company	31/03/2020 actual			2021/22
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Suppliers	0	0	0	250
Local businesses	0	0	0	250
TOTAL	**0**	**0**	**0**	**500**

Non-specified Investments: Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

If the Council were to consider placing funds in any other type of investment which would be categorised as Non-Specified, the security of the capital sum would be the paramount concern. The same requirements as to credit ratings relating to Specified Investments will apply, and in appropriate cases the advice of the Council's treasury management advisors will be sought.

Commercial Investments: Property

Contribution: The Council invests in local commercial property with the intention of making a profit that will be spent on local public services. These are held primarily to earn income to be used to support the revenue budget although in some cases there may also be a contribution towards the economic wellbeing of the Borough.

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment.

The majority of the investment property portfolio was acquired some time ago and there is no debt associated with any of the properties and the initial investment costs have been recouped many years ago. Investment properties are valued at fair value. The values of the properties will fluctuate according to market conditions prevailing from time to time, however these fluctuations do not constitute losses of capital invested. The value of investment properties included in the Council's balance sheet as at 31 March 2020 is £16.737m.

If there are any new commercial investments funded from borrowing, their value will be monitored to determine whether it is sufficient to act as security for the capital invested and outstanding borrowing. If there is a significant fall in value then this will be reported to members.

Risk assessment: There are risks associated with making and holding commercial investments which require assessment and management.

With regard to the Council's current portfolio of commercial investments, comprising investment properties, the main risk is of not achieving the budgeted amount of income or of expenditure exceeding budgeted amounts. These risks are assessed and provided for via the assessment of the appropriate amount to hold in reserve in General Fund Balances. If the result of the assessment shows that current levels are inadequate, the necessary additional contribution will be made via inclusion in the Medium Term Financial Strategy.

With regard to consideration of proposed new commercial investment there will be additional risks to be assessed and taken account of. The degree of control which the Council has over the materialisation of these risks and its ability to mitigate them should they arise will be important considerations. In most, if not all, cases the Council will be operating in a competitive environment and possibly one which it is not experienced in operating within, all of which increases the level of risk.

A comprehensive risk assessment, taking account of all appropriate factors, will be carried out on an individual basis for each investment proposal. The risks inherent in the proposal will be reported to members when it is placed before them for consideration together with an assessment of the likelihood of any of them materialising, their impact on the revenue budget and otherwise and available mitigation measures. Risk factors to be assessed include:

- barriers to entry into and exit out of the market concerned;
- the nature and level of competition;
- how the market and customer needs will evolve over time;
- ongoing need for further investment to be made, for example to adapt investment property or repair defects or carry out cyclical maintenance; and

- whether there is sufficient internal capacity to assess the business case and risks relating to the proposal.

An initial review of each proposed investment will be carried out by Council officers, intended to determine whether there are any risks apparent at that stage which indicate that the proposal should not be proceeded with. Provided this is not the case and it has also been determined that there is a worthwhile business case for further consideration of the investment, a more detailed risk assessment will be carried out. Where necessary, owing to lack of internal expertise, external advisors may be used to assist with the assessment of appropriate risks. Any other appropriate sources of information may be used to assess and monitor risk, including credit ratings, if these are relevant. Data used to monitor ongoing risk will be reviewed regularly and appropriate action will be taken if there are any indications of increasing risk or risks materialising.

An independent review shall be undertaken by external investment property advisors on the Council's existing commercial property portfolio. The recommendations from this review will be actioned where necessary.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. There is no outstanding borrowing in relation to the current portfolio so any sales proceeds would be available in full to support capital investment.

In the case of any future commercial property investments, the likely degree of liquidity will be a consideration in deciding whether to make the investment.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness. To date, the Council is not contractually committed to make any loans.

Proportionality

The Council is dependent on profit generating investment activity to achieve a balanced revenue budget.

Net investment property income is subject to fluctuation according to market conditions and other factors such as bad debts and unforeseen expenditure. Accordingly the possibility of shortfalls in contribution towards the revenue budget from this source is one of the factors specifically taken into consideration in calculating the level of General Fund balance to be held as a contingency against adverse budget variances. A total of £1.548m is held in balances at 31.3.2020 to cover this and other risks and can be drawn upon in the event of risks materialising, this total is to be increased significantly for 2021/22.

It is not planned to vary the amount of investment property held in the short term. However, in accordance with the Asset Management Strategy, all such property will be kept under review to determine whether the return obtained justifies retention and there may be instances where it is decided to dispose of property to obtain a capital receipt. The net contribution made towards balancing the revenue budget and the options for replacing any significant loss of income will be one of the factors taken into account when determining whether or not to dispose of a property.

Borrowing in Advance of Need

The Prudential Code for Capital Finance in Local Authorities (2017) issued by CIPFA states that local authorities should not borrow more than or in advance of their needs purely to profit from the investment of the extra sums borrowed. This is repeated in the Statutory Investment Guidance issued by the Ministry of Housing, Communities and Local Government.

The reasons for making an investment are unlikely to be purely in order to make a profit since investments may also be made with the intention of furthering corporate aims or service objectives, such as economic regeneration.

Accordingly, borrowing will be permitted in respect of Other Investments. The Council will consider each proposal to borrow on its merits. As well as the corporate or service benefits due regard will be given to the financial impact upon the revenue budget in terms of capital financing costs.

All borrowing will be subject to approval by members, normally via Full Council, following consideration of a report setting out all relevant matters, including those referred to above.

Capacity, Skills and Culture

Council members and staff involved in dealing with Other Investments will have regard to the provisions of the CIPFA Prudential Code and the regulatory regime within which local authorities operate when carrying out these functions.

Investment in commercial property is a specialist area and the Council will therefore commission external advice in order to effectively appraise investment proposals, negotiate with third parties or manage certain types of investment on an ongoing basis. The external advice will be commissioned on a case by case basis and where asset management is required external managers may need to be employed, particularly if investment is made in residential property.

Decisions to make Other Investments and the means of financing them will be subject to member approval. This will normally be by Full Council (but may be by Cabinet where permitted by the Council's Constitution). Members will consider a report setting out all matters relevant to the making of an investment before making a decision. The normal scrutiny and call-in arrangements will apply.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Gross and Net Income - Historic and Current Year

	2017/18 Actual	**2018/19 Actual**	**2019/20 Actual**	**2020/21 Estimate**
	£'000	**£'000**	**£'000**	**£'000**
Commercial Properties				
Gross Income	991	907	806	829
Gross Expenditure (Excluding Capital Charges)	(649)	(649)	(519)	(586)
Net Income	**342**	**258**	**287**	**243**
Net Service Expenditure (Whole Council)	(6,776)	(7,011)	(7,487)	(7,870)
Ratio of Net Income to Net Service Expenditure	**5.05%**	**3.68%**	**3.83%**	**3.09%**

Gross and Net Income - Over Period of Approved Medium Term Financial Strategy 2021/22 to 2025/26 – Based on 2% increase on 2020/21

	2021/22 Estimate	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Gross Income	846	862	880	897	915
Gross Expenditure	(597)	(610)	(622)	(634)	(647)
Net Income	**249**	**252**	**258**	**263**	**268**

Vacancy Levels

2017/18 Actual	**2018/19 Actual**	**2019/20 Actual**	**2020/21 Actual at Q2**
%	%	%	%
7.7	10.1	8.3	5.7

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Corporate Performance Quarter 3 2020-21

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO CABINET**

03 February 2021

Report Title: **Financial and Performance Review report – Third quarter (Oct-Dec) 2020-21.**

Submitted by: **Executive Management Team**

Portfolios: **Corporate & Service Improvement, People & Partnerships, Finance & Efficiency**

Ward(s) affected: **All**

Purpose of the Report

To provide Cabinet with the Financial and Performance Review report for the third quarter of 2020-21.

Recommendation

1. That Members note the contents of the attached report and Appendices A and B and continue to monitor and Challenge the Council's performance alongside its financial performance for the same period.

Reasons

The Financial and Performance Management monitoring reports provide information on a quarterly basis regarding the performance of individual council services and progress with delivery against our priorities, alongside related financial information on the organisation.

It should be noted that certain activities from 20 March 2020 were impacted by Covid 19 and delivery in some cases noted in this report, continue to be affected and the resulting actions taken by the Council to protect and ensure support is available to everyone.

1. Background

1.1 This quarterly report provides Members with a detailed update on how the Council has performed during the third quarter 2020/21 by presenting performance data and progress summary set within a financial context. The report provides broad financial information (Appendix A) and also details service performance (Appendix B) for the third quarter 2020/21.

1.2 This report covers the period of the Covid 19 lockdown, when a number of customer facing services were required to close, or where the customer base simply stopped using the service. Despite these unprecedented circumstances, as the summary of the overall performance picture is presented in section 4 of this report reflects, performance has generally held up well.

2. 2020-21 Revenue and Capital Budget Position

2.1 The Council approved a General Fund Revenue Budget of £15,690,000 on 19 February 2020. Further financial information is provided in Appendix A.

3. Development of the Financial and Performance Report

3.1 The performance section –Appendix B was reviewed and updated for 2020-21 and the indicators continue to reflect the priorities in the Council Plan. In addition to reporting on key performance indicators, the report includes a progress summary for each priority, detailing the progress with the delivery of planned activities.

3.2 Additional performance information is provided, not only to ensure the monitoring of the corporate activities of the council, but also to inform Members, businesses and residents of performance in their local economy.

4 Performance

4.1 The latest performance information for quarter three has been analysed and all indicators monitored for this period are listed in the table found in Appendix B.

4.2 Any indicators failing to meet the set targets include a comment explaining why the indicator has not performed well, and what steps are being taken to ensure improvement in the future.

4.3 For this report a total of 18 indicators were monitored, and the proportion of indicators which have met their target (where set) or are within tolerance levels during this period stands at 78%. It should be noted that several indicators were not monitored this quarter due to the closure of some services for example, the Brampton Museum and leisure facilities.

4.4 There are 4 indicators off target this quarter, and officers consider that the performance against these indicators does not give rise to serious cause for concern at present (see commentary provided at Appendix B). The management of each of the service areas concerned continue to monitor and take steps to deal with under achievement of targets where possible and/or appropriate, taking into account the limitations presented by the Covid19 situation.

