NEWCASTLE UNDER LYME
BOROUGH COUNCIL

Dear Sir/Madam,

You are summoned to attend the meeting of the Borough Council of Newcastle-under-Lyme to be held in the **Queen Elizabeth II & Astley Rooms - Castle House, Barracks Road, Newcastle, Staffs. ST5 1BL** on **Wednesday, 14th February, 2024. The meeting will commence at the rise of the Special Council Meeting.**

B U S I N E S S

Contacting the Council: Switchboard 01782 717717 . Text 07800 140048
Email webmaster@newcastle-staffs.gov.uk. www.newcastle-staffs.gov.uk

To consider any communications which pursuant to Section B4, Rule 9 of the constitution are, in the opinion of the Mayor, of an urgent nature and to pass thereon such resolutions as may be deemed necessary.

14 DISCLOSURE OF EXEMPT INFORMATION

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

Yours faithfully

Chief Executive

NOTICE FOR COUNCILLORS

1. **Fire/Bomb Alerts**

   In the event of the fire alarm sounding, leave the building immediately, following the fire exit signs..

   Fire exits are to be found at the side of the room leading into Queens Gardens.

   On exiting the building Members, Officers and the Public must assemble at the statue of Queen Victoria. DO NOT re-enter the building until advised to by the Controlling Officer.

2. **Mobile Phones**

   Please switch off all mobile phones before entering the Council Chamber.

3. **Notice of Motion**

   A Notice of Motion other than those listed in Procedure Rule 14 must reach the Chief Executive ten clear days before the relevant Meeting of the Council. Further information on Notices of Motion can be found in Section B5, Rule 4 of the Constitution of the Council.

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

This page is intentionally left blank

COUNCIL

Wednesday, 24th January, 2024
Time of Commencement: 7.00 pm

View the agenda here

Watch the meeting here

Present: Mayor - Councillor Simon White (Chair)

Councillors:	Adcock	Grocott	Stubbs
	Allport	Heesom	Sweeney
	Barker MBE	Holland	J Tagg
	Beeston	Fox-Hewitt	S Tagg
	Bettley-Smith	Hutchison	J Waring
	Brockie	Johnson	P Waring
	Brown	D Jones	Whieldon
	Bryan	Lawley	Wilkes
	Burnett-Faulkner	Northcott	G Williams
	Crisp	Panter	J Williams
	Dymond	Parker	Wright
	Edginton-Plunkett	Reece	Lewis
	Fear	Richards	Moss
	Gorton	Skelding	

Apologies: Councillor(s) S Jones and G White

Officers:	Geoff Durham	Civic & Member Support Officer
	Martin Hamilton	Chief Executive
	Simon McEneny	Deputy Chief Executive
	Sarah Wilkes	Service Director - Finance / S151 Officer
	Georgina Evans-Stadward	Service Director - Strategy, People and Performance
	Nesta Barker	Service Director - Regulatory Services
	Anthony Harold	Service Director - Legal & Governance / Monitoring Officer
	Craig Jordan	Service Director - Planning

1. DECLARATIONS OF INTEREST

There were no declarations of interest stated.

2. MINUTES OF A PREVIOUS MEETING

Resolved: That, subject to the inclusion of Councillors' Lewis and Moss as being in attendance, the minutes of the meeting held on 22 November, 2023 be agreed as a correct record.

3. **MAYOR'S ANNOUNCEMENTS**

The Mayor made one announcement:

The Mayor's Civic Mass would be held on Sunday 25 February, 2024 at the Holy Trinity Catholic Church, commencing at 11am.

4. **ANNUAL REPORT 2022/23**

The Leader introduced a report on the Council's Annual Report for 2022-23 which provided a summary of work and outcomes achieved during the first year of the Council's 2022-2026 Council Plan. Some of the achievements were outlined at paragraph 2.2 and expanded upon by the relevant Portfolio Holders.

Councillor Gillian Williams referred to the creation of the Neighbourhood Delivery Team under paragraph 2.2 and asked who the people were, what they did and how they could be contacted.

The Leader asked the Portfolio Holder for Sustainable Environment, Councillor Hutchinson to contact Members with the contact details of the officers and team that was set up under the Service Director – Neighbourhood Delivery.

Councillor Gorton queried why one of the recommendations was to receive and consider the Annual Report for 2022-23 but it was already in the public domain.

The Leader stated that the Annual Report had already been to Cabinet and the purpose this evening was to receive it.

Resolved:
(i) That the Council's Annual Report for 2022-23 be received.
(ii) That the achievements of the Council over the reporting period be recognised.
(iii) That the publication date of the Annual Report going forward – September each year, be noted.

Watch the debate here

5. **POLLING DISTRICTS AND POLLING PLACES REVIEW**

The Leader introduced a report seeking approval of amendments made to polling districts and places, following a review.

Councillor Dave Jones stated that at least one polling station was being relocated back into a school and asked the Returning Officer if he would like to make a comment on what impact that would have on the pupils.

The Chief Executive stated that, in the review, they had tried to minimise the use of schools but if there were no alternative places, local schools did have to be used.

The Leader stated that the school in question had been happy to take the polling station back and had requested it.

Resolved: That the amendments to the polling districts and polling places, as set out in the report, be approved.

Watch the debate here

6. **STATEMENT OF THE LEADER OF THE COUNCIL**

The Leader, Councillor Simon Tagg presented the statement that had been circulated about the activities and decisions made by Cabinet to allow questions and comments. Reference was made to the Council's Annual Report and the Leader stated that this Council 'made things happen' and this Statement reflected that.

Questions were raised and responses were provided as follows.

<u>On paragraph 1 – Cabinet Meetings</u>

Councillor Fox-Hewitt expressed concerns at a decision taken at Cabinet on 16 January regarding the future delivery of the Communications Service – being outsourced and managed by Staffordshire County Council. Councillor Fox-Hewitt felt that this should have been subject to scrutiny.

The Leader was asked if he would engage in a small stakeholder consultation including members, external partners, local businesses and residents before committing to outsourcing this vital element of council delivery.

The Leader stated that the item was not called-in when it could have been. The County Council had already been delivering the service for around twelve months due to Communications Officers' retiring or going on maternity leave. The cover from the County Council had worked well and the County did work for other Authorities too.

No consultation would be carried out. The matter had been discussed at Cabinet and was not called-in. There was potential for it to be looked at by the Finance, Assets and Performance Scrutiny Committee in the future.

<u>On paragraph 2 – Walleys Quarry Update</u>

Councillor Bettley-Smith asked the Leader if he agreed that the stink was as bad as ever and would he consider that the inactions of the Environment Agency (EA), along with their failed monitoring systems was unacceptable and an outrage. In addition, did the Leader agree that this now needed a full public inquiry.

The Leader agreed and stated that at the last Full Council meeting there had been a request to write to the Secretary of State and at the following Cabinet meeting that request was upgraded to include writing to the Prime Minister also. As of today, the Leader had received no response so the matter had been taken up with the local MP to try and get a response in regard to the public inquiry.

Councillor Brown asked the Leader if the Council had evaluated any new data and any links to ill health from the emissions, now that the EA monitoring stations were calibrating correctly. If this was the case, could the report be shared immediately.

The Leader stated that the Council was not doing the re-evaluation. The EA had brought in an independent body to do it. Once the data was available, the Health Agency could give its view on the health impacts.

Councillor Lawley asked, in light of the increase in complaints to the Council and EA, had the Council approached Walleys Quarry to establish what the cause of the increase in odours and emissions was and if so, what was the response.

The Leader stated that the Council's Chief Executive had regular meetings with Walleys Quarry and they were aware of the complaint data and spikes in the monitoring. The EA was the regulator of the site who could put measures into place but the Council did have its Abatement Notice process and officers were evaluating the latest conditions and seeking advice on next steps.

Councillor Adcock asked the Leader if he agreed that the situation had gone on far too long and that the EA should release their historical data, release the results of their long running criminal and regulatory investigations and consider a strong case for a closure notice.

The Leader agreed and stated that three years had passed since the Council passed a Motion at a special meeting condemning the EA's lack of response.

Councillor Whieldon asked the Leader if he agreed that the excuses being given by Walleys Quarry were ridiculous and ill-founded and were hiding behind them.

The Leader stated that operators are there to make money out of a process and needed to be kept in check by the 'permit authority' – the EA who were letting the Borough down. The Council was trying to hold the EA to account with demands for a public inquiry and also asking them to take action.

There had been an announcement on social media where the EA had stated that they felt that Walleys Quarry were not doing all that they could.

Councillor Dave Jones asked the Leader what the Council was going to do to finally put an end to the situation at Walleys Quarry.

The Leader stated that there did seem to be light at the end of the tunnel with the EA's mood change and the Council was calling on them to act on their responsibilities to cap and close the site.

Councillor Fear stated that this issue had totally united the Council. It was annoying that the Council had had to fight the people who were meant to fight for us. The Council had had no help from the EA at all. The Leader was asked if he agreed that now that there was some leadership at the EA, it was time for them to show what they were made of and get a return on the issues.

The Leader agreed and stated his annoyance at not receiving a response from the Prime Minister and had asked the local MP to chase it up.

<u>On paragraph 3 – Technology Strategy 2023-2028</u>

Councillor Burnett-Faulkner asked the Leader to confirm that face-to-face contact would also continue for Kidsgrove residents.

The Leader stated that refurbishment was currently taking place in Kidsgrove Town Hall and upon completion the Tuesday and Thursday morning face to face availability would be resumed.

Through the Town Deal funding there was potential for a shared service hub and different ways of working with the Town Council.

<u>On paragraph 4 – Chatterley Valley West</u>

Councillor Brockie asked the Leader for confirmation that appropriate consideration would be given to local developers and employers when constructing and populating the units and that local employment opportunities in technology and logistics would be considered.

The Leader stated that one of the aims of the site was to have larger units. The Council already had starter units but not the bigger ones for businesses that had grown to move into. Businesses could also be brought into the Borough which would be future jobs for people.

Councillor Gorton asked the Leader how the forecast for generating up to 1700 jobs had been arrived at and if it would be better for the Council to ask the Economy and Place Scrutiny Committee to undertake an assessment of the project to identify all of the benefits.

The Leader stated that the estimated number of jobs that could be generated was included in the Town Deal Business Plan. The Town Deal Plans were scrutinised by the Economy and Place Scrutiny Committee on a regular basis.

Councillor Waring stated that the development would be of benefit to residents of Kidsgrove and surrounding areas, irrespective of the number of jobs being created.

Councillor Stubbs referred to the closure of Peacock Hay Road stating that the road should open in June, 2024. The Leader was asked for assurance that this would be the case.

The Leader stated that the original contractor had gone bust and the County Council had taken the work over. Cllr David Williams, the Portfolio Holder for Highways at the County Council would welcome an email from Councillor Stubbs.

Councillor Sweeney stated that this was good news and supported the scheme,

<u>On paragraph 5 – Borough Local Plan Consultation Responses and Next Steps</u>

Councillor Gorton stated that only 13% of consultation respondents had used the online portal. The Leader was asked if he was surprised at the low level and if the Council should take note of reluctance to use an online portal for future consultations.

The Portfolio Holder for Strategic Planning, Councillor Fear stated that the survey received an excellent response and each would be taken into consideration. When the portal was designed, initial teething problems that had been encountered with the previous one had been noted and lessons learnt. There would be further improvements made on future portals. There were questions of the ages of respondents, some of whom would prefer to write in.

Councillor Brockie asked for assurance that, through the planning process, developers would be reminded to contribute to or provide social housing and the level of compliance appropriately monitored.

The Portfolio Holder stated that in regards to consideration of planning applications there were hard and fast policies about the amount of affordable housing and if developers did not comply, applications would not be given permission.

Councillor Northcott stated that the Government had updated the National Planning Policy Framework (NPPF) last December and made several changes. The Portfolio Holder for Strategic Planning was asked if the changes to the NPPF would have any impact on the Local Plan.

The Portfolio Holder had read the updated NPPF and felt that there was nothing that would significantly change the direction of nor work on the Local Plan and this view had also been checked with and confirmed by officers.

Councillor Crisp had spoken to residents who were opposed to building new homes had said that the last census had shown a decrease in the population in the Borough. The Leader was asked if that was still the case.

The Leader stated that information received from the Office for National Statistics showed that Newcastle's population was 125,300 (mid 2022 estimate), an increase of 2,300 since the 2021 census. There had been an increase in households in the Borough from 52,600 to 53,400 estimated to go up to 59,000 and then 62,000 between 2029-2039.

Councillor John Williams asked the Portfolio Holder to elaborate upon the planning applications coming in and the affordable housing included in the applications. Months after receiving permission, some developers came back stating that they could not afford to do the affordable housing and it did not get done. Secondly, the Cabinet had asked independent consultants to review calculations of the number of homes required in the local plan. Had the consultants taken into account the type of housing or was it included in another part of the plan.

The Leader stated that policies on affordable housing at Newcastle had been clear for many years and would be in the new local plan. Developers were challenged where necessary in relation to provision but were subject to the National Planning Guidance too.

Councillor Dave Jones asked for assurance that should allocation rates of social housing within developments form part of the local plan, that it would be enforceable at planning committee.

The Portfolio Holder for Strategic Planning stated that the Council had got tough planning policies and they would be defended. Rejected applications would however be entitled to be taken to the Planning Inspectorate for appeal.

<u>On paragraph 6 – Staffordshire County Council Urban Grass Cutting Contract Delivery</u>

Councillor John Williams stated that he had contacted the County Council regarding vehicles parking on grass verges but they had said that they could not stop this from happening. The Leader was asked if something could be done about the grass verges or get the County Council to do something such as placing of posts to stop parking.

The Leader stated that it was a job for County Councillors. Stumps could be put in place and County Councillors had a budget for this or could raise it with the relevant highways people. Councillor Williams was encouraged to contact his local County Councillor.

Councillor Parker welcomed this as, for the past few years, grass cutting had been the most complained about issue in his ward. The Leader was asked if he agreed that this was a promising step in the right direction.

Councillor Sweeney agreed with Councillor Parker. The County Council were cutting their own grass, on the highway. Grass on Westbury Park verges was reaching up to two feet high.

The Leader stated that the key to this was that they had enough cuts per year. The County had reduced this to six cuts and it was now back up to eight. In house there would be more cuts, better quality and happy residents.

<u>On paragraph 7 – Health Inequalities Grant Projects</u>

Councillor Panter asked the Leader how widespread the issues of damp and mould in properties was in Newcastle and what was being done about it.

The Portfolio Holder for Community Safety and Wellbeing, Councillor Heesom stated that there had been ten hotspot wards that had been identified. The issues were identified through either tenant complaints or proactive identification and were then dealt with.

Councillor Reece asked the Leader what the process would be for targeting properties with damp and mould, would it be based on the property or people's health issues.

The Leader stated that this had only just been agreed at Cabinet and funding had only just been received so a programme would now be put together. It would be good for the Health, Wellbeing and Environment Scrutiny Committee to monitor this going forward.

Councillor Bryan asked how this project would remove the risk of fire risk and accumulated materials as a result of hoarding.

The Portfolio Holder stated that the removal of hoarded materials was something that the Council already dealt with. Unfortunately, once resolved a number of the cases did recur due to a lack of support and addressing the root cause. The project would aim to bring about behavioural change.

<u>On paragraph 8 – 850 Legacy</u>

Councillor Holland paid tribute to everyone involved in organising and coordinating events held throughout the year and it was good to see that the Council and Borough would have a legacy going forward.

Councillor Gorton welcomed the mention that things would be taken forward from the 850th Celebrations and looked forward to the relaunch of the Civic Society and restoration of the Blue Plaque Scheme. Talks that were given at the Museum on various Newcastle Citizens were well organised, well delivered and well attended.

Councillor Fear endorsed what Councillor Gorton had said and mentioned the Apedale Mining Museum which had also been involved in the celebrations. The Leader was asked if the Council would grow the interest generated in the anniversary year.

The Leader endorsed everything that had been said and added that it had been a brilliant year and thanked everyone who had been involved. Taking the legacy forward was important. The Museum were going to set up an event in respect of the Civic Society and Councillor Fear would be going along to that. The Borough Heroes Awards would be held again this year and there would be a Chris Malkin Memorial History lecture looking at the Borough pre-Charter. Councillor Fear would also be giving a lecture on Roman Newcastle.

Resolved: That the Statement of the Leader of the Council be received and noted.

Watch the debate here

7. **REPORTS OF THE CHAIRS OF THE SCRUTINY COMMITTEES**

The reports for the Health, Wellbeing and Environment Scrutiny Committee and Economy and Place Scrutiny Committee had been circulated with the agenda.

A verbal update was given for the Finance Assets and Performance Scrutiny Committee detailing the items discussed at previous meetings.

Resolved: That the reports be received.

Watch the debate here

8. **REPORTS OF THE CHAIRS OF THE REGULATORY COMMITTEES**

Reports for the Licensing and Public Protection Committee and the Planning Committee were attached to the agenda.

The Audit and Standards Committee had not met since the last meeting of the Full Council.

Resolved: That the reports be received.

Watch the debate here

9. **MOTIONS OF MEMBERS**

A Motion was received concerning banning live animals as prizes, proposed by Councillor Adcock and seconded by Councillor Simon Tagg.

Councillor Dave Jones proposed an amendment to the list of recommendations to include the development of an Animal Welfare Charter for the Borough as the third bullet point.

The mover of the original motion was happy to accept the amendment and suggested that it could be discussed at the Health, Wellbeing and Environment Scrutiny Committee. The seconder of the original motion stated that the Council could commit to putting a charter together, take it through Scrutiny and bring it to Full Council for approval.

Following a debate on the original motion, a vote was taken.

In Favour (Y) – 41
Against (N) – 0
Abstain – 0

The Motion was carried.

Watch the debate here

10. **QUESTIONS TO THE MAYOR, CABINET MEMBERS AND COMMITTEE CHAIRS**

Three questions were received:

1) Question from Councillor Parker to the Deputy Leader of the Council:

“It was encouraging to see the report that went to Health Scrutiny Committee and was publicised on the Council website about the reduction in crime and anti-social behaviour in the town centre. This helps to counter some of the negative comments that sometimes surround the Town Centre

Can the Deputy Leader please highlight some of the initiatives that have been implemented to bring about this reduction?”

The Deputy Leader stated that Public Space Protection Orders had been implemented; Safer Night’s Schemes; Operation Saltmine; Safe Space; Street Medics; gating, extended CCTV; security marshalls and weekly enforcement meetings.

Councillor Parker asked a supplementary question:

“Does the Deputy Leader have any statistics to back up the good work that is being done in Newcastle?”

The Deputy Leader stated that information provided by the police showed a reduction in anti-social behaviour of 10%; reduction of reported crime 3%; increased engagement with the community and businesses; increase in CCTV cameras; improved partnership working.

2) Question from Councillor Bettley-Smith to the Leader of the Council:

“I am sure the Leader is familiar with German U Boat (SM U118) that washed onto Hastings’ beach on 15 April 1919. But, for others, two coastguard officials, showed visitors around the submarine daily over several months. Visitors complained about the smell of ‘rotting food’. The two officials died in December 1919 and February 1920, respectively: not due to ‘rotting food’ but due to their prolonged exposure to low levels of chlorine gas. Visitors had no lasting effects. Here we are dealing with Hydrogen Sulphide: but the principle is the same, given Hydrogen Sulphide is poisonous. Therefore, will the Leader, in pressing for a Public Inquiry, insist the relevant authorities consider the long-term health risks, of our residents’, our Council Tax payers, prolonged exposure to the stink from Walley’s Quarry?”

The Leader stated that officers were in regular contact with a range of agencies including the UK Health Security Agency (UKHSA) which had replaced Public Health England and, the UK HAS continued to assess the health risks monthly. They had acknowledged that there was a greater degree of uncertainty with the historic H2S data up to August 2023. They were therefore only able to consider current exposures. The UK HSA latest health risk assessment covered the period September to November, 2023 and concluded that the risk of long term health problems was likely to be small but could not be excluded at this stage.

The Hydrogen Sulphide data continued to show low level exposure to the population around the landfill site and the two monitoring station sites showed a monthly average concentration in November above the long term lifetime health based grievance value. MMF2 showed a concentration below the guidance value.

The findings of an independent peer review were awaited, due to be released in February.

Councillor Bettley-Smith asked a supplementary question:

"Was the Leader appalled that permission for this outrageous, totally unacceptable landfill scheme was given planning permission by the then Minister responsible, John Prescott. Having been Chief Executive of the Government Decontamination Service as part of DEFRA and having dealt with landfill sites as a chartered surveyor working for the then Minister for Agriculture, the benefit of hindsight was not needed to know that such sites pose significant environmental and public health risks. Would the Leader agree that John Prescott and/or his Labour colleagues appear to have had no regard whatsoever for the environmental and public health consequences of their decision to grant permission for Walleys Quarry landfill and that they did not even consider the economic impact on Keele University, local businesses or the social impact of the disastrous scheme on the community"

The Leader stated that, at the time all Councillors at Borough and County level opposed this and it was overturned by the Secretary of State following advice from Civil Servants. It was the wrong decision and the wrong location for a landfill site. It needed to be borne in mind that if this ever came to a public inquiry, that those responsible were held to account.

3) Question from Councillor John Williams to the Portfolio Holder for Finance, Town Centres and Growth:

"The subway that connects Liverpool Road has been closed since the start of the Development of the new car park on the Ryecroft development site.

Residents young and old living to the north of the town Centre especially in my ward Cross Heath are crossing over a busy duel carriage way to gain access to our Town Centre. Alternatively they have to walk 500 metres to cross by the bottom of West Brampton or walk down the north side of the A34 cross Knutton Lane go under the subway to Bridge Street and walk up the steep bank to the town Centre. Our residents, many of them elderly, have

expressed some frustration because when they walk to the Town Centre to shop and support local businesses or meet up with friends there are forced to make a long detour or cross over a dangerous dual-carriageway.
In addition the fencing around the site has created a blind bend for drivers when joining Rycroft from Liverpool Road. Making the junction very dangerous.

Please can the portfolio holder advise on when the Liverpool Road/Ryecroft subway is going to be re-opened for pedestrians to access the Town Centre safely, and secondly, please can a communication be put on the website to update residents of on-going works."

The Portfolio Holder for Finance, Town Centres and Growth stated that the subway would reopen in November, 2024. It had been blocked off as a safety measure and the hoarding works and positioning were in line with guidelines of the Highways Authority.

Councillor John Williams asked a supplementary question:

"The boarding around the site was dangerous as it went right up to a blind bend onto the Ryecroft and the hoarding went across the footway which would stop people coming into the town centre to shop"

The Portfolio Holder reiterated that the hoarding works and positioning were in line with the consented scheme that Staffordshire County Council commented on as its role as Highways Authority.
[Watch the debate here]

11. **RECEIPT OF PETITIONS**

There were no petitions.

12. **URGENT BUSINESS**

There was no urgent business.

13. **DISCLOSURE OF EXEMPT INFORMATION**

There were no confidential items.

Mayor - Councillor Simon White
Chair

Meeting concluded at 9.12 pm

This page is intentionally left blank

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO COUNCIL

14th February 2024

Report Title: **Interim Appointment of Head of Paid Service (Chief Executive)**

Submitted by: **Service Director for Strategy, People and Performance**

Portfolios: **All**

Ward(s) affected: **All**

Purpose of the Report
To seek approval for the interim appointment of the Head of Paid Service (Chief Executive), pending permanent recruitment processes.
Recommendation **That Council:** In accordance with s4 of the Local Government & Housing Act 1989, Council confirm the appointment of Simon McEneny (Deputy Chief Executive) as the Council's Interim Head of Paid Service (Chief Executive) with effect from 1st April 2024 on an acting up basis for a period of 3 months or until the substantive appointment is in post, whichever is first.
Reasons To comply with the requirement of the Local Government & Housing Act 1989 that all local authorities designate one of their officers as Head of Paid Service.

1. Background

1.1 Under section 4 of the Local Government and Housing Act 189; the Council has a statutory duty to appoint a Head of Paid Service.

1.2 The Head of Paid Service has a statutory responsibility over the following matters:

1.2.1 the manner in which the discharge by the authority of their different functions is co-ordinated;

1.2.2 the number and grades of staff required by the authority for the discharge of their functions;

1.2.3 the organisation of the authority's staff; and

1.2.4 the appointment and proper management of the authority's staff.

2. Issues

2.1 The current Head of Paid Service and Chief Executive has tended his resignation and will leave his post on 31st March 2024.

2.2 Although the recruitment process for a substantive appointment has commenced, it is unlikely that a permanent replacement will be in post from 1st April 2024. Therefore, an interim appointment is required to satisfy our statutory responsibilities as outlined above.

2.3 The Council's Deputy Chief Executive covers the duties of the Chief Executive during and periods of absence, and as such is well placed to cover this interim period. To reflect the short-term nature of the cover arrangements, this acting up will be for a period of 3 months or until the substantive appointment is in post, whichever is first.

2.4 If after a 3-month period, no substantive appointment is in place, this Acting Up arrangement will be formally reviewed.

3. Recommendation

3.1 In accordance with s4 of the Local Government & Housing Act 1989, Council confirm the appointment of Simon McEneny (Deputy Chief Executive) as the Council's Interim Head of Paid Service (Chief Executive) with effect from 1st April 2024 on an acting up basis for a period of 3 months or until the substantive appointment is in post, whichever is first.

4. Reasons

4.1 To comply with statutory duties

5. Options Considered

5.1 Alternatives considered were to appoint an external interim, however this option would be more expensive, and potentially more disruptive for the organisation if on a very short-term basis as anticipated.

5.2 Consideration has been given to approaching a neighbouring authority regarding a shared arrangement in the short term, however given the local picture currently with regard to workloads and existing shared arrangements, it appears unlikely that a mutually beneficial arrangement with another authority would be successfully agreed.

5.3 The internal appointment provides short term cover with existing knowledge and relationships within the Authority.

5.4 Short-term Acting Up arrangements support our staff development strategy as well as providing a solution more financially efficiently.

6. Legal and Statutory Implications

6.1 Under section 4 of the Local Government and Housing Act 1989; the Council has a statutory duty to appoint a Head of Paid Service

7. Equality Impact Assessment

7.1 n/a

8. Financial and Resource Implications

8.1 The Head of Paid Service salary is £116, 530.65 pa. The Deputy Chief Executive's salary is £100,380.51

8.2 For the period of acting up, payment would be made at the salary of the current Head of Paid Service (an increase of £16, 150.14 pro rata)

9. Major Risks & Mitigation

9.1 The Council needs to ensure that it has its three statutory officers in place to comply with legal requirements and to demonstrate good governance.

10. UN Sustainable Development Goals (UNSDG)

10.1 There is no direct impact on UNSDGs resulting from this appointment.

11. Key Decision Information

11.1 N/A

12. Earlier Cabinet/Committee Resolutions

12.1 N/A

13. List of Appendices

13.1 none

14. Background Papers

14.1 N/A

This page is intentionally left blank

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S
REPORT TO COUNCIL

14th February 2024

Report Title: **Interim Appointment of Returning Officer and Electoral Registration Officer**

Submitted by: **Chief Executive Officer**

Portfolios: **All**

Ward(s) affected: **All**

Purpose of the Report To seek approval for the appointment of an interim appointment of the Returning Officer and Electoral Registration Officer pending permanent recruitment processes.
Recommendation **That Council:** In accordance with the Representation of the People Act 1983, approve the temporary appointment of Anthony Harold (Monitoring Officer) to the posts of Returning Officer and Electoral Registration Officer as an interim arrangement, with effect from 1st April 2024 pending permanent recruitment to the Chief Executive Officer role.
Reasons To comply with the requirement of the Representation of the People Act 1983 that all local authorities designate a Returning Officer and Electoral Registration Officer.

1. Background

1.1 Under the Representation of the People Act, each District Council is required to appoint an officer of the council to be the returning officer for the elections of councillors of the district and an officer of the council to be the returning officer for elections of councillors of parishes within the district.

1.2 Council is also obliged to appoint an Electoral Registration Officer and it is practical and reasonable that these responsibilities are discharged by the same officer.

1.3 The Returning Officer has a statutory responsibility over the following matters:

1.3.1 The Returning Officer will be responsible for maintaining complete and accurate records and for reconciliation with regard to elections' accounts.

1.3.2 It is the Returning Officer's general duty at elections to do all such acts and things as may be necessary for effectively conducting the election for example:

- The nomination process for candidates and political parties
- Provision, administration, security and notification of polling stations
- Appointment of staff such as presiding officers and count staff
- Preparation and issue of all ballot papers; issue, receipt and counting of postal ballot papers
- Organising and delivering the count and declaration of results
- Receipt of all candidates election expenses returns
- Presentation of final account and claiming appropriate funding from central government as prescribed
- Retention of election documents

1.4 The Electoral Registration Officer is the person with statutory responsibilities for the creation, maintenance, security and distribution of the register of electors and the absence voters list. The register of electors is based on an annual cavass and monthly rolling registration of all properties where electors reside. The Electoral Registration Officer maintains four registers of those entitled to vote at various types of elections.

1.5 The Electoral Registration Officer takes responsibility for publishing a revised electoral register and issuing monthly alterations notices.

1.6 At an election, the Electoral Registration Officer has a statutory obligation to provide registers and absent voters list for each polling station as well as to candidates at the election and to the Returning Officer.

1.7 In the event of a Parliamentary election being called, the Electoral Registration Officer would be the Acting Returning Officer; the Mayor is the Returning Officer at Parliamentary elections as an honorary position.

1.8 Different terminology from time to time, is used to refer to the above posts such as in the case of the Police, Fire and Crime Commissioner, the post is termed the Local Returning Officer and in the case of a Neighbourhood Plan Referendum, the term used is Counting Officer. For simplicity this report refers to Electoral Registration Officer and Returning Officer but with the intention that all such duties are incorporated.

2. Issues

2.1 The current Chief Executive has tended his resignation and will leave his post on 31st March 2024. This officer currently discharges the duties of the Returning Officer and Electoral Registration Officer.

2.2 Although the recruitment process for a substantive appointment has commenced, it is unlikely that a permanent replacement will be in post from 1st April 2024. There will be an election for Police Fire and Crime Commissioner in May 2024. Therefore an interim appointment is required to satisfy our statutory responsibilities as outlined above.

3. Recommendation

3.1 In accordance with the Representation of the People Act 1983, approve the temporary appointment of Anthony Harold (Monitoring Officer) to the posts of Returning Officer and Electoral Registration Officer as an interim arrangement, with effect from 1st April 2024 pending permanent recruitment to the Chief Executive Officer role.

4. Reasons

4.1 To comply with statutory duties

5. Options Considered

5.1 Alternatives considered were to appoint an external interim however this option is a significantly more expensive option.

5.2 Consideration has been given to approaching a neighbouring authority regarding a shared arrangement in the short term, however given that in the event of an election all local authorities would be fully utilising available resources.

5.3 The internal appointment provides short term cover with existing knowledge and relationships within the Authority

6. Legal and Statutory Implications

6.1 This proposal is being made in order to comply with requirements under the Representation of the People Act 1983

7. Equality Impact Assessment

7.1 n/a

8. Financial and Resource Implications

8.1 There is no additional cost to the arrangement proposed.

9. Major Risks & Mitigation

9.1 The Council needs to ensure that it has its statutory officers in place to comply with legal requirements and to demonstrate good governance.

10. UN Sustainable Development Goals (UNSDG)

10.1 There is no direct impact on UNSDGs resulting from this appointment

11. Key Decision Information

11.1 N/A

12. Earlier Cabinet/Committee Resolutions

12.1 N/A

13. List of Appendices

13.1 none

14. Background Papers

14.1 N/A

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO COUNCIL

14 February 2024

Report Title: **Town Centre Regeneration Update**

Submitted by: **Deputy Chief Executive**

Portfolios: **Finance, Town Centres and Growth, and One Council, People and Partnerships**

Ward(s) affected: **Town**

Purpose of the Report
To provide Council with an update on the progress made by Capital&Centric on York Place, the Midway Car Park and The Ryecroft projects in Newcastle Town Centre, and to make recommendations to Council to enable the projects to progress to the next stage and agreed by Cabinet at its meeting on 6th February 2024.
Recommendation **That Council:** **1. Notes the progress made to date by Capital&Centric on the York Place, Midway Car Park and The Ryecroft projects in Newcastle Town Centre;** **2. Approve expenditure of up to £2,649,000 to develop the three schemes to the end of RIBA Stage 3, and the submission of the requisite planning applications.**
Reasons The Council has been developing plans for several key sites across the Town Centre of Newcastle-under-Lyme as part of the Future High Street Fund and Town Deal Fund. This report enables progress to be made across these sites.

1. Background

1.1 As reported to previous Cabinet meetings, the Council has secured Future High Street Fund and Town Deal Fund for the re-development of several key regeneration sites across the Town Centre. In September 2023 the Council appointed Capital&Centric to undertake feasibility studies for the re-development of the former York Place Shopping Centre, of the re-development of the Midway Car Park upon its closure in late 2024, and the development plans for The Ryecroft site.

