

**Date of meeting** Tuesday, 6th February, 2024  
**Time** 2.00 pm  
**Venue** Astley Room - Castle  
**Contact** Geoff Durham 742222



**NEWCASTLE  
UNDER LYME**

**BOROUGH COUNCIL**

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

# Cabinet

## AGENDA

### PART 1 – OPEN AGENDA

- 1 APOLOGIES
- 2 DECLARATIONS OF INTEREST  
To receive declarations of interest from Members on items included in the agenda.
- 3 MINUTES OF PREVIOUS MEETINGS (Pages 5 - 10)  
To consider the Minutes of the previous meeting.
- 4 WALLEYS QUARRY - ODOUR ISSUES (Pages 11 - 30)
- 5 TOWN CENTRE REGENERATION UPDATE (Pages 31 - 100)
- 6 REVENUE AND CAPITAL BUDGETS AND STRATEGIES 2024/25 (Pages 101 - 198)
- 7 IT DATA CENTRE REPLACEMENT (Pages 199 - 204)
- 8 PROCUREMENT OF THE COUNCIL'S LONG TERM AGREEMENT INSURANCE PROVIDERS (Pages 205 - 210)
- 9 PROCUREMENT OF STREETSCENE AND MOBILE MULTI FUNCTIONAL (MMF) VEHICLES & PLANT (Pages 211 - 216)
- 10 WAR AND WAR WIDOW(ER)S PENSION DISREGARD TOP UP (Pages 217 - 220)
- 11 CORPORATE ENFORCEMENT POLICY 2024 (Pages 221 - 246)
- 12 FINANCIAL AND PERFORMANCE REVIEW REPORT - THIRD QUARTER 2023-24 (Pages 247 - 282)
- 13 FORWARD PLAN (Pages 283 - 290)

#### **14 URGENT BUSINESS**

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

#### **15 DISCLOSURE OF EXEMPT INFORMATION**

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

#### **16 IT DATA CENTRE REPLACEMENT - CONFIDENTIAL APPENDIX (Pages 291 - 292) ATTENDANCE AT CABINET MEETINGS**

##### **Councillor attendance at Cabinet meetings:**

- (1) The Chair or spokesperson of the Council's scrutiny committees and the mover of any motion referred to Cabinet shall be entitled to attend any formal public meeting of Cabinet to speak.
- (2) Other persons including non-executive members of the Council may speak at such meetings with the permission of the Chair of the Cabinet.

##### **Public attendance at Cabinet meetings:**

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

**Members:** Councillors S Tagg (Chair), Sweeney (Vice-Chair), Heesom, Fear, Skelding and Hutchison

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

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

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## CABINET

Tuesday, 16th January, 2024  
Time of Commencement: 2.00 pm

[View the agenda here](#)

[Watch the meeting here](#)

<b>Present:</b>	Councillor Simon Tagg (Chair)		
<b>Councillors:</b>	Sweeney Heesom	Fear Skelding	Hutchison
<b>Officers:</b>	Martin Hamilton Geoff Durham Simon McEneny Sarah Wilkes  Anthony Harold  Nesta Barker  Paul Dutton Georgina Evans-Stadward  Craig Jordan	Chief Executive Civic & Member Support Officer Deputy Chief Executive Service Director - Finance / S151 Officer Service Director - Legal & Governance / Monitoring Officer Service Director - Regulatory Services Senior Media Officer Service Director - Strategy, People and Performance Service Director - Planning	

1. **APOLOGIES**

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

3. **MINUTES OF PREVIOUS MEETINGS**

**Resolved:** That the minutes of the meeting held on the 5th December 2023 be agreed as a correct record.

4. **WALLEYS QUARRY ODOUR ISSUES**

The Leader introduced the report on Walleys Quarry problematic odours and recent increase in complaints received.

The Chief Executive provided an update on the situation, which got indeed significantly worse over the winter. Works were being undertaken by the operator to address the issue. The Environment Agency was now considering complete closure in case the situation didn't improve and meetings were taking place with politicians to raise awareness of the problem at a wider scale.

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The Leader reported having contacted both the Prime Minister and the local Member of Parliament about the problem. The letter was attached to the meeting agenda pack.

Members asked questions and responses were provided as follows:

- The Deputy Leader asked about the abatement notice and if there were any plans to escalate the matter further. – Securing the abatement notice involved identifying that the odours had reached a certain threshold and that they were coming from Walleys Quarry. To prosecute against the abatement notice required demonstrating that this the offense was beyond any doubts of a criminal level.

The first step was to give the operator an opportunity to remedy the issue which was currently being done. It was also to be established how to hold the causer of the odour to account which was not necessarily the same thing. Once those criteria were met and the situation was not being resolved, it was then possible to consider prosecution provided this was a proportionate course of action. It was to be reminded that the Environment Agency was the primary regulator on this and that funding would need to be made available for officers to be able to take action.

- Cllr Fear commented that a lot of the stats had doubled over time and the situation was not acceptable anymore. The new leadership at the Environment Agency was welcome and Cllr Fear wished to know what would be in place to manage the situation if the operator went out of business. – This question was not to be discussed in a public forum at this moment in time.

There was a change in tone in the public statements made by the Environment Agency and the Leader wished for Cabinet to recommend a closure of the facilities until the situation is sorted out. As this would probably imply for the company's website to be taken down the Leader also expressed the need to retrieve the videos to keep a record of members' involvement towards a resolution of the problems.

- Resolved:**
- (i) That the contents of the update report be noted.
  - (ii) That the Environment Agency be encouraged to consider a Closure Notice.
  - (iii) That the video files of the Walleys Quarry Liaison Meetings be uploaded into the Council's You Tube page and linked to the Walleys Quarry section of the Council's website.

[Watch the debate here](#)

## **5. BOROUGH LOCAL PLAN CONSULTATION RESPONSES AND NEXT STAGES**

The Portfolio Holder for Strategic Planning introduced the report on the Borough Local Plan consultation which went beyond what was required and generated a lot of material that officers were working on extracting. While there had been some update to the National Planning Policy Framework none were to affect the plan making process. The housing numbers dropped to four years rather than five years which was to be seen as a reward to getting on with the plan. Expert advice was taken on how to calculate that. A proposal about strategic employment sites was to be included at a later stage.

The Leader reminded Cabinet of the risks of uncontrolled growth in the absence of a local plan along with the timescales with the adoption of the plan to be brought to full Council in July. The Deputy Leader echoed the fact that no local plan wouldn't mean less housing and that it could in fact be quite the opposite.

**Resolved:** (i) That the summary of the main issues raised to the consultation on the First Draft Local Plan which took place from the 19 June to the 14 August 2023 and the Council's initial response as set out in the Consultation Report (Appendix 1), be noted.

(ii) That the Deputy Chief Executive, in consultation with the Strategic Planning Portfolio Holder, be authorised to recommend to Council at its meeting on the 24 July 2024 that it approves the Final Draft Local Plan (at Regulation 19 stage), the Sustainability Appraisal, Habitats Regulation Assessment and supporting documentation for public consultation in line with the approved Local Development Scheme.

(iii) That, subject to the outcome of consultation, and if no matters are raised that materially impact upon the Plan strategy, the Deputy Chief Executive in consultation with the Strategic Planning Portfolio Holder be authorised to submit the Final Draft Local Plan and supporting documents to the Secretary of State for formal examination by the end of 2024.

[Watch the debate here](#)

## 6. **DRAFT REVENUE AND CAPITAL BUDGETS AND STRATEGIES 2024/25**

The Deputy Leader presented the report on the draft revenue and capital budgets and strategies.

The Leader highlighted the request for an increase of the Walleys Quarry Reserve to £300,000 from 1<sup>st</sup> April to allow for potential legal action.

**Resolved:** (i) That the progress on the completion of the Revenue (Appendix 1) and Capital Budgets (Appendix 4), be noted.

(ii) That the updated Medium Term Financial Strategy 2024/25 to 2028/29 (Appendix 2) be noted.

(iii) That the strategy for ensuring a balanced revenue outturn position for 2023/24, be noted.

(iv) That the calculation of the Council Tax base and the Council Tax increase to be proposed for 2024/25 of 1.99% per Band D equivalent property, be noted.

(v) That the risk assessment at Appendix 3 and the Section 151 Officer's recommendation on the level of reserves and contingencies provisionally required to be maintained in 2024/25, and the further increase in the Walley's Quarry Reserve to £300,000 for 1 April, 2024, be noted.

(vi) That the draft Capital Strategy (Appendix 5) for 2024/34 be noted.

(vii) That the draft Treasury Management Strategy (Appendix 6) for 2024/25, be noted.

(viii) That the draft Investment Strategy (Appendix 7) for 2024/25, be noted.

(ix) That the draft Commercial Strategy (Appendix 8) for 2024/25, be noted.

(x) That the draft Budget and Council Tax proposals be referred to the Finance, Assets and Performance Scrutiny Committee for comment before the final proposals are considered at Cabinet on 6 February 2024.

[Watch the debate here](#)

**7. SCALE OF FEES AND CHARGES 2024/25**

The Deputy Leader introduced the report on the proposed scale of fees and charges for 2024-25.

**Resolved:** (i) That the proposed fees and charges, to apply from 1 April 2024, as set out in Appendix 1, be approved.

(ii) That the Charging Policy, as set out in Appendix 2, be approved.

[Watch the debate here](#)

**8. STAFFORDSHIRE COUNTY COUNCIL URBAN GRASS CUTTING CONTRACT DELIVERY**

The Portfolio Holder for Sustainable Environment introduced the report on the grass cutting contract delivery in relation to the urban highways verges following complaints from borough residents.

The Leader commented that improvement was to be expected both in terms of quality and consistency. Litter picking would also be undertaken before the cuts.

Cllr Fear welcomed the agreement which would come as a huge relief for local residents. The Deputy Leader echoed the statement.

**Resolved:** (i) That the delivery of Staffordshire County Council's highways urban verge grass maintenance programme by the Sustainable Environment Directorate, be authorised.

(ii) That, to enable the above delivery, the employment of additional staffing resources and plant acquisition be authorised.

[Watch the debate here](#)

**9. AWARD OF THE CONTRACT FOR THE SUPPLY OF BEDDING PLANTS AND HANGING BASKETS**

The Portfolio Holder for Sustainable Environment provided an update on the supply of bedding plants and hanging baskets.

The Leader welcomed the contract which contributed to sustainable planting and bedding changes which were a signature of the borough.

Cllr Skelding echoed the statement.

**Resolved:** That the contract to supply the Council with bedding plants and Hanging Baskets be awarded to Boverton Nurseries to commence in April 2024 for a period of 4 years up to April 2028.

[Watch the debate here](#)

#### 10. **HEALTH INEQUALITIES GRANT PROJECTS**

The Portfolio Holder for Community Safety and Wellbeing introduced the report on Health Inequality Grants Projects outlining the opportunity to bid for funding from Staffordshire County Council to enable the Council to deliver projects that meet the Health Inequalities agenda.

The Portfolio Holder for Leisure, Culture and Heritage gave an overview of the programmes that would benefit from such funding, highlighting the significant impact it would have on residents' physical and mental health.

**Resolved:** (i) That the submission of bids as set out in the report be accepted and acceptance of any funding allocated as part of the Covid Outbreak Management Funding (COMF) be approved.

(ii) That the Service Director for Regulatory Services in consultation with the Portfolio Holder for Community Safety and Wellbeing be authorised to spend the grant in relation to Housing and Health Hot-spot areas, entering into any agreements necessary to deliver the projects in line with the grant.

(iii) That the Deputy Chief Executive in consultation with the Portfolio Holder for Leisure, Culture and Heritage be authorised to spend the grant in relation to strengthening existing health and wellbeing programmes entering into any agreements necessary to deliver the projects in line with the grant.

[Watch the debate here](#)

#### 11. **FUTURE DELIVERY OF COMMUNICATIONS SERVICE**

The Leader introduced the report on the future delivery of Communications service, outlining the current position.

**Resolved:** (i) That it be agreed to contract with Staffordshire County Council to provide a full and resilient communications service to Newcastle Under Lyme Borough Council;

(ii) That the Service Director – Strategy, People and Performance, in consultation with the portfolio holder for One Council, People and

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Partnerships, be authorised to finalise the service specification and associated contractual arrangements to give effect to this decision.

[Watch the debate here](#)

**12. FORWARD PLAN**

The Leader went through the Cabinet Forward Plan.

**Resolved:** That the Forward Plan be received and noted.

[Watch the debate here](#)

**13. URGENT BUSINESS**

There was no urgent business.

**14. DISCLOSURE OF EXEMPT INFORMATION**

**Resolved:** That the public be excluded from the meeting during consideration of the following matter because it was likely that there would be disclosure of exempt information as defined in paragraphs 1, 2, and 7 in Part 1 of Schedule 12A of the Local Government Act, 1972.

**15. SCALE OF FEES AND CHARGES - TRADE REFUSE CONFIDENTIAL APPENDIX**

**Councillor Simon Tagg  
Chair**

Meeting concluded at 3.00 pm

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S**

**REPORT TO CABINET**

**06 February 2024**

**Report Title:**           Walleys Quarry – Odour Issues

**Submitted by:**        Chief Executive

**Portfolios:**            Sustainable Environment; One Council, People & Partnerships

**Ward(s) affected:**    All

<p><b><u>Purpose of the Report</u></b></p> <p>To update Cabinet on the latest position regarding the problematic odours in the Borough associated with Walleys Quarry.</p>	<p style="text-align: right;"><b><u>Key Decision</u></b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p><b><u>Recommendation</u></b></p> <p><b>Cabinet is recommended to:</b></p> <p>1.     <b>Note the contents of this update report.</b></p>	
<p><b><u>Reasons</u></b></p> <p>To ensure Cabinet is kept updated on the ongoing work regarding the problem odours associated with Walleys Quarry landfill.</p>	

**1.     Background**

- 1.1     For a number of years, parts of the borough have suffered from foul odours from the Walleys Quarry Landfill Site in Silverdale operated by Walleys Quarry Ltd, part of the RED Industries group of companies. The Environment Agency (EA) is the lead regulator for such sites, testing and enforcing compliance with the permit under which the site operates. The Council also has a role in influencing the operation and performance of such sites, where an operator fails to comply with actions required under an abatement notice issued by the Council in relation to any statutory nuisance caused by the site.
- 1.2     In March 2021, Council held an extraordinary meeting to receive the report of the Economy, Environment and Place Scrutiny Committee review into the Walleys Quarry issues, and to debate a motion demanding the immediate suspension of operations and acceptance of waste at the Walleys Quarry Landfill site.
- 1.3     Following extensive work, officers determined that the odours from the Walleys Quarry site amounted to a Statutory Nuisance and, on 13 August 2021, served an Abatement Notice on Walleys Quarry Ltd. (WQL). Following an appeal by Walleys Quarry Ltd, and a successful mediation process, His Honour District Judge Gregg

approved the settlement that the parties had reached and issued a court order upholding the Abatement Notice and dismissing WQL's appeal on 6 October 2022.

- 1.4** The Council continues to assess the prevalence of odours off site. If there are further instances of statutory nuisance identified which amount to a breach of the Abatement Notice, the Council's Enforcement Policy will guide the process to be followed [Reference: [Environmental Health enforcement policy – Newcastle-under-Lyme Borough Council \(newcastle-staffs.gov.uk\)](https://www.newcastle-staffs.gov.uk)]. This would determine what action the Council would take, and whether that would be formal or informal. Enforcement is usually considered sequentially but should the circumstances or nature of the breach be such, escalation direct to prosecution is possible. The Council would need to obtain the consent of the Secretary of State before it is able to prosecute an offence of breaching an abatement notice, as the site is permitted by the Environment Agency.
- 1.5** Officers maintain an ongoing dialogue with Walleys Quarry Ltd, and with other agencies involved with the issue. Cabinet has received monthly updates on the issues relating to the odours, and Council has also been regularly updated.

## **2. Complaint Data**

- 2.1** Below is a schedule of complaints received by the Council and by the Environment Agency over the last 3 months, on a weekly basis. Historical complaint data is attached to this report as Appendix 1.

	<b>Complaints to NuLBC</b>	<b>Complaints to Environment Agency</b>
<b>November 2023</b>		
06/11/23- 12/11/23	40	123
13/11/23- 19/11/23	35	119
20/11/23- 26/11/23	36	135
27/11/23 - 03/12/23	115	265
<b>December 2023</b>		
4/12/23- 10/12/23	83	151
11/12/23- 17/12/23	48	180
18/12/23 -24/12/23	28	79
25/12/23-31/12/23	44	129
<b>January 2024</b>		
01/01/24 - 07/01/24	236	627
08/01/24 - 14/01/24	76	268
15/01/24 - 21/01/24	270	824
22/01/24- 28/01/24	86	261

- 2.2** Officers highlight any odour events where 10 or more odour complaints have been recorded. There have been 22 odour events in the month of January, which is a significant increase in the number of odour events compared to previous months.
- 01 January to 08 January (8 consecutive days)
  - 11 January



- 13 to 19 January (7 consecutive days)
- 24 January to 26 January (3 consecutive days)
- 29 to 31 January (3 consecutive days)

The overall trend is for “spikes” in complaints when odours are prevalent. The highest number of complaints reported to the Council was on Thursday 18 January 2024 at 142 complaints.

### **2.3 NULBC Odour Assessments**

Officers have undertaken odour assessments during normal working hours and out of hours. The monitoring has been reactive to odour complaints and proactive where low odour dispersion is predicted.

The type of monitoring includes spot assessments (instantaneous assessments) and assessments made over a 5-minute period where the odour intensity is recorded every 10 seconds.

This report focuses on the 5-minute odour assessments.

35 odour assessments were undertaken on 9 separate dates in January. 29 assessments detected landfill related odour. 24 out of 29 assessments detected distinct or strong landfill related odour on:

- 03 January
- 04 January
- 05 January
- 06 January
- 07 January
- 12 January
- 15 January
- 18 January

### **Mobile Air Quality Monitoring (using Jerome monitor)**

- 2.4** Officers have monitored the levels of hydrogen sulphide within the community using the mobile Jerome monitor. The highest level of hydrogen sulphide recorded was 345ppb at Cemetery Road on 15/01/24 at 22:36.

### **NULBC Actions**

- 2.5** It is disappointing to report that over this winter period there has been a deterioration in the odour conditions from Walleys Quarry as shown in the data reported. This has continued into January.
- 2.6** Officers are awaiting the rectified air quality data for January published by the EA to compare the data against the findings from Officer assessments and the Jerome air quality data.
- 2.7** Following the Council's request to Walleys Quarry Limited to review the upturn in November and December odour, they have provided areas of risk for fugitive emissions, along with the actions taken by WQL in these areas. This comprises the following areas:
- Internal waste flanks and surfaces which is actioned through ongoing temporary capping and specifically following engineering works to the facility to install 5 new,

full-depth leachate wells and permanent capping of an area to the southeast of the facility, which although not at height could be completed ahead of schedule.

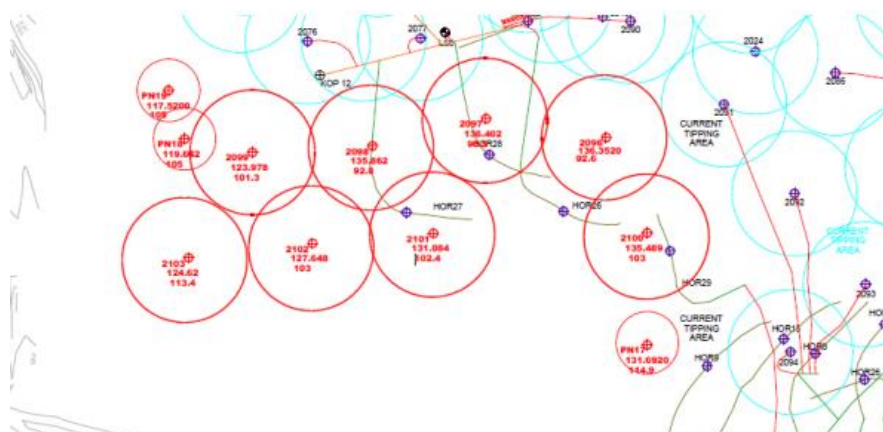
- Operational area which is actioned through landfill gas extraction from operational areas through installation of vertical, temporary horizontal and pin wells (see 3.8).
- Gas collection which is actioned through completion of sector review relating to gas balancing, with a change agreed with EA of up to 25% balance gas. The aim of increasing the percentage balance gas concentration is to potential increase gas flow.
- Expert review which has been agreed and commission by WQL and NuLBC to review all aspects of gas capture, collection and treatment at the facility, along with review of critical policies and procedures. The objective is to identify any areas which may positively impact gas control and advise upon their practical application.
- Landfill Gas Management which is actioned through the implementation of the Landfill Gas Management Plan and review of the Gas Utilisation Plant and associated infrastructure.

- 2.8** A further request is being made to Walleys Quarry for their investigation findings for the January odour events and any remedial action taken or planned.
- 2.9** Officer monitoring and assessments will continue to be undertaken in February, both in and out of office working hours to continue monitoring and to respond to the issues raised.
- 2.10** Council will be receiving an update report at the meeting on 14 February in relation to the recent increase in odour.

### **Walleys Quarry Update**

- 2.11** Walleys Quarry Limited issued a press statement on 15 January 2024 as follows:

“As part of its ongoing commitment to the development of the Walleys Quarry facility and to ensure we maintain our position in respect of compliance, Walleys Quarry Ltd (WQL) will be undertaking the installation of up to 8 vertical wells in newly deposited waste within the operational areas of the facility. These works, scheduled to commence 15 January 2024 will be undertaken through the process of Construction Quality Assurance (CQA), whereby the specification and installation of the new infrastructure is subject to review and approval by the Environment Agency. These substantial works demonstrate the ongoing commitment of WQL and its partners to the development of the landfill and specifically the landfill gas extraction and control system, a process guided by the Landfill Gas Management Plan and aligned with the principles of Best Available Technique (BAT) - which forms the fundamental principles of WQL’s management systems, policies and procedures. It is not anticipated that the works will lead to any off-site impacts”.



### 3. Air Quality & Health

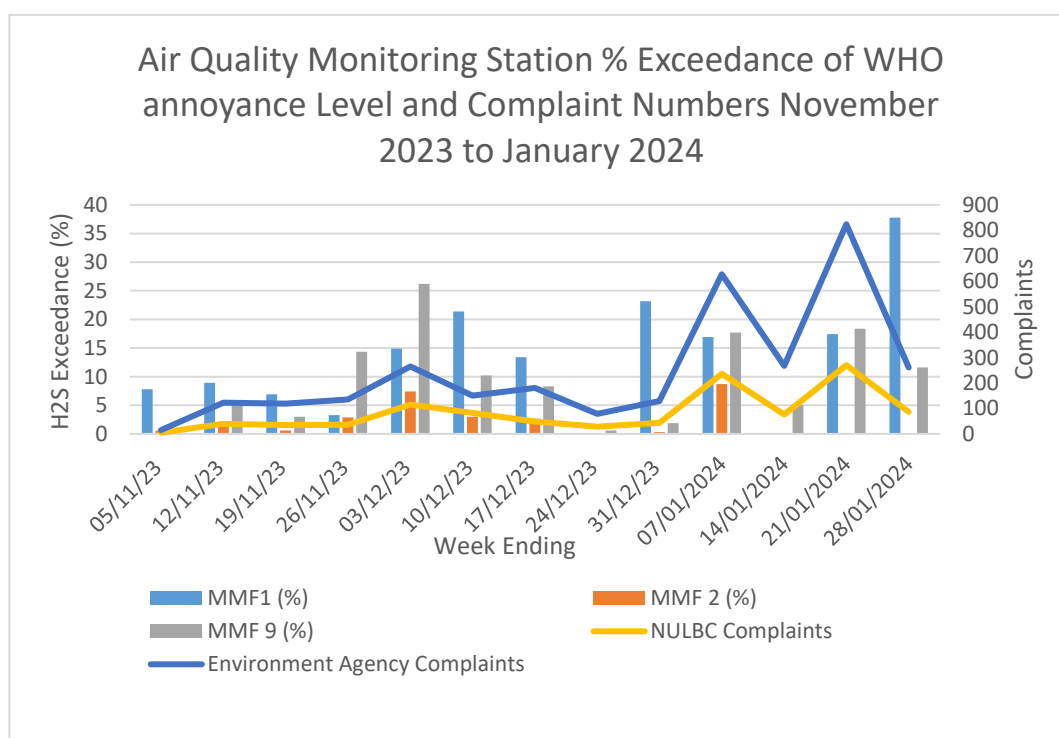
- 3.1** The Council, Staffordshire County Council, and the Environment Agency have jointly funded a campaign of air quality monitoring utilising three static air monitoring stations. The Environment Agency manage and operate these air quality monitoring stations. Data from these stations has been routinely published weekly by the Environment Agency.
- 3.2** Hydrogen sulphide levels have previously been reported and reviewed as part of this report and a full data set provided in Appendices. On 5 October, the Environment Agency provided an update, alerting the community to a problem with the reliability of the Hydrogen Sulphide (H<sub>2</sub>S) monitoring data collected at the monitoring stations. This update is available at the following link [Latest News | Engage Environment Agency \(engagementhq.com\)](https://www.engagementhq.com/latest-news/)
- 3.3** On 19 October 2023, the EA calibrated the H<sub>2</sub>S analysers in MMF1 and MMF2. The EA have sufficient confidence in the raw data recorded for the week commencing 16 October 2023 to allow the EA to restart publishing data from MMF1 and MMF2. The latest H<sub>2</sub>S data is set out in the table below, defining the proportion of the time periods where H<sub>2</sub>S levels were above the WHO Odour Annoyance guideline of 7ug/m<sup>3</sup>.
- 3.4** The latest H<sub>2</sub>S data is set out in the table below, defining the proportion of the time periods where H<sub>2</sub>S levels were above the WHO Odour Annoyance guideline of 7ug/m<sup>3</sup>.

Time Period	Percentage of time the location recorded hydrogen sulphide concentrations above the WHO annoyance guideline level		
	MMF1 (%)	MMF 2 (%)	MMF 9 (%)
02 October – 08 October 2023			0
09 October – 15 October 2023			9.4
16 October – 22 October 2023	0.9	0	7.8

23 October – 29 October 2023	13.7	3.0	10.4
30 October – 5 November 2023	7.8	0.6	NR
6 November – 12 November 2023	8.9	1.5	5.6
13 November – 19 November 2023	6.9	0.6	3
20 November – 26 November 2023	3.3	2.9	14.33
27 November – 3 December 2023	14.9	7.4	26.2
4 December – 10 December 2023	21.4	3.0	10.2
11 December – 17 December 2023	13.4	2.68	8.33
18 December – 24 December 2023	0	0	0.6
25 December- 31 December 2023	23.21	0.3	1.9
01 January – 07 January 2024	16.9	8.7	17.7
08 January – 14 January 2024	0		5.0
15 January – 21 January 2024	17.4		18.4
22 January – 28 January 2024	37.8		11.6

NR= not reported

- 3.5** The complaint data and weekly % exceedance of the WHO annoyance level have been combined and is shown on the graph below. This shows good correlation between the two, apart from the week ending 31<sup>st</sup> December and 28 January where complaints are much lower than the H2S exceedance level at MMF1.



- 3.6** The EA have been required to remove the Mobile Monitoring Facility (MMF) 2 from the Silverdale Pumping Station in mid-January 2024 due to construction works beyond their control. MMF 2 was removed week commencing 8 January 2024.

- 3.7** On 19 January the EA updated on the issue with H2S data being recorded by the analysers and that the degree of uncertainty.

- We have developed a method that could allow us to adjust historic H2S data. This method is the subject of an independent peer review. We anticipate that the group’s findings will be finalised by the end of January 2024. We are regularly updating partners and the local community on this issue.
- We have engaged an independent third party accredited by the United Kingdom Accreditation Service (UKAS) to audit our 3 MMFs in the vicinity of Walleys Quarry. The audit will begin once they have obtained the necessary H2S calibration gas, which is not easily available commercially. This means there may be a short delay.

**3.8** EA Officers conducted a site inspection on Wednesday 24 January 2024. “During the inspection they established that Walleys Quarry Ltd (WQL) had carried out works to reduce uncontrolled emissions from the operational area (tipping face), which were required following an inspection on 13 December 2023.

The works consist of:

- 8 vertical, deep gas wells which have been connected to the landfill gas management system.
- 3 pin wells that will be connected to the landfill gas management system by 28 January 2024.
- 2 horizontal gas wells along the southern boundary.
- A further horizontal well, which is due to be installed by 28 January 2024.

In addition, temporary clay capping is being installed on the top of Phase 4 and Phase 5, and on the western facing flank of Phase 6. Nine pin wells are being installed along the northern boundary of the site”.

### **Environment Agency Regulatory and Enforcement Action**

- 3.9** The Environment Agency has continued to provide updates on their regulatory activity on the Walleys Quarry Landfill and can be accessed here: <https://engageenvironmentagency.uk.engagementhq.com/hub-page/walleys-quarry-landfill>
- 3.10** These updates reflect regular EA officer presence at the site to review progress with the Contain Capture Destroy strategy. The Compliance Assessment Reports (published on the [EA website](#)) provide further details of the site visits undertaken.
- 3.11** The following table provides a summary of the published CAR (Compliance Assessment Report) forms since the last Cabinet report:

<b>Date of Report</b>	<b>Date issued</b>	<b>CAR reference</b>	<b>Assessment</b>	<b>Compliance Score</b>
30/11/23	14/12/23	DP3734D C/0484162	Site inspection (unannounced)	0

### **Key Performance Data**

- 3.12** Through the settlement agreement both Walleys Quarry Ltd and the Council have developed key performance indicators in relation to relevant data from each organisation. These key performance indicators are shown in Appendix 2 and 3.
- 3.13** The data from the Council covers the period from November 2023 to January 2024, and provides complaint numbers and officer assessments.

**3.14** The data from Walleys Quarry Limited provides data on waste acceptance, odour management, landfill operations, landfill gas management, leachate management and information relating to the EA regulator as the primary regulator of the site. The KPI data and explanatory notes for December are contained in Appendix 3. The KPI data for January is awaited and will be uploaded later as an addition to Appendix 3.

#### **4. Proposal**

##### **4.1 Cabinet is recommended to:**

- Note the contents of this update report.

#### **5. Reasons for Proposed Solution**

**5.1** To ensure Cabinet is kept updated of the ongoing work to address the issues associated with the odours from Walleys Quarry landfill and to keep under review opportunities to further action.

#### **6. Options Considered**

**6.1** To provide regular updates to Cabinet.

#### **7. Legal and Statutory Implications**

**7.1** Part III of the Environmental Protection Act 1990 is the legislation concerned with statutory nuisances in law. This is the principal piece of legislation covering the Council's duties and responsibilities in respect of issues relating to odour nuisance:

- The Environmental Protection Act 1990, section 79 sets out the law in relation to statutory nuisance. This is the principal piece of legislation covering the Council's duties and responsibilities in respect of issues relating to odour nuisance.
- The relevant part of Section 79 defines a statutory nuisance as any smell or other effluvia arising on industrial, trade or business premises which is prejudicial to health or a nuisance. The Council is responsible for undertaking inspections and responding to complaints to determine whether a statutory nuisance exists.
- Where a statutory nuisance is identified or considered likely to arise or recur, section 80 of the Act requires that an abatement notice is served on those responsible for the nuisance. The abatement notice can either prohibit or restrict the nuisance and may require works to be undertaken by a specified date(s).
- It is then a criminal offence to breach the terms of the abatement notice. Because the site is regulated by the Environment Agency under an Environmental Permit, the council would need to obtain the consent of the Secretary of State before it is able to prosecute any offence of breaching the abatement notice.

- The Act provides powers in respect of a breach. If a person on whom an abatement notice is served, without reasonable excuse, contravenes or fails to comply with any requirement or prohibition imposed by the notice, they shall be guilty of an offence. If this is on industrial, trade or business premises shall be liable on conviction to an unlimited fine. It is a defence that the best practicable means were used to prevent, or to counteract the effects of, the nuisance.

## 8. Equality Impact Assessment

- 8.1 The work of the Council in this regard recognises that the problematic odours in the area may impact on some groups more than others. The work is focussed on minimising this impact as soon as possible.

## 9. Financial and Resource Implications

- 9.1 Dedicated officer resource has been allocated to continue the Council's work regarding Walleys Quarry Landfill.
- 9.2 From April 2023 there is £100k reserved for legal action associated with Walley Quarry landfill site. In the event that formal action is required, a separate report will be brought to full Council to approve additional funds.

## 10. Major Risks

- 10.1 A GRACE risk assessment has been completed including the following main risks:
- Failure to achieve a reduction in odour levels;
  - Community dissatisfaction at odour levels;
  - The ability to take enforcement action against abatement notice;
  - Failure to evidence a breach of the abatement notice;
  - Secretary of State refuses permission to undertake prosecution proceedings.
- 10.2 Controls have been identified and implemented in order to control these risks; the main controls include:
- Provisions in settlement agreement ensures greater transparency for public;
  - Provisions in settlement agreement ensures regular meetings with Walleys Quarry which enable issues to be discussed;
  - Dedicated officer resource for Walleys Quarry work has been secured;
  - Continued air quality monitoring provision;
  - Robust procedure for investigating complaints with experienced officers;
  - Specialist expert advice maintained;
  - Multi-Agency partnership working continues.

## 11. UN Sustainable Development Goals (UNSDG)







**12. Key Decision Information**

**12.1** As an update report, this is not a Key Decision.

**13. Earlier Cabinet/Committee Resolutions**

**13.1** This matter has been variously considered previously by Economy, Environment & Place Scrutiny Committee, Council and Cabinet on 21 April 2021, 9<sup>th</sup> June 2021, 7<sup>th</sup> July 2021, 21<sup>st</sup> July 2021, 8<sup>th</sup> September 2021, 13<sup>th</sup> October 2021, 3<sup>rd</sup> November 2021, 17<sup>th</sup> November, 1<sup>st</sup> December 2021, 12<sup>th</sup> January 2022, 2<sup>nd</sup> February 2022, 23<sup>rd</sup> February 2022, 23<sup>rd</sup> March 2022, 20<sup>th</sup> April 2022, 7<sup>th</sup> June 2022, 19<sup>th</sup> July 2022, 6<sup>th</sup> September 2022, 18<sup>th</sup> October 2022, 8<sup>th</sup> November 2022, 6<sup>th</sup> December 2022, 10<sup>th</sup> January 2023, 7<sup>th</sup> February 2023, 13<sup>th</sup> March 2023, 5<sup>th</sup> April 2023, 6<sup>th</sup> June 2023, 18<sup>th</sup> July 2023, 19<sup>th</sup> September 2023, 17<sup>th</sup> October 2023, 7<sup>th</sup> November 2023, 5<sup>th</sup> December 2023, 16<sup>th</sup> January 2024.

**14. List of Appendices**

- 14.1** Appendix 1. Historical Complaint data
- 14.2** Appendix 2. NUL Key Performance Data
- 14.3** Appendix 3. WQL Key Performance Data



## Appendix 1 – Historic Complaint Numbers

Week Ending	Complaints to NuLBC	Complaints to Environment Agency	Week Ending	Complaints to NuLBC	Complaints to Environment Agency
<b>2022</b>			25-Sep	14	79
09-Jan	73	352	02-Oct	13	58
16-Jan	258	1045	09-Oct	42	102
23-Jan	134	651	16-Oct	52	165
30-Jan	25	139	23-Oct	73	186
06-Feb	16	64	30-Oct	30	82
13-Feb	31	120	06-Nov	27	116
20-Feb	49	166	13-Nov	23	86
27-Feb	40	264	20-Nov	60	113
06-Mar	118	571	27-Nov	2	70
13-Mar	72	285	04-Dec	19	47
20-Mar	224	1126	11-Dec	43	163
27-Mar	412	1848	18-Dec	22	114
03-Apr	243	1072	25-Dec	12	45
10-Apr	132	895	<b>2023</b>		
17-Apr	156	752	01-Jan	11	39
24-Apr	65	310	08-Jan	12	32
01-May	49	213	15-Jan	13	25
08-May	39	193	22-Jan	47	118
15-May	35	160	29-Jan	51	149
21-May	43	134	05-Feb	13	66
29-May	20	81	12-Feb	26	115
05-Jun	27	169	19-Feb	7	39
12-Jun	42	234	26-Feb	3	15
19-Jun	25	263	05-Mar	7	13
26-Jun	28	208	12-Mar	12	74
02-Jul	9	54	19-Mar	23	63
09-Jul	4	34	26-Mar	19	56
16-Jul	14	72	02-Apr	51	103
23-Jul	21	52	09-Apr	45	152
30-Jul	12	93	16-Apr	11	64
06-Aug	22	124	23-Apr	48	101
13-Aug	32	133	30-Apr	148	278
21-Aug	11	79	07-May	50	150
28-Aug	12	89	14-May	53	164
04-Sep	10	30	21-May	147	320
11-Sep	9	64	28-May	90	210
18-Sep	13	83	04-Jun	24	43

Week Ending	Complaints to NuLBC	Complaints to Environment Agency
11-Jun	19	75
18-Jun	76	154
25-Jun	80	170
02-Jul	40	99
09-Jul	18	46
16-Jul	20	54
23-Jul	15	73
30-Jul	28	97
06-Aug	21	67
13-Aug	7	30
20-Aug	10	44
27-Aug	8	38
03-Sep	11	59
10-Sept	26	71
17-Sept	12	72
24-Sept	8	31
01-Oct	8	26
08-Oct	8	37
15-Oct	29	64
22-Oct	22	81
29-Oct	26	115
05-Nov	5	15
12-Nov	40	123
19-Nov	35	119
26-Nov	36	135
3-Dec	115	265
10-Dec	83	151
17-Dec	48	180
24-Dec	28	79
31-Dec	44	129
<b>2024</b>		
07-Jan	236	627
14-Jan	76	268
21-Jan	270	824
28-Jan	86	261

**Appendix 2 – NUL Key Performance Indicators**

NULBC		Information	Measurement	MMF	November 2023	December 2023	January 2024
KPI 1	COMPLAINTS	Complaints reported to NULBC	Number		194  Number of unique properties reporting complaints = 82  Rating 0 = 0 complaints Rating 1 = 1 complaints Rating 2 = 4 complaints Rating 3 = 32 complaints Rating 4 = 31 complaints (16%) Rating 5 = 55 complaints (28.4%) Rating 6 = 71 complaints (36.6%)  % of complaints reporting odour entering the property = 162 (83.5%) % of complaints reporting health effects = 143 (73.7%)	248  Number of unique properties reporting complaints = 112  Rating 0 = 0 complaints Rating 1 = 1 complaints Rating 2 = 4 complaints Rating 3 = 33 complaints Rating 4 = 45 complaints (18.1%) Rating 5 = 72 complaints (29.0%) Rating 6 = 93 complaints (37.5%)  % of complaints reporting odour entering the property = 187 (75.4%) % of complaints reporting health effects = 184 (74.2%)	736  Number of unique properties reporting complaints = 319  Rating 0 = 1 complaints Rating 1 = 1 complaints Rating 2 = 8 complaints Rating 3 = 72 complaints Rating 4 = 111 complaints (15.1%) Rating 5 = 208 complaints (28.3%) Rating 6 = 335 complaints (45.5%)  % of complaints reporting odour entering the property = 574 (78%) % of complaints reporting health effects = 516 (70.1%)
KPI 2		Complaints reported (daytime 07:00-23:00)	Number		169	219	625
KPI 3		Complaints reported (night-time 23:00-07:00)	Number		25	29	111
KPI 4		Highest number of complaints during the period	Date (number of complaints)		29/11/23 (36 complaints)	05/12/23 (27 complaints)	18/01/24 (142 complaints)

KPI 5	AIR QUALITY	Percentage exceedance Odour Annoyance Guideline (Hydrogen Sulphide 30-minute average)	%	MMF1	12	22	Awaited
				MMF2	2	3.2	Awaited
				MMF9	12	8	Awaited
KPI 6		Monthly Average H <sub>2</sub> S	ug/m3 over the month	MMF1	3.0	4.7	Awaited
				MMF2	1.6	1.5	Awaited
				MMF9	4.7	4.3	Awaited
KPI 7	H <sub>2</sub> S PEAK LEVEL	Level measured over a 5-minute period Date & Time	ug/m3	MMF1	42.55 ug/m3 (04/11/23 @ 04:45)	159.33 ug/m3 (11/12/23 @ 21:25)	Awaited
				MMF2	56.12 ug/m3 (11/11/23 @ 15:40)	108.85 ug/m3 (11/12/2023 @ 17:00)	Awaited
				MMF9	151.31 ug/m3 (30/11/23 @ 06:40)	417.25 ug/m3 (05/12/23 @ 20:00)	Awaited
KPI 8	OFFICER ASSESSMENTS	Odour Rating - Officer odour assessment (5 minute)	Max Odour Rating		7 odour assessments 7 odour assessments detected landfill related odour of which 3 assessments had a maximum rating of 3 (16/11/23 & 30/11/23)	27 assessments 11 assessments detected landfill related odour of which 3 assessments had a maximum rating of 4 (05/12/23, 13/12/23 & 13/12/23)	35 assessments 29 assessments detected landfill related odour of which 17 assessments had a maximum rating of 4 (03/01/24, 05/01/24, 06/01/24, 07/01/24, 12/01/24, 18/01/24)

Date of Report: December 2024				
Landfill Operations		Information	Measurement	Summary and Actions (Additional Document Reference as applicable)
KPI 1	WASTE ACCEPTANCE	Non-conformance raised with waste operator	CCS score(s) including summary and actions.	0 Non-conformance raised with operator. 0 CCS scores received
KPI 2		No of loads inspected.	each	1036 loads received. 1036 loads inspected.
Landfill Operations		Information	Measurement	Summary and Actions (Additional Document Reference as applicable)
KPI 3	ODOUR MANAGEMENT	Non-conformance raised with waste operator	CCS score(s) including summary and actions.	0 Non-conformance raised with operator. 0 CCS scores received. 0 non conformances identified.
KPI4		No of odour tours  No of odour tours where odour detected off site		47 tours  3 external odours.
Landfill Operations		Information	Measurement	Summary and Actions (Additional Document Reference as applicable)
KPI 5	ACTIVE TIPPING AREA	Operational Surface area total	m <sup>3</sup>	127,066 m <sup>2</sup>
KPI 6	ACTIVE TIPPING AREA	Active tipping area	m <sup>3</sup>	25,668 m <sup>2</sup>
Landfill Operations		Information	Measurement	Summary and Actions (Additional Document Reference as applicable)
KPI 7	CAPPING OF OPERATION AREA	Temporary capping	m <sup>3</sup>	Temporary Capping 29,985m,2 (24 %)  Permanent Capping 55,700m2 (44 %)  Total Capped area 85,685 m2 (67%)
		Permanent capping	m <sup>3</sup>	
Landfill Operations		Information	Measurement	
KPI 8	LANDFILL GAS MANAGEMENT	Surface & Gas infrastructure emission surveys	Number of remaining matters open in the month	0
KPI 9	LANDFILL GAS MANAGEMENT	Concentration of Hydrogen Sulphide in 'raw' bulk gas	ppm	2,000 ppm – recorded from CLP H2S GUP input data

KPI 10	LANDFILL GAS MANAGEMENT	Landfill Gas capture rate (monitored at the GUP)	m3/hr	3,058 m3/hr - averaged across period
KPI 11	LANDFILL GAS MANAGEMENT	Appendix A LGMP Gas Management Plan (live document)	Progress including summary and actions	See explanatory notes
Landfill Operations		Information	Measurement	Summary and Actions (Additional Document Reference as applicable)
KPI 12	LEACHATE MANAGEMENT ACTION PLAN	Actions (13 actions)	Progress including summary and actions	See explanatory notes.
Landfill Operations		Information	Measurement	Summary and Actions (Additional Document Reference as applicable)
KPI 13	PRIMARY REGULATOR	Compliance Assessments Visits	Number undertaken for which CAR form issued to operator	One visit within the period:  13 <sup>th</sup> December DP3734DC/0485800 2 x C2 Scored 62 points.
KPI 14	PRIMARY REGULATOR	Compliance Assessments Visits	Number Undertaken where a CCS score is raised with operator, including summary and actions	1 regulatory compliance assessments undertaken which resulted in a compliance assessment score – see explanatory notes.
KPI 15	PRIMARY REGULATOR	Compliance Assessments Visits	Number Undertaken where no CCS score is raised with operator, including summary and actions	0 regulatory compliance assessments undertaken which resulted in 0 compliance assessment scores

## Date of Explanatory Notes: December 2023

### KPI 1 and KPI 2 Waste Acceptance

No non-conformances have been received from the regulator within the period.