4.5 Progress on delivery of planned activities is summarised for each priority and no concerns are highlighted.

5. **Legal and Statutory Implications**

5.1 The Council has a duty to set targets for performance of a range of functions and needs to monitor these closely.

6. **Equality Impact Assessment**

6.1 There are no differential equality issues arising directly from this monitoring report.

7. **Financial and Resource Implications**

7.1 Any positive variance for the full year on the General Fund Revenue Account will enable that amount to be transferred to the Budget Support Fund and will be available in future years for use as the Council considers appropriate. Conversely, if there is an adverse variance, the amount required to cover this will have to be met from the Budget Support Fund.

8. **Major Risks**

8.1 The ongoing changing market conditions represents the greatest risk to the revenue budget, particularly with regard to the impact it may have upon income receivable in relation to services where customers may choose whether or not to use Council facilities or in the case of the waste/recycling service where the volume of recycled materials is liable to fluctuate. The impact of Covid 19 is more apparent in the reporting of this quarter, impacting on many areas and the situation will continue to be monitored through the normal budget monitoring procedures.

8.2 The capital programme will require regular monitoring to identify any projects which are falling behind their planned completion dates. This will be carried out by the Capital Programme Review Group, which meets on a monthly basis together with quarterly reports to Cabinet.

8.3 The above represents a high level view of risk. There are detailed risk registers available if members wish to see them.

9. Sustainability and Climate Change Implications

9.1 N/A

10. Key Decision Information

10.1 Included on the Forward Plan

11. Earlier Cabinet/Committee Resolutions

11.1 N/A

12. List of Appendices

12.1 Financial information (Appendix A), and Performance (Appendix B).

13. Background Papers

13.1 Working papers held by officers responsible for calculating indicators.

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Financial Position Quarter Three 2020/21

1. General Fund Revenue Budget

1.1 The Council approved a General Fund Revenue Budget of £15.690m on 19 February 2020. The actual position compared to this budget is continuously monitored by managers, EMT and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.

1.2 It is forecast that adverse variances incurred will be offset in total by the emergency Coronavirus funding received from the Government and by the Government income compensation scheme and that this will enable a balanced outturn to be presented at the year end, any variance remaining will be paid into or from the general fund reserve. Close management of the financial position will continue and remains absolutely essential.

1.3 The pandemic continues to have a significant impact on the Council's financial position through a mix of lost income and additional costs. To date Government funding of £2.281m has been secured (including £299k of new burdens funding to offset the costs of administering Coronavirus business support grant, hardship relief, and self-isolation grant schemes), which has reduced the immediate pressure on additional spending and on the Council finances.

1.4 Further Government funding to assist with the Council's response to the Coronavirus has also been secured in relation to rough sleepers (£0.196m), outbreak control (£0.179m), enforcement (£0.061m) and the reopening of the high street (£0.115m).

1.5 The Council's revenue budget relies on service income from fees and charges of around £850k per month across a wide range of services, with a significant proportion coming from J2 and car parking. Taking account of the current restrictions it is forecast that income losses from fees and charges for the financial year will amount to £2.827m, net of furlough scheme assistance of £0.197m.

1.6 The Government announced that it will fund income losses, relating to irrecoverable fees and charges, above the first 5% at the rate of 75p in the pound in the current financial year will to a significant degree insulate the Council from income related financial risks. It is forecast that the Government's income compensation scheme will offset these income losses to the sum of £1.985m, the first instalment of this was received in November.

1.7 Additional expenditure pressures have inevitably been incurred as a result of the COVID-19 pandemic. It is forecast that by the close of the financial year these will amount to £1.749m (excluding the provision of services/activity for which specific funding has been received).

1.8 Expenditure has been reduced wherever possible throughout the Council to ensure that only absolutely necessary spending is being incurred, this has helped to reduce the adverse variance on a service by service basis. It has been forecast, and it is absolutely imperative, that this situation continues throughout the remainder of the financial year.

1.9 Further consequences of the Coronavirus on the Council's financial position will depend significantly on the continued impact of the lockdown and on the scale and timing of further Government financial support. The Council is actively lobbying our local Members of Parliament and through national networks as part of the wider public sector family, to make the case for further Government support. Particular emphasis in our lobbying has been the impact on Business rate and Council tax collection.

1.10 Careful monitoring of the financial position will be required over coming weeks and months leading to prompt corrective action where necessary to ensure the Council remains in a position of being able to deliver a balanced budget position in the current financial year and beyond.

2. Revenue Budget Position

2.1 As at the end of the third quarter, the general fund budget shows a balanced position. It is forecast that this position will be achieved as at the close of the financial year.

2.2 A number of variances from the budget are forecast, these include:

a. Income shortfalls from sales, fees and charges which are eligible for partial reclaim via the Income Losses Scheme, it is forecast that these losses will amount to £2.827m by the close of the financial year.

b. Additional expenditure pressures as a result of the COVID-19 pandemic are forecast to increase to £1.749m (excluding £551k regarding the provision of services/activity for which specific funding has been received).

   These include Waste and Recycling (£895k disposal costs and hire of vehicles to allow social distancing) and a top up of the general fund reserve to its minimum level regarding the 2019/20 deficit of £0.207m.

c. Housing Benefits payments made by the Council which are not fully subsidised by the Department of Works and Pensions, mainly around the provision, often emergency, of accommodation for vulnerable and homeless people, it is estimated that the shortfall from this and the under recovery of overpayments will amount to £0.405m by the close of the financial year.

2.3 These adverse variances are forecast to be offset in full by the following favourable variances:

a. Government Funding to offset pressures that the Council has/will continue to face as a result of the COVID-19 pandemic, £3.029m has been received or is due by the close of the financial year (£551k relates to the specific provision of services/activity).

b. It is anticipated that the Council will be reimbursed £1.985m in relation to the Income Losses scheme for eligible sales, fees and charges income shortfalls for the year.

c. Expenditure has been reduced wherever possible throughout the Council to ensure that only absolutely necessary spending is being incurred, this has helped to reduce the adverse variance on a service by service basis. It has been forecast, and it is absolutely imperative, that this situation continues throughout the remainder of the financial year.

2.4 Cabinet and the Executive Management Team will continue to be updated on the Council's financial position and actions taken in the forthcoming weeks and months. This will include a revised recommended level of reserves and the financial implications of this.

3. Collection Fund

3.1 Local tax income is collected by billing authorities and paid into local 'collection funds' (the Council is a billing authority). Where there is a shortfall in tax receipts (compared to expected levels), this leads to a deficit on the collection fund. Billing and major

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precepting authorities are usually required to meet their share of any deficit during the following financial year.

3.2 In response to forecast shortfalls in tax receipts relating to COVID-19, the government has announced that repayments to meet collection fund deficits accrued in 2020- 21 will instead be phased over a three-year period (2021-22 to 2023-24) to ease immediate pressures on budgets. The phased amount will be the collection fund deficit for 2020-21 as estimated on the 15 January 2021 for council tax and in the 2021-22 NNDR1 for business rates.

3.3 It was announced as part of the Local Government Finance Settlement that there would be an equitable sharing of irrecoverable local taxation collection losses between local authorities and the Treasury. The government intends to use a scheme similar to the income compensation and cover 75% of local government's collection fund deficits, with a small number of exclusions.

3.4 The current forecast shortfalls in tax receipts, and the forecast repayments under this scheme are shown below:

Tax	**Total Deficit Forecast**	**Council's Share**	**Repayable 2021/22**	**Repayable 2022/23**	**Repayable 2023/24**
Council Tax	£1.292m	£0.145m (11.8%)	£0.048m	£0.048m	£0.048m
Business Rates	£14.467m	£5.787m (40%)	£5.375m	£0.206m	£0.206m
Business Rates Section 31 Measures	(£13.529m)	(£5.412m) 40%	(£5.412m)	-	-
Total	**£1.949m**	**£0.519m**	**£0.011m**	**£0.254m**	**£0.254m**
75% Income Compensation	**(£1.462m)**	**(£0.389m)**	**(£0.008m)**	**(£0.190m)**	**(£0.190m)**
Remaining Repayment	**£0.487m**	**£0.130m**	**£0.003m**	**£0.064m**	**£0.064m**

4. Capital Programme

4.1 A Capital Programme totalling £12.454m was approved for 2020/21. Of this total £10.454m relates to the total cost of new schemes for 2020/21 together with £1.000m for schemes funded by external sources (Disabled Facilities Grants) and £1.000m contingency. In addition £3.025m was brought forward from the 2019/20 Capital Programme, resulting in a total Capital Programme of £15.479m for 2020/21.

4.2 Due to the COVID-19 pandemic and the financial impact this has placed on the Council, a review of the 2020/21 Capital Programme has been completed with the assistance of Budget Holders and members of the Capital, Assets and Commercial Investment Review Group. The rationale behind this review was to establish which of the capital projects approved in the programme were essential or health and safety related, were unable to be commenced due to the pandemic, could be deferred to the following year due to resources and services available during the crisis or were no longer required.

4.3 The revised 2020/21 Capital Programme now totals £7.303m which includes £1.000m for schemes funded by external sources (Disabled Facilities Grants) and £0.250m contingency to reflect the remainder of the year. A summary of these changes can be found in appendix A.

5. Capital Programme Position

6.1 The expected total capital receipts due to be received this year following the sale of assets amount to £3.780m. A summary of the expected income is shown in the table below.

Funding	Amount (£'000)
Proceeds from disposal of assets	2,830
Proceeds from Right to Buy sales	500
Proceeds from sale of old Waste Recycling Fleet	450
Total	**3,780**

6.2 £4.882m of the revised budget was expected to be spent by 31 December; the actual amount spent was £4.913m resulting in an adverse variance at the end of the third quarter of £0.031m.

6.3 The overspend predominately relates to the distribution of leaflets regarding the new waste service and the move to a phased introduction of the new service due to the pressures faced by the service in relation to the COVID pandemic.

6. Treasury Management

6.1 Borrowing maybe required during 2020/21 to fund the revised capital programme however no borrowing arrangements have been made to date.

6.2 The Public Works Loan Board (PWLB) has recently completed a "Future Lending Terms" consultation, which sought views from local authorities and other stakeholders. The outcome of this review has seen the PWLB reduce its borrowing rates.

6.3 Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the PWLB. After the utilisation of capital receipts and internal borrowing, the Council will look to borrow short term from other local authorities in the first instance and will then review any other sources of funding if required.