1.2 The Process being followed with Capital&Centric, across the three development sites is an incremental one, with Capital&Centric having completed their initial development proposals (RIBA Stage 2) for each of the sites. If the Council is satisfied with the

RIBA Stage 2 works, as summarised in this report, and in the attached Appendix, the Council would then use the Pagabo Framework to appoint Capital&Centric to:

- Develop the scheme design and costs for each of the three sites to RIBA Stage 3, under an individual Pre-Development Services Agreement for each site.
- Manage the procurement and delivery of re-development works at York Place including stripping out and retaining the concrete frame to suit the design for the overall scheme, again under an individual Pre-Development Services Agreement.
- Upon receipt and approval of the fully costed RIBA Stage 3 designs and costs, Council would then determine whether to enter into a further contract for the construction and marketing works on each site.

1.3 This incremental approach has been used successfully by the Council on both the Kidsgrove Sports Centre refurbishment and on the construction of the new Castle Car Park. Crucially, it enables the Council to take a phased approach to the developments, with cost certainty secured before progressing to the next stage.

1.4 This report deals only with updating on progress to date across the three sites and securing commitment to progressing to RIBA Stage 3 designs, and initial work on the redevelopment of York Place.

1.5 This report has been considered by Cabinet on the 6th February 2024 and due to the total expenditure being over £2m the report has been referred to Full Council. In addition an All-Members Briefing was undertaken on the 5th February 2024 and is recorded for on-line viewing by Members if so desired.

2. Update

York Place – Update on Current Position

2.1 The shopping centre is on track to be vacated by all tenants by the end of February 2024 and will be prepared for strip out and re-development works thereafter. The majority of the tenants present in the building upon acquisition of the building have relocated into existing vacant units in the town centre, thus avoiding the loss of valuable retailers.

2.2 Capital&Centric have been assisting the Council in preparing a re-development scope of works that is based upon the principles of retaining as much of the existing concrete frame as possible and re-engineering the structure for commercial and residential purposes. It is proposed to procure a demolition contractor through the Pagabo Pre-Development Services Agreement with Capital&Centric, to manage the strip out and concrete frame retention to suit the developing design for the overall scheme. The forecasted costs associated with this work are included in the budget for the project.

2.3 Discussions have been continuing with Joules Brewery for the live music venue adjacent to The Bulls Head Pub and Capital&Centric have been investigating how this element of the scheme can be incorporated. Previous Cabinet approval gave authority to sell a parcel of land to Joules Brewery for the independent development of the music venue. It is essential that the Joules Brewery initiative works as part of the development as a whole and is consistent with the design values overall.

2.4 The design is at the early stages, but the current proposals (See Appendix A) forecast the provision of 47 modern apartments for young professionals, down sizers and families with the following room mix:

- 17,222sq.ft. of commercial space
- 24 one bed apartments
- 23 two bed apartments
- Resident amenity space will be provided in the Midway development and will be made available for residents of this building.
- Astley Performing Arts Centre is due to relocate from its existing smaller facility on Merrial Street to a larger unit within the new development.

2.5 Previous Cabinet reports had indicated that an element of the scheme could be for office use, but the size requirements of the anticipated third party are not able to be accommodated on a single floor plate (their preferred option) and multiple office levels is not of interest to the third party, so the upper floors of the development will now all be residential.

2.6 The early feasibility costs for taking the project to RIBA Stage 3 (the submission of planning) and the partial demolition works are estimated at £1,175,020 with a project timeline of 6 months to submit a planning application for approval and complete all partial demolition and enabling works. A breakdown of the costs and the funding sources are set out later in this report.

Midway – Update on Current Position

2.7 The Midway Car park will close in late 2024 upon completion of the new Castle Car Park on The Ryecroft site. Morgan Sindall have commenced construction works on the new carpark site.

2.8 Since their appointment in November 2023 Capital&Centric have been developing plans for the re-development of the Midway structure, based around the principle of retaining the concrete frame and floors and re-engineering the structure for residential purposes. This not only saves all the embodied carbon in the concrete frame, but also creates both time and cost savings for the development, whilst also creating an architecturally aspirational development.

2.9 The design is at the early stages, but the current forecasted development (See Appendix A) would deliver 106 modern apartments for young professionals, down sizers and families broken down as follows:

- 60 one bed apartments
- 44 two bed apartments
- 2 three bed apartments
- Extensive shared facilities including a gym, residents lounge and private dining. It is expected that the facilities at Midway will be used by residents on the other projects being delivered by Capital&Centric in the town.

2.10 The early feasibility costs for the development to RIBA Stage 3 (the submission of a planning application) are estimated at £624,883 with a project timeline of 6 months to submission. A breakdown of the costs and the funding sources are set out later in this report.

The Ryecroft – Update on Current Position

2.11 In January 2024 foundation works commenced on the new Castle Car Park works, through the construction contract with Morgan Sindall, signed in 2023. Works will continue throughout 2024 with a completion date of late November 2024.

2.12 The Council has recently been in discussion with McCarthy and Stone for the sale of a portion of the Ryecroft site, along Merrial Street, for the development of an over 55-year-old residential apartment block. They have been liaising with Capital&Centric on how the placement of their development will sit alongside the potential wider site proposals, in order that it works as part of the overall development and is consistent with the design values overall. Heads of Terms have been exchanged and McCarthy and Stone are finalising the site requirements with the Council and will be working up the details of a planning application, expected in late Spring 2024.

2.13 The Council has now signed the Franchise Agreement with Accor Resorts for the development of the Ibis Styles branded hotel anticipated for the site. Their design consultants have been in discussions with Capital&Centric to set design parameters for the new hotel that is to be incorporated into the overall development.

2.14 Discussions have also been progressing with Aspire Housing and their aspirations for residential units on the site to sit alongside the other elements of the site. It is anticipated that we will agree for Capital&Centric to enter into a forward funding agreement with Aspire Housing to deliver between 35-40 homes on the site. The cost to fund the design development to commencing on site is included in the budget and will be refunded to the Council through a receipt from Aspire. Once planning permission is obtained for this element of the project then Aspire will contract with Capital&Centric directly and there will be no further costs to the Council, and a capital receipt for the land will then be paid to the Council from Aspire, as per the previous Heads of Terms agreed with Aspire.

2.15 Capital&Centric have now, as a consequence of the discussions outlined above, developed a revised master plan for the site which incorporates all of the constituent parts, namely:-

- The new Castle Car Park
- The McCarthy and Stone residential scheme
- A hotel including Capital&Centric commercial proposals below
- The Aspire Housing residential scheme

2.16 Further development of the design is required, but the current proposals suggested by Capital&Centric includes:

- Circa 10,000 sq.ft. of commercial space
- 36 houses
- 110 key hotel with associated amenity area

2.17 Two feasibility studies have been undertaken for the site; for the Aspire housing development and the market residential, hotel and commercial space.

2.18 The early feasibility costs for taking the Aspire housing scheme to RIBA Stage 3 (the submission of planning) are estimated at £326,338 with a projected timeline of 6 months to submit a planning application. This cost will be covered by Aspire Housing.

2.19 The hotel development including commercial use and market residential has an estimated cost to planning submission of £522,759 and a forecasted planning submission within 8 months.

Cost and Funding Considerations

2.20 A summary of the costs supplied by Capital&Centric to undertake the works outlined above is included below, including the timescales for delivery of the work:

Site	Cost to RIBA Stage 3	Project Commencement
Midway Carpark	£624,883	6 months
York Place	£1,175,020	6 months
Ryecroft – Housing (Aspire)	£326,338	6 months
Ryecroft – Hotel	£522,759	8 months
Total*	**£2,649,000**	

**See financial section below for budgetary information*

2.21 The above projects will be funded by the following sources; £2,185,678 Future High Street Fund, £326,338 Aspire Housing and £136,984 from the Council's Capital Programme. As the total expenditure is over £2m, Cabinet has referred this matter to Full Council to secure authority to proceed.

Cost impact of the Capital&Centric Model

2.22 As highlighted in previous Cabinet reports, Capital&Centric are a social impact property developer who pride themselves on the design quality of their developments. Their model of retaining assets beyond completion ensures that they have a vested interest in the long-term success of the development with a focus on the experience of the end user, aspirational placemaking and creating developments which are an asset to the community.

2.23 Their approach, whereby they retain ownership and management of the developments once completed has a significant positive impact for the Council in terms of both financial and operational risk.

2.24 This model requires only short-term financing by the Council, rather than long term borrowing. This reduces interest costs from c.40 years to 2-3 years; the model also removes the need for the Council to fund Minimum Revenue Provision (MRP), which is in effect the "capital repayment" element of PWLB borrowing as the asset would transfer ownership once complete and shifts the ongoing risk of maintaining occupancy of the finished development away from the Council and onto the operator.

Next Steps

2.25 Whilst the Capital&Centric model envisages taking developments through to completion and then purchasing the completed development and assuming the lead role in managing the operation of the development, there are a series of gateways controlled by the Council through which the projects must pass to ensure their viability. These gateways will be pre-agreed and form part of the Pagabo Pre-Development Services Agreement. Further Cabinet and Council approval will be required to progress to the next stage of the process (detailed design and procurement) and the delivery stage of each project. At each gateway an updated business plan will be presented for each scheme including updated costs and a delivery programme.

2.26 As highlighted in the September 2023 Cabinet report the gateways through which schemes must pass to assure their viability were listed but it is worth noting them here again for clarity of where the Council currently sits and what is still to be commissioned / undertaken.

- Stage 2 - Once feasibility is assessed then the scheme design and costs will be developed for each of the three sites to RIBA Stage 3 under a new Pre-Development Services Agreement will be entered into for each project – these agreements will include obtaining planning permission and establishing a cost envelope for each site. This stage will also include the management of the procurement and delivery of re-development works at York Place including stripping out and retaining the concrete frame to suit the design for the overall scheme, again under an individual Pre-Development Services Agreement.

- Stage 3 - Upon receipt and approval of the fully costed RIBA Stage 3 designs and costs along with the receipt of planning permission, the Council would then determine whether to enter into a further contract for the construction and marketing works on each site.

- Stage 4 – Once a fixed price has been received and agreed, we will seek further approval from Full Council to progress to the delivery stage of the project.

2.27 At this currently approved stage 1, the commitment to Capital&Centric extends only to developing a feasibility study. The submitted plans / proposals for the three schemes that are being considered by this Council report are the result of this stage and have been assessed and subject to the approval will be accepted and used as the basis of next stage.

2.28 Subject to this Council report being approved the Council would progress to step 2 and incur the expenses for full planning drawings and submission to gather planning approval. As highlighted above the costs for this element of the work is £2,649,000.

2.29 In addition to the above, and subject to approval allow Capital&Centric to procure and manage the re-development elements of York Place, to suit and accommodate the developing design. This is allowable through the Pagabo Pre-Development Services Agreement, and the costs of which are included in the above budget.

2.30 The final decision on whether or not to commit to borrow and develop is then taken before the final Stage 4 and would be subject to a subsequent Council approval, after the submission of Stage 4 (RIBA 4) designs and costs later in 2024.

2.31 A critical part of this final stage would be determining which of the elements would remain in Council ownership, and which would be bought by Capital&Centric. Critically, the model which involves Capital&Centric purchasing the end development is highly significant in terms of the Council's borrowing for the schemes. Rather than borrowing over, say, a 40year period, during which the Council would need to both pay interest and capital, the Council's borrowing would only be for, approximately, the duration of the build, as any loan and associated interest would be repaid upon sale of the asset. This minimises the financial impact on the Council's General Fund Revenue Account of the schemes for the Council.

3. Proposal

3.1 That Council:-

- Notes the progress made to date by Capital&Centric on the Midway Car Park, York Place and The Ryecroft projects in Newcastle Town Centre;

- Approve expenditure of up to £2,649,000 to develop the three schemes to the end of RIBA Stage 3, and the submission of the requisite planning applications;

4. Reasons for the Proposed Solution

4.1 The decision will enable the project to progress as per the programme agreed with Government and the Future High Street Fund awards and commitments and get York Place underway.

4.2 To use this Government funding opportunity to support delivery of Council Plan objectives.

4.3 To uplift the status of Newcastle Town Centre as the heart of economic, social and community life in the Borough.

4.4 Bring a national developer to Newcastle to assist in the transformational programme of regeneration that is being undertaken.

5. Options Considered

5.1 The report above highlights the options that have been considered in some detail.

6. Legal and Statutory Implications

6.1 Section 2(1) of the Local Government Act 2000 permits local authorities to do anything they consider likely to promote or improve the economic, social and environmental well-being of their area. That would include actions to deliver the Future High Street Fund and Town Deal Fund programme for Newcastle Town Centre.

6.2 Pre-construction services agreements (PCSA) are used to appoint a design and build contractor to carry out services before entering into a formal building contract. A PCSA is sometimes referred to as a pre-construction agreement (PCA) and is used in two stage tendering to obtain further design input, buildability/technical advice and detailed costs information from a prospective contractor. This is a formal agreement to provide the specified services/works and is not a letter of intent.

7. Equality Impact Assessment

7.1 The nature of the project is intended to seek benefits for all people who use the town centre and to support the economic and social health of Newcastle Town Centre as a destination.

8. Financial and Resource Implications

Cost Summary

Site	Pre- Application Gateway 1 (£)	Planning Submission Gateway 2 (£)	Total Costs (£)
York Place	99,500	1,175,020	1,274,520

Midway Car Park	82,395	624,883	707,278
Ryecroft Aspire – Housing	25,000	326,338	351,338
Ryecroft Hotel/Residential	25,000	522,759	547,759
Total Cost	**231,895**	**2,649,000**	**2,880,895**

8.1 Approval was given at the Cabinet meeting on 19 September 2023 to spend up to £256,500 with Capital&Centric to develop plans and business cases for the York Place and Midway Car Park sites. This expenditure is shown in the above table (Pre-application / Gateway 1 £231,895).

8.2 As the report details, the next stage is to commission works to take the regeneration projects to the next stage (Planning Submission / Gateway 2). The costs of completing this are summarised in the table above and require Full Council approval as per the Financial Regulations due to the costs exceeded £2m.

Funding of RIBA Stage 3

8.3 The table below summaries the Future High Street Fund allocations and expenditure up to 15 January 2024:-

Project	FHSF allocation (inc contingency) (£)	Spend as at 15/01/24 (£)	Balance remaining (£)
Ryecroft Site	3,756,191	2,841,344	914,847
MSCP Development	3,500,000	960,601	2,539,399
York Place (Purchase, relocation and re-development)	3,015,218	1,977,182	1,038,036
Stone public realm	321,251	0	321,251
Market Stalls	75,600	27,438	48,162
Programme Management	380,000	284,159	95,841
Total	**11,048,260**	**6,090,724**	**4,957,536**

York Place

8.4 The RIBA Stage 3 costs include the management of the procurement and delivery of re-development works at York Place including stripping out and retaining the concrete frame to suit the design for the overall scheme, amounting to £1,175,020. The majority of these works will be funded through the Future High Street Fund (£1,038,036) with the remaining balance being funded via the capital programme. £16m has been included in the capital programme for the estimated development costs of York Place.

Midway Development

8.5 The RIBA Stage 3 costs of £624,883 will cover the development plans up to and including the submission of the planning application for the re-development of the Midway Car Park. The principle around the re-development would be to retain the concrete frames and floors and re-engineer the structure for residential purposes, delivering around 106 modern apartments. The works would be funded through the Future High Street Fund as detailed in the table above.

The Ryecroft Site

8.6 The RIBA Stage 3 works cover two projects on the Ryecroft Site, these are the Aspire Housing residential scheme and the hotel / aparthotel including Capital&Centric commercial proposals.

8.7 The Aspire Housing residential scheme will involve the delivery of 35-40 homes. It is anticipated that an agreement will be made for Capital&Centric to enter into a forward funding agreement with Aspire Housing. The costs of £326,338 to fund the design development to commencing on site will be refunded to the Council from Aspire Housing. Once planning permission is obtained then Aspire Housing contract directly with Capital&Centric resulting in no further costs to the Council. In addition Aspire Housing will pay the Council a capital receipt for the acquisition of the land as previously agreed with them in the Heads of Terms.

8.8 The hotel including Capital&Centric commercial proposals will cost £522,759 and will be funded through the Future High Street Fund as detailed in the table above. Further developments of this design are required but early indications include 10,000 sq ft of commercial space, 36 homes and 110 key hotel or aparthotel with associated amenity area.

9. Major Risks & Mitigation

9.1 The proposed re-development of York Place is in a densely occupied town centre location and therefore will require careful management throughout the contract.

9.2 The potential for multiple re-development and / or construction projects being undertaken in a short period of time in the town centre could impact negatively on the enjoyment of the town amenities by users and will need careful messaging and monitoring. Each stakeholder will be able to assist with this.

9.3 The scheme for Midway is based on retaining the existing structure which saves on demolition costs and the construction of a new frame in addition to saving the embodied carbon. Whilst initial assessments have been undertaken on the scheme, intrusive structural surveys are required to ensure the building can be reused. If the structure is unusable then these benefits won't be achieved, however, this is currently not believed to be the case.

9.4 The inflationary pressures and the cost of borrowing is a risk to the delivery of all of the schemes and each needs to be planned carefully to minimise the effects of each prior to the start or award of any contract. Construction inflationary pressures are now easing but are still a consideration.

9.5 Each scheme / project will have a dedicated risk register for the potential risks of each scheme from the feasibility stage to the construction phases.

10. UN Sustainable Development Goals (UNSDG)

10.1 Newcastle Town Centre is a highly accessible location, encouraging greater use of its land and assets enhances its role as a centre for services, leisure, retail and living and its connection to local residents. Furthermore this project is intended to enable the redevelopment of an underused retail complex that is in a poor state of repair and currently blocks good connectivity between the Ryecroft site and Ironmarket / High Street, bringing with it sustainability improvements, regeneration and economic benefits as well as in that respect, the project supports the realisation of the following UNSDG objectives:-

11. Key Decision Information

11.1 This is a Key Decision.

12. Earlier Cabinet/Committee Resolutions

12.1 October 2019, Cabinet concerning development of the second stage FHSF bid and procurement of consultancy support.
12.2 December 2019, Economy Environment & Place Overview and Scrutiny Committee Town Centre Funding Update (information item).
12.3 July 2020, Cabinet concerning approval for submission of bid into MHCLG (now DLUHC).
12.4 April 2021 Cabinet accepting FHSF Grant monies and grant conditions.
12.5 December 2021 Cabinet purchase of York place Newcastle under Lyme.
12.6 March 2022 Cabinet award of contract for design and build contractor
12.7 January 2023 Cabinet progress report on the York Place project
12.8 June 2023 Cabinet award of contract for the demolition of York Place
12.9 June 2023 Cabinet approval for procurement of Hotel Brand and Design and Build Contractor
12.10 June 2023 Cabinet award of contract for Castle Multi Storey Car Park
12.11 September 2023 Cabinet approval for Town Centre Regeneration Feasibility Studies
12.12 February 2024 Cabinet approval for Town Centre Regeneration RIBA Stage 3 work

13. List of Appendices

13.1 Capital&Centric Proposals for York Place Re-development, Midway Car Park and the Ryecroft Development.

14. Background Papers

14.1 None

NEWCASTLE-UNDER-LYME.

CAPITAL&CENTRIC

INTRODUCTION.

Capital&Centric were appointed on 13 November 2023 by Newcastle-under-Lyme Borough Council ('NuLBC') under a Pagabo Pre-Development Services Agreement ('PDSA') (Lot 3c) to deliver a concept design for three sites; York Place, Midway Carpark and Ryecroft.

A fee of £256,500 was agreed to complete the Stage 1 process including a detailed masterplan for the sites ready to be submitted for a pre-planning application. The key deliverables were as follows:

- Develop a design that maximises the deliverability of the development.
- An award-winning design that compliments and is sympathetic to the historic market town setting whilst being aspirational and stimulating regeneration.
- Options analysis throughout the process resulting in a robust development appraisal.
- Public realm proposals which tie the sites together and knit them into the existing urban grain, but also create public spaces which are a benefit to the wider town centre.
- A RIBA stage 2 concept design.
- Procurement of surveys and professional advice as detailed in the budget.

Midway Carpark

PROCUREMENT UPDATE.

DESIGN TEAM.

Capital&Centric procured the design team through both negotiation and competitive tender to ensure best value. Where services were tendered, an invitation to tender was issued to a minimum of four parties and the tender return was scored based on cost, quality and social impact. All consultants working on the project are required to contribute towards social impact, both generally and project specific. Formal appointments will be executed once Capital&Centric are appointed to deliver the next stage of the project with a purchase order for stage 1 work issued to all parties.

The appointed design team are as follows:

Discipline	Consultant
Architect	Shedkm
Project Manager	Pierre Angulaire
Quantity Surveyor	Arcadis
Structural Engineer	Curtins
Mechanical & Electrical Engineer	Futureserv
Fire Engineer	Appraise
Principal Designer	Rjd Associates

ASBESTOS REMOVAL.

An asbestos survey was arranged for both York Place and Midway carpark. There is a significant amount of asbestos at York Place but minimal at Midway carpark. Following receipt of the survey, Capital&Centric prepared and issued a PCR compliant tender for the asbestos removal at York Place through mytenders. Eight tenders were received with prices ranging from £66,749.75 to £196,279.14. The tender received from Shield Environmental in the amount £66,749.75 scored the highest on the scoring matrix and they have been appointed to undertake the works. The project is due to commence on 05 February 2024 and will take up to 10 weeks.

YORK PLACE REDEVELOPMENT.

A contractor to undertake the redevelopment of York Place will be directly appointed by Capital&Centric following execution of the new Pagabo Pre-Development Services Agreement. A tender pack is currently being developed by the design team. A budget cost for initial redevelopment has been provided by a contractor and an allowance of £500,000 has been included in the stage 2 cashflow.

York Place

DESIGN UPDATE.

YORK PLACE.

Works to York Place have progressed with significant milestones delivered in the period including:

- Measured and topographical survey to facilitate the development
- Façade context review
- Structural review of existing frame
- Fire engineer review of proposals
- Meeting with planning and conservation team to understand requirements and restrictions of the local area
- Design team review to ensure project deliverability
- Meetings with Astley Circus School and Joules Brewery about occupancy on the site post completion
- Apartment mix review to maximise existing structure and suitability for market uptake
- Development of the external façade design
- Asbestos survey and tender/ appointment of contractor
- Development of redevelopment proposals ready for tender

The current scheme delivers 47 apartments (24 one beds and 23 two beds) and 17,222sqft of commercial space. It is proposed that amenity space will be provided at Midway but residents at York Place will be able to access the facilities. The architect's scheme is proposal is included in appendix A.

DESIGN UPDATE.

MIDWAY CARPARK.

The design has been progressed at Midway with a significant number of technical challenges reviewed and overcome. The key milestones delivered in the period include:

- Measured and topographical survey
- Review of existing structural loads and suitability for conversion
- Asbestos survey
- Fire engineer review and subsequent design changes to ensure compliance
- Building Safety Act review
- Design workshops to develop a deliverable conceptual design
- Options analysis to determine apartment mix and scale of development
- Review of shared facilities
- Development of the external façade design

The proposed development delivers 106 apartments (60 one beds, 44 two beds and 2 three beds) in addition to 38 parking spaces. Extensive resident amenity space will be provided at the development including a residents lounge, gym and private dining. Other residents living in Capital&Centric developments in the town will be able to access the amenities. The architect's drawings are included in appendix B.

DESIGN UPDATE.

RYECROFT.

The design development at the Ryecroft site has been delayed by ongoing negotiations with McCarthy and Stone relating to the positioning of their site. The final position of their site has been provisionally agreed which allows Capital&Centric to maximise the site and develop a strong frontage on the corner of Merrial and Corporation Street.

Capital&Centric are currently in negotiations with Aspire Housing Association to forward fund circa 36 Neighbourhood homes on part of the Ryecroft site. The remainder of the site will deliver an IBIS style hotel and residential apartments. A masterplan for the site has been developed to accommodate all three uses ensuring a joined-up masterplan for the site.

In the period the key milestones that have been delivered are:

- Development of site masterplan to accommodate all uses
- Topographic and elevation measured survey
- Site ground condition review including
- Negotiations with McCarthy and Stone to agree preferred location
- Negotiations with Aspire Housing to forward fund 36 homes

The development at Ryecroft will be split into two parts; low level Neighbourhood housing which is currently planned to be sold to Aspire Housing Association and the corner site which will deliver 27 apartments (12 one beds and 15 two beds) and a 110 room hotel.

In addition, 10,764sqft of commercial space will be delivered on the ground floor flowing into a tiered urban park. The site master plan is included in appendix C.

NEXT STEPS.

Following conclusion of the concept design, Capital&Centric will deliver Stage 2, the design development of the three sites through to planning approval and the redevelopment and enabling works at York Place. To facilitate this, Capital&Centric and NuLBC will enter into 3 separate Pagabo PDSA's.

The key output for this period will be the submission of a planning application for each site along with all associated design work and surveys. To deliver this objective the following activities will be undertaken:

- Negotiation and legal appointment of design team
- Asbestos removal, enabling works and strip out of York Place
- Detailed drainage and utilities surveys
- Drainage jetting
- Intrusive concrete and foundation surveys at York Place and Midway
- Development of design to planning submission
- Further development of the external façade and detailed CGIs
- Surveys associated with planning
- A public consultation linked to the planning across the sites
- Hoarding to York Place

COSTS.

BUDGET.

A budget of £256,500 was agreed to deliver stage 1 with current forecasts showing a cost of £231,895, £24,605 under budget. The breakdown of these costs against each project are provided below along with forecasted costs for stage 2. The total stage 2 cost to bring forward the three sites to planning application is £2,649,000.

Site	Stage 1 Costs	Stage 2 Costs
York Place	£99,500	£1,175,020
Midway Carpark	£82,395	£624,883
Ryecroft - Housing	£25,000	£326,338
Ryecroft - Hotel & Resi	£25,000	£522,759
Total	**£231,895**	**£2,649,000**

PROGRAMME.

The three projects will be run in tandem with the timescales to submitting a planning application ranging from 6-8 months.

Site	Planning Submission	Months
York Place	September 2024	6
Midway Carpark	September 2024	6
Ryecroft - Housing	September 2024	6
Ryecroft - Hotel & Resi	November 2024	8

APPENDIX A.

york place

project title
york place

date
26 01 2024

project address
York Place
Newcastle under Lyme
ST55 9ZZ

document title
retention proposals

status/revision
3

author
shedkm architects ltd

ariel
york place • newcastle under lyme
2328-SKM-ZZ-00-DR-A-SK-0069 • P01 • 16 01 24 • nts @ a3

capital&centric

shedkm

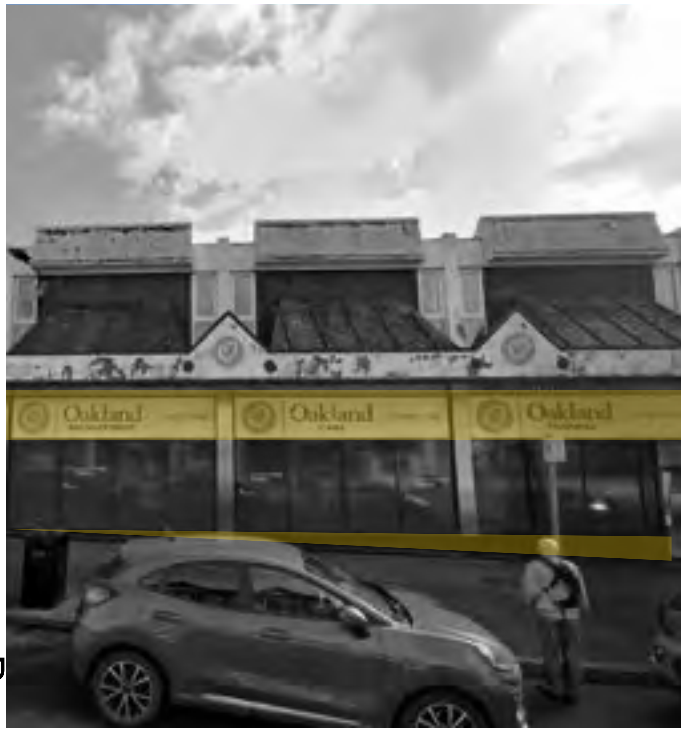
existing building

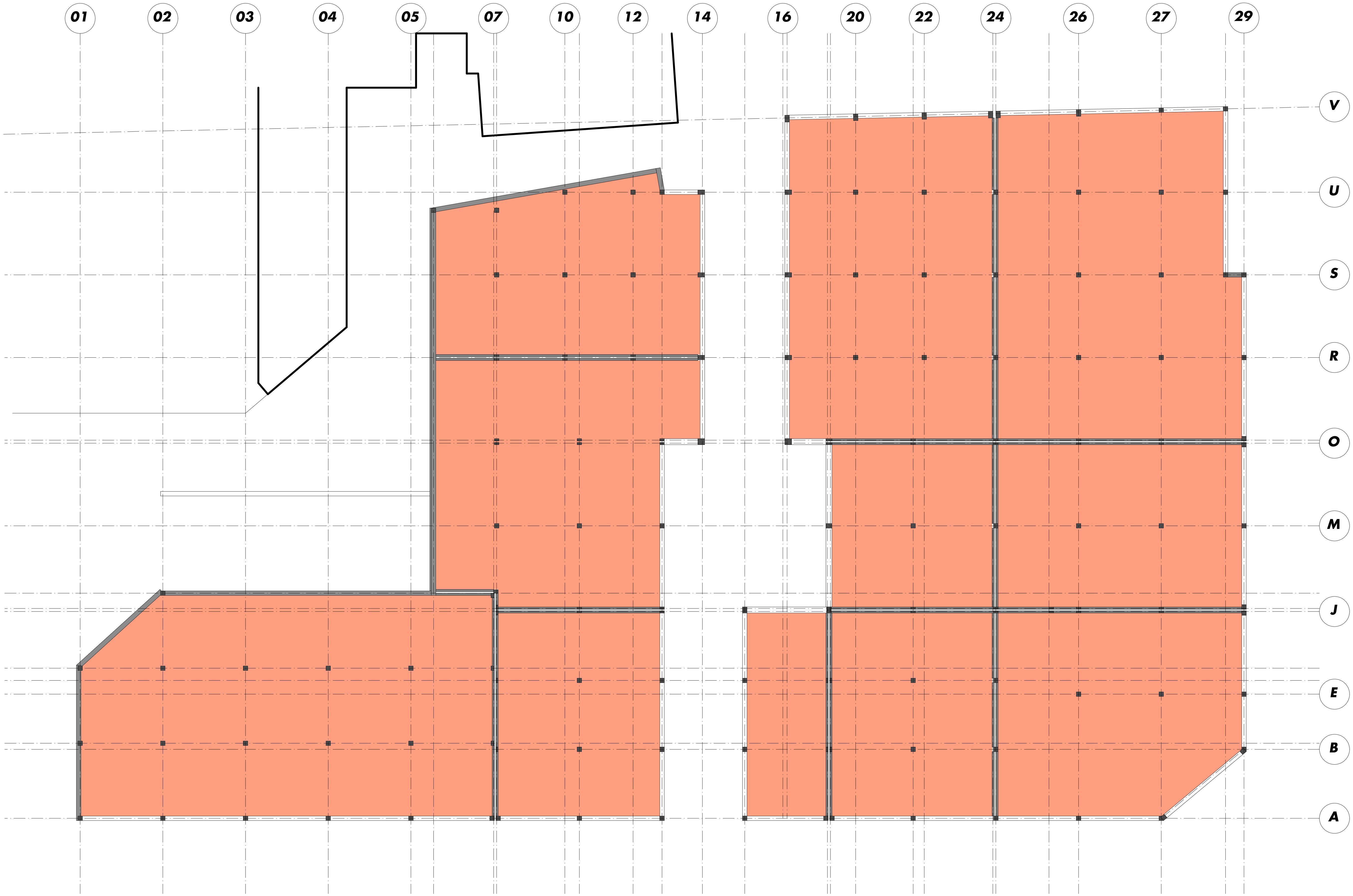
Used as a commercial building with ground floor shop fronts and shop storage on the first floor. Existing floor plan (below) has a passage through middle of building NW>SE.

