

**Date of meeting** Monday, 18th January, 2021

**Time** 7.00 pm

**Venue** Finance, Assets and Performance Scrutiny Committee - Virtual Meeting - Conference

**Contact** Geoff Durham 742222



**NEWCASTLE  
UNDER LYME**  
**BOROUGH COUNCIL**

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

## Finance, Assets & Performance Scrutiny Committee

### AGENDA

#### PART 1 – OPEN AGENDA

- 1 APOLOGIES
- 2 DECLARATIONS OF INTEREST
- 3 MINUTES OF A PREVIOUS MEETING (Pages 3 - 8)  
To consider the Minutes of a previous meeting.
- 4 REVENUE AND CAPITAL BUDGETS AND STRATEGIES 2021/22 (Pages 9 - 98)
- 5 SCALE OF FEES AND CHARGES 2021/22 (Pages 99 - 142)
- 6 WORK PROGRAMME (Pages 143 - 148)
- 7 PUBLIC QUESTION TIME  
Any member of the public wishing to submit a question must serve two clear days' notice, in writing, of any such question to the Borough Council
- 8 URGENT BUSINESS  
To consider any business which is urgent within the meaning of Section 100B (4) of the Local Government Act 1972
- 9 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.
- 10 SCALE OF FEES AND CHARGES 2021/22 - CONFIDENTIAL APPENDIX (Pages 149 - 150)

**Members:** Councillors Mark Holland (Chair), Bert Proctor (Vice-Chair), Gillian Burnett, Andrew Fear, Tony Kearon, Mike Stubbs, Paul Waring, Amelia Rout, Graham Hutton, Sarah Pickup and David Grocott

**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:	John Cooper	Elizabeth Shenton
	John Tagg	Dave Jones
	Kenneth Owen	Andrew Parker
	Barry Panter	

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

- 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.

## **FINANCE, ASSETS & PERFORMANCE SCRUTINY COMMITTEE**

Monday, 14th December, 2020  
Time of Commencement: 7.00 pm

**Present:** Councillor Mark Holland (Chair)

Councillors:	Bert Proctor	Paul Waring	Sarah Pickup
	Gillian Burnett	Amelia Rout	David Grocott
	Andrew Fear	Graham Hutton	

Officers:	Jan Willis	Interim Executive Director - Resources and Support Services and Section 151 Officer
	Roger Tait	Head of Operations
	Denise French	Democratic Services Team Leader
	Martin Hamilton	Chief Executive
	Sarah Wilkes	Head of Finance

Also in attendance: Councillor Simon Tagg,  
Leader of the Council and  
Portfolio Holder for Corporate  
and Service Improvement,  
People and Partnerships  
Councillor Stephen Sweeney,  
Deputy Leader of the Council  
and Portfolio Holder for  
Finance and Efficiency

### 12. **APOLOGIES**

Apologies for absence were received from Councillors A Kearon and M Stubbs.

### 13. **DECLARATIONS OF INTEREST**

### 14. **MINUTES OF A PREVIOUS MEETING**

**Resolved:** that the minutes of the meeting held on 17<sup>th</sup> September 2020 be agreed as a correct record subject to an amendment to the Work Programme item that the Procurement item be reconsidered informally in May 2021 as to the availability of resources to provide a report and the timescales for any future report.

### 15. **UPDATE FROM CABINET**

The Leader, Councillor Simon Tagg, reported that all items were covered as separate matters on the agenda.

### 16. **MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2025/26**

The Portfolio Holder for Finance and Efficiency, Councillor Stephen Sweeney, introduced the report on the Medium Term Financial Strategy (MTFS). The report had been endorsed by Cabinet on 11<sup>th</sup> November 2020 when a budget 'gap' of £1.790m was predicted in respect of the budget 2021/22. This gap would need to be closed to produce a balanced budget and how this would be achieved was the subject of the next item on the agenda.

The Council had received significant additional support from Government in terms of Covid grants as well as a compensation scheme for lost income from fees and charges. The impact of Covid-19 remained uncertain as did the support for local government funding. The Council had developed scenarios to enable planning along with a full risk assessment of the Council reserves. The 10 year capital strategy approved in February 2020 had been reviewed and updated. Councillor Sweeney explained that key priorities would be progressed including the refurbishment of Kidsgrove Sports Centre and the town centre regeneration schemes; for which the Council had Advanced Town Deal funding in the sums of £1m for Newcastle and £0.75m for Kidsgrove.

Members raised queries and issues as follows:

- Could an explanation be given as to why there were increased costs for employees listed for 2021/22? The Committee was advised that staff would still receive increment rises where applicable and this was reflected in the additional cost figure.
- A figure of £430,000 was listed for 'pressures' and an outline was sought of what these pressures referred to. Members were advised that this figure included Microsoft licences, housing benefits which accounted for £300,000, additional costs towards provision for homelessness – it was expected that additional funding would be received from Government towards homelessness support so the figures would be revised as necessary.
- It was noted that the figure for Business Rates reserve had greatly increased from the position at 31 March 2020 and an explanation requested. The Committee was advised that this was a forecast figure and as the position with the pandemic progressed into next year and the situation with Business Rates and Council Tax became clearer then this figure would be revised.
- Members asked whether the Council could reclaim all the costs of housing benefit support and why was the figure so high? It was explained that this related to homelessness support for which the Council needed to make some allowance as the total amount could not be recovered. The Council paid an amount to providers of temporary accommodation but there was a gap between this figure and the amount that could be recovered from Government. This situation had been ongoing for a number of years but in the past it had been possible to meet the gap from elsewhere within the Council's budget but there was now less room for manoeuvre alongside increased demand. The Council had received some grant funding towards homelessness costs and additional funding had been announced as part of the Comprehensive Spending Review for homelessness costs but the full details were awaited. The Chair noted that a draft Temporary Accommodation Policy had been considered by Health, Wellbeing and Partnerships Scrutiny Committee and asked whether this was taken into account in the MTFS. It was thought this was the case but it would be checked.

**Resolved:** that:

- (a) the Medium Term Financial Strategy 2021/22 to 2025/26 be noted;
- (b) the funding gap of £1.790m in 2021/22 and £5.911m over the 5 year period covered by the MTFS be noted; and
- (c) the current uncertainty regarding the medium term impact of Covid-19 and local government funding and the need for scenario planning and identification of savings options for best, worst and medium case scenarios, be noted.

**17. REVENUE AND CAPITAL BUDGET 2021/22 - FIRST DRAFT SAVINGS PLANS**

Councillor Sweeney presented the report which had been approved by Cabinet on 11<sup>th</sup> November. At that point there was a budget gap of £1.790m in respect of 2021/22. Since then the Comprehensive Spending Review had been announced and the gap had been reduced as outlined in the report including savings arising from the Comprehensive Spending Review (CSR) and public sector pay freeze; various Government support streams including towards the Council Tax collection fund deficit and Business Rates deficit; an extension to the Income Compensation Scheme for fees and charges for the first quarter of 2021/22 and further funding towards temporary accommodation costs.

The Council had commissioned a full organisational review which would identify significant changes to the way Council services were delivered which would recognise the impact of the pandemic and reflect the need to retain focus on the most vulnerable and disadvantaged in the community. This One Council Programme was expected to deliver £0.922m savings over a three year period and recurring.

The Capital Programme had been reviewed and updated and further updates would be presented to the Cabinet and Scrutiny Committee in January. The details in Appendix 1 showed how a balanced financial position for 2021/22 could be achieved. Members commended the staff involved in the work.

Members noted the importance of the digital delivery work and how this had been utilised during the pandemic. It was confirmed that the public sector pay freeze was part of the Government's CSR and that lower paid workers would receive a pay rise of £250.

**Resolved:** that:

- (a) the first draft proposals as set out in Appendices 1 and 2 to the report be noted; and
- (b) the Committee will give further consideration to the Revenue and Capital budgets 2021/22 at the meeting on 18<sup>th</sup> January.

**18. FINANCIAL AND PERFORMANCE REVIEW REPORT SECOND QUARTER (JULY - SEPTEMBER) 2020-21**

The Committee considered the Financial and Performance Review – Second Quarter, which covered the period July – September 2020. The Leader introduced the report which showed that out of 17 indicators monitored over the quarter, the proportion that had been met or were within tolerance levels was 82%. There were 3 indicators which were off target this quarter: Residual Waste per household; missed kerbside collections; and number of calls not answered as a percentage of total call volume.

The Waste and Recycling Service had been impacted by Covid with a need to adapt services to manage reduced workforce due to shielding or illness. The food waste collection had recommenced in August which had had a positive impact on levels of residual waste. There had also been an increase in recycling rates following the introduction of the new service.

The Contact Centre had seen an increased call volume of 25% partly due to queries arising from the pandemic and also due to the annual electoral register canvass taking place during the quarter.

Members noted the good performance in service areas, especially with processing planning applications. It was also noted that average number of days per employee lost due to sickness was within target. Members asked if the figures included those who had to self-isolate. The Committee was advised that so long as a staff member was well enough to work they would be able to do their job from home or given an alternate role that could be done at home.

The market had performed well particularly the specialist markets.

**Resolved:** that the report be received.

**19. WORK PROGRAMME**

The Committee considered the Work Programme. Councillor Holland noted that the next meeting in January would undertake pre-decision scrutiny of the budget, fees and charges and related matters.

Members raised an item relating to the Property Portfolio and an exercise to review the portfolio with a view to maximising income potential. The Committee was advised that the Commercial Portfolio had been reviewed and included consideration of assets and a repair schedule to ensure best use of the assets; the review of the Capital Programme referred to earlier included a planned programme of repairs and maintenance. Members asked that an update on this be provided to a future meeting.

In relation to the extension at Bradwell Crematorium, Members agreed to have an update on the outcome of the consultation to the March meeting of the Committee.

Members also discussed the item on Procurement raised under the Minutes of the previous meeting. It was noted that due to the pandemic it was unclear whether resource would be available to provide a report on the procurement service in time for the June meeting but this would be reviewed informally in May.

**Resolved:** that the Work Programme be updated to include an item on the review of the Commercial Portfolio and programme of repairs; the possible Procurement item and timescales; and an update report on the outcome of the consultation into works to Bradwell Crematorium to the March meeting.

**20. PUBLIC QUESTION TIME**

There were no public questions.

**21. URGENT BUSINESS**

There was no urgent business.

**Chair**

Meeting concluded at 7.52 pm

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## NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

### EXECUTIVE MANAGEMENT TEAM'S REPORT TO

#### Finance Assets and Performance Scrutiny Committee 18 January 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 committee to review and scrutinise progress on the completion of the revenue and capital budgets for 2021/22 and approve the 5 year Medium Term Financial Strategy for 2021/22 to 2025/26.

To enable the committee to consider and scrutinise drafts of 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 prior to their submission to Full Council for final approval.

#### **Recommendations**

- (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 noted.
- (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 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 3 February 2021.

## **Reasons**

To inform the Cabinet in recommending a robust and affordable budget for 2021/22 to the Council meeting on 17 February 2021 and to enable the Committee to undertake its remit of scrutinising financial monitoring and performance management.

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 draft 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.
- 1.5 The draft and provisional proposals included in this report will inform the Revenue and Capital Budgets and Council Tax 2021/22 reports to Cabinet on 3 February 2021 and to Council on 17 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. Monthly reports monitoring actual spending against budget have shown adverse forecast variances during the first eight months of the year, the latest reported forecast being £0.365m as at the end of November. It is forecast that this adverse variance will be offset by the latest tranche of emergency Coronavirus funding received from the Government of £0.408m. It is forecast that this will enable balanced outturn to be presented at the year end, any variance 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 £2.152m has been secured (including £170k of new burdens funding to offset the costs of administering Coronavirus business support grant and hardship relief 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 for the financial year will amount to £2.602m.
- 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 £1.821m, 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 £1.833m (excluding the provision of services/activity for which specific funding has been received per 2.3).
- 2.7 It is forecast that a £0.946k 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 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 £0.381m 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**

- 2.9 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.
- 2.10 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).
- 2.11 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. Medium Term Financial Strategy 2021/22 – 2025/26**

- 3.1 The draft 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
  - £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
<i>Income</i>	50	-	-	-	-
<i>One Council</i>	195	601	126	-	-
<i>Staffing Related</i>	599	-	-	-	-
<i>Good Housekeeping</i>	46	-	-	-	-
<i>Tax Base</i>	-	109	167	169	172
<i>Council Tax Increase</i>	187	188	190	191	191
<i>Financing</i>	198	31	31	-	-
<b>TOTAL SAVINGS</b>	<b>1275</b>	<b>929</b>	<b>514</b>	<b>360</b>	<b>363</b>
<b>UPDATED MTFS GAPS</b>	<b>1275</b>	<b>1501</b>	<b>822</b>	<b>1016</b>	<b>510</b>
<b>REMAINING GAP (- = surplus)</b>	<b>-</b>	<b>572</b>	<b>308</b>	<b>656</b>	<b>147</b>

#### 4. Draft Revenue Budget 2021/22

4.1 The Draft 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 2020 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:

<b>Additional Income</b>	<b>£'000</b>
Fees and Charges	(151)
Business Rates Retention	(491)
<b>Total Additional Income</b>	<b>(642)</b>
<b>Loss of Income</b>	
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
<b>Total Loss of Income</b>	<b>719</b>
<b>Additional Expenditure</b>	
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
<b>Total Additional Expenditure and Loss of Income</b>	<b>1,198</b>
<b>Net Increase In Base Budget</b>	<b>1,275</b>

- 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
<b>Total</b>	<b>1,275</b>	



- 4.4 As in previous years, the first draft of 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 will also scrutinise this Cabinet report 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 It is also proposed that in order to boost environmental sustainability within the Borough, £0.100m per annum over the life of the MTFS be ring-fenced from the Borough Growth Fund to enable such projects to be fully funded.

### **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.
- 4.11 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.
- 4.12 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 £0.980m (net of the significant additional Section 31 grants received to compensate for the Government's protection of businesses via reliefs), of which the Council's share is £0.392m. It is anticipated that 75% (£0.294m) 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 (£0.098m) can be spread over a 3 year period.
- 4.13 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 £1.122m, of which the Council's share is £0.125m. It is anticipated that 75% (£0.092m) 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 (£0.033m) can be spread over a 3 year period.
- 4.14 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.



- 4.15 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.
- 4.16 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.
- 4.17 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.
- 4.18 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.

## **5. Budget Consultation**

- 5.1 Public consultation has been commenced on the budget, the results of which will be reported to Cabinet on 3 February 2021.

## **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 2020/21.
- 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 and 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 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. **Legal and Statutory Implications**

- 9.1 The Council is required to set its Council Tax for 2021/22 by 8 March 2021. However, it is planned to approve the final budget and council tax rates on the 17 February 2021.

## 10. **Risk Statement and Major Risks**

- 10.1 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.
- 10.2 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 6 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.
- 10.3 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 17 February 2021.
- 10.4 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.
- 10.5 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.

## 11. **Timetable**

11.1 The table below sets out the key dates of the events still to take place before the budget for 2021/22 is finally approved.