Classification: NULBC **PROTECT** Organisational

Appendix A

2020/21 Revised Capital Programme (Revised Programme shown in detail in second table)

CAPITAL PROGRAMME	Approved 2020/21 Programme	Revised 2020/21 Programme
	£	£
Service Area - Council Modernisation	380,000	254,653
Total	**380,000**	**254,653**
Service Area - Housing Improvements	1,070,000	1,071,000
Service Area - Managing Property & Assets	131,531	97,000
Total	**1,201,531**	**1,168,000**
Service Area - Environmental Health	10,000	10,000
Service Area – Street Scene and Bereavement Services	295,600	197,000
Service Area - Recycling and Fleet	3,766,000	3,503,703
Service Area - Leisure	3,682,000	1,135,000
Service Area - Museum	95,000	97,536
Service Area - Managing Property & Assets	55,547	20,000
Service Area - Engineering	165,873	232,873
Total	**8,070,020**	**5,196,112**
Service Area - Managing Property & Assets	1,702,553	333,866
Total	**1,702,553**	**333,866**
CONTINGENCY/FEASABILITY STUDIES	1,100,000	350,000
TOTAL	**12,454,103**	**7,302,631**

CAPITAL PROJECTS	Proposed Programme 2020/21 £
PRIORITY - Local Services that work for Local People	
Service Area - Council Modernisation	
Mobile Technology Roll Out	30,000
Desktop Technology Refresh	8,000
Microsoft LAR Uplifts	50,000
Digital Delivery Integration Costs	30,000
Replacement of Civica APP	30,000
Replacement of Civica Financials	30,000
Implementation of SharePoint	20,000
Mobile Telephony Refresh	10,000
Pilate Gauge Replacement	6,653
Packet Shaper refresh	20,000
E-payments replacement	20,000
Total (Service Area)	***254,653***
Total Priority	**254,653**
PRIORITY - Growing our People and Places	
Service Area - Housing Improvements	
Disabled Facilities Grants	1,000,000
Empty Homes Grants	6,000
Carbon Management	65,000
Total (Service Area)	***1,071,000***
Service Area - Managing Property & Assets	
Stock Condition Survey Works	97,000
Total (Service Area)	***97,000***
Total Priority	**1,168,000**
PRIORITY - A Healthy, Active and Safe Borough	
Service Area – Environmental Health	
CCTV/Body worn cameras	10,000
Total (Service Area)	***10,000***
Service Area - Streetscene & Bereavement Services	
Footpath Repairs	20,000
Play Area Refurbishment	30,000
Railings/Structures Repairs	15,000
Britain in Bloom	15,000
Traveller Encroachment	5,000
Memorial Survey	5,000
Crematorium Monthly Gardens	5,000
Pool Dam Marshes LNR	87,000
Grounds Maintenance Invest to Save Programme	15,000
Total (Service Area)	***197,000***
Service Area - Recycling & Fleet	
Replacement Bins/Containers	50,000
Wheelie Bins – New Recycling Service	870,000
Paper Recycling Internal Bin Caddie	43,703
Twin Body RCV for New Recycling Service x 7	1,650,000
New Food Waste Collection Service Vehicles x 7	490,000
Corporate Fleet Replacement	300,000
Transfer Station Alterations (New Recycling Service)	100,000
Total (Service Area)	***3,503,703***

Service Area - Leisure	
Aqua Sauna Refurbishment	75,000
Carbon Management	40,000
Jubilee 2 Pool Filters	20,000
Kidsgrove Sports Centre	1,000,000
Total (Service Area)	***1,135,000***
Service Area - Museum	
HLF Match Funding	75,000
CCTV Replacement/Upgrade	20,000
Museum Project	2,536
Total (Service Area)	***97,536***
Service Area - Managing Property & Assets	
Stock Condition Survey Works	20,000
Total (Service Area)	***20,000***
Service Area - Engineering	
Ryehills over Marian Platt walkway	45,000
Kidsgrove Loopline Bridge Over Walkway in Park	37,865
Road Bridge over former Railway, Audley	30,000
Car Park at Butchers Arms	20,000
St James Closed Churchyard, Newchapel	12,008
St James, Church Street, Audley	88,000
Total (Service Area)	***232,873***
Total Priority	**5,196,112**
PRIORITY - A Town Centre For All	
Service Area - Managing Property & Assets	
Stock Condition Survey Works	274,866
Midway Car Park, Newcastle	10,000
Markets	40,000
Bus Shelters	9,000
Total (Service Area)	***333,866***
Total Priority	***333,866***
CONTINGENCY	250,000
FEASIBILITY STUDIES	100,000
TOTAL	**7,302,631**

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Corporate Performance Quarter 3 2020-21
Priority 1: Local Services that Work for Local People

Progress Summary

Overall, our performance with a combination of monitoring and target driven indicators for this priority is positive in this quarter but work is underway to impact on the result.

A summary of progress with planned activities for Priority One from the Council Plan 2018-2022 are as follows:-

- **Increase Access to Information;**
  - The Council continues to maintain services by encouraging customer self-service via the website, and through effective call centre support to answer questions, provide information and support residents of the Borough at this difficult time. During Qtr. 3, there were several tier changes which allowed Customer Services at Castle House to be open to the public by utilising bookable appointments and self-service. The demand was extremely low, as most contacts can be addressed online or by telephone.
- **Deliver new Recycling and Waste Service:**

  The new recycling service is fully operational to households across the borough, and is proving very popular with residents. Participation and tonnage of material collected is higher than with the previous recycling collection service. Tonnage of material collected continues to be around 20% higher than that collected with the previous service. The quality of the material collected is excellent, with very little contamination, with the Council receiving excellent feedback from the re-processing contractors used to recycle the various material streams. During this quarter we have relaunched our recycling service to schools, with the collection operation mirroring that of the household recycling collections. Our next priority, working with partners and key stakeholders is to re-launch the recycling service to all flats within the Borough.

- **Establish Workforce Strategy:**
  - **Develop robust, innovative and efficient work force plans**

    Despite the Covid 19 situation, work has continued across services in the development of robust, innovative and efficient work force plans which align to the council vision for the future. High on the list of priorities is the engagement of staff in the development of organisational values and behaviours; from which recognition and reward, development and learning and leadership strategies will be developed. As work develops towards detailed design of the One Council transformation, the People Team will continue the focus on alignment of vision and people processes.

  - **Develop organisational culture**

    HR are continuing to work with all managers to coach and mentor them through all the HR policies to embed good practice and develop their skills in managing staff successfully to enable a positive working culture. The staff survey in August returned positive results in terms of the support and communication staff are receiving from managers and teams and gave a clear steer to continue the work and promote the services we currently have in place.

  - **Ensure staff wellbeing**

    Due to the changed working conditions for many staff this year, the focus has been to ensure the support of mental health and wellbeing of staff during this time continues and our support and counselling services are available. In partnership with the Trade Unions, a Mental Health working group was set up to work with the staff to develop further our support mechanisms, and in October the World Mental Health day was marked with a campaign for staff to 'do one thing' to improve their wellbeing and share their stories. Staff benefitted from enhanced reductions in cost to Council Leisure services and free lunchtime fitness sessions. Staff were also offered the chance to 'keep well this winter' and access their free flu vaccination.

Progress Summary continued

- **To review and continue to develop key People policies**
  Ongoing discussions with the Trade Unions on Organisation Change and Redeployment were paused during the Covid-19 outbreak, but the HR team has continued to work with all managers to coach and mentor them through all the HR policies to embed good practice and develop their skills in managing staff successfully to enable a positive working culture. Work will continue in the new year to confirm the scheduled of work against policy development in partnership.

Ref	Service Area	Portfolio Holder	Indicator	Good is	Result Qtr. 3 2019-20	Result Qtr. 2 2020-21	Result Qtr. 3 2020-21	Target Qtr. 3 2020-21	How have we performed?	Status
1.1	Environmental Health	Cllr. Trevor Johnson	Percentage of food premises that have a zero or one national food hygiene rating	Low	0.97% (11 out of 1135 published premises)	-	-	5%	Delivery of this planned programme was prevented during the Covid lockdown and has not recommenced due to prioritising Covid activities. In excess of 800 Covid-19 queries and complaints received, and the team continue to communicate with food premises and other licensed premises in order to advise and record future appointments.	-
1.2 New	Environmental Health	Cllr. Trevor Johnson	Percentage of category A and B food business inspections completed on time	High	100%	-	-	-		-
1.3 New	Environmental Health	Cllr. Stephen Sweeney	No. Accidents/Incidents reported (RIDDOR)	Low	1	2	0	-	There have been no incidents reported this quarter.	-
1.4a	Recycling & Fleet	Cllr. Trevor Johnson	Household collections from the kerbside (%):- • Dry Recycling	High	21.63%	20.69%	23.19%	20%	Quarter 3 has seen collected tonnage of recycling and waste return to more normal following the impact of Covid which significantly affected performance in the first two quarters. Separate food waste collections were re-introduced part way through quarter 2, and tonnages are rising steadily towards pre Covid levels. Tonnage of refuse has dropped significantly, again back towards pre Covid levels, a pattern experienced by the majority of Local Authorities.	
1.4b			• Food	High	5.93%	1.34%	3.38%	5%		
1.4c			• Amount of residual Waste per household	Low	102.36 kg's	124.37kgs	108.45	107.5kgs (per household) cumulative		

Ref	Service Area	Portfolio Holder	Indicator	Good is	Result Qtr. 3 2019-20	Result Qtr. 2 2020-21	Result Qtr. 3 2020-21	Target Qtr. 3 2020-21	How have we performed?	Status
1.4d	Operations	Cllr. Trevor Johnson	Number of missed kerbside collections:- Total (per 100,000 collections)	Low	55	162.63	90.41	80 (per 100,000 collections)	In this quarter there were a total of 1,640,364 collections of residual, garden waste, recycling and food. Missed collections of Residual- 266, Garden Waste – 97, Recycling-636, and food waste - 484. The rates have significantly reduced this quarter, following Covid and the changeover in the recycling collection service which had a significant effect on staffing of vehicles, meaning staff from other departments were redeployed onto collection rounds where they were unfamiliar.	
1.5	Operations	Cllr. Trevor Johnson	Levels of street and environment cleanliness (LEQ survey) free / predominantly free of litter, detritus, graffiti and fly-posting)	High	92.03% 91.4% 99.5% 100%	-	95.44% 95.83% 99.05% 100%-	91% 91% 97% 99%	The surveys were postponed due to Covid situation but have now commenced. The first tranche results are detailed here and the second tranche survey results will be provided in Qtr.4.	
1.6	Customer & ICT	Cllr. Simon Tagg	Percentage of requests resolved at first point of contact	High	98%	99.64%	99.66%	97%	We continue to maintain the success of dealing with most contacts at first point of contact.	
1.7	Customer & ICT	Cllr. Simon Tagg	% Unmet demand (number of calls not answered as a % of total call handling volume)	Low	5.80%	16.46%	18.03%	10%	The target has not been met due to an increase of 25% of calls coming through the contact centre. During Q3 we continued with the embedding of the new recycling Service. There was an Elections campaign, Council Tax recovery and first point of contact for Newcastle Housing Advice. We continue to be the first point of contact for all Covid type enquiries and continue to support the Business Grants and Test & Trace programme of work.	