1036 loads inspected within the period, with 0 loads rejected.

### KPI 3 and KPI 4 Odour Management

No non-conformances have been received from the regulator within the month, with four site regulatory inspections/reviews undertaken. CAR reports for site visits confirm 1 offsite odour detected by Environment Agency officers. This was not reported to WQL contemporaneously with the observation. The Agency assessments cover a wide scope of permit conditions including engineering, containment, operational activities, landfill gas management, odour and pest management.

47 odour tours conducted by WQL, with 44 reflecting no odours experienced. Contemporaneously with these odour tours, checks on the gas collection and treatment infrastructure, site engineering and operations and local weather factors were reviewed to ensure all appropriate actions were being undertaken. No non-conformances were identified during these times. And all appropriate actions were being taken.

### KPI 5 and 6 Active Tipping Area

The overall current landfill 127,066m<sup>2</sup>. The active area is confined to Cell 2. The current active area remains contained and measures some 25,668m<sup>2</sup>. This is aligned with the approved capping and phasing plan, as agreed with the Environment Agency. The active operational area is progressively covered during the day to minimise the time that fresh waste remains uncovered. This is in line with best practice and our operating techniques. We retain healthy stockpiles of cover material to facilitate this progressive covering.

### KPI 7 Temporary Capping

Currently, 29,985m<sup>2</sup> of the surface area of the facility is temporarily capped, either using a high specification, low permeability engineering clay. This is in line with the capping and phasing plan for the facility, as agreed with the Environment Agency and an increase on the previous period. Maintenance works continue to clay capped areas in line with the agreed (by the Environment Agency) CQA (Construction Quality Assurance) specifications.

### Permanent Capping

Relating to permanent capping, 55,700m<sup>2</sup> of the surface area of the facility is capped, by the installation of a low permeability geomembrane. This is in line with the capping and phasing plan for the facility, as agreed with the Environment Agency with all permanent capping works being conducted under the process of Construction Quality Assurance (CQA). Subsequently, on completion of the

permanent capping works, cover soils continue to be imported to the facility as part of the site restoration process.

## KPI 8 - 10 Landfill gas management

WQL continues to undertake the extensive regime of surface emission surveys, as agreed with the Environment Agency. A FID survey was conducted in September 2023.

The concentration of H<sub>2</sub>S at the facility remains within expected limits and in January, averaging 2000ppm at the Gas Utilisation Plant (GUP), as measured by CLP Envirogas Ltd and representing a reduction on the previous period.

The volume of gas captured at the facility remains within expected limits, at 3,058m<sup>3</sup>/hr, comparable with the previous period. The flow rate has remained high and consistent across the period. WQL continue to review this position and drive the gas management contractor, CLP Envirogas Ltd, to ensure that gas collection is continually reviewed to assess relevant developments that can be made.

## KPI 11 Landfill Gas Management - Landfill Gas Management Plan

The LFGMP continues to be developed by WQL and adopted by CLP Envirogas Ltd. From Appendix A of this document, three actions remain open and in progress, namely:

Site Specific Balancing Plan – this is being developed by WQL, in conjunction with the Environment Agency and CLP Envirogas Ltd. A draft has been received and is being reviewed, prior to agreement and submission to the Environment Agency.

Regular monitoring, requested by the Environment Agency of CLP Envirogas Ltd continues and is likely to remain in place.

Installation of horizontal wells in active operational areas continues as the site develops, in line with the approved LFGMP.

The LFGMP has been reviewed and issued to the Environment Agency, with comments received from the regulator on 2 June 2023 following the submission on 15 January 2023. The draft LFGMP has been discussed with NuLBC and was submitted to the Environment Agency on 14 August 2023 for approval, with further comments received 6 October. A meeting to discuss the LFGMP was undertaken on 18 October 2023 with the EA, with a further submission made 22 January 2023. Discussions have been held with the EA to facilitate approval of the LFGMP. Further comments received by WQL for consideration, which should see approval of the plan.

The EA guidance relating to landfill operations has been updated and varies significantly in key areas. This has the potential to impact the approval of the LFGMP amongst other plans submitted to the EA by WQL which it is seeking approval. A request to clarify the position and the potential on-impact has been made to the EA.



## KPI 12 Leachate Management Plan

In relation to the LMP, an addition 5 leachate wells have been successfully installed into the WQ facility. These have been installed utilising steel casing, increasing the robustness of the installed infrastructure to settlement and compaction of waste. replacement leachate wells at the facility.

A pump-trial plan, agree to be conducted as part of the LMP submission has been agree with the EA and will be commenced through Q1 2024.

## KPI 13- 15

### 13 December 2023 – CAR report 0485800

General site visit undertaken. Two CCS2 compliance scores received:

2.4.1 – Management System & Operating procedures

3.3.1 – Odour

An odour was alleged to have been detected by the EA on 11 December 2023, adjacent to the site. This was not communicated to WQL until CAR report received 21 December 2023. No odour was observed by the EA on the visit to WQ on 13 December 2023, although the EA observation from 11 December is reflected within CAR 0485800.

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**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO CABINET**

**06 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

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<p>To provide Cabinet with an update on the progress made by Capital&amp;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.</p>			
<p><b><u>Recommendation</u></b></p> <p>That Cabinet:</p> <ol style="list-style-type: none"> <li>1. Notes the progress made to date by Capital&amp;Centric on the York Place, Midway Car Park and The Ryecroft projects in Newcastle Town Centre;</li> <li>2. Recommend that Council:               <ol style="list-style-type: none"> <li>a. Approve expenditure of up to £2,649,000 to develop the three schemes to the end of RIBA Stage 3, and the submission of a planning applications;</li> <li>b. Authorise the Deputy Chief Executive, in consultation with the Portfolio Holder for Finance, Town Centres and Growth, and Portfolio Holder for One Council, People and Partnerships to progress legal agreements to enable the appointment of Capital&amp;Centric under three Pre-Development Services Agreements (PDSA) for the development of the three schemes through a direct award under the Pagabo Development Management Framework;</li> <li>c. Authorise the Deputy Chief Executive, in consultation with the Portfolio Holder for Finance, Town Centres and Growth, and Portfolio Holder for One Council, People and Partnerships to enable re-development works to commence on York Place, through Capital&amp;Centric's PDSA, at a cost not exceeding £500,000 (the cost of which is included in the overall budget above).</li> </ol> </li> </ol>			
<p><b><u>Reasons</u></b></p> <p>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.</p> <p>This report enables progress to be made across these sites.</p>			

## 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.

## 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
<b>Total*</b>	<b>£2,649,000</b>	

\*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 will need to refer 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 Cabinet 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 Cabinet report being approved at Full Council 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 Cabinet:-

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

Recommend Council to approve:

- a. Expenditure of up to £2,649,000 to develop the three schemes to the end of RIBA Stage 3, and the submission of a planning applications;
- b. Authorise the Deputy Chief Executive, in consultation with the Portfolio Holder for Finance, Town Centres and Growth, and Portfolio Holder for One Council, People and Partnerships to progress legal agreements to enable the appointment of Capital&Centric under three Pre-Development Services Agreements (PDSA) for the development of the three schemes through a direct award under the Pagabo Development Management Framework;
- c. Authorise the Deputy Chief Executive, in consultation with the Portfolio Holder for Finance, Town Centres and Growth, and Portfolio Holder for One Council, People and Partnerships to enable re-development works to commence on York Place, through Capital&Centric's PDSA, at a cost not exceeding £500,000 (the cost of which is included in the overall budget above).

### **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,	354,975
Ryecroft Hotel/Residential	25,000	541,396	541,396
<b>Total Cost</b>	<b>231,895</b>	<b>2,649,000</b>	<b>2,880,895</b>

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

<b>Total</b>	<b>11,048,260</b>	<b>6,090,724</b>	<b>4,957,536</b>
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### **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

## 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

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**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.





# 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.



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# 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.









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# 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 Merial 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
<b>Total</b>	<b>£231,895</b>	<b>£2,649,000</b>

## 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**

document title  
**retention proposals**

status/revision  
**3**

author  
**shedkm architects ltd**

project address  
**York Place  
Newcastle under Lyme  
ST55 9ZZ**







# 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.

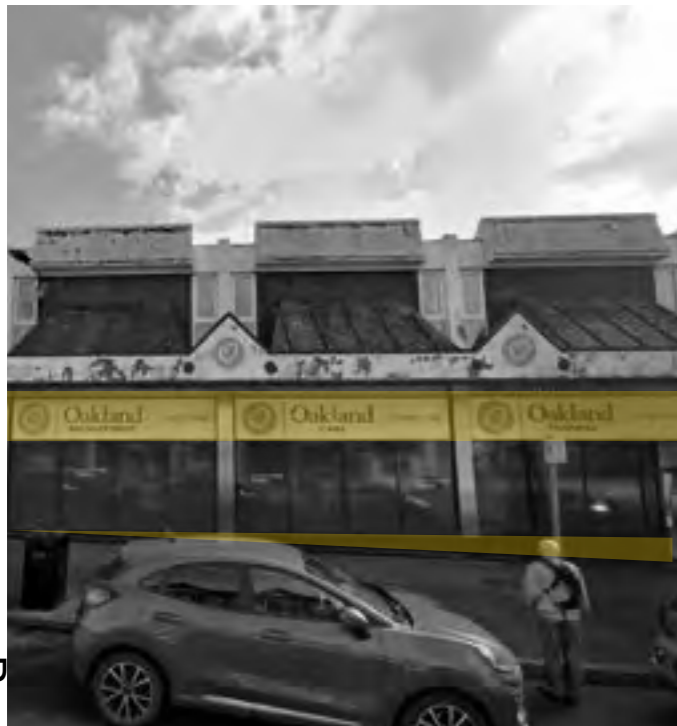
The building is a concrete structure with the reinforced concrete floor slabs and concrete columns and beams being kept as the new structure.

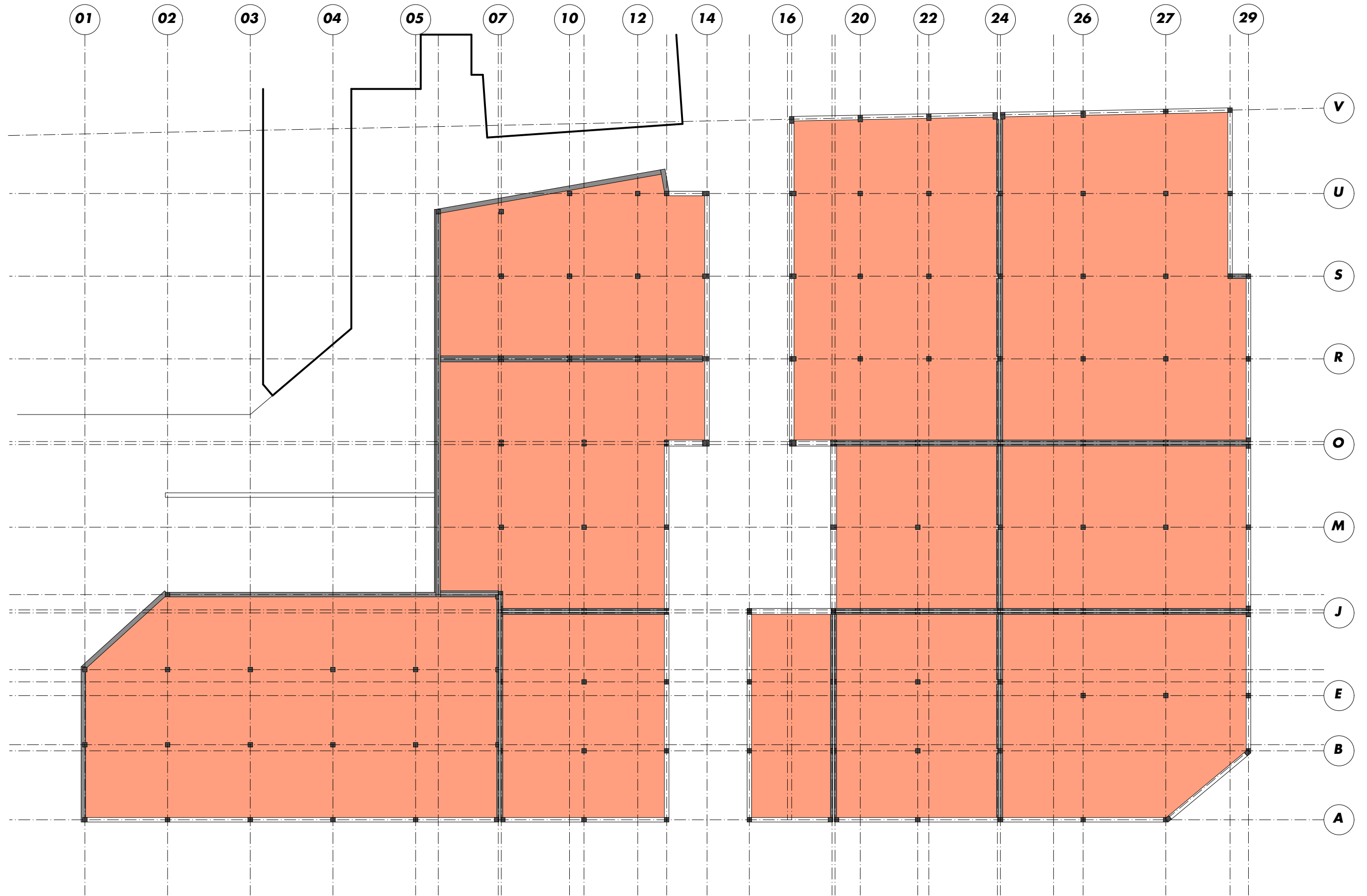




# york place current response

- Separated 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 merril street
- Decorated g.f. walkthrough from merril st. to astley walk

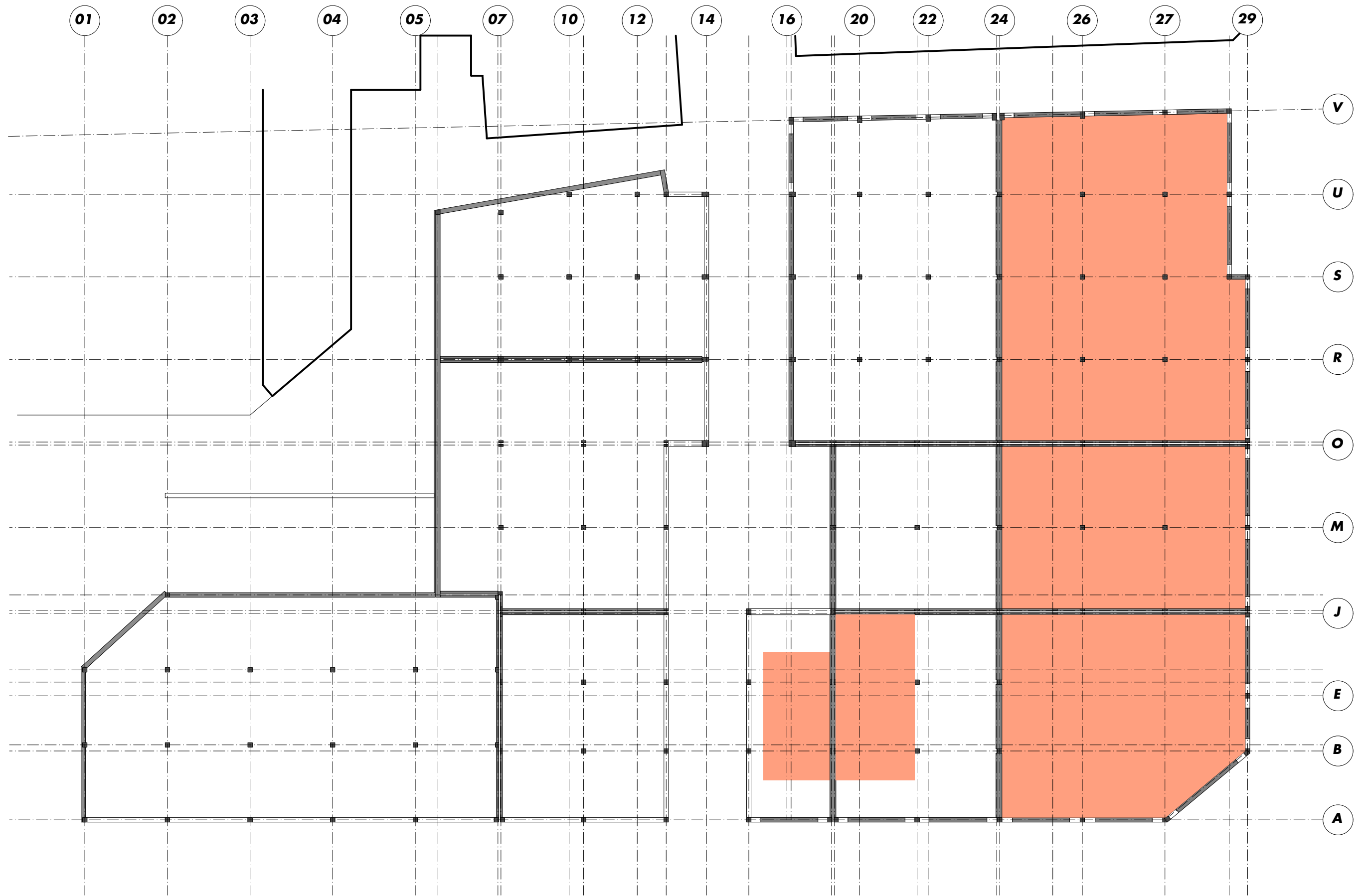




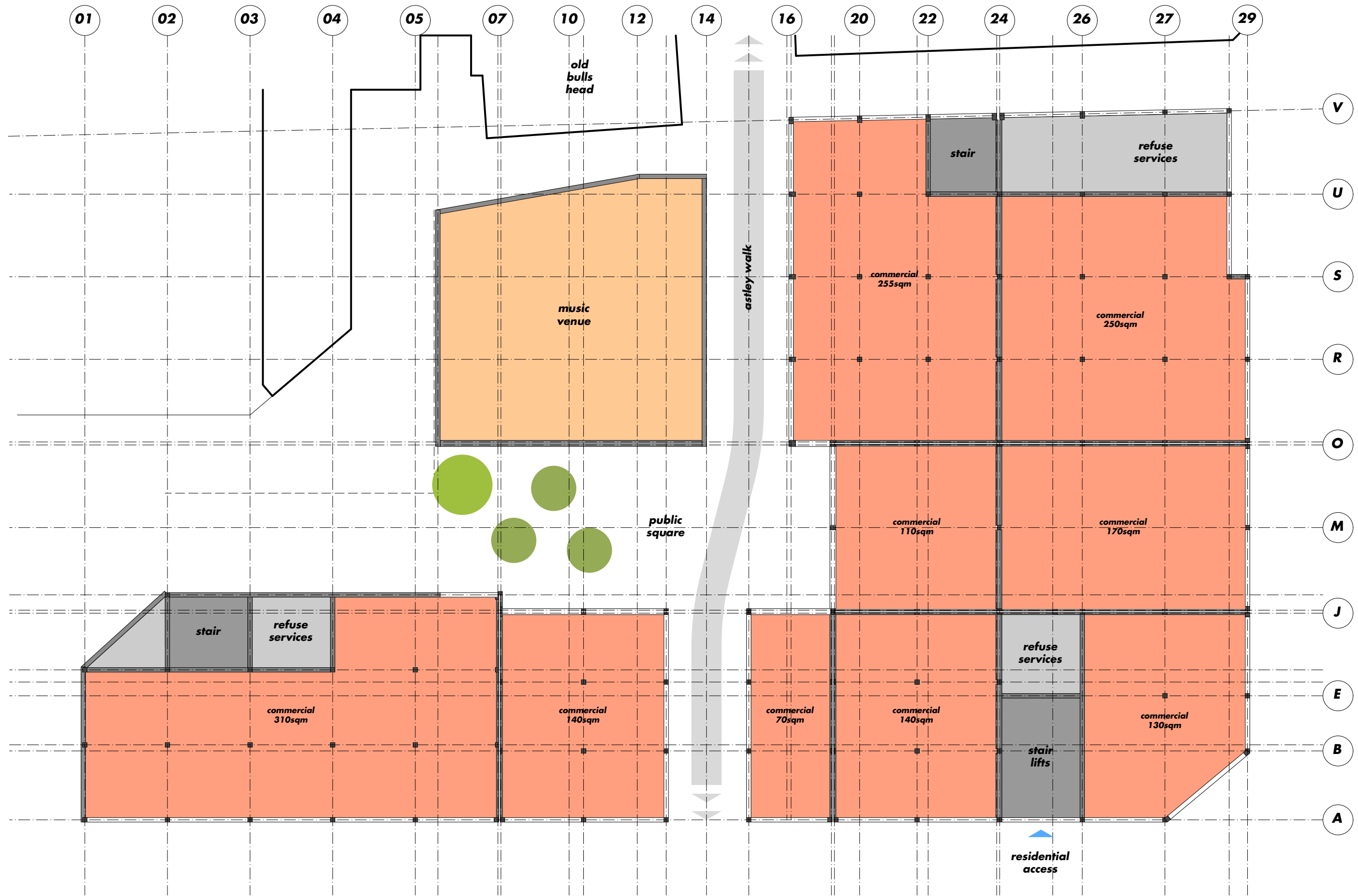
existing ground

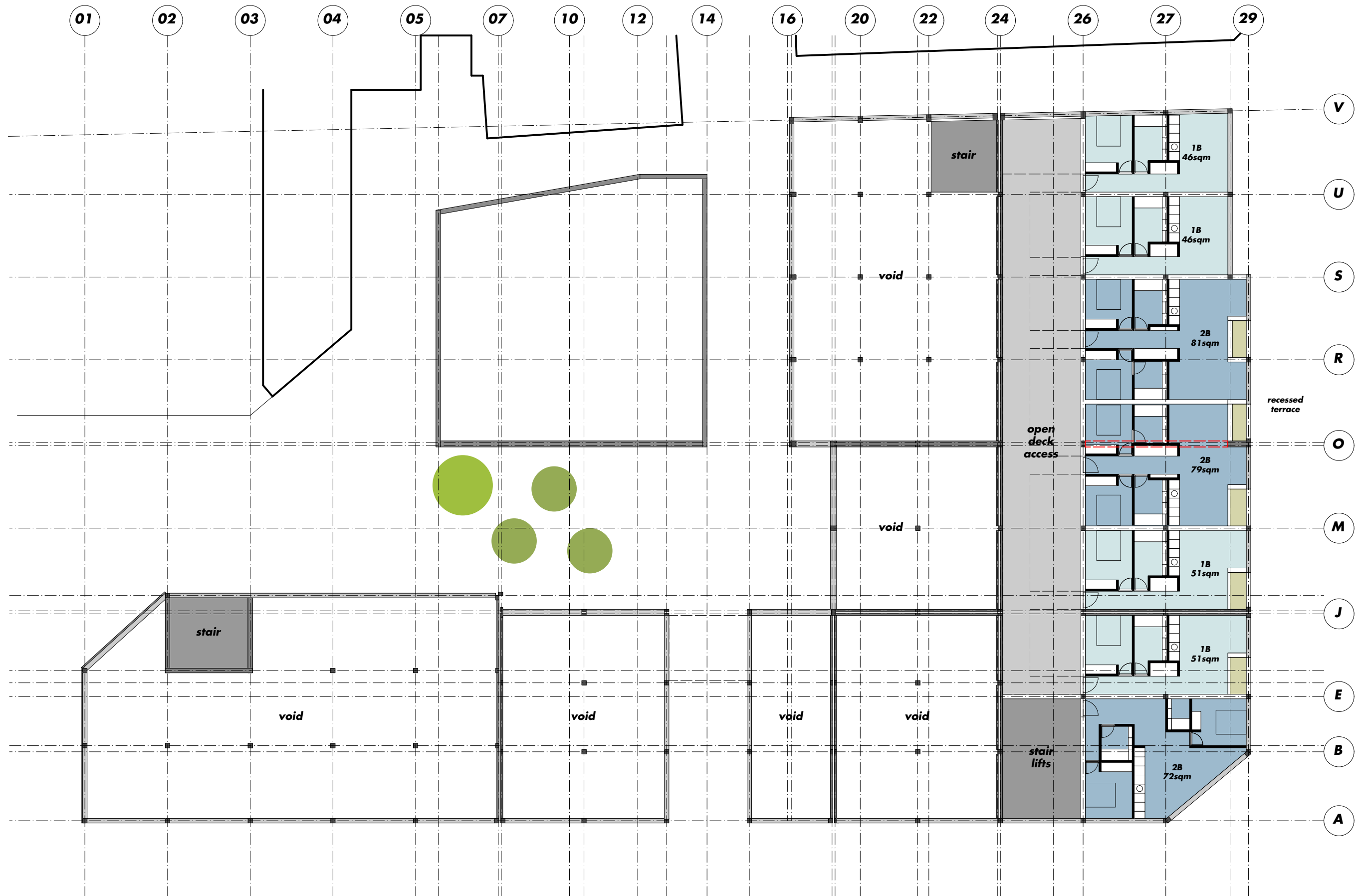
york place • newcastle under lyme

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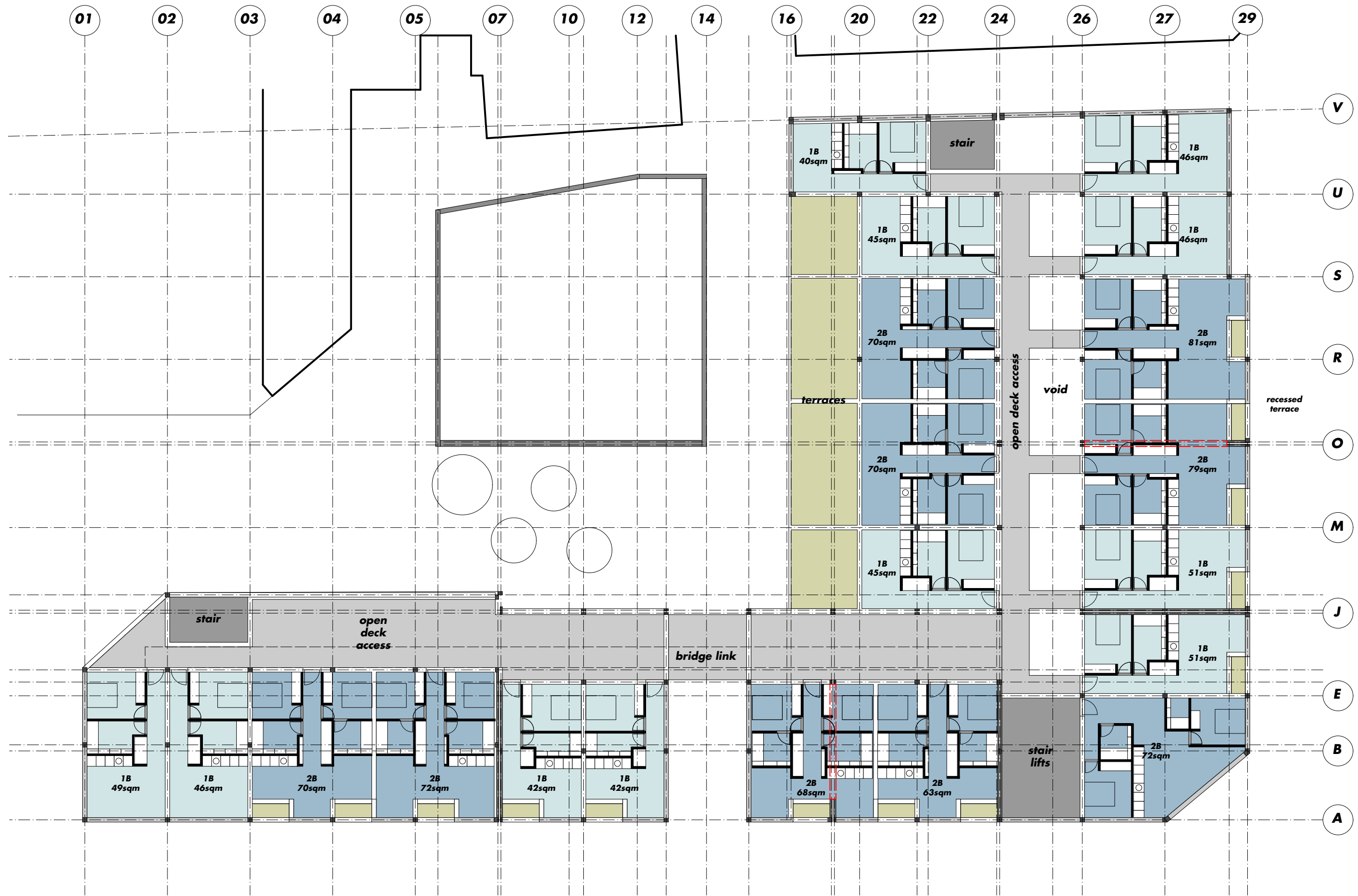




proposed mezzanine • option C1 residential  
 york place • newcastle under lyme  
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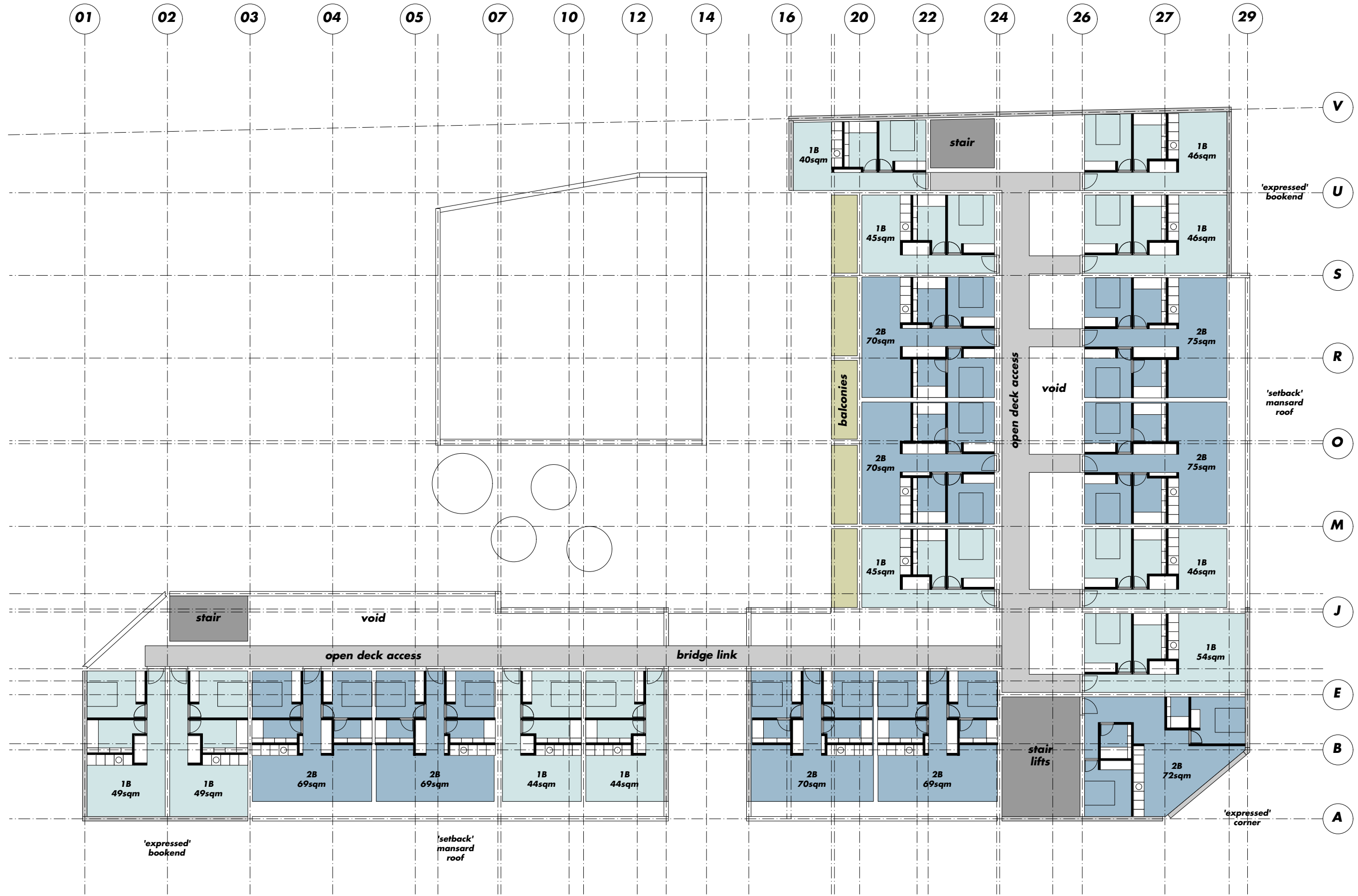


**proposed first - option C1**

**york place • newcastle under lyme**

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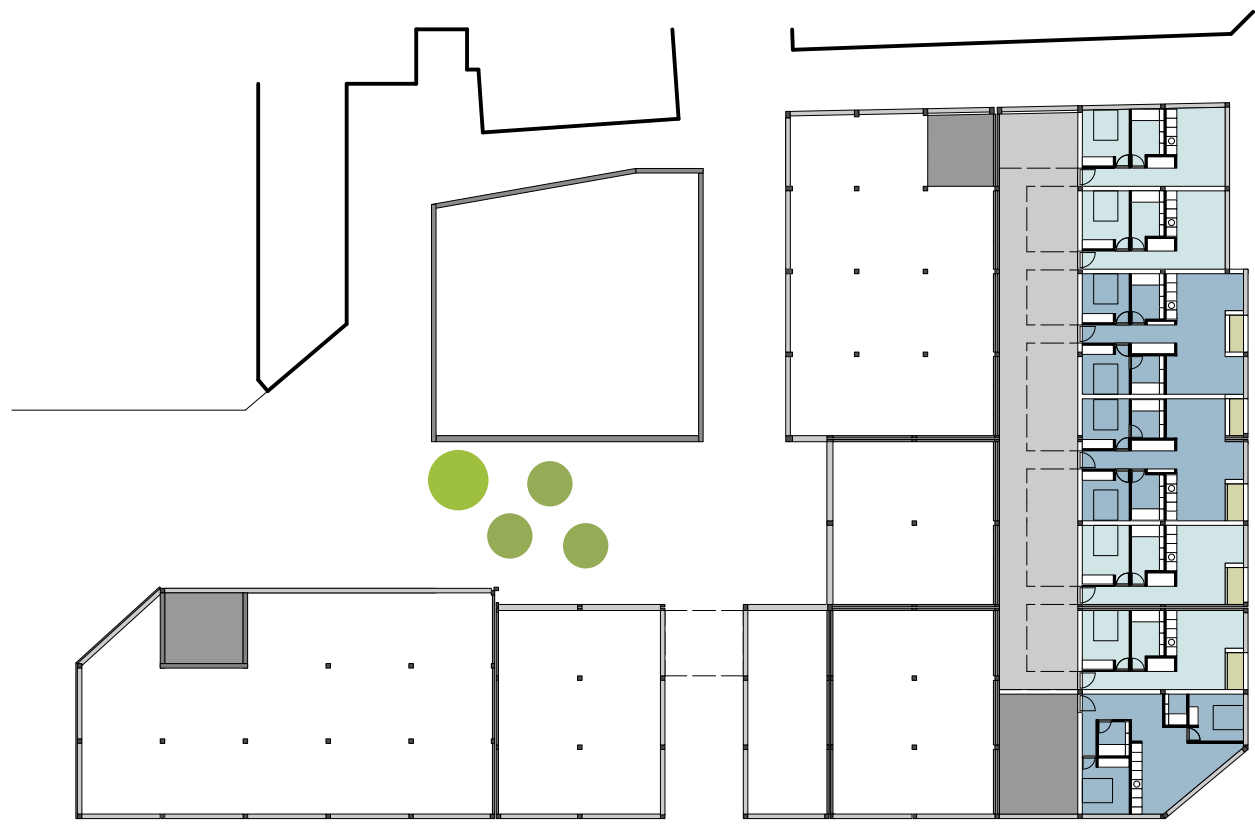




**proposed second - option C1**

**york place • newcastle under lyme**

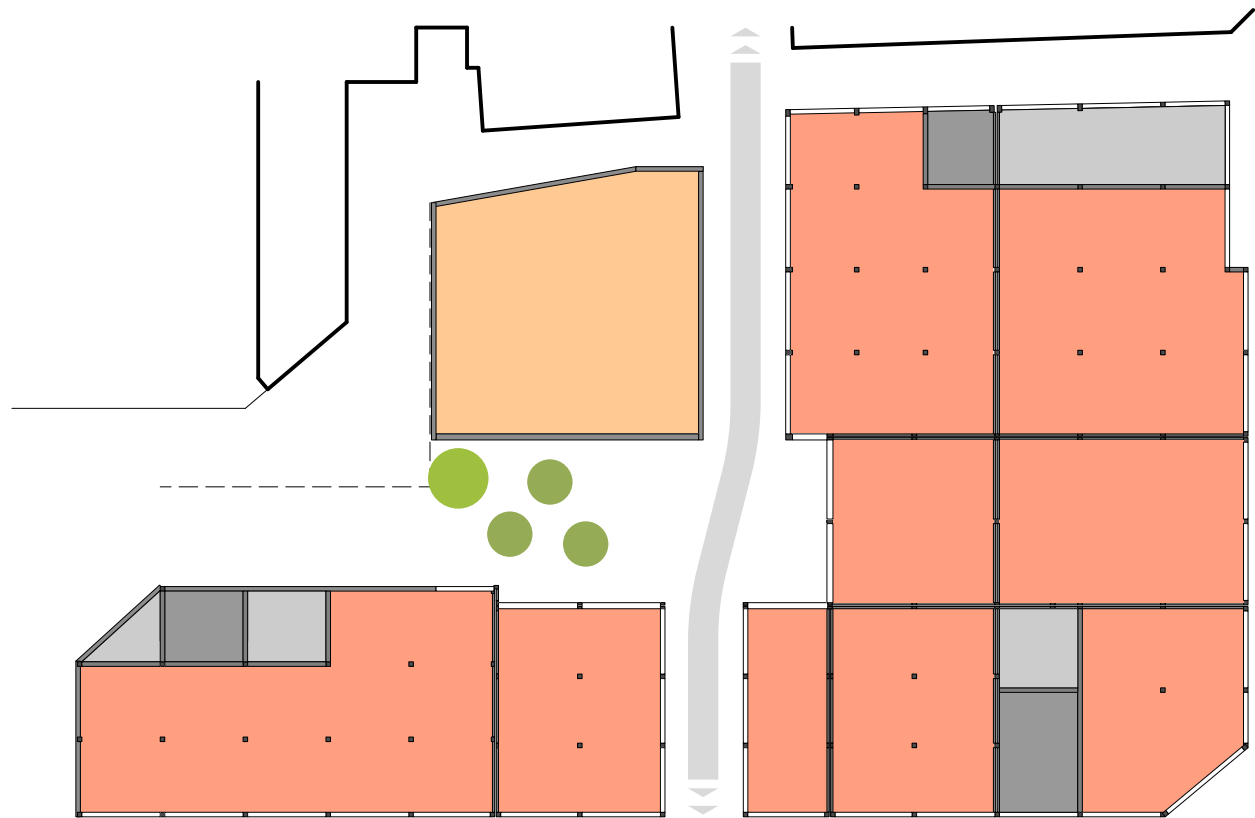
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mezzanine floor • 4no one bed + 3no two bed apartments



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**

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# APPENDIX B.