The building is a concrete structure with the reienforced concrete floor slabs and conecrete columns and beams being kept as the new structure.

york place current response

- **Seperated ground and first floors, but same style, no ornamentation**
- **Open square at west corner**
- **Clear signage and tiled plinth**
- **Taller at south side - response to taller buildings on high street, smaller on merrial street**
- **Decorated g.f. walkthrough from merrial st. to astley walk**





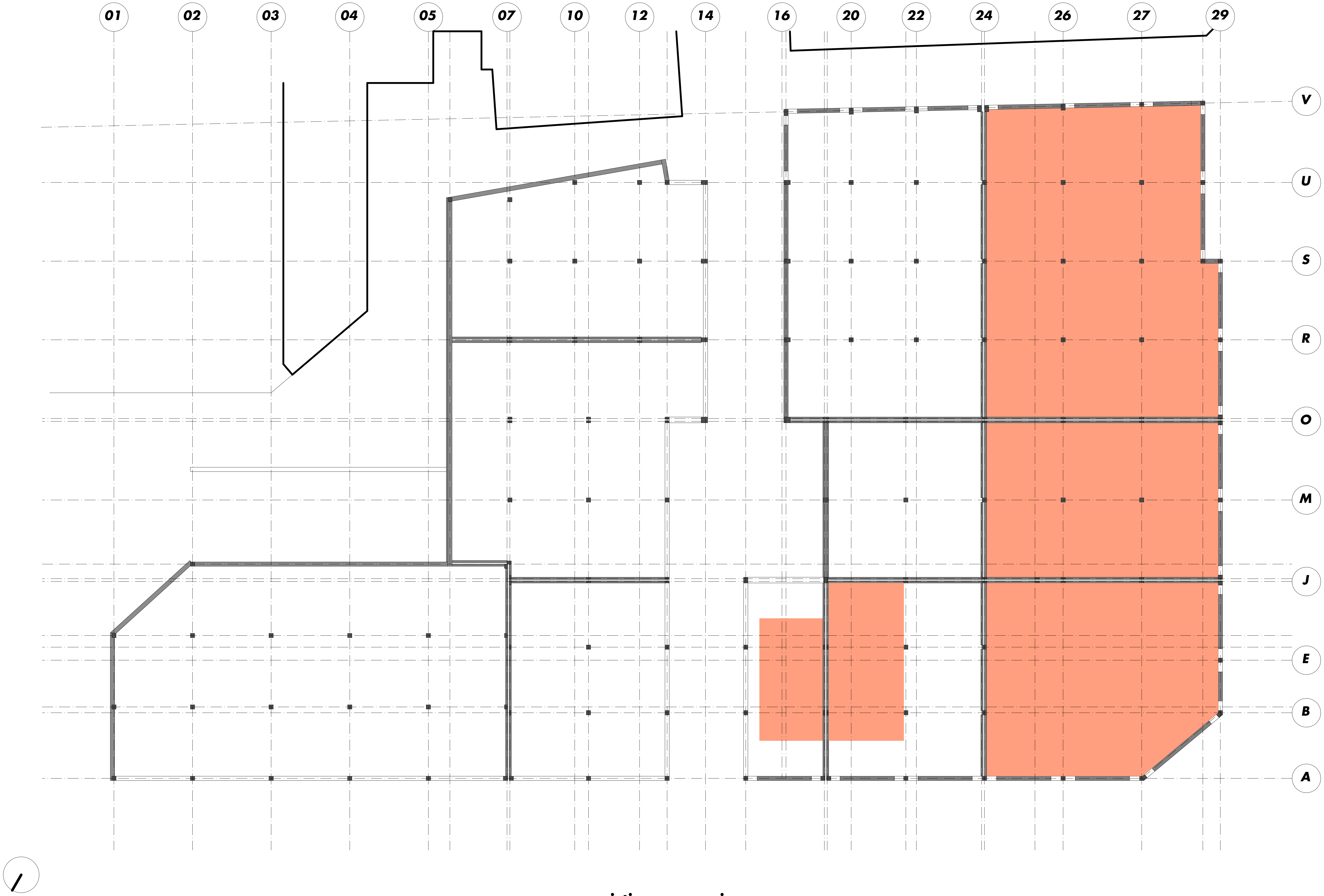
existing ground

york place • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0051 • P03 • 26 01 24 • 1:250 @ a3

capital&centric

shedkm



existing mezzanine

york place • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0052 • P03 • 26 01 24 • 1:250 @ a3

capital&centric

shedkm

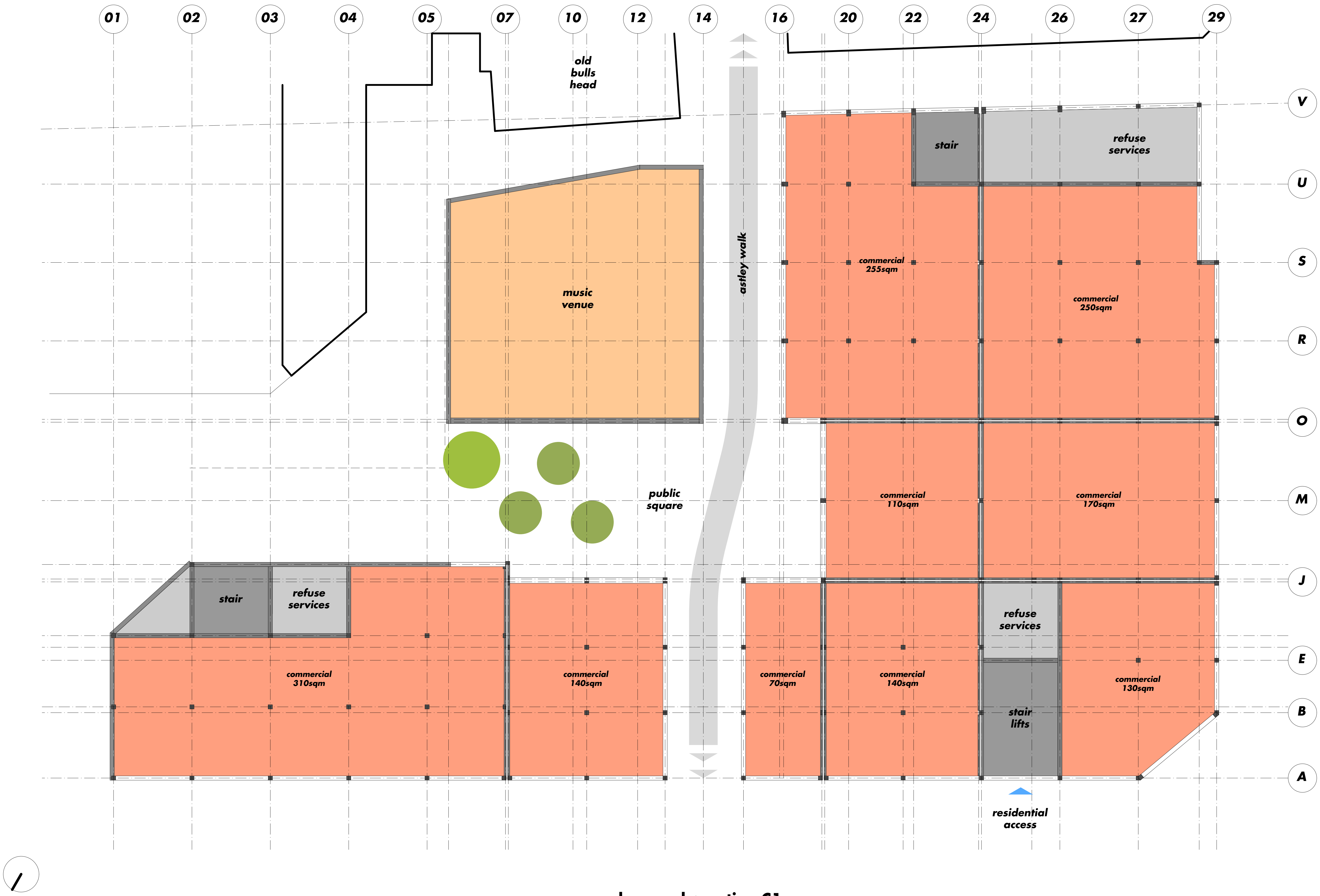
existing first

york place • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0053 • P03 • 26 01 24 • 1:250 @ a3

capital&centric

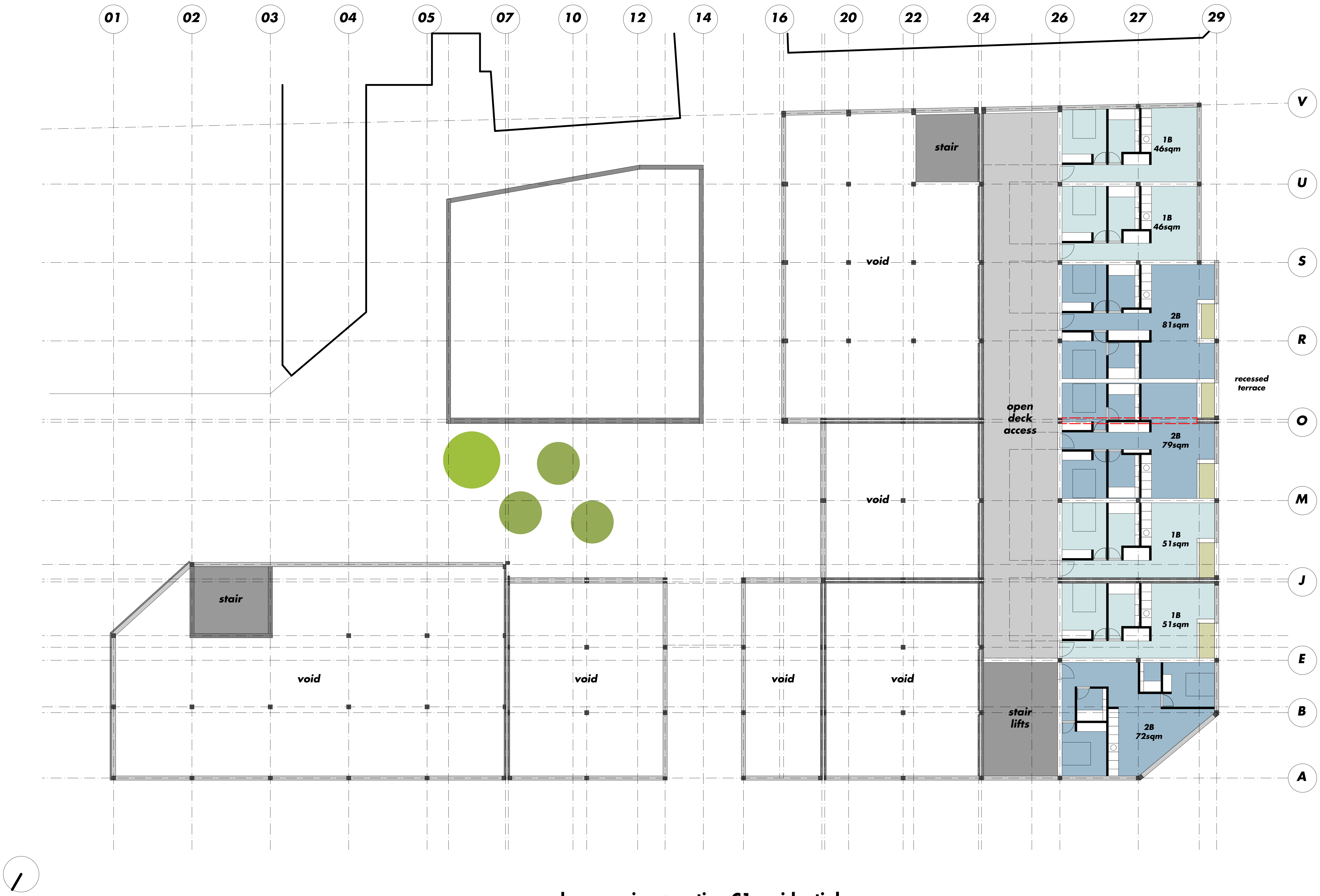
shedkm



proposed ground • option C1
york place • newcastle under lyme
2328-SKM-ZZ-00-DR-A-SK-0150 • P03 • 26 01 24 • 1:250 @ a3

capital&centric

shedkm



proposed mezzanine • option C1 residential

york place • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0151 • P03 • 26 01 24 • 1:250 @ a3

capital&centric

shedkm

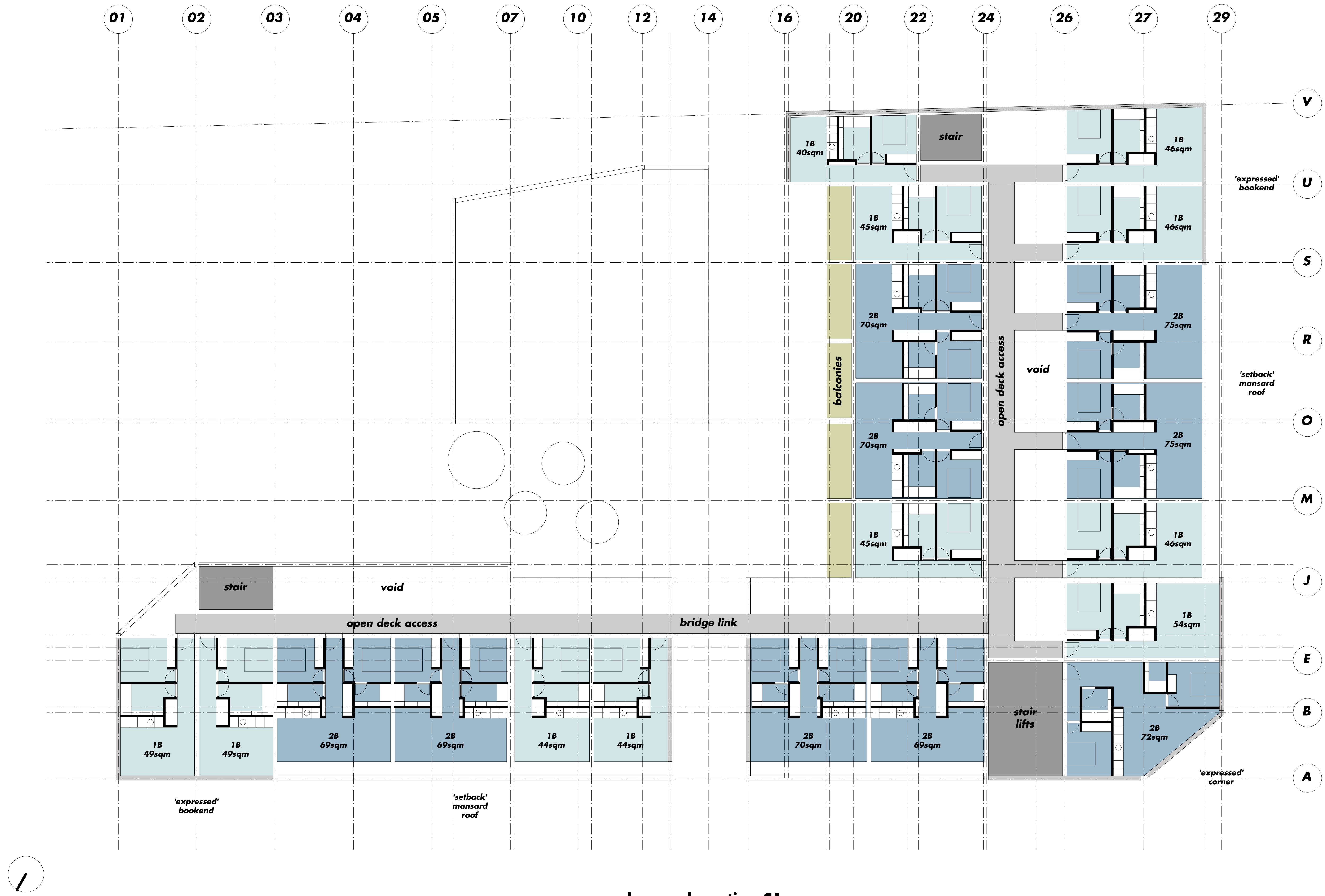
capital&centric

proposed first - option C1

york place • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0152 • P03 • 26 01 24 • 1:250 @ a3

shedkm



proposed second - option C1

york place • newcastle under lyme

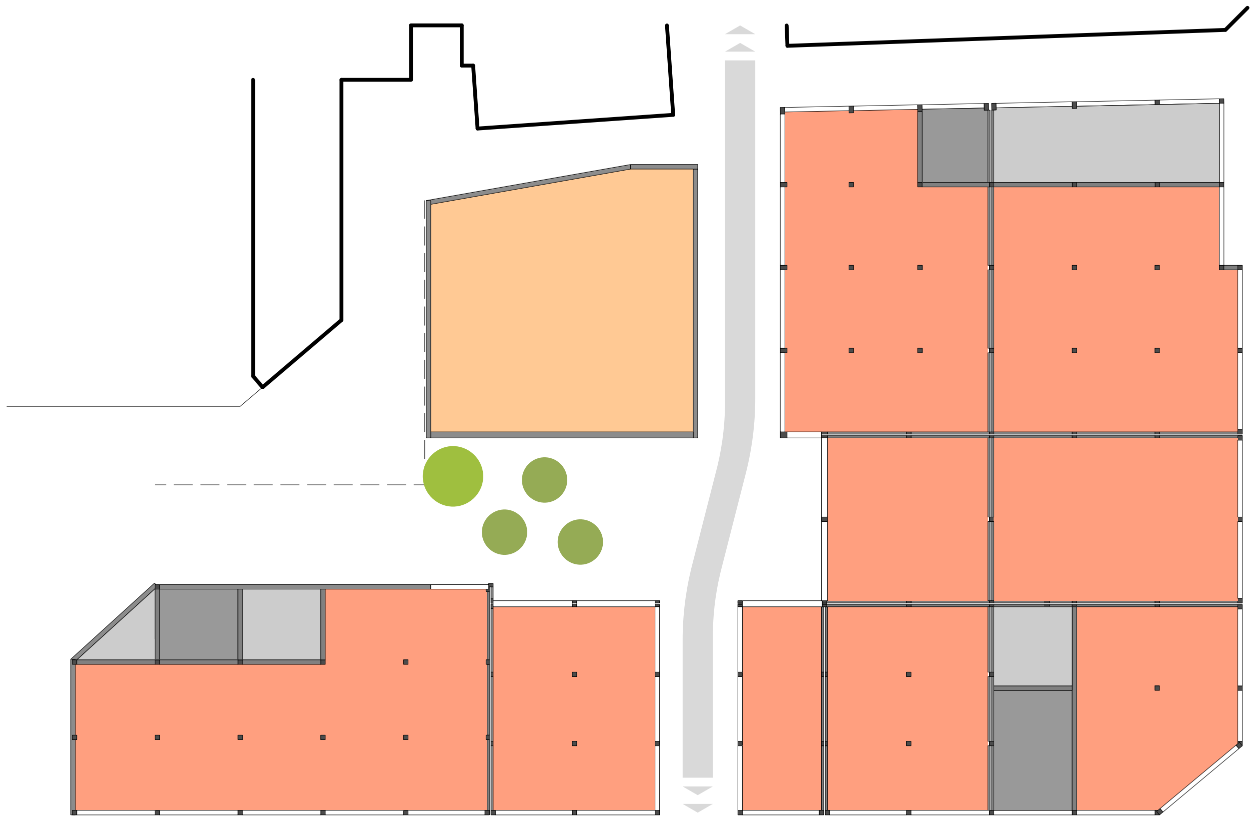
2328-SKM-ZZ-00-DR-A-SK-0153 • P03 • 26 01 24 • 1:250 @ a3

capital&centric

shedkm

mezzanine floor • 4no one bed + 3no two bed apartments

second floor • 11no one bed + 09no two bed apartments



ground floor • 1600sqm lettable space

first floor • 11no one bed + 09no two bed apartments

apartment summary ... 47no apartments ... 26no 1B @ 55% ... 21no 2B @ 45%

option C1 - summary

york place • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0154 • P03 • 26 01 24 • 1:250 @ a3

capital&centric

shedkm

APPENDIX B.