Ref	Service Area	Portfolio Holder	Indicator	Good is	Result Qtr. 3 2019-20	Result Qtr. 2 2020-21	Result Qtr. 3 2020-21	Target Qtr. 3 2020-21	How have we performed?	Status
1.8	Digital Delivery	Cllr. Simon Tagg	Total number of digital on-line transactions (Jadu).	High	14,453	10,859	20,096	-	The number of transactions have increased significantly this quarter, including a high number of Garden Waste subscriptions.	-
1.9	Communication	Cllr. Simon Tagg	Total number of unique users to the website	High	104,714	109,142	136,869	79,500	There was a total of 136,869 unique users in this quarter, which is increased from Qtr. 3 in 2019-20.	
1.10	Revenues & Benefits	Cllr. Stephen Sweeney	Time taken to process Housing/Council Tax Benefit new claims and change events	Low	5.00 days	6.56 days	4.6 days	10 days	This result continues to be well within target.	
1.11	Revenues & Benefits	Cllr. Stephen Sweeney	Percentage of Council Tax collected	High	77.4%	52.4%	76.6%	76.08%	The rate for Council Tax collection is on target but the Business Collection rate is slightly below the target this quarter, but remains within tolerance.	
1.12	Revenues & Benefits	Cllr. Stephen Sweeney	Percentage of National non-domestic rates collected	High	83.7%	58%	75.2%*	78.66%		
1.13	Human Resources	Cllr. Simon Tagg	Average number of days per employee lost to sickness	Low	6.98 days	4.25 days (cumulative)	2.25 days* Qtr. 3 6.51 days (cumulative)	2.2 days Qtr. 3 6.6 days (cumulative)	The result for Qtr. 3 sickness figure is 2.265 days, within tolerance of the target of 2.2 days. The cumulative result of 6.51 days (April-Dec) is within target. The short term and long term sickness results for the quarter are 0.37 and 1.88 days respectively. It was anticipated that sickness absence may increase due to Covid-19 but it has not had a dramatic effect on this indicator.	
1.14 New	Human Resources	Cllr. Simon Tagg	Staff turnover	Low	8.58%	1.35%	-	10%	The figures are not available at this time.	-
1.15 New	Human Resources	Cllr. Simon Tagg	Staff vacancy rates	Low	11%	1.74%	-	-		-

*The result is within tolerance

Priority 2: Growing our People and Places

Progress Summary

A summary of progress with planned activities for Priority 2 from the Council Plan 2018-2022 are as follows:-

- **Deliver Joint Local Plan**

  Despite the outbreak of Covid 19 in 2020, the Planning Policy team has worked on updating the evidence base supporting the Local Plan to reflect the effects of the virus on the economy, housing markets and retailing across the Borough. Given the amount of change expected in 2021 following the Country's departure from the European Union and the recovery from the Covid outbreak, the Council is taking the opportunity at the end of the year to assess whether to continue working with Stoke on a joint local plan or build on the work already completed and commence a new plan targeted at meeting the needs and aspirations of the people and businesses in the Borough.

- **Delivery of the Economic Development Strategy and action plan**

  Delivery of the Economic development Strategy and action plan is set out in more detail below against individual projects – One Public Estate, Prepare a Town Centre Strategy, market, and business support. Establish a Town Centre Communications Group and Develop a Kidsgrove Town Centre Investment Plan. Additionally, in response to Covid-19 the Council addressed the issue of re-opening town centres post-Lockdown through the 'Back on Track' recovery plan. The Council also received notification of the Restarting High Street Safely Fund and in Quarter2 has received further clarification on eligible spend. It is anticipated that a revised action plan will be submitted in Quarter 3 based on the further guidance received.

- **Progress University Growth Corridor**

  The Council is currently considering the appointment of a suitably experienced consultancy team to provide planning consultancy advice on how to take the scheme through the next necessary steps towards a development masterplan planning application submission. This is expected to be advertised early next year and the consultancy team in place by March / April.

- **Deliver appropriate housing to those in need:**
  - **Newcastle Housing Advice to be in-house service**

    Midland Heart delivers the Newcastle Housing advice (NHA) service on behalf of the Council, which is the Borough's provision for homelessness, housing advice and housing register services. The Council has made the decision to bring the service back in-house by 1st April 2021, and over the forthcoming year the Council will be working with the current contractor to transfer the service effectively, including the TUPE of 9 staff. Quarterly performance monitoring for the NHA service is available on request. An internal working group has been created to co-ordinate the delivery of a project plan to ensure that the service can be integrated efficiently into existing Council services, with the support of ICT, HR and Customer Services. The working group is progressing well with the project plan and is on target for completion. The procurement of ICT systems, TUPE of staff, accommodation arrangements and purchase of essential equipment is already underway. The service will be managed within the Partnerships Team and has a strategic fit with the Council's work around vulnerability. The Council has also begun work on mapping the customer journey into the Council's Customer Services case management portal and is assisting with the increased demand to the NHA service to triage customers with queries regarding the Housing Register and low level housing advice.

Progress Summary continued

- **Rough Sleepers and temporary accommodation**
  The Navigator role continues to be successful supporting rough sleepers and navigating them into appropriate support pathways and accommodation. We are awaiting to hear an announcement concerning RSI4 funding to see if that role can continue on after the initial 12 month period. The temporary accommodation units set up over the initial COVID period have been extended until 31st March 2021. We are in talks with local partners looking at developing other temporary accommodation options. We are also exploring further funding options from MHCLG to support with this venture. The SWEP protocol was finalised and actioned in Nov 2021. The SWEP emergency accommodation unit was completed and ready to go as of the 14th Dec 2020. We were successful in acquiring Cold Weather Funding to the amount of £6400 that was put towards temporary accommodation over the winter period and to reserve four COVID isolation rooms at The Crown hotel.

- **Joint allocation policy and procurement of a Choice Based Lettings system**
  The Council has adopted a new Joint Housing Allocations Policy in-conjunction with Aspire Housing. This joint policy will allow customers of the Borough to access social housing owned and managed by Aspire Housing and other Private Registered Providers to whom the Council has partnerships within the Borough. The Council and Aspire Housing is procuring a joint Choice Based Letting (CBL) system during 2020/21 that will deliver the platform for the administration function of the housing register. This will allow our customers to make one application for social housing, a greatly improved approach compared to our current systems requiring 2 applications. Work recently has been undertaken by a multi-disciplinary team as part of a working group, including Officers from Aspire Housing to co-ordinate the introduction of the new system and policy and testing thereof prior to the official launch, which is planned for February 2021.

- **One Public Estate**
  The Borough Council received a grant from 'One Public Estate' to cover the cost of undertaking the masterplanning of Knutton Village. This involved preparing proposals for the use or development of a number of cleared sites around the centre of Knutton in the ownership of the Borough and County Councils and Aspire Housing. The objective is to bring forward new housing development in the area and to assess the potential for investing in the improvement and consolidation of community facilities. Aspire Housing also contributed to the Study with a view to reviewing provision of affordable housing in the area, including housing for the elderly. Consultation on the draft masterplan is imminent and once complete, a further report will provide the results and detail the financial implications arising from the proposals. Elements of the Knutton masterplan are included in the draft Town Deal Town Investment Plan which will be submitted in January 2021.

- **Consideration of a property investment model and Property Diversification**

  Consideration is being given to the Borough Council taking a more active role in developing its sites (i.e. by way of forming a property development company or similar) either on its own or in a partnership arrangement. The Commercial Strategy 2019-24 was approved by Cabinet and commercial investment advisors appointed to review and advise in respect of the Council's commercial portfolio. Work on this is currently ongoing.

Progress Summary continued

- **Masterplan of land at:- Chatterley Close area by Bradwell crematorium; off Liverpool Road, Keele Golf Course and Birchenwood**

  The masterplan in respect of land in the Chatterley Close area, Bradwell was considered by Cabinet in November 2020. The scheme to extend the Crematorium was approved in principle and approval was given to consult with appropriate stakeholders. The consultation has commenced and the results will be reported to a future Cabinet meeting. Keele masterplan was approved in principle last year and is subject to consideration as part of the development of the Borough Local Plan. Following the Phase 1 environmental impact assessment for Birchenwood, a preliminary ground investigation survey has now been completed and next steps are currently being considered.

- **Planning Consent – Sidmouth Avenue**

  Planning approval was granted in December 2019 for the partial demolition and change of use of the former Registry Office into a single dwelling and the provision of three new detached dwelling in Sidmouth Avenue. In Qtr. 4 2019/20 alternative options were considered in respect of developing the site, in quarter 1 2020/21 the decision was taken to market the site and in quarter 2 2020/21 the site was marketed, and terms have been agreed to dispose of the site and Solicitors have been instructed.