# midway



MIDWAY, NEWCASTLE under LYME

MIDWAY





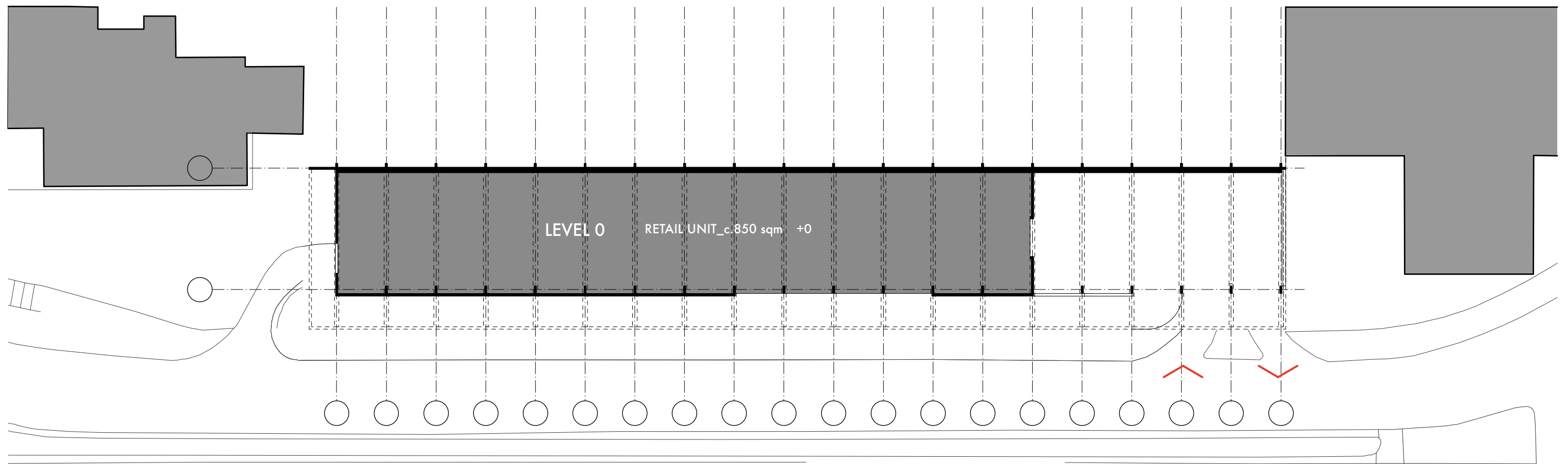


# MIDWAY, NEWCASTLE under LYME

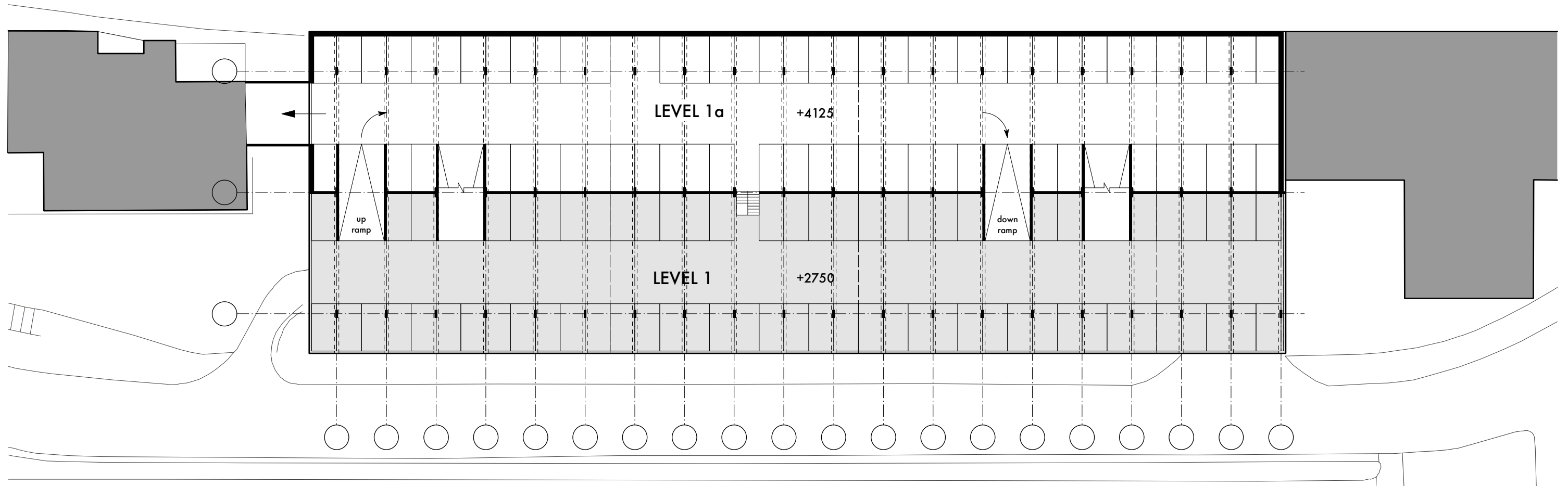
EXISTING PLAN

LEVEL 0

1:400



LOWER STREET





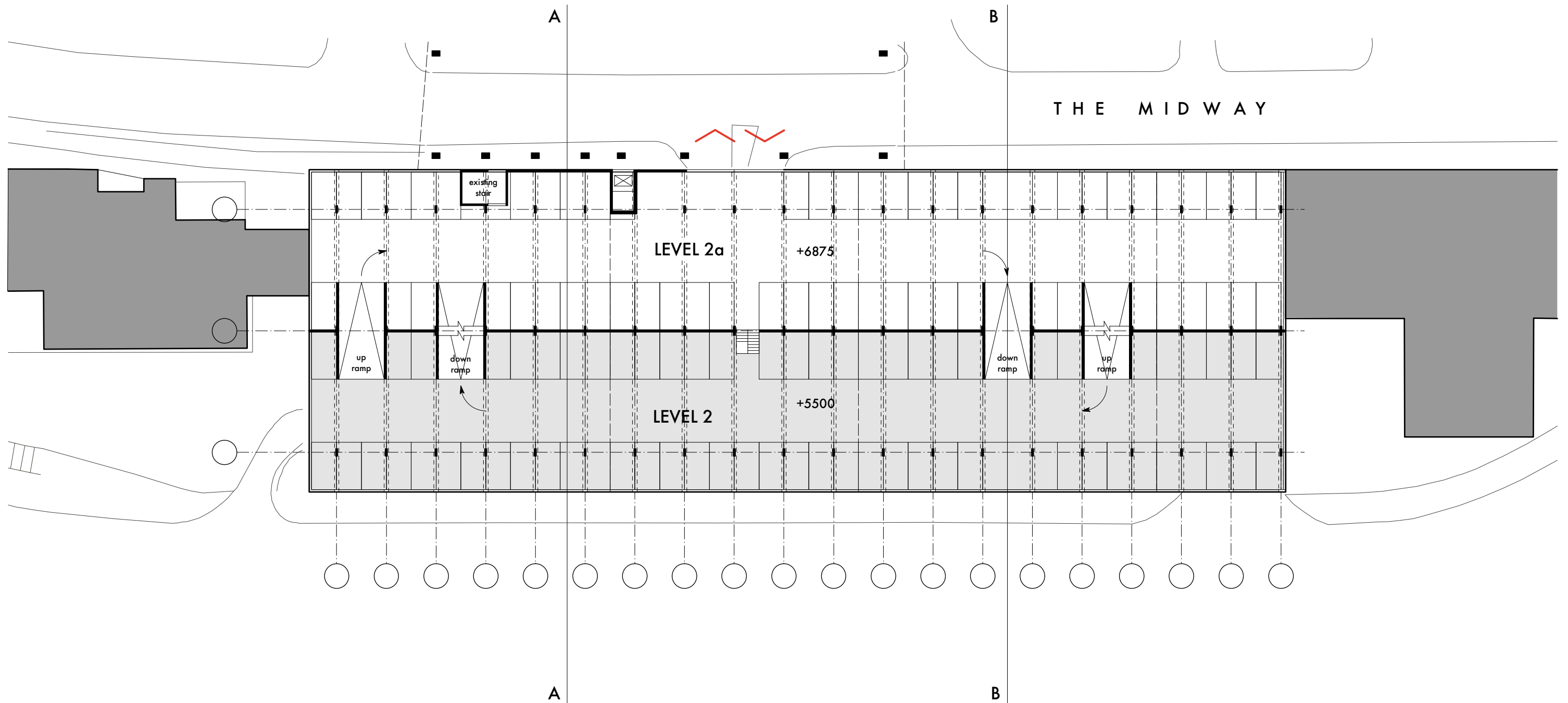


# MIDWAY, NEWCASTLE under LYME

EXISTING PLAN

LEVELS 2/2a

1:400

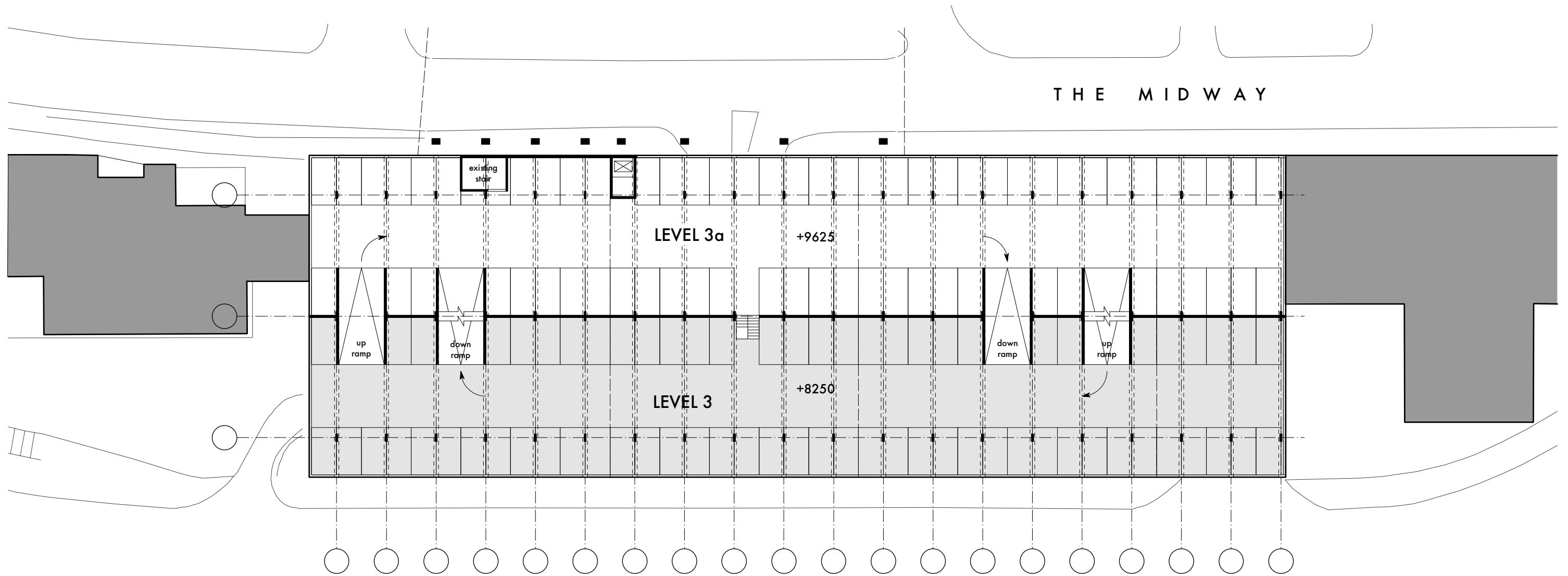


# MIDWAY, NEWCASTLE under LYME

EXISTING PLAN

LEVELS 3/3a

1:400

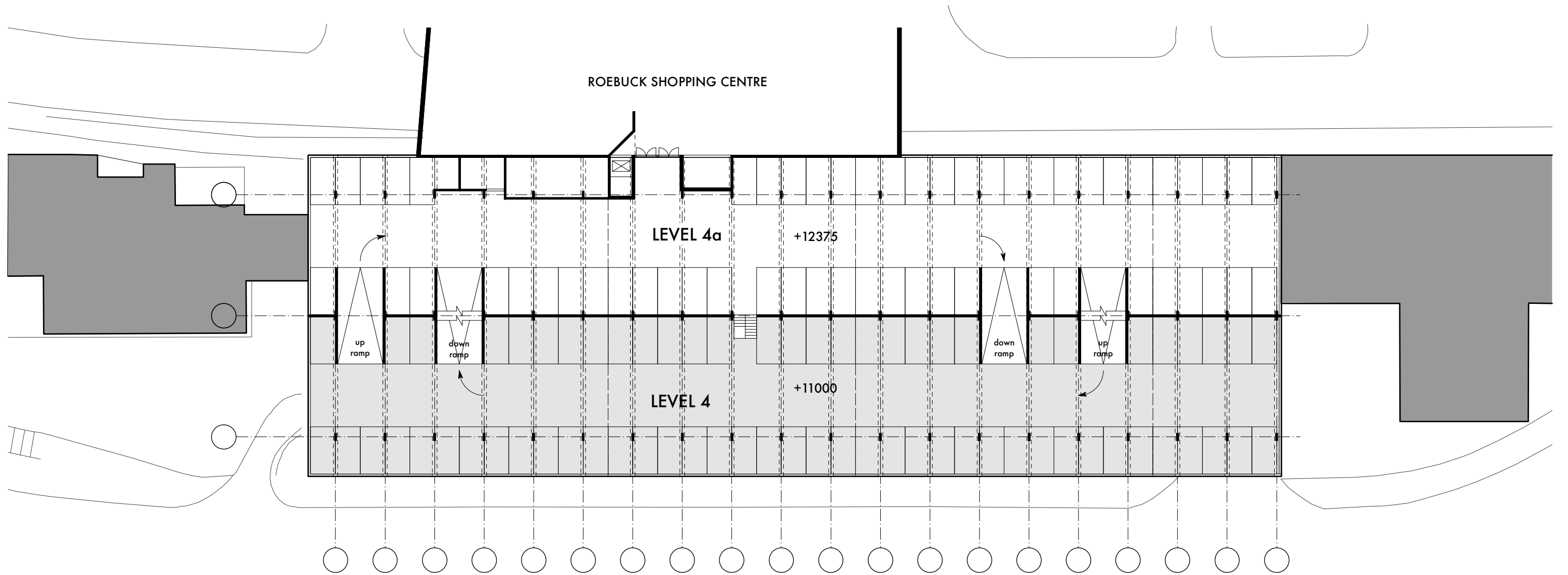




# MIDWAY, NEWCASTLE under LYME

EXISTING PLAN

LEVELS 4/4a  
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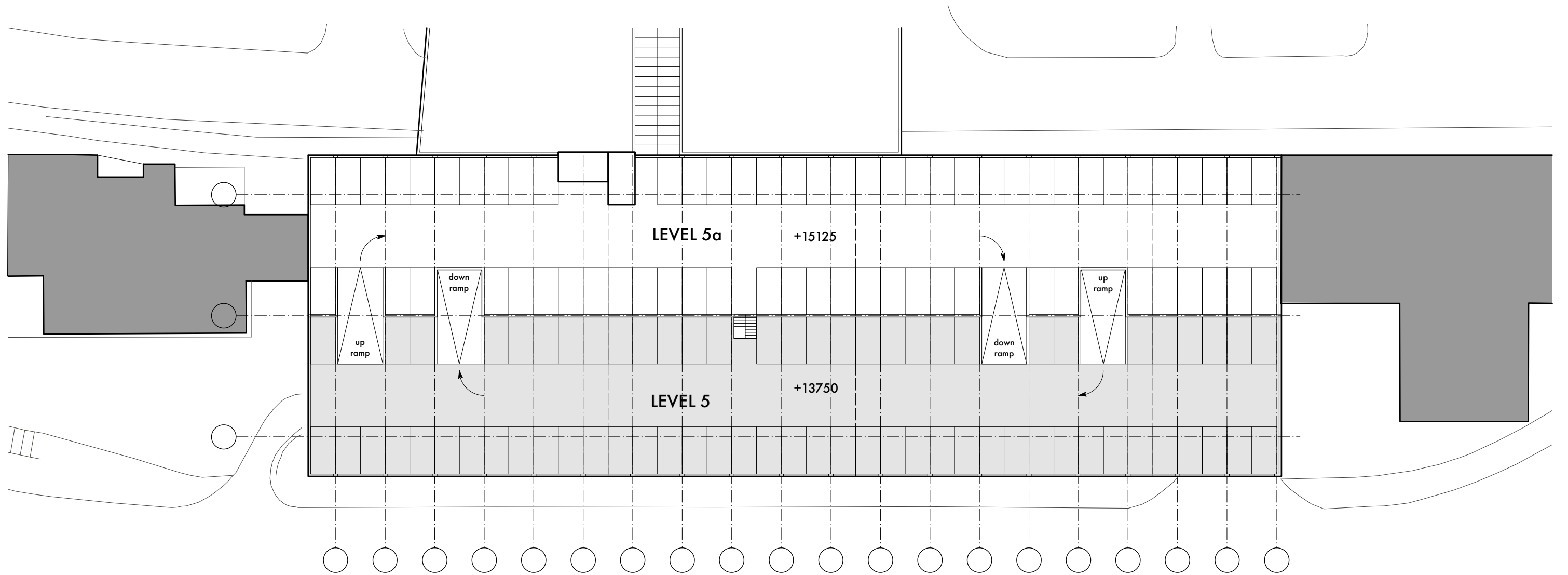


# MIDWAY, NEWCASTLE under LYME

EXISTING PLAN

LEVELS 5/5a

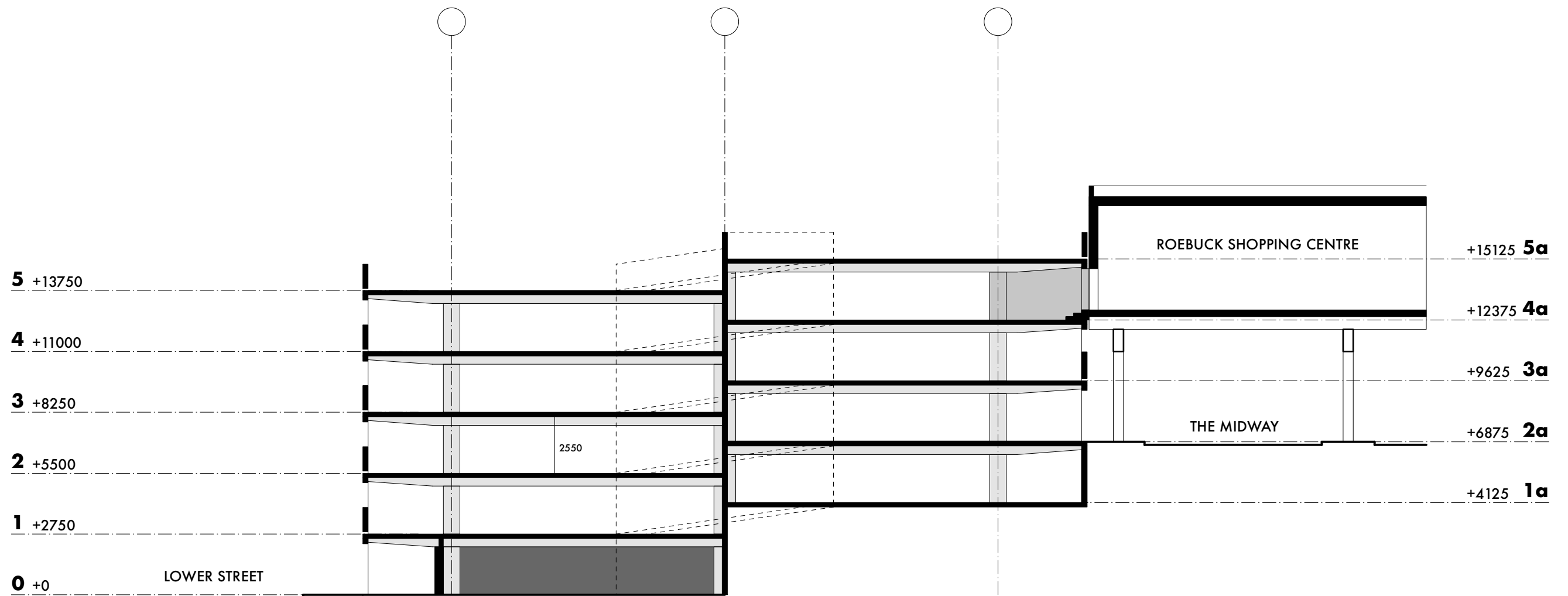
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# MIDWAY, NEWCASTLE under LYME

EXISTING SECTION AA

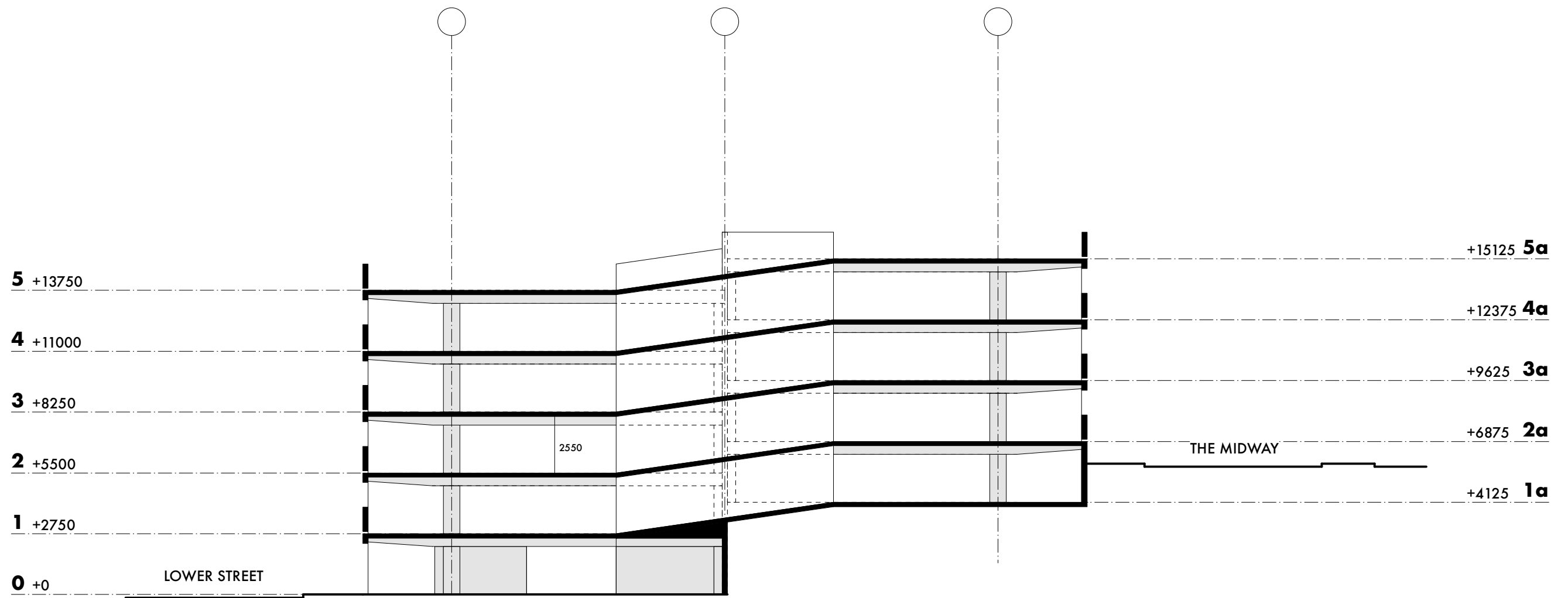
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# MIDWAY, NEWCASTLE under LYME

EXISTING SECTION BB

1:200



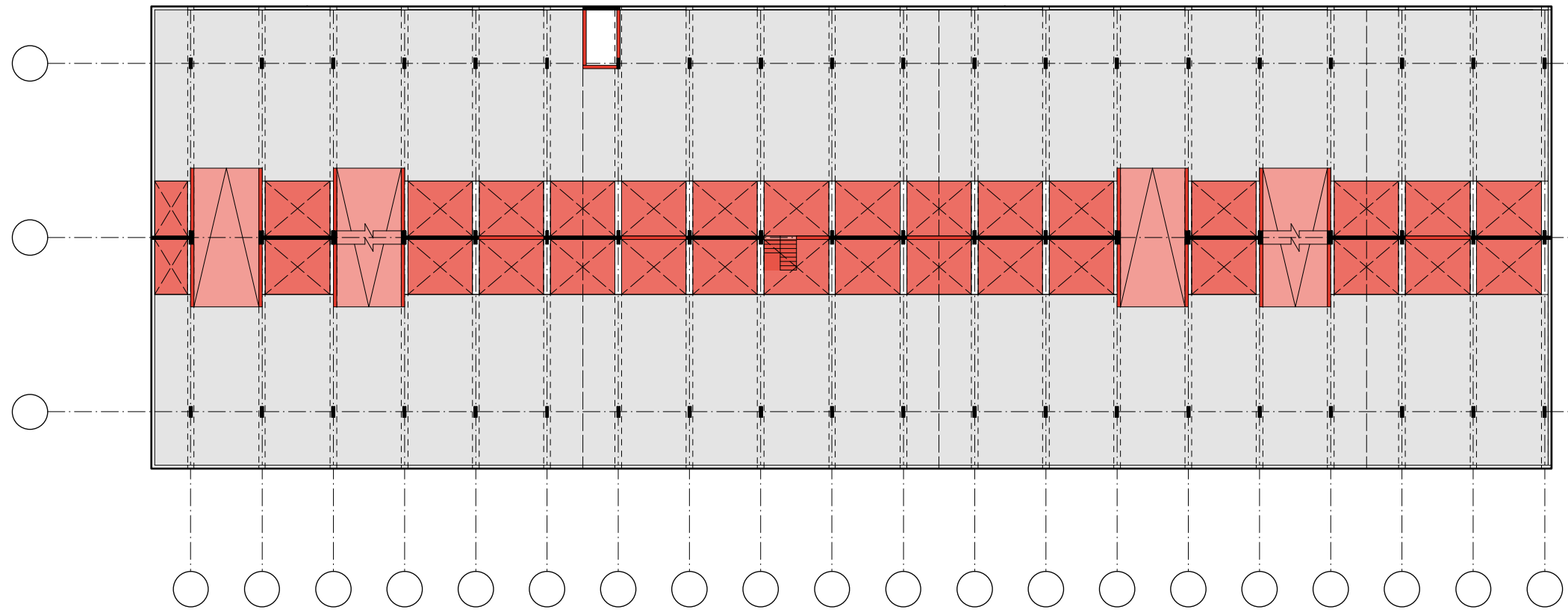


# MIDWAY, NEWCASTLE under LYME

PROPOSED STRUCTURAL REMOVAL

LEVEL TYPICAL

1:400



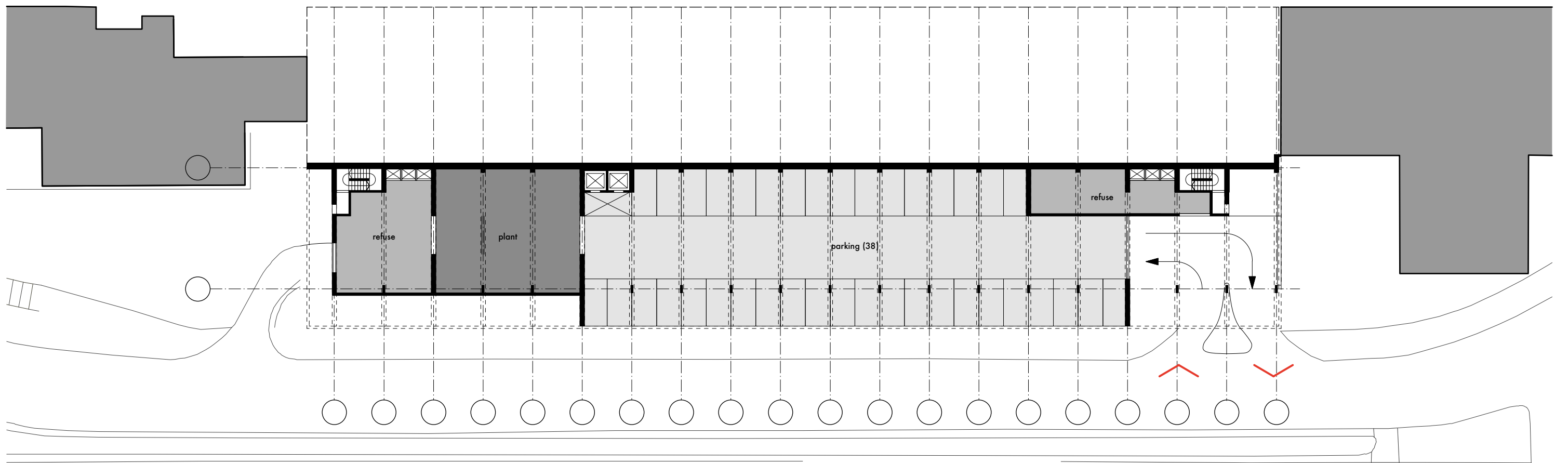
# MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVEL 0

1:400

0



LOWER STREET





# MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVELS 1/1a

1:400

## 1/1a



# MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVELS 2/2a

1:400

## 2/2a





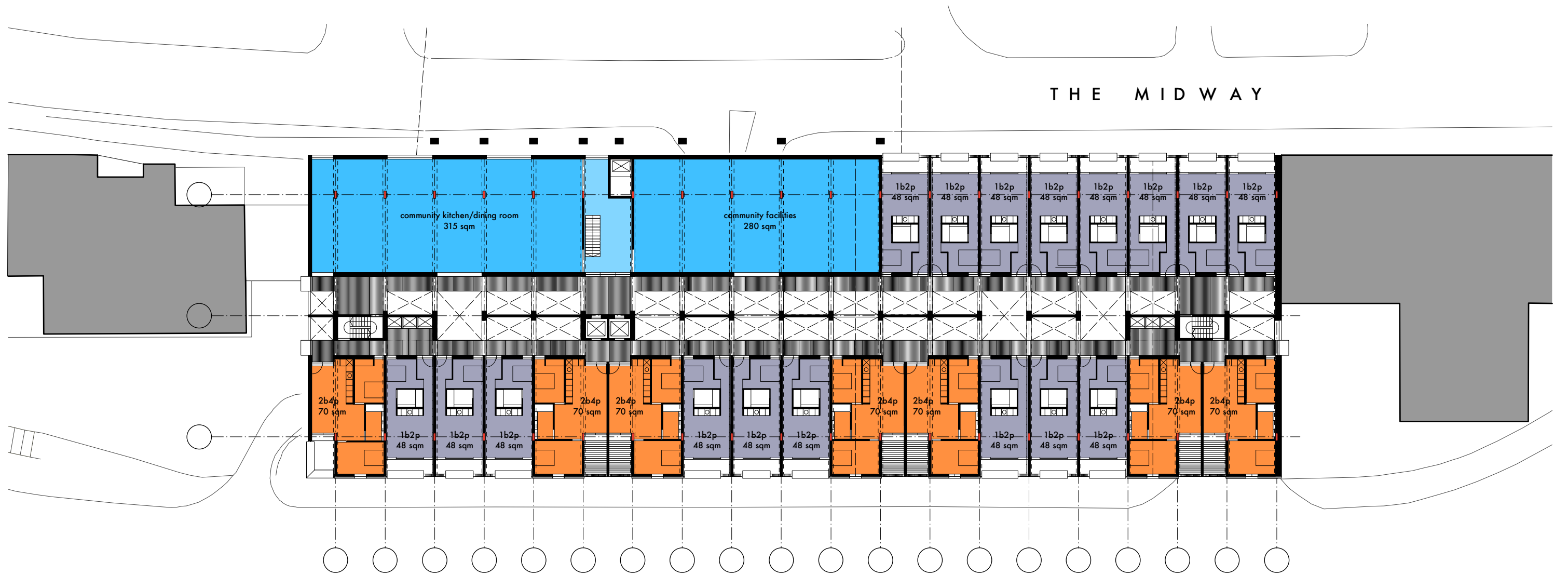
# MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVELS 3/3a

1:400

## 3/3a



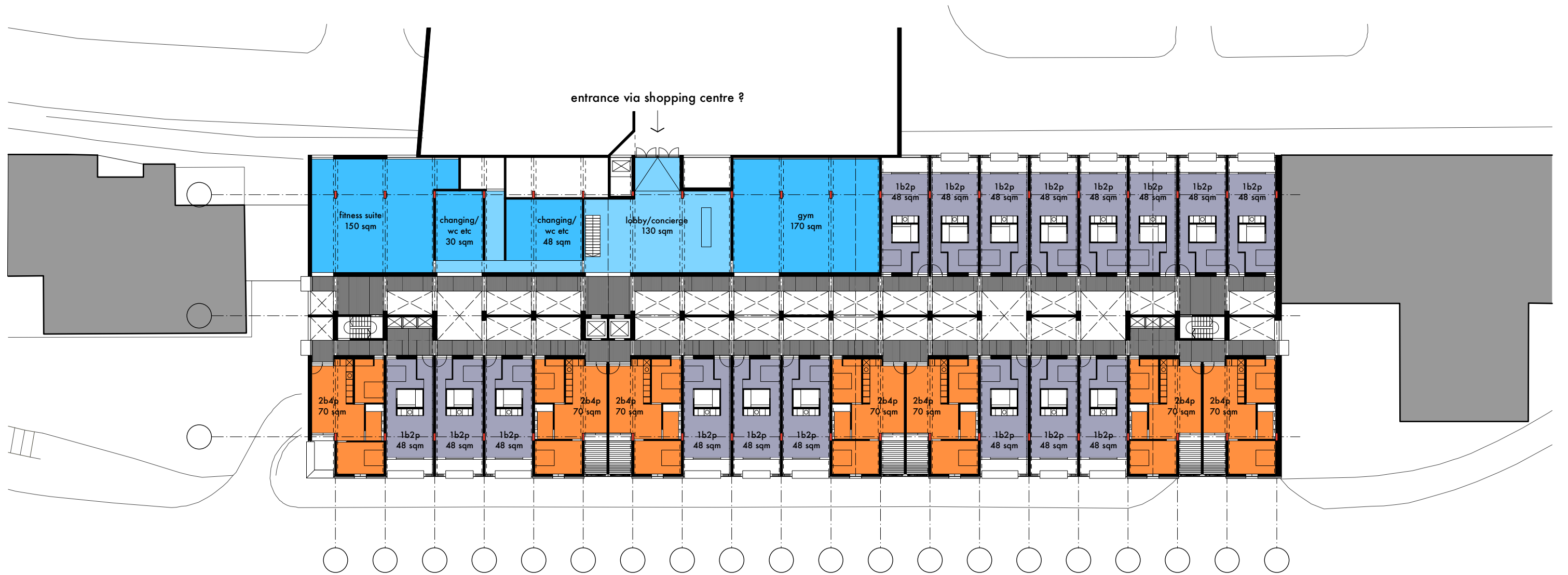
# MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVELS 4/4a

1:400

## 4/4a





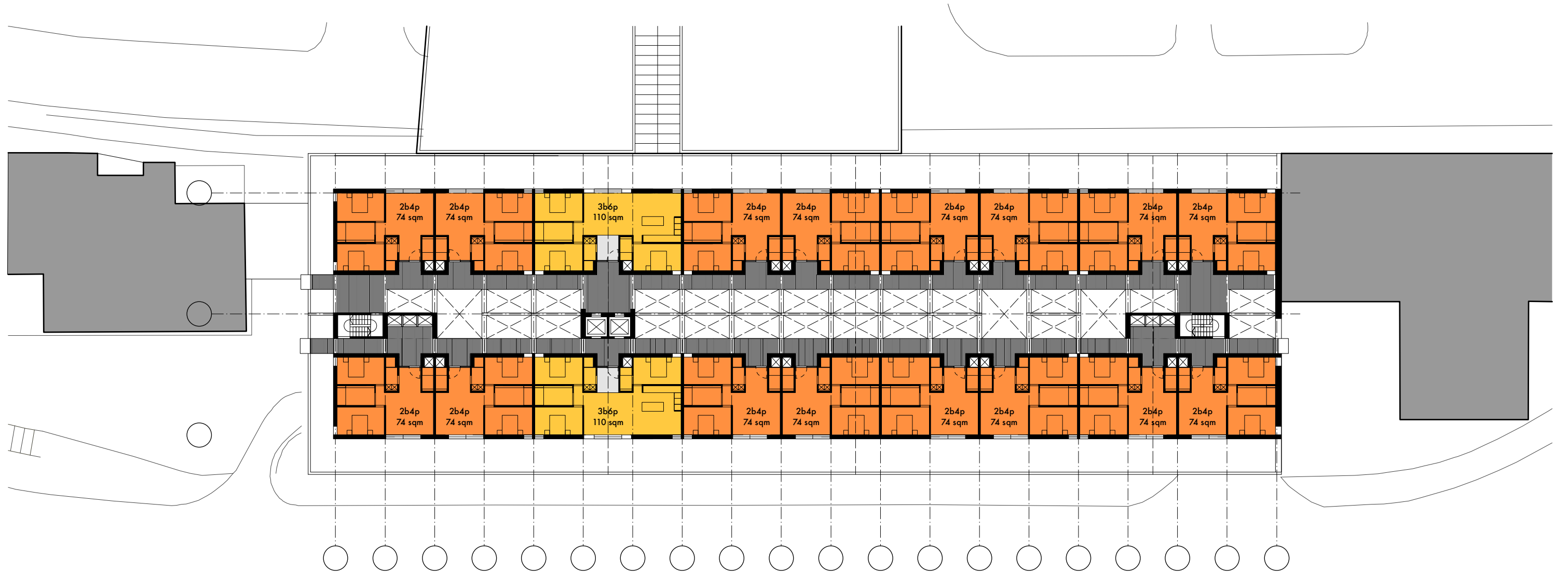
# MIDWAY, NEWCASTLE under LYME

PROPOSED PLAN

LEVELS 5/5a

1:400

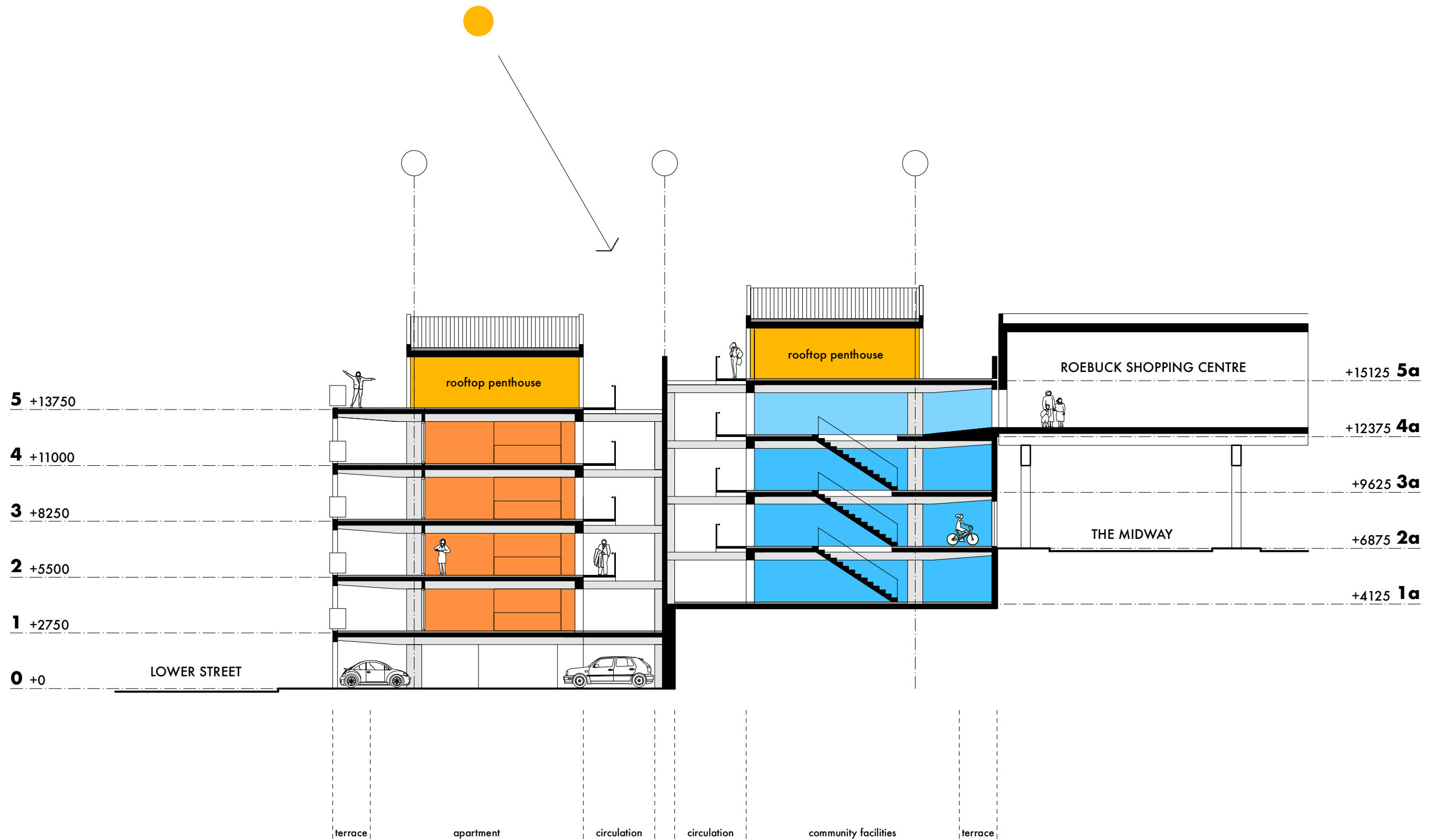
## 5/5a



# MIDWAY, NEWCASTLE under LYME

PROPOSED SECTION AA

1:200





# MIDWAY, NEWCASTLE under LYME

PROPOSED SECTION BB\_SINGLE STOREY ROOF TOP OPTION

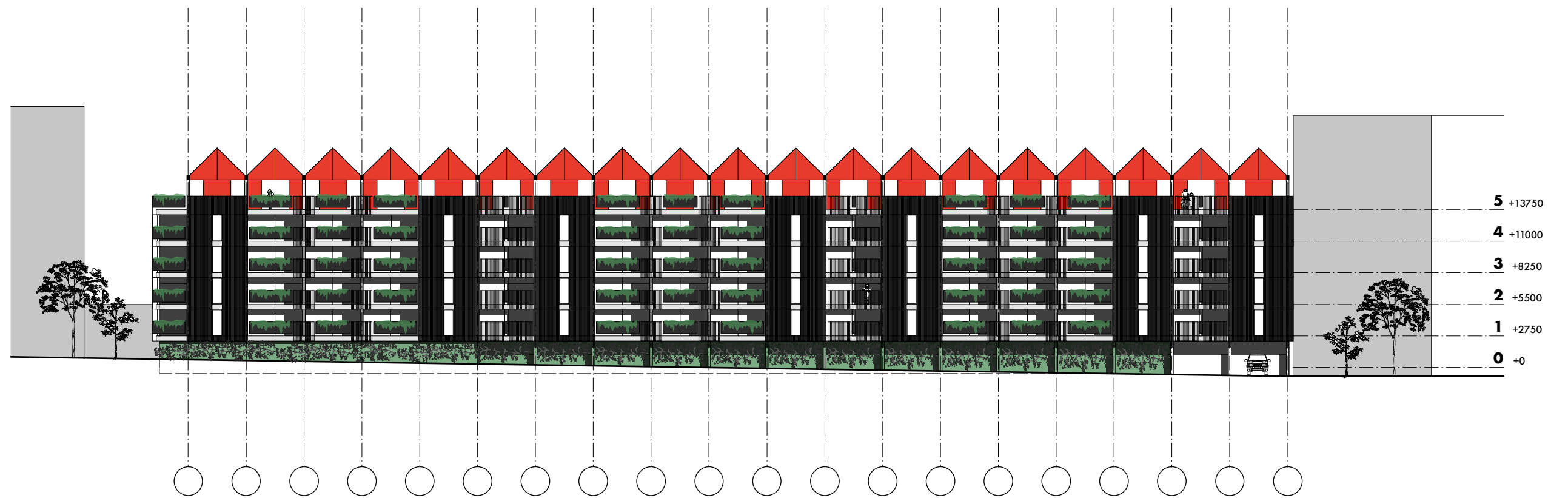
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# MIDWAY, NEWCASTLE under LYME