midway

project title
midway

document title
feasibility study

date
26 01 2024

status/revision
P01

author
shedkm architects ltd

project address
Midway car park
Newcastle under Lyme
Staffordshire


MIDWAY, NEWCASTLE under LYME
MIDWAY
CAPITAL&CENTRIC
shedkm

MIDWAY, NEWCASTLE under LYME

EXISTING PLAN

LEVEL 0

1:400

CAPITAL&CENTRIC

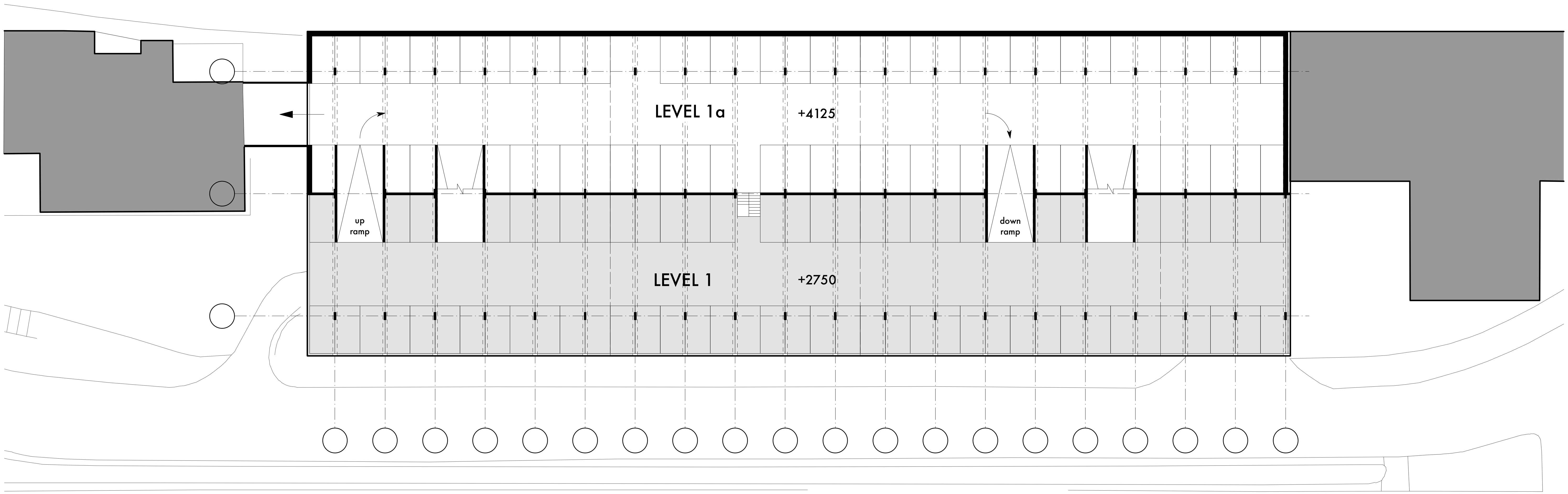
shedkm

MIDWAY, NEWCASTLE under LYME

EXISTING PLAN

LEVELS 1/1a

1:400

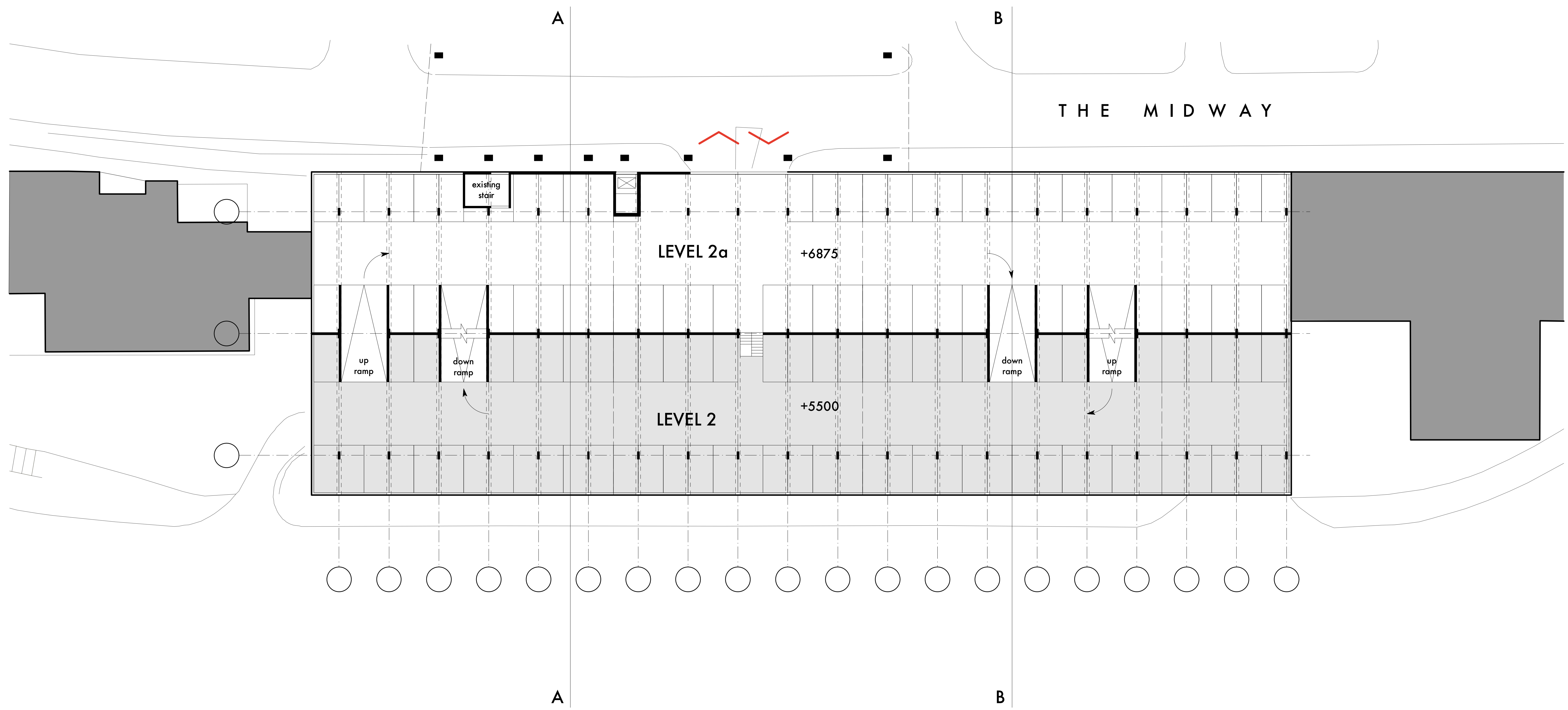


MIDWAY, NEWCASTLE under LYME

EXISTING PLAN

LEVELS 2/2a

1:400



CAPITAL&CENTRIC

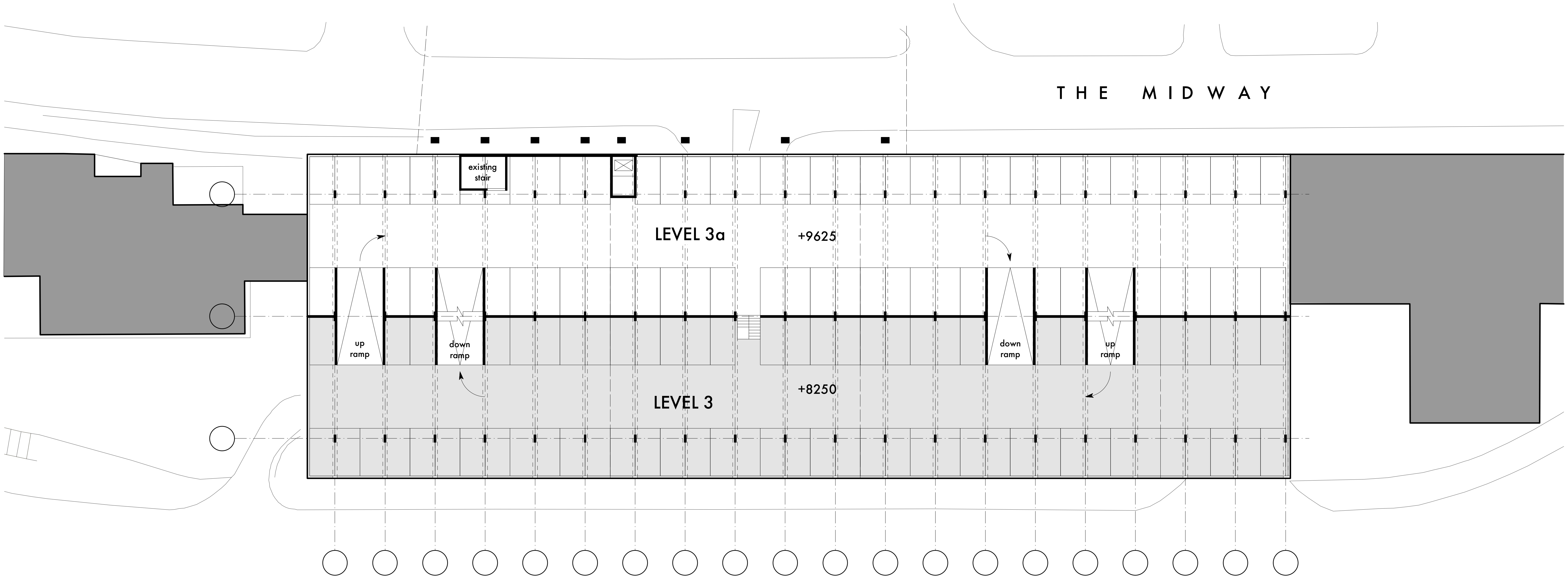
shedkm

MIDWAY, NEWCASTLE under LYME

EXISTING PLAN

LEVELS 3/3a

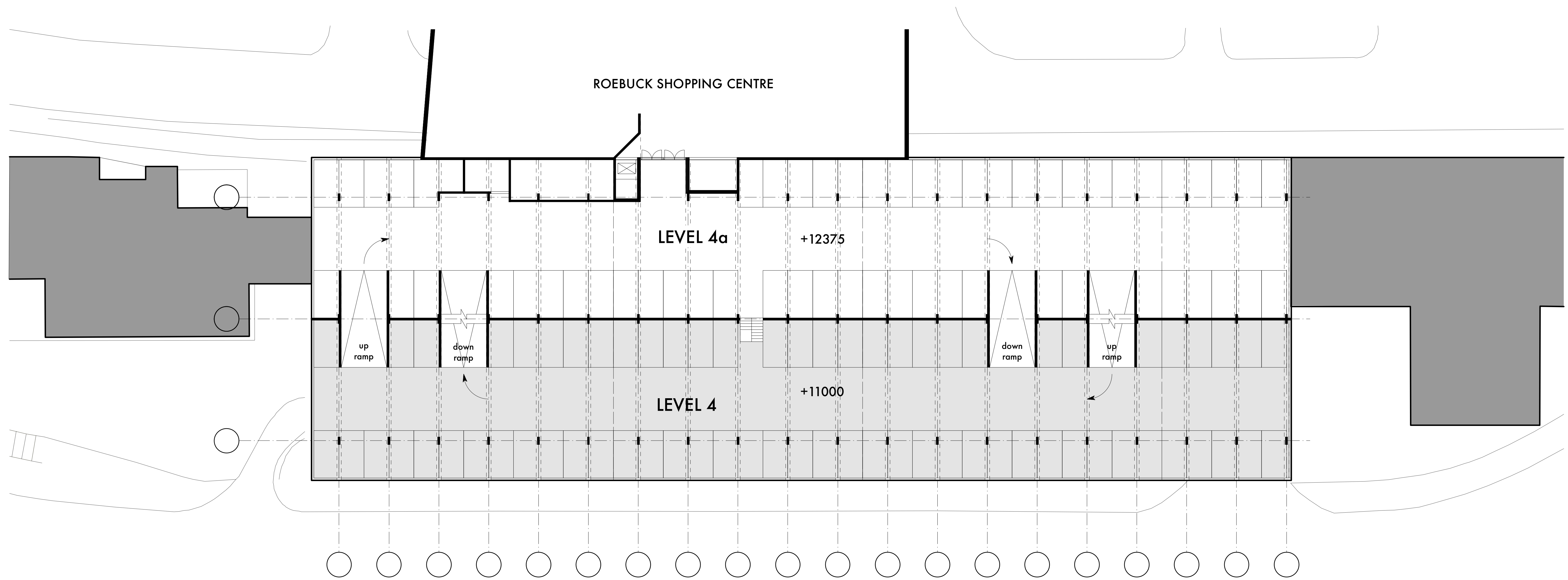
1:400



MIDWAY, NEWCASTLE under LYME

EXISTING PLAN

LEVELS 4/4a
1:400



CAPITAL&CENTRIC

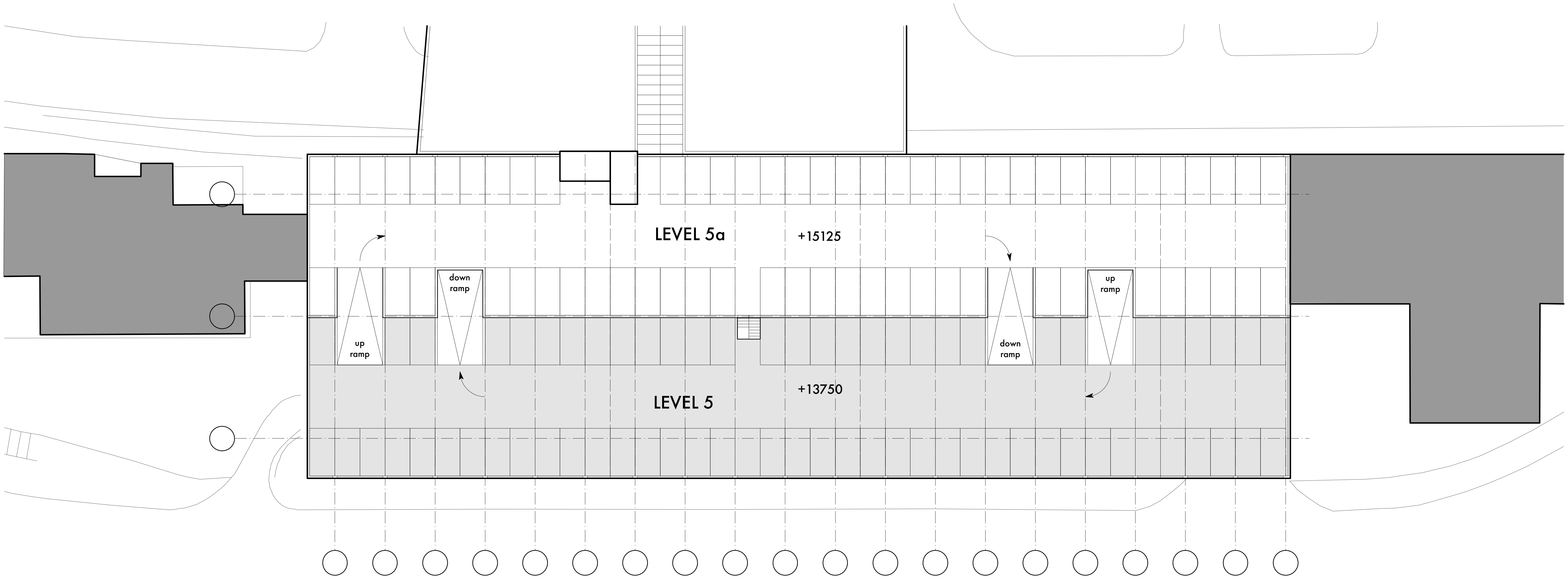
shedkm

MIDWAY, NEWCASTLE under LYME

EXISTING PLAN

LEVELS 5/5a

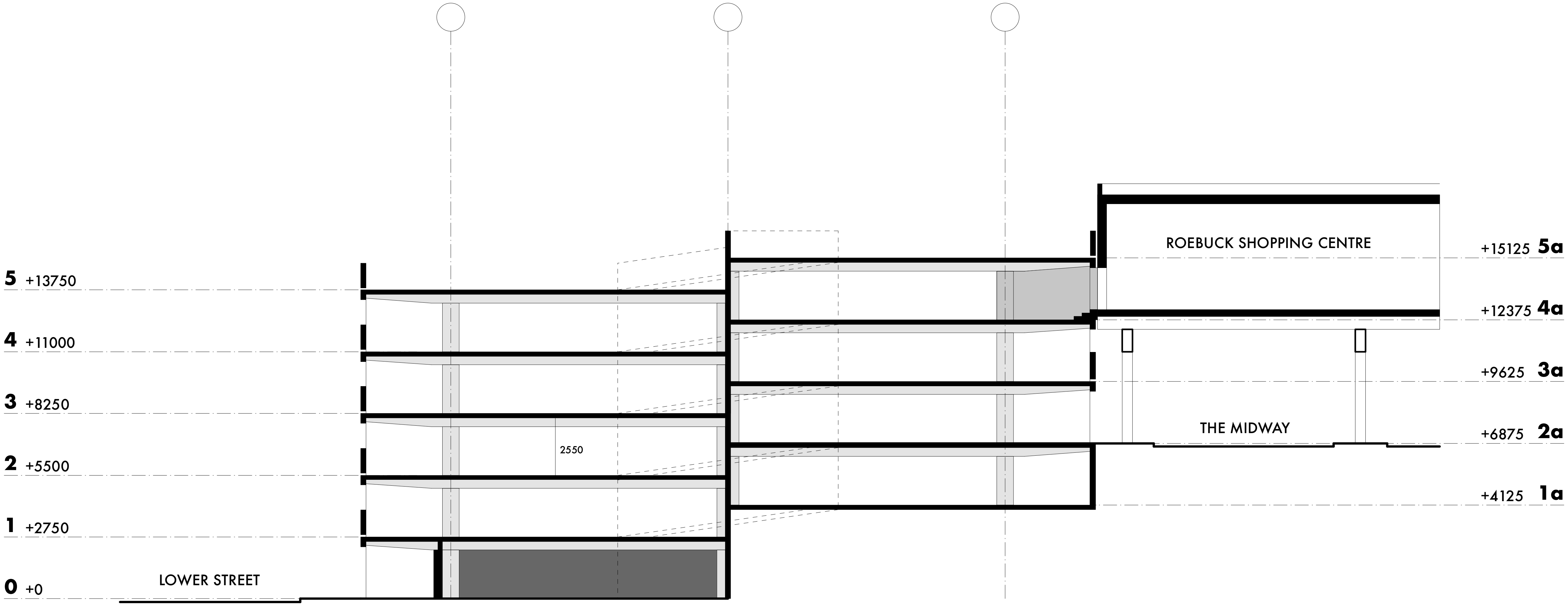
1:400



MIDWAY, NEWCASTLE under LYME

EXISTING SECTION AA

1:200



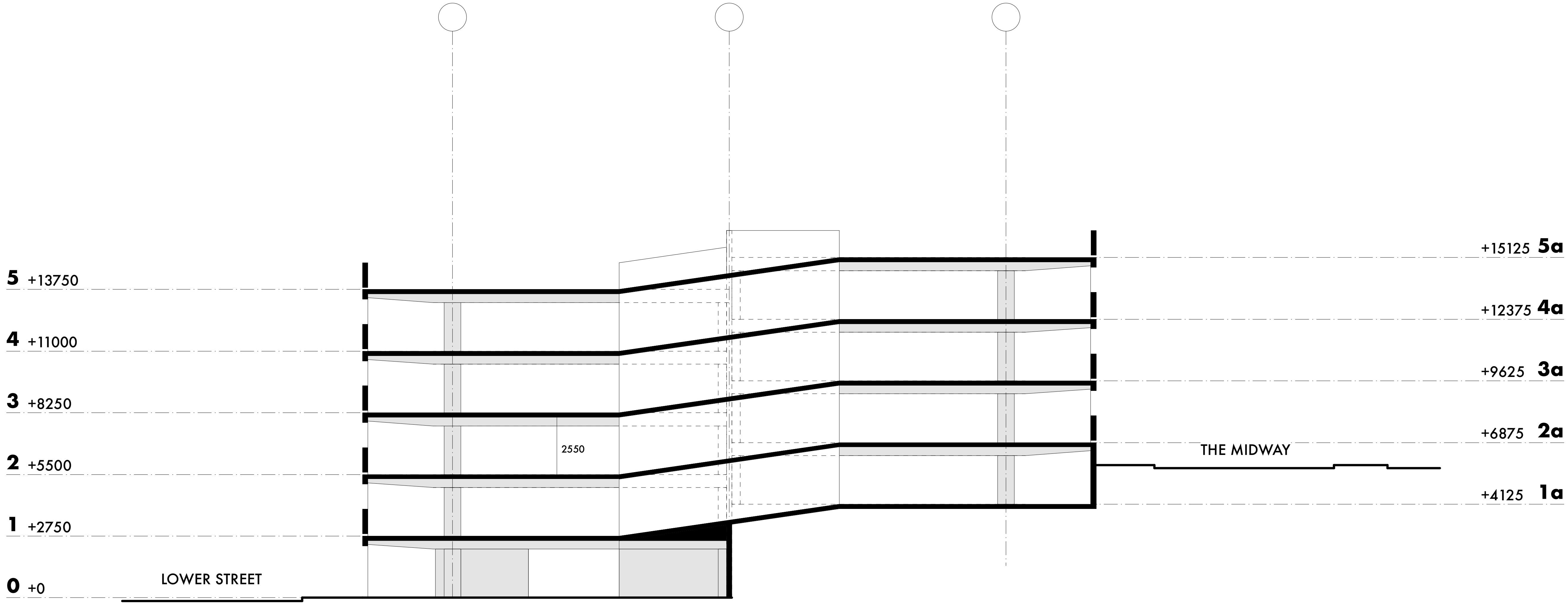
CAPITAL&CENTRIC

shedkm

MIDWAY, NEWCASTLE under LYME

EXISTING SECTION BB

1:200

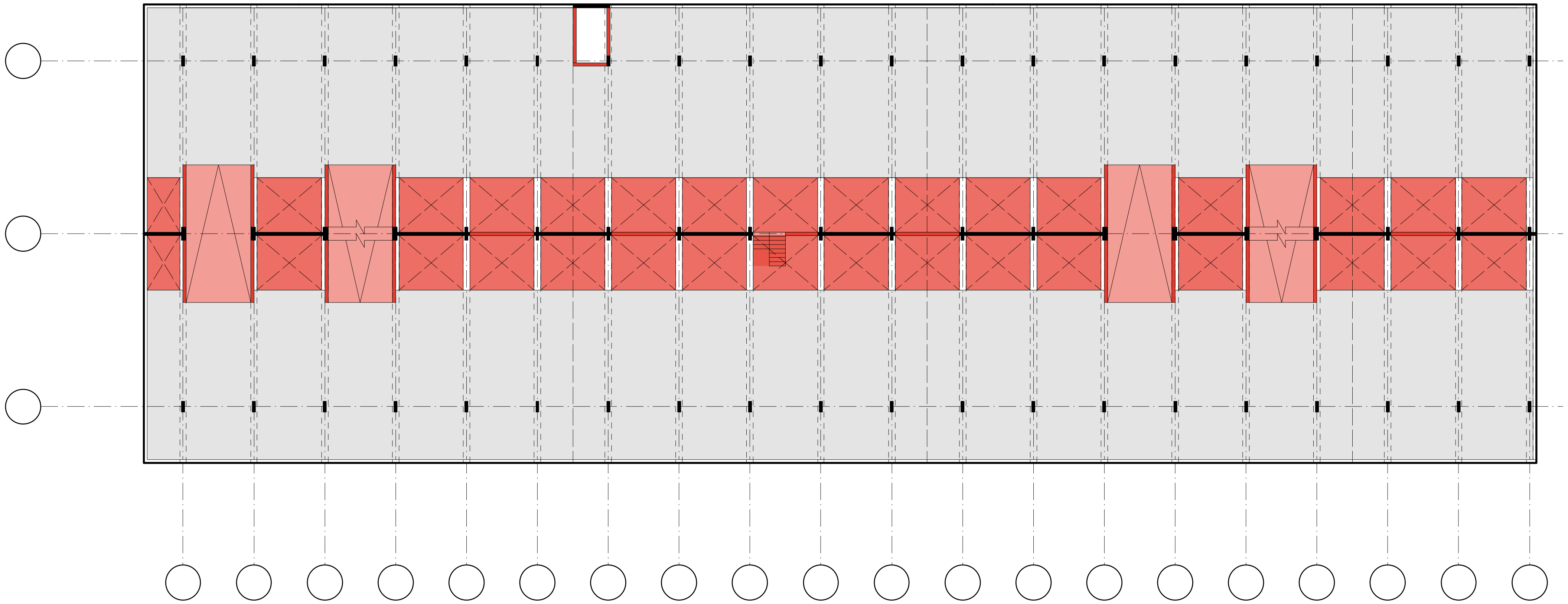


MIDWAY, NEWCASTLE under LYME

PROPOSED STRUCTURAL REMOVAL

LEVEL TYPICAL

1:400



CAPITAL&CENTRIC

shedkm

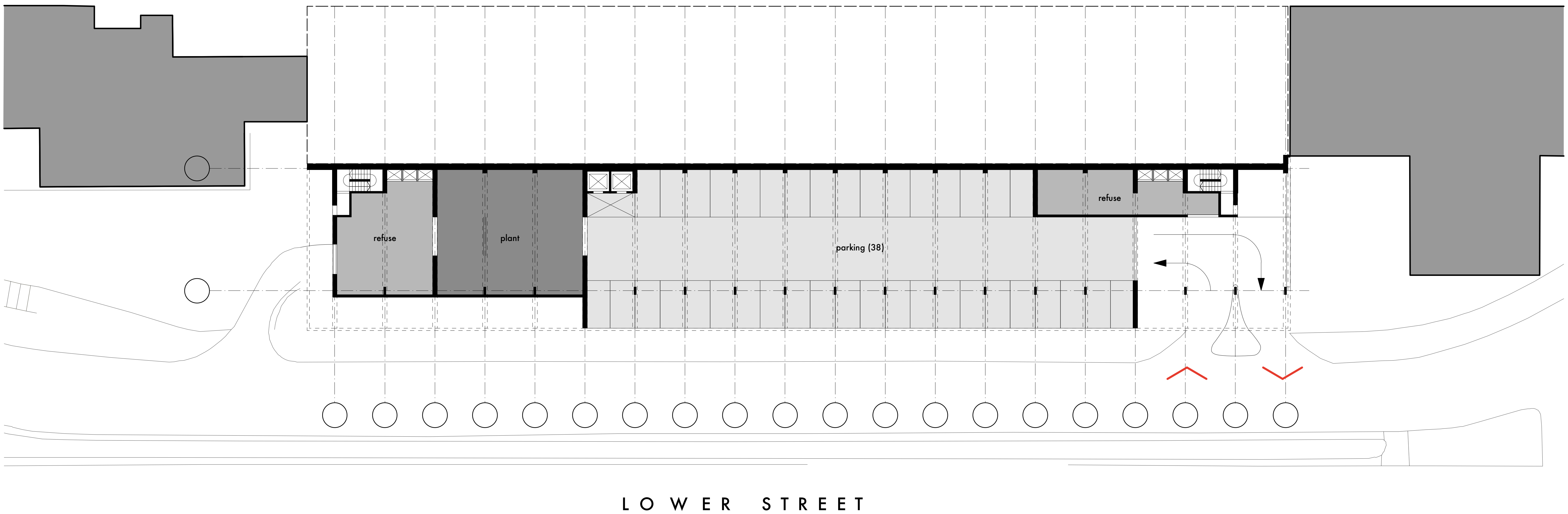
MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVEL 0

1:400

0



MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVELS 1/1a

1:400

1/1a

CAPITAL&CENTRIC

shedkm

MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVELS 2/2a

1:400

2/2a

MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVELS 3/3a

1:400

3/3a

CAPITAL&CENTRIC

shedkm

MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVELS 4/4a

1:400

4/4a

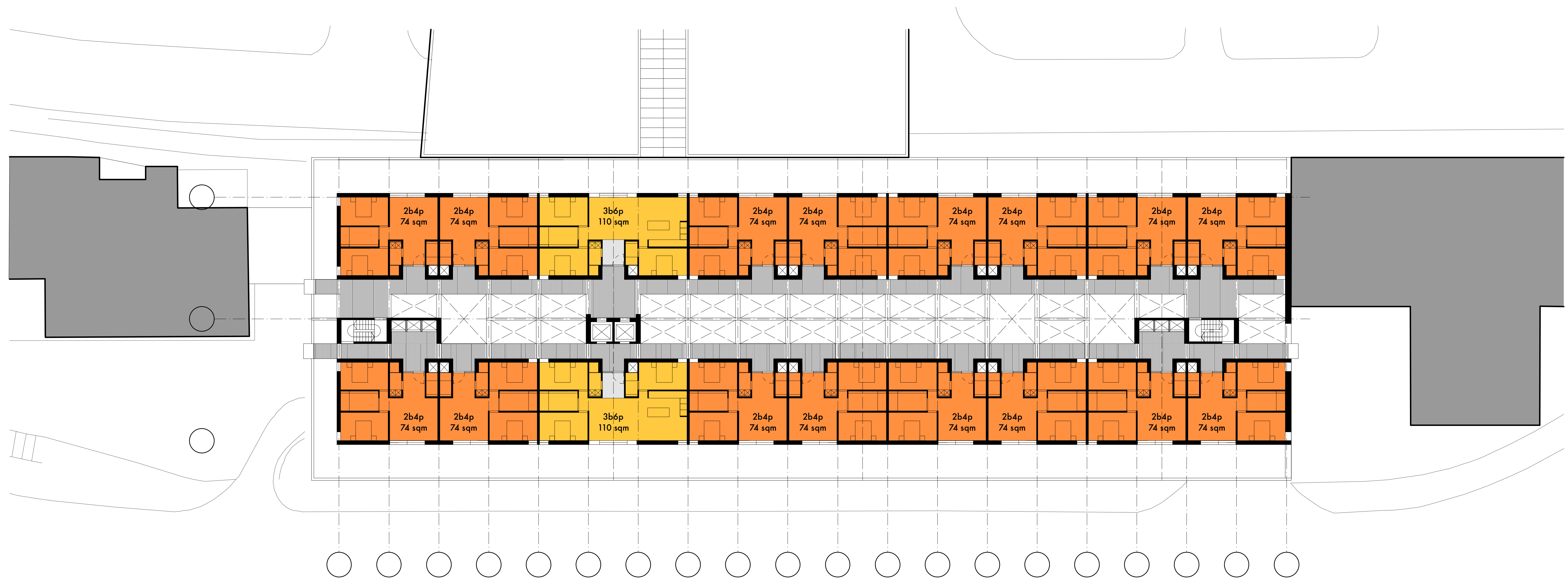
MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVELS 5/5a

1:400

5/5a



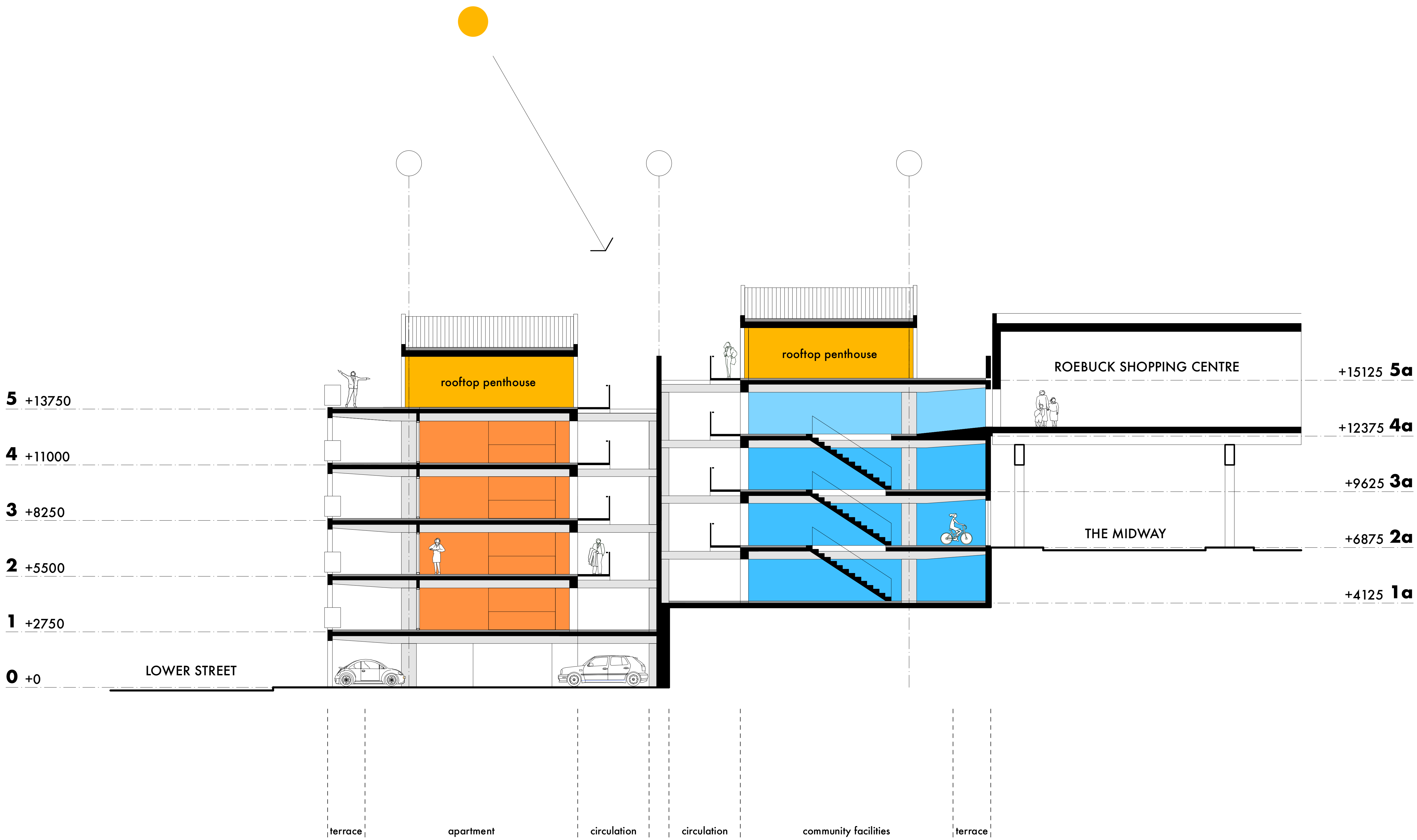
CAPITAL&CENTRIC

shedkm

MIDWAY, NEWCASTLE under LYME

PROPOSED SECTION AA

1:200



MIDWAY, NEWCASTLE under LYME

PROPOSED SECTION BB_SINGLE STOREY ROOF TOP OPTION

1:200

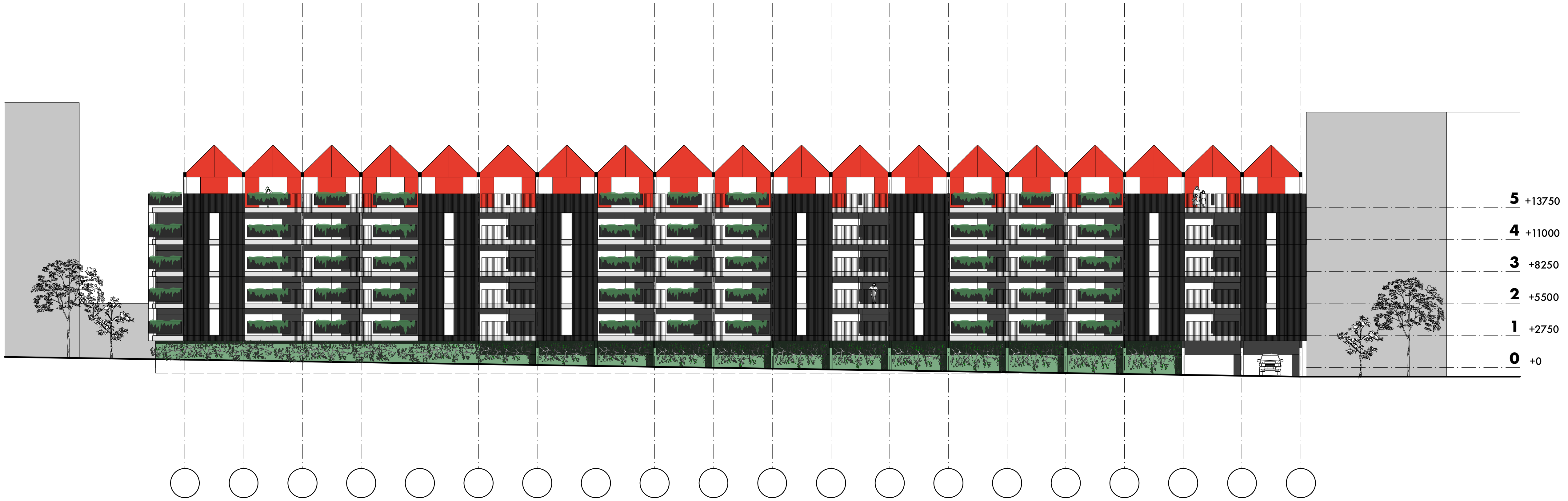
CAPITAL&CENTRIC

shedkm

MIDWAY, NEWCASTLE under LYME

PROPOSED LOWER STREET ELEVATION

1:400



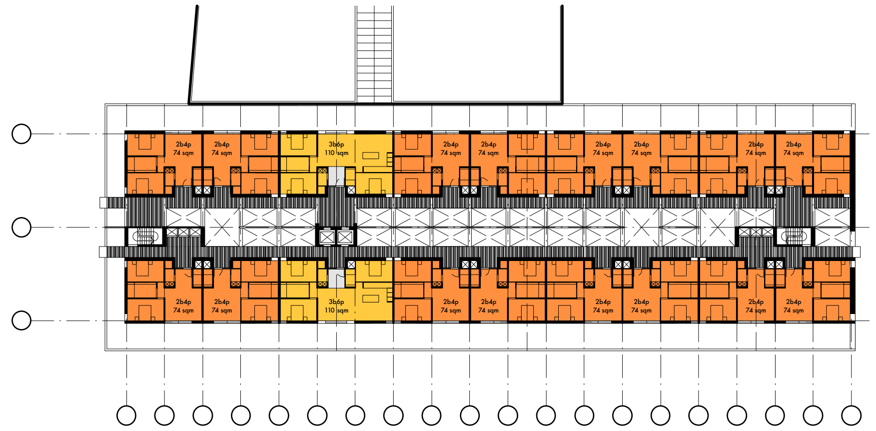
MIDWAY, NEWCASTLE under LYME

SCHEDULE OF ACCOMMODATION

LEVELS 5/5a_SINGLE STOREY OPTION

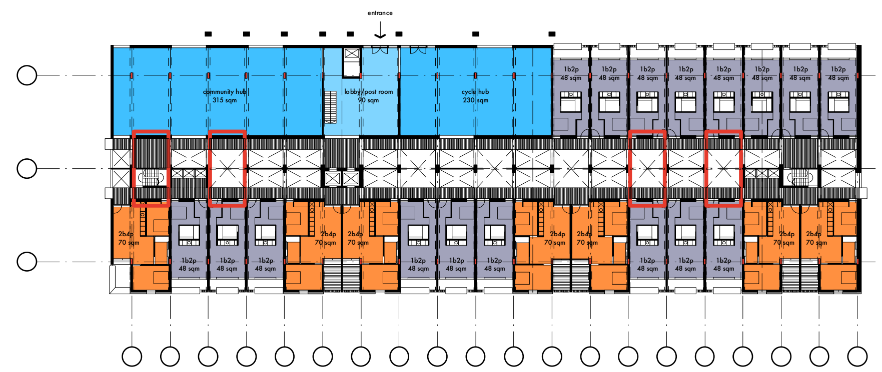
5a

5



2a

2



60 x 1b2p @ 48 sqm (57%)

28 x 2b4p @ 70 sqm (26%)

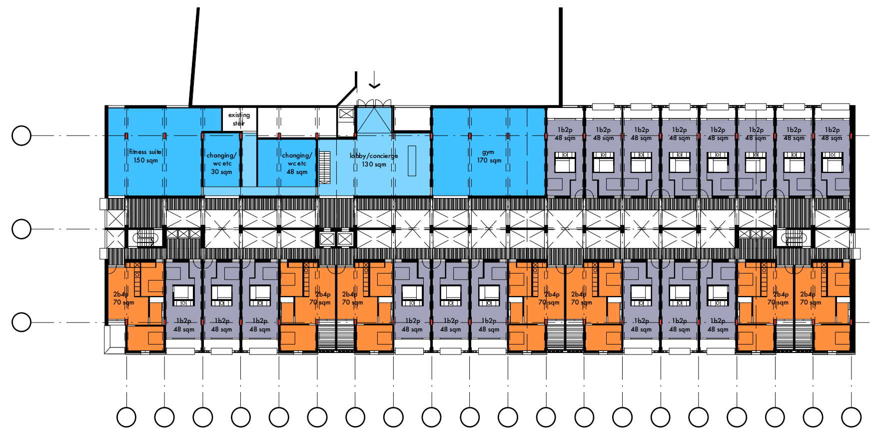
16 x 2b4p @ 74 sqm (15%)

2 x 3b6p @ 110 sqm (2%)

106 TOTAL

4a

4

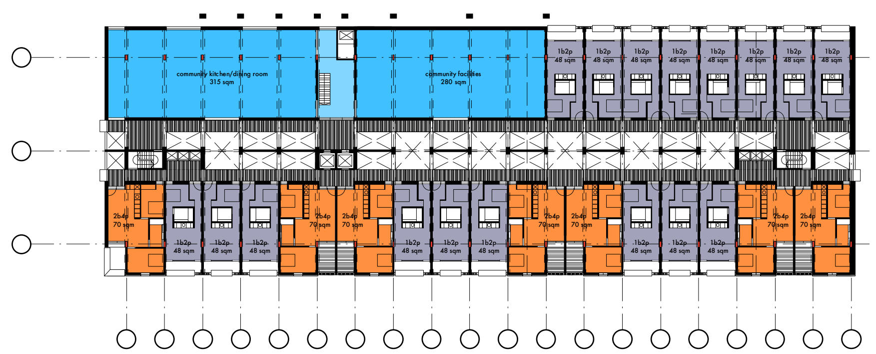


1a

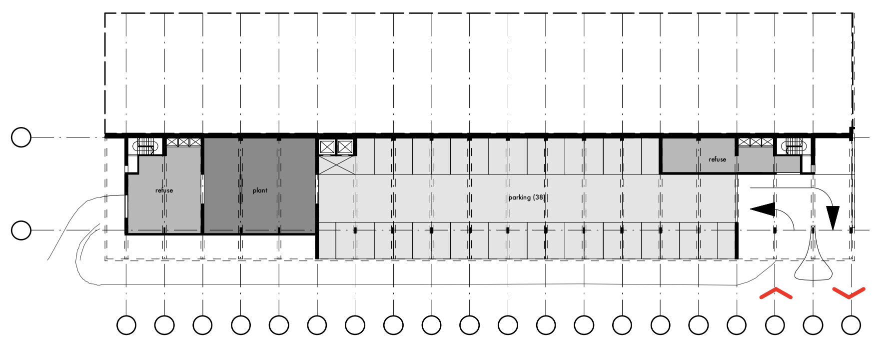
1

3a

3



0



APPENDIX C.