Event	Body Affected	Date
Budget consultation	Proposed to run from 18 December to 22 January	
Approval of final MTFS and consideration of draft Budget proposals	Cabinet	13 January
Scrutiny of draft budget	Finance, Assets and Performance Scrutiny Committee	18 January
Final budget proposals recommended for approval by Full Council	Cabinet	3 February
Full Council to approve Budget	Full Council	17 February

## 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 17 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).

## 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

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
<b>Income</b>				
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
			<b>50</b>	
<b>One Council</b>				
O1	Corporate	One Council/Digital Delivery	195	Efficiencies to be generated from the continuation of prioritising digital delivery processes and services
			<b>195</b>	
<b>Staffing Related Efficiencies</b>				
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
			<b>599</b>	
<b>Good Housekeeping/More Efficient Processes</b>				
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
			<b>46</b>	
<b>Alternative Sources of Finance/Other</b>				
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
			<b>385</b>	
<b>Grand Total</b>			<b>1275</b>	

**Medium Term Financial Strategy Gaps**

<b>Pressures</b>	<b>2021/22 (£'000s)</b>	<b>2022/23 (£000's)</b>	<b>2023/24 (£000's)</b>	<b>2024/25 (£000's)</b>	<b>2025/26 (£000's)</b>
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	-	-	-	-
<b>Total Pressures</b>	<b>1275</b>	<b>1501</b>	<b>822</b>	<b>1016</b>	<b>510</b>
<b>Savings</b>	<b>2021/22 (£'000s)</b>	<b>2022/23 (£000's)</b>	<b>2023/24 (£000's)</b>	<b>2024/25 (£000's)</b>	<b>2025/26 (£000's)</b>
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)	-	-
<b>Total Savings</b>	<b>(1275)</b>	<b>(929)</b>	<b>(514)</b>	<b>(360)</b>	<b>(363)</b>
<b>Remaining Gap</b>	<b>-</b>	<b>572</b>	<b>308</b>	<b>656</b>	<b>147</b>

### Risk Assessment on Required Balances/Contingency Reserve

**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	Target Date
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	N/a
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	N/a
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	N/a
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 balance at 31/03/20). £30k contribution to provision included in the base budget.	3 x 3	High	Increase monitoring of collection performance	Exec Dir Resources	N/a
5	Employee budgets – The budget is discounted on the assumption there will be vacancies. The impact of 1% vacancy is about £150,000	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	N/a



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	Target Date
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	N/a
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	N/a
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	N/a
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	N/a
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	N/a
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	N/a
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	N/a

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	Target Date
Page 26	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	N/a
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	N/a
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	N/a
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	N/a
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	N/a
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	N/a
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 Dir Resources	N/a
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	N/a
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	N/a

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	Target Date
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	N/a
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	N/a
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	N/a
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 Dir Resources	N/a
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 administrat or indicate it to be necessary	Exec Dir Resources	N/a
Page 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	3 x 3	High	None	Exec Mgt Team	N/a

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	Target Date
Page 28					Protection e-learning module.					
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	N/a
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	N/a

#### Impact (I)

- 1 - Negligible <£25,000
- 2 - Marginal <£50,000
- 3 - Serious <£250,000
- 4 - Critical <£1m
- 5 - Catastrophic >£1m

#### Likelihood (L)

- 1 - Extremely Unlikely
- 2 - Remote Chance
- 3 - Possible
- 4 - Probable
- 5 - Frequent / very likely

#### Score

- 1-2
- 3-8
- 9-15
- 16-25

#### Risk rating

- Low Risk
- Moderate Risk
- High Risk
- Extreme Risk

## 2021/22 to 2023/24 Capital Programme

## Appendix 4

CAPITAL PROGRAMME	2021/22	2022/23	2023/24	TOTAL
	£	£	£	£
<b>PRIORITY - Local Services that work for Local People</b>				
Service Area – ICT and Digital	649,000	110,000	102,000	861,000
<b>Total</b>	<b>649,000</b>	<b>110,000</b>	<b>102,000</b>	<b>861,000</b>
<b>PRIORITY - Growing our People and Places</b>				
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
<b>Total</b>	<b>1,546,174</b>	<b>3,208,634</b>	<b>3,287,174</b>	<b>8,041,982</b>
<b>PRIORITY - A Healthy, Active and Safe Borough</b>				
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
<b>Total</b>	<b>8,151,907</b>	<b>4,237,946</b>	<b>5,436,769</b>	<b>17,826,622</b>
<b>PRIORITY - A Town Centre for All</b>				
Service Area - Managing Property & Assets	1,476,353	1,157,890	393,248	3,027,490
<b>Total</b>	<b>1,476,353</b>	<b>1,157,890</b>	<b>393,248</b>	<b>3,027,490</b>
<b>CONTINGENCY</b>	1,000,000	0	0	<b>1,000,000</b>
<b>TOTAL</b>	<b>12,923,434</b>	<b>8,814,470</b>	<b>9,319,191</b>	<b>31,057,095</b>
<b>FUNDING</b>				
Capital Receipts	3,075,000	3,128,000	550,000	<b>6,753,000</b>
External Contributions	2,252,000	2,035,000	1,035,000	<b>5,322,000</b>
Borrowing/Leasing	7,596,434	3,651,470	7,734,191	<b>18,982,095</b>
<b>TOTAL</b>	<b>12,923,434</b>	<b>8,814,470</b>	<b>9,319,191</b>	<b>31,057,095</b>

**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 its 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 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.

### **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<sup>2</sup>), 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 Midlands 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 (NO<sub>2</sub>) 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 30<sup>th</sup> 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 30<sup>th</sup> 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.



# 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
<b>Total</b>	<b>950</b>	<b>927</b>

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.

<b>Project</b>	<b>Allocation of Flexible Use of Capital Receipts £'000</b>	<b>Actual Spend £'000</b>	<b>Estimated Savings £'000</b>	<b>Actual One off Savings £'000</b>	<b>Actual Ongoing Saving £'000</b>	<b>Notes</b>
<b>2017/18</b>						
Castle House Project - Redundancy Costs	80	80	80		80	
<b>2018/19</b>						
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	
<b>2019/20</b>						
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
<b>2020/21</b>						
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
<b>Total</b>	<b>1730</b>	<b>TBC</b>	<b>2,001</b>	<b>150</b>	<b>1,964</b>	

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.

# Capital Strategy

2021 to 2031



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## 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:

<b>Project Categories</b>	<b>Planned Expenditure £m</b>
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
<b>Total</b>	<b>7.302</b>

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:

<b><u>INTERNAL</u></b>	<b><u>EXTERNAL</u></b>
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:

<b>Key Strategies:</b>
Economic Development Strategy
Health and Wellbeing Strategy
Stronger and Safer Communities Strategy



<b>Other Strategies:</b>
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.

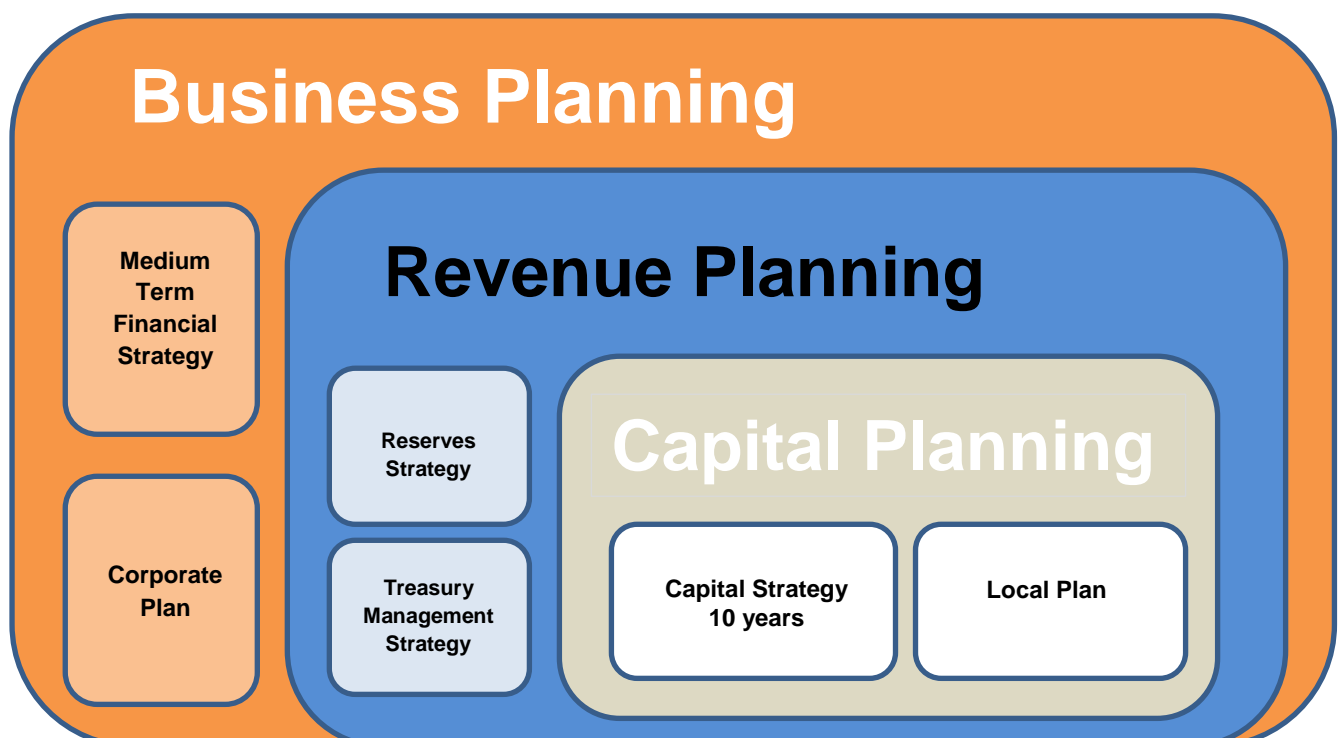
The various service based strategies will inform the Council's capital investment process through their identification of areas for action and of priorities within individual service areas.

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.

<u>INTERNAL</u>	<u>EXTERNAL</u>
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.

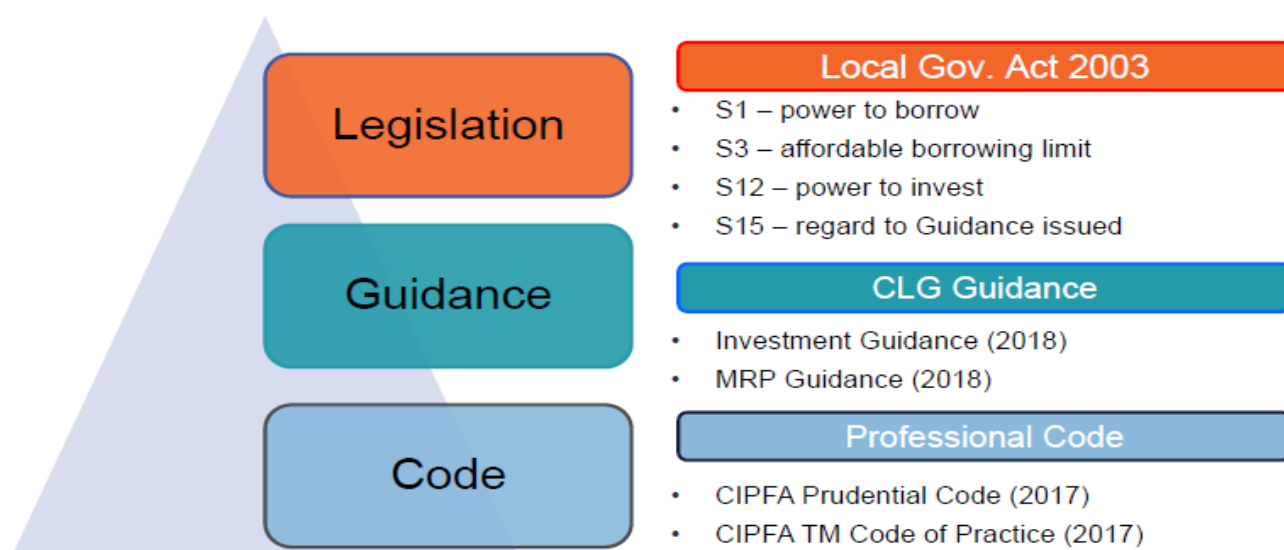
Capital expenditure is defined by the 2003 Act as that which falls to be capitalised in accordance with proper practices, which means in accordance with the Code of Practice on Local Authority Accounting, published by the Chartered Institute of Public Finance and Accountancy (CIPFA), applicable to all 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:

<b>Year</b>	<b>Total £m</b>
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
<b>Total</b>	<b>11.18</b>

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.

### **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
	£	£	£	£	£	£	£	£	£	£	£
<b>PRIORITY - Local Services that work for Local People</b>											
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	<b>2,303,000</b>
<b>Total</b>	<b>649,000</b>	<b>110,000</b>	<b>102,000</b>	<b>15,000</b>	<b>653,000</b>	<b>40,000</b>	<b>29,000</b>	<b>15,000</b>	<b>565,000</b>	<b>125,000</b>	<b>2,303,000</b>
<b>PRIORITY - Growing our People and Places</b>											
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	<b>29,620,000</b>
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	<b>3,292,723</b>
<b>Total</b>	<b>1,546,174</b>	<b>3,208,634</b>	<b>3,287,174</b>	<b>3,010,928</b>	<b>2,963,066</b>	<b>3,181,041</b>	<b>3,896,600</b>	<b>5,134,100</b>	<b>3,126,400</b>	<b>3,558,605</b>	<b>32,912,723</b>
<b>PRIORITY - A Healthy, Active and Safe Borough</b>											
Service Area - Environmental Health	-	-	60,000	-	12,000	-	-	-	12,000	-	<b>84,000</b>
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	<b>7,365,850</b>
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	<b>14,652,000</b>
Service Area - Leisure	5,671,000	687,000	17,000	17,000	150,000	-	-	-	-	-	<b>6,542,000</b>
Service Area - Museum	240,000	40,000	-	-	-	-	-	-	-	-	<b>280,000</b>
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	<b>3,242,003</b>
Service Area - Engineering	383,000	590,000	1,070,000	85,000	272,000	20,000	-	-	-	125,000	<b>2,545,001</b>
<b>Total</b>	<b>8,151,907</b>	<b>4,237,946</b>	<b>5,436,769</b>	<b>1,730,628</b>	<b>2,825,969</b>	<b>4,110,620</b>	<b>1,731,075</b>	<b>679,974</b>	<b>3,393,600</b>	<b>2,412,366</b>	<b>34,710,854</b>
<b>PRIORITY - A Town Centre for All</b>											
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	<b>5,642,545</b>
<b>Total</b>	<b>1,576,353</b>	<b>1,257,890</b>	<b>493,248</b>	<b>331,183</b>	<b>441,266</b>	<b>320,561</b>	<b>220,800</b>	<b>321,245</b>	<b>332,000</b>	<b>348,000</b>	<b>5,642,545</b>
<b>CONTINGENCY</b>	1,000,000	-	-	-	-	-	-	-	-	-	<b>1,000,000</b>
<b>TOTAL</b>	<b>12,923,434</b>	<b>8,814,470</b>	<b>9,319,191</b>	<b>5,087,739</b>	<b>6,883,301</b>	<b>7,652,222</b>	<b>5,877,475</b>	<b>6,150,319</b>	<b>7,417,000</b>	<b>6,443,971</b>	<b>76,569,122</b>

<b>FUNDING</b>											
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	<b>40,203,000</b>
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	<b>12,876,000</b>
Borrowing/Leasing	7,596,434	3,651,470	7,734,191	-	-	-	-	-	-	4,508,027	<b>23,490,122</b>
<b>TOTAL</b>	<b>12,923,434</b>	<b>8,814,470</b>	<b>9,319,191</b>	<b>5,087,739</b>	<b>6,883,301</b>	<b>7,652,222</b>	<b>5,877,475</b>	<b>6,150,319</b>	<b>7,417,000</b>	<b>6,443,971</b>	<b>76,569,122</b>

## Annex C – Prudential Indicators

### Capital Prudential Indicators

#### *Actual and Estimate of Capital Expenditure*

<b>31/03/20 Actual (£000's)</b>	<b>31/03/21 Estimate (£000's)</b>	<b>31/03/22 Estimate (£000's)</b>	<b>31/03/23 Estimate (£000's)</b>	<b>31/03/24 Estimate (£000's)</b>
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:

<b>31/03/20 Actual (£000's)</b>	<b>31/03/21 Estimate (£000's)</b>	<b>31/03/22 Estimate (£000's)</b>	<b>31/03/23 Estimate (£000's)</b>	<b>31/03/24 Estimate (£000's)</b>
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:

	<b>2019/20 Actual (£000's)</b>	<b>2020/21 Estimate (£000's)</b>	<b>2021/22 Estimate (£000's)</b>	<b>2022/23 Estimate (£000's)</b>	<b>2023/24 Estimate (£000's)</b>
<b>Net Revenue Stream</b>	13,257	15,690	15,709	15,784	15,861
<b>Financing Costs</b>	(49)	40	263	690	832
<b>Ratio</b>	(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.