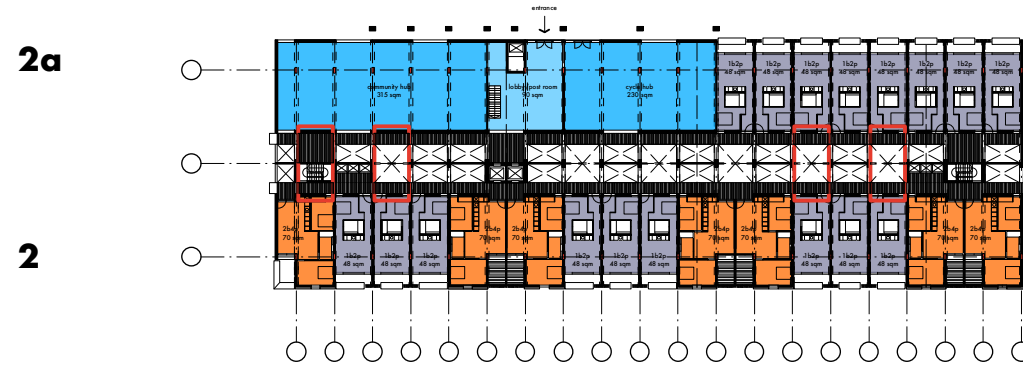
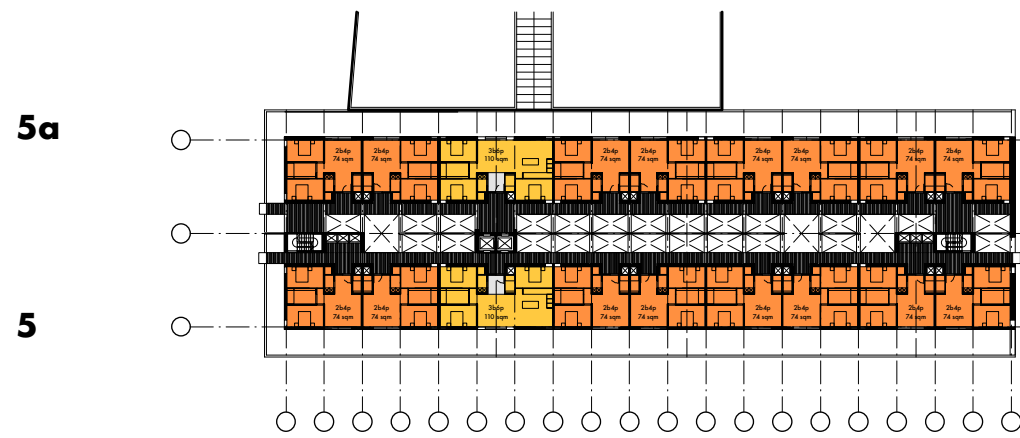
PROPOSED LOWER STREET ELEVATION

1:400



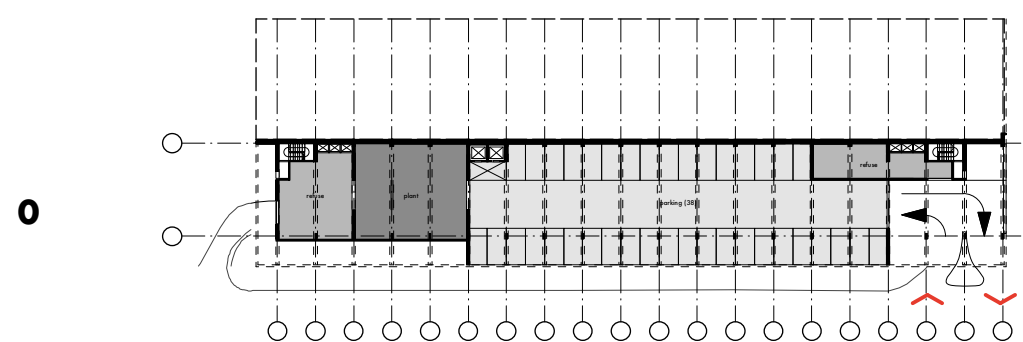
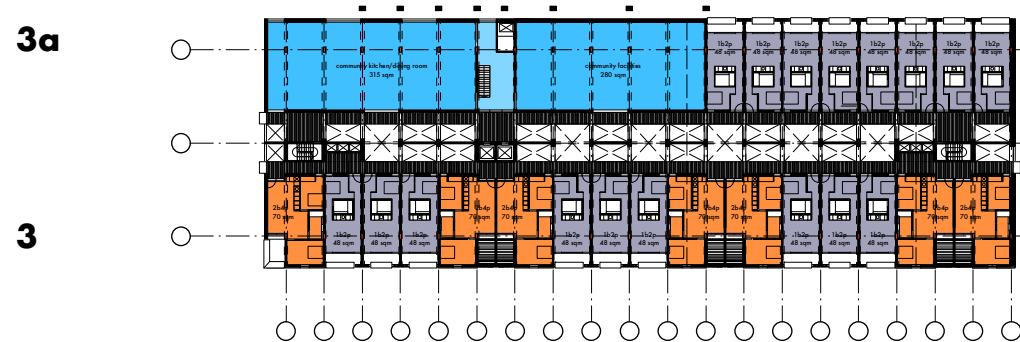
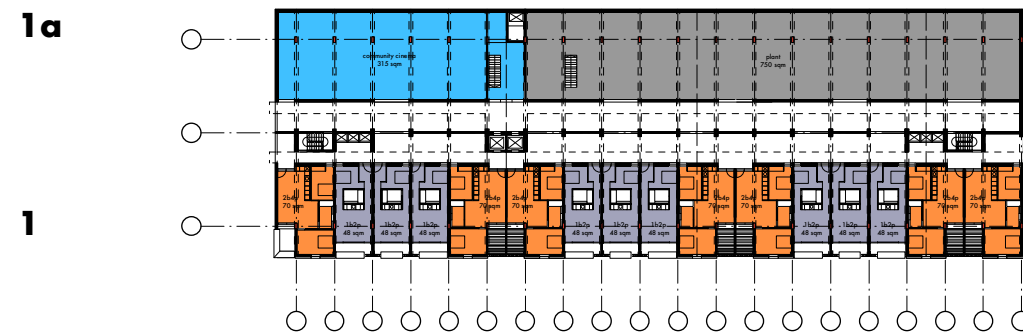
# MIDWAY, NEWCASTLE under LYME

SCHEDULE OF ACCOMMODATION  
LEVELS 5/5a\_SINGLE STOREY OPTION



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**



# APPENDIX C.



# ryecroft

project title  
ryecroft masterplan

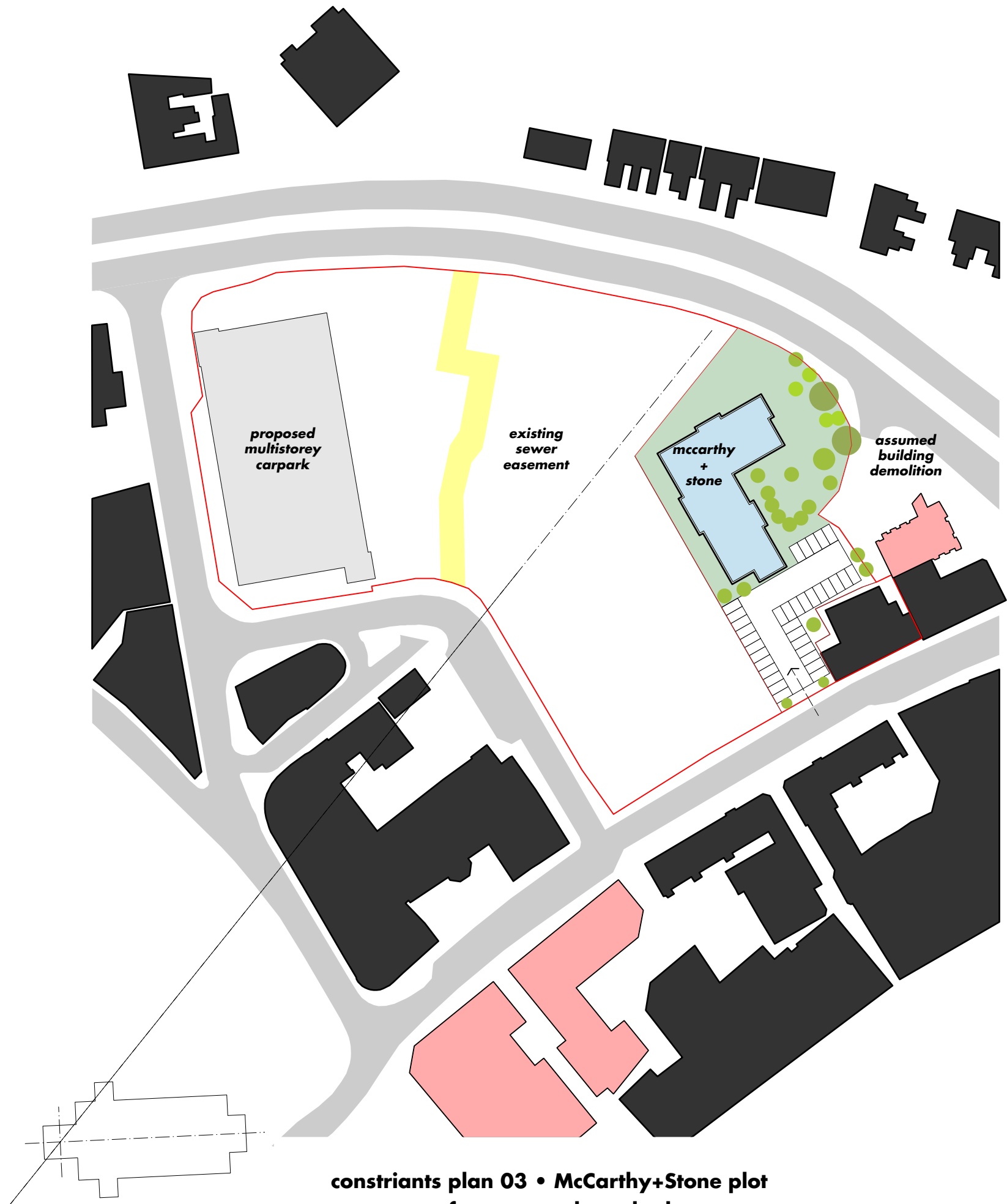
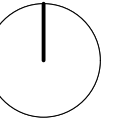
date  
**26 01 2024**

document title  
outline masterplan • option 12

status/revision  
**P01**

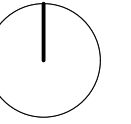
author  
**shedkm architects ltd**

project address  
**Ryecroft  
Newcastle under Lyme  
ST55 9ZZ**



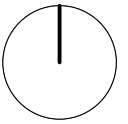
**constraints plan 03 • McCarthy+Stone plot  
ryecroft • newcastle under lyme**

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



**option 12 diagram**  
**ryecroft • newcastle under lyme**

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



**accomodation schedule**

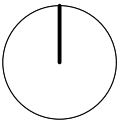
**neighbourhood**

- 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





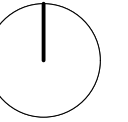
**accomodation schedule**

**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



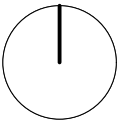
**accomodation schedule**

**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



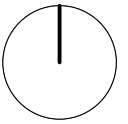
**accomodation schedule**

**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



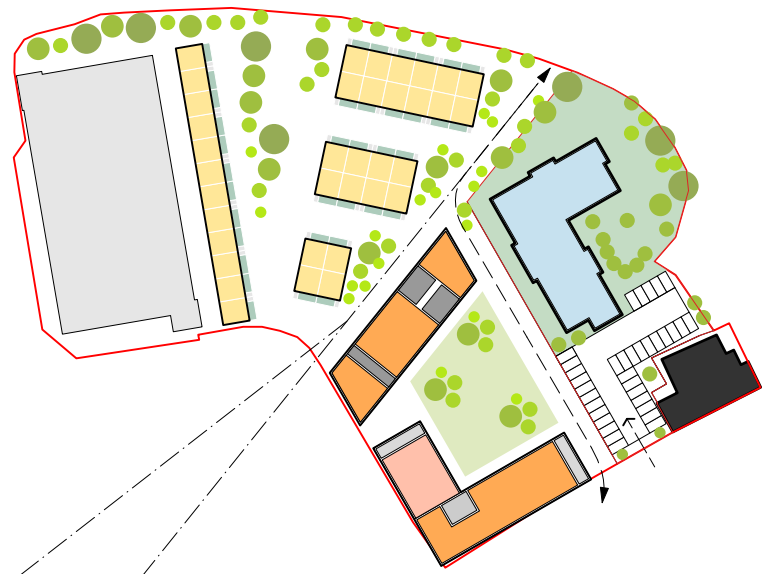
**accomodation schedule**

**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



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

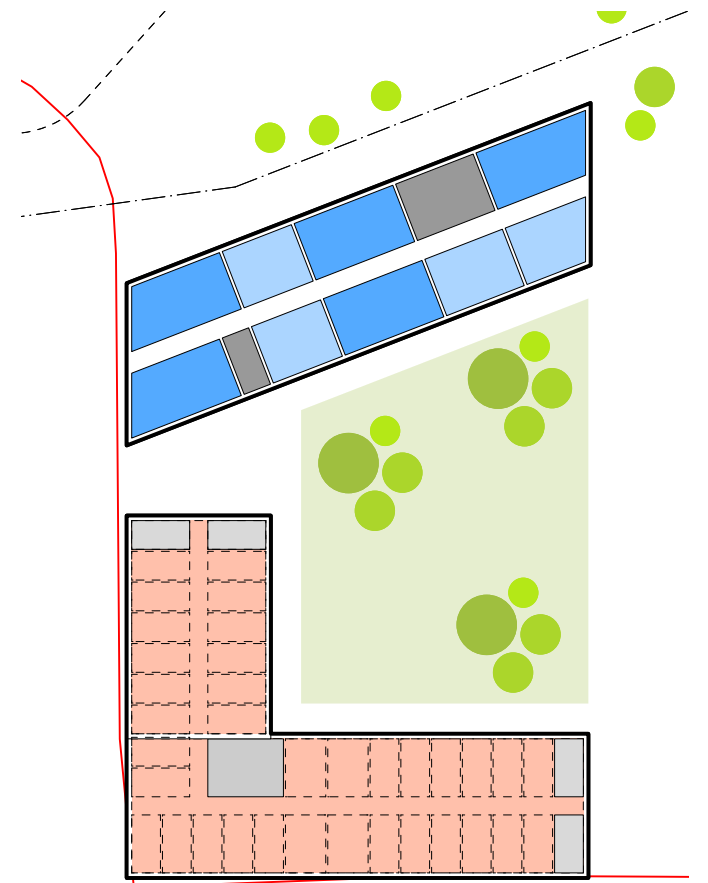
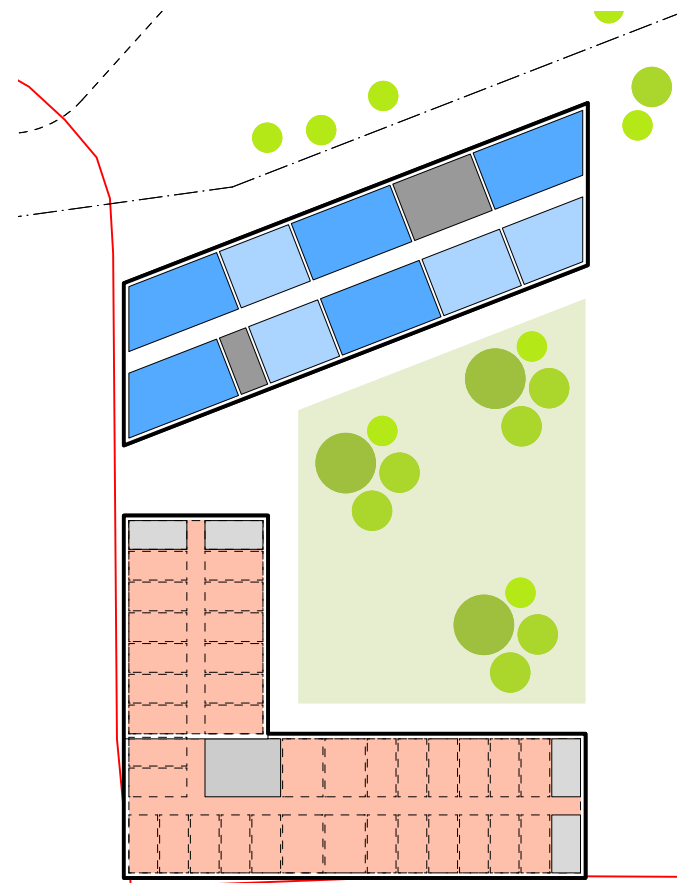
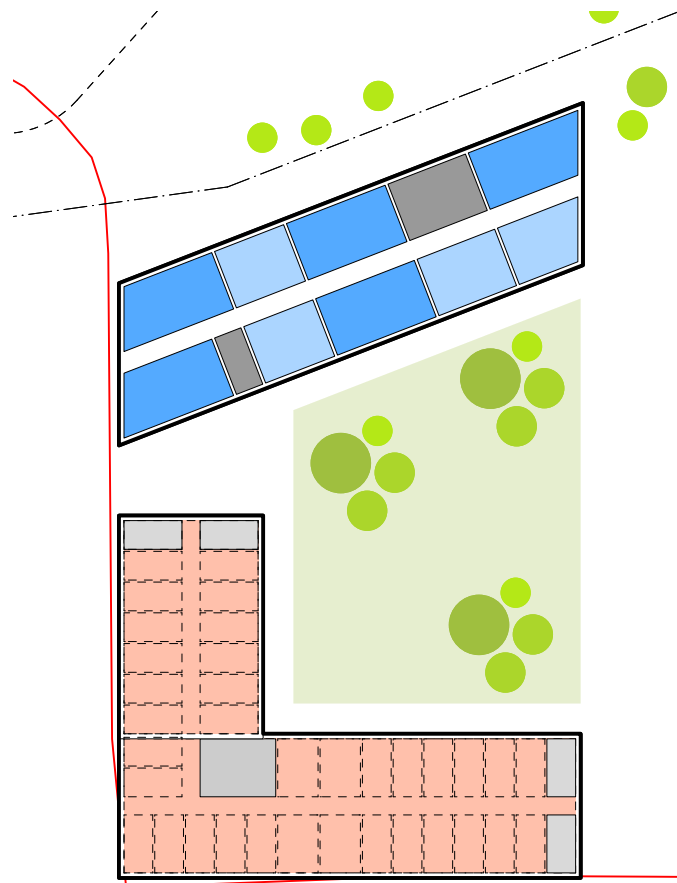
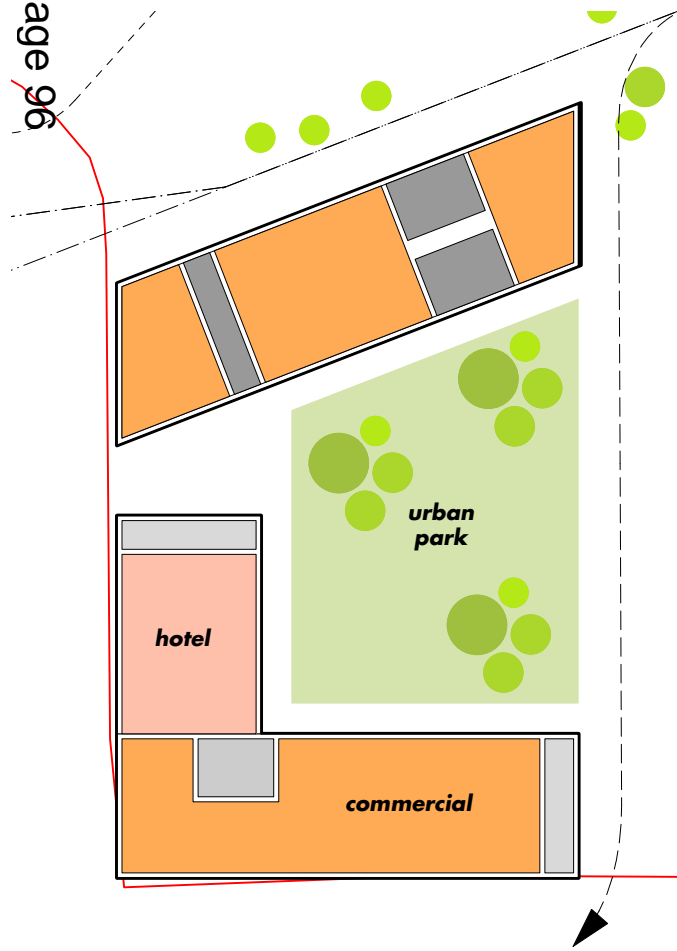
neighbourhood

- 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





**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



*design with a contemporary 'market town' vernacular, 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*

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**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO**

**Cabinet  
06 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

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<p>To enable the Cabinet to recommend the 2024/25 General Fund Revenue Budget and the 2024/25 Capital Programme for approval to Full Council, at the meeting on 14 February 2024 following consideration by the Finance, Assets and Performance Scrutiny Committee on 18 January 2024.</p> <p>To recommend 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 for approval to Full Council, meeting on 14 February 2024.</p>			
<b><u>Recommendation</u></b>			
<ol style="list-style-type: none"> <li>1. That the Revenue and Capital Budgets as detailed in this report and in the report to Cabinet dated 16 January 2024 be recommended to Full Council for approval.</li> <li>2. That the updated Medium Term Financial Strategy 2024/25 to 2028/29 (Appendix 2) be recommended to Full Council for approval.</li> <li>3. That the strategy for ensuring a balanced revenue outturn position for 2023/24 be approved.</li> <li>4. That the calculation of the Council Tax base and the Council Tax increase to be proposed for 2024/25 of 1.99% per Band D equivalent property be recommended to Full Council for approval.</li> <li>5. That the risk assessment at Appendix 3 and the Section 151 Officer's recommendation on the level of reserves and contingencies provisionally required to be maintained in 2024/25 be recommended to Full Council for approval.</li> <li>6. That the Borough Growth Fund Priorities for 2024/25 be approved.</li> </ol>			

7. That the Capital Strategy (Appendix 5) for 2024/34 be recommended to Full Council for approval.
8. That the Treasury Management Strategy (Appendix 6) for 2024/25 be recommended to Full Council for approval.
9. That the Investment Strategy (Appendix 7) for 2024/25 be recommended to Full Council for approval.
10. That the Commercial Strategy (Appendix 8) for 2024/25 be recommended to Full Council for approval.
11. That the Local Council Tax Reduction Scheme (Appendix 9) for 2024/25 be recommended to Full Council for approval.
12. That the Council Tax Premiums Policy (Appendix 10) be recommended to Full Council for approval.

### **Reasons**

To enable the Cabinet to recommend a robust and affordable budget for 2024/25 to the Council at its meeting on 14 February 2024.

The Council needs to have an approved Capital Strategy for 2024/25, 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 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.
- 1.2 The Medium Term Financial Strategy (MTFS) 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.
- 1.3 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>)
- 1.4 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 and scrutinised by the

Finance, Assets and Performance Scrutiny Committee at its meeting on 18 January 2024.

- 1.5 The proposals included in this report will inform the Revenue and Capital Budgets and Council Tax 2024/25 report to Full Council on 14 February 2024.
- 1.6 The Capital Strategy 2024/34 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 Full Council concerning the Treasury Management Strategy to be followed in carrying out its treasury management activities in the forthcoming financial year, 2024/25.
- 1.8 The Investment Strategy 2024/25 is compiled according to Central 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 2023/24 – 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 that have occurred at the close of period 9 of 2023/24 include:
  - a. Income shortfalls from sales, fees and charges which amount to £0.511m

(forecast to be £0.588m for the financial year),

- b. A shortfall of £0.260m in Housing Benefits subsidy grant regarding accommodation and payments for which full subsidy is not claimable (forecast to increase to £0.347m for the financial year),
  - c. Increased gas and electricity prices have resulted in an overspend of £0.070m at the close of period 9 for Jubilee 2 (forecast to increase to £0.093m for the financial year),
  - 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. Proportionally, this amounts to £0.180m at the close of period 9,
  - 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 has been that is in excess of the amount provided for in the budget (4%). Including national insurance and pension the additional amount totals £0.300m at the close of quarter three (and £0.400m for the financial year).
- 2.4 These adverse variances have been offset in full by the following favourable variances:
- a. Utilisation of the Cost of Living Reserve that was established during the budget setting for 2023/24 in order to respond to any above inflationary increases in costs. This will be fully used to offset the forecast pay award (£0.300m at the close of period 9 and £0.400m for the financial year),
  - 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) totals £1.163m at the close of period 9 (it is forecast that this will grow 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 and months leading to prompt corrective action where necessary to ensure the Council remains in a position of being able to deliver a balanced budget position in the current financial year and beyond.



## 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 updated MTFs was reported to Cabinet on 16 January 2024, this reflects the impact of the Local Government Finance Settlement. Since the announcement of the Local Government Finance Settlement, Central Government have recently advised that they will increase the Minimum Funding Guarantee from 3% to 4% having listened to Local Authorities and their funding pressures. The actual amount of this increase is yet to be confirmed, however it is expected that the Council will receive a further £138k. Further detail will be provided in the Council Report once the funding has been confirmed.
- 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 proposed savings identified for the period of the MTFs, have enabled a balanced financial position to be proposed for 2024/25.

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

## Revenue Budget 2024/25

2.12 The MTFs provides for a gap in 2024/25 of £2.692m and a gap 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 2023/24:

	<b>£'000</b>
<b><i>Additional Income</i></b>	
Fees and Charges	(230)
Business Rates Retention	(306)
<b>Total Additional Income</b>	<b>(536)</b>
<b><i>Loss of Income</i></b>	
Government Grant (New Homes Bonus, Housing Benefits Admin, Services Grant)	463
Reduction in income from under achieved budgets	180
<b>Total Loss of Income</b>	<b>643</b>
<b><i>Additional Expenditure</i></b>	
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
<b>Total Additional Expenditure</b>	<b>2,585</b>
<b>Net Increase in Base Budget</b>	<b>2,692</b>

2.14 The savings identified for 2024/25 are summarised below, with further detail in Appendix 1. These savings and strategies enable a balanced financial position to be proposed for 2024/25.

<b>Category</b>	<b>Amount £'000</b>	<b>Comments</b>
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
<b>Total</b>	<b>2,692</b>	

2.15 As in previous years, the first draft of the savings plan set out at Appendix 1 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.

### **Borough Growth Fund**

2.16 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.

2.17 Since the establishment of the Borough Growth Fund, investments have been made in the following areas:

<b>Investment Area</b>	<b>£'000</b>	<b>Details</b>
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.

2.18 The savings and funding strategies identified in Appendix 1 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.

2.19 The 2024/25 Borough Growth Fund investment will be used in the following areas;-

<b>Investment Area</b>	<b>£'000</b>
Environmental Sustainability	100
Digital Programme	100
Economic Development	50
<b>Total</b>	<b>250</b>

2.20 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. This investment continues to support the Council's pledge to become carbon neutral by 2030 and supports the Environmental Sustainability Plan.

2.21 £0.100m of the 2023/24 Borough Growth Fund will continue to be allocated to 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

2.22 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**

2.23 The savings and funding strategy assumes a 1.99% per Band D equivalent property Council Tax increase, producing £0.164m of additional income. This increase in Council Tax would equate to the following monetary increases for residents:

<b>Property Band</b>	<b>Annual Increase £ p</b>	<b>Weekly Increase £ p</b>
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
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- 2.24 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.
- 2.25 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).
- 2.26 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.
- 2.27 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.
- 2.28 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**

- 2.29 Public consultation has been undertaken on the budget (Appendix 11), 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**

- 2.30 The Capital Programme for 2024/25 to 2026/27 (Appendix 4) is based on new schemes which are vital to ensure continued service delivery and in assisting the Council to achieve its corporate and service objectives as set out in the Council Plan 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.

- 2.31 As detailed in the Town Centre Regeneration Update Report presented Cabinet on 6 February also, the Capital Programme supports the development of regeneration plans for several key sites across Newcastle Town Centre.
- 2.32 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.
- 2.33 The Capital Strategy for 2024/34 (Appendix 5) 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.
- 2.34 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.
- 2.35 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.
- 2.36 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.
- 2.37 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**

- 2.37 The Treasury Management Strategy for 2024/25 is attached at Appendix 6. The Minimum Revenue Provision Policy for 2024/25 is contained in Annex C to the strategy.

- 2.38 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.
- 2.39 The Investment Strategy for 2024/25 is attached at Appendix 7. This 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.
- 2.40 The Commercial Strategy for 2024/25 is attached at Appendix 8. 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**

- 2.41 A review of the Council's Balances and Reserves together with a financial resilience risk assessment informing the levels of these has been undertaken by the Council's S151 Officer. Details of the risk factors considered and the weightings applied to each are set out at Appendix 3.
- 2.42 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 £2.157m be held in 2024/25 to reflect the levels of revenue risk shown in the budget for 2024/25. The increase required (£0.247m) will be funded from a VAT refund (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.
- 2.43 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 2.42 and by a further £0.100m including in 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.

## **3. Proposals**

- 3.1 That the Revenue and Capital Budgets as detailed in this report and in the report to Cabinet dated 16 January 2024 be recommended to Full Council for approval.

- 3.2 That the updated Medium Term Financial Strategy 2024/25 to 2028/29 (extract at Appendix 2) be recommended to Full Council for approval.
- 3.3 That the strategy for ensuring a balanced revenue outturn position for 2023/24 be approved.
- 3.4 That the calculation of the Council Tax base and the Council Tax increase to be proposed for 2024/25 of 1.99% per Band D equivalent property be recommended to Full Council for approval.
- 3.5 That the risk assessment at Appendix 3 and the Section 151 Officer's recommendation on the level of reserves and contingencies provisionally required to be maintained in 2024/25 be recommended to Full Council for approval.
- 3.6 That the Borough Growth Fund Priorities for 2024/25 be approved.
- 3.7 That the Capital Strategy (Appendix 5) for 2024/34 be recommended to Full Council for approval.
- 3.8 That the Treasury Management Strategy (Appendix 6) for 2024/25 be recommended to Full Council for approval.
- 3.9 That the Investment Strategy (Appendix 7) for 2024/25 be recommended to Full Council for approval.
- 3.10 That the Commercial Strategy (Appendix 8) for 2024/25 be recommended to Full Council for approval.
- 3.11 That the Local Council Tax Reduction Scheme (Appendix 9) for 2024/25 be recommended to Full Council for approval.
- 3.12 That the Council Tax Premiums Policy (Appendix 10) be recommended to Full Council for approval.

#### 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. The review and risk assessment of the Section 151 Officer 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 2024/25. In addition a contingency of £1.000m is required to provide flexibility to manage risks relating to delivery of the capital programme.

9.3 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.

9.4 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 2024/25 – First Draft Savings Plans (Finance, Assets and Performance Scrutiny Committee 18 January 2024)

13. **List of Appendices**

13.1 Appendix 1 – 2024/25 MTFS Funding Strategy

13.2 Appendix 2 – 2024/25 to 2028/29 MTFS ‘Gaps’

13.3 Appendix 3 – Risk Assessment on Required Balances/Contingency Reserve

13.4 Appendix 4 – 2024/25 to 2026/27 Capital Programme and 2023/24 Mid-Year Estimate

13.5 Appendix 5 – Capital Strategy 2024 to 2034

13.6 Appendix 6 – Treasury Management Strategy 2024/25

13.7 Appendix 7 – Investment Strategy 2024/25

13.8 Appendix 8 – Commercial Strategy 2024/25

13.9 Appendix 9 – Local Council Tax Reduction Scheme for 2024/25

13.10 Appendix 10 – Council Tax Premiums Policy

13.11 Appendix 11 – 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 – 2024/25 MTFS Funding Strategy

Ref	Service Area	Description	£000's	Detail
<b>Income</b>				
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
			<b>680</b>	
<b>One Council</b>				
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.
			<b>230</b>	
<b>Staffing Related Efficiencies</b>				
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
			<b>199</b>	
<b>Good Housekeeping/More Efficient Processes</b>				
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
Page 115	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)
	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%
			<b>489</b>	
<b>Alternative Sources of Finance/Other</b>				
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
			<b>1,094</b>	
<b>Grand Total</b>			<b>2,692</b>	



## Appendix 2 – 2024/25 to 2028/29 MTFS ‘Gaps’

Detail	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Description
<b>Employees:</b>						
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
<b>Premises:</b>						
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)
<b>Transport:</b>						
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)
<b>Financing:</b>						
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
<b>New Pressures:</b>						
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
<b>Income:</b>						
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
<b>TOTAL GAPS</b>	<b>2,692</b>	<b>1,557</b>	<b>997</b>	<b>1,092</b>	<b>547</b>	

**Appendix 3 – Risk Assessment on Required Reserve Balances (i) and Actual/Forecast Reserve Balances at 31 March 2023 to 2025 (ii)**

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**(i) Risk Assessment on Required Reserves Balances (£2.157m)**

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	65,000
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	40,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	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	50,000
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	55,000
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)**

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

**Likelihood (L)**

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

**Score**

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

**Risk rating**

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

(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	247	2,157	Working balance to cover unforeseen adverse events affecting the budget. Recommended minimum balance of £2.157m 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)
<b>Totals</b>	<b>5,205</b>	<b>(456)</b>	<b>4,749</b>	<b>43</b>	<b>4,792</b>	

## Appendix 4 – 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)
	£	£	£	£	£
<b>PRIORITY – One Council Delivering for Local People</b>					
Service Area - Council Modernisation	2,172,370	394,000	434,000	336,000	1,164,000
<b>Total</b>	<b>2,172,370</b>	<b>394,000</b>	<b>434,000</b>	<b>336,000</b>	<b>1,164,000</b>
<b>PRIORITY – A Successful and Sustainable Growing Borough</b>					
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
<b>Total</b>	<b>11,306,154</b>	<b>9,817,482</b>	<b>11,513,846</b>	<b>2,358,895</b>	<b>23,690,223</b>
<b>PRIORITY – Healthy, Active and Safe Communities</b>					
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
<b>Total</b>	<b>7,553,139</b>	<b>1,424,000</b>	<b>1,750,000</b>	<b>6,153,100</b>	<b>9,327,100</b>
<b>PRIORITY – Town Centres for All</b>					
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
<b>Total</b>	<b>33,401,173</b>	<b>5,045,000</b>	<b>2,043,000</b>	<b>-</b>	<b>7,088,000</b>
<b>CONTINGENCY (will be carried forward to 2024/25)</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>55,432,836</b>	<b>16,680,482</b>	<b>15,740,846</b>	<b>8,847,995</b>	<b>41,269,323</b>
<b>FUNDING</b>					
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
<b>TOTAL</b>	<b>55,432,836</b>	<b>16,680,482</b>	<b>15,740,846</b>	<b>8,847,995</b>	<b>41,269,323</b>

## Appendix 9 – Local Council Tax Reduction Scheme for 2024/25

<b>Claim Type</b>	<b>Council Tax Support Scheme</b>
<b>Pensioner Claimants</b>	
No scope for changes within LCTS	Up to 100% of Council Tax Bill
<b>Working Age Claimants</b>	
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
<b>Claimants who are eligible to Severe Disability Premium (SDP)</b>	
May allow up to 100% LCTS as protected group	Up to 100% of Council Tax Bill
<b>Claimants who are eligible to receive War Disablement Pensions, War Widow's Pensions and Armed Forces Compensation Scheme Payments</b>	
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 10 – 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 11 – 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+
  - 6 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.

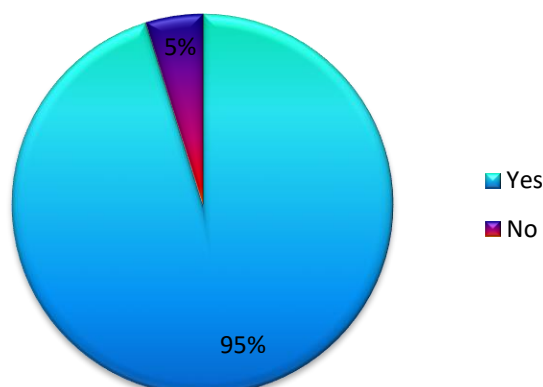
At three different places on the survey, respondents were made aware of the services that were not the responsibility of the Borough Council, but some respondents still recommended that we protected such services from funding cuts.

## 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 5 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**







**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 five options out of a list of ten 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:

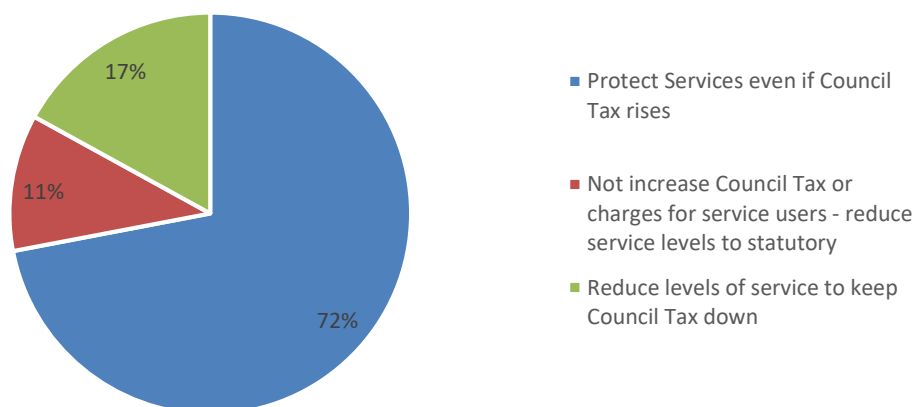
- CCTV 30 per cent
- Indoor leisure centres 30 per cent
- Neighbourhood grant funding 28 per cent
- Sports development 16 per cent
- Promotion of tourism 14 per cent
- Mayoral activities Less than one per cent (one respondent)

**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**



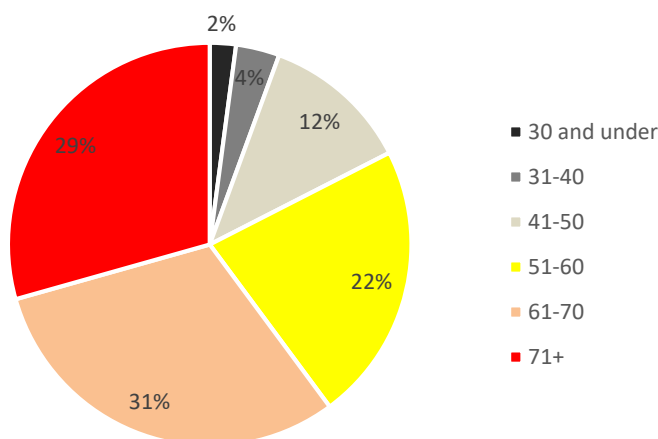




**Table 1: Age profile of respondents compared to the borough based on 143 responses**

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.

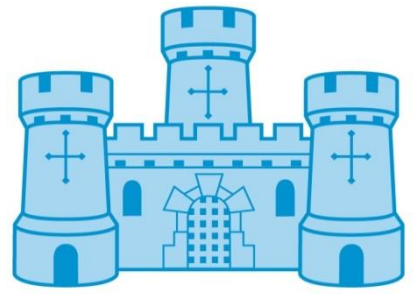
**Table 2: Respondents by ward or other area - 134 respondents**

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



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**NEWCASTLE  
UNDER LYME**  
BOROUGH COUNCIL

# Capital Strategy 2024 to 2034



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## Introduction

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

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
<b>Total</b>	<b>55.433</b>

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.