ryecroft

project title
ryecroft masterplan

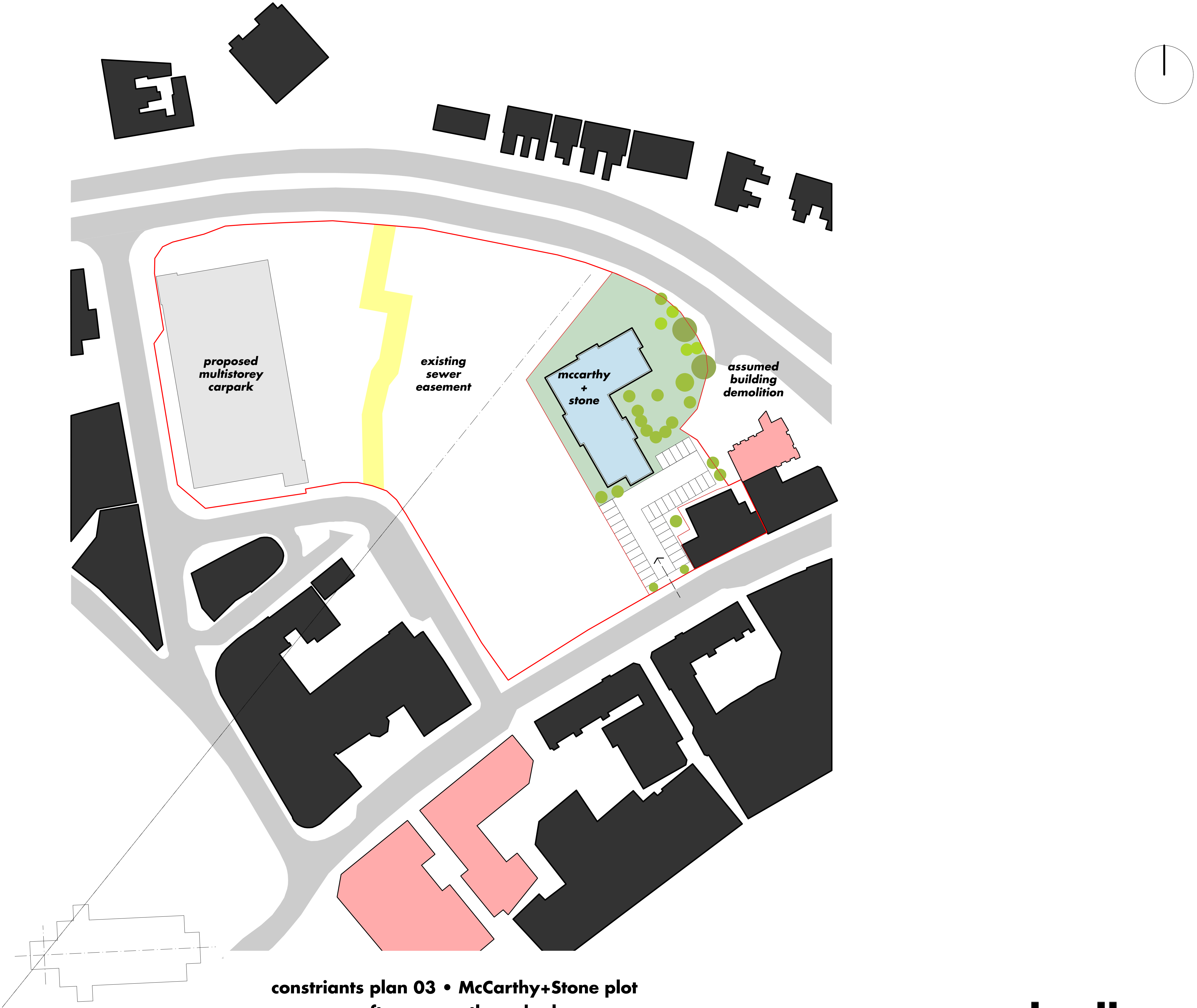
date
26 01 2024

project address
Ryecroft
Newcastle under Lyme
ST55 9ZZ

document title
outline masterplan • option 12

status/revision
P01

author
shedkm architects ltd



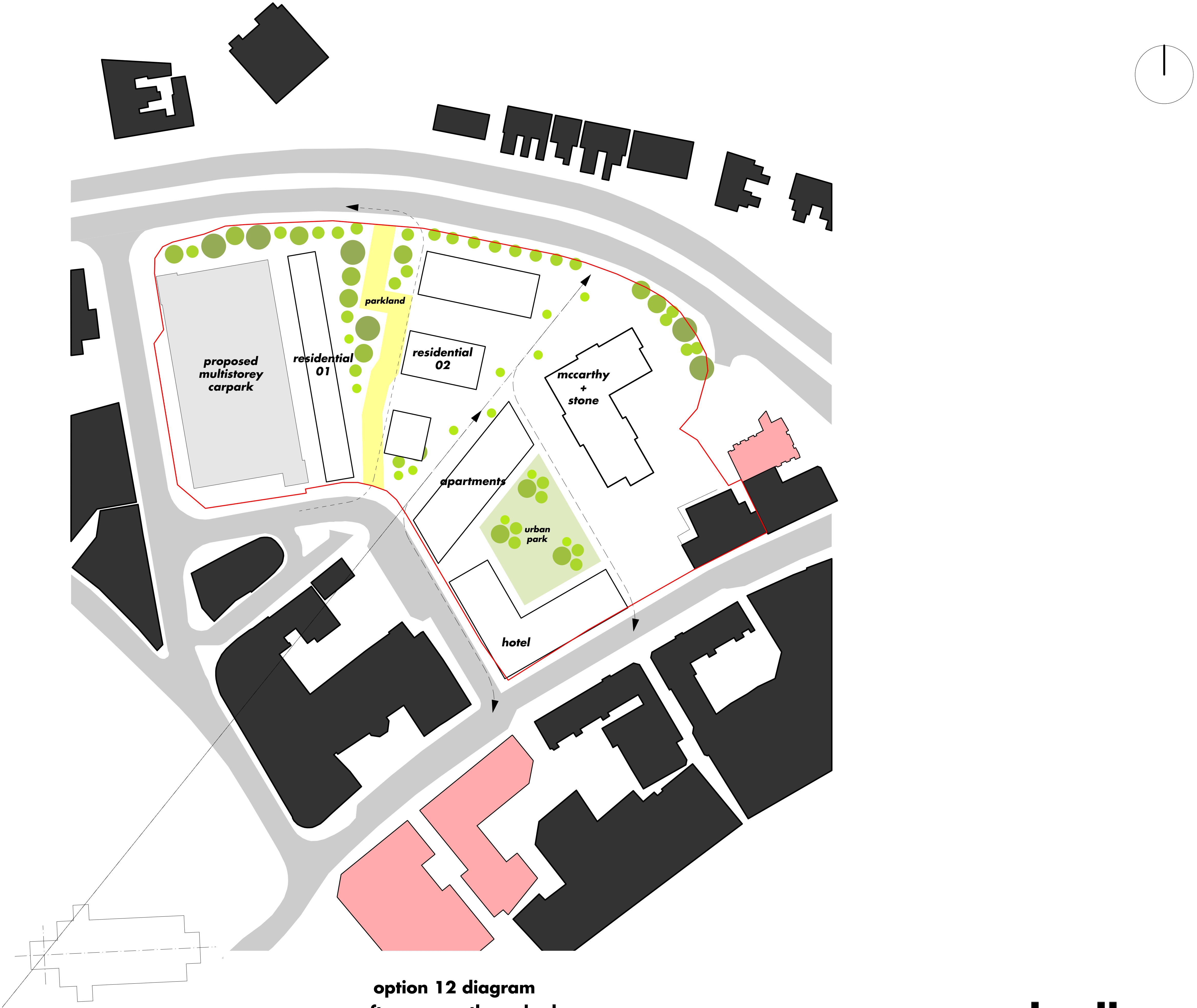
constriants plan 03 • McCarthy+Stone plot

ryecroft • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0150 • P01 • 26 01 24 • 1250 @ a3

capital&centric

shedkm



option 12 diagram

ryecroft • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0151 • P01 • 26 01 24 • 1250 @ a3

capital&centric

shedkm

accomodation schedule

neighbourhood

01	**12no b-haus** • 3b4p • 3 storey
02.1	**12no b-haus** • 3b4p • 3 storey
02.2	**08no b-haus** • 3b4p • 3 storey
02.3	**04no a-haus** • 4b6p • 3 storey
A	**hotel entrance + support**
B	**500sqm commercial space**
C	**500sqm commercial space**

option 12 ground floor
ryecroft • newcastle under lyme
2328-SKM-ZZ-00-DR-A-SK-0152 • P01 • 26 01 24 • 1250 @ a3

capital&centric

shedkm

accomodation schedule

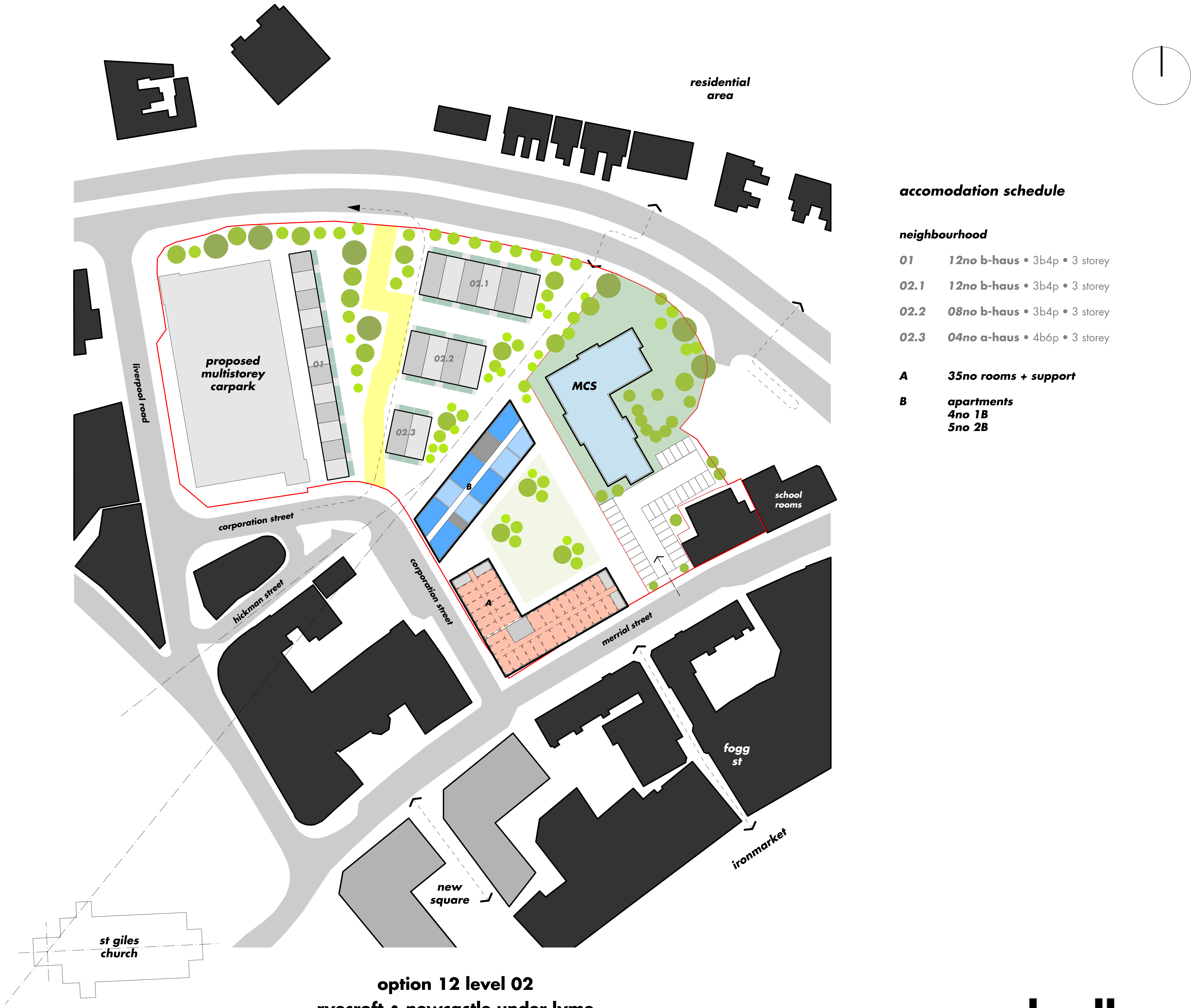
neighbourhood

01	**12no b-haus** • 3b4p • 3 storey
02.1	**12no b-haus** • 3b4p • 3 storey
02.2	**08no b-haus** • 3b4p • 3 storey
02.3	**04no a-haus** • 4b6p • 3 storey
A	**35no rooms + support**
B	**apartments** **4no 1B** **5no 2B**

option 12 level 01
ryecroft • newcastle under lyme
2328-SKM-ZZ-00-DR-A-SK-0153 • P01 • 26 01 24 • 1250 @ a3

capital&centric

shedkm



accomodation schedule

neighbourhood

01	**12no b-haus** • 3b4p • 3 storey
02.1	**12no b-haus** • 3b4p • 3 storey
02.2	**08no b-haus** • 3b4p • 3 storey
02.3	**04no a-haus** • 4b6p • 3 storey
A	**35no rooms + support**
B	**apartments** **4no 1B** **5no 2B**

option 12 level 02

ryecroft • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0154 • P01 • 26 01 24 • 1250 @ a3

capital&centric

shedkm

accomodation schedule

neighbourhood

01	**12no b-haus** • 3b4p • 3 storey
02.1	**12no b-haus** • 3b4p • 3 storey
02.2	**08no b-haus** • 3b4p • 3 storey
02.3	**04no a-haus** • 4b6p • 3 storey
A	**35no rooms + support**
B	**apartments** **4no 1B** **5no 2B**

option 12 level 03

ryecroft • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0155 • P01 • 26 01 24 • 1250 @ a3

capital&centric

shedkm

accomodation schedule

neighbourhood

01	12no b-haus • 3b4p • 3 storey
02.1	12no b-haus • 3b4p • 3 storey
02.2	08no b-haus • 3b4p • 3 storey
02.3	04no a-haus • 4b6p • 3 storey
A	35no rooms + support
B	apartments 4no 1B 5no 2B

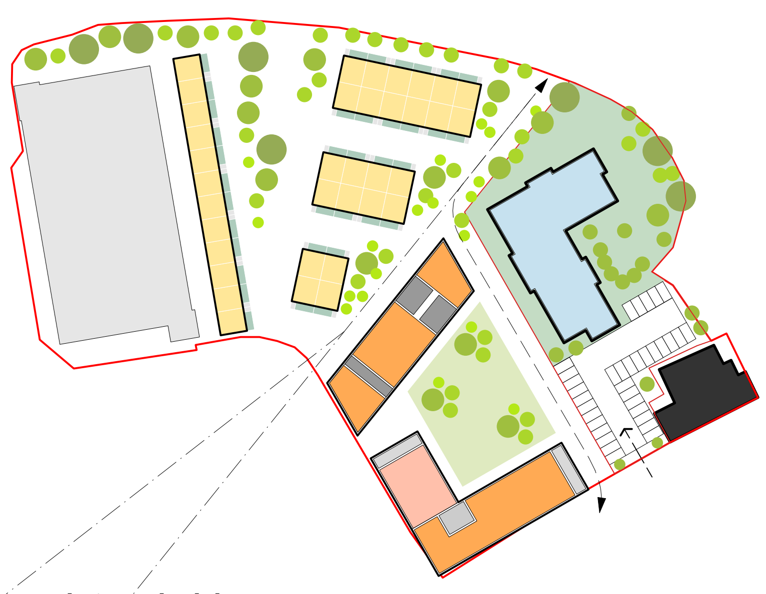
option 12 level 04

ryecroft • newcastle under lyme

2328-SKM-ZZ-00-DR-A-SK-0156 • P01 • 26 01 24 • 1250 @ a3

capital&centric

shedkm



accomodation schedule

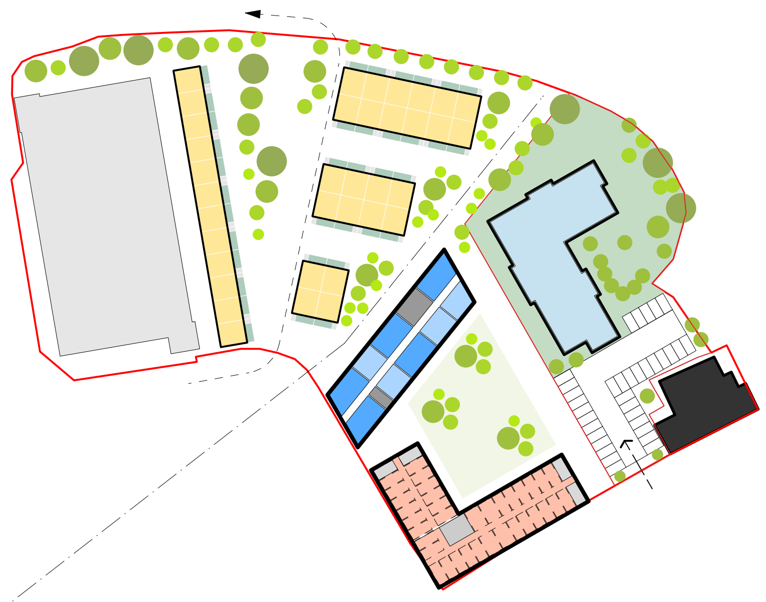
neighbourhood

01 12no b-haus • 3b4p • 3 storey
02.1 12no b-haus • 3b4p • 3 storey
02.2 08no b-haus • 3b4p • 3 storey
02.3 04no a-haus • 4b6p • 3 storey

A hotel entrance + support
B 500sqm commercial space
C 500sqm commercial space

accomodation schedule

A 35no rooms + support
B apartments
4no 1B
5no 2B



accomodation schedule

A 35no rooms + support
B apartments
4no 1B
5no 2B

accomodation schedule

A 35no rooms + support
B apartments
4no 1B
5no 2B

accomodation summary

neighbourhood

36no b-haus • 3b4p • 3 storey

12no 1B

15no 2B

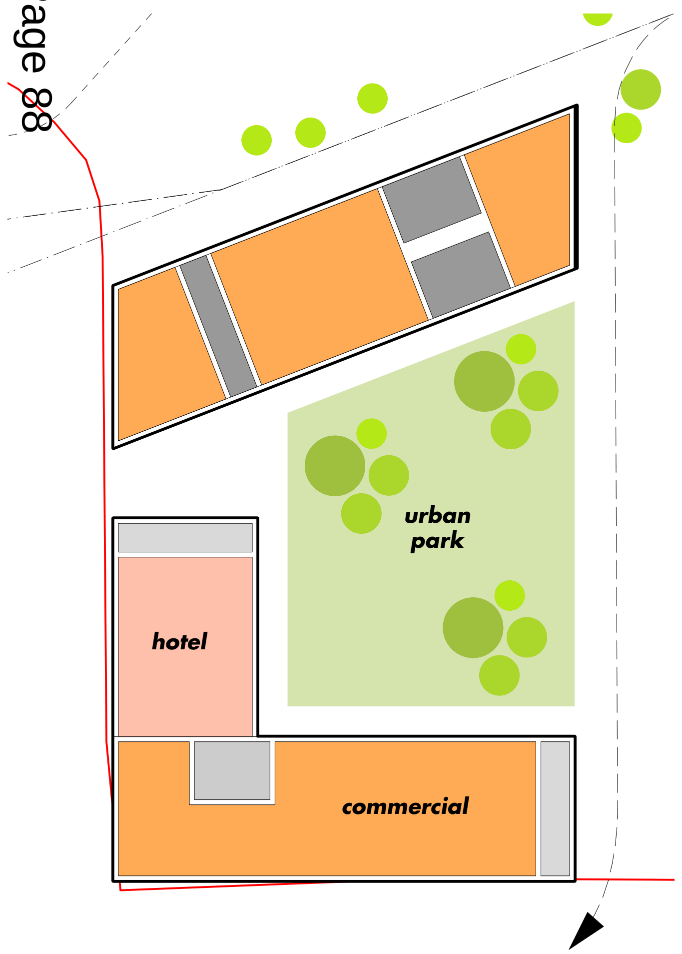
110no room hotel

1000sqm commercial space

option 12 • accomodation summary
ryecroft • newcastle under lyme
2328-SKM-ZZ-00-DR-A-SK-0157 • P01 • 26 01 24 • 1250 @ a3

capital&centric

shedkm

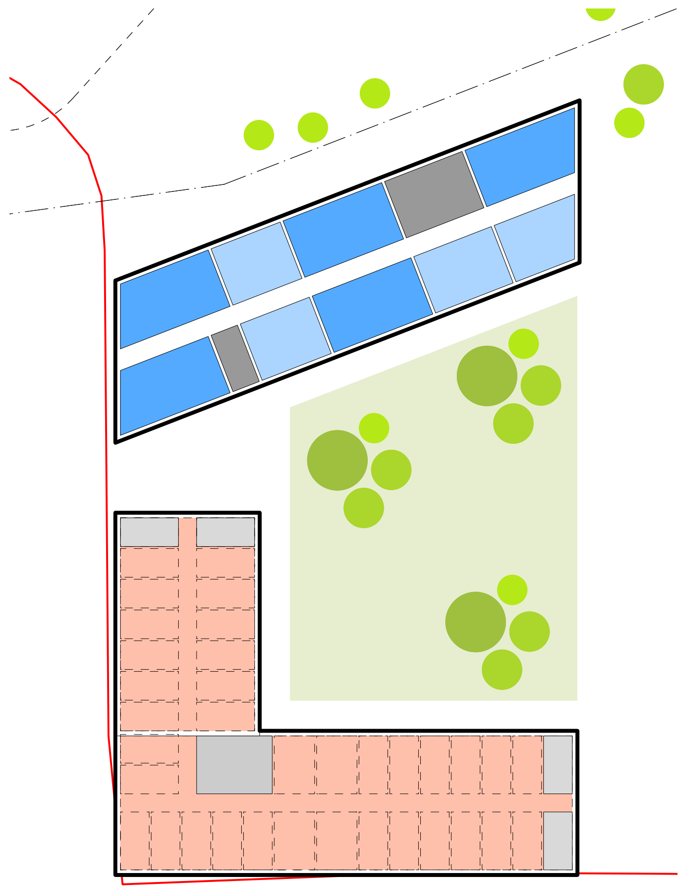


accomodation summary

ground floor

hotel 'drop off'
hotel entrance
social hub welcome + lounge area
back office
luggage room
public toilets
general manager office
other admin, offices, stores + archive
computer + telephone equipment room
staff restaurant + training room
toilets + lockers

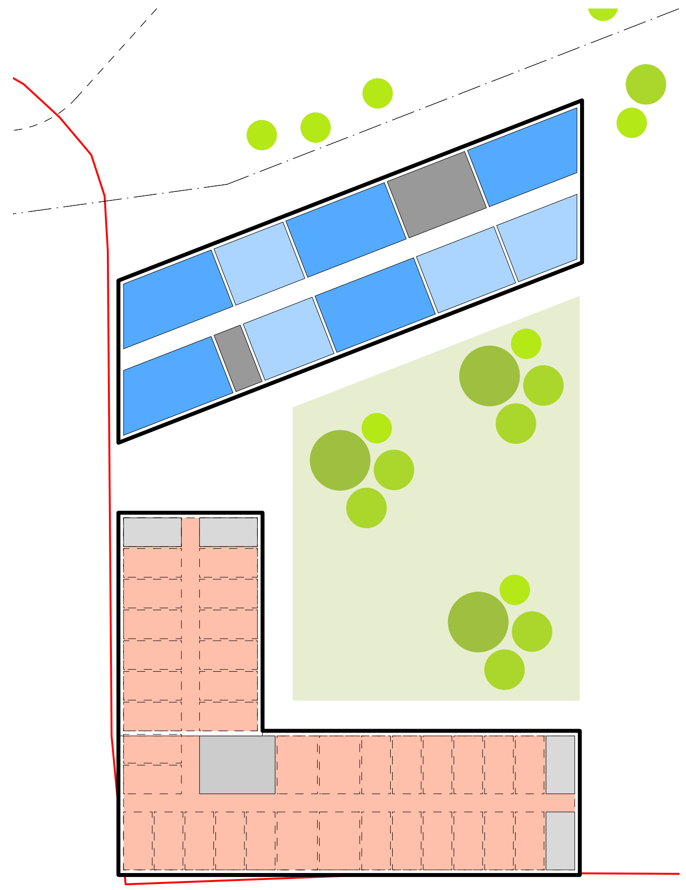
potential to provide additional accomodation as required



accomodation summary

first floor

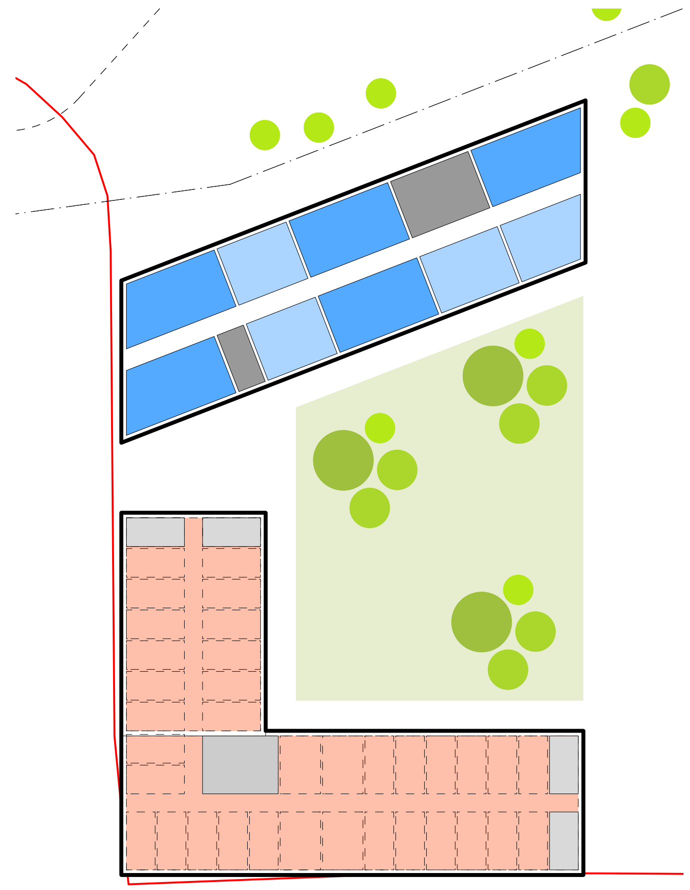
31no standard rooms
4no family rooms
primary core
2no service rooms
2no escape stairs



accomodation summary

second floor

31no standard rooms
4no family rooms
primary core
2no service rooms
2no escape stairs



accomodation summary

third floor

31no standard rooms
4no family rooms
primary core
2no service rooms
2no escape stairs

summary

102no standard rooms
6no family rooms
6no service rooms

option 12 • hotel summary
ryecroft • newcastle under lyme
2328-SKM-ZZ-00-DR-A-SK-0158 • P01 • 26 01 24 • nts @ a3

capital&centric

shedkm

design with a contemporary 'market town' venacular, delivering a vibrant activated public realm with a well judged scale + materiality palette

creating an ' urban park ' ... a vibrant landscaped amenity for both residents and visitors to compliment the historic 'market town' squares



creating an ' parkland ' ... a lush landscape setting for residential family housing creating safe and protected play spaces for the community

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO

Council
14 February 2024

Report Title: **Revenue and Capital Budgets and Strategies 2024/25**

Submitted by: **Service Director for Finance (Section 151 Officer)**

Portfolios: **Finance, Town Centres and Growth**

Ward(s) affected: **All**

Purpose of the Report	**Key Decision** Yes ☒ No ☐
This report sets out the recommendations of Cabinet for the 2024/25 General Fund Revenue Budget and the 2024/25 Capital Programme and sets out the recommendations for setting the 2024/25 Council Tax. It also recommends for approval the Medium Term Financial Strategy for 2024/25 to 2028/29, the Capital Strategy for 2024/34, the Treasury Management Strategy for 2024/25, the Investment Strategy for 2024/25 and the Commercial Strategy for 2024/25.	
Recommendation 1. **That the Council approve the schedule of recommendations set out in Appendix 1.**	
Reasons A robust, affordable and balanced budget is required to be set for the financial year 2024/25. The Council needs to have an approved Medium Term Financial Strategy for 2024/25 to 2028/29, an approved Capital Strategy for 2024/34, an approved Treasury Management Strategy for 2024/25, an approved Investment Strategy for 2024/25 and an approved Commercial Strategy for 2024/25 in place before the start of the 2024/25 financial year.	

1. **Background**

1.1 This report is the culmination of the 2024/25 budget process. The Cabinet and the Finance, Assets and Performance Scrutiny Committee (FAPSC) have considered the content of the 2024/25 budget and the resultant Council Tax which is recommended. Cabinet met on 6 February 2024 and recommend a Council Tax for this Council in 2024/25 of £218.69 (based on Band D), as set out in Appendix 1 and Appendix 2. This is an increase of 1.99% (£4.27) a year from the 2023/24 amount, this is below the increase permitted without triggering the requirement for a referendum.

1.2 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 "good local services, a prosperous borough and safe and welcoming places for all" and the Council's stated aims and objectives, as set out in the Council Plan 2022-2026, which was approved by Cabinet on 6 September 2022.

1.3 The Medium Term Financial Strategy (MTFS) (Appendix 3) sets out the Council's financial position over the next 5 years. This is aligned to the Council Plan 2022-2026 and is the key vehicle for ensuring efficiency in service delivery and targeting resources to priority areas.

1.4 Despite the COVID-19 pandemic and the Cost of Living Crisis, 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 Council Achievements, linked to the Council Plan objectives, are reported to Cabinet on a quarterly basis. (Details of the Council Plan 2022-2026 can be seen here https://www.newcastle-staffs.gov.uk/policies-1/council-plan-2022-2026.

1.5 The 2024/25 budget is based on the assumptions set out in the MTFS which was reported to the Cabinet at its meeting on 16 January 2024, scrutinised by the Finance, Assets and Performance Scrutiny Committee at its meeting on 18 January 2024 and subsequently approved by Cabinet on 6 February 2024 for recommendation to Full Council.

1.6 The Capital Strategy 2024/34 (Appendix 8) 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 approval by Council concerning the Treasury Management Strategy (Appendix 9) to be followed in carrying out its treasury management activities in the forthcoming financial year, 2024/25.

1.8 The Investment Strategy 2024/25 (Appendix 10) 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.

1.9 The Commercial Strategy 2024/25 is aligned with the Council's vision for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's medium-term financial strategy.

2. Issues

Budget 2022/23 – Provisional Outturn Forecast

Revenue

2.1 The Council approved a General Fund Revenue Budget of £16.857m on 15 February 2023 for 2023/24. The actual and forecast position compared to this budget is continuously monitored by Budget Holders, the Corporate Leadership Team and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.

2.2 At the close of period 9 a positive variance of £0.022m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £16.853m. This represents a positive outturn of £0.004m for the year.

2.3 The adverse variances forecast to be incurred at the close of 2023/24 include:

a. Income shortfalls of £0.588m from sales, fees and charges.

b. A shortfall of £0.347m in Housing Benefits subsidy grant regarding accommodation and payments for which full subsidy is not claimable.

c. Increased gas and electricity prices resulting in an overspend of £0.093m at Jubilee 2.

d. Holding costs for York Place (e.g. utilities and business rates) and additional backdated rent for a commercial property are expected to amount to £0.241m for the financial year.

e. Additional audit fees of £0.100m for the audit of the 2023/24 Statement of Accounts will be incurred during the current financial year following the re-tender completed by the Public Sector Audit Appointments board. Proportionally, this amounts to £0.075m at the close of period 9.

f. A pay award of £1,925 per employee that is in excess of the amount provided for in the budget (4%). Including national insurance and pension the additional amount is forecast to total £0.400m for the financial year.

2.4 These adverse variances will be offset in full by the following forecast favourable variances:

a. Utilisation of the £0.400m Cost of Living Reserve balance that was established during the budget setting for 2023/24 in order to respond to any above inflationary increases in costs.

b. Interest receivable on cash that the Council holds in terms of Town Deal and Future High Street funding, together with Section 31 grant and remaining Coronavirus grant funding (that are repayable to Central Government) is forecast to amount to £1.486m of income by the close of the financial year.

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

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

Capital

2.7 A Capital Programme totalling £30.360m was approved for 2023/24. Of this total £17.863m relates to the total cost of new schemes for 2023/24 together with £12.497m for schemes funded by external sources (Town Deals Fund, Future High Streets Fund and Disabled Facilities Grants) and £1.000m contingency. In addition £24.013m was brought forward from the 2022/23 Capital Programme (including £22.771m from the Town Deals Fund and the Future High Streets Fund), resulting in a total Capital Programme of £54.373m for 2023/24.

2.8 At the close of period 9 the profiled capital budget amounts to £7.745m, actual spend for this period totals £7.782m.

2.9 A mid-year review of the capital programme for 2023/24 has been undertaken as part of the Efficiency Board and budget setting process. The revised capital programme for 2023/24 totalling £55.433m (including a £1m contingency and agreed carry forwards from 2022/23) was approved by Cabinet on 5 December 2023.

Medium Term Financial Strategy

2.10 The MTFS indicates a budget shortfall of £2.692m for 2024/25, further years funding gaps are shown on the table below and in further detail at Appendix 5.

2.11 A number of savings and funding strategies have been identified as being both feasible and sustainable, via a vigorous Financial Efficiency Board process including challenge sessions for each of the Cabinet Portfolios involving Cabinet Members, the Corporate Leadership Team, Service Directors and the Finance Manager. The savings identified for the period of the MTFS, have enabled a balanced financial position to be proposed for 2024/25.

Detail	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Income	680	91	-	-	-
One Council	230	-	-	-	-
Staffing Related	199	-	-	-	-
Good Housekeeping	489	-	-	-	-
Tax Base	424	383	394	407	419
Council Tax Increase	164	166	168	170	172
Government Grants	506	-	-	-	-
TOTAL SAVINGS	**2,692**	**640**	**562**	**577**	**591**
UPDATED MTFS GAPS	**2,692**	**1,557**	**997**	**1,092**	**547**
REMAINING GAP	**-**	**917**	**435**	**515**	**(44)**

Revenue Budget 2024/25

2.12 The MTFS provides for a gap in 2024/25 of £2.692m and over the 5 year period of the MTFS of £6.885m.

2.13 The table below shows the factors which give rise to the £2.692m gap for 2024/25:

	£'000
Additional Income	
Fees and Charges	(230)
Business Rates Retention	(306)
Total Additional Income	**(536)**
Loss of Income	
Government Grant (New Homes Bonus, Housing Benefits Admin, Services Grant)	463
Reduction in income from under achieved budgets	180
Total Loss of Income	**643**
Additional Expenditure	
Employees (pay awards, increments, national insurance, pension)	1,179
Premises (business rates and utilities)	146
Transport (fuel)	21
Contribution to Budget and Borrowing Support Fund	103
Borrowing	471
Other pressures (inc. software licences, temporary/supported accommodation)	665
Total Additional Expenditure	**2,585**
Net Increase in Base Budget	**2,692**

2.14 The savings identified for 2024/25 are summarised below, with further detail in Appendix 4. These savings and strategies enable a balanced financial position to be proposed for 2024/25.

Category	Amount £'000	Comments
Income	680	Additional sources of income generation and an increased demand for services that the Council charges for
One Council	230	Efficiencies to be generated from the continued implementation of a new Council operating model and increased performance management
Staffing Related Efficiencies	199	No redundancies are anticipated to arise from these proposals
Good Housekeeping/More Efficient Processes	489	Various savings arising from more efficient use of budgets
Tax Base Increase	424	Increase in Council Tax and Business Rates tax base
Council Tax Increase	164	An assumed 1.99% per Band D equivalent increase in Council Tax
Government Grants	506	Grants in respect of New Homes Bonus and Minimum Funding Guarantee
Total	**2,692**	

2.15 As in previous years, the first draft of the savings plan set out at Appendix 4 was made available to the Finance, Assets and Performance Scrutiny Committee for scrutiny at its meeting on 13 December 2023. The Committee also scrutinised the recommendations of the Cabinet report of 16 January 2024 at its meeting on 18 January 2024.

2.16 On 24 January Central Government announced that the Minimum Funding Guarantee, from which the Council benefits, would increase from 3% to 4%. This will result in an additional £0.138m of funding being available to the Council. It is proposed that £0.100m will be used to increase the General Fund Reserve and £0.038m will be used to establish a Small Repairs Fund which is to be utilised for repairs to Council owned footpaths, structures and playgrounds.

Borough Growth Fund

2.17 The Borough Growth Fund was established in 2020 for the purpose of enabling investment in corporate priorities. The Borough Growth Fund is required to be used to invest 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.

2.18 Since the establishment of the Borough Growth Fund, investments have been made in the following areas-

Investment Area	£'000	Details
Council Modernisation	429	Embedding digitalisation across services and developing the skills of staff.
One Council Programme	100	Contribution to drive the digital programme which will transform public access to council services and drive efficiency savings.
Environmental Sustainability	139	Tree planting/carbon reduction
Walley's Quarry	75	Addressing community concerns regarding the quarry's unpleasant odour omissions.
Town Centre Support	113	Used to support the Town Deal bids for Newcastle and Kidsgrove and the rejuvenation of the Markets.
Car Parking Machines	30	Purchase of car parking machines with cashless payment options.
Commercial Property Review	20	Review to develop income generation ideas as part of the Commercial Strategy.

2.19 The savings and funding strategies identified in the table in paragraph 2.14 and in Appendix 4 will enable continued investment of £0.250m in the Council's priorities as per the Council Plan 2022-2026 via the Borough Growth Fund. The Borough Growth Fund will continue to be used to provide investment in initiatives, including Digital Delivery, 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.