<b>Operational boundary</b>	<b>2020/21 Estimate (£000's)</b>	<b>2021/22 Estimate (£000's)</b>	<b>2022/23 Estimate (£000's)</b>	<b>2023/24 Estimate (£000's)</b>
<b>Borrowing</b>	75,000	75,000	75,000	75,000
<b>Other long term liabilities</b>	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
<b>2020/21</b>	100%	0%	100%	0%
<b>2021/22</b>	100%	0%	100%	0%
<b>2022/23</b>	100%	0%	100%	0%
<b>2023/24</b>	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



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## 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 30<sup>th</sup> 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:

<b>Balance Sheet Summary and Forecast</b>	<b>31/03/2020 Actual £m</b>	<b>31/03/2021 Forecast £m</b>	<b>31/03/2022 Forecast £m</b>	<b>31/03/2023 Forecast £m</b>	<b>31/03/2024 Forecast £m</b>
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)
<b>Capital borrowing level</b>	<b>4.3</b>	<b>4.3</b>	<b>11.9</b>	<b>15.5</b>	<b>23.2</b>
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)
<b>Investments or Cash Held/ (New external borrowing)</b>	<b>4.7</b>	<b>6.5</b>	<b>(3.0)</b>	<b>(8.6)</b>	<b>(18.1)</b>

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*

<b>Sector</b>	<b>Time limit</b>	<b>Counterparty limit</b>	<b>Sector limit</b>
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 through 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**

	<b>Cash limit</b>
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
<b>Official Bank Rate</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	-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
<b>3-mth money market rate</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	-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
<b>5-yr gilt yield</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	-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
<b>10-yr gilt yield</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	-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
<b>20-yr gilt yield</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	-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
<b>50-yr gilt yield</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	-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 = Gilt yield + 0.8%

## Annex B – Existing Investment & Debt Portfolio Position

	30/11/2020 Actual Portfolio £m	30/11/2020 Average Rate %
<i>Treasury investments:</i>		
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	
<b>Net investments</b>	<b>16.8</b>	

# 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.

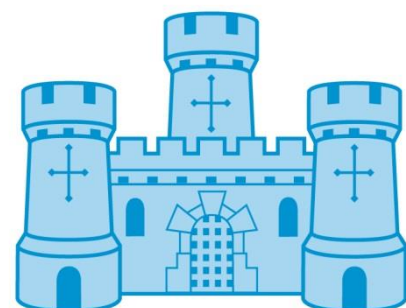
## Annex D – Treasury Management Glossary of Terms

- **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 or 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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**NEWCASTLE  
UNDER LYME**  
BOROUGH COUNCIL

# Investment Strategy

2021/22



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## 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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,000</b>

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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>

*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
<b>Commercial Properties</b>				
Gross Income	991	907	806	829
Gross Expenditure (Excluding Capital Charges)	(649)	(649)	(519)	(586)
<b>Net Income</b>	<b>342</b>	<b>258</b>	<b>287</b>	<b>243</b>
Net Service Expenditure (Whole Council)	(6,776)	(7,011)	(7,487)	(7,870)
<b>Ratio of Net Income to Net Service Expenditure</b>	<b>5.05%</b>	<b>3.68%</b>	<b>3.83%</b>	<b>3.09%</b>

### *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)
<b>Net Income</b>	<b>249</b>	<b>252</b>	<b>258</b>	<b>263</b>	<b>268</b>

### *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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## NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

### EXECUTIVE MANAGEMENT TEAM'S REPORT TO

#### Finance Assets and Performance Scrutiny Committee 18 January 2021

**Report Title:** Scale of Fees and Charges 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 Committee to scrutinise the proposed scale of fees and charges to apply from 1 April 2021.

#### **Recommendation**

- (a) That the fees and charges proposed to apply from 1 April 2021, as set out in Appendix 1 be noted.
- (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 delegated authority to implement a revised membership pricing structure and offers to attract new memberships.

#### **Reasons**

It is necessary to scrutinise the fees and charges which the Council makes in order to keep them in line with the cost of service provision, ensure compliance with the Charging Policy and to establish the amounts to be included in the 2021/22 budget.

#### 1. **Background**

- 1.1 The Cabinet is asked annually to consider proposals for the fees and charges to be applied during the following financial year. It is proposed that the new fees and charges set out at Appendix 1 should take effect from 1 April 2021 and remain in force until 31 March 2022.
- 1.2 The Council has an approved Charging Policy (the most recent version of which was approved by Cabinet on 10 September 2014), which is followed when fees and charges are proposed and agreed. This sets out the criteria that should be taken into consideration when establishing the amounts to be charged.

#### 2. **Issues**

- 2.1 The Medium Term Financial Strategy, reviewed by Cabinet on 11 November 2020, assumed an overall 3% increase in the amount of income raised from fees and charges in 2021/22 in line with assumptions about the rate of inflation over the period that these charges will be in force, reflecting the real increases in costs being incurred by services.

- 2.2 The proposals made vary between minimal decreases, freezes in fees and charges and increases. When these proposals are applied to the appropriate income budgets they fall broadly in line with the assumed overall 3% increase.
- 2.3 Most of the fees and charges are inclusive of VAT but in some cases no VAT is chargeable or VAT is added to the fee or charge. The VAT status of individual fees and charges is shown in Appendix 1.
- 2.4 When considering the level of fees and charges the principles contained in the Charging Policy, as approved by Cabinet on 10 September 2014, should be followed.
- 2.5 In drawing up the proposed fees and charges for 2021/22 these have been considered by Heads of Service who were provided with a copy of the Charging Policy and were requested to ensure that their charges were set in accordance with the Charging Policy, taking into account:
- The cost of providing the service;
  - How much income it is desired to generate and why;
  - Comparison of charges made by other Councils or providers of similar services;
  - Whose use of services it is desired to subsidise and by how much;
  - Whose behaviour it is desired to influence and in what ways;
  - How will charges help to improve value for money, equity and access to services;
  - Will the cost of collecting the income outweigh the income likely to be collected; and
  - Any other relevant factors.
- 2.6 It is acceptable for charges to be set at a level where costs are not fully recovered. There may be particular reasons for doing so, such as a desire to encourage take up of a service by specified groups, for example the unemployed, benefits recipients, the elderly, disabled persons or children, or to influence particular forms or patterns of behaviour.
- 2.7 The decision to charge less than cost ought to be a conscious one, taken by members and justified by reference to the reasons for setting charges at less than cost as set out in the charging principles contained in section 5 of the Charging Policy, shown in Appendix 2.
- 2.8 For 2021/22 a considerable number of fees compared to previous years have remained frozen due to the impact of Covid-19. This is due to the negative impact it may have had on service uptake. In respect of Jubilee 2 memberships a review of the service is currently being undertaken by Alliance Leisure, until this review is completed it is recommended that membership fees remain unchanged. Following the completion of the review it is proposed that the Executive Director (Commercial Development & Economic Growth) in conjunction with the Portfolio Holder (Leisure, Culture and Heritage) be delegated authority to implement a revised membership pricing structure and offers to attract new memberships.
- 2.9 The Scale of Fees and Charges (Appendix 1) shows the current and proposed fees and charges for 2021/22 and indicates those which have been frozen at current levels. There are a number of new charges proposed for 2021/22. The table below shows these:

New Charges - Description of Charge	Fee / Charge 2020/21 (£)
<b>ELECTIONS</b>	
Police Fire and Crime Commissioner candidate	5,000.00
<b>ENVIRONMENTAL HEALTH</b>	

New Charges - Description of Charge	Fee / Charge 2020/21 (£)
<b>Environmental Offences - Fixed Penalty Notices</b>	
Household waste duty of care fixed penalty notices. Environmental protection Act 1990 Section 34(2)(A) (paid within 10 days)	120.00
Household waste duty of care fixed penalty notices. Environmental protection Act 1990 Section 34(2)(A) (paid within 14 days)	200.00
<b>LEISURE CHARGES</b>	
<b><u>Jubilee 2</u></b>	
Plus Membership – annual fee <i>entitles the holder to use the facilities with a £1.00 discount off the lite membership price, includes first session</i>	12.00
Friends and family membership (2 Adults) 12 month contract	50.00
Family Membership (2 adults and up to 2 children) 12 month contract	68.00
Family Membership (1 adult and up to 2 to children) 12 month contract	43.00
Blue light membership NHS, Armed Forces, Police, Fire Brigade) 12 month contract	19.99
<b>PEST CONTROL</b>	
Fleas / Bedbugs / Cockroaches (domestic) – prepayment	105.00
Fleas / Bedbugs / Cockroaches (domestic) – payment by invoice	125.00
Insect control treatments (domestic) including wasps, ants – prepayment	75.00
Insect control treatments (domestic) including wasps, ants – payment by invoice	95.00
<b>WASTE &amp; RECYCLING BINS/RECEPTACLES</b>	
Replacement / additional Food waste Caddie	10.00
Replacement / additional recycling bag	5.00

- 2.10 The current Lyme Card scheme is to be replaced by an annual card that allows access to Plus Membership charges on casual gym, swim and class fees. This is in line with other local service providers and allows holders to save £1 per session attended.
- 2.11 New memberships are to be introduced in order to attract families to use the facility together and also a Blue Light membership. Both of these initiatives are aiming to assist in the recovery of the membership base post Covid-19.
- 2.12 The pest control fee structure has been amended slightly. Flea treatment has been moved to higher tariff insect control. This is due to the relevant treatment time and material costs.
- 2.13 Charges for fixed penalty notices for environmental offences have been introduced in line with statutory requirements.
- 2.14 Where residents require a replacement or additional food waste caddie or recycling bag, a charge will now be incurred. This is in line with other local authorities. Within the commercially

sensitive trade waste fees, a new service is being introduced for Business Recycling and Food Collection.

- 2.15 A number of fees and charges approved for 2020/21 have been deleted from the proposed fees and charges for 2021/22. The table below shows these:

Deleted Charges - Description of Charge	Fee/Charge 2020/21 (£)
<b>CREMATORIUM</b>	
<b>Cremation Fees</b>	
Use of TV for DVD photographs or 3-5 minute films	24.00
<b>ENVIRONMENTAL HEALTH</b>	
<b>Environmental Health Commercial Support (SRS)</b>	
Food Safety Direct	Officer hourly rate
Licensing Direct	Officer hourly rate
<b>Environmental Protection Act 1990 - Part 1 Pollution Prevention &amp; Control Act 1999 Register of Permits</b>	
Copy of list of applications received	18.00
Copy of a register entry	18.00
<b>LEISURE SERVICES</b>	
<b>Jubilee 2</b>	
<i>Aqua Sauna (includes access to swimming pool)</i>	
Adult - Lyme Card	10.50
Concession (18+) - Lyme Card	8.00
<i>Junior Memberships</i>	
Active1 5-11 years: Swimming and climbing sessions (parental supervision)	12.00
<b>Community Events</b>	
Hire of display boards (delivery, set up & collection)	33.00
<b>PEST CONTROL</b>	
Bedbugs / Cockroaches (domestic) – prepayment	100.00
Bedbugs / Cockroaches (domestic) - payment by invoice	120.00
Insect control treatments (domestic) including wasps, ants & fleas – prepayment	75.00
Insect control treatments (domestic) including wasps, ants & fleas - payment by invoice	95.00
3 treatment scheme (3 for 2 offer) – prepayment	150.00
3 treatment scheme (3 for 2 offer) – payment by invoice	170.00

- 2.16 Fees in relation to the aqua sauna have been removed due to the facilities ongoing closure.

- 2.17 There has been a change to the structure of the pest control fees as highlighted above in 2.12, this has meant the previous fee is to be removed.
- 2.18 Under Environmental Protection Act 1990 - Part 1 Pollution Prevention & Control Act 1999 Register of Permits, applications are required to be publicly available and are disclosable under EIR regulations. Fees which can be charged are covered under Environmental Information Regulations - Regulation 8 and ICO Guidance on charging for Environmental Information
- 2.19 The remaining fees listed above are no longer being provided and therefore have been removed.
- 2.20 Charges in relation to the licencing of Private Hire / Hackney Carriage are, following consultation, to be presented at the meeting of Public Protection Committee on 26 January 2021.
- 2.21 Due to the commercial sensitivity of the proposed charges for the trade waste service, these are not included on part 1 of the agenda and are exempt from publication by reasons of paragraph 3 of part 1 of schedule 12a of the Local Government Act 1972. The proposed charges can be found in part 2 of the agenda.

### 3. **Proposal**

- 3.1 That the fees and charges proposed to apply from 1 April 2021, as set out in Appendix 1 be approved.

### 4. **Reason for Preferred Solution**

- 4.1 Applying selective increases to fees and charges will enable economic activity to be promoted within the Borough. It will also contribute to the delivery of a sustainable budget for 2021/22 and later years and will help to keep fees and charges in line with the cost of service provision.

### 5. **Legal and Statutory Implications**

- 5.1 Statutory charges are included in the scale of fees and charges, and are noted as such. These are set by the government rather than by the Council. Land Charges and Licensing fees are set in accordance with a statutory requirement to balance income with expenditure. All other charges may be set by the Council in accordance with its Charging Policy.

### 6. **Financial and Resource Implications**

- 6.1 The approved levels of fees and charges will be incorporated in the General Fund Budget for 2021/22. The Medium Term Financial Strategy (MTFS) assumes increased income of £151,000 from an average increase of 3% across the existing range of fees and charges.
- 6.3 The proposals made vary between minimal decreases to increases. When these proposals are applied to the appropriate income budgets they fall broadly in line with the assumed overall 3% increase.

### 7. **Major Risks**

- 7.1 A major risk is that the current depressed economic situation and general restrictions imposed due to the Covid-19 virus leads to less demand from users of Council services, resulting in significant loss of income. The level of charges will in some cases influence this demand.