Ref	Service Area	Portfolio Holder	Indicator	Good is	Result Qtr. 3 2019-20	Result Qtr. 2 2020-21	Result Qtr. 3 2020-21	Target Qtr. 3 2020-21	How have we performed?	Status
2.1	Property	Cllr. Paul Northcott	Percentage of investment portfolio vacant (NBC owned)	Low	7.6%	6%	5.1%	12%	This indicator remains well within target.	
2.2	Planning & Development	Cllr. Paul Northcott	Speed of major development applications (P151a)	High	76.8% (Jan 18 - Dec 19)	89.5% (Oct 18- Sept 20)	90.9% (Jan 19 - Dec 20)	60%	These indicators remain well within target and are improving or being maintained at an acceptable level.	
2.3			Quality of major development applications (P152a)	Low	1.3% (Oct 16 - Sept 18)	3.4% (July 17- June 19)	5.1% (Oct 17 - Sept 19)	10%		
2.4			Speed of non-major development applications (P153)	High	84.9% (Jan 18 - Dec 19)	90.9% (Oct 18- Sept 20)	93.0% (Jan 19 - Dec 20)	70%		
2.5			Quality of non-major development applications (P154)	Low	0.8% (Oct 16 - Sept 18)	1.1% (July 17- June 19)	1.0% (Oct 17 - Sept 19)	10%		

Priority 3: A Healthy, Active & Safe Borough

Progress Summary

Overall the performance for this priority advises the progress where possible, however the impact of Covid 19 is considerable to service provision or where facilities have had to close during this period.

A summary of progress with planned activities for Priority 3 from the Council Plan 2018-2022 are as follows:-

- **Secure J2 Remedial works**
  Plans are progressing to redevelop the Aqua Sauna area to support the health and wellbeing offer at Jubilee2 and create a unique customer experience. It is envisaged that this project will be completed in the Spring of 2021. Towards the end of quarter 2, the service experienced a failure of the main pool which had to be closed and works are progressing to rectify the issues. The original contractor continues to work with the Council on this and the issue with the roof leaks.

- **Secure J2 commercialisation**
  Membership numbers are circa 30% down on pre Covid numbers, which is in part due to the closure of the swimming pool. A review of the service has now commenced supported by Alliance Leisure to identify further commercial opportunities which can be delivered with in the service over the next twelve months.

- **Kidsgrove Sports Centre**
  Work has continued with WDC and the community group to secure a financially viable scope of works for a budget £6m which now suits both the needs of the community groups' business model and the budgetary constraints of the Council. Additional funding opportunities have been secured in the form of Town Deal Advance Monies for advance strip out works at the centre and further Town Deal contributions are being investigated also. Advance works / internal strip out works by WDC commenced in December as planned after completion of the property transfer from Staffordshire County Council in November. Hopefully, the main works will commence in April 2021 subject to budget / costs being satisfactory, with completion scheduled in early 2022.

- **Secure funds for Museum Extension**
  Funds for the museum project have now been secured and a contractor has been appointed for the structural work. The work is due to begin on 1 March 2021 for 21 weeks. COVID allowing the museum is hoping to use a shop unit on Lancaster Buildings as a base during the renovation work.

- **Open Space Strategy**
  Due to the pandemic, the Heart of England in Bloom campaign and all local Newcastle in Bloom competitions and activities were suspended for 2020. However, sponsorship from local businesses continued at near-normal levels and the intention is to roll most of the planned activities forward to 2021, depending on Covid 19 restrictions. It is unlikely that full judging will take place in 2021, but the council intends to participate in the campaign in the amended format. A total of 6 of the Borough's strategic parks and cemeteries achieved Green Flag status this year.

- **Streetscene Fleet procurement**
  Procurement of fleet and equipment for Streetscene is progressing, with tenders invited for 1 large road sweeper and another procured.

- **Feasibility study for Crematorium extension**
  The feasibility study for the crematorium extension was linked into the masterplanning commission for the Chatterley Close area which has been completed. A report was considered by Cabinet and public consultation is taking place on thhe proposals in early 2021.

Progress Summary continued

- **Affordable Funeral Scheme**
  Cabinet have approved a Resident Funeral scheme and a suite of tender documents has been prepared for issue to local suppliers. An option for Direct Cremation has been included in the tender package and it is intended to launch the scheme in spring 2021, subject to suitable tenders being received.

- **Deliver Capital Programme projects**
  Work is in progress on a number of sites to repair railing/fencing and footpaths, and replace play equipment.

- **Protect our communities by delivering priority community safety, food safety & licensing projects:**
  - **Taxi Licensing Policy**
    In the first quarter of 2019-20, members of the Licensing and Public Protection Committee approved the content of the taxi policy. The policy document is a wide scale reform of the current policy, to ensure that the Council has a policy that is fit for purpose in respect of the legislative framework and administration of the service. Members of the Licensing and Public Protection Committee approved the policy resulting in full implementation of the policy in January 2020. Statutory guidance was published in July 2020, this has resulted in amendments to the taxi policy being proposed to Licensing and Public Protection committee for consideration in October 2020 and a formal consultation has been completed, this will be reported to Committee in January 2021.

  - **Environmental Health & Licensing**
    A new responsibility for the authority this quarter is for the team to ensure the Covid 19 restrictions were applied and in place as directed by Government. Also the new pavement licensing regime has been implemented by the service, this is a temporary licence which allows premises to apply for a licence for tables & chairs and other furniture on the pavement outside of their premises. In addition, the service is supporting the County Council in the Covid outbreak controls for high risk premises and is continuing with advising business, responding to complaints and undertaking enforcement for non-compliance with Covid controls. It is unknown at present how long these responsibilities will remain in place.

  - **Commission new CCTV Service**
    Following approval by Cabinet and the Business Improvement District Board for the commissioning of the CCTV service with Stoke City Council significant work has been undertaken to make the service live by 1st April 2020. A new CCTV Policy has also been approved alongside the development of a range of documents which form the legal contract with Stoke City Council. The replacement CCTV cameras in the town centre and Midway have been successfully installed and are operational. Work is ongoing to develop additional CCTV enhancements to the service as part of the Town Deal funding delivery in certain locations including most subways within the town centre.

  - **Town Centre ASB enforcement**
    A range of Partnership activity continues to be co-ordinated this quarter, including; the CCTV implementation and monitoring; identifying ASB hotspot areas to target harden and make more secure; working closely with partners to identify individuals in need of support, working with the rough sleepers team to ensure that appropriate support is provided, utilising the Council's civil enforcement powers such as Community Protection Notice Warnings (CPNWs), Community Protection Notices and Injunctions, continued enforcement of PSPOs for the Town Centre and Queen Elizabeth Park, working with the Police to encourage use of Section 34 powers (criminal powers), and developing a range of community safety projects to improve the aesthetics of the town centre and contribute to improving perceptions of safety. As part of the Covid-19 'Everyone In' response, the Council provided additional accommodation and support to Rough Sleepers to encourage engagement where possible, which is being co-ordinated by the new Navigator post.

Progress Summary

- **Air Quality Local Development Plan**
  Work is continuing with Stoke-on-Trent City Council and Staffordshire County Council to create the North Staffordshire Local Air Quality Plan to bring about improvements in Nitrogen Dioxide (NO2) levels. The outline plan has been presented to Economy, Environment and Place Scrutiny Committee and approved at Cabinet. Subject to approval by partners and the Joint Air Quality Unit at Government, work upon preparation of the Full Business Case will be progressed. Work on the retrofitting of busses operating on the A53 is well underway and is expected to be completed this year.

Ref	Service Area	Portfolio Holder	Indicator	Good is	Result Qtr. 3 2019-20	Result Qtr. 2 2020-21	Result Qtr. 3 2020-21	Target Qtr. 3 2020-21	How have we performed?	Status
3.1a	Community Safety	Cllr. Helena Maxfield	Anti-Social Behaviour (ASB) cases:-						There are currently 37 cases discussed at the ASB, Youth Violence and Gangs Case conference.	-
			-New cases received during the quarter	Low	59	165	106	-		-
3.1b			-Current open cases at the end of the quarter	Low	7	21	37	-		-
3.1c			-Cases closed in the quarter	High	64	155	90	-		-
3.2	Community Safety	Cllr. Helena Maxfield	Number of referrals made regarding vulnerability by participating organisations at the Daily Hub	High	33	36	50	-	A total number of 50 referrals were made from Daily Hub meetings that have taken place over the period 1 October – 31 December 2020.	-
3.3	Culture & Arts	Cllr. Jill Waring	Number of people visiting the museum	High	10,498 Qtr. 3 (48,701 cumulative)	1577	-	(59,000 cumulative)	The museum closed for the second lockdown on November 5th until the end of the quarter. During October 1-November 4th the museum was only open for 5 weekday afternoons and two Sunday afternoons. During this period the museum had 446 visitors. Similarly, the activities at the J2 leisure facility were affected too.	-
3.4	Leisure	Cllr. Jill Waring	Number of people accessing leisure and recreational facilities	High	139,241 Qtr. 3 (426,849 cumulative)	-	-	(600,000 cumulative)		-
3.5	Leisure	Cllr. Jill Waring	Net growth in J2 Membership (Quarterly)	High	-3.45% (2853 members)	-	-	(3,250 members) 6.31% Annual		-

Priority 4: A Town Centre for All

Progress Summary
For this quarter, the results demonstrate a varying level of activity and further comments are detailed in this report.
A summary of progress with planned activities for this priority from the Council Plan 2018-2022 are as follows:-

- **Prepare a Town Centre Strategy**
  The Council has successfully bid for Future High Street Funding and has received an in principle offer letter for £11 million, further information is to be submitted to MHCLG in this quarter, following which a funding agreement will be reached. This will enable redevelopment of the Ryecroft area of the town centre. For Town Deal, the Town Deal Board, which was established with partners has worked with the appointed consultants AECOM to consider projects and to develop a Town Investment Plan which is due for submission at the end of January 2021. The draft town Investment Plan includes projects in the key strands of digital, transport, gateway sites and culture. The Government also offered all Town Deals additional 'accelerated funding' to deliver quick win projects, which have to be completed by end March 2021. The Council and Newcastle Town Deal Board are currently delivering those projects whilst finalising the Town investment Plan proposals.

  Market
- The Service Improvement Plan for the market was presented at June 2019 Cabinet and the Economic Development & Enterprise Scrutiny Committee where it was approved with recommendations noted and for delivery in 12 months. The Town Centre Officer was appointed and progress made in delivering the improvement plan, this included moving some of the stalls to the southern side of the Guildhall where there is greater footfall and to enable use of the stalls for the farmers market. Plans were also made to focus on specialist markets such as the successful Continental Market. During Quarter 1 market activity was suspended and with the absence of the market, an opportunity was taken to appoint a contactor to install lighting on market stalls in the upper market area. Unused market stalls at the lower end of the market were also removed to condense the market to the more popular northern area. Six weeks free rent was given to traders by the Council when they returned from Lockdown restrictions upon the reduced-day market opening in June. An additional Visiting Market of a new Sunday Record Fair attended July, August and September. In Lockdown 2 both the weekly Antique and Car Boot markets and any planned specialist markets were suspended in line with Government requirements. Activity recommenced in December 2020 with all weekly markets running and Newcastle Artisan Market and Love Local market taking place in December.