2.20 The 2024/25 Borough Growth Fund investment will be used in the following areas:

Investment Area	£'000
Environmental Sustainability In order to boost environmental sustainability within the Borough, £0.100m will be allocated to: - Roll out of rural carbon capture green spaces - Progression towards carbon neutrality by 2030 - Support of the Environmental Sustainability Plan	 25 50 25
Digital Programme In order to continue the transformation of public access to Council services and to further drive efficiency savings, £0.100m will be allocated to:	

- Utilisation of modern technologies and tools to enable, enhance and redefine how services are delivered, whilst ensuring a choice of access for those who are not digitally connected - Ensure that the implementation of the Technology Strategy and associated projects are sufficiently resourced in terms of staffing	50 50
Economic Development In order to boost footfall with the town centre, £0.050m will be allocated to: - Investment to support the regeneration of the market - Freeze of market rental fees in order to support and retain stall occupiers	 47 3
Total	**250**

2.21 In order to boost environmental sustainability within the Borough, £0.100m per annum over the life of the MTFS continues to be ring-fenced from the Borough Growth Fund to enable such projects to be fully funded.

2.22 £0.100m of the 2023/24 Borough Growth Fund will continue to be allocated to help drive the digital programme which will transform public access to Council services and drive efficiency savings. This investment is linked to the recently approved Technology Strategy which sets out the Council's vision for technology and how the Council will utilise all modern technologies and tools to enable, enhance and redefine how our services are delivered. The strategy also sets out the importance of making it easy and inclusive for residents, promoting online services as the default method of access and supporting the development of digital within the borough. Whilst still ensuring we continue to provide a choice of access for those who do not have access or the skills to use digital technologies.

2.23 The remaining £0.050m will be used within economic development on initiatives for boosting footfall within the town centre. This includes investment in the Markets together with ensuring the Market rental fees are frozen for 2024/25 in order to support and retain the Market Stall occupiers which in turn will attract shoppers into the Town Centre.

Council Tax and Collection Fund

2.24 A 1.99% per Band D equivalent property Council Tax increase, producing £0.164m of additional income is proposed based on a Borough Council Tax requirement of £8,471,610. This increase in Council Tax would equate to the following monetary increases for residents:

Property Band	Annual Increase £ p	Weekly Increase £ p
A	2.84	0.05
B	3.32	0.06
C	3.79	0.07
D	4.27	0.08
E	5.21	0.10
F	6.16	0.12
G	7.11	0.14
H	8.53	0.16

2.25 In addition to the Borough Council Tax the Council is required to levy additional charges relating to Parish Councils, Staffordshire County Council, the Staffordshire Commissioner (Fire and Rescue Authority and the Office of the Staffordshire Police and Crime Commissioner). These amounts are shown in Appendix 1 per property band and area of the Borough.

2.26 Taking into account all changes to the Council Tax base (i.e. new properties, discounts and exemptions), the Council Tax base has increased by 639 band D equivalent properties from 38,099 in 2023/24. To 38,738 in 2024/25.

2.27 The Council is required to declare its estimated surplus or deficit on the Collection Fund (for both Business Rates and Council Tax) to preceptors ahead of the financial year end for 2023/24. This surplus or deficit is then shared between the relevant preceptors in 2024/25 (a surplus if paid out to preceptors, including the Council, and a deficit is repaid to the collection fund from preceptors, including the Council).

2.28 The Business Rates Collection Fund is estimated to be in a deficit position at the close of 2023/24. The deficit is estimated to amount to £0.747m, of which the Council's share is £0.299m.

2.29 The majority of the deficit relates to reliefs funded via Section 31 grants and as such an increased amount of Section 31 grant (£0.146m) is forecast to be received by the Council, the remainder of the Council's share of the forecast deficit (£0.153m) will be transferred from the Business Rates Reserve which was established to allow for fluctuations in the Business Rates Retention scheme.

2.30 The Council Tax Collection Fund is estimated to be in a small surplus position as the close of 2023/24. This surplus is estimated to amount to £0.058m, of which the Council's share is £0.007m.

Budget Consultation

2.31 Public consultation has been undertaken on the budget (Appendix 14), the consultation ran between 3 December 2023 and 1 January 2024. The consultation clearly determined that residents felt that the following services were the most important to them:

- Town Centre regeneration,

- Culture and the Arts,
- Refuse collection,
- Parks, playgrounds and open spaces.

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

Capital Programme 2024/25 to 2026/27 and Capital Strategy 2024/34

2.32 The Capital Programme for 2024/25 to 2026/27 (Appendix 7) 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 2022-26. These schemes total £41.269m, including major investment into the Borough via external funding in terms of the Future High Streets Fund and the Town Deals Fund for both Newcastle and Kidsgrove.

2.33 As detailed in the Town Centre Regeneration Update Report presented to Cabinet on 6 February also, the Capital Programme supports the development of regeneration plans for several key sites across Newcastle Town Centre.

2.34 The Capital Programme for 2024/25 to 2026/27 includes an estimate for the development of York Place, this assumes spend of £16m over the period 2024/25 to 2025/26 and a subsequent capital receipt of the same value during the first 3 year period of the Capital Programme. This is subject to the business case that is currently being developed.

2.35 The Capital Strategy for 2024/34 (Appendix 8) 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.

2.36 The Capital Programme is produced in line with the Capital Strategy for 2024/34. In addition to the Council's corporate and service objectives, as set out in the Council Plan 2022-26, 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,
- The needs and views of other interested parties, particularly those of Borough residents.

2.37 Delivering the Capital Programme for 2024/25 will require prudential borrowing to be undertaken. The impact of borrowing is included in the MTFS pressures for 2024/25 and future years. Interest payable for borrowing in relation to capital developments for which a subsequent capital receipt covering all associated costs (including interest) is to be received, will be capitalised.

2.38 Advice will be sought from the Council's Treasury Management advisors, Arlingclose, as to the most beneficial timing of prudential borrowing. Their current advice remains to borrow on a short term basis (up to 4 years) from other local authorities where possible.

2.39 In summary, investment in the Capital Programme for 2024/25 to 2026/27 totalling £41.269m will be funded by:

- £11.588m External Funding,
- £27.550m Capital Receipts,
- £2.131m Prudential Borrowing.

Treasury Management Strategy 2024/25, Investment Strategy 2024/25 and Commercial Strategy 2024/25

2.40 The Treasury Management Strategy for 2024/25 is attached at Appendix 9. The Minimum Revenue Provision Policy for 2024/25 is contained in Annex C to the strategy.

2.41 The Treasury Management Strategy for 2024/25 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.

2.42 The Investment Strategy for 2024/25 is attached at Appendix 10. 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.

2.43 The Commercial Strategy for 2024/25 is attached at Appendix 11. This strategy is aligned with the Council's vision for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's medium-term financial strategy.

Balances and Reserves

2.44 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 Section 151 Officer. Details of the risk factors considered and the weightings applied to each are set out at Appendix 6.

2.45 It is recommended that a minimum level of unallocated reserves and contingencies (i.e. the Council's Balance and Reserve Strategy for 2024/25) of £2.257m be held in 2024/25 to reflect the levels of revenue risk shown in the budget for 2024/25. The increase required (£0.347m) will be funded from additional settlement monies as per paragraph 2.16 (£0.100m) and from a VAT refund (£0.247m of a total £0.473m) that the Council has received in relation to VAT on Leisure fees, the remainder of this refund will be used to contribute to the Walley's Quarry reserve (£0.100m) and the Budget and Borrowing Support fund (£0.126m) in order to boost the Council's financial resilience during the forthcoming financial year.

2.46 The Walley's Quarry reserve is forecast to have a balance of £0.100m at the close of 2023/24. This balance will be inflated by £0.100m as per 2.45 and by a further £0.100m as per Appendix 5 from additional settlement monies to ensure that at 1 April 2024 a balance of £0.300m is available. Should the forecast balance at the close of 2023/24 vary from £0.100m a transfer will be made from, or to, the Budget and Borrowing Support fund to ensure a £0.300m balance is available at 1 April 2024.

Localised Council Tax Support Scheme 2024/25 and Council Tax Premiums Policy

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

2.48 Any scheme needs to be approved by the 10 March before the start of a new financial year or a default scheme prescribed by regulations will be imposed by the Government. The scheme for 2024/25 (Appendix 12), is intended to remain as per the 2023/24 scheme.

2.49 The Local Government Finance Act 1992, as amended, allows a billing authority to set policies for the application of discretionary council tax premiums. Adopting council tax premiums on empty properties is one way of incentivising property owners to bring those properties back into use at the earliest opportunity and the generation of additional potential Council Tax income for the council.

2.50 Introducing a second home premium encourages owners to potentially return properties to long term and permanent use increasing the availability of homes. The Levelling Up and Regeneration Act 2023 allows discretionary council tax premium options on both empty and second homes (Appendix 13).

3. Proposals

3.1 That the Council approve the schedule of recommendations set out in Appendix 1.

4. Reasons for Proposed Solution

4.1 The Council has a statutory duty to set a balanced budget before 10 March in the financial year preceding the one in respect of which the budget is set, per Section 30(6) of the Local Government Finance Act 1992. Best practice is for financial planning to take place over a 5 year period in the form of a MTFS that sets out how the Council plans to allocate resources to meet its objectives.

5. **Options Considered**

5.1 None.

6. **Legal and Statutory Implications**

6.1 The Council is required to set its Council Tax for 2024/25 by 10 March 2024, per Section 30(6) of the Local Government Finance Act 1992. It is planned to approve the final budget and Council Tax rates on 14 February 2024.

7. **Equality Impact Assessment**

7.1 Local authorities have a responsibility to meet the Public Sector Duty of the Equality Act 2010. The Act gives people the right not to be treated less favourably due to protected characteristics. It is important to consider the potential impact on such groups and individuals when designing or delivering services and budgets. Budget proposals requiring changes or new services and policies will be subject to Equality Impact Assessments including consultation with affected people and organisations.

8. **Financial and Resource Implications**

8.1 These are addressed in the body of the report.

9. **Major Risks**

9.1 Section 25 of the Local Government Acts 2003 places a duty on the Section 151 officer to report on the robustness of the budget. The main risks to the budget include spending in excess of budget; income falling short of the budget (including capital receipts from disposal of assets); and unforeseen elements such as changes to Government funding. In the context of uncertainty regarding Government funding reforms there are significant budget risks that will need to be managed. It will be essential the Council has sufficient reserves to call on if required.

9.2 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 held at a minimum level of £2.157m to reflect the levels of revenue risk shown in the budget for 2023/24. In addition a contingency of £1.000m is required to provide flexibility to manage risks relating to the delivery of the capital programme.

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

9.4 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.

9.5 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.

10. **UN Sustainable Development Goals (UNSDG)**

10.1 In shaping detailed budget proposals consideration will be given to the need for investment in order to deliver the Council's Sustainable Environment Action Plan.

11. **Key Decision Information**

11.1 Final approval of the budget setting process is a key decision.

12. **Earlier Cabinet/Committee Resolutions**

12.1 Revenue and Capital Budgets 2024/25 – First Draft Savings Plans (Cabinet 5 December 2023)

12.2 Revenue and Capital Budgets 2024/25 – First Draft Savings Plans (Finance, Assets and Performance Scrutiny Committee 13 December 2023)

12.3 Revenue and Capital Budgets and Strategies 2024/25 (Cabinet 16 January 2024)

12.4 Revenue and Capital Budgets and Strategies 2024/25 (Finance, Assets and Performance Scrutiny Committee 18 January 2024)

12.5 Revenue and Capital Budgets and Strategies 2024/25 (Cabinet 6 February 2024)

13. **List of Appendices**

13.1 Appendix 1 – Schedule of Detailed Recommendations
13.2 Appendix 2 – Revenue Budget 2024/25
13.3 Appendix 3 – Medium Term Financial Strategy 2024/25 to 2028/29
13.4 Appendix 4 – 2024/25 MTFS Funding Strategy
13.5 Appendix 5 – 2024/25 to 2028/29 MTFS 'Gaps'
13.6 Appendix 6 – Risk Assessment on Required Balances/Contingency Reserve
13.7 Appendix 7 – 2024/25 to 2026/27 Capital Programme and 2023/24 Mid-Year Estimate
13.8 Appendix 8 – Capital Strategy 2024 to 2034
13.9 Appendix 9 – Treasury Management Strategy 2024/25
13.10 Appendix 10 – Investment Strategy 2024/25
13.11 Appendix 11 – Commercial Strategy 2024/25
13.12 Appendix 12 – Local Council Tax Reduction Scheme for 2024/25
13.13 Appendix 13 – Council Tax Premiums Policy

13.14 Appendix 14 – 2024/25 Budget Consultation Summary

14. **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.

Appendix 1 – Schedule of Detailed Recommendations

The following recommendations set out the decisions needed for the Council to set its own budgets and Council Tax for 2024/25 in addition to the Medium Term Financial Strategy for 2024/25 to 2028/29, the Capital Strategy for 2024/2034, the Treasury Management Strategy for 2024/25, the Investment Strategy for 2024/25 and the Commercial Strategy for 2024/25.

Recommendations

(a) That the Revenue Budget for 2024/25 be approved (Appendix 2).

(b) That the updated Medium Term Financial Strategy for 2024/25 to 2028/29 be approved (Appendix 3).

(c) That the Band D Council Tax for 2024/25 be set at £218.69 (a 1.99% increase).

(d) That the Capital Programme to 2024/25 to 2026/27 be approved (Appendix 7).

(e) That the Capital Strategy for 2024-34 be approved (Appendix 8).

(f) That the Treasury Management Strategy for 2024/25 be approved (Appendix 9).

(g) That the Investment Strategy for 2024/25 be approved (Appendix 10).

(h) That the Commercial Strategy for 2024/25 be approved (Appendix 11).

(i) That the Local Council Tax Reduction Scheme for 2024/25 be approved (unchanged from 2023/24) (Appendix 12).

(j) That the Council Tax Premiums Policy be approved (Appendix 13).

(j) That the un-earmarked minimum balances requirement be confirmed as £2,257,000.

(k) That it be noted that the Service Director for Finance (Section 151 Officer), under delegated authority assigned by Cabinet on 20 January 2016 and Full Council on 18 May 2016 calculated the following amounts for the year 2024/25:

(i) 38,738 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the whole Council area for the year (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act"))

(ii) For dwellings in those parts of the Council's area to which a Parish precept relates as in the table below:

Parish/Town Council	Base
Audley	2,631
Betley, Balterley & Wrinehill	589
Chapel & Hill Chorlton	197
Keele	441
Kidsgrove	7,003
Loggerheads	2,067
Madeley	1,539
Maer	275
Silverdale	1,589
Whitmore	990

(l) That the Council Tax requirement for the Council's own purposes for 2024/25 (excluding Parish precepts) is £8,471,610.

(m) That the following amounts be calculated for the year 2024/25 per Sections 31 to 36 of the Act:

(i) £73,272,220 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.

(ii) £64,028,780 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.

(iii) £9,243,440 being the amount by which the aggregate at (m)(i) above exceeds the aggregate at (m)(ii) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).

(iv) £238.61 being the amount at (m)(iii) above (Item R), all divided by Item T (k)(i) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(v) £771,830 being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.

(vi) £218.67 being the amount at (m)(iv) above less the result given by dividing the amount at (m)(v) above by item T (k)(i) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item (Parish precept) relates.

(vii) **<u>Part of the Council's Area</u>**

Parish/Town Council	£
Audley	297.50
Betley, Balterley & Wrinehill	253.47
Chapel & Hill Chorlton	250.72
Keele	257.80
Kidsgrove	252.74
Loggerheads	279.55
Madeley	269.36
Maer	244.64
Silverdale	238.43
Whitmore	258.79

Being the amounts given by adding to the amount at (m)(vi) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above, divided in each case by the amount at (k)(ii) above calculated by the Council in accordance with Section 34(3) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(viii) **Valuation Bands**

Parish/Town Council	**Valuation Bands (£)**							
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Audley	198.33	231.39	264.45	297.50	363.61	429.73	495.83	595.00
Betley, Balterley & Wrinehill	168.98	197.14	225.30	253.47	309.80	366.13	422.45	506.94
Chapel & Hill Chorlton	167.14	195.00	222.86	250.72	306.44	362.16	417.86	501.44
Keele	171.86	200.51	229.15	257.80	315.09	372.38	429.66	515.60
Kidsgrove	168.49	196.57	224.65	252.74	308.90	365.07	421.22	505.47
Loggerheads	186.37	217.43	248.49	279.55	341.68	403.81	465.92	559.11
Madeley	179.57	209.50	239.43	269.36	329.22	389.08	448.93	538.72
Maer	163.09	190.27	217.46	244.64	299.01	353.37	407.73	489.28
Silverdale	158.95	185.45	211.94	238.43	291.42	344.40	397.38	476.86
Whitmore	172.53	201.28	230.04	258.79	316.30	373.81	431.31	517.58
Other Parts of Borough	145.79	170.09	194.39	218.69	267.29	315.89	364.48	437.38

Being the amounts given by multiplying the amounts at (m)(vi) and (m)(vii) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(n) That it be noted that for the year 2024/25 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwelling shown below:

Preceptor	**Valuation Bands (£)**							
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Staffordshire County Council	1029.76	1201.39	1373.01	1544.64	1887.89	2231.15	2574.40	3089.28
Staffordshire Commissioner Fire & Rescue Authority	57.85	67.49	77.13	86.77	106.05	125.33	144.62	173.54
Office of the Staffordshire Police & Crime Commissioner	182.38	212.78	243.17	273.57	334.36	395.16	455.95	547.14

(o) That having calculated the aggregate in each case of the amounts at (m)(viii) and (i) above, the Council, in accordance with Section 30(2) of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2024/25 for each of the categories of dwelling shown below:

Parish/Town Council	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Audley	1468.32	1713.05	1957.76	2202.48	2691.91	3181.37	3670.80	4404.96
Betley, Balterley & Wrinehill	1438.97	1678.80	1918.61	2158.45	2638.10	3117.77	3597.42	4316.90
Chapel & Hill Chorlton	1437.13	1676.66	1916.17	2155.70	2634.74	3113.80	3592.83	4311.40
Keele	1441.85	1682.17	1922.46	2162.78	2643.39	3124.02	3604.63	4325.56
Kidsgrove	1438.48	1678.23	1917.96	2157.72	2637.20	3116.71	3596.19	4315.43
Loggerheads	1456.36	1699.09	1941.80	2184.53	2669.98	3155.45	3640.89	4369.07
Madeley	1449.56	1691.16	1932.74	2174.34	2657.52	3140.72	3623.90	4348.68
Maer	1433.08	1671.93	1910.77	2149.62	2627.31	3105.01	3582.70	4299.24
Silverdale	1428.94	1667.11	1905.25	2143.41	2619.72	3096.04	3572.35	4286.82
Whitmore	1442.52	1682.94	1923.35	2163.77	2644.60	3125.45	3606.28	4327.54
Other Parts of Borough	1415.78	1651.75	1887.70	2123.67	2595.59	3067.53	3539.45	4247.34

Appendix 2 – Revenue Budget 2024/25

Area	2023/24 General Fund		2024/25 General Fund	
	Estimate £	Band D Council Tax £	Estimate £	Band D Council Tax £
Central Services	2,157,470	56.63	2,397,680	61.89
Cultural Services	3,769,940	98.95	3,555,470	91.78
Environmental Services	8,868,690	232.78	8,150,380	210.40
Planning	1,838,180	48.25	1,730,040	44.66
Transport	(294,420)	(7.73)	(270,890)	(6.99)
Housing	1,493,410	39.20	2,168,480	55.98
Net Cost of Services	**17,833,270**	**468.08**	**17,731,160**	**457.72**
Pensions Liabilities Account	415,000	10.89	400,000	10.33
Investment Properties	74,940	1.97	(84,510)	(2.18)
Interest and Investment Income	227,000	5.96	498,000	12.86
Net Operating Expenditure	**18,550,210**	**486.89**	**18,554,650**	**478.73**
Contribution to/(from) Revenue Reserves	904,430	23.74	273,000	7.05
Contribution to/(from) Capital Reserves	(2,597,910)	(68.19)	(1,771,500)	(45.73)
Amount to be met from Government Grant and Local Taxpayers	**16,856,730**	**442.45**	**17,046,150**	**440.05**
Revenue Support Grant	(217,280)	(5.70)	(232,000)	(5.99)
Other Non-Specific Grants	(873,000)	(22.91)	(1,066,000)	(27.52)
Business Rates Retention Funding	(6,985,830)	(183.36)	(7,568,540)	(195.39)
Collection Fund Deficit/(Surplus)	(611,430)	(16.05)	292,000	7.54
Borough Council Tax Requirement	**8,169,190**	**214.42**	**8,471,610**	**218.69**
Staffordshire County Council Precept		1,471.23		1544.64
Fire Authority Precept		84.25		86.77
Police Authority Precept		260.57		273.57
Total Council Tax Requirement		**2,030.47**		**2,123.67**

The Council Tax Base used for 2024/25 in the above table is 38,738.

GLOSSARY OF TERMS

Collection Fund. A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and shares of business rates receipts. The surplus or deficit for the year (essentially the difference between the amounts collected and the amounts paid out of the Fund) must be cleared by a transfer out of or into the Fund in the following year by the Council and the other major precepting authorities.

Contributions to/(from) Capital Reserves. Comprises transfers to or from the Capital Adjustment Account. This account is used to eliminate capital transactions, such as depreciation and impairment charges, which have to be debited or credited to the revenue account in order to comply with proper accounting practice but which statutorily cannot count against the council tax.

Appendix 4 – 2024/25 MTFS Funding Strategy

Ref	Service Area	Description	£000's	Detail
				Income
I1	Planning	Planning Application fees	192	National increase of 25% for minor and 35% for major planning applications
I2	Planning	Pre-Planning Application fees	10	Increase in the charge to bring in line with other Local Authorities
I3	Planning	Section 106 monitoring	7	Introduction of a fee for the monitoring of Section 106 obligations
I4	Sustainable Environment	Food waste	86	Rebate received for the collection of food waste, the contractor now pays for haulage costs
I5	Sustainable Environment	Green waste	34	A below inflation increase to the green waste collection subscription
I6	Commercial Delivery	VAT on Leisure income	120	An increase in income has occurred following a change in VAT legislation for leisure fees
I7	Commercial Delivery	Depot rent	50	Rental from the sharing of depot space with partner
I8	Commercial Delivery	Commercial property rent	70	Additional rental income being achieved following rent reviews
I9	Commercial Delivery	Bereavement Services	10	Additional income to be generated from on line sales and charges for searches
I10	Commercial Delivery	Car Parking	91	Increased demand, pricing and permits for new car park - assumed 6 months of income for 2024/25 and remaining 6 months in 2025/26
I11	Neighbourhood Delivery	Fixed Penalty Notice's	10	Introduction of a charge and new processes regarding fly tipping
			680	
				One Council
O1	Corporate	One Council	230	Further efficiencies to be generated from the One Council Programme including continuous review and development of services and increased performance management in order to maximise revenue income in line with the Council's objectives.
			230	
				Staffing Related Efficiencies
S1	Planning	Planning structure	45	Savings that have been generated through the review and digitalisation of processes under the One Council initiative
S2	Regulatory Services	Reduced hours	9	Reduction in hours of Food Safety Officer
S3	Regulatory Services	Licencing structure	33	Reduction of 1 FTE following reduced demand and more efficient processes
S4	Regulatory Services	Housing and Vulnerability structure	17	Restructure of team which includes greater utilisation of ongoing funding
S5	Neighbourhood Delivery	Professional fees	95	Application of professional fees (e.g. Landscape) to capital projects
			199	
				Good Housekeeping/More Efficient Processes
G1	ICT	Procurement savings	37	Contract and procurement savings from telephony, printing and email monitoring
G2	Commercial Delivery	Energy efficiency	14	Energy savings from the installation of pool covers at Jubilee 2
G3	Commercial Delivery	Reduction in subsidy	175	A reduction in running costs at Jubilee 2 following a 'deep dive' review of the service, this includes more efficient rota's of staffing, increased income following the benchmarking of fees and charges and the generation of addition income (e.g. swimming lessons)
G4	Sustainable Environment	Green Waste route optimisation	39	Optimisation of collection routes for green waste to increase efficiency

G5	Sustainable Environment	Streetscene route optimisation	31	Efficiencies generated from greater use of data held to optimise routes and responses
G6	Corporate	Vacancy factor	193	An increase in the assumed vacancy factor of posts from 2% to 3.5%
			489	
Alternative Sources of Finance/Other				
A1	Corporate	Tax base – Council Tax	114	Increase in tax base based on market housing supply requirement and current year tax base forecasts
A2	Corporate	Tax base – Business Rates	280	Assumed increase in tax base of 4%
A3	Corporate	Single Persons Discount review	30	Assumed increase in Council Tax from a Borough wide review of claimants of discounts
A4	Corporate	New Homes Bonus	506	Government grant ensures that there is a minimum 3% increase in core spending power (i.e. replaces any lost grant such as New Homes Bonus)
A5	Corporate	Council Tax increase	164	Assumed increase of 1.99% per Band D property
			1,094	
		Grand Total	***2,692***	

NEWCASTLE UNDER LYME BOROUGH COUNCIL

Appendix 5 – 2024/25 to 2028/29 MTFS 'Gaps'

Detail	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Description
Employees:						
Increments	40	10	2	-	-	Employees due an increment
Pay awards	799	501	518	536	555	3.5% pay award for all years plus £1,925 per FTE re. 2023/24
Superannuation increases	185	112	114	118	122	22% of increase in salaries
Superannuation lump sum increases	39	41	43	45	45	Net increase of lump sum pension payment
National Insurance	116	70	72	74	77	National insurance on increase in salaries
Premises:						
Business Rates	30	32	33	34	35	Inflationary increase in business rates payable (per CPI)
Utilities	116	30	32	33	34	Inflationary increase in gas and electric (per CPI)
Transport:						
Fuel	12	13	14	14	15	Inflationary increase in fuel (per CPI)
Hydrotreated Vegetable Oil	9	9	9	10	10	Inflationary increase in HVO (per CPI)
Financing:						
Borrowing costs	471	561	-	86	32	Borrowing costs regarding financing of capital expenditure
Contribution to Walley's Quarry Reserve	103	-	-	-	-	Contribution to increase financial resilience
New Pressures:						
ICT software, hosting and maintenance	100	10	10	10	10	ICT costs re. systems maintenance and software licences
Audit fees	95	-	-	-	-	Increase in external audit fees
Temporary accommodation/vulnerable residents	425	-	-	-	-	Increase in both demand and costs
Staff Retention	40	-	-	-	-	Initiatives to encourage staff retention
Building Control	5	-	-	-	-	Increase in contract
Income:						
Fees and charges	(230)	(270)	(281)	(292)	(304)	4% increase in fees and charges
New Homes Bonus	500	-	-	-	-	Drop out of New Homes Bonus legacy payments
Government grant	12	12	12	12	12	Reduction in Housing Benefit /Council Tax Admin grant
Business Rates baseline funding level	(306)	(174)	(181)	(188)	(196)	Inflationary increase in baseline funding level (per CPI)
Business Rates Retention Reset	-	500	500	500	-	Funding reduction forecast to result from Fair Funding Review
Services Grant	127	-	-	-	-	Reduction in Services Grant per settlement
Minimum Funding Guarantee	(176)	-	-	-	-	To compensate for reduced Services Grant and to ensure Core Spending Power increases by 3%
Income pressures	180	100	100	100	100	General income shortfalls
TOTAL GAPS	**2,692**	**1,557**	**997**	**1,092**	**547**	

Appendix 6 – Risk Assessment on Required Reserve Balances (i) and Actual/Forecast Reserve Balances at 31 March 2023 to 2024 (ii)

(i) Risk Assessment on Required Reserves Balances (£2.257m)

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of minimum balances	2 x 3	Moderate	Regular monitoring of income levels	135,000
2	Reduced Income due to non-availability of service (e.g. COVID-19 related or similar)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of minimum balances	3 x 3	High	Regular monitoring of income levels	300,000
3	Income, including collection fund income, falls short of budget because of changes in market conditions, e.g. demand fluctuations COVID-19 related or failure to fully recover	Shortfall in income leading to overspends	3 x 5	High	Included in calculation of minimum balances	3 x 3	High	Regular monitoring of income levels	180,000
4	Bad debts reduce the Council's income	Shortfall in income leading to overspends and need to top up provision	3 x 4	High	A contribution to the bad debts provision is budgeted for	3 x 3	High	Increase monitoring of collection rates	65,000
5	Employee budgets – the budget is discounted on the assumption there will be vacancies	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 3.5%, this is realistic compared with previous years	3 x 3	High	Regular monitoring of vacancy levels	70,000
6	Employee budgets - the 2024/25 employee pay settlement results in an increase higher than included in the budget	Additional unbudgeted costs	2 x 3	Moderate	Balances sufficient to deal with any additional costs, plus reduced job security in economy	2 x 3	Moderate	None	90,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
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	20,000
8	Problems with staff sickness/suspensions resulting in the needs to use agency/interim staff at extra cost	Additional unbudgeted costs	3 x 3	High	Absence management procedures in place	3 x 3	High	Monitoring of sickness levels	75,000
9	Council becomes liable to pay compensation or legal fees or another unforeseen commitment arises	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances	3 x 3	High	None	120,000
10	Inflation relating to supplies and services exceeds the allowance in the budget	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances. Regular review of inflation levels	3 x 3	High	None	105,000
11	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 2	Moderate	Budgets subject to checking at several levels. Preparation of standstill budget for comparison	3 x 2	Moderate	None	75,000
12	Additional interest costs incurred resulting from loss of income and additional expenditure	Additional unbudgeted borrowing costs	3 x 3	High	Capital Budgets and receipt expectations have been realistically set. Allowance provided for in calculation of minimum balances	3 x 2	Moderate	None	115,000
13	Fuel costs increase by more than allowed for in budget	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget	3 x 3	High	None	80,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
14	Energy costs increase by more than allowed for in budget	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget	3 x 3	High	None	100,000
15	Unforeseen major repairs needed to Council properties	Additional unbudgeted costs	2 x 3	Moderate	Planned maintenance programme in place and stock condition survey.	2 x 3	Moderate	None	50,000
16	Insurances – unexpected increases in premiums	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances	3 x 3	High	None	20,000
17	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances. Insurance Provision established	3 x 3	High	Monitor level of Insurance Provision	60,000
18	Government further increase NI rates during 2024/25	Additional unbudgeted costs	2 x 3	Moderate	Included in calculation of minimum balances. Increased rate built into budget	1 x 2	Low	None	20,000
19	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 3	High	None	317,000
20	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available. Included in calculation of minimum balances	3 x 2	Moderate	None	25,000
21	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	2 x 3	Moderate	Monitor partnership activities and ensure carried out according to agreements	2 x 1	Low	None	5,000
22	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme will meet 100% of eligible expenditure within 1 month of an emergency	4 x 2	Moderate	None	55,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
23	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	4 x 4	Extreme	MMI Provision	4 x 3	High	Consider increasing amount of provision if necessary	25,000
24	Data Protection breach resulting in fine	Additional unbudgeted costs	3 x 3	High	Data Protection Policy Reminders to staff. All staff complete mandatory Data Protection e-learning module	3 x 3	High	None	75,000
25	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	75,000

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

(ii) Actual/Forecast Reserve Balances at 31 March 2023 to 2025

Reserve	Actual Balance at 31/3/23 (£000's)	Forecast Change in 2023/24 (£000's)	Forecast Balance at 31/3/24 (£000's)	Forecast Change in 2024/25 (£000's)	Forecast Balance at 31/3/25 (£000's)	Purpose
General Fund Balance	2,160	(250)	1,910	347	2,257	Working balance to cover unforeseen adverse events affecting the budget. Recommended minimum balance of £2.257m for 2024/25
Walley's Quarry Reserve	672	(572)	100	200	300	To assist with the Council's actions regarding air quality issues at Walley's Quarry
Income Reserve	100	(100)	-	-	-	To increased flexibility to manage year-to-year fluctuations in income
Equipment Replacement Fund	37	(7)	30	9	39	To pay for the replacement of equipment
Budget and Borrowing Support Fund	528	(63)	465	(115)	350	To support the General Fund revenue budget or to meet costs approved by Council. At 31.3.24 the balance contains commitments of £0.243m and an uncommitted balance of £0.222m
Budget Support Fund (Local Plan)	195	53	248	(200)	48	To fund the Borough Local Plan in addition to a base budget allocation and transfer of vacant post funding. This fund is fully committed
Budget Support Fund (Homelessness)	312	(112)	200	-	200	To hold homelessness grants to be used in future periods. This fund is fully committed
Borough Growth Fund	59	(59)	-	-	-	To fund investment in corporate priorities. This fund is fully committed
Conservation & Heritage Fund	32	(2)	30	-	30	To provide repair grants to owners of historic buildings
Mayor's Charity Reserve	10	(10)	-	-	-	To hold funds on behalf of the Mayor's Charity
Museum Purchases Fund	38	-	38	-	38	To purchase, conserve and enhance exhibits
Business Rates Reserve	1,043	611	1,654	(153)	1,501	To equalise any surplus or deficit on the collection fund and to provide contingency for future funding reviews
Elections Reserve	-	50	50	50	100	To provide budget on a 4 year cycle for Borough Elections
Clayton Community Centre	19	5	24	5	29	Sinking fund held on behalf of Committee (contributions made by Committee)
Totals	**5,205**	**(456)**	**4,749**	**143**	**4,892**	

Appendix 7 – 2024/25 to 2026/27 Capital Programme and 2023/24 Mid-Year Estimate

CAPITAL PROGRAMME	*2023/24 MID YEAR*	2024/25	2025/26	2026/27	TOTAL (2024/25 to 2026/27)
	£	£	£	£	£
PRIORITY – One Council Delivering for Local People					
Service Area - Council Modernisation	*2,172,370*	394,000	434,000	336,000	1,164,000
Total	***2,172,370***	**394,000**	**434,000**	**336,000**	**1,164,000**
PRIORITY – A Successful and Sustainable Growing Borough					
Service Area - Housing Improvements	*1,670,000*	1,620,000	1,670,000	1,670,000	4,960,000
Service Area - Managing Property & Assets	*9,636,154*	8,197,482	9,843,846	688,895	18,730,223
Total	***11,306,154***	**9,817,482**	**11,513,846**	**2,358,895**	**23,690,223**
PRIORITY – Healthy, Active and Safe Communities					
Service Area - Environmental Health	*-*	72,000	-	-	72,000
Service Area - Streetscene and Bereavement Services	*1,001,569*	210,000	250,000	160,000	620,000
Service Area - Recycling and Fleet	*5,828,408*	710,000	1,230,000	5,943,100	7,883,100
Service Area – Leisure and Cultural	*605,862*	47,000	150,000	-	197,000
Service Area - Engineering	*117,300*	385,000	120,000	50,000	555,000
Total	***7,553,139***	**1,424,000**	**1,750,000**	**6,153,100**	**9,327,100**
PRIORITY – Town Centres for All					
Future High Streets Fund	*5,855,826*	-	-	-	-
Town Deals – Newcastle	*18,937,732*	2,251,000	807,000	-	3,058,000
Town Deals - Kidsgrove	*8,607,615*	2,794,000	1,236,000	-	4,030,000
Total	***33,401,173***	**5,045,000**	**2,043,000**	**-**	**7,088,000**
CONTINGENCY (will be carried forward to 2024/25)	*1,000,000*	-	-	-	**-**
TOTAL	***55,432,836***	**16,680,482**	**15,740,846**	**8,847,995**	**41,269,323**

FUNDING					
Capital Receipts	*3,325,000*	2,450,000	21,050,000	4,050,000	**27,550,000**
External Contributions	*35,398,990*	6,545,000	3,543,000	1,500,000	**11,588,000**
Borrowing	*16,708,846*	7,685,482	(8,852,154)	3,297,995	**2,131,323**
TOTAL	***55,432,836***	**16,680,482**	**15,740,846**	**8,847,995**	**41,269,323**

Appendix 12 – Local Council Tax Reduction Scheme for 2024/25

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

Discretionary Payments

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

Appendix 13 – Council Tax Premiums Policy

The Local Government Finance Act 1992, as amended, allows a billing authority to set policies for the application of discretionary council tax premiums. Adopting council tax premiums on empty properties is one way of incentivising property owners to bring those properties back into use at the earliest opportunity and the generation of additional potential Council Tax income for the council.