### 8. **Key Decision Information**

8.1 This is a key decision; it has been included in the Forward Plan.

9. **List of Appendices**

Appendix 1 – Proposed charges from 1 April 2021

Appendix 2 – Charging principles included in Charging Policy



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

ALLOTMENTS	2
BULKY RECYCLING	2
BUS DEPARTURE CHARGES	2
CAR PARKS	2
CEMETERIES	6
CIRCUSES & FAIRS	9
COVENANT CONSENTS	9
CREMATORIUM	10
ELECTIONS	12
ENVIRONMENTAL HEALTH	13
FACILITIES MANAGEMENT	17
GARDEN WASTE RECYCLING	17
HIRE OF ROOMS (KIDSGROVE)	18
LAND CHARGES	18
LEISURE CHARGES	19
LICENCES	23
MARKETS	29
MOT	29
MUSEUM & ART GALLERY	30
NAMING/NUMBERING OF STREETS/PROPERTIES	31
PEST CONTROL	31
PLANNING SERVICES	32
PRIVATE SECTOR HOUSING	34
REMOVAL OF DOMESTIC ANIMAL CARCASSES	35
SALE OF SANDBAGS	35
STREET TRADING	35
TOWN CENTRE DISPLAYS	35
TREE PRESERVATION ORDERS	36
WASTE & RECYCLING BINS/RECEPTACLES	36

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>ALLOTMENTS</b>				Cabinet	No VAT
Rent (per annum) per square metre Note: 20% concession for Junior/60+/Unemployed	0.46	0.48	0.02		
<b>BULKY RECYCLING</b>				Cabinet	No VAT
1-3 Items non reusable/waste items	38.50	39.30	0.80		
4-6 Items non reusable/waste items	61.50	62.75	1.25		
7-9 Items non reusable/waste items	77.00	78.60	1.60		
Additional items non reusable/waste items	11.50	11.75	0.25		
Reusable items	Free	Free	N/A		
<b>BUS DEPARTURE CHARGES</b>				Cabinet	Plus VAT
Fee per departure	0.23	0.23	Freeze		
<b>CAR PARKS</b>					
<b>Charges for Infringements</b>					No VAT
Civic parking enforcement - higher charge	70.00	70.00	Freeze		
Civic parking enforcement - lower charge	50.00	50.00	Freeze		
<b>Discount for block purchase of permits</b>					
Discount for purchase of 20 or more permits	20.00	20.00	Freeze		
<b>Construction permit (max of 1 week permit)</b>					VAT Incl.
Initial day rate	15.00	15.00	Freeze		
Additional days	6.00	6.00	Freeze		
<b>Bankside</b>				Cabinet	VAT Incl.
Season ticket - per quarter	156.00	156.00	Freeze		
Each additional permit for the same numbered bay - per quarter	25.00	25.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>Blackfriars (Zone C)</b>				Cabinet	VAT Incl.
Up to 1 hour	1.00	1.00	Freeze		
Up to 2 hours	1.50	1.50	Freeze		
Up to 3 hours	2.00	2.00	Freeze		
Up to 4 hours	2.50	2.50	Freeze		
Up to 6 hours	3.00	3.00	Freeze		
6 hours to 24 hours	3.50	3.50	Freeze		
Season ticket - per quarter	156.00	156.00	Freeze		
Overnight 1pm to 8am	1.00	1.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
Bank Holiday	1.00	1.00	Freeze		
Event Parking	1.00	1.00	Freeze		
<b>Cherry Orchard (Zone B)</b>				Cabinet	VAT Incl.
Up to 1 hour	1.00	1.00	Freeze		
Up to 2 hours	1.90	1.90	Freeze		
Up to 3 hours	2.80	2.80	Freeze		
Up to 4 hours	4.00	4.00	Freeze		
4 hours to 24 hours	5.20	5.20	Freeze		
Season ticket - per quarter	156.00	156.00	Freeze		
Overnight 1pm to 8am	1.00	1.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
Bank Holiday	1.00	1.00	Freeze		
Event Parking	1.00	1.00	Freeze		
<b>Civic Offices - Saturdays Only (Zone A)</b>				Cabinet	VAT Incl.
Up to 1 hour	1.00	1.00	Freeze		
Up to 2 hours	1.90	1.90	Freeze		
Up to 3 hours	2.80	2.80	Freeze		
Up to 4 hours	4.00	4.00	Freeze		
Event Parking	1.00	1.00	Freeze		
<b>Corporation Street/Merrial Street (Zone A)</b>				Cabinet	VAT Incl.
Up to 1/2 hour	0.80	0.80	Freeze		
Up to 1 hour	1.50	1.50	Freeze		
Overnight 1pm to 8am	1.00	1.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
Bank Holiday	1.50	1.50	Freeze		
Event Parking	1.50	1.50	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>Fogg Street East (Zone A)</b>					
Season ticket - per quarter	156.00	156.00	Freeze	Cabinet	VAT Incl.
Each additional permit for the same numbered bay - per quarter	25.00	25.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
<b>Goose Street (Zone B)</b>				Cabinet	VAT Incl.
Up to 1 hour	1.00	1.00	Freeze		
Up to 2 hours	1.90	1.90	Freeze		
Up to 3 hours	2.80	2.80	Freeze		
Up to 4 hours	4.00	4.00	Freeze		
4 hours to 24 hours	5.20	5.20	Freeze		
Season ticket - per quarter	156.00	156.00	Freeze		
Overnight 1pm to 8am	1.00	1.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
Bank Holiday	1.00	1.00	Freeze		
Event Parking	1.00	1.00	Freeze		
<b>Hassell Street (Zone B)</b>				Cabinet	VAT Incl.
Up to 1 hour	1.00	1.00	Freeze		
Up to 2 hours	1.90	1.90	Freeze		
Up to 3 hours	2.80	2.80	Freeze		
Up to 4 hours	4.00	4.00	Freeze		
4 hours to 24 hours	5.20	5.20	Freeze		
Season ticket - per quarter	156.00	156.00	Freeze		
Resident permit - per quarter	60.00	60.00	Freeze		
Overnight 1pm to 8am	1.00	1.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
Bank Holiday	1.00	1.00	Freeze		
Event Parking	1.00	1.00	Freeze		
<b>High Street (Rear of)</b>				Cabinet	VAT Incl.
Season ticket - per quarter	156.00	156.00	Freeze		
Each additional permit for the same numbered bay - per quarter	25.00	25.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
<b>King Street (Zone C)</b>				Cabinet	VAT Incl.
Up to 1 hour	1.00	1.00	Freeze		
Up to 2 hours	1.50	1.50	Freeze		
Up to 3 hours	2.00	2.00	Freeze		
Up to 4 hours	2.50	2.50	Freeze		
Up to 6 hours	3.00	3.00	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
6 hours to 24 hours	3.50	3.50	Freeze		
Season Ticket - per quarter	156.00	156.00	Freeze		
Overnight 1pm to 8am	1.00	1.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
Bank Holiday	1.00	1.00	Freeze		
Event Parking	1.00	1.00	Freeze		
<b>Lyme Valley</b>					
Up to 2 hours	Free	Free	N/A	Cabinet	VAT Incl.
Up to 3 hours	3.20	3.20	Freeze		
Up to 3 hours – Buckmaster Ave	Free	Free	N/A		
Up to 4 hours	4.25	4.25	Freeze		
4 - 24 hours	6.00	6.00	Freeze		
Lyme Valley A34 Season Ticket - per quarter	156.00	156.00	Freeze		
Lyme Valley Buckmaster Ave - Season Ticket - per quarter	156.00	156.00	Freeze		
Lyme Valley - LymeValley Road Season Ticket - per quarter	156.00	156.00	Freeze		
Bank Holiday	Free	Free	N/A		
<b>Midway (Zone A)</b>				Cabinet	VAT Incl.
Up to 1 hour	1.10	1.10	Freeze		
Up to 2 hours	2.10	2.10	Freeze		
Up to 3 hours	3.20	3.20	Freeze		
Up to 4 hours	4.25	4.25	Freeze		
Up to 24 hours	6.00	6.00	Freeze		
Season ticket - per quarter	156.00	156.00	Freeze		
Overnight 1pm to 8am (closed at 9pm Mon-Sat and 5.30pm on Sunday))	1.00	1.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
Bank Holiday	1.10	1.10	Freeze		
Event Parking	1.10	1.10	Freeze		
<b>Ryecroft (Zone B)</b>				Cabinet	VAT Incl.
Up to 1 hour	1.10	1.10	Freeze		
Up to 2 hours	2.10	2.10	Freeze		
Up to 3 hours	3.20	3.20	Freeze		
Up to 4 hours	4.25	4.25	Freeze		
Up to 24 hours	6.00	6.00	Freeze		
Overnight 1pm to 8am	1.10	1.10	Freeze		
Bank Holiday	1.10	1.10	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Event Parking	1.10	1.10	Freeze	Cabinet	VAT Incl.
<b>School Street/Barracks Road (Zone B)</b>					
Up to 1 hour	1.00	1.00	Freeze		
Up to 2 hours	1.90	1.90	Freeze		
Up to 3 hours	2.80	2.80	Freeze		
Season ticket - per quarter	156.00	156.00	Freeze		
Overnight 1pm to 8am	1.00	1.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
Bank Holiday	1.00	1.00	Freeze		
Event Parking	1.00	1.00	Freeze	Cabinet	VAT Incl.
<b>Silverdale Road (Zone C)</b>					
Up to 1 hour	1.00	1.00	Freeze		
Up to 2 hours	1.50	1.50	Freeze		
Up to 3 hours	2.00	2.00	Freeze		
Up to 6 hours	3.00	3.00	Freeze		
6 hours to 24 hours	3.50	3.50	Freeze		
Season ticket - per quarter	156.00	156.00	Freeze		
Resident permit - per quarter	60.00	60.00	Freeze		
Overnight 1pm to 8am	1.00	1.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
Bank Holiday	1.00	1.00	Freeze		
Event Parking	1.00	1.00	Freeze		
<b>Windsor Street (Zone B)</b>					
Up to 1 hour	1.00	1.00	Freeze		
Up to 2 hours	2.00	2.00	Freeze		
Season ticket - after school (30 minutes)	30.00	30.00	Freeze	Cabinet	VAT Incl.
Overnight 1pm to 8am	1.00	1.00	Freeze		
Overnight quarterly permit	60.00	60.00	Freeze		
Bank Holiday	1.00	1.00	Freeze		
Event Parking	1.00	1.00	Freeze		
<b>CEMETERIES</b>				Cabinet	No VAT
<b>Interment Fees - Resident Fees</b>					
17 years and under	Free	Free	N/A		
18 years & over	932.00	960.00	28.00		
Woodland burial - Keele Cemetery (1 full interment only in each grave)	497.00	512.00	15.00		
Cremated remains at 2 feet	408.00	421.00	13.00		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Woodland burial cremated remains at 2 feet - Keele Cemetery (4 interments only in each grave)	408.00	421.00	13.00	Cabinet	No VAT
Additional depth for cremated remains over 2 feet	146.00	151.00	5.00		
Additional depth over 6 feet per foot	156.00	161.00	5.00		
<b>Purchase of Graves - Resident Fees</b>					
(includes right to erect memorial for single grave)					
Exclusive Right of Burial & Memorialisation for a Single Grave	1,256.00	1,294.00	38.00		
Lawn Graves Reservation	1,256.00	1,294.00	38.00		
Exclusive Right of Burial in a Woodland Grave at Keele Cemetery (1 full interment only in each grave plus memorial tree)	925.00	953.00	28.00		
Reservation of Woodland Grave	925.00	953.00	28.00		
Exclusive Right of Burial and Memorialisation in a Cremated Remains Grave at 2ft	621.00	640.00	19.00		
Reservation of a Cremated Remains Grave	621.00	640.00	19.00		
Exclusive Right of Burial in a Woodland Cremated Remains Grave, Keele Cemetery at 2ft Inclusive of a Shrub	621.00	640.00	19.00		
Reservation of Woodland Cremated Remains Grave	621.00	640.00	19.00		
Renewal of exclusive right of burial & memorialisation (full grave)	594.00	612.00	15.00		
Renewal of exclusive right of burial & memorialisation (cremated remains grave)	298.00	307.00	9.00		
Transfer of ownership of exclusive rights of burial & memorialisation	95.00	98.00	3.00		
Duplicate deed of exclusive rights of burial & memorialisation	50.00	51.00	1.00		
<b>Interment Fees - Non-Resident Fees</b>				Cabinet	No VAT
17 years and under	Free	Free	N/A		
18 years & over	1,398.00	1,440.00	42.00		
Woodland burial - Keele Cemetery (1 full interment only in each grave)	745.50	768.00	22.50		
Cremated remains at 2 feet	612.00	631.00	19.00		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Woodland burial cremated remains at 2 feet - Keele Cemetery (4 interments only in each grave)	612.00	631.00	19.00	Cabinet	No VAT
Additional depth for cremated remains over 2 feet	219.00	226.00	7.00		
Additional depth over 6 feet per foot	234.00	242.00	8.00		
<b>Purchase of Graves - Non-Resident Fees</b>					
(includes right to erect memorial for single grave)					
Exclusive Right of Burial & Memorialisation for a Single Grave	1,884.00	1,941.00	57.00		
Lawn Graves Reservation	1,884.00	1,941.00	57.00		
Exclusive Right of Burial in a Woodland Grave at Keele Cemetery (1 full interment only in each grave plus memorial tree)	1,387.50	1,430.00	42.50		
Reservation of Woodland Grave	1,387.50	1,430.00	42.50		
Exclusive Right of Burial and Memorialisation in a Cremated Remains Grave at 2ft	931.50	960.00	28.50		
Reservation of a Cremated Remains Grave	931.50	960.00	28.50		
Exclusive Right of Burial in a Woodland Cremated Remains Grave, Keele Cemetery at 2ft Inclusive of a Shrub	931.50	960.00	28.50		
Reservation of Woodland Cremated Remains Grave	931.50	960.00	28.50		
Renewal of exclusive right of burial & memorialisation (full grave)	891.00	918.00	27.00		
Renewal of exclusive right of burial & memorialisation (cremated remains grave)	447.00	461.00	14.00		
Transfer of ownership of exclusive rights of burial & memorialisation	142.50	147.00	4.50		
Duplicate deed of exclusive rights of burial & memorialisation	75.00	77.00	2.00		
<b>Erection of Memorials (no prior right given)</b>				Cabinet	No VAT
Memorial not exceeding 3 feet in height	152.00	157.00	5.00		
Replacement memorial	51.00	52.00	1.00		
<b>Columbarium</b>				Cabinet	No VAT
10 year lease including 1st interment	577.00	595.00	18.00		