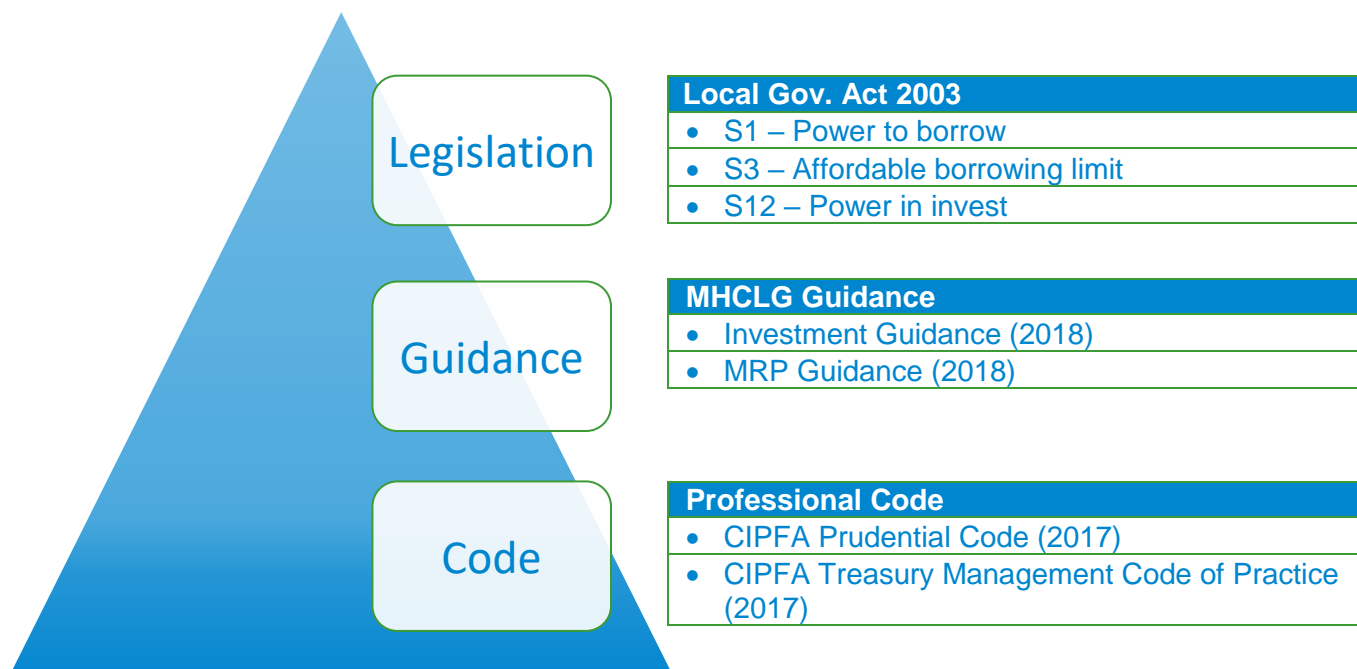
## Statutory Framework

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



## 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
		<b>Total</b>	<b>19.124</b>

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
	£	£	£	£	£	£	£	£	£	£	£
<b>PRIORITY - One Council Delivering for Local People</b>											
Service Area – Council Modernisation	394,000	434,000	336,000	80,000	351,000	456,000	126,000	36,000	36,000	36,000	<b>2,285,000</b>
<b>Total</b>	<b>394,000</b>	<b>434,000</b>	<b>336,000</b>	<b>80,000</b>	<b>351,000</b>	<b>456,000</b>	<b>126,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>2,285,000</b>
<b>PRIORITY - A Successful and Sustainable Growing Borough</b>											
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	<b>16,125,000</b>
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	<b>5,198,773</b>
Service Area – Regeneration	7,000,000	9,000,000	-	-	-	-	-	-	-	-	<b>16,000,000</b>
<b>Total</b>	<b>9,817,482</b>	<b>11,513,846</b>	<b>2,358,895</b>	<b>2,090,475</b>	<b>2,061,053</b>	<b>1,905,000</b>	<b>2,297,022</b>	<b>1,767,500</b>	<b>1,767,500</b>	<b>1,745,000</b>	<b>37,323,773</b>
<b>PRIORITY - Healthy, Active and Safe Communities</b>											
Service Area – Environmental Health	72,000	-	-	-	-	12,000	-	-	-	-	<b>84,000</b>
Service Area – Streetscene	180,000	240,000	130,000	130,000	130,000	130,000	155,000	130,000	130,000	130,000	<b>1,485,000</b>
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	<b>27,967,388</b>
Service Area – Leisure and Cultural	47,000	150,000	-	-	-	-	-	-	-	-	<b>197,000</b>
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	<b>1,635,000</b>
Service Area – Engineering	385,000	120,000	50,000	-	-	-	95,000	-	-	-	<b>650,000</b>
<b>Total</b>	<b>1,424,000</b>	<b>1,750,000</b>	<b>6,153,100</b>	<b>2,657,514</b>	<b>1,414,411</b>	<b>8,961,561</b>	<b>3,306,724</b>	<b>2,758,039</b>	<b>2,758,039</b>	<b>835,000</b>	<b>32,018,388</b>
<b>PRIORITY - Town Centres for All</b>											
Town Deals – Newcastle	2,251,000	807,000	-	-	-	-	-	-	-	-	<b>3,058,000</b>
Town Deals – Kidsgrove	2,794,000	1,236,000	-	-	-	-	-	-	-	-	<b>4,030,000</b>
<b>Total</b>	<b>5,045,000</b>	<b>2,043,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,088,000</b>
<b>CONTINGENCY</b>											
£1m to be carried forward from 2023/24	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>16,680,482</b>	<b>15,740,846</b>	<b>8,847,995</b>	<b>4,827,989</b>	<b>3,826,464</b>	<b>11,322,561</b>	<b>5,729,746</b>	<b>4,561,539</b>	<b>4,561,539</b>	<b>2,616,000</b>	<b>78,715,161</b>
<b>FUNDING</b>											
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	<b>38,400,000</b>
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	<b>22,088,000</b>
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	<b>18,227,161</b>
<b>TOTAL</b>	<b>16,680,482</b>	<b>15,740,846</b>	<b>8,847,995</b>	<b>4,827,989</b>	<b>3,826,464</b>	<b>11,322,561</b>	<b>5,729,746</b>	<b>4,561,539</b>	<b>4,561,539</b>	<b>2,616,000</b>	<b>78,715,161</b>

## 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)
<b>Net Revenue Stream</b>	15,261	16,857	16,857	16,857	16,857
<b>Financing Costs</b>	44	441	905	1,467	1,407
<b>Ratio</b>	(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)
<b>Borrowing</b>	95,000	95,000	95,000	95,000
<b>Other long term liabilities</b>	0	0	0	0

### *The Authorised Limit for External Borrowing*

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

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

The Council is asked to approve the following authorised limit:

Authorised limit	2023/24 Estimate (£000's)	2024/25 Estimate (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)
<b>Debt</b>	100,000	100,000	100,000	100,000
<b>Other Long Term Liabilities</b>	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.



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# Treasury Management Strategy 2024/25



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## Introduction

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

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 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 19<sup>th</sup> 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)
<b>(New Investments or Cash)/ New external borrowing</b>	<b>(16.6)</b>	<b>3.1</b>	<b>8.2</b>	<b>(8.4)</b>	<b>3.9</b>

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. Where borrowing is required, this will be in line with Arlingclose's current advice of doing so from other local authorities on a short-term basis. This will be undertaken until it becomes advantageous to switch to long term debt, with the lowest cost option being considered, 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)
<b>Net loans requirement</b>	<b>(16.6)</b>	<b>3.1</b>	<b>8.2</b>	<b>(8.4)</b>	<b>3.9</b>
Plus: Liquidity Allowance	-	1.0	1.0	1.0	1.0
<b>Liquidity benchmark</b>	<b>(16.6)</b>	<b>4.1</b>	<b>9.2</b>	<b>(7.4)</b>	<b>4.9</b>

## 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 through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £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
<b>Official Bank Rate</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	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
<b>3-mth money market rate</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	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
<b>5-yr gilt yield</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	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
<b>10-yr gilt yield</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	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
<b>20-yr gilt yield</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	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
<b>50-yr gilt yield</b>													
<i>Upside risk</i>	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
<i>Downside risk</i>	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 %
<i>Treasury investments:</i>		
Banks & building societies (unsecured)	2.90	3.10
Government (incl. local authorities)	25.25	5.20
Money Market Funds	2.0	5.29
<b>Total treasury investments</b>	<b>30.15</b>	
<b>Total external borrowing</b>	<b>0.0</b>	
<b>Net investments</b>	<b>30.15</b>	

# Annex C – Minimum Revenue Provision Policy

## Background

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

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

### Option 1 – Regulatory Method

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

### Option 2 – Capital Financing Requirement Method

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

### Option 3 – Asset Life Method

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

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

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

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

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



The formula allows 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.

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# Investment Strategy

2024/25



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## Introduction

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

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

The Council invests its money for three broad purposes:

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

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

### *Possible Revisions to the Strategy*

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

## Treasury Management Investments

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £0m and £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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,000</b>

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

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

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

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

The Council will consider the following points:

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

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

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

## Service Investments: Shares

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

*Shares held for service purposes in £ thousands*

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

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

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



## Commercial Investments: Property

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

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

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

The majority of the investment property portfolio was acquired some time ago and there is no debt associated with any of the properties and the initial investment costs have been recouped many years ago. Investment properties are valued at fair value. The values of the properties will fluctuate according to market conditions prevailing from time to time, however these fluctuations do not constitute losses of capital invested. The value of investment properties included in the Council's balance sheet 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)
<b>Commercial Properties</b>				
Gross Income	925	864	1,053	987
Gross Expenditure - Excluding Capital Charges	(964)	(837)	(1,027)	(949)
<b>Net Income / (Expenditure)</b>	<b>(40)</b>	<b>27</b>	<b>26</b>	<b>38</b>
Net Service Expenditure (Whole Council)	(7,515)	(7,641)	(7,911)	(8,169)
<b>Ratio of Net Income to Net Service Expenditure</b>	<b>-0.53%</b>	<b>0.35%</b>	<b>0.35%</b>	<b>0.47%</b>

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

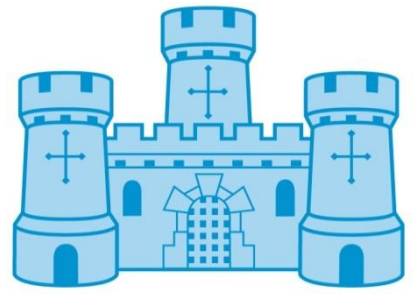
	2024/25 Estimate (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)	2028/29 Estimate (£000's)
Gross Income	1,007	1,027	1,047	1,068	1,090
Gross Expenditure	(967)	(987)	(1,007)	(1,027)	(1,048)
<b>Net Income</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>41</b>	<b>42</b>

### Vacancy Levels

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

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**NEWCASTLE  
UNDER LYME**  
BOROUGH COUNCIL

# Commercial Strategy

## 2024 to 2025



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## 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 MTF5.
- 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

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**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO**

**CABINET**

**06 February 2024**

**Report Title:** IT Data Centre Replacement

**Submitted by:** Service Director – IT and Digital

**Portfolios:** One Council, People & Partnerships

**Ward(s) affected:** All

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
To seek Cabinet approval to retire the Council's on-premises Data Centres and migrate to Microsoft Azure.			
<b><u>Recommendation</u></b> <b>That Cabinet:</b> <ol style="list-style-type: none"> <li><b>Approve the migration of the Councils applications, servers, and infrastructure to Microsoft Azure.</b></li> <li><b>Authorise the Service Director for IT and Digital in consultation with the Portfolio Holder for One Council, People and Partnerships to enter into a contract by direct award with a suitably qualified Microsoft Azure partner to provide consultancy, training and support.</b></li> </ol>			
<b><u>Reasons</u></b> <ol style="list-style-type: none"> <li>The current data centre equipment is reaching end-of-life and requires significant reinvestment.</li> <li>The use of Cloud Computing is a key element of the Council's Technology Strategy (2023-2028)</li> <li>The use of Cloud Computing provides for significant sustainability benefits, supporting the Council's target of becoming net zero by 2030.</li> </ol>			

1. **Background**

1.1 The Council's IT and Digital service supports over 400 active users, including staff, Councillors, partner organisations and suppliers. The service manages and maintains over 800 digital devices (laptops, thin clients, mobiles/tablets, meeting room equipment etc.) and over 250 servers; providing around-the-clock access to services which are core to the day-to-day business of the Authority.

1.2 The Council manages and operates two dedicated data centres, which contain several host servers. These host servers utilise 'virtualisation' where 1 host can run multiple

servers to help reduce our IT resource requirements, reduce costs, and improve performance. The Council runs over 250 servers which host key line-of-business applications to support the delivery of services to residents.

- 1.3 The council operates two data centres to spread the load and maximise performance, whilst also provide resilience in the event of an issue i.e. power outage, loss of internet connectivity.
- 1.4 Every five-years, the Council is required to purchase new server equipment. This ensures that the Council has active warranty and support agreements in place with the server manufacturer. The current equipment is now reaching this five-year point where the server manufacturer will no longer provide support for the equipment and as such, this equipment will need to be replaced.
- 1.5 The One Council programme has over the last three years, created a new operating model for the way in which we deliver services, improving the way that we interact with our customers to provide the most efficient and effective service.
- 1.6 Technology continues to move at pace and the Council must take steps to ensure that it is able to scale, adapt and benefit from such technological advancements, especially where they work to further support the Council's defence to Cyber security threats and the One Council transformation programme.
- 1.7 The Council have been exploring their options to ensure that the most appropriate replacement is implemented. One such option is to utilise Cloud Computing.
- 1.8 Cloud Computing is the delivery of computing services over the internet. Instead of buying, owning, and maintaining physical data centres and servers, cloud computing allows access to servers, storage, databases, on an as-needed basis. This can provide several benefits, including cost savings, reduction in administrative work and availability of the latest technologies and tools.
- 1.9 As part of the One Council programme, a number of key applications were already migrated to cloud computing models, managed and maintained by the relevant application developer. This prior migration has created an opportunity to review whether a full cloud computing model is a suitable replacement option for the Council's data centre environment.

## 2. **Issues**

- 2.1 The 2023-2028 Technology Strategy identifies Cloud Computing as a key deliverable due to the associated benefits, such as sustainability, agility, elasticity, and cost savings. Alongside the use of supplier-led Software as a Solution (SaaS) options.
- 2.2 The cost of the continued operation of physical data centres is an ongoing concern, as the Council is required to regularly procure new hardware, employ suitably trained engineers, purchase support contracts alongside many other associated costs such as electricity, air conditioning, fire suppression and security.
- 2.3 In the last few years, the Council has already migrated a number of applications and systems into supplier hosted cloud solutions, known as Software-as-a-Service (SaaS). SaaS provides a cloud delivery model where the software supplier is responsible for ensuring the system is available, up-to-date and secure and the Council is then only

responsible for the data and operational use of the software. This delivery model allows council officers to focus on the delivery of services to residents. However, some of the Council's applications are not suitable to operate as a SaaS model, therefore alternative hosting options are required.

### 3. Proposal

That Cabinet:

1. Approve the migration of the Councils applications, servers, and infrastructure to Microsoft Azure.
2. Authorise the Service Director for IT and Digital in conjunction with the Portfolio Holder for One Council, People and Partnerships to appoint partners to provide consultancy, workshops and training services/sessions as required.

### 4. Reasons for Proposed Solution

- 4.1 Cloud computing is playing an increasingly important role in the modern technology landscape, with more and more businesses and organisations embracing technology in virtually every aspect of their business. The cloud provides further opportunities to streamline processes and operate more efficiently than ever before, increasing productivity in the process.
- 4.2 The Microsoft Azure suite of services and tools are one of the leading cloud providers across both the public and private sectors. Microsoft invest over one billion dollars annually into the security of Microsoft Azure alone. This level of investment far outweighs the Council's available resource.
- 4.3 The Council has already made significant investment in Microsoft technology, including Microsoft 365 and Windows. Microsoft Azure provides native integration between these technologies which will work to further streamline and transform the Council's technology estate and processes. Alongside this, the Microsoft Azure platform will also allow the Council to utilise its existing Microsoft server and SQL licence agreements, providing significant cost savings as compared to other cloud hosting providers.
- 4.4 The implementation of cloud services also works towards the Council's climate change and sustainability plans, aiming to achieve net zero by 2030. The removal of on-premises server infrastructure will:
  - 4.4.1 Reduce the Council's energy consumption as the number of servers and air conditioning units being powered will reduce.
  - 4.4.2 Reduce the water consumption to the air conditioning units.
  - 4.4.3 Remove the requirement for fire suppression equipment to cover the data centre equipment.
  - 4.4.4 Reduce carbon emissions where officers and suppliers are required to attend our data centre sites to perform essential maintenance, often travelling by Car.
  - 4.4.5 Reduce the environmental impact of replacing server hardware (manufacture, on-going physical maintenance, and recycling) every five years.
- 4.5 Cloud Computing provides significant sustainability benefits. Since 2012, Microsoft Azure has been 100 percent carbon neutral. Microsoft have since announced that they are

committed to their cloud data centres being powered by 100 percent renewal energy sources by 2025.

4.6 Cloud Computing provides significant benefits in achieving the Council's Defence in Depth approach to IT Security, further supporting the existing cyber security tools that the council already has in place.

4.7 The Council has undertaken a proof-of-concept project hosting services and systems within the Microsoft Azure cloud. This concept project was successful in allowing the council to realise that the Microsoft Azure cloud is a feasible option for the future hosting of IT servers and infrastructure.

## 5. Other Options Considered

5.1 **Supplier Hosted Applications** – The suppliers for several of our applications now provide supplier hosted options, called Software-as-a-Service (SaaS). SaaS hosting is where the supplier of the application hosts, upgrades and manages the relevant application ensuring it is available. However, not all of our applications or suppliers have this option available. This would therefore prevent this option being the complete solution, although it should be noted that Supplier SaaS should be the preferred option (where available and is best value for money).

5.2 **Alternative Cloud Hosting Solutions** – The Council has already made significant investment into Microsoft products and services, in particular the Council's Microsoft Enterprise Agreement. This agreement licences the council to utilise a number of Microsoft Products, such as Windows Server and SQL. As part of this agreement, the Council can make use of the Azure Hybrid Benefit saving costs on software and servicing licences. The use of alternative cloud hosting suppliers would therefore not be cost effective for the Council.

5.3 **Physical Server** – The procurement of physical server hardware will only offset the eventual requirement for the Council to seek cloud hosting solutions. This would mean that the Council would be required to pay for migration services for existing suppliers to move their applications to the new hardware in 2024 and then again to cloud services in the future. This would not provide best value for money, nor would it meet the requirements of the Council or allow for the council to realise the available sustainability and technological benefits.

## 6. Legal and Statutory Implications

6.1 Data Protection legislation requires the Council to take every reasonable technical precaution to protect the personal information that it processes. Keeping software up to date, on well-managed, secure infrastructure is a well-recognised and accepted method of reducing the risk of a cyber-related incident and a key activity identified by the National Centre for Cyber Security.

6.2 Microsoft Azure has been awarded a large number of data compliance and security certifications, including ISO 27001, Financial Conduct Authority, PCI DSS and Cyber Essentials Plus. [[Azure Compliance](#)]

6.3 Note that Appendix A is exempt from publication (at the current time) on the basis set out in Paragraph 3 of Schedule 12A Local Government Act 1972, that it contains information relating to the financial or business affairs of any particular person, including

the authority in question. It is considered that disclosure of this information at this time would be capable of having a significant detrimental impact on the efficacy of the authority's business affairs and its financial well-being.

## 7. **Equality Impact Assessment**

7.1 No adverse impact has been identified as a result of delivering this proposal.

## 8. **Financial and Resource Implications**

8.1 The financial implications are detailed within confidential Appendix A. It is however expected that the migration to Microsoft Azure will provide a revenue saving of at least £10,000 per year.

## 9. **Major Risks**

9.2 The council runs a risk to the delivery of operational services where it fails to invest in ICT and modern technologies.

9.2.1 This is an identified risk within the Corporate Risk Management system under the ICT Services profile.

9.2.2 The council have already taken steps to mitigate this risk with control measures, such as the implementation of an IT Strategy, Consolidation of hardware and software and the One Council transformation programme.

9.2.3 The investment of a modern, future-scalable cloud platform and cloud technologies (such as Microsoft Azure) is a defined action to reduce and mitigate this risk.

9.3 The council has identified risks whereby there are a number of identified risks within the ICT risk profile relating to the failure of air conditioning, loss of utilities, loss of facilities and hardware failure within the two datacentres.

9.3.1 These risks are identified within the Corporate Risk management system under the ICT Services profile.

9.3.2 The Council have already taken steps to mitigate this risk with control measures, such as Uninterrupted Power Supplies (UPS), replication across Data Centres, automated alerts from hardware and diverse routing (using different suppliers for utilities and internet connectivity).

9.3.3 The investment of a modern, future-scalable cloud platform (such as Microsoft Azure) would reduce and mitigate this risk as we would no longer be required to keep physical server hardware at our IT data centres.

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

10.1 The proposal will contribute to UNSDG 3, 7, 8, 9, 11, 12 and 13

<https://sdgs.un.org/goals>





10.2 Microsoft Azure has committed to focus on four key areas of environmental impact to local communities – carbon, water, waste, and ecosystems. As part of this, they have set 4 key deliverables; 100% renewable energy by 2025, water positive by 2030 (replenish more water than they consume), Zero-waste certification by 2030 and net-zero deforestation from new construction. [[Azure Sustainability – Microsoft Azure](#)]

11. **Key Decision Information**

11.1 This is not considered to be a key decision.

12. **Earlier Cabinet/Committee Resolutions**

12.1 None.

13. **List of Appendices**

13.1 Appendix A

14. **Background Papers**

14.1 None.



**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S**

**REPORT TO CABINET**

Choose an item.

**06 February 2024**

**Report Title:** Procurement of the Council's Long Term Agreement insurance Providers

**Submitted by:** Corporate Leadership Team

**Portfolios:** Finance Town Centres & Growth

**Ward(s) affected:** All

<b><u>Purpose of the Report</u></b>	Key Decision Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<p>a) Cabinet to note the process for re-procurement of the Council's Insurance Providers for its long term Insurance portfolio;</p> <p>b) Cabinet to authorise officers to approve the formal award contracts following completion of the procurement process to the 'Most Economically Advantageous Tenderers'.</p>	
<b><u>Recommendation</u></b>	
<p>That</p> <p><b>1. Cabinet note the procurement process adopted by officers;</b></p> <p><b>2. Authorise officers to award contracts via the Council's insurance broker Marsh Limited to the successful providers following a compliant procurement process utilising the 'Yorkshire Purchasing Organisation' (YPO) Insurance Placement DPS - 978 framework based on the 'Most Economically Advantageous Tender(s)'.</b></p>	
<b><u>Reasons</u></b>	
<p>The Council's portfolio of insurance policies are due to expire on 27<sup>th</sup> February 2024 and are therefore subject to a tender process. As the aggregated contract value (over the life of the contract) exceed current Procurement Thresholds, it was therefore necessary to advertise the contract on the Find A Tender Service portal or utilise a compliant procurement framework.</p>	

**1. Background**

- 1.1 The Council's portfolio of insurance policies was last tendered in 2016 with awards being made via the Council's insurance broker (Marsh Limited) to RMP (Risk Management Partnership) and Travelers Insurance. The contract period at the time was for 5 years with officers utilising the possibility to extend for a further 2 years during the Covid pandemic, plus a further year due to staffing issues.
- 1.2 The Council's insurance broker Marsh Limited supported the procurement process at the time in 2016.
- 1.3 Marsh Limited have supported officers in the delivery of the new procurement based on their long-standing knowledge and expertise within the public sector insurance market sector.

## 2. **Issues**

- 2.1 There have been a number of issues impacting on the current LTA renewal, these include:
- 2.1.1 Market volatility has resulted in year on year increases during the annual reviews, contributing to the erosion of the initial savings made at the time of the of previous procurement process. It is expected that the Council will face similar market volatility during the period of the next contract, faced with ever changing national and world events;
  - 2.1.2 There is an expectation that the year on year hardening of the insurance market will continue throughout the contract period which may impact and result in increased insurance premiums;
  - 2.1.3 A likely increase in the asset value of the Council's property portfolio based on a change (uplift) to the standard rates used in evaluating these assets;
  - 2.1.4 Some insurers being selective on which insurance portfolios they will cover and the level of such cover offered.
- 2.2 Officers in acknowledging the need to identify savings have worked with internal services to scope their needs and ensure that the requirements contained in the specification reflect the needs of the Council e.g.:
- 2.2.1 Property portfolio: where possible we have worked to ensure that this data is up to date, contains no duplication and reflects the increase in asset valuations;
  - 2.2.2 Property portfolio: that the council's corporate insurance team are made aware of proposed changes and/or modifications to any of its property portfolio as any such changes may impact on the level of cover (being under-insured) and/or the incumbent insurer declining continuation of cover;
  - 2.2.3 Fleet portfolio: reflects the current position and that any future changes are notified to the corporate insurance team along with any service risks, enabling early engagement with the Council's insurers to ensure such risks are fully covered under the policies;
  - 2.2.4 Council lease cars: the use of such have (and will continue) to reduce since the previous procurement exercise;
  - 2.2.5 ICT portfolio: has been updated and reflects the current needs inclusive, cyber risks have recently been assessed and the general feedback is that insurance for this risk would not be available;
  - 2.2.6 Plant and equipment needs: will continue to reflect the council's current requirements;

## 3. **Proposal**

- 3.1 Having reviewed procurement options available with the support of the Council's broker, Marsh Limited the preferred option was using the Yorkshire Purchasing Organisation (YPO) Insurance Placement Dynamic Purchasing System (DPS). – 978.
- 3.2 To approve the award of contracts following completion of the procurement process to the 'Most Economically Advantageous Tenderers'.

#### 4. **Reasons for Proposed Solution**

##### 4.1 The proposed framework offers:

- in excess of 50 suppliers across a range of insurance categories;
- widespread use by other local authorities as opposed to other available frameworks;
- the DPS offered new entrants an opportunity to join the framework during the initial procurement process undertaken by YPO;
- lower charges than those of other framework providers;
- a speedier compliant route to market.

4.2 The award of contract allows a financial saving (in the first year) of circa £40,000 on the current portfolio.

#### 5. **Options Considered**

5.1 Options considered prior to the commencement of the procurement process included:

5.2 Option 1 – Open Market Tender: the previously used route was to undertake the procurement process by way of a negotiated procedure advertising at the time in the Official Journal of the European Union (OJEU), now Find A Tender Service (FaTS). Lessons learned from this exercise was that whilst officers delivered savings in the bids received there was very limited interest from insurance providers as part of the tender process.

5.3 Option 2 – Utilisation of a Compliant Framework: officers have considered with the support of their broker (Marsh Limited) two available frameworks:

- Crown Commercial Services (CCS) Insurance Services 3 DPS (RM6138 - listing circa 17 suppliers across a range of insurance categories) and
- Yorkshire Purchasing Organisation (YPO) Insurance Placement DPS – 978 (listing in excess of 50 suppliers across a range of insurance categories).

From market intelligence gathered (since the Council last carried out its insurance procurement), there is evidence that the public sector are adopting greater use of compliant procurement frameworks. These frameworks contain a good spread of providers, with some new entrants to the public sector market, and improved interest in bidding for local authority insurance portfolios.

5.4 Option 3 – Contract Extension: the Council's current insurers had indicated (when asked) an opportunity for a further twelve month contract extension. This would require officers seeking a further waiver to the Council's Contract Procedure rules. This route would also further delay an opportunity to examine the possibility of any financial benefits.

5.5 Option 4 – to do nothing and adopt a Self-Insurance approach: rejection of the above options would result in officers having to self-insure.

Based on the likely resourcing needs, increased risks and cost uncertainty, officers would not recommend the use of such an approach based on the need to fund all insurance claims made, deal directly with all claims handling and employ solicitors to represent the council should a need arise.

#### 6. **Legal and Statutory Implications**

6.1 Most employers are required by law under the "Employers' Liability (Compulsory Insurance) Act 1969" to insure against liability for injury or disease to their employees arising out of their employment. Public liability insurance is different. It allows cover for claims made against the organisation by members of the public or other businesses, but not for claims by employees. While public liability insurance is generally voluntary, employers' liability insurance is

compulsory. The organisation is liable to legal action resulting in fines where employers' liability insurance is not maintained.

- 6.2 The use of the YPO Insurance Placement DPS – 978 offers legal compliance from a procurement perspective, reducing the risks of challenge and offering compliance with PCR2015 and the Council's internal governance procedures.

## 7. **Equality Impact Assessment**

- 7.1 No differential equalities impacts linked to the delivery of this procurement and service delivery identified.

## 8. **Financial and Resource Implications**

- 8.1 The Council has established set budgets for delivery of its insurance portfolio;
- 8.2 An annual review of the LTA will continue to be a requirement of the process, with officers advising that the rates may fluctuate based on a range of reasons (examples include (but are not limited to) market conditions; economic pressures; and the Council's preceding annual claims profile;
- 8.3 Historic spend shows the following profile:
- 2022/23: £340,668
  - 2021/22: £357,297
  - 2020/21: £307,442
  - 2019/20: £304,780
- 8.4 The costs for the first year of the new LTA are estimated to be in the region of £300,000 and will be finalised once the stand-alone terrorism costs have been provided (the previous year costs were £4,698.75) and claims handling costs finalised (expected to be in the region of £3,000).

## 9. **Major Risks**

Risks identified are:

- 9.1 Rejection of officer proposal would lead to insurance renewal timescales not being met, a mitigation measure has been established in that, the Council's current insurers have indicated a willingness to extend the existing contract by a further twelve months, however at this late stage this is not an option your officers would want to pursue.
- 9.2 Officers have identified a worst-case scenario, should the preferred option be rejected, in that the council may have to self-insure – this would put extra strain on current resources – the council having to deal with all claims in house and employ/instruct solicitors to deal with any litigated claims.

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

- 10.1 Delivery of the Council's Long Term Insurance Agreement contributes to the following Sustainable Development Goals:





11. **Key Decision Information**

11.1 This is a key decision based on the aggregated value of the contract over the contract term plus extensions if utilised.

12. **Earlier Cabinet/Committee Resolutions**

12.1 There are no earlier Cabinet/Committee resolutions linked to this report.

13. **List of Appendices**

13.1 There are no supporting appendices.

14. **Background Papers**

14.1 There are no background papers.

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**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO CABINET**

**06 February 2024**

**Report Title:** Procurement of Streetscene and Mobile Multi Functional (MMF) Vehicles & Plant

**Submitted by:** Service Director – Sustainable Environment

**Portfolios:** Sustainable Environment

**Ward(s) affected:** All

<p><b><u>Purpose of the Report</u></b></p> <p>To gain Cabinet approval to replace the current fleet of Streetscene 3.5 tonne and 4.5 tonne pickup vehicles on a direct award basis utilising The Procurement Partnership Limited (TPPL) procurement framework. The 3.5 tonne pickups are the optimum vehicle for the purpose and cost effective to replace with electrical driven versions (EV's) available. Additionally following agreement to take on the operation of urban highway grass cutting from the County Council, there is a need to procure additional mowing equipment in the form of ride on mowers utilising the ESPO framework.</p>	<p><b><u>Key Decision</u></b>    Yes <input checked="" type="checkbox"/>    No <input type="checkbox"/></p>
<p><b><u>Recommendation</u></b></p> <p><b>That Cabinet</b></p> <ol style="list-style-type: none"> <li>1. Approves the direct award process for 12 (3.5 &amp; 4.5 tonne) pickup vehicles utilising the TPPL procurement framework</li> <li>2. Approves the procurement of ride on mowers through a mini competition process utilising the ESPO procurement framework.</li> <li>3. That our Streetscene and two MMF 3.5 tonne pickups, are replaced by electrically driven vehicles.</li> </ol>	
<p><b><u>Reasons</u></b></p> <p>The current Streetscene fleet, consisting of 3.5 and 4.5 tonne pickups are now coming to the end of their economic life and need to be replaced. The MMF service is currently operating utilising hire vehicles, and needs permanent vehicles moving forward. The market for electric vehicles has increased significantly since the vehicles to be replaced were procured, therefore there now exists a viable option to procure a number these vehicles powered by electricity.</p> <p>The Council's current fleet of ride on mowers are scheduled for replacement in the next twelve months, however with agreement now reached with the County Council to take on</p>	

the operation of the urban highway grass cutting on their behalf, there is a need to purchase two additional ride on mowers in order to fulfil that contract.

## 1. **Background**

- 1.1 The current fleet of Streetscene pickups were procured in 2016 and are scheduled in the Council's fleet replacement programme to be replaced. Additionally, the Council's fleet of ride on grass cutting mowers are scheduled for replacement in the next twelve months.
- 1.2 The current fleet consists of six 4.5 tonne crew cab pickups, four 3.5 tonne single cab pickups. The 4.5 tonne pickups are also used for towing trailers and moving plant and equipment mainly used for grounds maintenance operations, mowers etc.
- 1.3 The market for Electric Vehicle's (EV's) has grown considerably in the last few years, and where there were no electrically powered pickups economically available to purchase when the current fleet was procured in 2016, there are now a number of options which are available and are a positive alternative to diesel powered vehicles of this type. However, they are not currently suitable for replacement of the 4.5tonne pickups, which also need to tow relatively heavy plant and equipment such as mowers.
- 1.4 Officers have for a number of years worked closely with TPPL who are a private limited company offering a range of procurement solutions and services to the Public Sector. Their products and services maximise the efficiency of its member organisations, drive value for money and meet PCR2015 compliance regulations (NuLBC being a listed member).
- 1.5 Through TPPL's collaborative approach, members are able to obtain fully supported procurement solutions, with the benefit of product specific technical expertise to help scope product and procurement specifications. By blending Public Sector values with Private Sector ethos, they maximise member's purchasing power, to both save money and to improve quality.

## 2. **Issues**

- 2.1 The current Streetscene fleet is now seven years old and due for replacement before maintenance costs start to escalate. The MMF team was set up in 2023, and is currently utilising hired vehicles, which is not financially sustainable in the long term
- 2.2 The Council needs to decarbonise its operations and meet its net zero target by 2030. As part of this aim, use of EV's needs to increase significantly and this procurement opportunity allows positive progress to be made in reaching this goal.

- 2.3** The Councils fleet of ride on mowers are scheduled for replacement in the next twelve months. Confirmation of the Council undertaking the urban highway grass cutting operation requires two additional mowers, and therefore, a procurement exercise for these items of plant is required.

### **3. Recommendation**

#### 3.1 That Cabinet

- Approves the direct award process for 12 (3.5 & 4.5 tonne) pickup vehicles utilising the TPPL procurement framework
- Approves the procurement of ride on mowers through a mini competition process utilising the ESPO procurement framework.
- That our Streetscene and two MMF 3.5 tonne pickups are replaced by electrically driven vehicles.

### **4. Reasons**

- 4.1 The current fleet of Streetscene pickups are at the end of their economic life and are scheduled for replacement as part of the Councils agreed fleet replacement capital programme. The MMF team are currently utilising two hired vans, which need to be replaced with more appropriate permanent vehicles moving forward.
- 4.2 The Council needs to maximise its opportunities to move away from combustion engine vehicles where possible in order to meet its net zero target for 2030.

### **5. Options Considered**

- 5.1 Defer replacement of the pickups to the following year; however, they are now seven years old and starting to require greater maintenance to keep them safe and roadworthy.
- 5.2 Not to replace any of the pickups with electrically driven vehicles and stick with diesel using HVO fuel. The Council needs to decarbonise its operations by 2030, and currently only has a small number of EV's. The Council needs to take the opportunity to build its EV fleet when economic to do so, and start learning lessons from running and maintaining EV's to inform on future purchases.



- 5.3 Is there a lease option with a presumption that this would not be cost effective to the Council?

## 6. **Legal and Statutory Implications**

- 6.1 The use of the TPPL framework for the Streetscene and MMF vehicles, offers a compliant procurement process in line with Public Contract Regulations 2015.
- 6.2 The use of the ESPO framework for the supply of the ride on mowers also offers a compliant procurement process in line with Public Contract Regulations 2015.
- 6.3 Regularity and Assurance Compliance has been established as part of the methodology offered by both suppliers proposal/s.

## 7. **Equality Impact Assessment**

- 7.1 There are no equality impact implications arising from this report.

## 8. **Financial and Resource Implications**

- 8.1 The fleet replacement approved capital programme has £420,000 allocated for the replacement of Streetscene pickups and £162,000 allocated for replacement ride on mowers. Two additional mowers are required to fulfil the urban highway grass cutting operation. The funding for these will be supported from the agreed service fee paid by the County Council.
- 8.2 Soft market testing utilising the TPPL framework indicates there is sufficient funding within the Councils fleet replacement capital programme to replace the Streetscene fleet including the purchasing of four EV's.
- 8.3 The purchase of two pickups for the MMF service will cost £60,000, which is equivalent to the current hire costs for vehicles based over a seven-year life.
- 8.4 Moving forward the service and maintenance costs should be cheaper for the EV's than equivalent diesel-powered vehicles. However, the council is now at the point where workshop technicians need to be provided with specific training regarding maintaining EV's as more of the fleet moves over to them in the coming years.
- 8.5 There will be a possible income from the sale of existing fleet of vehicles. This is difficult to predict, as the market continually fluctuates, but the market for used vehicles is currently quite strong.

## 9. **Major Risks & Mitigation**

- 9.1 The move to EV's is vital if the Council is to reach its net zero target by 2030, and the Council will need to ensure it has sufficient Capital provision, or

alternative finance options in place to replace vehicles with combustion engines moving forward.

- 9.2** The Council will need to consider the installation of necessary and appropriate electrical charging infrastructure at its depot. This is currently being considered and actioned through a joint project with three other LA's with in-house operational services in the Staffordshire Waste Partnership (SWP) to be completed during 2024.

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

- 10.1** The current fleet of diesel powered pickups generates 51.80 tonnes of CO2 per year
- 10.2** The new fleet with six electrically powered vehicles, and the others utilising HVO instead of white diesel will achieve a carbon reduction of 48.67 tonnes of CO2 (94% reduction).
- 10.3** The new fleet of vehicles and plant will contribute to the following UN Sustainable Development Goals.



**11. Key Decision Information**

- 11.1** This is a key decision due to the procurement process being above the Capital threshold in the Councils financial regulations.

**12. Earlier Cabinet/Committee Resolutions**

- 12.1** March 2023 Cabinet approval to procure refuse collection vehicles (RCV's) and streetscene sweepers.

**13. List of Appendices**

- 13.1** None

**14. Background Papers**

**14.1** None

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO CABINET**

**06 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

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
To notify Cabinet of the continuing disregard of War Pensions and War Widow(er)'s Pension in calculating Housing Benefit entitlement and Council Tax Reduction and to refer the report to Council for approval.	
<b><u>Recommendation</u></b>	
<p><b>That Cabinet:</b></p> <p>Notes the report and refers it to Council to approve the disregard of War Pensions and War Widow(er)'s pensions:-</p> <p>(a) in full as income above the statutory £10.00 per week disregard in the calculation of Housing Benefit entitlement and</p> <p>(b) in full as income in relation to the means tested assessment of Council Tax Reduction Scheme discount.</p>	
<b><u>Reasons</u></b>	
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 Cabinet notes the report and refers it to Council to approve 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 £2,244

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 None

## 13. List of Appendices

- 13.1 None

## 14. Background Papers

- 14.1 None

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADESHIPS TEAM'S**

**REPORT TO CABINET**

**6 February 2024**

**Report Title:** Corporate Enforcement Policy 2024

**Submitted by:** Service Director – Regulatory Services

**Portfolios:** One Council, People and Partnerships, Finance, Town Centres and Growth, Community Safety and Wellbeing, Sustainable Environment.

**Ward(s) affected:** All Wards

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<p><b><u>Purpose of the Report</u></b></p> <p>The current Corporate Enforcement Policy requires updating to reflect current regulatory practices for which Newcastle under Lyme Borough Council has statutory responsibility. It should be noted that there is a separate local planning enforcement policy [Reference: <a href="https://www.newcastle-staffs.gov.uk/policies-1/local-planning-enforcement-plan">https://www.newcastle-staffs.gov.uk/policies-1/local-planning-enforcement-plan</a>]</p>	
<p><b><u>Recommendations</u></b></p> <p><b>That Cabinet approves the Corporate Enforcement Policy 2024 for the Borough as attached at Appendix A to this report.</b></p> <p><b>That the Cabinet agrees to the Enforcement Policy 2024 being presented to Council for formal approval and adoption.</b></p>	
<p><b><u>Reasons</u></b></p> <p>The proposed policy sets out the Council's approach to regulation and enforcement across all functions and service areas (except Planning) and explains the principles aimed at securing compliance. The emphasis is on advice and guidance with escalation to informal and formal enforcement sanctions dependent on each individual situation. The policy identifies and explains these sanctions.</p>	

**1. Background**

- 1.1 Newcastle under Lyme Borough Council is responsible for the regulation and enforcement of a wide range of legislation covering a broad spectrum of functions and service areas. The current enforcement policy was written in 2018 and requires review. The policy includes all regulatory and enforcement matters (except Planning) in order to provide a consistent approach across the Council.

## 2. Issues

- 2.1 The revised policy sets out the Council's approach to regulation across all functions and service areas (except Planning) and explains the principles aimed at securing compliance.
- 2.2 It is recognised that achieving compliance at any cost is not acceptable. However, effective regulation promotes economic growth and prosperity and protects individuals, the community and the environment from harm. The revised policy recognises that this is achieved more effectively through cooperation with the community, individuals and forging closer links between regulators and businesses. It emphasises the need to target regulatory activity and resources away from those who are considered largely compliant towards those who give rise to the highest risk and cause the greatest detriment and harm.
- 2.3 The revised policy addresses the principle that individuals as well as businesses have a duty to comply with legislation.
- 2.4 It is accepted that on rare occasions the Council may need to deviate from the proposed policy. Where this is the case, it must be clearly justified, authorised by the Chief Executive or Deputy Chief Executive and fully documented.
- 2.5 The policy scope does not extend to Planning as this does not align with the priority of proactive development management or with current National Planning Practice Guidance. A recent Planning Enforcement Plan was approved at Council in November 2023.