- **Business Support**

  Work continues in signposting business queries to the Growth Hub and maintenance of Business support pages on website. The Business pages on the website continue to be updated in the light of Covid-19 to signpost businesses to sources of information and support. Around 900 business have contacted the council for business advice via the online form since March 2020, plus additional queries by phone. In June, all contacts were sent a copy of the council's re-opening checklist, a link to add their details to the Shop Local page and a request to hold their contact details on file if they were interested in receiving a regular e-newsletter. Over 100 responded to this request, which gives an excellent starting point to keeping business updated in the future. The Covid-19 Business Support pages on the website were revised for the second round of business support grants. Additionally links on the business page were refreshed for businesses looking for information on the end of the Brexit Transition Period. A specific business information Twitter account has also been set up. The Business Boost competition did not go ahead in 2020 but will be re-launched in 2021 with a revised format, focusing on businesses who have survived and thrived during the pandemic.

Progress Summary continued

- **Parking Policy**

  The Council adopted a new Car Parking Strategy in 2019/20. Twelve new ticket machines were due to be installed at the end of March however the manufacturer had unfortunately placed production on hold due to Covid. This quarter, the installations were completed and in operation by the end of October 2020, with the facility to pay by card – either chip or contactless, as well as by cash. The contract to pay for parking by phone happened as planned too in October. This service is now with one of the leading providers in the country, PaybyPhone.

- **Establish Town Centre Communications Group**

  The Town Centre Communication Group has recommenced following the Head of Communication leaving their post. A Zoom meeting is scheduled each quarter with the first meeting held on Tuesday 29 September. The group consists of Borough Council (both Town Centre Officer and Communications Manager), Business Improvement District, Hitmix Radio, Newcastle College (NSCG), New Vic Theatre, and Babababoon. Hitmix attended all three Record Fairs held in July, August and September and promoted the event on their radio broadcasts.

- **Develop a Kidsgrove Town Centre Investment Plan**

  Partners formed a Kidsgrove Town Deal Board (KTDB) which has continued to meet monthly. This is supported by the appointed consultants, AECOM, who lead and developed the Kidsgrove Town Investment Plan with the Town Deal Board. The Investment Plan will review and build on existing plans where appropriate; create the conditions for further investment; and realise lasting and sustainable benefits for the area's residents and businesses. The Kidsgrove town Investment Plan was submitted to MHCLG at the end of October 2020 and a response is awaited. The Government has also offered all Town Deal additional 'accelerated funding' to deliver quick win projects, which have to be completed by end March 2021. The council and KTDB have been working with AECOM to develop a suite of early interventions to use this additional funding in a way that will enhance the projects being included in the Investment Plan

Ref	Service Area	Portfolio Holder	Indicator	Good is	Result Qtr. 3 2019-20	Result Qtr. 2 2020-21	Result Qtr. 3 2020-21	Target Qtr. 3 2020-21	How have we performed?	Status
4.1	Regeneration & Economic Development	Cllr. Stephen Sweeney	Car parking usage:-Number of tickets purchased	High	114,813	67,649	59,019	-	Charges for car parking were suspended in Qtr. 1 due to COVID-19.	-
4.2	Regeneration & Economic Development	Cllr. Simon Tagg	Footfall	High	826,648	541,658	502,880	-	Footfall for this quarter is nearly 61% of the figure for the same quarter last year.	-
4.3	Regeneration & Economic Development	Cllr. Stephen Sweeney	Average stall occupancy rate for markets	High	43%	Overall 61% Monday GM 17% Tuesday AFG 93% Wednesday GM 18% Thursday AFG 74% Friday GM 52% Farmers Mkt 93% Saturday GM 51% Record Fair Market 87%	Overall 58%* Monday GM 17% Tuesday AFG 94% Wednesday GM 18% Thursday AFG 76% Friday GM 44% Farmers Mkt 73% Saturday GM 42% Castle Artisan Market 100%	60%	Due to Government restrictions on the sale of non-essential goods, some of the markets were reduced such as the Tuesday and Thursday Antique Markets, where attendance was reduced to 9 occasions. When considering the overall average for all trading days it must be remembered that some markets are monthly and others four times a week.	

*The result is within tolerance

N/A Performance information not available at this time or due to be provided at a later date

Performance is not on target but direction of travel is positive

Performance is not on target where targets have been set

Performance is on or above target

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO

Cabinet
03 February 2021

Report Title: **Planning Agreements and Community Infrastructure Level (CIL)**

Submitted by: **Shawn Fleet: Head of Planning & Development**

Portfolios: **Planning & Development**

Ward(s) affected: **All**

Purpose of the Report To provide clarity on how contributions from S106 agreements are used.
Recommendation **That Cabinet** **1.** Review the use of S106 and CIL in light of the findings of the Planning White Paper review and the emerging Borough Local Plan. **2.** Agree to a review of the Developer Contributions SPD adopted 2007 with particular focus on the role contributions have on supporting local communities and especially those with an adopted Neighbourhood Plan in place.
Reasons The recent White Paper on Planning indicated there may be changes with the operation of CIL, it is not clear at the present time if the current arrangements will continue after the review.

1. Background

1.1 The Government has long held that it is appropriate for Local Planning Authorities to address the impact that a development may have on a local community through the use of conditions and legal agreements.

1.2 Conditions are primarily of use in dealing with matters on site e.g. the materials to be used whereas legal agreements in the form of Section 106 (S106) agreements have greater capacity to secure mitigation especially where third parties are involved. This is in part because such agreements are a contract and as such can be enforced through the courts if there is a breach.

1.3 The Community Infrastructure Levy (CIL) was introduced in 2008 and has steadily become an alternative charging mechanism for Councils to simplify the securing of developer contributions compared to S160 agreements as the levy is calculated as a flat fee across the whole borough and not on an application by application basis as is the case for S106's.

1.4 CIL though has not been universally adopted across the country as the initial set up stages where the fee points are calculated is resource intensive and for some parts of the UK where development viability is borderline, the costs of creating a CIL charging regime can impact on the funds received from future development.

1.5 One significant aspect of CIL through compared to S106 agreements is that where there is a neighbourhood plan in place that has been accepted in a referendum, communities (such as town or parish councils) will be given 25% of the levy when planning permission for a development is approved. This money will be available to spend on infrastructure from an approved list, including improvements such as re-roofing a village hall, refurbish a municipal pool or improving a local play area. Where there is no neighbourhood plan in place, communities will receive 15% of the levy, although this is capped at £100 per household per year.

2. **Issues**

2.1 With the increase in Neighbourhood Plans within the Borough with two adopted plans now in place and another four in progress, there is an increasing value in terms of having a CIL agreement in place to secure funding to local communities. Under the present arrangements, contributions are secured via a S106 agreement and communities need to engage with the process to identify projects which might benefit from funding. This requires Parish Councils and community groups to enter into negotiations on each planning application which can be a time consuming process and places a burden on local groups to secure technical knowledge to ensure their interests are best represented.

2.2 Should a CIL package be adopted, this will ensure contributions are automatically delivered to communities without the need for them to engage on a case by case basis. This will ensure more of the money they receive is directed to local projects rather than resources being spent on securing the contribution in the first place.

2.3 In August this year, the Government released the Planning White Paper: Planning for the Future. One of the proposals in this document relates to a review of the CIL and S106 process. To quote:

> *The Community Infrastructure Levy and the current system of planning obligations will be reformed as a nationally set, value-based flat rate charge (the 'Infrastructure Levy'). A single rate or varied rates could be set. We will aim for the new Levy to raise more revenue than under the current system of developer contributions, and deliver at least as much – if not more – on-site affordable housing as at present. This reform will enable us to sweep away months of negotiation of Section 106 agreements and the need to consider site viability. We will deliver more of the infrastructure existing and new communities require by capturing a greater share of the uplift in land value that comes with development.*

2.4 Whilst it is not certain that the White Paper will be adopted in full, it is recognised that the CIL process has been subject to review on a number of occasions. A comprehensive review has been anticipated for the past two years and it is expected this aspect of the review will be carried forward in 2021.

2.5 In January this year, Cabinet resolved to cease work on the Joint Local Plan with Stoke on Trent City Council and commence work on a Borough Local Plan (BLP).

2.6 Creation of the BLP will entail officers revising the evidence base that was prepared in partnership with the city council and as part of this, officer will be updating the Infrastructure Delivery Plan (IDP).

2.7 The IDP identifies existing deficiencies and surpluses and answers the following questions:

- What is required for the future?
- When will it be needed?
- Who is responsible for providing it?
- How will it be funded?
- Are there any funding gaps and if so, how will they be bridged?

2.8 CIL is likely to have a significant role in answering these questions particularly around funding.

2.9 Once the Council is aware of the costs involved in delivering the requisite infrastructure to support the borough together with the scale of development envisaged in the plan, the charging levels to be defined in the plan can be prescribed.

2.10 Given the White Paper review has the potential to comprehensively re-write the guidance on CIL and S106 procedures, there is a risk that any review work undertaken at the present time may need to be restarted if the national guidance changes.

2.11 By not proceeding with CIL at present, there is the potential that areas with Neighbourhood Plans in place will not see the benefits from development the CIL might have been able to provide. At present, there are only two adopted Neighbourhood Plans in place but work is ongoing with five others.

2.12 To counter this, an interim approach would be to examine the operation of the current S106 arrangements.

2.13 The Council has in place a Supplementary Planning Document (SPD) on Developer Contributions. This was adopted by Cabinet on 17 October 2007. As an interim measure to preparing a CIL policy, the Developer Contributions SPD can be reviewed with consideration given as to whether some of the contributions arising from commercially viable development is used to support local communities.

2.14 It should be noted however that should any monies be directed to neighbourhood planning areas, this may necessitate reductions in other contributions normally focused on areas like open space and play provision.

2.15 Should Cabinet wish to implement a review of the Developer Contribution SPD this work can be implemented independently of the Planning White Paper as contributions arising from development are calculated based on policy requirements as set in local and national policies and the financial viability of the development to meet those requirements.