	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
2nd interment	81.00	83.00	2.00	Cabinet	No VAT
Renewal of 10 year lease	289.00	298.00	9.00		
Additional 5 year lease	289.00	298.00	9.00		
Use of Chapel & Community Room					
Newcastle cemetery chapel	81.00	83.00	2.00		
Keele community room - service	81.00	83.00	2.00		
Keele community room - full day hire	78.00	80.00	2.00		
Keele community room - half day hire	42.00	43.00	1.00		
Keele community room - per hour hire	16.00	16.50	0.50		
<b>Private Maintenance of Grave Non-Lawn Types</b>				Cabinet	No VAT
Turfing	50.00	51.00	1.00		
Spring/summer planting & maintenance	104.00	106.00	2.00		
<b>Sundry Items</b>				Cabinet	VAT Incl.
Single abstract information from registrar	72.00	74.00	2.00		
Family history research	23.00	24.00	1.00		
Caskets	87.00	90.00	3.00		
Wooden cross	49.00	50.00	1.00		
Memorial benches	745.00	768.00	23.00		
Memorial benches - maintenance By request (cleaning & staining)	173.00	179.00	6.00		
Memorial trees	381.00	393.00	12.00		
Barrier fob replacements	11.00	11.00	Freeze		
<b>CIRCUSES &amp; FAIRS</b>				Cabinet	No VAT
Hire rate per day of site presence (based on an 8 hour day - 1 day to set up & 1 day to dismantle free of charge)	650.00	650.00	Freeze		
Returnable deposit - cleaning	950.00	950.00	Freeze		
Returnable deposit - damage	950.00	950.00	Freeze		
<b>COVENANT CONSENTS</b>				Cabinet	No VAT
Covenant consents	150.00	150.00	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>CREMATORIUM</b>					
<b>Cremation Fees</b>				Cabinet	No VAT
17 years of age and under	Free	Free	N/A		
18 years & over 9.20am service time only	471.00	486.00	15.00		
18 years & over from 10am	694.00	715.00	21.00		
Cremation environmental charge	73.00	75.00	2.00		
Burial of remains cremated elsewhere	214.00	221.00	7.00		
Chapel hire - additional use to cremation service	79.00	81.00	2.00		
<b>Obitus Fees</b>					VAT Incl.
Webcast Live	30.00	31.00	1.00		
Webcast Live + 28 day + downloadable	45.00	46.00	1.00		
Webcast - Keepsake copy	50.00	51.00	1.00		
Single Photo	12.00	12.50	0.50		
Slideshow	38.00	39.00	1.00		
Pro Tribute	70.00	71.00	1.00		
Family-made Video Checking	18.00	19.00	1.00		
Keepsake copy of Pro Tribute	23.00	24.00	1.00		
Downloadable Pro Tribute	10.00	11.00	1.00		
Additional physical copies	23.00	24.00	1.00		
Each extra 25 photos	21.00	22.00	1.00		
Extra work	21.00	22.00	1.00		
<b>Urns &amp; Containers</b>				Cabinet	VAT Incl.
Oak casket	87.00	90.00	3.00		
Postage & packaging	Cost	Cost	N/A		
<b>Memorialisation</b>				Cabinet	VAT Incl.
Book of remembrance per line (up to 3 lines)	32.00	33.00	1.00		
Book of remembrance for 4 lines	108.00	112.00	4.00		
Book of remembrance for 5 lines	139.00	144.00	5.00		
Book of remembrance for 6 lines	169.00	175.00	6.00		
Book of remembrance for 7 lines	199.00	205.00	6.00		
Book of remembrance for 8 lines	232.00	239.00	7.00		
Simple floral emblem	94.00	97.00	3.00		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Coat of arms, badges, ornate floral emblem	129.00	133.00	4.00	Cabinet	VAT Incl.
Additional lines of inscription for cards/books	32.00	33.00	1.00		
<b>Plaques</b>					
12" x 4" new plaque & 10 year hire	351.00	362.00	11.00		
Each succeeding 10 year hire	140.00	145.00	5.00		
12" x 8" new plaque & 10 year hire	701.00	723.00	22.00		
Each succeeding 10 year hire	282.00	291.00	9.00		
24" x 8" each succeeding 10 year hire	560.00	577.00	17.00		
Adding to existing plaque per letter or figure	7.00	7.00	Freeze		
Regilding existing letters	5.00	5.00	Freeze		
<b>Additional Memorials</b>				Cabinet	VAT Incl.
Memorial benches	745.00	768.00	23.00		
Memorial benches maintenance by request (cleaning & staining)	173.00	179.00	6.00		
Memorial vases	342.00	353.00	11.00		
Each succeeding 5 year hire	206.00	213.00	7.00		
Vases various – small	Various	Various	N/A		
Planters	791.00	815.00	24.00		
Each succeeding 5 year hire	322.00	332.00	10.00		
Trees	676.00	697.00	21.00		
Each succeeding 10 year hire	353.00	364.00	11.00		
Additional plaques	86.00	89.00	3.00		
Shrubs (inclusive of aluminium vase)	375.00	387.00	12.00		
Each succeeding 5 year hire	161.00	166.00	5.00		
Donations Memorial Fish/Bulbs	Various	Various	N/A		
<b>DOG WARDEN SERVICE</b>					
<b>Recovery of Stray Dogs</b>				Cabinet	No VAT
During normal working hours - reclaim fee	70.00	70.00	Freeze		
Daily kennelling fees	Cost	Cost	N/A		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>ELECTIONS</b>					
<b>Rule 9 (1) Parliamentary Election Regulations &amp; Rule/Reg 9 (1) Police Fire and Crime Commissioner Election Regulations - Candidates' Deposits</b>				Statutory	No VAT
Parliamentary election candidate	500.00	500.00	Freeze		
Police Fire and Crime Commissioner candidate	-	5,000.00	New		
<b>Regulations 48 &amp; 49 Representation of the People Regulations 2001</b>				Statutory	No VAT
<b>Supply of Full Register</b>					
Sale of full register (printed)	10.00	10.00	Freeze		
Plus per 1,000 names or part 1,000 (printed)	5.00	5.00	Freeze		
Sale of full register (data)	20.00	20.00	Freeze		
Plus per 1,000 names or part 1,000 (data)	1.50	1.50	Freeze		
List of overseas electors (printed)	10.00	10.00	Freeze		
Plus per 100 names or part 100 (printed)	5.00	5.00	Freeze		
List of overseas electors (data)	20.00	20.00	Freeze		
Plus per 100 names or part 100 (data)	1.50	1.50	Freeze		
<b>Supply of Edited Register</b>				Statutory	No VAT
Sale of edited register (printed)	10.00	10.00	Freeze		
Plus per 1,000 names or part 1,000 (printed)	5.00	5.00	Freeze		
Sale of register (data)	220.00	220.00	Freeze		
Plus per 1,000 names or part 1,000 (data)	1.50	1.50	Freeze		
<b>Regulations 120 Representation of the People Regulations 2001</b>					
Supply of Marked Register				Statutory	No VAT
Supply of marked registers (printed)	10.00	10.00	Freeze		
Plus per 1,000 entries or part 1,000	2.00	2.00	Freeze		
Supply of marked registers (data)	10.00	10.00	Freeze		
Plus per 1,000 entries or part 1,000	1.00	1.00	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>Inspection &amp; Copies of Documents</b> Regulation 10 representation of the people regulations 2001 - inspection of candidates expenses A4 - copies (black & white)	5.00 0.20	5.00 0.20	Freeze Freeze	Statutory	No VAT
<b>Town &amp; Parish Elections</b> <i>Borough Council Election taking place on the same day:</i> Town or Parish specific printing / postage costs - Room hire - Staffing costs (polling & count)	Market rate + 5% admin 50% of cost 50% of staffing rate	Market rate + 5% admin 50% of cost 50% of staffing rate	N/A N/A N/A		No VAT
<i>Town or Parish Election on different day i.e. by-election</i> - printing, postage, stationery, room hire costs and other associated costs - polling station / count staff cost	Market rate + 5% admin Standard NULBC staffing rates	Market rate + 5% admin Standard NULBC staffing rates	N/A N/A		
Uncontested Town or Parish Election Administration Fee	100.00	100.00	Freeze		
Room hire	Full costs	Full costs			
<b>ENVIRONMENTAL HEALTH</b>					
<b>Works in default of statutory notice</b> Calculated in accordance with the following formula - a) Contractor costs b) Officer costs (per hour at actual rate) c) Car mileage & subsistence d) On costs (b+c) + 25% e) Disbursements (e.g. warrant application, postage, printing, cost of invoice etc.) Total = a+d+e+ interest on outstanding balance as determined by council at start of financial year	Per Formula	Per Formula	N/A	Cabinet	No VAT
<b>Environmental Offences - Fixed Penalty Notices</b> Waste receptacles - Section 47ZA(2) (paid in 10 days)	60.00	60.00	Freeze	Statutory	No VAT

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Waste receptacles - Section 47ZA(2) (paid in 14 days)	80.00	80.00	Freeze		
Failure to Produce Waste Carrier Registration Documents – Control of Pollution (Amendment) Act 1989 – section 5B	300.00	300.00	Freeze		
Failure to furnish documentation (waste carrier authority - Section 34(2))	300.00	300.00	Freeze		
Litter - Section 88(1) (paid in 10 days)	75.00	75.00	Freeze		
Litter - Section 88(1) (paid in 14 days)	100.00	100.00	Freeze		
Unauthorised distribution of literature on designated land - Schedule 3A (7)2 (paid in 10 days)	75.00	75.00	Freeze		
Unauthorised distribution of literature on designated land - Schedule 3A (7)2 (paid in 14 days)	100.00	100.00	Freeze		
Failure to comply with a Community Protection Notice or Public Spaces Protection Order (paid in 10 days)	75.00	75.00	Freeze	Cabinet	
Failure to comply with a Community Protection Notice or Public Spaces Protection Order (paid in 14 days)	100.00	100.00	Freeze	Cabinet	
Littering from vehicles outside of London (Keepers: Civil Penalties) Regulations 2018 , Regulation 6 (Paid in 14 days)	75.00	75.00	Freeze	Pubic Protection Committee	
Littering from vehicles outside of London (Keepers: Civil Penalties) Regulations 2018 , Regulation 6 (Paid in 28 days)	100.00	100.00	Freeze		
Graffiti and Fly Posting (Anti-Social Behaviour Act 2003 - Section 43)	100.00	100.00	Freeze		
Household waste duty of care fixed penalty notices. Environmental protection Act 1990 Section 34(2)A) (paid within 10 days)	-	120.00	New		
Household waste duty of care fixed penalty notices. Environmental protection Act 1990 Section 34(2)A) (paid within 14 days)	-	200.00	New		
Fly tipping (The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 which amends Environmental Protection Act 1990 “33ZA Fixed penalty notices for contravention of section 33(1)(a): England (paid in 10 days)	350.00	350.00	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Fly tipping (The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 which amends Environmental Protection Act 1990 "33ZA Fixed penalty notices for contravention of section 33(1)(a): England (paid in 14 days)	400.00	400.00	Freeze		
Vehicle repair & sale offences (Clean Neighbourhoods and Environment Act 2005, Sections 3 & 4	100.00	100.00	Freeze		
FPN for abandoned vehicles	200.00	200.00	Freeze		
<b>Environmental Protection Act 1990 - Part 1 Pollution Prevention &amp; Control Act 1999 Register of Permits</b>				Cabinet	No VAT
Copy of tape/CD recorded interviews	16.50	16.50	Freeze		
Environmental Information Regulations 1992 (requests for information), Charge per Hour (ICO guidance)	25.00	25.00	Freeze	ICO Guidance	
Noise monitoring service for Registered Social Landlords & Private Landlords for 1 period of up to 7 days & subsequent report & copy of recording	280.00	285.00	5.00		
Noise monitoring service for Aspire Housing for 1 period of up to 7 days & subsequent report & copy of recording	280.00	285.00	5.00		
<b>Environmental Health Licences</b>				Cabinet	No VAT
Dangerous wild animals - first licence	540.00	600.00	60.00		
Dangerous wild animals - renewal	290.00	300.00	10.00		
Zoo - first licence	Price on Application	Price on Application	N/A		
Zoo - renewal	Price on Application	Price on Application	N/A		
Selling animals as Pets – Grant new licence	315.00	330.00	15.00		
Selling animals as Pets – Renew licence	290.00	300.00	10.00		
Selling animals as Pets – Grading review (no visit)	60.00	80.00	20.00		
Selling animals as Pets – Variation	80.00	100.00	20.00		
Animal Boarding – Grant new licence	315.00	330.00	15.00		
Animal Boarding – Renew licence	290.00	300.00	10.00		
Animal Boarding – Grading review (no visit)	60.00	80.00	20.00		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Animal Boarding – Variation	80.00	100.00	20.00		
Hiring out horses – Grant new licence Exc Vet Fee	540.00	550.00	10.00		
Hiring out horses – Renew licence Exc Vet Fee	510.00	520.00	10.00		
Hiring out horses – Grading review (no visit)	60.00	80.00	20.00		
Hiring out horses – Variation	80.00	100.00	20.00		
Hiring out horses – Annual horse check	260.00	280.00	20.00		
Breeding Dogs – Grant new licence	540.00	550.00	10.00		
Breeding Dogs – Renew licence	290.00	300.00	10.00		
Breeding Dogs – Grading review (no visit)	60.00	80.00	20.00		
Breeding Dogs – Variation	80.00	100.00	20.00		
Keeping or training animals for exhibition - Grant new licence (3yrs)	215.00	220.00	5.00		
Keeping or training animals for exhibition - Renew licence (3yrs)	215.00	220.00	5.00		
Keeping or training animals for exhibition - Variation	80.00	100.00	20.00		
Re-inspection	80.00	100.00	20.00		
Registration of premises for acupuncture, tattooing, cosmetic piercing, electrolysis & semi- permanent skin colouring	147.00	150.00	3.00		
Registration of each operative	90.00	92.00	2.00		
Additional treatment registration	74.50	76.00	1.50		
Export health certificates	157.00	160.00	3.00		
Charges for Authorised Process - Local Authority Pollution Prevention Control Act				Statutory	
The scale of charges is set by DEFRA annually after consultation with Local Authorities, representatives of industry and other stakeholders. The scale of charges is designed to cover the regulatory and administrative costs (including visits, administration, advice and time) to the regulator arising from each process. The 2018/19 charges are to be advised by DEFRA in February 2018.	As per DEFRA Guidance	As per DEFRA Guidance	N/A	To be advised by DEFRA	
Factual Statements (Food Safety Act, Health & Safety at Work Act, Environmental Protection Act)				Cabinet	
Charge for factual statements - additional time	140.00	143.00	3.00		



	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Charge for factual statements - disclosure of documents	72.50	75.00	2.50		
<b>Private Water Supplies</b>				Statutory	No VAT
Risk assessment (per hour, plus mileage)	Hourly charge out rate for officer plus mileage or cost incurred if contractor (each LA sample visit to also include an additional £40 to cover UKAS accreditation)	Hourly charge out rate for officer plus mileage or cost incurred if contractor (each LA sample visit to also include an additional £40 to cover UKAS accreditation)	N/A		
Sampling			N/A		
Investigation			N/A		
Authorisation			N/A		
Analysis - during Regulation 10	Laboratory cost	Laboratory cost	N/A		
Analysis - during check monitoring			N/A		
Analysis - during audit monitoring			N/A		
<b>Swimming Pools</b>				Cabinet	No VAT
Sampling of pool water - per annum	657.00	668.00	11.00		
Sampling of pool water - one sample	67.50	69.00	1.50		
<b>Food Hygiene Rating Scheme</b>					
Food Hygiene Rating Scheme inspection	200.00	203.00	3.00	Public Protection	No VAT
<b>FACILITIES MANAGEMENT</b>					
NULBC delivery of Facilities Management services to Community Centres on full repairing leases and Kidsgrove Town Council. Calculated in accordance with the following formula - a) Contractor costs + b) Officer costs for administration and management + c) Car mileage & subsistence + d) On costs + 3%	As per formula	As per formula	N/A	Cabinet	Plus VAT
<b>GARDEN WASTE RECYCLING</b>				Cabinet	No VAT
Garden waste service - one bin	36.00	36.00	Freeze		
Every additional garden waste bin	30.00	30.00	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Delivery of each additional garden waste bin	25.75	26.25	0.50		
<b>HIRE OF ROOMS (KIDSGROVE)</b>  <b>Standard rates:</b> Room 1 – per day (Mon & Fri) 21.00 Room 1 – per half day (Tue & Thu pm) 11.00 <b>Local statutory bodies:</b> Room 1 – per day (Mon & Fri) 16.00 Room 1 – per half day (Tues & Thurs pm) 9.00  <b>Voluntary &amp; community sector:</b> Room 1 – per day (Mon & Fri) 11.00 Room 1 – per half day (Tues & Thurs pm) 8.00				Cabinet	VAT Incl.
<b>LAND CHARGES</b>  Residential LLC1 – land charges register search only 36.50 Commercial LLC1 – land charges register search only 91.00 Residential – Con 29R (conveyancer search) 109.50 Commercial – Con 29R (conveyancer search) 273.00 Residential – full standard search (LLC1 & Con 29R) 146.00 Commercial – full standard search (LLC1 & Con 29R) 364.00 Con 290 – (conveyancer optional form) each enquiry 32.00 Each additional enquiry Cost Residential – additional parcel of land 73.00 Commercial – additional parcel of land 182.00				Cabinet	LLC1 – No VAT LLC1 – No VAT CON29 – Plus VAT, CON29 – Plus VAT, Plus VAT on Con29 Element Plus VAT on Con29 Element