## 3. Recommendation

1. **That Cabinet approves the Corporate Enforcement Policy 2024 for the Borough, as attached at Appendix A to this report.**
2. **That the Cabinet agrees to the Corporate Enforcement Policy 2024 being presented to Council for formal approval and adoption.**

## 4. Reasons

- 4.1 The existing enforcement policy requires updating to include new sections on:

- Civil Penalties [Section 4.1.10]
  - Bankruptcy and Winding-Up Petitions [Section 4.1.17]
  - Mediation [Section 4.1.19]
- 4.2 The desire for enforcement matters to be considered in a consistent and co-ordinated approach across the Council.
- 4.3 To follow the principle of openness in providing clear information in plain language about how we carry out our work.
- 4.4 The approach supports better regulation for businesses.
- 4.5 The policy supports the key priorities for the Borough
- **Priority one: One Council delivering for local people** which underpins our work.
  - **Priority two: A successful and sustainable growing borough;** protecting our communities by improving how we use our enforcement powers.
  - **Priority three: Healthy, active and safe communities;** building on our work with Staffordshire Police and other partners to reduce anti-social behaviour and crime in our communities.
- 4.6 This is a living document and comments on the policy are welcomed throughout the duration of the policy.

## 5. Options Considered

- 5.1 Retaining the existing policy agreed in 2018. This would potentially leave the Council open to challenge in terms of 'openness' by providing information and advice about how we approach enforcement. The updated policy reflects up to date guidance and best practice.

## 6. Legal and Statutory Implications

- 6.1 The preparation and publishing of the policy is not in itself a legal requirement. However, the Regulators' Compliance Code, issued in accordance with section 22 of the Legislative and Regulatory Reform Act 2006, requires regulators to have regard to this Code. The Code came into statutory effect on 6 April 2014. The adoption of a policy is considered to be best working practice and will assist the Council to demonstrate that it has regard to the Code.

## 7. Equality Impact Assessment

- 7.1 The proposed policy is a revision of a policy previously adopted by Newcastle under Lyme Borough Council. An Equalities Impact Assessment has however been undertaken. There are no risks identified following the assessment. The proposed policy is consistent with national guidance on regulation and Officers must have due regard to Code C of PACE that protects young and vulnerable persons.



## 8. **Financial and Resource Implications**

- 8.1 There are no financial implications associated with the recommendation.
- 8.2 Enforcement actions is usually undertaken within existing budgets. Where existing budgets are unlikely to meet the financial costs of such action, then this will be the subject of a separate report.

## 9. **Major Risks & Mitigation**

- 9.1 A GRACE risk assessment has been completed including the following main risks:
- Legal challenge on content of policy.
  - Legal challenge on application of policy.
- 9.2 Controls have been identified and implemented in order to control these risks; the main controls include:
- Policy recognises current legal requirements.
  - Policy recognises current best practice and guidance in respect of enforcement.
  - Policy is a live document, which can be updated.

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

- 10.1 The proposal, by achieving (whatever) contributes towards the following UNSDGs



## 11. **Key Decision Information**

- 11.1 This is a key decision as it will affect more than two wards.

## 12. **Earlier Cabinet/Committee Resolutions**

- 12.1 The Council meeting on 21st February 2018 considered and approved the Corporate Enforcement Policy 2018-21. Minute number 12.

## 13. **List of Appendices**

- 13.1 Appendix A – Enforcement Policy 2024.

## 14. **Background Papers**

- 14.1 Local Government Concordat on Good Enforcement

## 14.2 The Regulators Compliance Code

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# ENFORCEMENT POLICY

2024 - 2027



NEWCASTLE  
UNDER LIME  
BOROUGH COUNCIL



<b>Document Control</b>	
Prepared by:	Regulatory Services
Title	Enforcement Policy
Status	DRAFT
Author	Nesta Barker
File Name	NULBC Enforcement Policy 2024-2027
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Version	Date	By	Summary of Change
1.0	18/02/2014	N Henshaw	Creation
1.1	19/03/2014	N Henshaw	Comments from EH incorporated
1.2	09/05/2014	N Henshaw	Comments from Corporate enforcement working group. Approved by Council 04/06/2014
2.0	03/01/2018	N Barker	Review & Update
2.1	21/02/2018	Council	Sec 1 include 'firm' and approval
3.0	28/11/2023	A Morgan	Review & Update

<b>Approval Signature</b>			
Name: Nesta Barker	Service Director – Regulatory Services	Date	
Name:	Chief Executive	Date	
Council	Approved	Date	





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## 1.0 INTRODUCTION

Fair and effective enforcement is essential for the economic interest and protection of the public, business and the environment.

This enforcement policy provides guidance to officers, businesses and the general public on the range of options that are available to achieve compliance with legislation enforced by Newcastle-under-Lyme Borough Council. This policy applies to all areas except Planning, which is available [here](#).

The decisions of the Council and its officers about enforcement action, and in particular the decision to prosecute, have serious implications for all involved. The aim of this policy is to set out the principles that apply when the Council conducts its enforcement work and should be read in conjunction with the [Officers scheme of delegation](#). By applying the same principles, everyone involved in the decision-making process is treated fairly, and our business is conducted effectively.

This Policy is adopted by Newcastle-under-Lyme Borough Council (hereafter referred to as 'the Council').

Specific guidance on the particular approach may also be provided – any additional guidance will be in accordance with the approach taken by this policy. For example Regulatory Services has additional guidance that sits below the Enforcement Policy to guide housing law decisions which is available [here](#).

The Council believes that most businesses and individuals want to abide by the law and will assist them where possible. The Council recognises that prevention is better than cure, but firm action will be taken against those who break the law or act irresponsibly.

## 2.0 PRINCIPLES AND PROCEDURES FOR GOOD ENFORCEMENT

The Council has adopted the Central and Local Government Concordat on Good Enforcement. The Legislative and Regulatory Reform Act 2006 also places a duty on the Council to have regard to the 'Principles of Good Regulation' when exercising specified regulatory functions.

The 'Principles of Good Regulation' together with the principles set out in the Concordat, are intended to ensure:

- **Standards:** provide and publish clear standards setting out the level of service and performance provided by the Council.
- **Openness:** provision of information and advice in plain language about how we carry out our work, including consultation with stakeholders.

Classification: NULBC **UNCLASSIFIED**



- **Helpfulness:** provision of advice and assistance on compliance in a courteous efficient and prompt manner.
- **Proportionality:** when making a decision on appropriate enforcement action, Officers will, where discretion is allowed, consider both the circumstances of the case and history of the parties involved and will ensure that the remedial action required is proportionate to the risks and/or disadvantage created by the non-compliance, that it reflects any advice issued by Central Government or other co-ordinating bodies and takes into consideration relevant advice, Policy and the aims of the Council.
- **Consistency:** duties to be carried out in a fair, equitable and consistent manner and with arrangements in place to promote consistency.
- **Transparency:** access to information regarding regulatory procedures and decisions to be freely available.
- **Accountability:** the Council will be accountable for the efficiency and effectiveness of its regulatory activities.
- **Targeting:** the Council accepts that its enforcement resources are limited and, where appropriate, this should be focused on those persons or companies whose activities give rise to the risks which are most serious or least well controlled on their own premises or public open space. Enforcement is informed through intelligence arising from an investigation or complaints, planned projects, special surveys, enforcement initiatives or as a requirement from a Government Department.
- **Confidentiality:** the Council will ensure information provided in confidence is treated accordingly.

## 2.1 The Regulator's Compliance Code

The Council will have regard to the Regulators' Compliance Code with a view to achieving regulatory outcomes without imposing unnecessary burdens on businesses, organisations and other regulated entities.

The Regulators' Code states that Regulators should;

- Carry out their activities in a way that supports those they regulate to comply and grow.
- Provide simple and straightforward ways to engage with those they regulate and hear their views.
- Base their regulatory activities on risk.
- Share information about compliance and risk.
- Ensure clear information, guidance and advice is available to help those they regulate meet their responsibilities to comply.
- Ensure that their approach to their regulatory activities is transparent.



In certain instances, we may conclude that the provision of the Regulators' Code is either not relevant or is outweighed by another provision. We will ensure that any decision to depart from the code will be properly reasoned, based on material evidence, and documented.

## 2.2 Our Aims

We will

- aim to change the behaviour of the offender;
- aim to eliminate any financial gain or benefit from non-compliance;
- be responsive and consider what is appropriate for the particular offender and regulatory issue, which can include punishment and the public stigma that should be associated with a criminal conviction;
- be proportionate to the nature of the offence and the harm caused;
- aim to restore or redress the harm caused by regulatory non-compliance, where appropriate; and
- aim to deter future non-compliance.

## 2.3 Our Objective

Our primary enforcement objective is to achieve regulatory compliance. There are a wide range of tools available to us to achieve compliance. Where enforcement action is deemed appropriate we will choose an enforcement method that is relevant and proportionate to the offence or contravention.

## 2.4 Our approach to enforcement

Each case is unique and will be considered on its own facts and merits.

In arriving at a decision to recommend formal action officers will be fair, independent, and objective.

We will not let any personal views about ethnic or national origin, sex, age, religious beliefs, political views, or sexual orientation of the suspect, victim or witness influence their decisions.

We will not be affected by improper or undue influence from any source.

We will comply with the relevant codes of the Police and Criminal Evidence Act 1984. This Act applies to all enforcement bodies, including local authority enforcement teams





We will take account of both national priorities for local government enforcement together with local priorities based on evidence or emerging need. We will focus enforcement on matters;

- with the greatest risk to public health, safety, animal health, the economic or environmental wellbeing of the community,
- those where we believe there is an expectation from our residents, businesses or elected members that action should be taken,
- to achieve the priorities of the Council including those set out in [Council's Plan](#).
- where repeated incidents or breaches of regulatory requirements, which are related.
- where formal enforcement action is necessary the person responsible should be held to account. Where several persons share responsibility, we will take action against those who can be regarded as primarily in breach

### **3.0 ENFORCEMENT FOR COMPLIANCE**

#### **3.1 Inspection and Intervention Programme**

Relevant business activities and/or premises are risk assessed to inform an inspection and/or intervention programme, and the level of risk is reviewed regularly. We will focus our greatest inspection effort on those regulated where risk assessment shows that both:

- A compliance breach or breaches would pose a serious risk to a regulatory outcome or to health or the environment;
- There is high likelihood of non-compliance by those regulated.

Inspection and intervention frequency will generally be risk based, but may additionally be determined by set, or prescribed, intervals and additional interventions may take place as part of a local or national campaign.

Visits are also made to businesses for other reasons, such as advice, as a result of an allegation or for a sample or test purchase and will probably be without prior notice.

#### **3.2 Sampling Programme**

The purpose of sampling is to protect public health and the environment and to verify standards. This enables officers to provide information and advice to improve business practices.





A sampling programme sets out samples, test purchases (e.g. foodstuffs) the collection of materials (e.g. soil, air, water) taken in response to enquiries, as a part of a planned survey/exercise or as a result of officer or national initiatives. The programme sets out planned activities and targets for the year, concentrating efforts into risk-assessed areas of trade or products in order to ensure the most effective use of resources.

### 3.3 Primary Authority Principle

Under Primary Authority, a local authority partners with a business or group of businesses to provide them with regulatory advice that other authorities have to respect. Primary Authority is a statutory scheme underpinned by Statutory Guidance which includes obligations for local authorities

We will consider requests for prospective partnerships from businesses which have their decision-making base within the Borough.

Where businesses have a Primary or Home Authority elsewhere, officers will follow the inspection plan for that business and will contact the Primary Authority at the earliest practicable time.

### 3.4 Statutory Notifications

Where appropriate we will consult and work with a wide range of other agencies and report incidents and enforcement actions to relevant bodies, such as

- Department for Business Energy and Industrial Strategy;
- Department for Levelling up, Housing & Communities
- Department for Environment Food and Rural Affairs;
- Department for Work and Pensions;
- DVLA;
- Environment Agency;
- Health and Safety Executive;
- Food Standards Agency;
- Office of Fair Trading;
- Staffordshire County Council;
- Staffordshire Fire and Rescue;
- Trading Standards;
- UK-Health Security Agency

and any other relevant statutory bodies.



We will respond appropriately to notifications, such as notifications from the Health and Safety alerts and food safety alerts from the Food Standards Agency. Information will be shared with other regulators where it is appropriate to do so.

The authority will work alongside partner agencies in pursuit of the objectives of the Serious Organised Crime Strategy which aims to reduce the level of serious and organised crime by maintaining the Pursue, Prepare, Protect and Prevent delivery framework;

- To pursue offenders through prosecution and disruption
- To prepare for when serious and organised crime occurs and mitigate impact
- To protect individuals, organisations and systems from the effects of serious and organised crime
- To prevent people from engaging in serious and organised crime

### 3.5 Enforcement Visits

When conducting enforcement visits, other than for test purchasing or covert purposes, officers will make their identity known and explain why they are there. Officers may make combined visits with other agencies where there is a shared and/or aligned enforcement role.

### 3.6 Evidence Gathering

The authority will record complaints it receives and the action it takes in response. We will encourage those who provide information to supply their contact details and explain how the information they provide may be used. Generally, the authority will only be able to take enforcement action if their account can be confirmed in a form admissible to the courts – i.e. witness statement.

Officers may also identify potential non-compliance as part of their routine duties.

We may use search engines, internet listings companies, and review publically shared social media to establish, for example to confirm if businesses operate from within Newcastle-under-Lyme Borough. Where this information suggests there needs to be registered or licensed etc. we will contact them to advise them of their obligation, escalating our actions if they fail to respond promptly.

Officers will only carry out covert surveillance where such action is justified and endeavours to keep such surveillance to a minimum. Any officer intending to acquire data covertly will only do so if the evidence or intelligence sought cannot be obtained by any overt other means. All covert surveillance will be undertaken in accordance with the Councils 'Policy and Guidance on the use of RIPA' (Regulation of Investigatory Powers Act 2000 as amended)

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### 3.7 Enforcement in Local Authority Establishments

Officers will carry out enforcement within local authority owned, occupied or operated premises (e.g. crematorium for pollution, prevention and control and leisure centres, fly tipping on Council land) in a manner consistent with any other business. Any serious breaches of law that may be detected in such establishments will be brought to the attention of the responsible Service Director and Chief Executive without delay.

Contract caterers that operate within Local Authority establishments will be assessed in accordance with the Food Law Code of Practice and be inspected accordingly.

### 3.8 Powers of Entry

In most circumstances the exercising of powers of entry is unnecessary because access is voluntarily given. If access is denied, then officers may exercise powers of entry which may be immediate or may require at least 24 hours written notice of the intention to enter a premises.

Where appropriate we will seek to obtain a warrant from the Magistrates' Court to enter premises where legislation provides for this and the circumstances justify the action.

We will have appropriate regard to the Protection of Freedoms Act 2012 and the associated Code of Practice on Powers of Entry

<https://www.gov.uk/government/publications/powers-of-entry-code-of-practice>

## 4.0 ENFORCEMENT OF NON-COMPLIANCE

### 4.1 Levels of enforcement action

In assessing what enforcement action is necessary and proportionate,;

The options available (but not limited to) are:

#### 4.1.1 No Action

In certain circumstances, contraventions of the law may not warrant any action. Consideration will be given to whether the resultant cost of action would outweigh the detrimental impact of the contravention (sometimes referred to as the public interest test). A decision of no action **may** also be taken where formal enforcement



is inappropriate in the circumstances. In such cases we will advise the offender of the reasons for taking no action.

#### **4.1.2 Informal Action and Advice**

For minor breaches of the law, we may take informal action.

Informal action can include advice, verbal or written warnings, letters requiring action, inspection reports. We will clearly identify any contraventions of the law and give advice on how to put them right, including a deadline by which this must be done.

The time allowed will be reasonable and take into account the seriousness of the contravention and the implications of the non-compliance. Failure to comply could result in an escalation of enforcement action.

We will be clear about what are requirements and what are recommendations.

#### **4.1.3 Fixed Penalty Notices**

Certain offences may be dealt with by fixed penalty notices (FPN) where prescribed by legislation. An FPN is recognised as a low-level enforcement tool and avoidance of a criminal record for the defendant.

In certain instances, a FPN is the only enforcement option e.g. evidence of smoke from a chimney in a smoke control area

In other instances, we have an option to administer a FPN on the first occasion without issuing a warning. Such matters may include dog fouling, littering, waste disposal activities, breach of a PSPO (Public Space Protection Order). This list is not exhaustive.

The alleged offender's choice to not cooperate with the officer (e.g. refuse to give a name and address), to dispute or not pay the FPN may result in the case being escalated to the Magistrates Court.

We will only offer a FPN where we have robust evidence that an offence has been committed by the individual. This may be evidence gathered directly by Council Officers, or that passed to officers by partners documented in a form admissible to the courts.





#### 4.1.4 Penalty Charge Notices

Penalty Charge Notices (PCNs) (e.g. parking tickets) are prescribed by certain legislation as a method of enforcement by which the offender pays an amount of

money to the enforcer in recognition of the breach. Failure to pay the PCN may result in the offender being pursued in the County Court for non-payment of the debt. A PCN does not create a criminal record and we may choose to issue a PCN without first issuing a warning.

#### 4.1.5 Voluntary Closure, prohibition, surrender or undertaking

A business or individual may in some circumstances, where there is an imminent risk, provide an offer to :

- Voluntarily close premises
- Voluntarily prohibit and cease to use any product, equipment, treatment, process or building
- Voluntarily surrender to us an item or product associated with the imminent risk.

In such circumstances the proprietor or individual would be requested to confirm their undertaking in writing. Failure to comply may result in further formal action.

#### 4.1.6 Formal/Statutory Notice

Certain legislation allows notices to be served requiring offenders to take specific actions or cease certain activities. Notices may require activities to cease immediately and be prohibited. In other circumstances they must cease or change within a reasonable time and consider the seriousness of the contravention and the implications of the non-compliance.

All notices issued will include details of any applicable appeals procedures.

#### 4.1.7 Works in Default

Following the service of a notice (section 4.1.6) certain types of notice allow works to be carried out in default. This means that if a notice is not complied with [a breach of the notice] we may carry out any necessary works to satisfy the requirements of the notice ourselves.

Works in default may be carried out where:-

- There is no reasonable prospect of the person responsible carrying out the work, e.g. the person is absent

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- There is an imminent risk to public or the environment
- Hazard to health, e.g. unsafe electrics
- A prosecution is not appropriate
- A prosecution has been brought and the works have not been carried out.
- A nuisance exists and it is appropriate to get the nuisance abated quickly.

Where the law allows, we may then charge the person/business served with the notice for any cost we incur in carrying out the work, including administration. Failure to comply may result in further formal action.

Where the authority is required to undertake works in default it will ensure that the works are appropriate, and the costs incurred are not unduly excessive.

#### **4.1.8 Forfeiture Proceedings**

This procedure, dealt with through an application in an appropriate court, may be used in conjunction with seizure and/or prosecution where there is a need to dispose of goods in order to prevent them re-entering the marketplace or being used to cause a further problem.

#### **4.1.9 Seizure**

Certain legislation enables officers to seize goods, equipment or documents, for example. unsafe food, sound equipment that is being used to cause a statutory noise nuisance, workplace articles and/or substances, unsafe products or any goods that may be required as evidence for possible future court proceedings. When we seize goods, we will give written notification of the seizure as soon as reasonably practicable for example a Detention of Food Notice.

Where appropriate we will explain the procedure for their reclaim, and indicate any cost associated with storage, return or where applicable disposal of items. We will ensure that costs incurred are not unduly excessive.

#### **4.1.10 Civil Penalties**

Under section 126 and schedule 9 the Housing and Planning Act 2016 local housing authorities can impose a civil penalty as an alternative to prosecution for the following offences:

- failure to comply with an improvement notice (section 30)
- offences in relation to licensing of houses in multiple occupation (section 72)
- offences in relation to licensing of houses under part 3 of the act (section 95)



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- offences of contravention of an overcrowding notice (section 139)
- failure to comply with management regulations in respect of houses in multiple occupation (section 234).

A civil penalty can also be imposed for breaches of the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020

#### 4.1.11 Injunctive Actions

Injunctive action includes agreements and formal undertakings to improve compliance which, if breached, may lead to the obtaining of an injunction in the civil law courts.

In situations where the non-compliance under investigation amounts to anti-social behaviour, such as persistent targeting of an individual or a group of individuals in a particular area, then Anti Social Behaviour Orders as appropriate or Criminal Behaviour Orders may be sought to stop the activity.

#### 4.1.12 Simple Caution

A simple caution is an alternative means for dealing with low-level, mainly first-time offending. The aims of the simple caution are to deal quickly and simply with offences, save Court time and reduce the likelihood of reoffending.

A simple caution is an admission of guilt, but is not a form of sentence, nor is it a criminal conviction.

The criteria for issuing a simple caution depends on:

- the nature of the offence – a simple caution cannot be issued where the offence is indictable only
- the offender making a clear and reliable admission of the offence before simple caution can be offered;
- the evidence meets the evidential test and that the public interest is in favour of prosecution
- the offender agrees to receive a simple caution
- the offender must be 18 years or over

The offender should not have received a simple caution for a similar offence within the last 2 years.

The Council has opted to follow the guidance issued by the Government in relation to the issuing of simple cautions for details on the Ministry of Justice Guidance visit [here](#)

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The person administering the caution will be an appropriate Senior Officer employed within the Council.

If the caution is not administered, because the suspect refuses to accept it, the facts of the case will be reviewed again, without the option of a simple caution, and a prosecution may result.

A record of the caution will be kept for 2 years. If the offender commits a further offence, within that 2-year period, the caution may influence our decision to take a prosecution. If during the time the caution is in force the offender pleads guilty to, or is found guilty of, committing another offence anywhere in England and Wales, the caution may be cited in court, and this may influence the severity of the sentence that the court imposes.

#### **4.1.13 Benefits Cautions/Sanctions**

The benefits legislation provides for additional sanctions, beyond those applicable to other areas of our work. These include administrative penalties. These are also used as an alternative to prosecution. In such cases the Administrative Penalty and any linked caution will be retained on file for five years.

These are issued if the circumstances are such that the interests of the public and justice would be better served without recourse to legal proceedings in the first instance.

#### **4.1.14 Administrative Penalty**

Under Section 115 of the Social Security Administration Act 1992 a financial Administrative Penalty may be issued as an alternative to a prosecution in matters relating to Housing and Council Tax Benefit.

In determining whether to offer an Administrative Penalty there must be sufficient evidence in which to consider commencing criminal proceedings. The offer of an Administrative penalty is more likely in cases where dishonesty does not form part of the offence, it is the first time the customer had caused a fraudulent overpayment or there was a clear lack of intent on the part of the customer.

An Administrative Penalty cannot be imposed and there is no obligation on the part of any person to accept it. If accepted that person has 14 days to withdraw their agreement to pay the penalty ('cooling off period'). If the penalty is not paid, then civil recovery of the debt will be initiated in the County Court.



Where an Administrative Penalty has not been accepted or a person has withdrawn their agreement to pay, then alternative enforcement action will be considered in respect of the original breach. Administrative Penalties are not recorded as a criminal offence.

#### **4.1.15 Refusal, Revocation or Suspension of a Licence**

Certain types of businesses, premises and individuals require licenses to operate legally. A refusal, revocation or suspension of a licence will normally ensue when one or more of the following criteria are met:

- deliberately or persistently breached legal obligations which likely to cause material loss or harm to others.
- deliberately or persistently ignored written warnings or formal notices
- endangered the health, safety or well being of people, animals or the environment
- obstructed an officer
- non-payment of relevant fee
- providing false or incomplete information
- not fit and proper person.
- qualifying criteria not met

#### **4.1.16 Prosecution**

A prosecution is undertaking legal proceedings through the Courts against a person, company or trader in respect of a criminal offence.

We will use discretion in deciding whether to initiate a prosecution. Other approaches to enforcement can sometimes promote compliance with legislation more effectively. However, where the circumstances warrant it, prosecution without prior warning and recourse to alternative sanctions may be appropriate.

Each case will be treated as unique and considered on its own facts and merits with due consideration to the Equality Act 2010 and the Human Rights Act 1998. All the circumstances surrounding the case will be considered including the social benefits and costs associated with bringing the matter to the attention of the Courts.

The prosecution of offenders will be used judiciously but, without hesitation, against those businesses or individuals where the law is broken and the health, safety, well-being or amenity of the public, employees and consumers are subject to serious risk.





Legal advice will be taken to ensure that only those cases presenting a realistic prospect of conviction will be pursued. We will have due regard to the availability of any defences and to any explanation, apology or other issue referred to by the suspect by way of mitigation.

The decision to prosecute will consider the criteria set down in the Code for Crown Prosecutors, issued by the Crown Prosecution Service. Both stages of the 'Full Code Test' as set out in the Code for Crown prosecutors will be applied in two stages (i) the evidential stage; followed by (ii) the public interest stage.

#### **4.1.17 Bankruptcy and Winding-Up Petitions**

Bankruptcy proceedings under the jurisdiction of a bankruptcy court allow the property of a debtor to be seized. That property may then be realised and, subject to certain priorities, distributed rateably amongst the people to whom the debtor owes money.

Bankruptcy is only applicable to individuals, partnerships and not to companies.

Liquidation is the process of bringing a company to an end by liquidating (winding-up) or realising a company's assets to discharge its debts.

#### **4.1.18 Proceeds of Crime Applications**

Where the enforcement action is criminal the Council can use the Proceeds of Crime Act 2002 legislation to recover money. Applications may be made for the confiscation of assets in serious cases. Their purpose is to recover the financial benefit that the offender has obtained from his criminal conduct.

Proceedings are conducted according to the civil standard of proof.

Applications are made after a conviction has been secured. Any proceeds received from the proceeds of crime act action will be used in line with relevant guidelines.

#### **4.1.19 Mediation**

Mediation is a type of alternative dispute resolution and can be used to resolve almost all types of civil dispute for example an appeal against an Abatement Notice. Mediation may take place when both parties agree to it. There is usually only one opportunity to mediate during the enforcement process.





## **5.0 DETERMINING WHETHER A PROSECUTION OR CAUTION IS APPROPRIATE**

We apply the full code test to determine whether a prosecution or simple caution is viable and appropriate.

We follow guidance set by the Crown Prosecution Service when applying the tests:

**The evidential stage:** There must be enough evidence to provide a 'realistic prospect of conviction' against each defendant on charge.

**The public interest stage:** There may be public interest factors which are in favour of or are against prosecutions. These must be weighed-up before enforcement action is taken.

A case which does not pass the evidential stage must not proceed, no matter how serious or sensitive it may be.

### **5.1 The evidential stage**

The finding that there is a realistic prospect of conviction is based on the prosecutor's objective assessment of the evidence, including the impact of any defence and any other information that the offender has put forward or on which the offender intends to rely on. It means that an objective, impartial, and reasonable jury or bench of magistrates or judge hearing a case alone properly directed and acting in accordance with the law, is more likely than not to convict the defendant of the charge alleged.

This is a different test from the one that the courts themselves must apply. A court may only convict if it sure that the defendant is guilty.

When deciding whether there is enough evidence to prosecute, the investigating officer(s), along with the departmental managers must consider the following questions:

- Can the evidence be used in court?
- Is the evidence reliable?
- Is the evidence credible?

### **5.2 The public interest test**

In every case where there is sufficient evidence to justify a prosecution, prosecutors must go on to consider whether a prosecution is required in the public interest.



When deciding the public interest, prosecutors should consider each of the following questions:

- How serious is the offence committed?
- What is the level of culpability of the suspect?
- What are the circumstances of and the harm caused to the victim?
- Was the suspect under the age of 18 at the time of the offence?
- What is the impact on the community?
- Is the prosecution a proportionate response?

The questions identified are not exhaustive, and not all the questions may be relevant in every case. The weight to be attached to each of the questions, and the factors identified, will vary according to the facts and merits of each case.

It is quite possible that one public interest factor alone may outweigh a number of other factors which tend in the opposite direction. Although there may be public interest factors tending against prosecution in a particular case, prosecutors should consider whether nonetheless a prosecution should go ahead, and those factors put to the court for consideration when sentence is passed.

## 6.0 REVIEW

The enforcement policy will be reviewed following significant changes to relevant legislation or government guidance.

However, it will be the subject of regular evaluation and, if necessary, formally reviewed at any time. Minor changes would be made where:

- they are to correct an administrative error
- they are a change needed because something is no longer possible or legal
- there is no foreseeable detrimental effect



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**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO CABINET**

**06 February 2024**

**Report Title:** Financial and Performance Review Report – Third Quarter 2023-24

**Submitted by:** Corporate Leadership Team

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

**Ward(s) affected:** All

**Purpose of the Report**

To provide Cabinet with the Financial and Performance Review report for the third quarter of 2023-24.

**Recommendation**

**That Members note**

1. The contents of the attached report and appendices, and continue to monitor and challenge the Council's service and financial performance for this period.

**Reasons**

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

1. **Background**

- 1.1 This quarterly report provides Members with a detailed update on how the Council has performed during the third quarter of 2023/24 by presenting performance data and progress summary set within a financial context. The report provides broad financial information (Appendix A) and also details service performance (Appendix B) for the second quarter 2023/24.

**2023-24 Revenue and Capital Budget Position**

- 1.2 The Council approved a General Fund Revenue Budget of £16,856,730 on 15 February 2023. Further financial information is provided in Appendix A.

**Performance**

- 1.3 The Q3 report (April 2023 to December 2023) has been produced using new business intelligence tools in order automate and improve the monitoring, analysis and reporting of Council performance. The indicators included are those agreed as part of the new Council Plan and reflect the priorities for the Borough. In addition to reporting on key performance indicators, the report also includes progress summaries for each priority action, detailing the progress with the delivery of planned activities.
- 1.4 Contextual performance information is provided (indicators without a target), not only to ensure the monitoring of the corporate activities of the Council, but also to inform Members,

businesses and residents of performance in their local area that the Council cannot directly control.

- 1.5 Any indicators failing to meet the set targets include a comment explaining why the indicator has not performed well, and what steps are being taken to ensure improvement in the future.
- 1.6 For this report a total of 45 indicators were monitored, 16 of these indicators were contextual and had no set target. Of the remaining 29 indicators the proportion of indicators which have met their target during this period stands at 72%, with the remaining 28% falling short of target. A small number of these 'off target' measures have more stretching targets this year, in line with benchmarking findings and council ambition but as it is still early in the year, it is hoped that these targets can be met as the year progresses. In terms of trend data, the proportion of indicators showing an improvement or maintenance of the previous year's performance stands at 53%.

## 2. Issues

- 2.1 There are 8 indicators off target this quarter, and officers consider that the performance against these indicators does not give rise to serious cause for concern at present (see commentaries provided in Appendix B). The management of each of the service areas concerned continue to monitor and take steps to deal with under achievement of targets where possible and/or appropriate. Key points to note where previously on target indicators have dropped below target are:
  - Positive action taken with regard to sickness absence management has meant that the turnover rate (**I1.14**) is higher than usual.
  - Health and Safety concerns led to the removal of a number of sweepers from the fleet which impacted on **I1.5b**. Sweepers are now back in service and addressing the backlog
  - **I3.5** shows a drop in customer satisfaction around J2 specifically around online booking. Work is already underway in terms of improving our digital capability in this area as part of One Council
- 2.2 Progress on delivery of planned activities is summarised for each priority with there being three amber rated projects/actions identified in Quarter 3. One being around the delivery of the £16m Kidsgrove Town Deal. The Railway Station project continues to experience issues with resolving ground conditions associated with historic mine works at the site. The project team continues to work finding a satisfactory resolution of these issues.

The second amber rated project/action being around increasing the Recycling rates in the borough. Whilst they are increasing it is much slower than hoped, and the council is not alone in this struggle, nationally rates have stagnated and in some cases fallen. Much of this is connected with the current cost of living crisis which has affected citizens spending power.

Finally the third amber rated project/action related to the successful resolution to the Walleys Quarry odour problem. Complaints of odour have significantly increased during this quarter with November and December reporting figures higher than the same months in 2022 and in the case of December higher than 2021. Work is continuing by the Environmental Protection team to manage odour assessments and review compliance; this is alongside continued inspections by the Environment Agency.

## 3. Proposal



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

4. **Reasons for Proposed Solution**

4.1 To enable financial and performance information to be presented for continued scrutiny and encourage improvement within council delivery.

5. **Options Considered**

5.1 At this time it is felt there is no other option necessary for consideration, however the presentation of information is continually reviewed.

6. **Legal and Statutory Implications**

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

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

8. **Financial and Resource Implications**

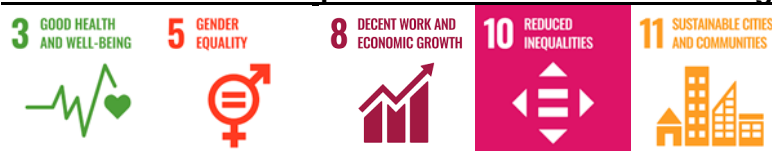
8.1 Any positive variance for the full year on the General Fund Revenue Account will enable that amount to be transferred to the Budget Support Fund and will be available in future years for use as the Council considers appropriate. Conversely, if there is an adverse variance, the amount required to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

9. **Major Risks**

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

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

10. **UN Sustainable Development Goals and Climate Change Implications**





11. **Key Decision Information**

11.1 Included on the Forward Plan

12. **Earlier Cabinet/Committee Resolutions**

12.1 N/A

13. **List of Appendices**

13.1 Financial information (Appendix A) and Performance Outturn (Appendix B)

14. **Background Papers**

14.1 Working papers held by officers responsible for calculating indicators.



**2023/24**

**Quarter Three  
Financial  
Performance**

## 1. Background and Introduction

1.1 In accordance with the Council's Financial Procedure Rules and recommended good practice, a quarterly financial report is presented to Members. This is the third report for 2023/24.

1.2 The report summarises overall financial performance for 2023/24 with particular emphasis on the key sources of financial risk to the Council. Specific considerations are as follows:

- **General Fund Revenue Account (Section 2)** – considers budgetary performance on the General Fund Account by looking at variations in income and expenditure and the funding received by the Council.
- **Efficiency and Savings Plan (Section 3)** – considers progress in achieving the efficiency and savings forecast for 2023/24.
- **Capital Programme (Section 4)** – provides an update to Members on progress against the Council's Capital Programme and major project funded through the Town Deal Funds and Future High Street Fund.
- **Treasury Management (Section 5)** – sets out the key statistics in terms of investments and borrowings;
- **Collection Fund (Section 6)** – considers progress to date in collecting the Council Tax, Business Rates and Sundry Debts.

## 2. General Fund Revenue Budget

2.1 This section of the report considers the financial performance of the General Fund Revenue Account against budget by setting out variations in income and expenditure and funding received by the Council.

Area	2023/24 General Fund	
	Estimate £	Band D Council Tax £
Central Services	2,157,470	56.63
Cultural Services	3,769,940	98.95
Environmental Services	8,868,690	232.78
Planning	1,838,180	48.25
Transport	(294,420)	(7.73)
Housing	1,493,410	39.20
<b>Net Cost of Services</b>	<b>17,833,270</b>	<b>468.08</b>
Pensions Liabilities Account	415,000	10.89
Investment Properties	74,940	1.97
Interest and Investment Income	227,000	5.96
<b>Net Operating Expenditure</b>	<b>18,550,210</b>	<b>486.89</b>
Contribution to/(from) Revenue Reserves	904,430	23.74
Contribution to/(from) Capital Reserves	(2,597,910)	(68.19)
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>16,856,730</b>	<b>442.45</b>

- 2.2 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.
- 2.3 The table above shows how this budget has been allocated.
- 2.4 At the close of quarter three 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.
- 2.5 The adverse variances that have occurred at the close of the third quarter of 2023/24 include:
- a. Income shortfalls from sales, fees and charges which amount to £0.511m (forecast to be £0.588m for the financial year).
  - b. A shortfall of £0.260m in Housing Benefits subsidy grant regarding accommodation and payments for which full subsidy is not claimable (forecast to increase to £0.347m for the financial year).
  - c. Increased gas and electricity prices resulting in an overspend of £0.070m at Jubilee 2 (forecast to increase to £0.093m for the financial year).
  - d. Holding costs for York Place (e.g. utilities and business rates) are expected to amount to £0.241m for the financial year. Proportionally, this amounts to £0.180m at the close of quarter three.
  - 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 quarter 3.
  - f. A pay award of £1,925 per employee has been that is in excess of the amount provided for in the budget (4%). Including national insurance and pension the additional amount totals £0.300m at the close of quarter three (and £0.400m for the financial year).
- 2.6 These adverse variances have been offset in full by the following favourable variances:
- a. Utilisation of the Cost of Living Reserve that was established during the budget setting for 2023/24 in order to respond to any above inflationary increases in costs. This will be fully used to offset the pay award (£0.300m at the close of quarter three and £0.400m for the financial year).
  - 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) totals £1.163m at the close of



quarter three (it is forecast that this will grow to £1.486m of income by the close of the financial year).

### 3. Efficiency and Savings Plan

- 3.1 This section of the report considers the financial performance of the Council's Efficiency and Savings Plan in 2023/24.
- 3.2 The Council's Medium Term Financial Strategy (approved in February 2023) included the five year (2023/24 – 2027/28) Efficiency and Savings Plan targeting savings of £5.874m.
- 3.3 The Efficiency and Savings Plan is set on the need to both reduce expenditure and increase income. The need to grow income is now more of a priority as the Council moves more towards being self-financing. The plan has been developed with the underlying principles of protecting frontline service delivery. It is also intended that the plan is a tool to enable the Council to ensure that its service spending is determined by the established priorities set out in the Corporate Plan.
- 3.4 The 2023/24 budget was set in February 2023 with the assumption of £2.103m of savings in the year. These savings are detailed in the table below:

Category	Amount £'000	Comments
Income	270	Additional sources of income generation and an increased demand for services that the Council charges for
One Council	376	Efficiencies to be generated from the introduction of a new Council operating model and the continued prioritisation of digital delivery
Staffing Related Efficiencies	18	No redundancies are anticipated to arise from these proposals
Good Housekeeping/More Efficient Processes	215	Various savings arising from more efficient use of budgets
Tax Base Increase	337	Increased in Council Tax and Business Rates tax base
Council Tax Increase	159	An assumed 1.99% per Band D equivalent increase in Council Tax
Government Reimbursement	728	Grant in respect of New Homes Bonus and Minimum Funding Guarantee
<b>Total</b>	<b>2,103</b>	

- 3.5 At the end of quarter three, all savings have been achieved.

### 4. Capital Programme and Major Projects

- 4.1 This section of the report provides an update to Members on the Council's Capital Programme and major projects funded by the Town Deal Funds and Future High Street Fund.

4.2 The table below shows a high level (service) summary of the General Fund Capital Programme position at 31 December 2023.

<b>Priority</b>	<b>Budget at Period 9 £'000</b>	<b>Actual at Period 9 £'000</b>	<b>Variance at Period 9 £'000</b>
One Council Delivering for Local People	177	179	2
A Successful and Sustainable Growing Borough	1,037	1,052	15
Healthy, Active and Safe Communities	1,581	1,600	19
Town Centres for All	4,950	4,951	1
<b>Total</b>	<b>7,745</b>	<b>7,782</b>	<b>37</b>

4.3 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.

4.4 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 (Annex A) 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.

4.5 The expected total capital receipts due to be received this year following the sale of assets amount to £3.325m. A summary of the expected income is shown in the table below.

<b>Funding</b>	<b>Amount</b>
Proceeds from Right to Buy sales	£0.500m
Asset sales	£2.825m
<b>Total</b>	<b>£3.325m</b>

### ***Major Projects Funding***

4.6 The Council was awarded Future High Streets Fund funding in June 2021 of £11.0m to progress projects to help future economic growth. The full £11.0m has now been received of which £6.1m has been spent at 31 December 2023, as shown below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend/Ordered (£000's)</b>	<b>Remaining (£000's)</b>
Ryecroft / Site Preparation	3,756	2,841	915
Multi Story Car Park	3,500	961	2,539
York Place	3,015	1977	1,038
Stones Public Realm	321	-	321
Market Stalls	76	28	48
Project Management	380	284	96
<b>Total</b>	<b>11,048</b>	<b>6,091</b>	<b>4,957</b>

4.7 £23.6m was awarded to the Council via the Town Deals Fund for Newcastle to enable a vision to improve communications, infrastructure, and connectivity in Newcastle-under-Lyme to become a reality. £15.0m has been received to date of which £1.6m has been spent as shown below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend/Ordered (£000's)</b>	<b>Remaining (£000's)</b>
Digital Infrastructure	2,285	12	2,273
Sustainable Public Transport	3,421	-	3,421
Electric Vehicle Charging	400	-	400
Pedestrian Cycle Permeability	950	-	950
Transform Key Gateway Sites	3,810	3	3,807
Astley Centre for Circus	1,810	490	1,320
Digital Society	3,510	392	3,118
Heart into Knutton Village	3,534	194	3,340
Cross Street, Chesterton	2,955	-	2,955
Project Management	925	521	404
<b>Total</b>	<b>23,600</b>	<b>1,612</b>	<b>21,988</b>

4.8 £16.9m has also been awarded via the Town Deals fund for Kidsgrove to enable real and lasting economic benefits to be realised in Kidsgrove and the surrounding area. To date £9.6m has been received of which £6.7m has been spent as shown below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend/Ordered (£000's)</b>	<b>Remaining (£000's)</b>
Kidsgrove Sports Centre	2,328	2,328	-
Chatterley Valley West	3,496	3,496	-
Kidsgrove Station	3,638	196	3,442
Shared Services Hub	6,183	84	6,099
Canal Enhancement	420	-	420
Project Management	835	629	206
<b>Total</b>	<b>16,900</b>	<b>6,733</b>	<b>10,167</b>

4.9 The Council has been awarded £4.8m, over a 3 year period, of UK Shared Prosperity Funding as part of the governments mission to level up opportunity and prosperity and to overcome geographical inequalities. It also aims to level up people's pride in the places they love and seeing that reflected in empowered local leaders and communities, a stronger social fabric and better life chances. 33 projects have been identified for which spend has commenced. The 2022/23 and 2023/24 allocations totalling £1.8m have been received, total spend at 31 December 2023 amounted to £1.1m as shown below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend/Ordered (£000's)</b>	<b>Remaining (£000's)</b>
CML Community Hubs	6	6	-
Newcastle 850 Anniversary	20	15	5
Nature and Wellbeing	22	17	5
Canal Connectivity	102	5	97
Clough Hall Park	234	-	234
Cold Night Shelter	160	-	160
Mental Health Worker	86	33	53
Nature Recovery	265	85	180
Epicentre for Circus	100	50	50
Homelessness Hub	955	19	936

Beat The Street	20	20	-
New Vic Theatre - 850 Event	10	-	10
Kidsgrove Workshop	156	-	156
Community Connector	67	34	33
Promotional Videos/Photos	15	9	6
Honeybox	55	-	55
Volunteering for all	71	36	35
Discharge Officer	86	33	53
BES Enterprise Coaching	89	49	40
Kidsgrove Town Hall	250	46	204
Security Marshalls	32	32	-
Flourishing Keele (KU)	466	233	233
Moving Ahead (KU)	276	5	271
Advanced Digital Technologies	408	204	204
Chamber Growth Hub	59	-	59
Brampton Wedding Venue	54	41	13
Markets For All	21	-	21
Community Connects	55	-	55
Feasted	45	-	45
Business Connects	6	2	4
Technical Innovation Upskilling	159	-	159
Disadvantaged Upskill Project	28	8	20
Green Projects	164	-	164
To Be Confirmed	101	-	101
Project Management	193	103	90
<b>Total</b>	<b>4,836</b>	<b>495</b>	<b>4,351</b>

4.10 Several projects within the Town Deals and Future High Streets Fund (e.g., Multi Storey Car Park, Ryecroft Development, York Place and Chatterley Valley) will require further funding from the Council in addition to the government grants, this will include the Council borrowing to fund these projects.