With an ongoing shortage of housing across the borough it important that the availability of housing is maximised. Increasing the premiums on long term empty properties will again seek to incentivise owners to return these properties to the market. Although this will not impact many properties it does reinforce the Council's messaging about tackling empty homes.

Introducing a second home premium is aimed at encouraging owners to potentially return properties to long term and permanent use increasing the availability of homes.

The Levelling Up and Regeneration Act 2023 allows discretionary council tax premium options on both empty and second homes. Through this Act it allows Authorities to:

a) Reduce the minimum period for the implementation of a council tax premium for empty premises from two years to one year

b) Allow councils to introduce a council tax premium of up to 100% in respect of 'second homes'

In respect of b) the Act provides that the Secretary of State may, by regulations:

- Identify certain dwellings for which a premium may not be applied
- Specify a different percentage limit for 100%

The approach for premiums on **empty** and unfurnished homes is set out below:

Date Effective	Dwelling empty for less than 5 years but at least 1 years	Dwelling empty for less than 10 years but at least 5 years	Dwelling empty for 10 years or more
1 April 2024	200%	300%	400%

In respect of **second homes** a premium of 100% will be applied, this will be applied from the earliest date possible, this being 1 April 2025 (i.e. 12 months notice of the policy must be given in respect of second homes).

Appendix 14 – 2024/25 Budget Consultation Summary

2024/25 Budget Consultation report

Headline findings

- 148 responses – a significant increase from 97 responses last year
  - 95 per cent were residents of the borough
- Responses from 18 of the borough's 21 wards
  - No responses from the three most northern wards
- Two council services by far seen as most important:
  - Town centre regeneration
  - Culture and the arts
- Two non-statutory services that respondents most want to be protected:
  - Town centre regeneration
  - Culture and the arts
- Leisure facilities, arts development and off-street parking seen as the areas to generate additional income from
- 72 per cent want to protect services even if it means an increase in Council Tax
- 60 per cent of respondents were aged 61+
  - Six per cent aged 40 or under

Background

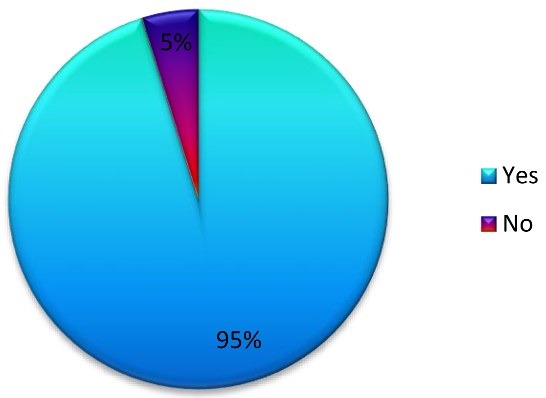
This survey was available online from 3 December 2023 to 1 January 2024 via an online form on the Council's Have Your Say web page, and was publicised by the Communications Team via social media. There were 148 responses – a significant increase on the 97 received last year – though not all respondents answered every question.

At three different places on the survey, respondents were made aware of the services that were not the responsibility of the Borough Council, but some respondents still recommended that we protected such services from funding cuts.

Analysis of responses

Q1) Are you a resident of the borough of Newcastle-under-Lyme?
95 per cent of respondents said that they were a resident of the borough, with the remaining five per cent saying they were not. This was broadly similar to the previous year when 98 per cent identified as borough residents.

Figure 1: Are you a resident of the borough of Newcastle-under-Lyme? 148 respondents



Q2) What is the single most important thing the Council could do differently to improve the quality of life for your local community?

This was a purely open question – an open text box was provided for respondents to answer, unprompted, with no suggested answers to choose from. This word cloud shows key themes.

Figure 2: What is the single most important thing the Council could do differently to improve the quality of life for your local community?

Q3) Which of these Council services are the most important to you?

For this question, respondents were asked to choose up to 5 services from a list of 12 services. As respondents could choose up to five options, totals will add up to considerably more than 100 per cent.

Two services were chosen by at least 60 per cent of respondents:

- Town centre regeneration — 70 per cent of respondents
- Culture and the Arts — 68 per cent

Around half picked two others:

- Refuse collection — 51 per cent
- Parks, playgrounds and open spaces — 49 per cent

The remainder were far less popular:

- Street cleaning — 41 per cent
- Recycling facilities — 33 per cent
- Planning and building control — 22 per cent
- Food safety — 21 per cent
- Outdoor markets — 20 per cent
- CCTV coverage — 18 per cent
- Off-street parking — 14 per cent
- Indoor leisure centres — 13 per cent

Q4) Out of the following services which the Council is not required by law to provide would you most like to see protected? Please tick up to five boxes.

Again, respondents were asked to choose up to 5 options out of a list of 10 services.

Two services were clearly the most popular:

- Town centre regeneration 77 per cent
- Culture and the Arts 75 per cent

Two were chosen by at least one-third of respondents:

- Outdoor leisure centres 39 per cent
- Outdoor markets 35 per cent

The rest were less popular:

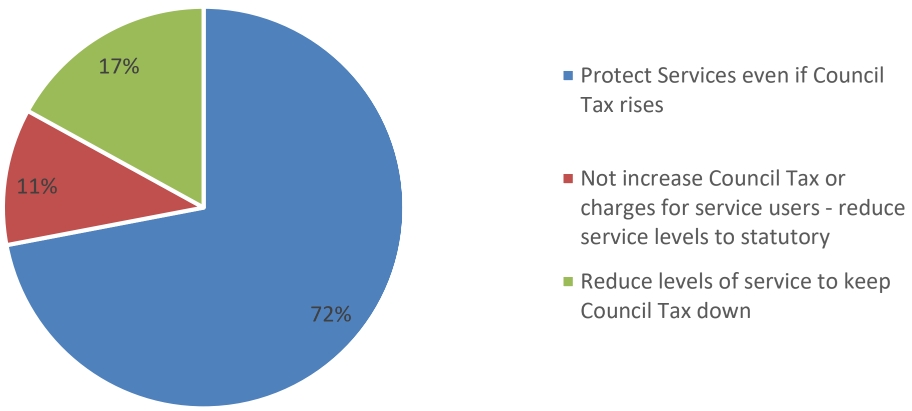
- CCTV 30 per cent
- Indoor leisure centres 30 per cent
- Neighbourhood grant funding 28 per cent
- Sports development 16 per cent
- Promotion of tourism 14 per cent
- Mayoral activities Less than one per cent (one respondent)

Q5) When making decisions about spending plans for next year and beyond, should we...

Respondents were asked to choose from a set list of three options, and they were chosen as follows:

- *Protect services, even if this means we will need to increase Council Tax and charges to service users because of central funding reductions.* This was picked by nearly three-quarters (72 per cent) and was the most popular choice.
- To *not increase Council Tax or charges for service users, but instead look to reduce service levels towards a core statutory offer - that is, excluding those listed in question 3.* This was the least popular choice, picked by only one-in-nine (11 per cent) of respondents.
- *Reduce levels of service to make sure that Council Tax rises and fee increases for service users are kept to a minimum*. This was selected by one-in-six (17 per cent) of respondents.

Figure 3: When making decisions about spending plans for next year and beyond, should we…? 146 respondents



Q6) Are there any particular service areas where you feel Newcastle-under-Lyme Borough Council should not reduce its funding?

The following word cloud shows the key themes.

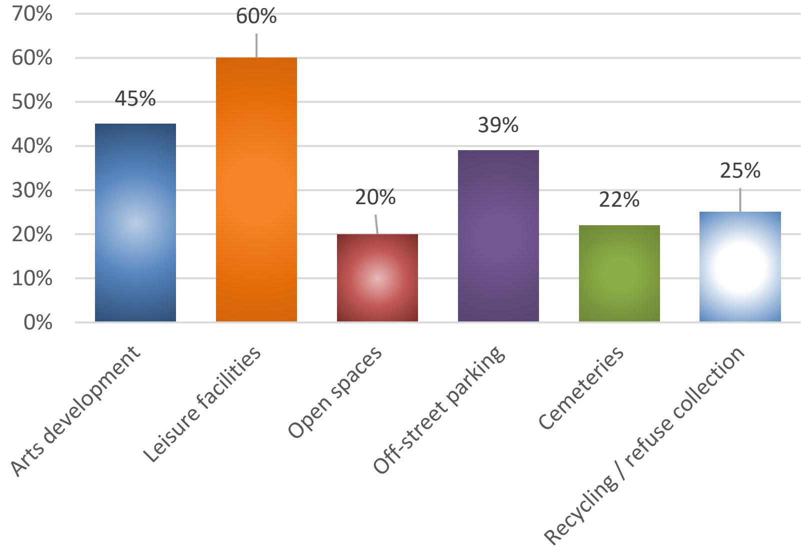
Figure 4: Are there any particular service areas where you feel Newcastle-under-Lyme Borough Council should not reduce its funding?

Q7) Which service areas should the Council seek to generate additional income from service users in order to help balance the budget? Please tick as many as you feel are appropriate.

Respondents were asked to choose from a list of six options, and could select as many of these six as they wanted to – explaining why percentages add up to considerably more than 100 per cent.

Leisure facilities (60 per cent) and arts development (45 per cent) were chosen ahead of the others as the following chart demonstrates:

Figure 5: Which service areas should the Council seek to generate additional income from service users in order to help balance the budget?



Q8) Is there anything else you think the Council should consider a priority when setting the budget?

Another open comments box invited respondents to make unprompted suggestions, the following word cloud shows the key themes:

Figure 6: Is there anything else you think the Council should consider a priority when setting the budget?

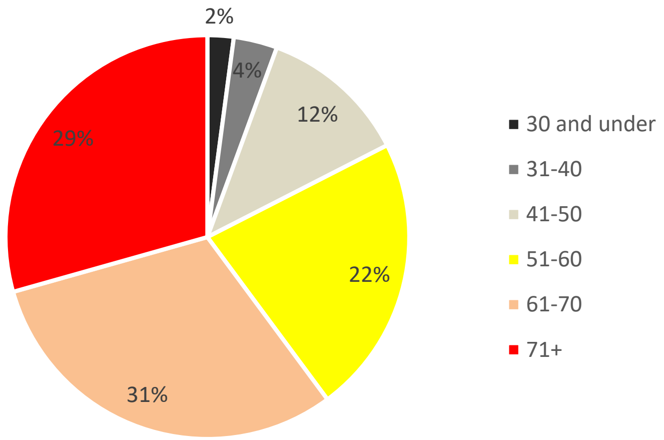
Profile of respondents

Finally, respondents were asked to provide their age and postcode – this enables us to see how representative of the borough the respondents were. The following table shows how many respondents were received by broad age group compared to the population of the borough. There was a clear over-representation of older residents - 60 per cent were aged 61+, around double their proportion of the borough's adult population. By contrast, only six per cent of respondents were aged 40 or younger, despite around 35 per cent of the borough's adult population being in this age group.

Table 1: Age profile of respondents compared to the borough based on 143 responses

Broad age group	Proportion of respondents	Proportion of 18+ residents in the borough (2021 census)
30 and under	2%	20%
31-40	4%	15%
41-50	12%	15%
51-60	22%	17%
61-70	31%	14%
71+	29%	18%

Figure 7: Age profile of respondents - 143 responses



Location of respondents

Unfortunately, not all respondents did provide full valid postcodes, but 134 did at least provide at least the first part of theirs, enabling the following matching. The wards with the largest number of responses were Westlands (19), May Bank (15) and Town (14). However, despite their relatively large populations, there were no submissions from the northern wards of Kidsgrove and Ravenscliffe, Talke and Butt Lane or Newchapel and Mow Cop – and only two from the bordering ward of Audley.

Table 2: Respondents by ward or other area - 134 respondents

Ward/area	Respondents
Audley	2
Bradwell	10
Clayton	3
Crackley and Red Street	4
Cross Heath	2
Holditch and Chesterton	2
Keele	3
Kidsgrove and Ravenscliffe	0
Knutton	1
Loggerheads	1
Madeley and Betley	5
Maer and Whitmore	3

May Bank	15
Newchapel and Mow Cop	0
Silverdale	4
Talke and Butt Lane	0
Thistleberry	5
Town	14
Westbury Park and Northwood	10
Westlands	19
Wolstanton	10
ST5 (incomplete postcode)	15
ST7 (incomplete postcode) most likely to be in the borough	2
Staffordshire Moorlands (Leek)	1
Cheshire East (Crewe)	1
Stoke-on-Trent (Hartshill)	1

Capital Strategy
2024 to 2034

Contents

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.

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

Due to the ongoing impact of higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, additional financial pressures have been placed on the Council. In consideration of these pressures, a review of the 2023/24 Capital Programme has been completed with the assistance of Budget Holders, members of the Capital, Assets and Commercial Investment Review Group and the Council's Efficiency Board. The rationale behind this review was to establish which of the capital projects approved in the programme were essential or health and safety related, could be deferred to the following year due to resources and services available or were no longer required.

The revised 2023/24 Capital Programme totals £55.433m which includes £35.413m for schemes funded by external sources (£27.545m Town Deals, £5.856m Future High Streets and £1.500m Disabled Facilities Grants) and is summarised below, showing the constituent categories by the priorities identified in the Council Plan:

Council Priorities	Planned Expenditure £m
One Council Delivering for Local People	2.173
A Successful and Sustainable Growing Borough	11.306
Healthy, Active and Safe Communities	7.553
Capital Contingency	1.000
Town Centres for all	33.401
Total	**55.433**

Full Council will consider a capital programme to continue investment beyond 2023/24 on 14 February 2024.

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 continuing with 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:

One Council Delivering for Local People
A Successful and Sustainable Growing Borough
Healthy, Active and Safe Communities
Town Centres 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.

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

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

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

Factors Influencing the Capital Programme

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

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

These are discussed in greater detail in sections below:

Links with Other Strategies, Policies and Plans

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

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

Other Strategies
Asset Management Strategy
Investment Strategy
Medium Term Financial Strategy
Flexible Use of Capital Receipts Strategy
Service and Financial Plans
Procurement Strategy
Green Spaces Strategy
Private Sector Housing Renewal Strategy
Housing Strategy
Customer Service and Access Strategy
Treasury Management 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.

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 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 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 (particularly in relation to the successful Town Deals and Future High Street Fund bids) will also influence the projects which the Council will include in its capital investment plans. This is referred to in the following section of the Strategy.

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

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

Resources Available to Finance Capital Investment

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

Internal	External
Capital Receipts in Hand	Government Grants
Reserves	Borrowing
New Capital Receipts from Asset Sales	Contributions from Partners
Revenue Contributions	Other Contributions

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. Capital receipts, alongside borrowing and external contributions, 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, Assets and Commercial Investment 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 an investment interest rate of around 5%, every £100,000 of such capital receipts or reserve balances used will cost £5,000 to the revenue account on an ongoing basis. The use of capital receipts and reserves to finance the Capital Programme 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. The prime examples of these being the Town Deals (£34.633 between 2023/24 and 2025/26), Future High Streets Fund (£5.856 in 2023/24) and Disabled Facilities Grants (£1.500m per year). These may 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.

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. The use of borrowing has an effect on the General Fund Revenue account in terms of interest payable and the requirement to allocate a Minimum Revenue Provision, for a typical asset with a useful life of 20 years borrowing costs currently amount to around £10,000 for every £100,000 borrowed.

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 Service Director for Finance (S151 Officer) will prepare estimates of the resources which are presently in hand plus those likely to be available in future to finance capital investment. They 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 Service Director for Finance (S151 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 £250,000 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 £250,000 will be subject to a simplified process. All new capital investment proposals must be considered by the Capital, Assets and Commercial Investment Review Group prior to specific Cabinet approval being requested. 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 2023/24 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 £250,000.

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 Assets and Commercial Investment 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 Service Director for Finance (S151 Officer) 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.

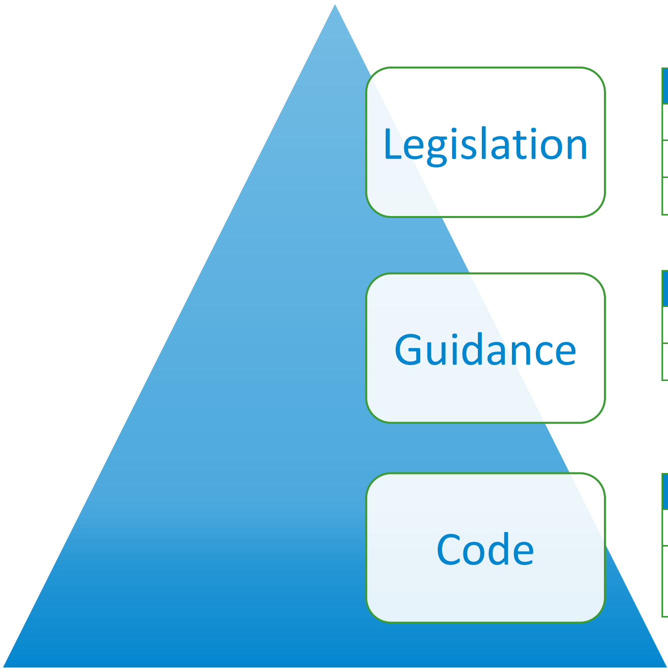
Statutory Framework

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 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 several 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.

Legal and Regulatory Requirements



Local Gov. Act 2003

- S1 – Power to borrow
- S3 – Affordable borrowing limit
- S12 – Power in invest

MHCLG Guidance

- Investment Guidance (2018)
- MRP Guidance (2018)

Professional Code

- CIPFA Prudential Code (2017)
- CIPFA Treasury Management Code of Practice (2017)

Prudential Indicators

The Council shall ensure that all its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will consider 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 how 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 (2024/25 to 2033/34) 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 Town Deals and Future High Streets Fund funding successfully bid for, these projects will have a significant impact upon the regeneration and recovery of both Newcastle and Kidsgrove Town Centres

- 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 2024/25 to 2033/34 it is estimated that this expenditure will total £78.715m.

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 £18.227m of net 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 £19.124m over 10 years, with the costs in each year 2024/25 to 2033/34 being as shown below:

Year	Total £m	Year	Total £m
2024/25	0.893	2029/30	1.906
2025/26	1.478	2030/31	2.309
2026/27	1.416	2031/32	2.552
2027/28	1.470	2032/33	2.777
2028/29	1.412	2033/34	2.911
		Total	**19.124**

A capital programme for 2024/25 to 2026/27 totalling £41.269m will be recommended to Full Council on 14 February 2024, 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 2024/25 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; and
- 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.

Annex A – Definition of Capital Expenditure included in the Code of Practice on Local Authority Accounting in the United Kingdom

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

Expenditure that should be capitalised will include expenditure on the:

- Acquisition, reclamation or laying out of land;
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures; and
- 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; or
- 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.

Annex B – 2024/25 to 2033/34 Capital Programme

CAPITAL PROGRAMME	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
PRIORITY - One Council Delivering for Local People											
Service Area – Council Modernisation	394,000	434,000	336,000	80,000	351,000	456,000	126,000	36,000	36,000	36,000	**2,285,000**
Total	**394,000**	**434,000**	**336,000**	**80,000**	**351,000**	**456,000**	**126,000**	**36,000**	**36,000**	**36,000**	**2,285,000**
PRIORITY - A Successful and Sustainable Growing Borough											
Service Area – Housing Improvements	1,620,000	1,670,000	1,670,000	1,595,000	1,595,000	1,595,000	1,595,000	1,595,000	1,595,000	1,595,000	**16,125,000**
Service Area – Managing Property & Assets	1,197,482	843,846	688,895	495,475	466,053	310,000	702,022	172,500	172,500	150,000	**5,198,773**
Service Area – Regeneration	7,000,000	9,000,000	-	-	-	-	-	-	-	-	**16,000,000**
Total	**9,817,482**	**11,513,846**	**2,358,895**	**2,090,475**	**2,061,053**	**1,905,000**	**2,297,022**	**1,767,500**	**1,767,500**	**1,745,000**	**37,323,773**
PRIORITY - Healthy, Active and Safe Communities											
Service Area – Environmental Health	72,000	-	-	-	-	12,000	-	-	-	-	**84,000**
Service Area – Streetscene	180,000	240,000	130,000	130,000	130,000	130,000	155,000	130,000	130,000	130,000	**1,485,000**
Service Area – Recycling & Fleet	710,000	1,230,000	5,943,100	2,522,514	1,279,411	8,809,561	1,526,724	2,623,039	2,623,039	700,000	**27,967,388**
Service Area – Leisure and Cultural	47,000	150,000	-	-	-	-	-	-	-	-	**197,000**
Service Area – Bereavement Services	30,000	10,000	30,000	5,000	5,000	10,000	1,530,000	5,000	5,000	5,000	**1,635,000**
Service Area – Engineering	385,000	120,000	50,000	-	-	-	95,000	-	-	-	**650,000**
Total	**1,424,000**	**1,750,000**	**6,153,100**	**2,657,514**	**1,414,411**	**8,961,561**	**3,306,724**	**2,758,039**	**2,758,039**	**835,000**	**32,018,388**
PRIORITY - Town Centres for All											
Town Deals – Newcastle	2,251,000	807,000	-	-	-	-	-	-	-	-	**3,058,000**
Town Deals – Kidsgrove	2,794,000	1,236,000	-	-	-	-	-	-	-	-	**4,030,000**
Total	**5,045,000**	**2,043,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,088,000**
CONTINGENCY											
£1m to be carried forward from 2023/24	-	-	-	-	-	-	-	-	-	-	**-**
TOTAL	**16,680,482**	**15,740,846**	**8,847,995**	**4,827,989**	**3,826,464**	**11,322,561**	**5,729,746**	**4,561,539**	**4,561,539**	**2,616,000**	**78,715,161**
FUNDING											
Capital Receipts	2,450,000	21,050,000	4,050,000	4,050,000	4,050,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	**38,400,000**
External Contributions	6,545,000	3,543,000	1,500,000	1,500,000	1,500,000	550,000	550,000	550,000	550,000	550,000	**22,088,000**
Borrowing/Leasing	7,685,482	-8,852,154	3,297,995	-722,011	-1,723,536	9,272,561	3,679,746	2,511,539	2,511,539	566,000	**18,227,161**
TOTAL	**16,680,482**	**15,740,846**	**8,847,995**	**4,827,989**	**3,826,464**	**11,322,561**	**5,729,746**	**4,561,539**	**4,561,539**	**2,616,000**	**78,715,161**

Annex C – Prudential Indicators

Capital Prudential Indicators

Actual and Estimate of Capital Expenditure

31/03/23 Actual (£000's)	31/03/24 Estimate (£000's)	31/03/25 Estimate (£000's)	31/03/26 Estimate (£000's)	31/03/27 Estimate (£000's)
7,545	55,433	16,680	15,741	8,848

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 asset's life.

The CFR projections are below:

31/03/23 Actual (£000's)	31/03/24 Estimate (£000's)	31/03/25 Estimate (£000's)	31/03/26 Estimate (£000's)	31/03/27 Estimate (£000's)
10,682	27,376	35,061	26,210	29,508

The amounts shown above from 2023/24 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:

	2022/23 Actual (£000's)	2023/24 Budget (£000's)	2024/25 Estimate (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)
Net Revenue Stream	15,261	16,857	16,857	16,857	16,857
Financing Costs	44	441	905	1,467	1,407
Ratio	(0.18%)	2.62%	5.37%	8.70%	8.35%

Treasury Indicators

Limits to Borrowing Activity

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

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

The Operational Boundary

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

Operational boundary	2023/24 Estimate (£000's)	2024/25 Estimate (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)
Borrowing	95,000	95,000	95,000	95,000
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	2023/24 Estimate (£000's)	2024/25 Estimate (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)
Debt	100,000	100,000	100,000	100,000
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
2023/24	100%	0%	100%	0%
2024/25	100%	0%	100%	0%
2025/26	100%	0%	100%	0%
2026/27	100%	0%	100%	0%

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

	Borrowing		Investments	
	Upper	Lower	Upper	Lower
2023/24	100%	0%	100%	0%
2024/25	100%	0%	100%	0%
2025/26	100%	0%	100%	0%
2026/27	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.

This page is intentionally left blank

Treasury Management Strategy

2024/25

www.newcastle-staffs.gov.uk

Contents

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 2021 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 higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Council's treasury management strategy for 2024/25.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level in September and then again in November. Members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with near-term risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI (Consumer Price Index) inflation was 6.7% in September 2023, unchanged from the previous month but above the 6.6% expected. Core CPI inflation fell to 6.1% from 6.2%, in line with predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling, declining to around 4% by the end of calendar 2023 but taking until early 2025 to reach the 2% target and then falling below target during the second half 2025 and into 2026.

ONS figures showed the UK economy grew by 0.2% between April and June 2022. The BoE forecasts GDP will likely stagnate in Q3 but increase modestly by 0.1% in Q4, a deterioration in the outlook compared to the August MPR. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth remained strong, with regular pay (excluding bonuses) up 7.8% over the period and total pay (including bonuses) up 8.1%. Adjusted for inflation, regular pay was 1.1% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

Credit outlook: Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (November 2023): Although UK inflation and wage growth remain elevated, the Council's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.

A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.

Local Context

On 19th December 2023, the Council held no borrowing and £30.15 million of treasury investments, largely due to grant monies temporarily held. This is set out in further detail at Annex B. Forecast changes in these sums are shown in the balance sheet analysis in table below:

Balance Sheet Summary and Forecast	31/03/2023 Actual £m	31/03/2024 Forecast £m	31/03/2025 Forecast £m	31/03/2026 Forecast £m	31/03/2027 Forecast £m
General Fund CFR	10.7	27.4	35.1	26.2	29.5
Less: Existing external borrowing	0.0	0.0	(16.7)	(24.4)	(15.4)
Less: Usable reserves	(5.2)	(4.3)	(4.3)	(4.3)	(4.3)
Less: Working capital	(22.1)	(20.0)	(5.9)	(5.9)	(5.9)
(New Investments or Cash)/ New external borrowing	**(16.6)**	**3.1**	**8.2**	**(8.4)**	**3.9**

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, including 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 2024/25.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as above, but that cash and investment balances are kept to a minimum level of £1m at each year-end to maintain sufficient liquidity but minimise credit risk.

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Liability Benchmark	31/03/2023 Actual £m	31/03/2024 Forecast £m	31/03/2025 Forecast £m	31/03/2026 Forecast £m	31/03/2027 Forecast £m
General Fund CFR	10.7	27.4	35.1	26.2	29.5
Less: Balance sheet resources	(27.3)	(24.3)	(26.9)	(34.6)	(25.6)
Net loans requirement	**(16.6)**	**3.1**	**8.2**	**(8.4)**	**3.9**
Plus: Liquidity Allowance	-	1.0	1.0	1.0	1.0
Liquidity benchmark	**(16.6)**	**4.1**	**9.2**	**(7.4)**	**4.9**

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 Council expects to borrow by the end of 2024/25. The Council 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.

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 2024/25 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). However, consideration will now be given to long-term loans from other sources including banks, pensions and local authorities, and the Council will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, 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);
- UK Infrastructure Bank Ltd;
- 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;
- Private Finance Initiative;
- sale and leaseback; and
- Similar asset-based finance.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is 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. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

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 £16.64 million and £38.7 million. The highest figure of £38.7 million was invested in November, when the Council received monies in relation to Town Deal Funding.

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 Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

The Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

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

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

Approved investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	3 years	Unlimited	n/a
Local authorities & other government entities	3 years	£7m	unlimited
Secured investments*	3 years	£7m	unlimited
Banks (unsecured)*	13 months	£7m	unlimited
Building societies (unsecured)*	13 months	£7m	£7m
Registered providers (unsecured)*	3 years	£10m	£10m
Money market funds*	n/a	£7m	unlimited
Real estate investment trusts	n/a	£2m	£2m
Other investments	3 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 Council 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 Council 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 Council'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 Council's investment at risk.

Operational bank accounts: The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £7m 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.

Reputational aspects: The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council 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 Council'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 placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Additional Investment limits

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

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

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

Treasury Management Prudential 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

Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£1m

Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	(£107,000)
Upper limit on one-year revenue impact of a 1% fall in interest rates	£107,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

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.

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	2024/25	2025/26	2026/27	No Fixed Date
Limit on principal invested beyond year end	£25m	£25m	£25m	£25m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

The Council's Operational Boundary and Authorised Limit for External Borrowing are detailed in the Council's Capital Strategy.

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

The budget for investment income in 2024/25 is nil. The budget for debt interest paid in 2024/25 is £536,000. 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 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but, following a no-change MPC decision in November, Bank Rate appears to have peaked in this rate cycle. Near-term rate cuts are unlikely, although downside risks will increase as the UK economy likely slides into recession and inflation falls more quickly.

- The much-repeated message from the MPC is that monetary policy will remain tight as inflation is expected to moderate to target slowly. In the Bank's forecast, wage and services inflation, in particular, will keep CPI above the 2% target until 2026.

- The UK economy has so far been relatively resilient, but recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite. Global demand will remain soft, offering little assistance in offsetting weakening domestic demand. A recession remains a likely outcome.

- Employment demand is easing, although the tight labour market has resulted in higher nominal wage growth. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household spending will therefore be weak. Higher interest rates will also weigh on business investment and spending.

- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.

- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant policy loosening in the future to boost activity.

- Global bond yields will remain volatile, particularly with the focus on US economic data and its monetary and fiscal policy. Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.

- There is a heightened risk of geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in November. Arlingclose believe this is the peak for Bank Rate.

- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

- The immediate risks around Bank Rate remain on the upside, but these diminish over the next few quarters and shift to the downside before balancing out, due to the weakening UK economy and dampening effects on inflation.

- Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	*0.00*	*0.25*	*0.50*	*0.50*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*1.00*	*1.00*
Arlingclose Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	*0.00*	*0.00*	*-0.25*	*-0.50*	*-0.75*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*
3-mth money market rate													
Upside risk	*0.00*	*0.25*	*0.50*	*0.50*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*1.00*	*1.00*
Arlingclose Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	*0.00*	*0.00*	*-0.25*	*-0.50*	*-0.75*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*
5-yr gilt yield													
Upside risk	*0.00*	*0.50*	*0.70*	*0.70*	*0.85*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*
Arlingclose Central Case	4.28	4.35	4.30	4.25	4.10	4.00	3.75	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	*0.00*	*-0.55*	*-0.75*	*-0.85*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*
10-yr gilt yield													
Upside risk	*0.00*	*0.50*	*0.70*	*0.70*	*0.80*	*0.90*	*1.00*	*1.10*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*
Arlingclose Central Case	4.32	4.40	4.35	4.30	4.25	4.15	4.00	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	*0.00*	*-0.55*	*-0.75*	*-0.85*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*
20-yr gilt yield													
Upside risk	*0.00*	*0.50*	*0.70*	*0.70*	*0.80*	*0.90*	*1.00*	*1.10*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*
Arlingclose Central Case	4.78	4.70	4.65	4.55	4.45	4.35	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Downside risk	*0.00*	*-0.55*	*-0.75*	*-0.85*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*
50-yr gilt yield													
Upside risk	*0.00*	*0.50*	*0.70*	*0.70*	*0.80*	*0.90*	*1.00*	*1.10*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*
Arlingclose Central Case	4.38	4.30	4.25	4.20	4.15	4.15	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Downside risk	*0.00*	*-0.55*	*-0.75*	*-0.85*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*	*-1.00*

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
UK Infrastructure Bank Rate = Gilt yield + 0.40%

Annex B – Existing Investment & Debt Portfolio Position

	22/11/2023 Actual Portfolio £m	22/11/2023 Average Rate %
Treasury investments:		
Banks & building societies (unsecured)	2.90	3.10
Government (incl. local authorities)	25.25	5.20
Money Market Funds	2.0	5.29
Total treasury investments	30.15	
Total external borrowing	0.0	
Net investments	**30.15**	

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 a council 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

- *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.
- *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.
- *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.

This page is intentionally left blank

Investment Strategy

2024/25

Contents

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 £30m during the 2024/25 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 2024/25 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: During 2022/23 and 2023/24 to date 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	31/03/2023 Actual			2024/25
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Local charities	0	0	0	500
Housing associations	0	0	0	10,000
Other bodies	0	0	0	500
Total	**0**	**0**	**0**	**11,000**

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

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

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

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

The Council will consider the following points:

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

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

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

Service Investments: Shares

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

Shares held for service purposes in £ thousands

Category of company	31/03/2023 actual			2024/25
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Suppliers	0	0	0	250
Local businesses	0	0	0	250
Total	**0**	**0**	**0**	**500**

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

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

Commercial Investments: Property

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

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

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

The majority of the investment property portfolio was acquired some time ago and there is no debt associated with any of the properties and the initial investment costs have been recouped many years ago. Investment properties are valued at fair value. The values of the properties will fluctuate according to market conditions prevailing from time to time, however these fluctuations do not constitute losses of capital invested. The value of investment properties included in the Council's balance sheet at 31 March 2023 is £12.759m.

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.

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 £1.910m (£2.157m for 2024/25) is currently held in balances to cover this and other risks and can be drawn upon in the event of risks materialising.

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

	2020/21 Actual (£000's)	2021/22 Actual (£000's)	2022/23 Actual (£000's)	2023/24 Estimate* (£000's)
Commercial Properties				
Gross Income	925	864	1,053	987
Gross Expenditure - Excluding Capital Charges	(964)	(837)	(1,027)	(949)
Net Income / (Expenditure)	**(40)**	**27**	**26**	**38**
Net Service Expenditure (Whole Council)	(7,515)	(7,641)	(7,911)	(8,169)
Ratio of Net Income to Net Service Expenditure	**-0.53%**	**0.35%**	**0.35%**	**0.47%**

Gross and Net Income - Over Period of Approved Medium Term Financial Strategy 2024/25 to 2028/29 – Based on 2% increase on 2023/24

	2024/25 Estimate (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)	2028/29 Estimate (£000's)
Gross Income	1,007	1,027	1,047	1,068	1,090
Gross Expenditure	(967)	(987)	(1,007)	(1,027)	(1,048)
Net Income	**40**	**40**	**40**	**41**	**42**

Vacancy Levels

2020/21 Actual (%)	2021/22 Actual (%)	2022/23 Actual (%)	2023/24 Actual at Q2 (%)
5.7	10.2	9.4	6.9

This page is intentionally left blank

Commercial Strategy
2024 to 2025

Contents

Introduction

Our Corporate Plan sets out an ambitious agenda for Newcastle-under-Lyme. We want to help our communities to become stronger and more vibrant and we want to continue to deliver excellent services to our residents. We are focussing on our place-shaping role to create high quality neighbourhoods, facilities, town centres and jobs. We aspire to create new and better homes for our residents and we need to respond to the climate and ecological emergency. At the same time, our funding remains under pressure. Funding from Central Government continues to fall and, as a result, both our Corporate Plan and Medium Term Financial Strategy recognise the need for the Council to be a more commercial organisation.

This means that we need to improve service delivery and organisational efficiency and find ways to generate more income as a critical component of our financial strategy. Successful delivery of the Commercial Strategy should enable members and officers to make positive choices about what they want to invest in, and where, rather than being forced to make decisions about how, and where, to reduce expenditure.

Therefore, in order to deliver the priorities of the Corporate Plan, the Council needs a new, more agile, innovative, and commercially aware operating model to ensure that, in an environment of continued reductions in central funding, our limited resources are used to leverage maximum value and create a financially sustainable organisation that meets the changing needs and expectations of residents.

Key objectives and priorities

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

One Council Delivering for Local People
A Successful and Sustainable Growing Borough
Healthy, Active and Safe Communities
Town Centres for All

Vision

Our vision is for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's Medium Term Financial Strategy. As a Council which adopts a commercial mind-set across the organisation. We expect staff to think innovatively and deliver services differently. We will use commercial principles to maximise the impact of our assets (whether physical or intangible) to benefit our communities and deliver financial sustainability.

This will be achieved through:

• Generation of service efficiencies and new income streams

- We will continually identify and develop opportunities to commercialise existing and new services
- When we need to charge for our services, we will price commercially, ensuring that this covers the full cost of the service unless we have made a conscious and evidenced decision to subsidise
- We will be commercially astute – we will understand the market for our services, and know how to make it work for us
- Effective procurement and contract management
- Prudent investment in income generating assets
- We will all understand and recognise where we have a role to play in maximising the impact of the Council's assets for the benefit of residents and communities.
- Strategic asset development

Strategy outcomes

1. To generate income through commercial activity that can be reinvested in local priorities, services and improvements for our residents.
2. To build strong working relationships with public, private and third sector partners in order to maximise collaboration and generate efficiencies.
3. To embed a commercial culture within the council and ensure that our staff are equipped with the skills they need to operate in a more commercial environment.
4. To support the council in delivering the council plan and growth agenda as a key pillar of the Medium Term Financial Strategy and our goal of financial self-sufficiency.
5. To optimise the council's use of technology and support our digital agenda in order to enable new, more efficient and flexible ways of working and interacting with customers and residents.

What 'commercial' means to us

Commercial approaches are being adopted by many local authorities. However, the focus and definition of what that means is different from one council to the next.

It is important therefore, to define what we, at Newcastle-under-Lyme, mean by being commercial.

Working commercially is about using our assets and capabilities in the most efficient and effective way to create a net benefit to the Council's finances. It is about identifying and implementing opportunities, which expand the ways the Council, can secure income.

Being commercial is also about being creative and exploring new ideas and activities, which will increase income to the Council. It means that we will need to work in different ways and Council employees will need to develop new skills and behaviours to help make the delivery of the Strategy a success.

Every commercial opportunity will be robustly assessed before it is put forward for formal approval and the Council will develop a range of commercial projects within the programme to balance risks. There will always be a clear link between any commercial endeavour and the Council delivering better services for residents.

Commercialisation is NOT just about making money. It is as much about avoiding costs, through early intervention and prevention, as it is about developing new projects.

This strategy impacts on all services across the Council. ‘Being commercial’ is a mindset that must underpin the way we all do our jobs.

This means ‘commercialisation’ at Newcastle-under-Lyme Borough Council and includes all of the following:

- Preventing costs arising in the first place
- Creating social value to enable delivery of excellence in services to our communities
- Early intervention to prevent a cost escalating
- Redesigning our staff structures and internal processes to be most efficient and effective
- Reviewing service delivery models (e.g. outsourced, shared service, company) to be most efficient and effective
- Effectively procuring and managing our contracts
- Identifying new sources of income
- Commissioning the right outputs/outcomes
- Enhanced financial ownership by service managers
- Maximising existing sources of income
- Eliminating unnecessary demand and work
- Insight and Intelligence to make good choices

Benefits

The successful delivery of the strategy will achieve multiple benefits including:

- Ensuring our resources are stewarded wisely to deliver outcomes for our residents and businesses.
- Enhancing our ability to provide social, economic and environmental outcomes that can help to deliver against all four of our priorities: One Council Delivering for Local People; A Successful and Sustainable Growing Borough; Healthy, Active and Safe Communities; Town Centres for All.
- Developing new incomes streams to support services and the Council’s budget.
- Creating a culture where staff think and act differently to deliver new ways of service delivery to serve our residents and businesses.
- Inspiring staff by embedding a forward thinking, opportunity focused mind-set that can drive wider culture shift.

- Increasing the robustness of the organisation through the creation of a diverse commercial portfolio to ensure long term organisational sustainability.

Objectives

Primary Objective

The primary objective is to use the Council's resources as effectively and efficiently as possible when delivering the Council Plan.

Secondary Objectives

Achievement of the primary objective will come in part through the following secondary objectives:

- Developing a **commercial culture**

- Putting **sound governance** in place – being clear about responsibilities, authorities, processes, templates and funding

- Ensuring there is appropriate **performance management** in place for commercial initiatives

The overarching aim of this strategy is to deliver a financial return, which contributes to the Council's efficiencies and additional income targets. This will help to safeguard, and develop, frontline services that the Council currently provides and enhance the Council's ability to invest in its place shaping agenda.

Funding and investment will be required for the successful implementation of this strategy. It is important to note that the benefits of pursuing the Commercial Strategy are not purely financial. Becoming a commercially focused organisation means putting the customer at the heart of everything we do. We will actively encourage creative thinking to develop more effective and customer-centric ways to deliver our services.

Culture

Developing a commercial culture is an important part of this strategy. To achieve the ambitious objectives outlined in this strategy, all participants need to fulfil their roles. Whilst large commercial projects will be important, we are looking to develop a commercial culture across all service areas where, thinking in a business-like way and making business like decisions, along with being creative and innovative is the normal way of working at the Council.

An embedded commercial culture will enable all our services to reach their potential and it will unlock new and innovative ways of delivering services to residents and businesses in Newcastle-under-Lyme. A commercial culture will encourage us to be creative and entrepreneurial, finding ways to add value to the way we serve residents. This will include behaviours such as challenging current approaches to look for improvements, seeking ways to maximise value for customers and the Council from contracts and looking for growth opportunities.

A culture can be defined as 'the way we do things round here' and the way we operate across our service areas will be ambitious and bold, working in new ways to steward the resources we have in the most effective way to deliver the priorities highlighted in the Council Plan.

Developing the programme and our priorities

A portfolio of opportunities has then been selected for further development. This approach should ensure that the Council pursues a diverse range of opportunities - different in their potential scale, complexity and nature – to balance the risks of the overall programme.

In selecting the opportunities, consideration has been given to:

- The need to generate a net financial return to support the pressures identified in the MTFS.
- The creation of large-scale commercial projects that have the potential to create long-term income for the Council.
- Development of a commercial culture across service areas, so that thinking and acting in a commercial manner becomes central to the Council's thinking and decision-making.

The following table shows the highest commercial priorities to investigate within the commercial programme.

Priority Area	**Description**	**Impact**
Commercial Waste	Developing the Commercial Waste income streams, building on the existing assumptions that form part of the Waste Transformation Programme	Increase the number of businesses using the council service and improve the level of income generated
Light Industrial	Develop and regenerate sites into light industrial units	Increased revenue generation, servicing demand in the local area and supporting economic development
Smart Parking	Utilising ANPR to increase car parking revenue from major council assets	Increase revenue substantially, provide a better parking experience and support retail in the borough
Fees and Charges	Increasing fees and charges that benchmarking has shown to be currently charged at low rates in Staffordshire	Increase in income generated
Investment Opportunities for commercial return	Continue to investigate investment opportunities that will deliver a commercial return and build up our commercial portfolio	Increased revenue generation, servicing demand in the local area and supporting economic development

How will we realise our strategic outcomes?

- Act with intelligence and agility
- Embrace transformation and innovation

- Understand that resources are required for growth and change
- Act with integrity and high ethical standards
- Embrace commercialism and maximise income
- Create and nurture commercial and development opportunities
- Act strategically for the long-term benefit of the borough and its residents
- Greater focus on procurement and contract management
- Create a sustainable commercial programme
- Know the market place and act competitively
- Establish a strong commercial culture and invest in staff and member skills
- Drive our digital agenda forward
- Demand more from service providers and contracts
- Ensure we get value for money for residents
- Listen to our staff and customers
- Actively seek and work with partners commercially
- Engage with specialist commercial advisers and professional partners
- Pursue opportunities to generate efficiencies and financial savings
- Dispose of assets when the market is no longer viable
- Extract maximum value from our property and land assets and income streams
- Stop activities that add no value or benefit to customers
- Challenge where services can be commissioned

How will we make this happen?

- Endorsement from members of the council
- Sponsorship from the Corporate Leadership Team
- Facilitated by a highly skilled commercial team
- Collaboration across all council services and teams
- External specialist advice and support
- Initiatives owned by services

How does the strategy support our organisational goals?

- Robust financial and commercial service programmes aligned to the council plan.

• Supports the MTFS and closure of funding gap.

• Uses commercial activities to leverage funding opportunities to support the regeneration of the borough.

What is the governance structure?

• Investment decisions will be taken by full Cabinet.

• Some changes may be required to the Council's Constitution to enable timely decision making as commercial opportunities present themselves.

How will risks be managed?

• Partner with industry experts and specialists

• Ensure transparency and effective communication

• Rigorous approval processes and project scrutiny

• Following corporate risk management and mitigation procedures

• Effective contract management

• Meticulous due diligence

What are the tools and structures we will use?

• Exercise statutory powers

• Shared service agreements

• Crown Commercial Service, g-cloud and local framework agreements

• Joint venture partnerships

• Arms-length management organisations and/or council owned companies

How will we fund and resource the journey?

• Generate a return on investment to fund services

• Make every penny count

• Explore opportunities to share services with other councils

• Maximise existing revenue streams

• Effective and proportionate risk management

• Robust strategic and operational planning

• Access to government grants and other funding

• Invest to save

This page is intentionally left blank

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO COUNCIL

14th February 2024

Report Title: **Publication of a Pay Policy Statement for 2024/25**

Submitted by: **Chief Executive**

Portfolios: **ALL**

Ward(s) affected: **ALL**

Purpose of the Report	**Key Decision** Yes ☐ No ☒
To invite Council to approve the Pay Policy Statement for 2024/25	
Recommendation	
That Council approves the content of the Pay Policy Statement for 2024/25, as set out at Appendix A with a view to this being published on the council's website by 31st March 2024.	
Reasons	
To ensure the Council complies with the requirements of the Localism Act 2011 and the guidance issued by the Department for Communities and Local Government 'Openness and Accountability in Local Pay'.	

1. Background

1.1 The Localism Act 2011 (the Act) requires local authorities to prepare and publish a pay policy statement for each financial year. The statement should set out the authority's policies relating to the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration levels of those two groups.

2. Issues

2.1 The statement sets out the policies relating to the renumeration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration levels of these two groups

2.2 The government recommends the publication of an organisation's pay multiple, the ratio between the highest paid employee and the median average earnings across the organisation as a means of illustrating that relationship.

2.3 The Council's approach to performance related pay must also be included in the pay policy statement.

2.4 The proposed pay policy statement for 2024/25 is set out at Appendix A.

3. Recommendation

3.1 That Council approves the content of the Pay Policy Statement for 2024/25, as set out at Appendix A with a view to this being published on the council's website by 1st April 2024.

4. Reasons

4.1 To ensure that the appropriate information will continue to be made available to the public in accordance with the requirements of the Localism Act 2011.

5. Options Considered

5.1 The precise format and contents of pay policy statements is a matter for each council to determine so long as the basic requirements as to their content are met. In 2012, West Midlands Councils produced a Model Pay Policy Statement which drew together drafts from several authorities in the region with a view to a common approach being adopted to facilitate benchmarking of pay data. This format has been adopted each year subsequently up to and including the current pay policy statement.

6. Legal and Statutory Implications

6.1 Preparation of a Pay Policy Statement for 2024/25 is a requirement under section 38(1) of the Localism Act 2011.

6.2 Under Section 40(1) of the Act, Authorities must have regard to the guidance issued by the Department for Communities and Local Government in preparing and approving pay policy statements.

6.3 Before it takes effect, the Pay Policy Statement must be approved by a resolution of full council. This must be done no later than 31 March 2024.

6.4 Following approval, the statement must be published as soon as possible on the authority's website (and in any other manner the authority thinks fit).

6.5 An authority may amend its Pay Policy Statement in-year and this also requires a resolution of full council.

7. Equality Impact Assessment

7.1 The council's pay policy statement is simply an annual summary of the content of other policies and the processes through which pay rates are set. Equality considerations are taken into account when devising and applying those other polices and processes.

8. Financial and Resource Implications

8.1 There are no unbudgeted revenue costs or resource implications associated with the approval of the pay policy statement. Changes to pay policy are determined through other processes where all relevant implications are taken into account. The pay policy statement is simply an annual summary statement of the content of those other policies

9. Major Risks & Mitigation

9.1 N/A

10. UN Sustainable Development Goals (UNSDG)

10.1 N/A

11. Key Decision Information

11.1 The adoption of a pay policy statement is not a Key Decision. Changes to pay policy are determined through other processes where all relevant implications are taken into account, including whether any proposed changes amount to a Key Decision. The pay policy statement is simply an annual summary statement of the content of those other policies.

12. Earlier Cabinet/Committee Resolutions

12.1 N/A

13. List of Appendices

13.1 Appendix A – Proposed Pay Policy Statement

14. Background Papers

14.1 Department of Communities and Local Government – Openness and Accountability in local pay: Draft guidance under Section 40 of the Localism Act

14.2 Local Government Association and Association of Local Authority Chief Executives – Localism Act: Pay Policy Statements Guidance for Local Authority Chief Executives.

This page is intentionally left blank

Newcastle-under-Lyme Borough Council
Pay Policy Statement – 2024/25

Introduction and Purpose

Section 38 of the Localism Act 2011 requires the council to publish a Pay Policy Statement (the "Statement"). The purpose of the Statement is to set out the council's approach to how its employees are paid.

The Statement must be reviewed at least annually, so that full Council can approve, prior to the 31st of March each year, the Statement that will apply in the following financial year. Any in-year amendments to the Statement must also be approved by Full Council.

The Statement is published on 1st April 2024 and comes into immediate effect.

Legislative Framework

In deciding how its employees are paid, the council complies with all relevant employment legislation. This includes the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Workers Regulations 2010 and the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Pay Structure

The posts of the majority of employees have been assessed using a National Joint Council for Local Government Services (NJC) job evaluation scheme which is supported by both the national trade unions and the Council. That scheme evaluates the requirements, demands and responsibilities of each role and then directly ascribes evaluated roles to a nationally negotiated pay scale. This ensures that there is no pay discrimination and that all pay differentials can be objectively justified.

The NJC payscale was increased by a fixed sum of £1,925 (pro rata for part-time and term time only employees) effective from 1st April 2023.

Chief Officers (statutory and non statutory) and Chief Executive Officers were awarded an uplift of 3.5% effective from 1st April 2023

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by council policy.

In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and the times those services are required.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate.

From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for a market supplement is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector. Any market supplements awarded are kept under review.

Where the Council has been unable to recruit to critical roles under a contract of employment, or there is a short term need it may engage individuals under ‘contracts for service’. These will be sourced through the relevant procurement process ensuring the council is able to demonstrate the maximum value for money in securing the relevant service.

3 officers are employed on apprenticeship contracts with salaries and terms in line with national scheme.

Senior Management Pay

For the purposes of this Statement, the council has had regard to the definitions of “Chief Officers” (statutory and non-statutory) set out in Section 2 of the Local Government and Housing Act 1989.

The definition of Chief Officers (statutory and non-statutory) covers the Council’s:-

- Chief Executive
- Deputy Chief Executive
- Section 151 Officer
- Monitoring Officer
- Service Director for Strategy, People and Performance
- Service Director for Digital, IT and Internal Transactions
- Service Director for Regulatory Services
- Service Director for Sustainable Environment
- Service Director for Neighbourhood Delivery
- Service Director for Planning
- Service Director for Commercial Delivery

In reaching this decision, we have had regard to the guidance issued about Pay Policy Statements, which draws on the Accounts and Audit Regulations 2015 salary publication threshold of £50,000 to identify “senior employees”. We also note the content of Government’s Transparency Code 2015 on this issue.

Chief Officers

1) The Chief Executive (Head of the Paid Service). The salary of the post is a spot salary of £116, 530.65. There is no incremental point range. This does not include payments the Chief Executive may receive as the Council’s Returning Officer for elections.

2) Deputy Chief Executive. The salary of this posts fall within a range of 4 incremental points between £94,226.40 and £100,380.51

3) Monitoring Officer. The Council’s Service Director for Legal & Governance Services is designated as the Council’s Monitoring Officer. The Service Director for Legal & Governance Services is remunerated on the SD scale which has a range of 3 incremental points between £68,310 and £74,520. The post also receives a Statutory Officer Allowance of £10,000.

4) Section 151 Officer. The Council’s Service Director for Finance is designated as the Council’s Section 151 Officer. The Council’s Section 151 Officer is remunerated on the SD scale which has a range of 3 incremental points between £68,310 and £74,520. The post also receives a Statutory Officer Allowance of £10,000.

5) The Council operates a career grade scale at Service Director level, which allows controlled progression from Head of Service to Service Director Level following skills and experience assessment. There are 7 service areas of responsibility whose lead officers fall within this category which are identified below.

i. Strategy, People and Performance
ii. Digital, IT and Internal Transactions
iii. Regulatory Services
iv. Sustainable Environment
v. Neighbourhood Delivery
vi. Planning
vii. Commercial Delivery

6) Service Directors / Head of Service will usually start at the minimum point in the initial half of the salary scale (Head of Service) and progress until the gateway point after which they may progress to the additional pay points as Service Director on assessment of appropriate skills acquisition (see figure 1)

Payments on Termination

The Council's approach to payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006. That policy statement is available on the Council's website.

Any other payments falling outside the policy statement relating to termination payments prior to reaching normal retirement age or outside of contractual notice periods shall, where those payments exceed £100,000, be authorised by a resolution of full Council. This is without prejudice to the urgency provisions which are set out in the Council's constitution.

Flexible Retirement

The Council's policy on Flexible Retirement for members of the Local Government Pension Scheme is available on the Council's website

Other Remuneration

The Council does not apply any target related bonuses or performance related pay to its senior managers. Progression through the pay increments in a pay scale (where relevant) are subject to satisfactory performance which is assessed on an annual basis.

Publication

Upon approval by the Full Council, this statement will be published on the Council's Website, alongside data required under the Transparency Code 2015.

In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above

Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the council are employed on full time (37 hours) equivalent salaries in accordance with the National Living Wage. No employee is paid under the National Living Wage hourly rate of £11.44 (for those age 21 and over from April 2024)

The Council employs apprentices who are not included within the definition of 'lowest paid employees' as they are employed under the National Apprenticeship Scheme.

Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

The current basic pay levels within the council give a multiple between the lowest paid (full time equivalent basic salary) employee and:-

- the Chief Executive as 1:5.21
- the median (average) full time equivalent earnings and average chief officer as 1:3.32

Date of Statement: 17th January 2024

Figure 1
NJC SALARY SCALES

GRADE	SPINAL COLUMN POINT	SALARY (£)	Hourly Rates (£)
Grade 2	2	22,366	11.59
	3	22,737	11.79
Grade 3	4	23,114	11.98
	5	23,500	12.18
Grade 4	6	23,893	12.38
	7	24,294	12.59
	8	24,702	12.80
	9	25,119	13.02
	10	25,545	13.24
Grade 5	11	25,979	13.47
	12	26,421	13.69
	13	27,334	14.17
	14	27,803	14.41
	15	28,282	14.66
Grade 6	16	28,770	14.91
	17	29,269	15.17
	18	29,777	15.43
	19	30,296	15.70
	20	30,825	15.98
Grade 7	21	31,364	16.26
	22	32,076	16.63
	23	33,024	17.12
	24	33,945	17.59
Grade 8	25	34,834	18.06
	26	35,745	18.53
	27	36,648	19.00
Grade 9	28	37,336	19.35
	29	38,223	19.81
	30	39,186	20.31
Grade 10	31	40,221	20.85
	32	41,418	21.47
	33	42,403	21.98
Grade 11	34	43,421	22.51
	35	44,428	23.03
	36	45,441	23.55
	37	46,464	24.08
Grade 12	38	47,420	24.58
	39	48,474	25.13
	40	49,498	25.66
	41	50,512	26.18
	42	51,515	26.70
Grade 13	43	52,563.28	27.24
	44	53,641.55	27.80
Grade 14	45	54,743.72	28.37

Chief Officer Pay

SCALE	YEAR	£ per annum	£ per hour
Head of Service	1	60,040.35	31.12
	2	63,271.62	32.80
	3	66,502.89	
Skills Gateway			
Service Director	1	68,310.00	35.41
	2	71,932.50	37.28
	3	74,520.00	38.63
Deputy Chief Executive	1	94,226.40	48.84
	2	96,278.81	49.90
	3	98,329.14	50.97
	4	100,380.51	52.03
CEO	-	116,530.65	60.40

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S
REPORT TO COUNCIL

14 February 2024

Report Title: **War and War Widow(er)s Pension Disregard Top Up - Housing Benefit and Council Tax Reduction**

Submitted by: **Service Director - Finance & Service Director - Neighbourhood Delivery**

Portfolios: **Finance, Town Centres and Growth**

Ward(s) affected: All

Purpose of the Report **Key Decision** **Yes** ☐ **No** ☒

To seek the approval of Council for the continuing disregard of War Pensions and War Widow(er)'s Pension in calculating Housing Benefit entitlement and Council Tax Reduction.

Recommendation

That Council:

approves the disregard of War Pensions and War Widow(er)'s pensions:-

(a) in full as income above the statutory £10.00 per week disregard in the calculation of Housing Benefit entitlement and
(b) in full as income in relation to the means tested assessment of Council Tax Reduction Scheme discount.

Reasons

A Council resolution is required to regularise the ongoing application of this benefit. This resolution will improve the economic wellbeing of those on lower incomes and, will help prevent homelessness and help meet local needs. The recipients of the disregarded benefits will have more financial help in paying their rent.

1. Background

1.1 Before the introduction of the Social Security Administration Act 1992, there was a statutory £10.00 per week disregard on War Disability and War Widows Pensions in means tested social security benefits including Housing Benefit. Above the £10.00 per week disregard, the pensions were counted as income, reducing the amount of benefit received.

1.2 Section 134(8) of the Social Security Administration Act 1992 allowed Councils to disregard up to 100% of war pensions above the £10.00 per week disregard. This had to be agreed by Full Council. The cost of this disregard is borne by the Council. Newcastle-under-Lyme Borough Council resolved to disregard war pensions in full above the weekly disregard many years ago.

1.3 From April 2004, the Government agreed to subsidise 75% of the discretionary disregard Councils made if the amount did not exceed 0.2% of the total Housing Benefit Subsidy received. This means that the Council now only pays for 25% of the discretionary disregard.

1.4 From April 2005, the War Pension and War Widow(er)s Pension schemes were closed to applicants who were injured or became a widow(er) after this date and replaced by the Armed Forces Compensation Scheme. Payments from the Armed Forces Compensation Scheme were given a full statutory disregard in means tested benefits, including Housing Benefit.

1.5 The £10.00 disregard also applied to Council Tax Benefit, but when this was replaced by Local Council Tax Reduction schemes in 2013, Newcastle-under-Lyme Borough Council fully disregarded War Pensions and War Widow(er)s Pensions.

1.6 Last year, a number of Councils were asked to provide evidence that they had passed resolutions disregarding War Pensions and War Widow(er) Pensions by external auditors. Many Councils no longer have the original documentation confirming the disregard and the auditors have agreed to accept the historic position but insist that Councils re-affirm their agreement to the disregard going forward.

1.7 Grant Thornton, the Council's External Auditor, asked the Council to provide the documentation showing they had passed resolutions disregarding War Pensions and War Widow(er)'s Pensions in their last audit. A search was made for the original resolutions, but the original resolutions could not be found.

1.8 This report asks the Council to re-affirm the discretionary disregards for War Pensions and War Widow(er)'s Pensions in order to safeguard the finances of war pensioners and war widow(er)s.

2. Issues

2.1 War Widow(er)s income has historically been disregarded in the calculation of Council Tax Reduction and Housing Benefit but the documentation of this historic resolution cannot be found and has been requested by the Council's External Auditors.

3. Recommendation

3.1 That Council approves the disregard of War Pensions and War Widow(er)'s pensions

(a) in full as income above the statutory £10.00 per week disregard in the calculation of Housing Benefit entitlement and
(b) in full as income in relation to the means tested assessment of Council Tax Reduction Scheme discount.

4. Reasons

4.1 A resolution of Council is required to regularise the ongoing application of this benefit. This resolution will improve the economic wellbeing of those on lower incomes and, will help prevent homelessness and help meet local needs. The recipients of the disregarded benefits will have more financial help in paying their rent.

5. Options Considered

5.1 The options are to do nothing, or to remove some or all of the discretionary disregard for War Pensions and War Widow(er)'s Pensions. The recommended option is to regularise the ongoing application of this benefit and to ensure compliance by a resolution of Council.

6. Legal and Statutory Implications

6.1 Section 134(8) of the Social Security Administration Act 1992 allowed Councils to disregard up to 100% of war pensions above the £10.00 per week disregard. This had to be agreed by Full Council. The cost of this disregard is borne by the Council. Newcastle-under-Lyme Borough Council agreed to disregard war pensions in full above the weekly disregard many years ago but the documentation of the original resolution cannot be found.

7. Equality Impact Assessment

7.1 Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to – a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Council Tax charges may have an impact on households and there are a variety of schemes in place to mitigate against a negative impact, including single person discount and council tax reduction. Further details how to make such claims can be found on the council's website.

8. Financial and Resource Implications

8.1 As previously agreed, there remains a financial cost to the Council, as it will continue to bear 25% of the costs of the discretionary disregards. There are currently only 5 live claims for Housing Benefit and Council Tax reduction.

8.2 There will not be any additional financial pressure to the Council, as the financial pressure is already being accounted for in planned expenditure. The amounts in relation to the Council is low, but for the individuals concerned make a great difference. The approximate cost is £6,300 per annum broken down as:-

Housing Benefit 2023/24 cost was £2244

Council Tax Reduction 2023/24 cost was £4,100

9. Major Risks & Mitigation

9.1 The risk of not re-affirming the disregard, may result in external auditors challenging the existence of a formal resolution to do so. If this was the case, potentially war pensioners and war widow(er)s could lose the discretionary disregard. This may mean most, if not all, either having to pay some rent for the first time or having to pay more rent. Other than the financial impact, this is also likely to result in a reputational risk to the Council.

9.2 Newcastle-under-Lyme Borough Council signed the Armed Forces Covenant in 2018. Continuing to disregard War Pensions and War Widow(er)'s Pensions will demonstrate continuing commitment to the covenant.

10. UN Sustainable Development Goals (UNSDG)

10.1 In considering this decision, the following UN sustainable development goals will be considered:

11. Key Decision Information

11.1 This does not constitute a key decision.

12. Earlier Cabinet/Committee Resolutions

12.1 Cabinet 6 February 2024

13. List of Appendices

13.1 None

14. Background Papers

14.1 None

QUESTIONS TO THE MAYOR, CABINET MEMBERS AND COMMITTEE CHAIRS

To the Portfolio Holder for Sustainable Environment:

1. Leaving out a waste bin on the pavement days after a collection has been made is a practice which the Borough Council would want to discourage. Bins left out in this way block pavements with the result that passers by are often obliged to walk in the road. I understand that as a last resort local authorities can issue a fixed penalty if a bin is persistently left on a pavement. The issuing of a fixed penalty must be a last resort which is only applied when persuasion has failed. Can the Portfolio Holder outline the action or actions the Borough Council proposes to take to encourage householders to be good neighbours and not leave their bins out on pavements days after a collection has taken place?

Cllr Richard Gorton

……………………………………………………………………………………………..

To the Portfolio Holder for Finance, Town Centres and Growth

2. Capital & Centric's business model based on 'Driving value through ownership' has clearly been successful for them, and will hopefully be successful for Newcastle. It is accepted that the projects and their costs and benefits will be put through consultation and scrutiny. With 'ownership' comes responsibility - and at the moment we still own these sites. Selling them, and others, off to relieve ourselves of debt may or may not be appropriate in future-proofing ourselves financially. To make these decisions, can we be assured that the progression of the projects will be offered for scrutiny with full disclosure of any changes and modifications which arise in the course of realisation?

Cllr Wendy Brockie

……………………………………………………………………………………………..

This page is intentionally left blank