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>LEISURE CHARGES</b>					
<b>Sport Development</b>				Cabinet	No VAT
Sports Development Activities up to 2 hours	3.50	4.00	0.50		
<b>Jubilee 2</b>					
Equipment Resale					
Saleable items	Market Value	Market Value	N/A	Portfolio Holder	VAT Incl.
Equipment Hire	Market Value	Market Value	N/A		
<i>Plus Membership</i>				Cabinet	VAT Incl.
Plus Membership - annual fee entitles the holder to use the facilities with a £1.00 discount off the lite membership price, includes first session	-	12.00	New		
Plus Membership (Concession scheme) yearly membership, entitles holder to concession prices, includes first session	6.00	7.00	1.00		
<i>Junior Memberships</i>					
Active2 12-16 years: Swimming , gym*, and appropriate classes (14 years and above with a paying Adult)	16.00	16.00	Freeze		VAT Incl.
*Access between the hours Monday – Friday 6.00 pm to 9.00pm with an appropriate adult. All other times individuals can attend unsupervised					
DJD Junior Dance - Daniel Jones Dance Junior Membership	21.00	21.00	Freeze		No VAT
<i>Premium Membership Charges Adults</i> (including gym, classes, swim, climbing, discount on retail)				Cabinet	VAT Incl.
Joining fee (includes inductions) (16 years +) (one off fee - includes key)	20.00	20.00	Freeze		
Single Membership - 12 month minimum contract - payment monthly by direct debit.	29.50	29.50	Freeze		
Single Membership - no contract - per month	37.50	37.50	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Single Membership - 12 month membership for price of 11 months - payable in advance	346.50	346.50	Freeze		
Corporate membership – peak (includes Students)	25.00	25.00	Freeze		
Friends and family membership (2 Adults) 12 month contract	-	50.00	New		
Family Membership (2 adults and up to 2 children) 12 month contract	-	68.00	New		
Family Membership ( 1 adult and up to 2 to children) 12 month contract	-	43.00	New		
Blue light membership NHS, Armed Forces, Police, Fire Brigade) 12 month contract	-	19.99	New		
Promotions in line with Alliance Leisure	N/A	N/A	N/A		
Legacy Off Peak Memberships annual % increase (rounded to nearest 10p)	3%	0%	New		
<i>Studio Hire</i>				Cabinet	VAT Incl.
Studio 1	27.00	30.00	3.00		
Studio 2	27.00	30.00	3.00		
<i>Swim / Climbing Casual Fee</i>					
Adult - Lite membership	6.00	6.00	Freeze		
Adult - Plus membership	5.40	5.00	-0.40		
Adult - Plus Membership concession fee	4.00	4.00	Freeze		
Juniors	3.00	3.00	Freeze		
Children u4 (swim only)	Free	Free	N/A		
<i>Gym / Classes Casual Fee</i>			-		VAT incl.
Adult - Lite membership	6.00	7.00	1.00		
Adult - Plus membership	5.40	6.00	0.60		
Adult - Plus Membership concession fee	4.00	5.00	1.00		
Junior 12 and over - Activities accessed in accordance with Industry guidance	3.00	4.00	1.00		
<i>Swimming Instruction</i>					
<i>Swimming Lessons</i>				Cabinet	No VAT
Adult swimming lesson (30 minutes)	9.00	9.00	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Junior swimming lesson (30 minutes) price per lesson - block of 12	6.00	6.00	Freeze		
Spectators - Lyme Card	Free	Free	N/A		
<i>Private Lessons</i>				Cabinet	No VAT
1:1 swim lesson (per 30 minutes)	20.00	20.00	Freeze		
1:1 dance lesson with DJD Dance - 30 minutes	20.00	20.00	Freeze		
1:1 swim / dance lesson with DJD Dance - 30 minutes, block of four lessons	70.00	70.00	Freeze		
<i>Pool Courses</i>				Cabinet	No VAT
Rookie lifeguards (per 2 hour session) - Lyme Card	9.00	10.00	1.00		
Other courses	Market Value	Market Value	N/A	Portfolio Holder	
<i>Swimming Pool Hire</i>				Cabinet	VAT Incl.
Teaching Pool Hire	60.00	65.00	5.00		
Main Pool Hire - (8 lane) (per lane per hour)	16.00	18.00	2.00		
Additional staff for pool hire (per staff member)	25.00	28.00	3.00		
Set up fee - galas	22.00	28.00	6.00		
Time equipment hire - galas	22.00	28.00	6.00		
<i>Parties</i>					VAT Incl.
Pool Party inclusive of 1 hour studio use	80.00	90.00	10.00		
Climbing Party (six people) inclusive of studio use	80.00	90.00	10.00		
Additional instructor per six children	25.00	28.00	3.00		
<b>Bowls</b>				Cabinet	VAT Incl.
Adult	4.32	4.41	0.09		
Junior/60+	2.16	2.20	0.04		
Summer season ticket - adult	61.29	62.52	1.23		
Summer season ticket - junior/60_/unemployed	40.43	41.24	0.81		
Winter season ticket	15.14	15.44	0.30		
Summer/winter season ticket - adult	72.62	74.07	1.45		
Summer/winter season ticket - junior/60+/unemployed	51.00	52.02	1.02		
Merit competition per player - per hour	8.24	8.40	0.16		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Greenage fees for pre-booking (plus playing fee per person)	10.00	10.25	0.25	Cabinet	VAT Incl.
<b>Tennis Class A (Westlands, Wolstanton)</b>					
Adult 30 minutes (per person)	Free	Free	N/A		
Adult 1 hour (per person)	Free	Free	N/A		
Adult 1 hour (group ticket 4 persons)	Free	Free	N/A		
Family ticket 1 hour (up to 4 adults & or 4 children with 2 adults)	Free	Free	N/A		
Family ticket 1 hour (1/2 adults & 2/3 children)	Free	Free	N/A		
Junior/60+/unemployed 30 minutes (per person)	Free	Free	N/A		
Junior/60+/unemployed 1 hour (per person)	Free	Free	N/A		
Junior/60+/unemployed 1 hour (group ticket 4 persons)	Free	Free	N/A		
Annual tickets - adult (per person)	Free	Free	N/A		
Annual tickets - junior/60+/unemployed (per person)	Free	Free	N/A		
Monthly ticket - adult (per person)	Free	Free	N/A		
Monthly ticket - junior/60+/unemployed (per person)	Free	Free	N/A		
Summer ticket (August only) - junior (per person)	Free	Free	N/A		
<b>Tennis Class B (Chesterton, Silverdale, Birchenwood, Bradwell, Clough Hall)</b>	Free	Free	N/A	Cabinet	No VAT
<b>Football (alternate weekly use per season)</b>					
Birchenwood	-	-	N/A		
Wolstanton Marsh Pavilion	566.50	578.00	11.50		
All other pitches	393.50	401.00	7.50		
Junior pitch	60% of fee	60% of fee	N/A		
Mini soccer pitch (unmarked)	229.00	234.00	5.00		
Mini soccer pitch (marked)	322.00	328.00	6.00		
<b>Rugby (alternate weekly use per season)</b>				Cabinet	No VAT
Bathpool	798.50	814.50	16.00		
Lyme Valley	798.50	814.50	16.00		
Clough Hall	798.50	814.50	16.00		
Junior Pitch	60% of fee	60% of fee	N/A		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Rugby (casual use per match)	92.70	94.60	1.90	Cabinet	VAT Incl.
<b>Concessionary Licences</b>				Cabinet	No VAT
Brampton Park ice cream sales	772.50	788.00	15.50		
Brampton Park use of bouncy castle	772.50	788.00	15.50		
4 Large Parks Northern part of Borough – ice cream	664.00	677.00	13.00		
4 Large Parks Southern part of Borough – ice cream	664.00	677.00	13.00		
<b>Community Events</b>				Cabinet	Plus VAT
Wedding Photos within a park setting	43.00	44.00	1.00		
Advertising within parks	10.00 to 5125	10.00 to 5125.00	N/A		Plus VAT
Booking large events - more than 6 months planning	173.00	176.00	3.00		No VAT
Booking medium events - more than 6 months planning (firework displays, carnivals etc.)	86.50	88.00	1.50		No VAT
Booking small events - more than 6 months planning (competitions, fun days, picnics etc.)	32.45	33.00	0.55		No VAT
<b>LICENCES</b>					
<b>General</b>					No VAT
Sex establishments - application fee	3,193.00	3,289.00	96.00	Licensing Committee	
Sex establishments - Renewal	3,193.00	3,289.00	96.00		
Sex establishments - variation	1,082.00	1,114.00	32.00		
Sex establishments - transfer	1,082.00	1,114.00	32.00		
Scrap metal dealer site licence	273.00	281.00	8.00		
Scrap metal dealer collectors licence	216.00	222.00	6.00		
<b>Gambling Act 2005</b>					No VAT
Lotteries - application fee	40.00	40.00	Freeze	Statutory fees - Licensing Committee	
Lotteries - annual fee	20.00	20.00	Freeze		
Bingo - application fee	3,500.00	3,500.00	Freeze		
Bingo - annual fee	1,000.00	1,000.00	Freeze		
Bingo - application to vary	1,750.00	1,750.00	Freeze		
Bingo – application for transfer	1,200.00	1,200.00	Freeze		
Bingo – application to reinstate	1,200.00	1,200.00	Freeze		
Track betting - application fee	2,500.00	2,500.00	Freeze		
Track betting - annual fee	1,000.00	1,000.00	Freeze		
Track betting - application to vary	1,250.00	1,250.00	Freeze		

	<b>Fee/ Charge 2020/21</b>	<b>Proposed Fee/ Charge 2021/22</b>	<b>Increase/ Decrease</b>	<b>Committee Approval/ Comments</b>	<b>VAT Status</b>
	<b>£.p</b>	<b>£.p</b>	<b>£.p</b>		
Track betting - application to transfer	950.00	950.00	Freeze		
Track betting – application to reinstate	950.00	950.00	Freeze		
Betting premises - application fee	3,000.00	3,000.00	Freeze		
Betting premises - annual fee	600.00	600.00	Freeze		
Betting premises - application to vary	1,500.00	1,500.00	Freeze		
Betting premises - application to transfer	1,200.00	1,200.00	Freeze		
Betting premises – application to reinstate	1,200.00	1,200.00	Freeze		
Family entertainment centre - application fee	2,000.00	2,000.00	Freeze		
Family entertainment centre - annual fee	750.00	750.00	Freeze		
Family entertainment centre - application to vary	1,000.00	1,000.00	Freeze		
Family entertainment centre - application to transfer	950.00	950.00	Freeze		
Family entertainment centre – application to reinstate	950.00	950.00	Freeze		
Adult gaming centre - application fee	2,000.00	2,000.00	Freeze		
Adult gaming centre - annual fee	1,000.00	1,000.00	Freeze		
Adult gaming centre - application to vary	1,000.00	1,000.00	Freeze		
Adult gaming centre - application to transfer	1,200.00	1,200.00	Freeze		
Adult gaming centre – application to reinstate	1,200.00	1,200.00	Freeze		
Copy of any of the above licences (lost, stolen, damaged)	25.00	25.00	Freeze		
Notice of Intention – 2 or less gaming machines	50.00	50.00	Freeze		
Licensed Premises Gaming Machine Permits – more than 2 machines	150.00	150.00	Freeze		
Licensed Premises Gaming Machine Permits – more than 2 machines – Variation	100.00	100.00	Freeze		
Licensed Premises Gaming Machine Permits – more than 2 machines – Transfer	25.00	25.00	Freeze		
Licensed Premises Gaming Machine Permits – more than 2 machines – Annual Fee	50.00	50.00	Freeze		
Licensed Premises Gaming Machine Permits – more than 2 machines – Change of Name	25.00	25.00	Freeze		