3. <u>Proposal</u>

3.1 Given the significant potential for a comprehensive redrafting of the current legislation, it is recommended that a review of the use of S106 and CIL is undertaken in light of the findings of the Planning White Paper consultation and any new legislation arising from that process. The timing of any CIL work for the borough should also take account of the IDP work.

3.2 It is further recommended that work commence on a review of the 2007 Developer Contributions SPD with a focus on the interrelationship of developer contributions and how these may be utilised to meet the needs of local communities and especially those with an adopted Neighbourhood Plan in place.

4. **Reasons for Proposed Solution**

4.1 By deferring a review of CIL and S106 arrangements till the outcome of the White Paper and the IDP, unnecessary abortive works can be avoided.

5. **Options Considered**

5.1 Consideration has been given to commencing a review of the current arrangements to secure contributions. This has the potential to put in place arrangements to secure contributions for the local communities at the earliest opportunity.

5.2 This approach though carries the risk that the work undertaken is overtaken by the White Paper review. As there is no current indication of how the current provisions may be amended or replaced, it is not possible to quantify how significant any changes may be and what impact this may have on the work of the Planning Policy team and the delivery of the BLP.

6. **Legal and Statutory Implications**

6.1 There is no obligation on the Council to adopt CIL. As the present S106 system allows for contributions to be secured for Neighbourhood Plan groups

7. **Equality Impact Assessment**

7.1 There are no equality issues arising by deferring consideration of a review to commence with CIL.

8. **Financial and Resource Implications**

8.1 As the S106 system allows for contributions to be secured, community groups can receive contributions from development. Accordingly, the decision not to proceed with a CIL review at this time but instead commence a review of the Developer Contributions SPD should not result in any significant detriment to local communities over current arrangements.

9. **Major Risks**

9.1 The current S106 process has proven to be sufficiently robust through challenges at planning appeals to secure contributions. By deferring a review of a CIL charging mechanism till the outcome of the White Paper review minimises the risk of abortive works being undertaken.

10. **Sustainability and Climate Change Implications**

10.1There are no sustainability or climate change implications

11. **Key Decision Information**

11.1 This is not considered to be a key item..

12. **Earlier Cabinet/Committee Resolutions**

12.1 None

13. **List of Appendices**

13.1 None

14. **Background Papers**

14.1 None

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO

Choose an item.
Click here to enter a date.

Report Title: **Housing Self Build Register**

Submitted by: **Shawn Fleet – Head of Planning and Development**

Portfolios: **Planning and Growth**

Ward(s) affected: **All**

Purpose of the Report To inform members on the status of the Councils Self-Build register and opportunities to improve engagement with prospective developers and land owners.
Recommendation **That Cabinet agree to** **1. the creation of a Local Connection Test, a new Register comprising Parts 1 and 2 and the ongoing administration of the Register including a charging schedule**
Reasons To improve engagement with land owners, self-build and custom-build developers.

1. **Background**

1.1 The Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) requires each relevant authority to keep a register of individuals and associations of individuals who seek to acquire serviced plots of land in the local authority's area to develop a self or custom house build.

1.2 A self-build house is a property that someone physically builds for themselves and their family with limited help where as a custom built property is a home someone secures professional help with including architects to design the house and builders to construct it. Both approaches are covered in the legislation.

1.3 The Self-Build and Custom Housebuilding (Time for Compliance and Fees) Regulations, came into effect in October 2016. They place a duty upon local authorities to make available enough serviced plots of land to meet the demand for self-build and custom housebuilding' arising within each 'base period', as evidenced by the number of applications on registers.

1.4 Councils must ensure they have sufficient 'shovel-ready' plots to meet this demand, and they have three years from signing up, measured from the end of October each year to show these sites are available.

1.5 The regulations also allow local authorities to charge a fee to a person to be entered on to a register for a base period or for part of a base period and to remain on the register on an annual basis.

1.6 The Self-Build and Custom Housebuilding Regulations 2016 allow local authorities to set additional local eligibility criteria, or ‘a local connection test’, to determine eligibility. If a local test applies, applications that do not satisfy the criteria set by the authority do not count towards the assessment of local demand for self-build and custom-build housing.

1.7 Whilst such applications are excluded from the duty to make sites available, they may be entered in a separate part of the register. Personnel serving in the regular armed forces and ex-service personnel are excluded from having to comply, though the latter are only exempt for a period of time set by the local authority. In addition, the regulations allow authorities to restrict entry on to a register to applicants who can demonstrate that they will have ‘sufficient resources to purchase land for their own self-build and custom housebuilding’.

1.8 Individuals or associations of individuals who apply for entry on the register and meet all the eligibility criteria must be entered on Part 1. Those who meet all the eligibility criteria except for a local connection test must be entered on Part 2 of the register.

1.9 Local Authorities must have regard to all entries on their registers when carrying out their planning, housing, land disposal and regeneration functions, notwithstanding whether applicants have met any local or financial solvency tests.

1.10 Whilst Newcastle-Under-Lyme does keep a register of people interested in acquiring land for the development of their own home, there are no eligibility criteria in place and less work has been given over to the identification and management of plots.

2. Issues

2.1 The Council faces three issues. Firstly, the manner in which it keeps a register of people interested in custom and self-build housing. Secondly, how serviceable plots are identified and finally, how have we addressed the duty to show how we have met the need for each base period (annually).

2.2 At present, whilst the Council does have a register, it does not have eligibility criteria so the register is not split into two parts. It is proposed to introduce criteria to assess people’s interests and set a local connection test. These criteria will need to be publicised.

2.3 Section 2A of the Self-build and Custom Housebuilding Act 2015 (as amended) imposes a duty on relevant authorities to make available enough suitable serviced plots of land, to meet that demand for self-build and custom housebuilding in their area.

2.4 There is no duty on a relevant authority to grant planning permissions which specifically meets the requirements expressed by those on the register but it should use preferences expressed by those on the register to guide its decisions when looking at how to meet its duty to grant planning permission.

2.5 Regulation 3 of the Self-build and Custom Housebuilding Regulations 2016 modifies the definition of a serviced plot in the primary legislation by confirming that a parcel of land can be considered as a serviced plot if utilities and access to the public highway are provided at some stage during the period when planning permission has been granted.

2.6 This means that a permission for a multi-plot site can count toward meeting demand, even if the site is not yet serviced because the presumption is that the services will be provided within the life of the planning permission. Accordingly, it is considered acceptable to include plots with extant outline permission within the definition of a serviced plot of land.

2.7 There is no obligation on the Council to automatically grant planning permission for a site if the applicant deems it to be for a self-build development and any application will need to show how it has taken all relevant planning policies into account before approval is considered.

2.8 Furthermore, the Council only needs to make available serviced plots for people on Part 1 on the register of interests

2.9 How have we addressed the duty to show how we have met the need for each base period (annually). You have included this on the section 'major risks'

2.10 It is therefore important to maintain and update the register continuously to maximise the ability to inform and match available plots of land or developers offering self/custom build opportunities, to those identified and expressing a preference on the register.

2.11 Relevant authorities can set fees on a cost recovery basis. Any fees charged must therefore be proportionate, reflect genuine costs incurred and should not act as a deterrent for people to be entered on or remain on the register.

2.12 Whilst the Council does keep a register of interests, progress has been made by other Councils in terms of releasing information on interests and sites.

3. **Proposal**

3.1 At present, the Council does not publish details of interests from self-builders and customer builders for sites.

3.2 Whilst it would not be appropriate for the Council to release personal details of people who wish to explore the potential of a self-building property, anonymised information can be released to indicate general areas of interest in the Borough either on a Ward or more detailed level and the type of site or development being sought.

3.3 This approach will provide a platform for those with land to make enquiries through the Council to interested parties to match up opportunities with expectations and thus start to bring forward some new developments.

3.4 Whilst not all councils provide this service, Cheshire East Council, Shropshire Council and Stafford Borough Council already provide such information. An extract from Stafford Borough Councils schedule of interest is provided at Appendix A for reference.

3.5 Long-term, the Council would wish to work towards providing Self-build and Custom Housing building plots through the following mechanisms in line with government guidance:

- considering the development of policies through the New Local Plan;
- reviewing land to see if any plots are available and suitable for self-build and custom housebuilding;
- engaging with landowners who own sites that are suitable for housing and encouraging them to consider self-build and custom housebuilding;

- working with developers to maximise opportunities for self-build and custom housebuilding.

3.6 As these goals rely on engagement from private land owners or the adoption of the Local Plan, it is unlikely any assistance to self-builders can be offered immediately. In the interim therefore, assistance can be provided by bringing together independent sources of information. Key providers of help to self-builders are specialist 'plot finding' websites which include the following:

- PlotBrowser
- plotfinder.net
- Buildstore plotsearch
- PrimeLocation
- Rightmove
- Zoopla
- Movehut
- Commercial People.

3.7 As the Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016/1027 allow for relevant authorities to set fees on a cost recovery basis consideration should be given whether to charge a fee for people to enter the register and subsequently retain a place.

3.8 Taking account of the requirement for any fees charged to be proportionate, reflect genuine costs incurred and should not act as a deterrent for people to be entered on or remain on the register Members are asked to agree the following fees:

- an initial £30.00 (+ VAT) registration fee for new applicants to register on the Council's newly updated and developed Self Build register.
- a £15.00 (+ VAT) annual renewal fee for all who wish to remain on the register.

3.9 It is also proposed that the council's self-build and custom build register be brought into the Planning Policy service. Work would still be undertaken in conjunction with the Councils Housing Strategy Officer to check people's needs and whether they should be on Part 1 or Part 2 of the Register but in terms of site identification and matching people to opportunities, this is considered to be an aspect of the process that can be more closely managed through the development plan process and the closer links to Development Management.

4. Reasons for Proposed Solution

4.1 By publishing details of interests in sites, this should encourage land owners to engage with the Council to bring together those with an interest in self-build and those with the land to make this happen.

4.2 Whilst it would be desirable to deliver a full schedule of land now, such a list would need to consider the dynamic nature of the property market and require resourcing to enable the Council to replicate the work effectively undertaken by the private sector in terms of land promotion.

4.3 The use of signposting to alert prospective self-builders to site finding resources is considered a positive step in enabling the delivery of such propertied.