4.11 The Public Works Loan Board (PWLB) borrowing rate is subject to change daily and could have a significant impact on the financial viability if increases in interest rates are forthcoming or may result in considerably less costs in the instances of lower rates being obtained when borrowing is required. Additionally, the level of inflationary demands is also considered on a project-by-project basis.

4.12 Rigorous financial challenge and monitoring of each project's expenditure will be required in both the interim and during subsequent construction phases. Financial monitoring will continue to be reported as part of the scrutiny process and will also form part of the quarterly financial report to Cabinet.

## 5. Treasury Management

5.1 This section of the report sets out the key treasury management statistics in relation to the Council's investments and borrowings. This report comprises a high level treasury management summary. The Audit and Standards Committee receives detailed operational updates on treasury management.

### *Investments*

5.2 Cash Investments held on the 31 December 2023 amounted to £26.250m. Interest earned

on these investments at the close of quarter three amounted to £1.163m. The average level of funds available for investment between 1 April 2023 and 31 December 2023 was £21.625m.

- 5.3 The Council has not budgeted to receive investment income in 2023/24. A surplus of £1.486m is anticipated for the financial year which is due to rising interest rates, the most recent being an increase to the Bank of England base rate of 0.25%, to 5.25% in August 2023.

### **Borrowing**

- 5.4 Borrowing is unlikely to be required during the latter part of 2023/24 to fund the capital programme, primarily due the cash flow generated from advanced monies being received in terms of Town Deals and Future High Streets funding.
- 5.5 Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the PWLB. After the utilisation of capital receipts and internal borrowing, the Council will look to borrow short term from other local authorities in the first instance and will then review any other sources of funding if required.
- 5.6 Advice from the Council's Treasury Management Advisors, Arlingclose, is to continue to utilise internal funding whilst it is available as opposed to borrowing whilst the interest rates are high. This approach also reduces the need to place funding in long term deposits, whilst minimising any potential investment risks.

## **6. Collection Fund**

- 6.1. This section of the report details progress to date in collecting the Council Tax, Business Rates and Sundry Debt.
- 6.2 Local tax income is collected by billing authorities and paid into local 'collection funds' (the Council is a billing authority). Where there is a shortfall in tax receipts (compared to expected levels), this leads to a deficit on the collection fund. Billing and major precepting authorities are usually required to meet their share of any deficit during the following financial year.
- 6.3 The quarter three collection rate was as follows:
- Council Tax – 76.7% of Council Tax was collected by 31 December 2023, compared to a target for the second quarter of 73.1%.
  - Business Rates – 83.8% of Business Rates was collected by 31 December 2023, compared to a target for the second quarter of 73.0%.
- 6.4 The current forecast of tax receipts and Section 31 grant are shown below:

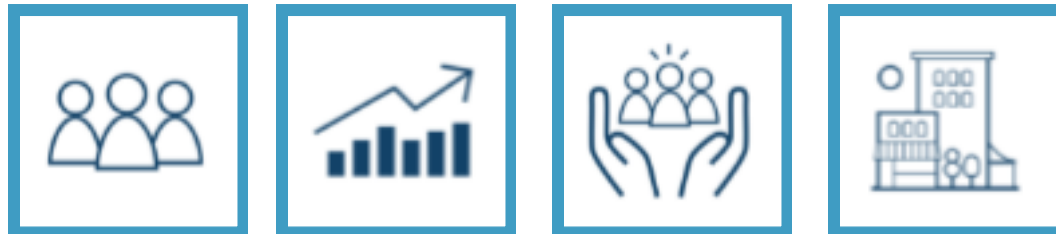
<b>Tax</b>	<b>Forecast (Surplus)/Deficit at 30.6.23</b>	<b>Forecast (Surplus)/Deficit at 30.9.23</b>	<b>Forecast (Surplus)/Deficit at 31.12.23</b>	<b>Council's Share</b>
Council Tax	(£0.290m)	(£0.234m)	(£0.058m)	(£0.007m) (11%)
Business Rates	(£0.143m)	£0.455m	£0.747m	£0.299m



				(40%)
Business Rates Section 31 Grant	(£0.147m)	(£0.412m)	(£0.365m)	(£0.146m) (40%)
<b>Total</b>	<b>(£0.580m)</b>	<b>(£0.191m)</b>	<b>(£0.324m)</b>	<b>(£0.146m)</b>

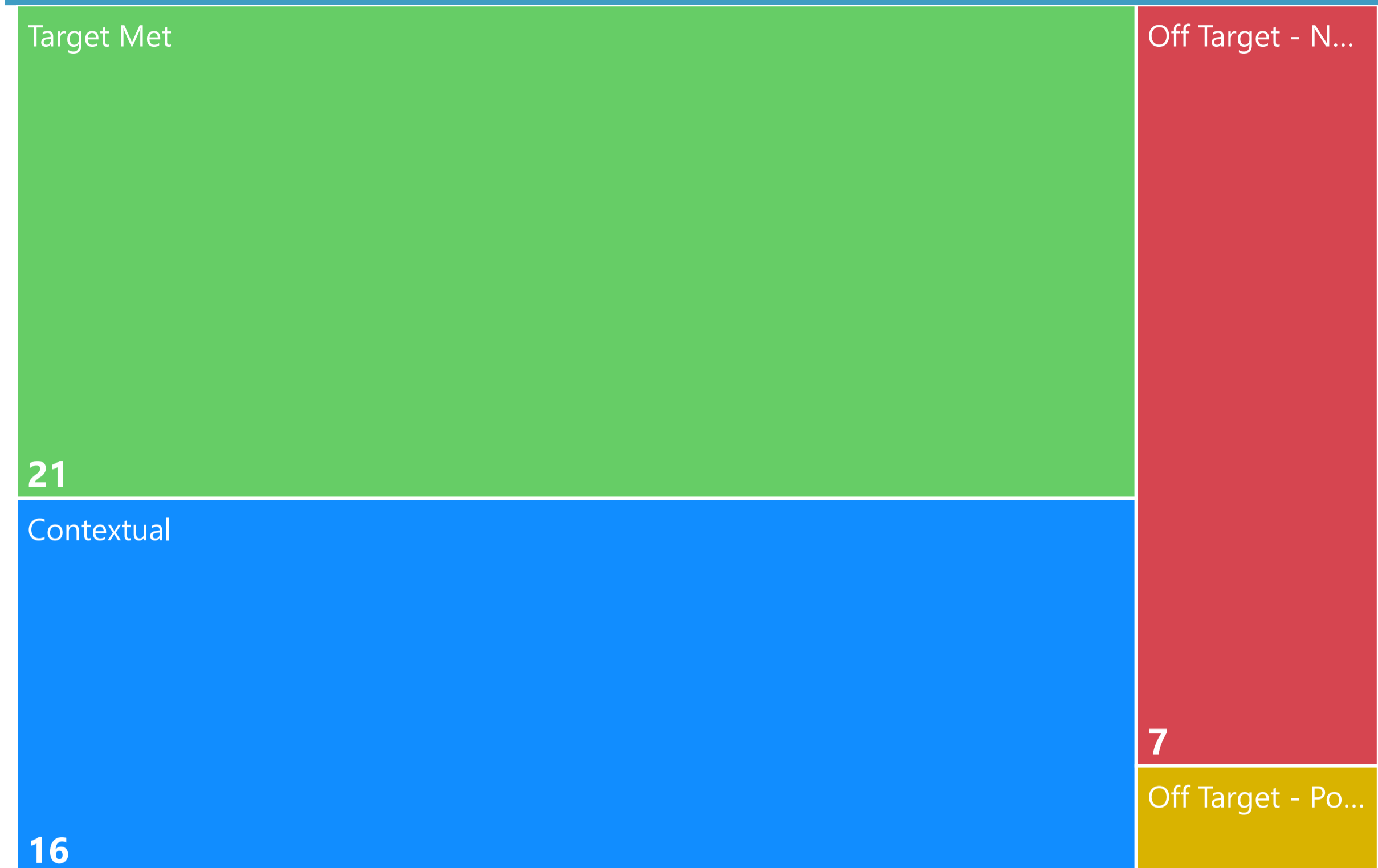
**ANNEX A****Capital Programme 2023/24 Mid Year Estimate**

<b>CAPITAL PROGRAMME</b>	<b>2023/24 MID YEAR</b>
	<b>£</b>
<b>PRIORITY – One Council Delivering for Local People</b>	
Service Area - Council Modernisation	2,172,370
<b>Total</b>	<b>2,172,370</b>
<b>PRIORITY – A Successful and Sustainable Growing Borough</b>	
Service Area - Housing Improvements	1,670,000
Service Area - Managing Property & Assets	9,636,154
<b>Total</b>	<b>11,306,154</b>
<b>PRIORITY – Healthy, Active and Safe Communities</b>	
Service Area - Streetscene and Bereavement Services	1,001,569
Service Area - Recycling and Fleet	5,828,408
Service Area – Leisure and Cultural	605,862
Service Area - Engineering	117,300
<b>Total</b>	<b>7,553,139</b>
<b>PRIORITY – Town Centres for All</b>	
Future High Streets Fund	5,855,826
Town Deals – Newcastle	18,937,732
Town Deals - Kidsgrove	8,607,615
<b>Total</b>	<b>33,401,173</b>
<b>CONTINGENCY</b>	1,000,000
<b>TOTAL</b>	<b>55,432,836</b>
Capital Receipts	3,325,000
External Contributions	35,398,990
Borrowing	16,708,846
<b>TOTAL</b>	<b>55,432,836</b>



# Quarter 3 - April 2023 to December 2023

## All Performance Indicators Current Status



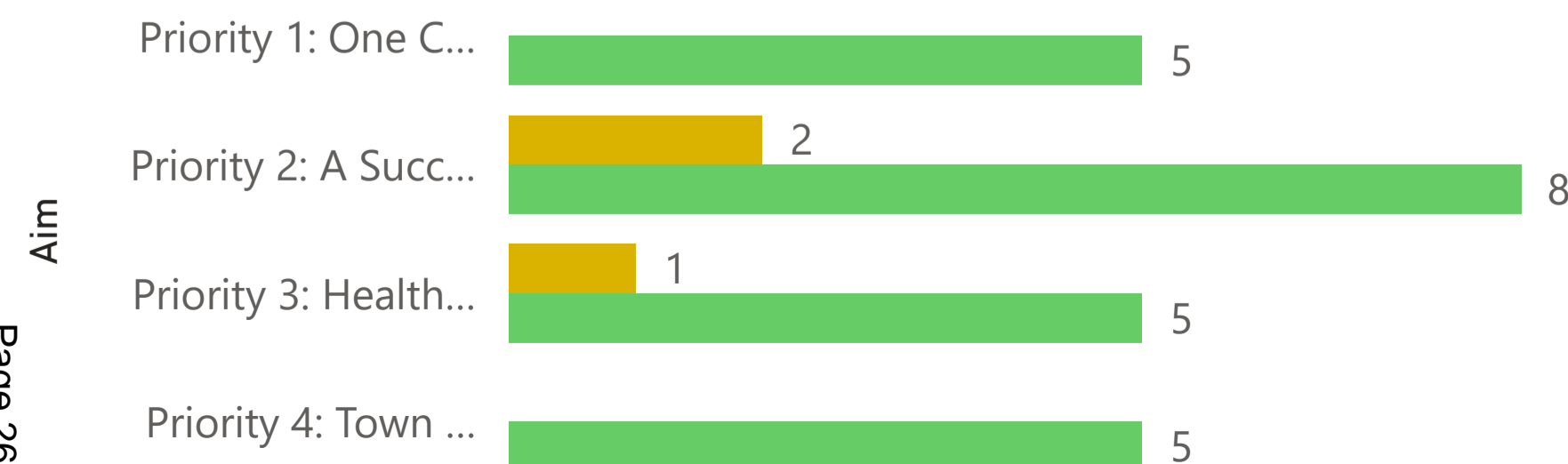
Corporate Aim (Priority)	Count of ID
Priority 1: One Council delivering for Local People	22
Priority 2: A Successful and Sustainable Growing Borough	6
Priority 3: Healthy, Active and Safe Communities	15
Priority 4: Town Centres for All	2
<b>Total</b>	<b>45</b>

## Smart Narrative

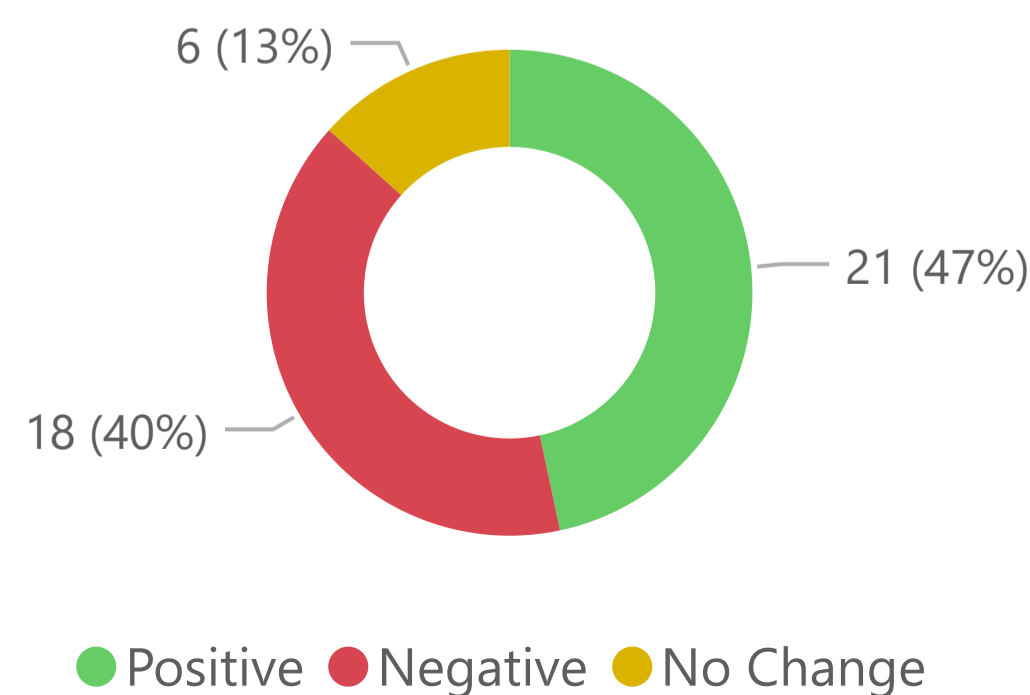
- There are 29 Indicators which have set targets this quarter.
- 72% met their targets within Quarter Three. 10 Indicators which met their target also showed improvement when compared to the same time period last year. 7 Indicators which met their target showed a negative trend when being compared to last year. 4 Indicators showed no change.
- 28% of Indicators were off target this quarter. 1 of these indicators showed an improvement when compared to last year. 7 indicators showed a negative trend.
- There are 16 Indicators which are contextual this quarter and do not have a target to meet. When compared to last year, 7 of the contextual measures showed a negative trend, 7 measures showed an improved trend and 2 measure show no change.
- There has been 1 Projects/Actions within Priority 2 and 2 Project/Action's within Priority 3 that are identified as not progressing as expected - detail of these is provided in this report.

## All Qtr.3 Summary Project Status Split

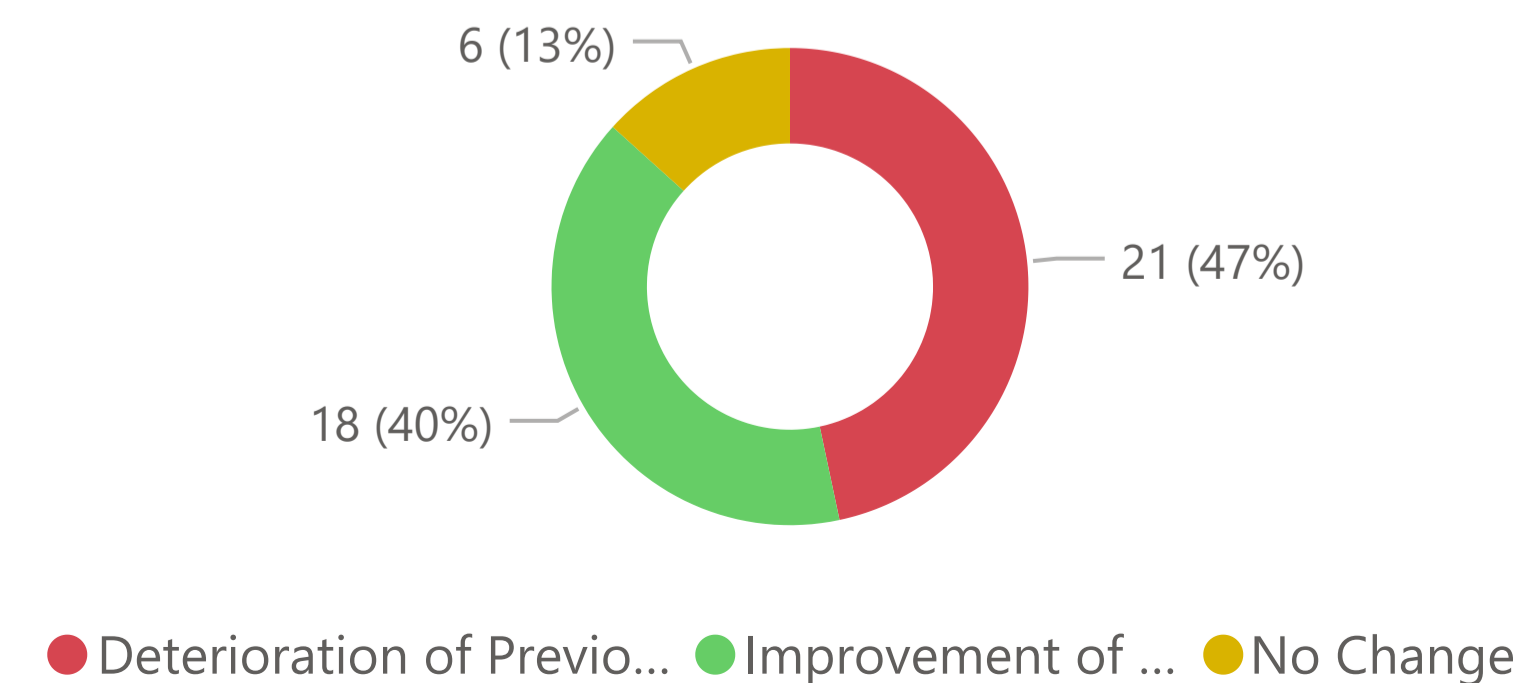
● Project/Action is Not Progressing as Expected ● Project/Action is Progressing as Expec...

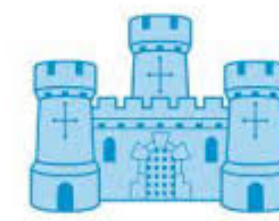


## All Qtr.3 Trend Direction of PI's Compared to Previous Quarter

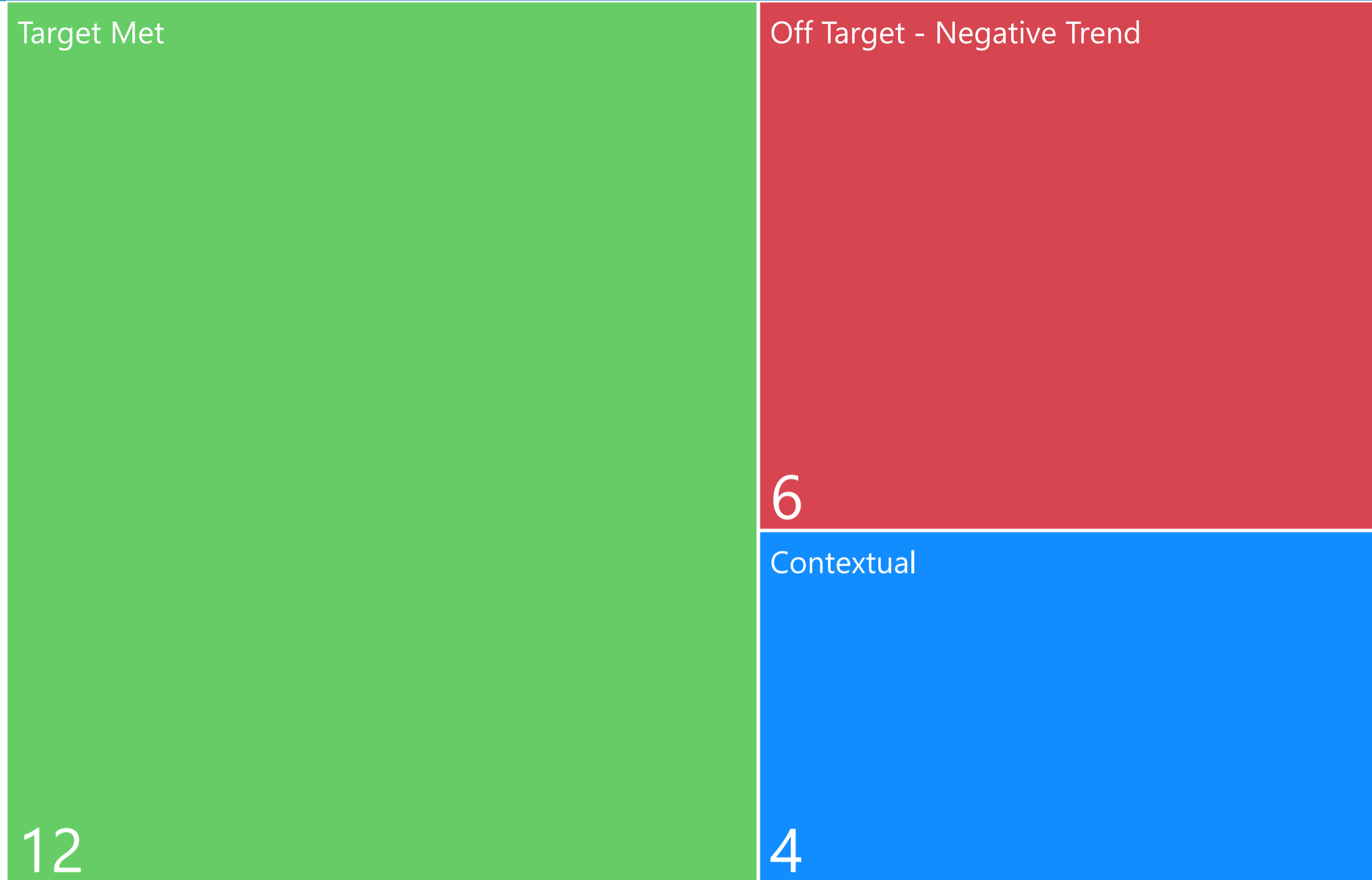


## All Qtr.3 Trend Status of PI's Compared On Same Qtr in the Previous Financial Year





Priority 1: Performance Indicators Current Status



Corporate Aim (Priority)	Number of Indicators
Priority 1: One Council delivering for Local People	22

Smart Narrative

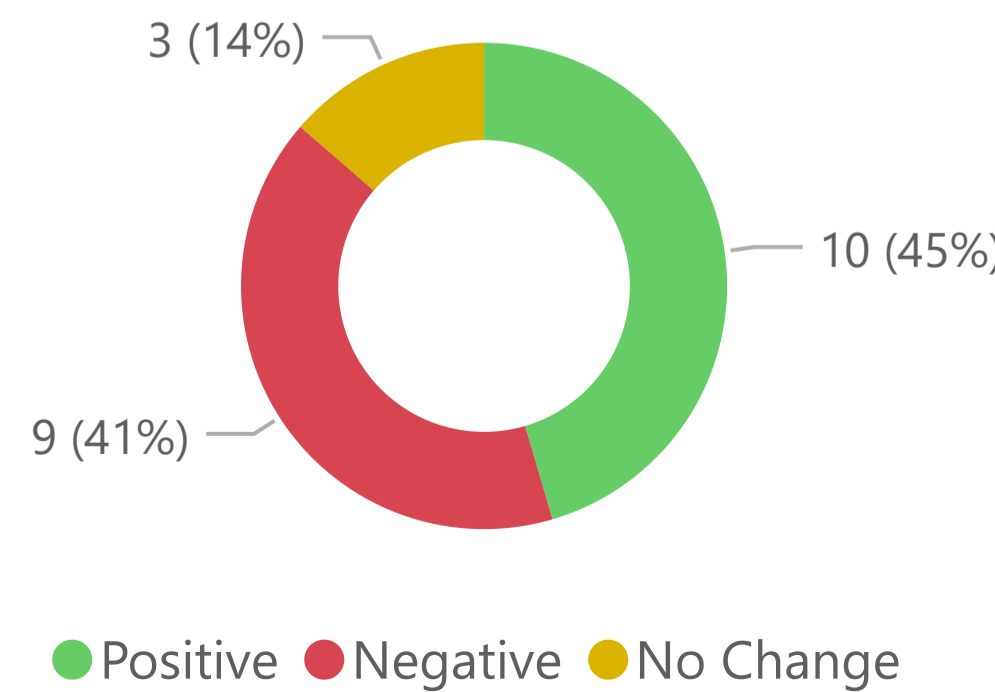
- There are 18 Indicators which have set targets this quarter within Priority 1.
- 67% met their targets within Quarter Three. 4 Indicators which met their target also showed improvement when compared to the same time period last year. 10 Indicators which met their target showed a negative trend when being compared to last year and 4 indicator did not show any change.
- 33% of Indicators were classed as off target this quarter. All 6 of these indicators showed a negative trend when compared to last year.
- There are 4 Indicators which are contextual this quarter and do not have a target to meet. When compared to last year, 2 of these measures showed a negative trend, 1 of the measures showed a positive trend and 1 did not show any change from the previous year
- All Projects/Actions within Priority 1 are classed to be progressing as expected.

Priority 1: Qtr.3 Summary Project Status Split

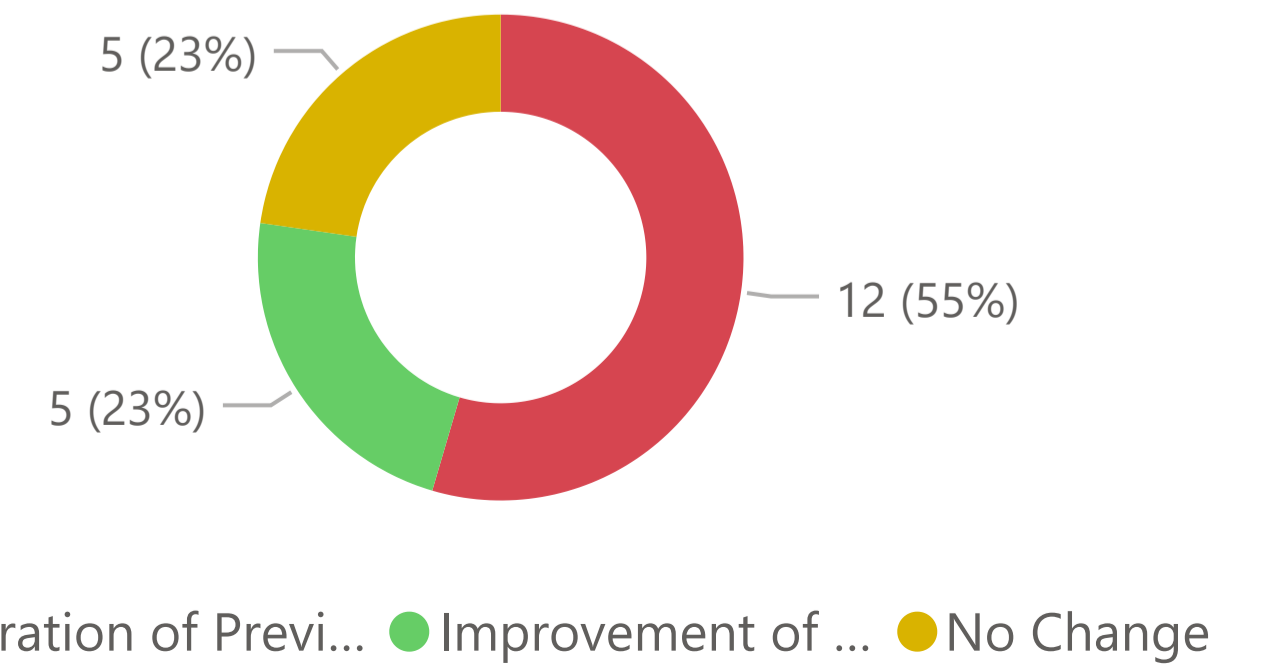
● Project/Action is Progressing as Expected

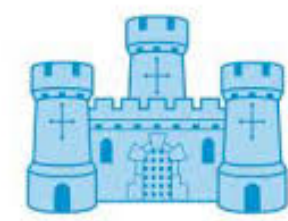


Priority 1: Qtr.3 Trend Direction of PI's Compared to Previous Quarter



Priority 1: Qtr.3 Trend Status of PI's Compared On Same Qtr in the Previous Financial Year

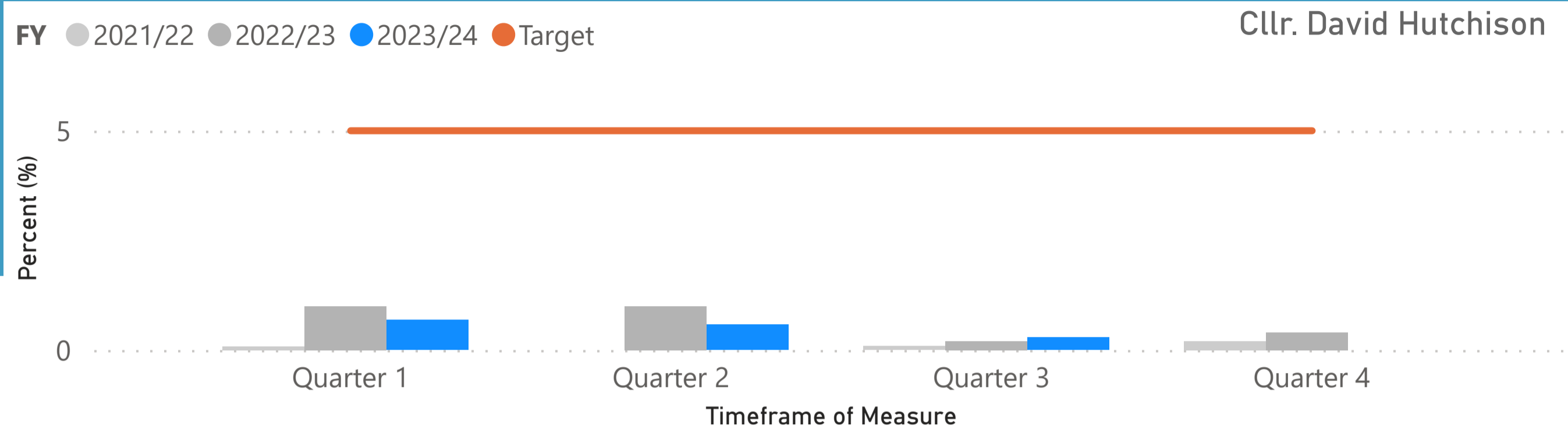




**ID1.1 - Percentage of food premises that have a zero or one national food hygiene rating** Current Status SMART Actions if Off Target

Low  
Is Good  
Per  
Quarter  
(Snapshot)

Negative  
Yearly Trend



**0.29** ✓

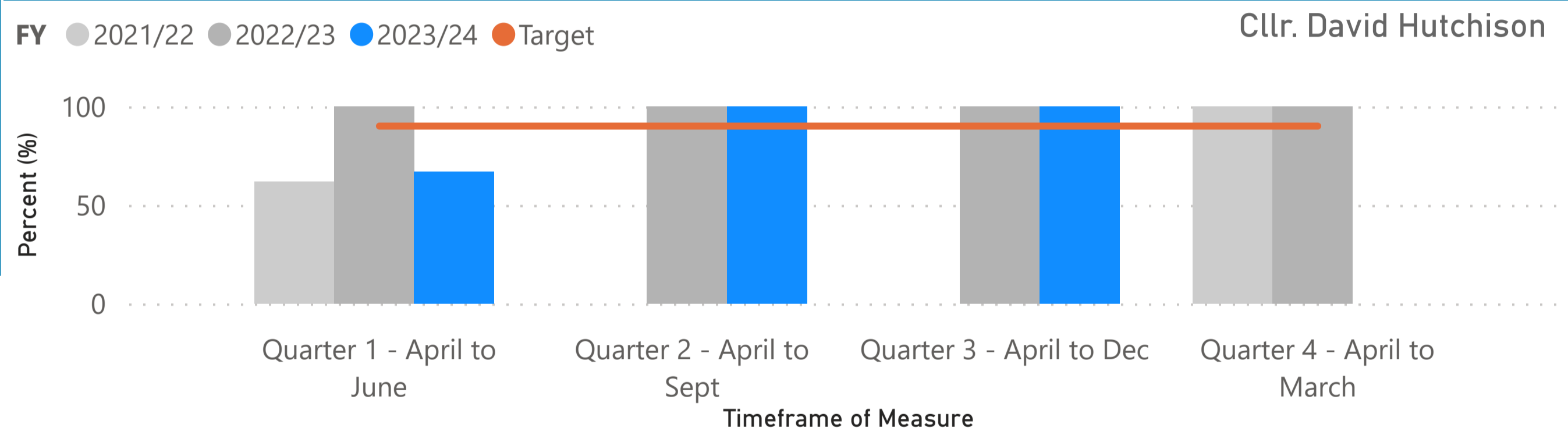
Target: 5.00

Not Required as Target Met

**ID1.2 - Percentage of category A and B food business inspections completed on time** Current Status SMART Actions if Off Target

High  
Is Good  
Cumulative  
(Per  
Annum)

No  
Change  
Yearly Trend



**100.00** ✓

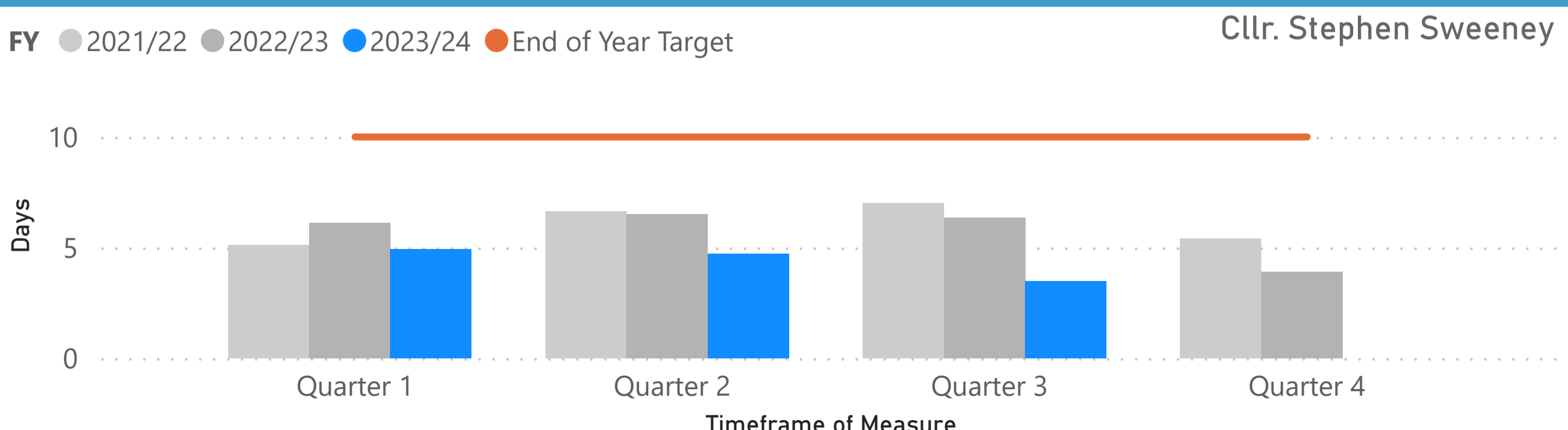
Target: 90.00

Not Required as Target Met

**ID1.10 - Time taken to process Housing Benefit new claims/change events (Days)** Current Status SMART Actions if Off Target

Low  
Is Good  
Cumulative  
(Per  
Annum)

Positive  
Yearly Trend

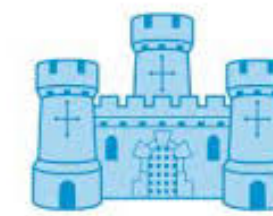


**3.48** ✓

End of Year Target: 10.00

Not Required as Target Met

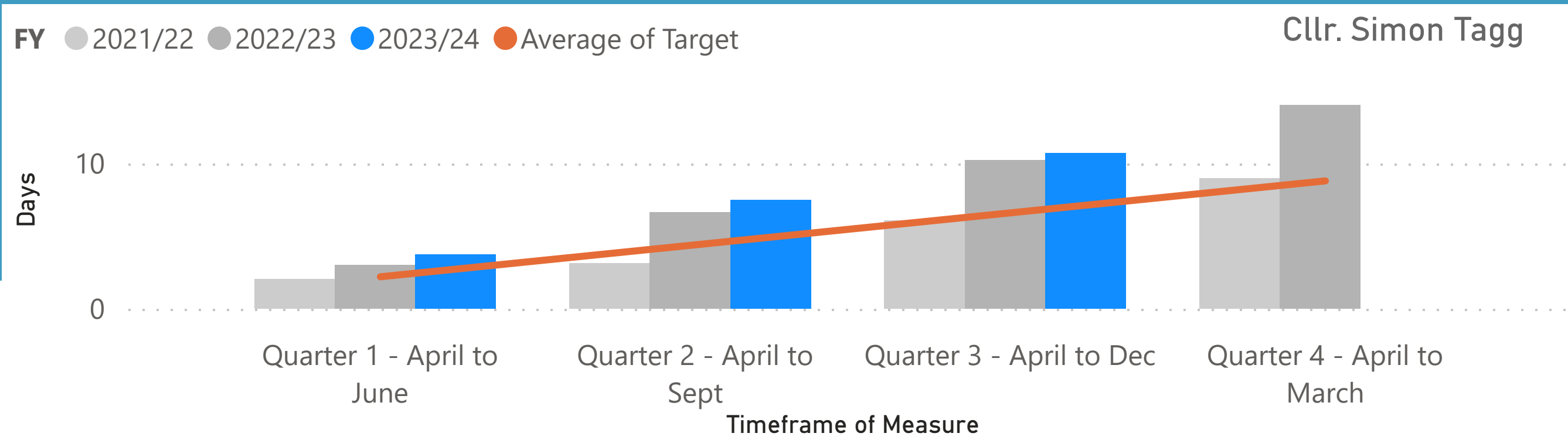




**ID1.13 - Average number of days per employee lost to sickness - Per Employee** Current Status SMART Actions if Off Target

Low  
Is Good  
Cumulative (Per Annum)

Negative  
Yearly Trend



Cllr. Simon Tagg

**10.69!**

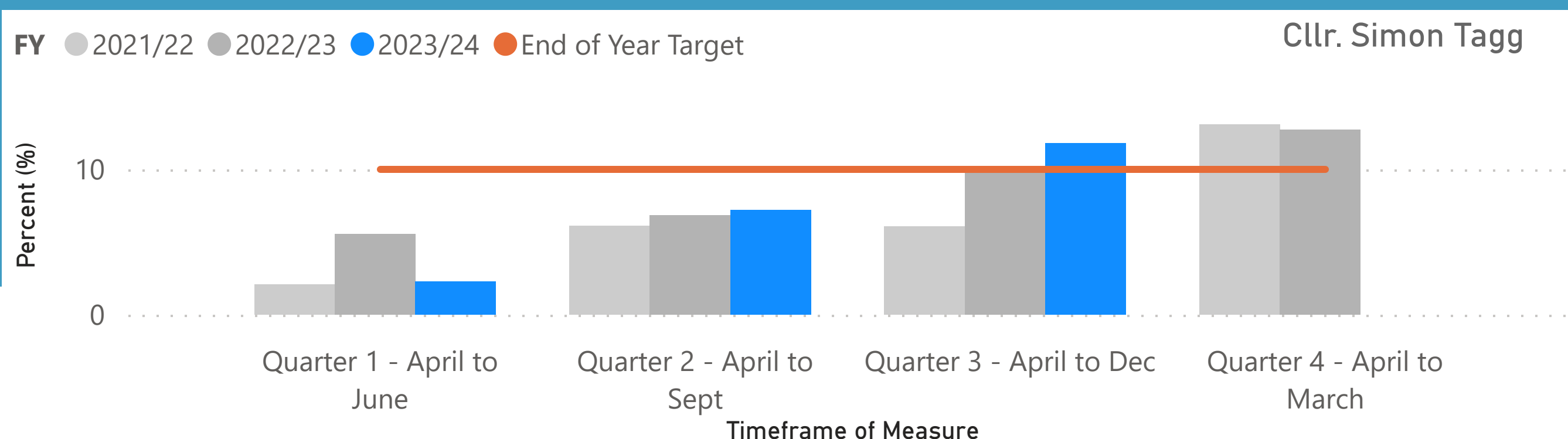
Target: 6.60

Whilst sickness remains above target there has been a decrease in November with absence the lowest it has been in the last calendar year, which is encouraging. In particular long term absence has reduced and is less than half on the long term absence rate in August. We continue to prioritise health and well-being and proactively managing sickness absence

**ID1.14 - Staff Turnover** Current Status SMART Actions if Off Target

Low  
Is Good  
Cumulative (Per Annum)

Negative  
Yearly Trend



Cllr. Simon Tagg

**11.79!**

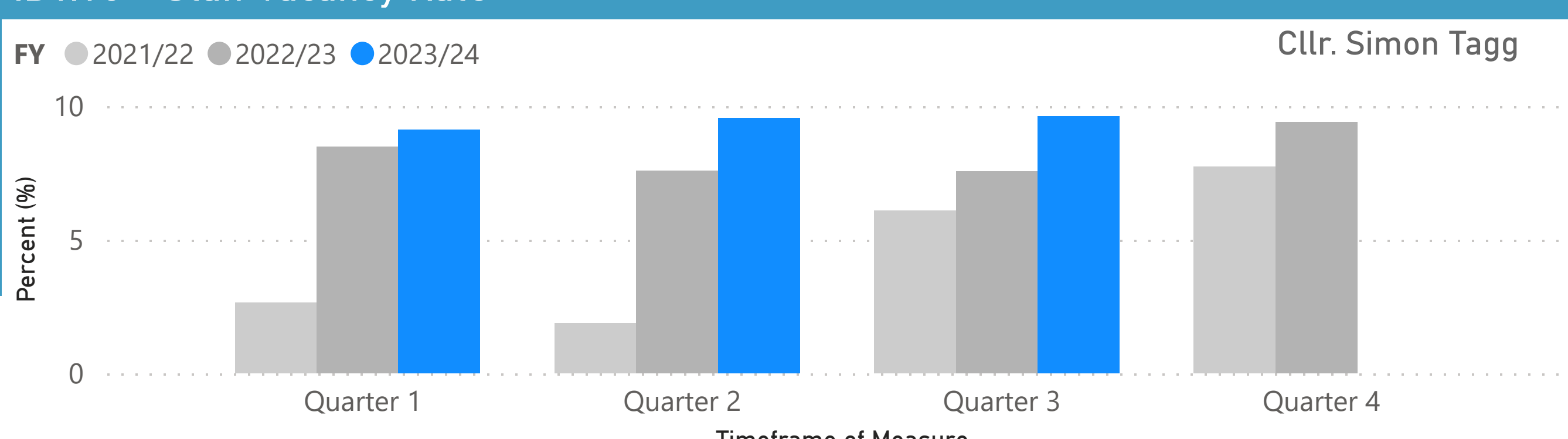
End of Year Target: 10.00

Staff turnover remains stable despite being slightly above target cumulatively, we have had a number of people leave who have experienced long term sickness absence within this quarter.