	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Licensed Premises Gaming Machine Permits – more than 2 machines – Copy (lost, stolen, damaged)	15.00	15.00	Freeze		
Club Gaming/Club Machine Permits – New/Renew	200.00	200.00	Freeze		
Club Gaming/Club Machine Permits for holders of Club Premises Certificates (under LA03) – New/Renew	100.00	100.00	Freeze		
Club Gaming/Club Machine Permit – Annual Fee	50.00	50.00	Freeze		
Club Gaming/Club Machine Permit – Variation	100.00	100.00	Freeze		
Club Gaming/Club Machine Permit – Copy (lost, stolen, damaged)	15.00	15.00	Freeze		
UFEC (Unlicensed family entertainment Centre – 10 year licence)	300.00	300.00	Freeze		
Prize Gaming Permit – New/Renewal	300.00	300.00	Freeze		
Prize Gaming Permit – Change of Name	25.00	25.00	Freeze		
Prize Gaming Permit – Copy (lost, stolen, damaged)	15.00	15.00	Freeze		
Temporary Use Notice (TUN)	-	-	Freeze		
Casino Small – New application	6,930.00	7,138.00	208.00		
Casino Small – Annual Fee	3,465.00	3,569.00	104.00		
Casino Small - Variation	2,310.00	2,379.00	69.00		
Casino Small – Application for Transfer	1,485.00	1,530.00	45.00		
Casino Small – application to reinstate	1,485.00	1,530.00	45.00		
<b>Private Hire/Hackney Carriage OPERATORS</b>				Public Protection	No VAT
PHO Application fee	250.00	266.00	16.00		
Add/Remove Director	38.00	41.00	3.00		
Copy/Replacement Licence	6.00	7.00	1.00		
Basic DBS	23.00	23.00	Freeze		
<b>DRIVERS</b>					No VAT
Dual Driver Badge - 3 years	257.00	273.00	16.00		
Change of address	16.00	17.00	1.00		
Replacement badge	12.00	13.00	1.00		
Replacement vehicle badge	12.00	13.00	1.00		
Reissue/replacement badge (with amended details)	26.00	28.00	2.00		
DBS (CRB check)	40.00	40.00	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
DBS (CRB check) online	60.34	60.34	Freeze		
Safeguarding training	38.00	39.00	1.00		
Fail to attend Safeguarding Training	38.00	39.00	1.00		
Exemption certificates	12.00	12.00	Freeze		
Knowledge test	25.00	27.00	2.00		
Fail to attend Knowledge Test	25.00	27.00	2.00		
Replacement Safeguarding training certificate	6.00	7.00	1.00		
Change of Name	16.00	17.00	1.00		
Replacement vehicle badge holder	5.00	5.00	Freeze		
Disability Training	35.00	35.00	Freeze		VAT
Disability Training (fail to attend)	35.00	35.00	Freeze		VAT
DE Training replacement cert	0.00	0.00	Freeze		
Copy of Paper Licence	6.00	7.00	1.00		
<b>VEHICLES</b>					No VAT
Transfer of vehicle	38.00	41.00	3.00		
Change of vehicle registration	43.00	46.00	3.00		
Failure to attend for vehicle test	104.00	104.00	Freeze		
Retest	42.00	42.00	Freeze		
Replacement plate carrier – front	8.00	9.00	1.00		
Replacement plate carrier – rear	10.00	11.00	1.00		
Replacement vehicle plate - front	7.00	7.00	Freeze		
Replacement vehicle plate - rear	10.00	10.00	Freeze		
Replacement vehicle sticker signage	5.00	5.00	Freeze		
Copy of paper part of licence	6.00	7.00	1.00		
Change of Vehicle Colour	43.00	46.00	3.00		
HCV test	108.00	109.00	1.00		
HCV test 10yrs+	108.00	109.00	1.00		
PHV test	108.00	109.00	1.00		
PHV test 10yrs+	108.00	109.00	1.00		
HCV application fee	230.00	242.00	12.00		
PHV application fee	228.00	240.00	12.00		
Basic DBS	£23.00	23.00	Freeze		
Change of Name/Address	38.00	41.00	3.00		
Spot check	25.00	26.00	1.00		
Replacement Internal Plate	7.00	8.00	1.00		
<b>Licensing Act 2003 - New Application</b>				Statutory	No VAT
Premise licence, band A (rateable value of up to £4,300)	100.00	100.00	Freeze		
Premise licence, band B (rateable value of £4,301 to £33,000)	190.00	190.00	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Premise licence, band C (rateable value of £33,001 to £87,000)	315.00	315.00	Freeze		
Premise licence, band D (rateable value of £87,001 to £125,000)	450.00	450.00	Freeze		
Premise licence, band E (rateable value of >£125,001)	635.00	635.00	Freeze		
Additional fee (5,000 to 9,999 patrons)	1,000.00	1,000.00	Freeze		
Additional fee (10,000 to 14,999 patrons)	2,000.00	2,000.00	Freeze		
Additional fee (15,000 to 19,999 patrons)	4,000.00	4,000.00	Freeze		
Additional fee (20,000 to 29,999 patrons)	8,000.00	8,000.00	Freeze		
Additional fee (30,000 to 39,999 patrons)	16,000.00	16,000.00	Freeze		
Additional fee (40,000 to 49,999 patrons)	24,000.00	24,000.00	Freeze		
Additional fee (50,000 to 59,999 patrons)	32,000.00	32,000.00	Freeze		
Additional fee (60,000 to 69,999 patrons)	40,000.00	40,000.00	Freeze		
Additional fee (70,000 to 79,999 patrons)	48,000.00	48,000.00	Freeze		
Additional fee (80,000 to 89,999 patrons)	56,000.00	56,000.00	Freeze		
Additional fee (90,000 patrons & above)	64,000.00	64,000.00	Freeze		
<b>Licensing Act 2003 - Annual Fee</b>				Statutory	No VAT
Premise licence, band A (rateable value of up to £4,300)	70.00	70.00	Freeze		
Premise licence, band B (rateable value of £4,301 to £33,000)	180.00	180.00	Freeze		
Premise licence, band C (rateable value of £33,001 to £87,000)	295.00	295.00	Freeze		
Premise licence, band D (rateable value of £87,001 to £125,000)	320.00	320.00	Freeze		
Premise licence, band E (rateable value of £125,001 & above)	350.00	350.00	Freeze		
Additional fee (5,000 to 9,999 patrons)	500.00	500.00	Freeze		
Additional fee (10,000 to 14,999 patrons)	1,000.00	1,000.00	Freeze		
Additional fee (15,000 to 19,999 patrons)	2,000.00	2,000.00	Freeze		
Additional fee (20,000 to 29,999 patrons)	4,000.00	4,000.00	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Additional fee (30,000 to 39,999 patrons)	8,000.00	8,000.00	Freeze		
Additional fee (40,000 to 49,999 patrons)	12,000.00	12,000.00	Freeze		
Additional fee (50,000 to 59,999 patrons)	16,000.00	16,000.00	Freeze		
Additional fee (60,000 to 69,999 patrons)	20,000.00	20,000.00	Freeze		
Additional fee (70,000 to 79,999 patrons)	24,000.00	24,000.00	Freeze		
Additional fee (80,000 to 89,999 patrons)	28,000.00	28,000.00	Freeze		
Additional fee (90,000 patrons & above)	32,000.00	32,000.00	Freeze		
<b>Licensing Act 2003 - Miscellaneous Fees (Application or Notice)</b>				Statutory	No VAT
Section 25 (theft, loss, etc. of premises licence or summary)	10.50	10.50	Freeze		
Section 29 (application for a provisional statement)	315.00	315.00	Freeze		
Section 33 (notification of change of name or address)	10.50	10.50	Freeze		
Section 37 (application to vary licence to specify individual as premises supervisor)	23.00	23.00	Freeze		
Section 42 (application for transfer of premises licence)	23.00	23.00	Freeze		
Section 47 (interim authority notice following death of licence holder)	23.00	23.00	Freeze		
Section 79 (theft, loss etc. of certificate or summary)	10.50	10.50	Freeze		
Section 82 (notification of change of name or alteration of rules of club)	10.50	10.50	Freeze		
<b>Licensing Act 2003 - Miscellaneous Fees (Application or Notice)</b>				Statutory	No VAT
Section 83 (1) or (2) (change of relevant registered address of club)	10.50	10.50	Freeze		
Section 100 (temporary event notice)	21.00	21.00	Freeze		
Section 110 (theft, loss of temporary event notice)	10.50	10.50	Freeze		
Section 117 (application for, or renewal of personal licence)	37.00	37.00	Freeze		
Section 126 (theft, loss of personal licence)	10.50	10.50	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Section 127 (duty to notify change of name/address)	10.50	10.50	Freeze		
Section 110 (theft or loss of temporary event notice)	10.50	10.50	Freeze		
Section 126 (theft or loss of personal licence)	10.50	10.50	Freeze		
Section 127 (duty to notify change of name/address)	10.50	10.50	Freeze		
Section 178 (right of freeholder etc.)	21.00	21.00	Freeze		
Minor Variation	89.00	89.00	Freeze		
Removal of DPS at community premises	23.00	23.00	Freeze		
<b>MARKETS</b>				Cabinet	No VAT
Open market - stall (per day) Monday,	20.00	20.00	Freeze		
Open market - second stall (per day) Monday,	10.00	10.00	Freeze		
Open market - stall (per day) Wednesday	11.00	11.00	Freeze		
Open market - second stall (per day) Wednesday	10.00	10.00	Freeze		
Open market - stall (per day) Fri/Sat Zone A	21.00	21.00	Freeze		
Open market - stall (per day) Fri/Sat Zone B	21.00	21.00	Freeze		
Open market - additional space (per day) Fri/Sat	10.00	10.00	Freeze		
Farmers market - stall (per day)	20.00	20.00	Freeze		
Antique market - stall (per day)	7.50	7.50	Freeze		
Craft fair (bric-a-brac) - stall (per day)	5.00	5.00	Freeze		
Catering Pitches - minimum charge (per day)	25.00	25.00	Freeze		
<b>MOT</b>				Cabinet	No VAT
MOT - car	45.75	46.70	0.95		
MOT - car (for discounted partner incl. Lyme Card)	40.25	41.10	0.85		
MOT - class 7 (up to 3.5 tonnes)	57.50	58.65	1.15		
Retest	15.75	16.10	0.35		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>MUSEUM &amp; ART GALLERY</b>				Cabinet	
Reproduction prints of items in collection	N/A	N/A	N/A	Per Staffs Pastrack	VAT Incl.
Photocopies (black & white)	1.00	1.00	Freeze		VAT Incl.
Commission of picture sales from exhibitions	30% of price	30% of price	N/A		Plus VAT
Education session per pupil - half day	4.00	4.15	0.15		No VAT
Education session per pupil - full day	6.50	6.75	0.25		No VAT
Education sessions - minimum charge half day (20 pupils or fewer)	70.00	71.50	1.50		No VAT
Education sessions - minimum charge full day (20 pupils or fewer)	110.00	112.00	2.00		No VAT
Holiday activities per child	10.00	10.50	0.50	Max charge	No VAT
Adult object handling/reminiscence sessions per hour	30.00	30.75	0.75		
Outreach fee	40.00	40.75	0.75		No VAT
Outreach education – schools per session	75.00	76.50	1.50		No VAT
Hire of meeting room - half day	30.00	30.50	0.50		No VAT
Hire of meeting room - half day - community/charity	22.00	22.50	0.50		No VAT
Hire of meeting room - full day	60.00	60.00	Freeze		No VAT
Hire of meeting room - full day - community/charity	37.00	37.75	0.75		No VAT
Refreshment Charges - tea/coffee & biscuits per head	2.00	2.25	0.25		
Education item loan	15.00	15.75	0.75		No VAT
Saleable items	RRP	RRP	N/A		
Open art registration - per item	5.00	5.25	0.25		VAT Incl.
Open art registration - three items	13.50	14.00	0.50		VAT Incl.
Open art registration - per item concession	4.50	4.75	0.25		VAT Incl.
Open art registration - three items concession	12.00	12.50	0.50		VAT Incl.
<b>Event Fees</b>				Cabinet	VAT Incl.
Visit to Father Christmas	5.00	5.50	0.50		
Talks	15.00	15.50	0.50		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>NAMING/NUMBERING OF STREETS/PROPERTIES</b>					
<b>New or Redevelopment</b>				Cabinet	No VAT
Charge for naming of a street	200.00	200.00	Freeze		
Charge for naming of a commercial building	100.00	100.00	Freeze		
Single residential property on existing street	130.00	130.00	Freeze		
Number/name 2-9 properties (includes first property)	200.00	200.00	Freeze		
Plus - per plot	70.00	70.00	Freeze		
Number/name 10 plus properties (includes first property)	200.00	200.00	Freeze		
Plus - per plot	70.00	70.00	Freeze		
Change to layout after notification	250.00	250.00	Freeze		
Plus - per plot	40.00	40.00	Freeze		
<b>Existing Properties/Streets</b>				Cabinet	No VAT
Adding or alteration of a house/building name	70.00	70.00	Freeze		
Renaming of a street	On request	On request	N/A		
House or building renumbering (including sub division to flats)	250.00	250.00	Freeze		
Confirmation of postal address	40.00	40.00	Freeze		
Requests not included in above fees per hour	50.00	50.00	Freeze		
Road closure	30.00	30.00	Freeze		
<b>PEST CONTROL</b>				Cabinet	VAT Incl.
Treatment of rats (domestic) - prepayment (up to 4 visits)	48.00	50.00	2.00		
Treatment of rats (domestic) - payment by invoice (up to 4 visits)	68.00	70.00	2.00		
Treatment of mice (domestic) – prepayment (up to 3 visits)	48.00	50.00	2.00		
Treatment of mice (domestic ) – payment by invoice (up to 3 visits)	68.00	70.00	2.00		
Fleas / Bedbugs / Cockroaches (domestic) - prepayment	-	105.00	New		
Fleas / Bedbugs / Cockroaches (domestic) - payment by invoice	-	125.00	New		
Insect control treatments (domestic) including wasps, & ants - prepayment	-	75.00	New		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Insect control treatments (domestic) including wasps & ants - payment by invoice	-	95.00	New		
Pest control commercial (other) - first hour	100.00	105.00	5.00		
Pest control commercial (other) - per 1/4 extra hour	25.00	26.25	1.25		
Mole & Rabbit control (per treatment course, max 3 visits) - prepayment	180.00	180.00	Freeze		
Mole & Rabbit control (per treatment course, max 3 visits) - payment by invoice	200.00	200.00	Freeze		
Squirrel control - prepayment (up to 4 visits)	120.00	125.00	5.00		
Squirrel control - payment by invoice (up to 4 visits)	140.00	145.00	5.00		
Telephone Advice (prepayment only)	10.00	10.00	Freeze		
Advice Visit (no treatment) - prepayment	48.00	50.00	2.00		
Advice Visit (no treatment) - payment by invoice	68.00	70.00	2.00		
Fixed term pest control treatment agreements (commercial premises)	On request	On request	N/A		
Works in default (Prevention of Damage by Pests Act 1949) first hour (invoiced)			N/A		
Works in default (Prevention of Damage by Pests Act 1949) per additional 1/4 hour (invoiced)	As per formulae for works in default	As per formulae for works in default	N/A		
<b>PLANNING SERVICES</b>					
Postage & packaging	0.90	1.00	0.10		No VAT
Copies up to £1 are free of charge					No VAT
Paper copies of planning/building control decisions & documents - per sheet (A4 black & white)	0.20	0.25	0.05		No VAT
Paper copies of planning/building control decisions & documents - per sheet (A3 black & white)	0.30	0.35	0.05		No VAT
Paper copies of plans - planning files - per sheet (A4 black & white)	0.20	0.25	0.05		No VAT
Paper copies of plans - planning files - per sheet (A3 black & white)	0.40	0.45	0.05		No VAT
Paper colour copies of an A4 sheet of planning/building control decision, planning documents or plan	0.40	0.45	0.05		No VAT