4.4 By introducing a charge for people to be on the register, this will provide increased certainty to land owners that the people who have expressed an interest in self-build plot are committed to the process and not making a general enquiry.

4.5 The annual charge of £15.00 for people to stay on the list is considered to be acceptable as it maintains integrity of the information in the register and prevents it becoming a schedule of past interests that may no longer be relevant to land owners.

4.6 By taking the register into the Policy service, it is considered this step will enhance opportunities for the delivery of self-build housing in the borough through enhanced links to site information.

5. **Options Considered**

5.1 As an alternative, consideration has been given to either maintaining the status quo which is the internal recording of site interests or a partial step to only show the expressions of interests and not provide links to external websites.

5.2 As the spirit of the legislation is to encourage more enjoyment in self-build development, these two options do not provide the scope of support offered by the recommended option.

5.3 Not having a charge has been considered. Whilst not a significant charge in the context of building a new house, even a self-build one, the charge is notable. However, if it were not in place, there is not impetus on people to update their records or form simple aspirational wishes to be removed especially where there is no realistic prospect of the person funding and delivering on their hope of a new self-build home. By having a charge in place, this will sharpen peoples focus on the matter and minimise speculative enquiries and reduce wasted time.

5.4 The Register could be held by housing services and some Councils do have this arrangement but for many Councils including those in Staffordshire, the registers are commonly held in the Planning Policy team.

6. **Legal and Statutory Implications**

6.1 The proposed steps take the Council closer to full compliance with the legislation. Whilst it would be preferable to fully engage at this time, it is considered that as one of the key measures to supporting this, identification of sites through the development plan cannot be delivered as the plan is yet to be adopted.

6.2 As the plan approaches adoption, engagement can be increased in providing information to people.

7. **Equality Impact Assessment**

7.1 It is considered that the recommendation and alternatives do not have a detrimental impact on matters of equality.

8. **Financial and Resource Implications**

8.1 The intended fees levied through this charging regime will cover the administrative and developmental costs of this obligation.

8.2 It is anticipated that the promotion of sites will be a more complex task as the Council will need to ensure the sites in the list are viable for residential development which could often require the submission and approval of planning applications which may be costly to prepare and would be time limited often to three years.

9. **Major Risks**

9.1 All data and works by the Council need to bear in mind Data Protection and the General Data Protection Regulations. The submission of personal information in relation to proposal is a significant consideration and one that needs careful deliberation. Officers have taken the appropriate advice in the design and current development of the register.

9.2 Failure to make available the requisite amount of self-build plots as required by the Self-build and Custom Housebuilding Act 2015 (as Amended) there is the potential for the Government to impose financial penalties or give rise to intervention measures. As the Council received a contribution from Government for publishing a self-build register it is likely that any further payments could be withheld.

9.3 At present, these are not considered to be imminent risks and no warnings have been issued to the Council. Indeed, the Borough is not alone in its position. Nevertheless, other Councils are in a more advanced position on this matter and there is an opportunity for the Council to enhance opportunities for people to engage with the development process and pursue their aspirations for a new property either built by themselves or to their designs through the custom build process.

10. **Sustainability and Climate Change Implications**

10.1 The delivery of self-build housing is not considered to have a different impact on sustainability and climate change than other forms of housing delivery e.g. by commercial developers.

11. **Key Decision Information**

11.1 This is not a key decision

12. **Earlier Cabinet/Committee Resolutions**

12.1 None

13. **List of Appendices**

13.1 Appendix A: Staffordshire BC Schedule of Interests

14. **Background Papers**

14.1 None

Appendix A

Extract of Stafford Borough Councils Self Build Register of Interests

NEWCASTLE UNDER LYME BOROUGH COUNCIL

Application Reference	Date Application Received	Sought by Individual or Association	Number of Serviced Plots of Land Sought Within Stafford Borough	Size of Plot Required	Location of Plot Required	Date of Entry into Register
SBR001	19/05/2016	Individual	1	1.0 ha +	Bishops Offley	27/05/2016
SBR002	24/05/2016	Individual	1	0.2ha	Eccleshall Parish	27/05/2016
SBR003	30/05/2016	Individual	1	Minimum of 0.33 acres	Eccleshall, Rugeley and Abbots Bromley	01/06/2016
SBR004	06/06/2016	Individual	1	400 sq m	Hopton	16/06/2016
SBR005	15/06/2016	Individual	1	Not specified	Not specified	16/06/2016
SBR006	15/06/2016	Individual	1	Not specified	Eccleshall	16/06/2016
SBR007	20/06/2016	Individual	1	0.333ha	Eccleshall Parish	21/06/2016
SBR008	20/06/2016	Individual	1	0.8-1.6ha	Eccleshall & 2-3 mile surrounding area	21/06/2016
SBR009	29/06/2016	Individual	1	Enough land for a bungalow / $400m^2$	Eccleshall area to Newport	30/06/2016
SBR010	05/07/2016	Individual	1	0.12ha	Stafford and surrounding villages	12/07/2016

Cabinet Forward Plan: Newcastle under Lyme Borough Council

Notice of Key Decisions to be taken under the Local Authorities (Executive Arrangements) (Meetings & Access to Information) (England) Regulations 2012

This Plan gives 28 days' notice of Key Decisions which we are expecting to take over the next few months. Councils cannot take Key Decisions without first giving 28 days' notice, unless an urgent decision is required. Urgent Key Decisions may be taken under the urgency procedures set out in the Council's Constitution. A decision notice for each Key Decision made is published within 6 days of it having been made.

"Key decisions" are defined as those Executive (Cabinet) decisions which are likely:

a. to result in the Council incurring expenditure or making savings of £100,000 of more (in the case of Revenue) and £250,000 or more (in the case of Capital); and/or

b. to be significant in terms of the effects on communities living or working in an area comprising two or more wards of the Borough.

This Forward Plan also contains details of other important Cabinet decisions that we are expecting to take even if they do not meet this definition.

Whilst the majority of these decisions taken at meetings held in public, some decisions may be taken in private meetings because they deal with confidential information as defined in Schedule 12A of the Local Government Act 1972, and the public interest in withholding the information outweighs the public interest in disclosing it. If we intend to take a decision in private, that will be noted below with reasons.

If you object to a decision being taken in private, you can tell us why by emailing DemocraticServices@newcastle-staffs.gov.uk or contacting the address below. Any representations received at least 8 working days before the meeting will be published with the agenda together with a statement of the Council's response. Any representations received after this time will be reported verbally to the meeting.

The Cabinet is made up of the Leader, Deputy Leader and Cabinet Members with the following portfolios:

Leader of the Council (Corporate & Service Improvement, People & Partnerships)	Councillor Simon Tagg
Deputy Leader & Cabinet Portfolio Holder (Finance & Efficiency)	Councillor Stephen Sweeney
Cabinet Portfolio Holder (Community Safety & Well Being)	Councillor Helena Maxfield
Cabinet Portfolio Holder (Environment & Recycling)	Councillor Trevor Johnson
Cabinet Portfolio Holder (Leisure, Culture & Heritage)	Councillor Jill Waring
Cabinet Portfolio Holder (Planning & Growth)	Councillor Paul Northcott

Exempt Information Categories under Schedule 12A of the Local Government Act 1972

1. Information relating to any individual
2. Information which is likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under the authority
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals an authority proposes;
   a. to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
   b. to make an order or direction under any enactment
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of a crime

Copies of the Council's Constitution, agendas and reports relevant to any key decision may be accessed on the Council's website www.newcastle-staffs.gov.uk or may be viewed during normal office hours. Copies or extracts can be obtained on payment of a fee (unless the publication contains exempt information).

For all enquiries, please contact:-

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Title of Report	Brief Description of Report	Cabinet Portfolio	Intended Decision Date	Relevant Overview & Scrutiny Committee	Wards Affected	Reason for Determining in Private Session (if applicable)
CIL S106 Refresh	To assess the viability of implementing a charging structure on new development in accordance with the Community Infrastructure Levy Regulations and to identify how any funds raised may be utilised. The review will also consider the existing s106 charging system and the overlap between the two methods.	Planning & Growth	Cabinet 3 February 2021	Economy, Environment and Place	All Wards	N\A
Self-Build Register	To approve the introduction of a register of land suitable for self-builders	Planning & Growth	Cabinet 3 February 2021	Economy, Environment and Place	All Wards	N\A
Revenue & Capital Budget and Strategies 21/22	To approve proposals for the 2021/22 Revenue & Capital Budget and Strategies	Finance & Efficiency	Cabinet 3 February 2021	Finance, Assets & Performance	All Wards	N\A
Economic Development Strategy Action Plan	To approve the economic development strategy action plan	Planning & Growth	Cabinet 3 February 2021	Economy, Environment and Place	All Wards	N\A
Q3 Finance & Performance Report	To Receive a report on finance and performance from Q3 or 20/21	Finance & Efficiency	Cabinet 3 February 2021	Finance, Assets & Performance	All Wards	N\A

Irrecoverable Items	To note/authorise the writing off of irrecoverable debts	Finance & Efficiency	Cabinet 17 March 2021	Finance, Assets & Performance	All Wards	N/A
Economic Development Strategy Action Plan	To approve the economic development strategy action plan	Planning & Growth	Cabinet 17 March 2021	Economy, Environment and Place	All Wards	N\A
Future High Street Fund Update	To report on progress with the Council's application for funding	Planning & Growth	Cabinet 17 March 2021	Economy, Environment and Place	All Wards	N\A
Kidsgrove Sports Centre Update	To update on progress with the Kidsgrove Sports Centre refurbishment	Corporate & Service Improvement, People & Partnerships	Cabinet 17 March 2021	Economy, Environment and Place	All Wards	N\A
Kidsgrove Town Deal Update	To update on progress with the Kidsgrove Town Deal project	Corporate & Service Improvement, People & Partnerships	Cabinet 17 March 2021	Economy, Environment and Place	All Wards	N\A
Statement of Community Involvement	To approve an updated Statement of Community Involvement as part of the development of the Borough Local Plan	Planning & Growth	Cabinet 17 March 2021	Economy, Environment and Place	All Wards	N\A
Local Development Scheme	To approve an updated Local Development Scheme as part of the development of the Borough Local Plan	Planning & Growth	Cabinet 17 March 2021	Economy, Environment and Place	All Wards	N\A