	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Paper colour copies of an A3 sheet of decision, planning documents or plan	0.70	0.75	0.05		No VAT
Scanned copies of documents - charge per hour of scanning (where legal to charge)	35.00	36.00	1.00		No VAT
Paper copies of plans - planning files - each plan (A2)	2.30	2.40	0.10		No VAT
Paper copies of plans - planning files - each plan (A1)	3.40	3.50	0.10		No VAT
Paper copies of plans - planning files - each plan (A0)	4.50	4.60	0.10		No VAT
Weekly lists - statutory consultees	Free	Free	N/A		
Requests for site information – commercial per hour	76.00	78.00	2.00		No VAT
Requests for site information - individuals	Cost	Cost	N/A		No VAT
<b>Pre Planning Application Advice</b>				Cabinet	VAT Incl.
Large Scale Major Developments (residential developments over 200 dwellings or where number not known, a site area of 4 ha or more. Non-residential developments over 10,000m2 of floor space or where floor space not known, a site area of 2ha or more)	701.00	715.00	14.00		
Small Scale Major Developments (residential developments of between 10 & 200 dwellings or where number not known, a site area of between 0.5ha & 4ha. Non-residential developments of between 1000m2 & 10,000m2 of floor space or where floor space not known, a site area of between 1ha & 2ha)	348.00	360.00	12.00		
1 dwelling	103.00	105.00	2.00		
Minor Developments (residential developments of between 2 & 9 dwellings or where number not known, a site area of less than 0.5ha. Non-residential developments of under 1,000m2 of floor space or where floor space not known, a site area of less than 1ha)	159.00	162.00	3.00		
Householder Development.					
Half hour appointment	23.00	24.00	1.00		
Appointment in excess of 30 minutes	33.00	34.00	1.00		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
Other Development (excluding householder development but including changes of use, advertisements, prior approval proposals & listed building proposals)	57.00	58.00	1.00		
<b>Planning Application Fees</b> Owing to the complexity of the fee structure, it is not shown here. Details of fees payable may be obtained from the Council's Planning Section. Alternatively the fee calculator available at the Planning Portal website can be used to determine the fees payable in respect of individual applications.	Planning Portal	Planning Portal	N/A	Statutory	No VAT
Building Control fees (North Staffs Building Control Partnership)	Per Board	Per Board	N/A	Partnership Board	
Planning & development briefs (as & when prepared)	Free	Free	N/A		
Core spatial strategy	36.00	37.00	1.00		
Local development framework proposals map - north or south	8.00	8.25	0.25		
Local development framework proposals map - north & south	13.00	13.50	0.50		
Strategic housing land availability assessment (SHLAA)	36.00	37.00	1.00		
<b>PRIVATE SECTOR HOUSING</b>				Cabinet	No VAT
Houses in multiple occupation licence fee	610.50	623.00	12.50		
Each additional bedroom	8.00	8.25	0.25		
Renewal of houses in multiple occupation licence	451.50	461.00	9.50		
Each additional bedroom	8.00	8.25	0.25		
Houses in multiple occupation licence fee for a member of the North Staffs Landlord Accreditation Scheme	510.50	523.00	12.50	Cabinet	
Each additional bedroom	8.00	8.25	0.25		
Renewal of houses in multiple occupation licence or a member of the North Staffs Landlord	351.50	361.00	9.50	Cabinet	
Immigration Inspections	127.50	130.00	2.50		
Provision of accommodation for homeless households	Cost	Cost	N/A		
Annual interest to be applied to unpaid debts for enforcement action	8%	8%	0%		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>Charges for work in default notices to remedy Housing Health &amp; Safety issues</b>				Cabinet	No VAT
Officer time (per hour)	Cost	Cost	N/A		
Travelling costs (per mile)	Cost	Cost	N/A		
Management costs (per hour)	Cost	Cost	N/A		
Land registry fee	Cost	Cost	N/A		
Inspection by qualified electrician or gas engineers	Cost	Cost	N/A		
Recorded delivery	Cost	Cost	N/A		
Other costs (stated as per individual case)	Cost	Cost	N/A		
Administration fee (to cover service recharges)	12%	12%	0%		
Annual interest to be applied to unpaid debts for enforcement action	8%	8%	0%		
<b>REMOVAL OF DOMESTIC ANIMAL CARCASSES</b>				Cabinet	VAT Incl.
Removal of domestic animal carcasses	38.00	39.00	1.00		
<b>SALE OF SANDBAGS</b>				Cabinet	VAT Incl.
5 sand bags	38.00	40.00	2.00		
10 sand bags	43.00	55.00	12.00		
15 sand bags	49.00	70.00	21.00		
20 sand bags	55.00	85.00	30.00		
<b>STREET TRADING</b>				Cabinet	No VAT
Newcastle Town Centre (daily)	27.50	27.50	Freeze		
Eastbound layby A500 (per annum)	9,400.00	9,400.00	Freeze		
Northbound layby A500 (per annum)	9,400.00	9,400.00	Freeze		
<b>TOWN CENTRE DISPLAYS</b>				Cabinet	No VAT
Local promotions (minimum charge)	27.50	27.50	Freeze		
Charity & local community groups	5.50	5.50	Freeze		
National promotions (minimum charge)	77.50	77.50	Freeze		

	Fee/ Charge 2020/21 £.p	Proposed Fee/ Charge 2021/22 £.p	Increase/ Decrease £.p	Committee Approval/ Comments	VAT Status
<b>TREE PRESERVATION ORDERS</b>				Cabinet	No VAT
Single copy of a tree preservation order	31.00	31.00	Freeze		
<b>WASTE &amp; RECYCLING BINS/RECEPTACLES</b>				Cabinet	No VAT
Bins/receptacles per property on new developments (to be paid by the developer)	65.00	66.30	1.30		
Replacement bin due to loss / theft	25.00	25.50	0.50		
Replacement / additional Food waste Caddie. (new item)	-	10.00	New		
Replacement / additional recycling bag. (new item)	-	5.00	New		

**Charging Principles Included in the Charging Policy**

**5. CHARGING PRINCIPLES**

- 5.1 Charges should be made for services whenever the Council has a power or duty to do so.
- 5.2 There will be a presumption that charges to be made for the provision of a service will be set at a level intended to recover the cost of providing the service.
- 5.3 However, this presumption may be modified by the application of the charging principles set out at 5.5 below, which may result in no charge being made or a lesser charge being made or in some cases a charge being made which is greater than that required for cost recovery.
- 5.4 No charge will be made in cases where the Council is not permitted to charge by law. Where charges are set by external bodies, those charges will be applied. Where maximum or minimum charges are specified externally, charges will be set in compliance with those requirements.
- 5.5 The following matters will be considered when deciding whether to set a charge, which is not to be based on cost recovery. The headings in bold indicate general areas for consideration and the bullet points below them are particular factors which should be taken into account where relevant.

***The cost of providing the service***

- All direct costs are to be included.
- All overheads related to the provision of the service, which may be attributed to the cost of the service, are to be included.
- Best estimates may be made of costs where it is not practical to obtain precise data or identify precisely those overheads attributable to the service.
- Unit costs are to be calculated by reference to realistic user numbers based on actual experience, either in relation to this Council or, if appropriate comparable services elsewhere.

***How much income is it desired to generate and why?***

- Is the service required to make a surplus or break-even?
- Does income from the service make a significant contribution to reducing the net amount of the Council's revenue budget?
- Have any targets been set for the income or class of income of which it is a component?
- Is income needed to fund future investment?

***Comparison of charges made by neighbouring or similar councils or other providers of similar services***

- In making this comparison it will be necessary to establish whether the services being provided by these other bodies are comparable to those provided by the Council and to make adjustments where this is not so.
- Is there a logical reason for significant differences between this Council's charges and those of others?
- Will customers be lost to other service providers if charges are set too high?

***Whose use of services is it desired to subsidise and by how much?***

- Can all potential users afford to pay the full cost of the service or the same charges as other users?
- Is it desirable to subsidise all users of the service, for example because there is likely to be a desirable outcome for the community as a result.
- Are there particular classes of users that should be subsidised, such as the unemployed, benefits recipients, the elderly, disabled persons or children?

- Should subsidies be given by reducing the charges payable or by offering concessions to offset the charge?

***Whose behaviour is it desired to influence and in what ways?***

- Is it desirable to influence users to use particular facilities, for example where they are under-used, by charging less for their use than for other similar ones?
- Is it desirable to persuade users to behave in a way which is more acceptable to the community in preference to any other or others less acceptable and can this be promoted by setting charges at a level which might achieve this?
- Is it desired to promote a particular pattern of use, for example short stay parking as opposed to another, such as long stay parking or to discourage peak time use of facilities?
- Should some behaviour or activities be discouraged by setting high charges or penalties?
- Can anti-social behaviour be reduced by charging for services which discourage people from behaving irresponsibly at a level which they will find attractive, for example charges for the collection of bulky waste to discourage fly-tipping?
- Are there desirable outcomes which the Council wishes to see realised, in line with its corporate objectives, which could be assisted through the charging regime, for example maintaining the economic vitality of the town centres through the provision of reasonably priced facilities such as car parking?

***How will charges help to improve value for money, equity and access to services?***

- What are users' perceptions with regard to what constitutes a fair and reasonable charge?
- Are there any issues relating to social inclusion or equalities?

***Will the cost (including staff time) of collecting the income due outweigh the amount of income likely to be collected?***

- Is it worth making a charge?
- Should a charge be made anyway as a matter of principle?

***Any other relevant factors***

- It will be a matter for the Council to determine what the charge will be, based on its consideration of the above factors.

- 5.6 Where, without prior agreement by the Council, individuals or organisations engage in activities that result in a cost to the Council, the Council will seek to recover this cost, wherever possible.
- 5.7 Consideration may be given to offering a discount or other reduction, in appropriate cases, where it is felt that this may improve take up of the service or to encourage prompt payment, following consultation with the Head of Finance (S151 Officer) who must approve all such initiatives.
- 5.8 Penalties, in the form of fines, may also be imposed in order to deter inappropriate or antisocial behaviour, for example littering. The amount of the fine will be set at a level designed to deter such behaviour.
- 5.9 Activities carried out by the Council will be continually reviewed in order to identify any new areas where it would be appropriate to make a charge to persons or organisations benefiting (actually or potentially) from those activities. The level of the charge will be determined in accordance with these charging principles.



## **FINANCE, ASSETS AND PERFORMANCE SCRUTINY COMMITTEE**

Work Programme 2019/21

Chair: Councillor Mark Holland

Vice-Chair: Councillor Bert Proctor

Members: Burnett, Fear, Grocott, Hutton, Kearon, Pickup, Rout, Stubbs and P. Waring

*Portfolio Holders covering the Committee's remit:*

Councillor S Tagg, Leader – Corporate and Service Improvement, People and Partnerships

Councillor Stephen Sweeney - Deputy Leader – Finance and Efficiency

The following services fall within the remit of this Scrutiny Committee:

Corporate Strategy	Revenue and Capital Budgets
Council Structure and Democracy	Surplus Assets
External Partnerships (including Newcastle Partnership, Staffs. Strategic Partnership, Stoke on Trent and Staffordshire LEP, Town Centre BID and Constellation Partnership)	Financial Monitoring
District Deal	Internal Audit
Economic Development Strategy	Procurement
Human Resources and Payroll	Treasury Management
Keele Deal	Revenues and Benefits
LAPs	Increasing Revenue Generation
Localism	Performance Management and Risk Champion

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Customer and ICT Services	Licensing (incl Taxis)
Communications and Website	Financial Inclusion (incl Living wage)
Guildhall	Health and Safety Champion
Sports and Leisure Provision for Kidsgrove	Car Parks
Ryecroft and Civic Hub projects	

The core Work Programme is determined at the beginning of the municipal year. Issues can be added throughout the year with the Chair's approval or where a new priority area comes to the Committee's attention.

For more information on the Committee or its Work Programme please contact Denise French on 01782 742211 or at [denise.french@newcastle-staffs.gov.uk](mailto:denise.french@newcastle-staffs.gov.uk)

DATE OF MEETING	ITEM	BACKGROUND/OBJECTIVES	OUTCOME
Thursday 19 September 2019	Q1 Finance and Performance		
	Work Programme		
	Revenues and Benefits – Universal Credit	Impact on benefit claimants and organisational impact on NULBC.	
	Digital Strategy	Pre-Cabinet scrutiny of Outline Business Case	
	ICT Strategy and Development Programme	Review of ICT strategy and development programme including plans to migrate to Windows 10/Office 365.	
Monday 16 December 2019	Revenue and Capital Budgets	Pre-cabinet Scrutiny of draft savings proposals and capital programme	Alignment to Council Plan
	MTFS	Pre-cabinet Scrutiny	Alignment to Council Plan
	Commercial Strategy	Review Governance and Risk Management	Assurance that risks are being appropriately managed. Compliance to MTFS.

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DATE OF MEETING	ITEM	BACKGROUND/OBJECTIVES	OUTCOME
	Revenues, Benefits and Customer Services	Update on restructure proposals	Assurance that resourcing levels will be sufficient to ensure achievement of agreed performance targets
	Quarter 2 Performance Report	Review performance indicators.	Assurance that indicators accurately reflect progress with Council Plan. Alignment to MTFS and Budget.
Thursday 16 January 2020	Revenue/Capital Budget and Council Tax	Pre-Cabinet Scrutiny	Alignment to Council Plan and MTFS.
	Capital Strategy	Pre-Cabinet Scrutiny	Alignment to Council Plan and MTFS.
	Investment Strategy	Pre-Cabinet Scrutiny	Alignment to Council Plan and MTFS.
	Scale of Fees and Charges	Pre-Cabinet Scrutiny	Alignment to Council Plan and MTFS.
	Treasury Management	Pre-Cabinet Scrutiny	Alignment to Council Plan and MTFS.
Thursday 19 March 2020	Asset Transfer/Community Management	Review examples (e.g. Guildhall) and determine preferred model based on learning points. Consider other potential assets for transfer (e.g. Community Centres, Kidsgrove Sports Centre).	Adequate community capacity and capability. Financial sustainability.
	Kidsgrove Sports Centre	Review progress on asset repair/transfer and CIC operating model.	Financial sustainability. Community demands.  Councillor Burnett to be asked to undertake some research into this topic initially and report back to the committee.
	Ethical Debt Collection	Review progress of pilot schemes in	Assurance that use of

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DATE OF MEETING	ITEM	BACKGROUND/OBJECTIVES	OUTCOME
		Hammersmith & Fulham and Bristol, and draft NULBC Code of Collection Practice.	collection agent is appropriate and proportionate, and impact on vulnerable residents is minimised.
	Outsourcing of Payroll Services	Review of progress.	Assurance that new arrangements have delivered an improved service and cost savings.
	Quarter 3 Performance Reports	Review Performance Indicators	Assurance that indicators accurately reflect progress with Council Plan. Alignment to MTFS and Budget.
Thursday 25 June 2020	LAPS	Review of impact on local services.	Focus on key local issues. Resource solutions.
	Procurements	Review commissioning and procurement process including whole life costs of projects/contracts and robustness of contract management procedures.	Best value.
	Quarter 4 Performance Reports	Review Performance Indicators.	Assurance that indicators accurately reflect progress with Council Plan. Alignment to MTFS and Budget.
	Procurement	Review commissioning and procurement process including whole life costs of projects/contracts and robustness of contract management procedures.	Councillor Hutton to report back on his investigative findings.
Thursday 17 September 2020	Financial Sustainability and Recovery Plan	Pre-cabinet scrutiny	Alignment to Council Plan and MTFS
	Quarter 1 Performance Report	Review Performance Indicators	Assurance that indicators accurately reflect progress with

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DATE OF MEETING	ITEM	BACKGROUND/OBJECTIVES	OUTCOME
	CIPFA Guide to Financial Scrutiny	Information and guidance to members on best practice	Council Plan. Alignment to MTFS and Budget  Financial scrutiny is carried out in accordance with best practice
14 December 2020	Medium Term Financial Strategy 2021/22 – 2025/26  Revenue and Capital Budget 2021/22 – First Draft Savings Plan  Quarter 2 Performance Report	Review Performance Indicators	Assurance that indicators accurately reflect progress with Council Plan.
18 January 2021	Revenue/Capital Budget plus Capital Strategy, Treasury Management Strategy and Investment Strategy  Scale of fees and	Pre-cabinet scrutiny  Pre-cabinet scrutiny	Alignment to Council Plan and MTFS

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DATE OF MEETING	ITEM	BACKGROUND/OBJECTIVES	OUTCOME
	charges		
18 March 2021	Quarter 3 Performance Report	Review Performance Indicators	Assurance that indicators accurately reflect progress with Council Plan Alignment to MTFS and Budget
	Commercial Strategy	Update on progress	Alignment to Council Plan and MTFS
	Asset Management Strategy	Update on progress	Alignment to Council Plan and MTFS
	Bradwell Cemetery	Update on outcome of the consultation	To enable Scrutiny to input any views to Cabinet
	Commercial Portfolio	Update on the review of the Commercial Portfolio and management of assets	

To keep under review

- Procurement Strategy – to review whether resources are available to provide a report for June 2021

January 2021

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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