**ID1.15 - Staff Vacancy Rate** Current Status SMART Actions if Off Target

Low  
Is Good  
Per Quarter (Snapshot)

Negative  
Yearly Trend



Cllr. Simon Tagg

**9.61**

Vacancy rates remain consistent, with regular reviews of vacant posts to ensure efficiency. Very few posts remain hard to fill

**ID1.3 - No. Accidents/Incidents reported (RIDDOR)** Current Status SMART Actions if Off Target

Low  
Is Good  
Cumulative (Per Annum)

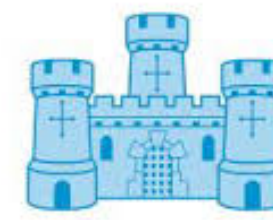
No Change  
Yearly Trend



Cllr. Stephen Sweeney

**6.00**

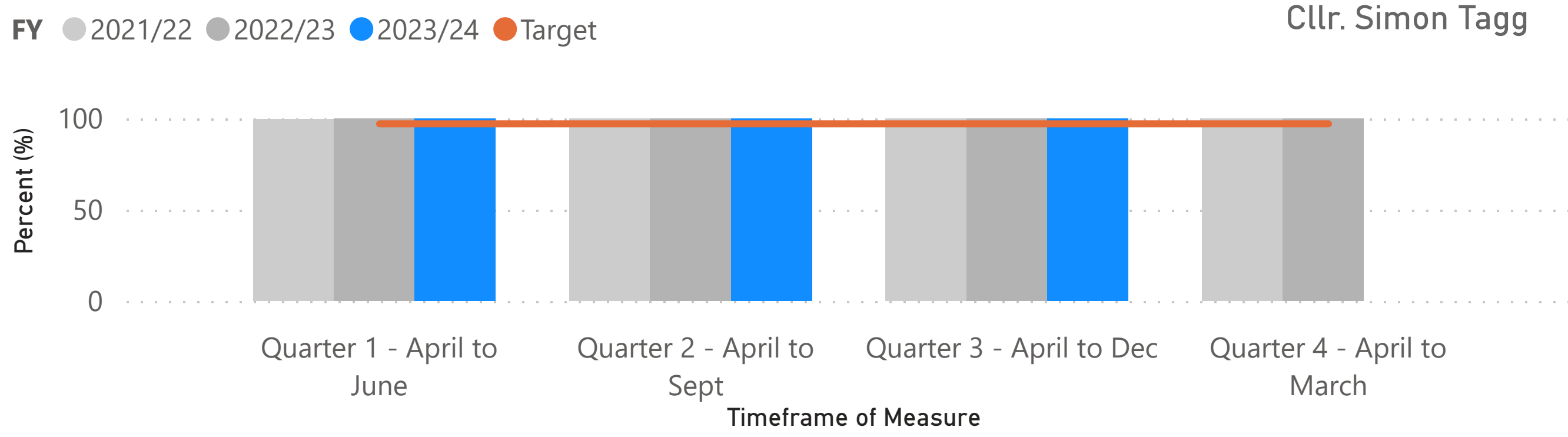
RIDDOR reportable accident levels are currently trending at a comparable level to last year, one accident has been identified as third party at fault and a second has previous ill health as a considerable contributing factor



**High** ID1.6 - Percentage of Customer Hub requests resolved at first point of contact **Current Status** SMART Actions if Off Target

Is Good  
Cumulative (Per Annum)

No Change  
Yearly Trend

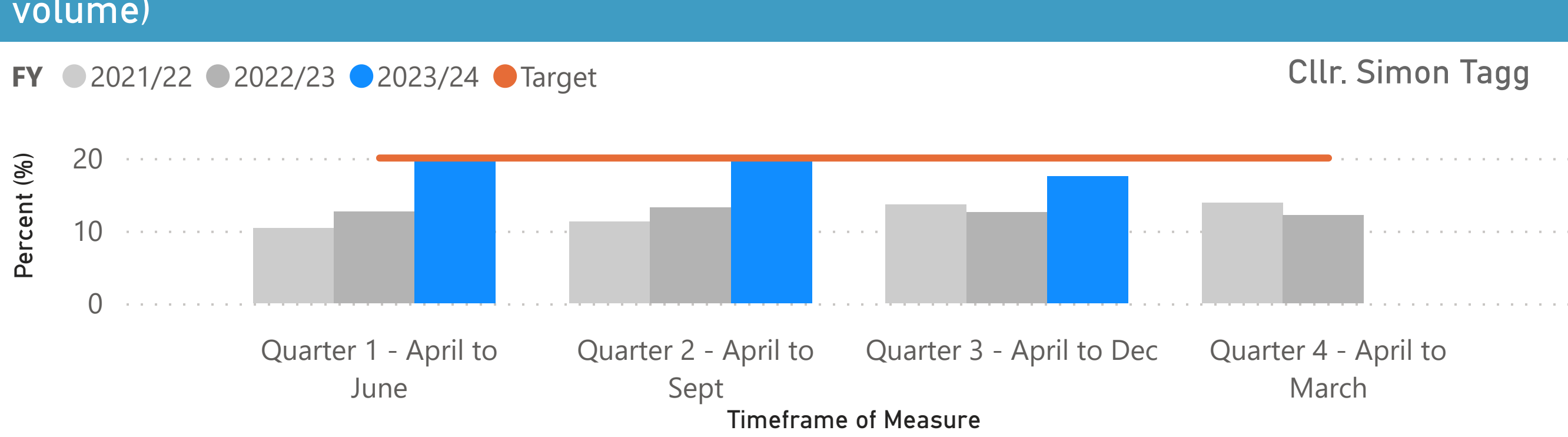


Not Required as Target Met

**Low** ID1.7 - % Unmet demand (number of calls not answered as a % of total call handling volume) **Current Status** SMART Actions if Off Target

Is Good  
Cumulative (Per Annum)

Negative  
Yearly Trend

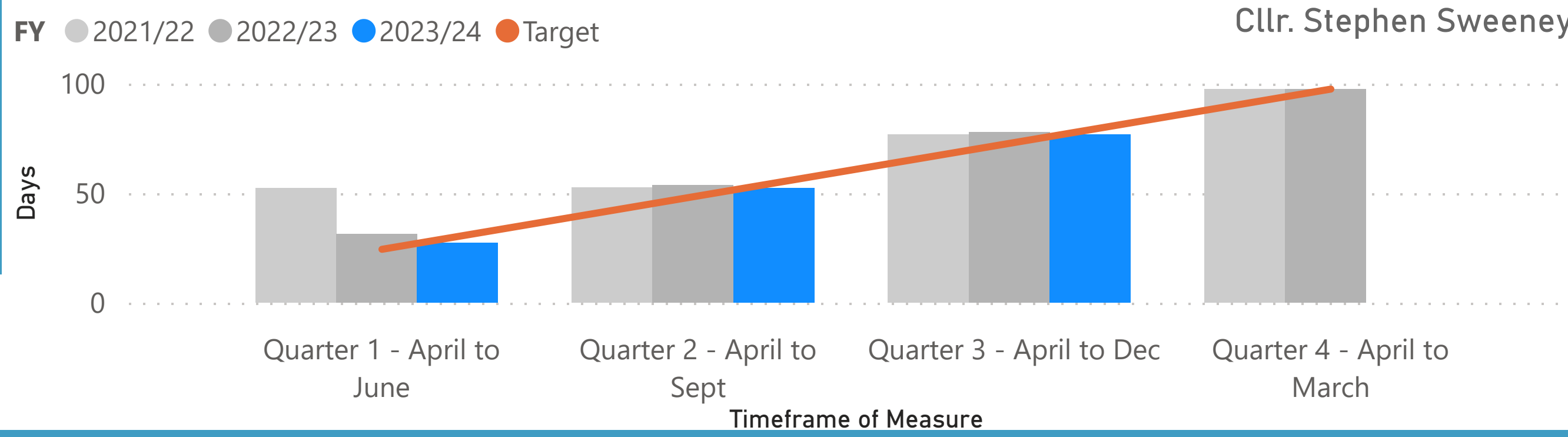


Not Required as Target Met

**High** ID1.11 - Percentage of Council Tax collected **Current Status** SMART Actions if Off Target

Is Good  
Cumulative (Per Annum)

Negative  
Yearly Trend

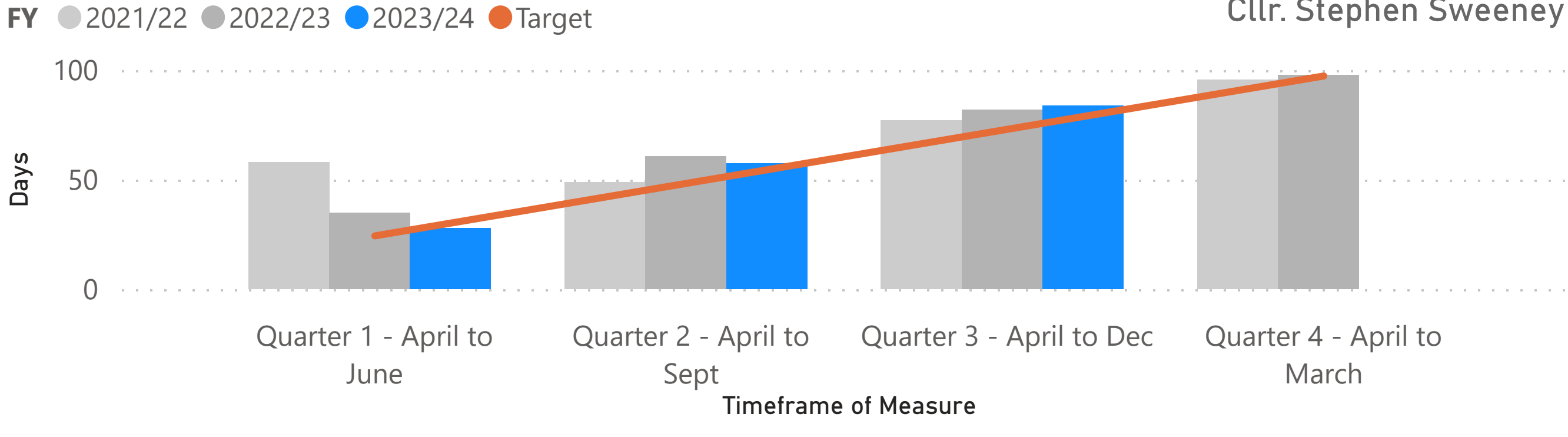


Not Required as Target Met

**High** ID1.12 - Percentage of National non-domestic rates collected **Current Status** SMART Actions if Off Target

Is Good  
Cumulative (Per Annum)

Positive  
Yearly Trend



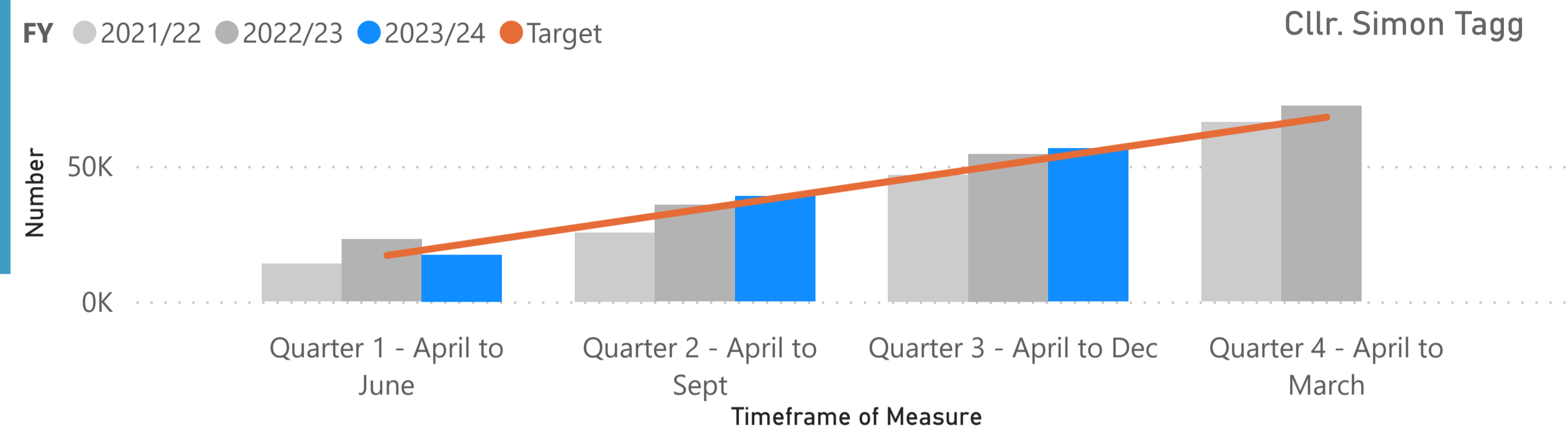
Not Required as Target Met



**ID1.8a - Total number of digital online transactions** Current Status SMART Actions if Off Target

High  
Is Good  
Cumulative (Per Annum)

Positive  
Yearly Trend



**56.45K** ✓

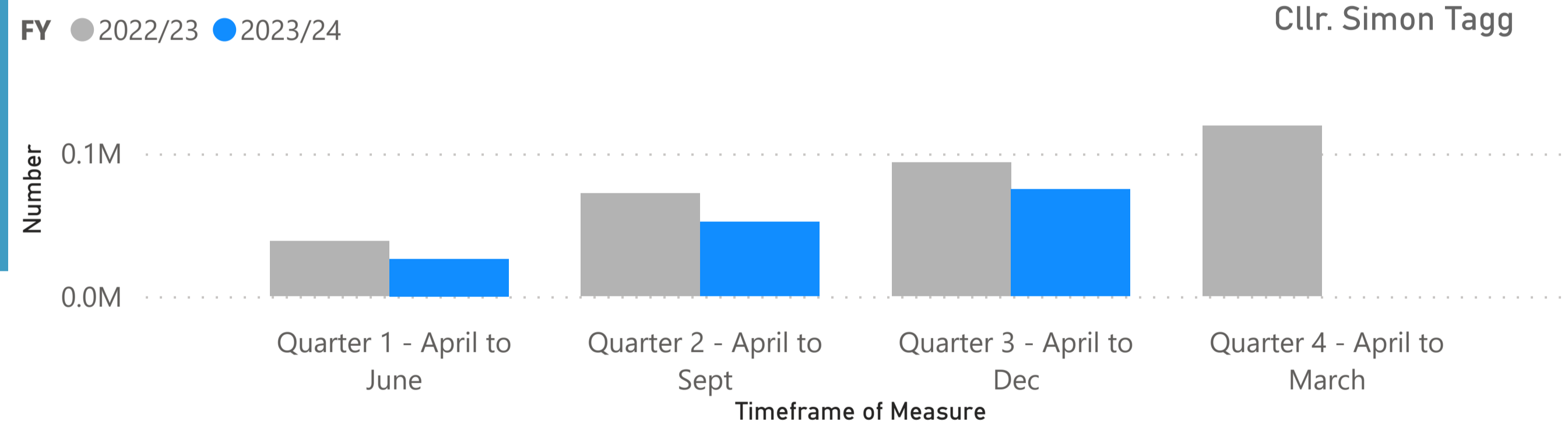
Target: 51.00K

Target Met. For information Jadu Forms accounted for 47017 and Citizens Access Transactions accounted for 9431 of the total at the end of December 2023.

**ID1.8b- Total number of calls offered into the Customer Hub** Current Status SMART Actions if Off Target

Low  
Is Good  
Cumulative (Per Annum)

Positive  
Yearly Trend



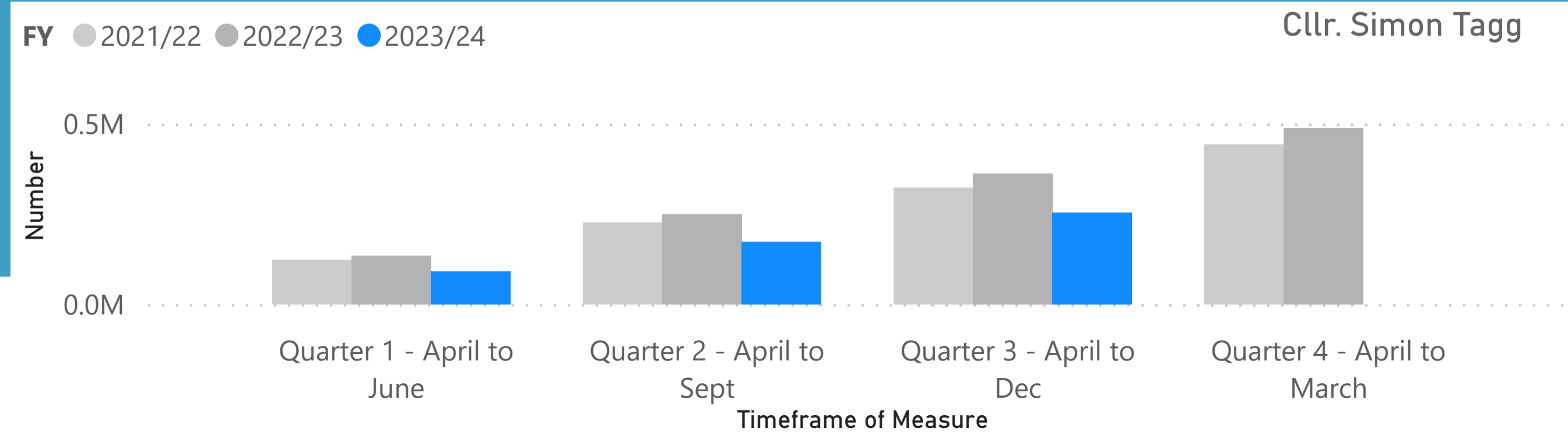
**74.81K**

Number of calls offered have dropped by 18698 when comparing against Quarter 3 from 2022/23. The improved digital forms and improved citizens access functionality will have had some impact as this can be related to the council providing better digital customer experiences than compared to a year ago. The large drop however is likely to have been impacted by other factors such as implementing of "5 a day" to remove work backlog and reduce failure demand into the council for customer chasing for updates.

**ID1.9 - Total number of unique users to the website** Current Status SMART Actions if Off Target

High  
Is Good  
Cumulative (Per Annum)

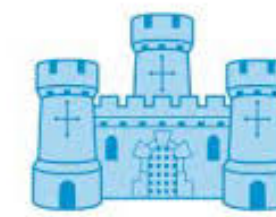
Negative  
Yearly Trend



**253.94K**

Changes to Google Analytics in July 23 have had an impact on how the unique users are calculated.

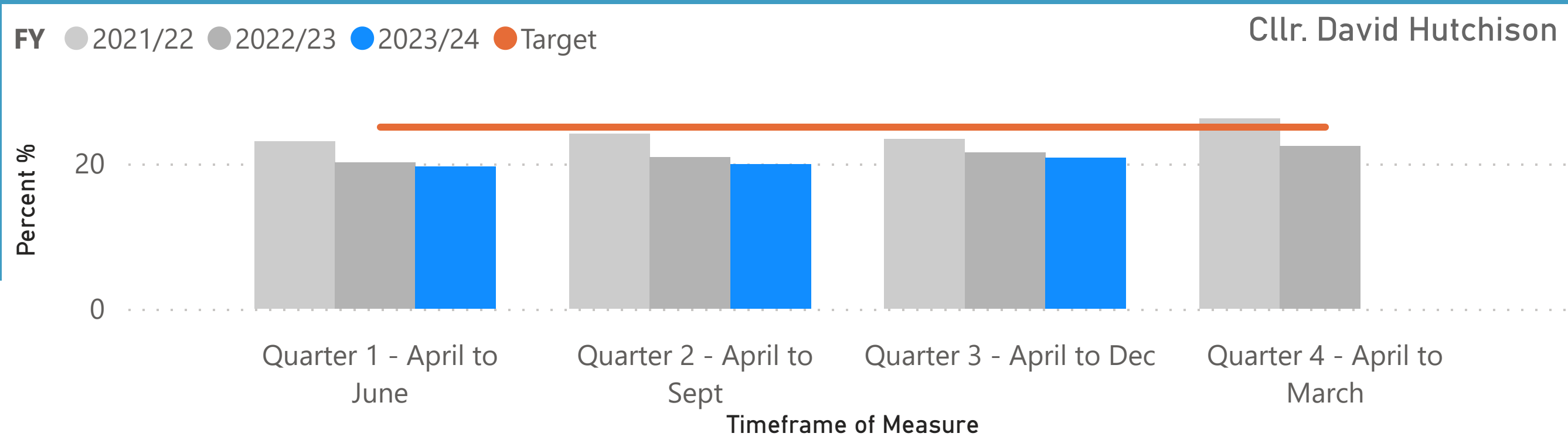




**ID1.4a - Dry Recycling:- Household collections from the kerbside (%)** Current Status SMART Actions if Off Target

High  
Is Good  
Cumulative (Per Annum)

Negative  
Yearly Trend



**20.76!**

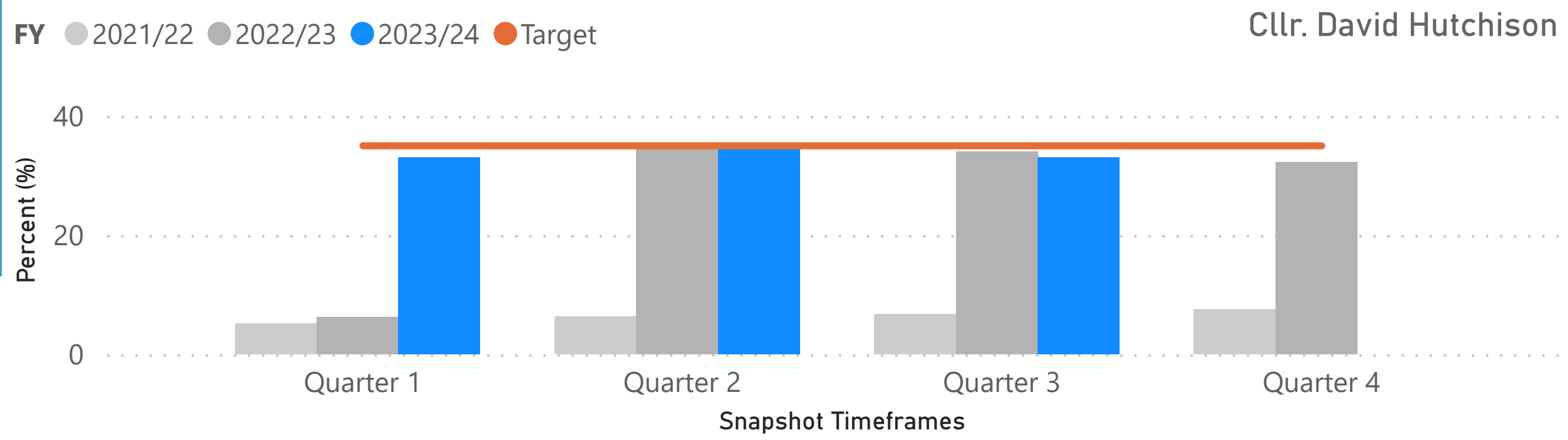
Target: 25.00

Recycling rates across the country are falling, potentially due to cost of living crisis. Residual waste volumes have not increased, so would point to a change in residents shopping behaviour. The Council remains the second highest performer of Staffordshire authorities for recycling. Looking wider across the country within the Councils Recycling rate in comparison against CIPFA neighbours puts the Council at the top of the league table

**ID1.4b - Food:- Household collections from the kerbside (%)** Current Status SMART Actions if Off Target

High  
Is Good  
Per Quarter (Snapshot)

Negative  
Yearly Trend



**33.00!**

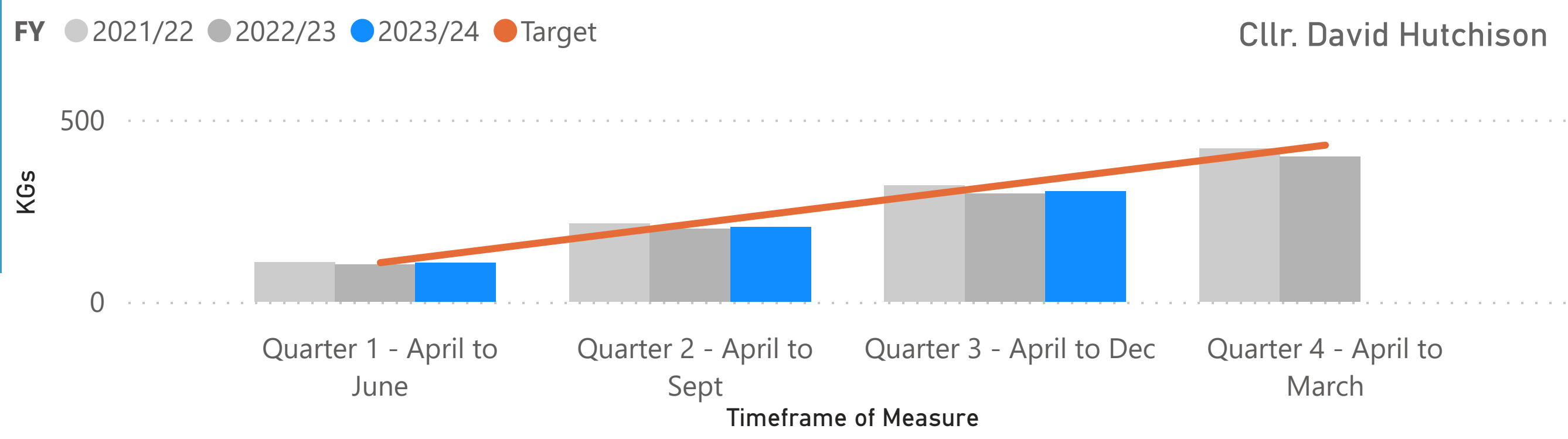
Target: 35.00

The last participation survey showed a slight drop in participation to 33%. There is no obvious reason for this, and tonnage collected remains consistent. Surveys undertaken are a 'snap in time' and not continual, as they are resource intensive, and therefore could be that they were undertaken in a low participation point in time.

**ID1.4c - Residual Waste per household:- Household collections from the kerbside (Kgs)** Current Status SMART Actions if Off Target

Low  
Is Good  
Cumulative (Per Annum)

Negative  
Yearly Trend



**302.71✓**

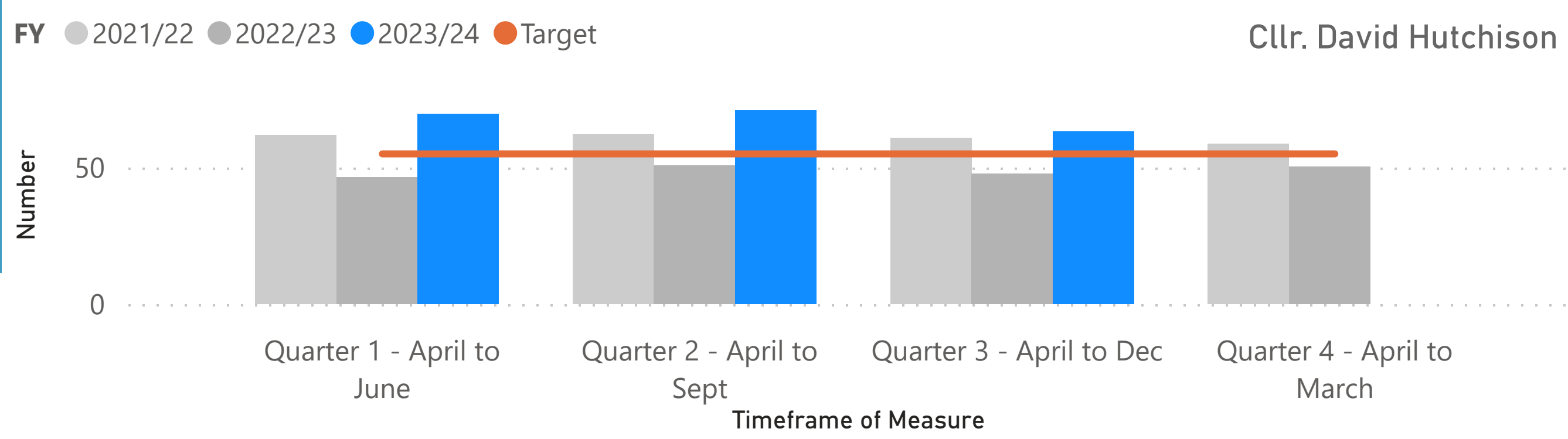
Target: 322.50

Not Required as Target Met

**ID1.4d - Number of missed kerbside collections:- Total (per 100,000 collections)** Current Status SMART Actions if Off Target

Low  
Is Good  
Cumulative (Per Annum)

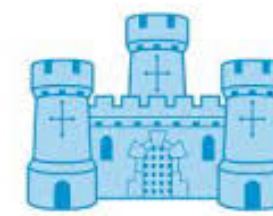
Negative  
Yearly Trend



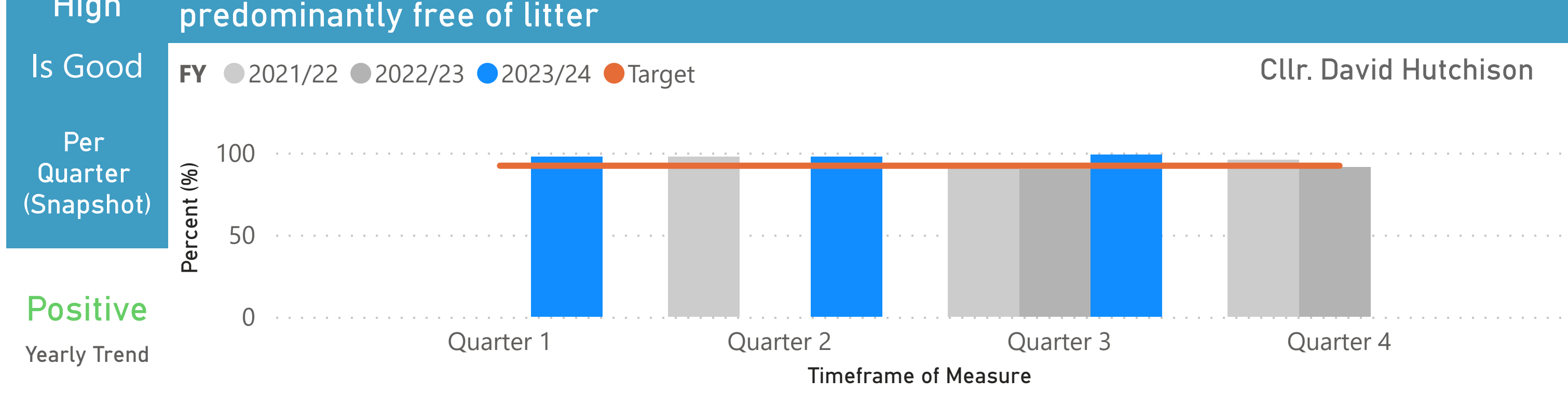
**63.26!**

Target: 55.00

Remained over target in Q3 but there has been improvements when comparing against Q2 with a positive trend being seen as we progress quarter to quarter. This trend has also seen month on month, where there has been a continued drop in the number of missed bins per 100,000. When looking at December in isolation there were only 41.51 missed per 100,000; this falls well within target and provides optimism that the measure can reduce further as we move into Q4. Disrupted collections earlier in the year have impacted performance but improvements are being seen and it must also be noted that the successful collection rate is very high with a measure of 99.99%.



**High** ID1.5a - Litter: Levels of street and environment cleanliness (LAMS survey) free / predominantly free of litter Current Status / SMART Actions if Off Target

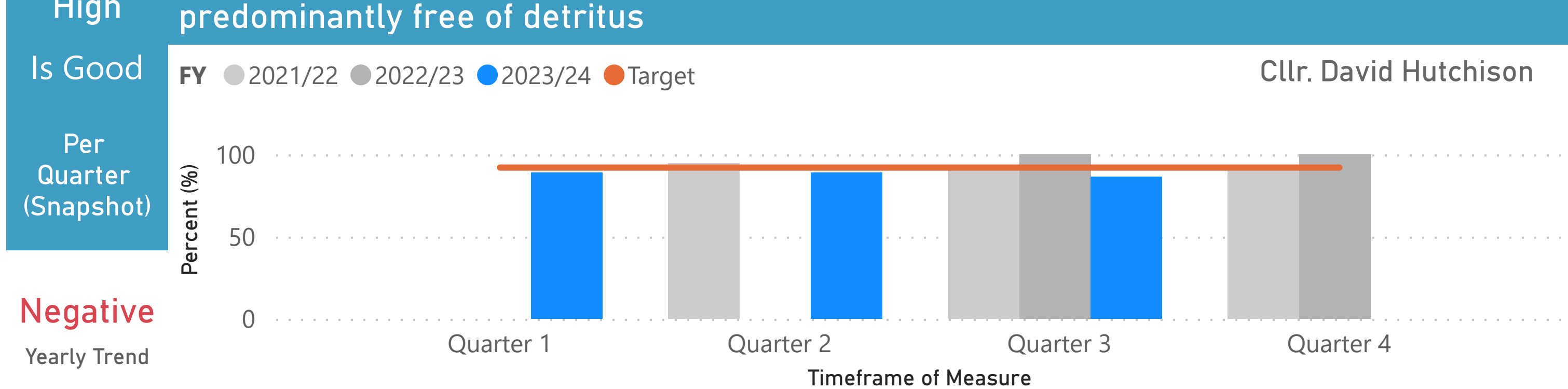


**98.75** ✓

Target: 92.00

Not Required as Target Met

**High** ID1.5b - Detritus: Levels of street and environment cleanliness (LAMS survey) free / predominantly free of detritus Current Status / SMART Actions if Off Target

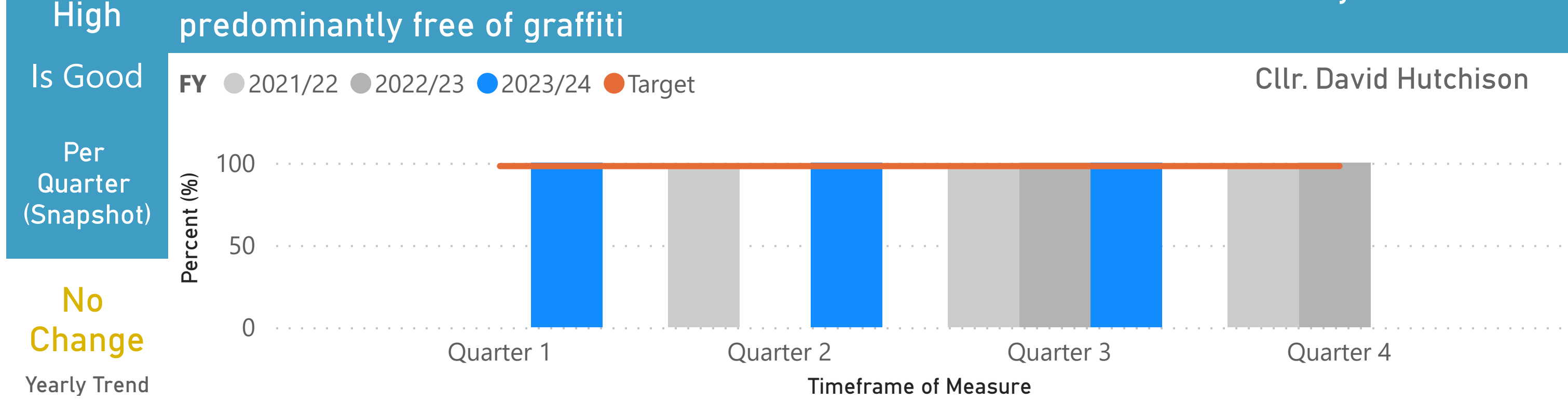


**86.25** !

Target: 92.00

Previous sweeper fleet became very unreliable, and a design fault took a number of them off the road for a period of time, putting sweeping schedules behind. The new sweeper fleet is now in service and redressing the backlog, and making positive progress in improving sweeping operations

**High** ID1.5c - Graffiti: Levels of street and environment cleanliness (LAMS survey) free / predominantly free of graffiti Current Status / SMART Actions if Off Target

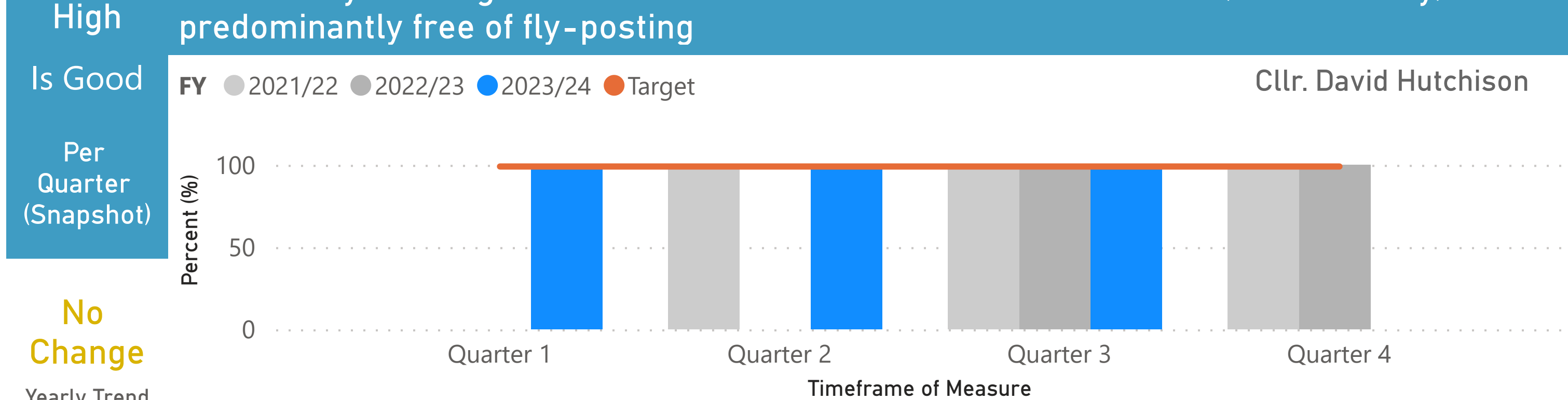


**100.00** ✓

Target: 98.00

Not Required as Target Met

**High** ID1.5d - Fly-Posting: Levels of street and environment cleanliness (LAMS survey) free / predominantly free of fly-posting Current Status / SMART Actions if Off Target

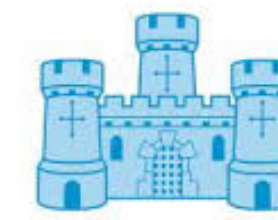


**100.00** ✓

Target: 99.00

Not Required as Target Met





Project Status Split for Priority 1.

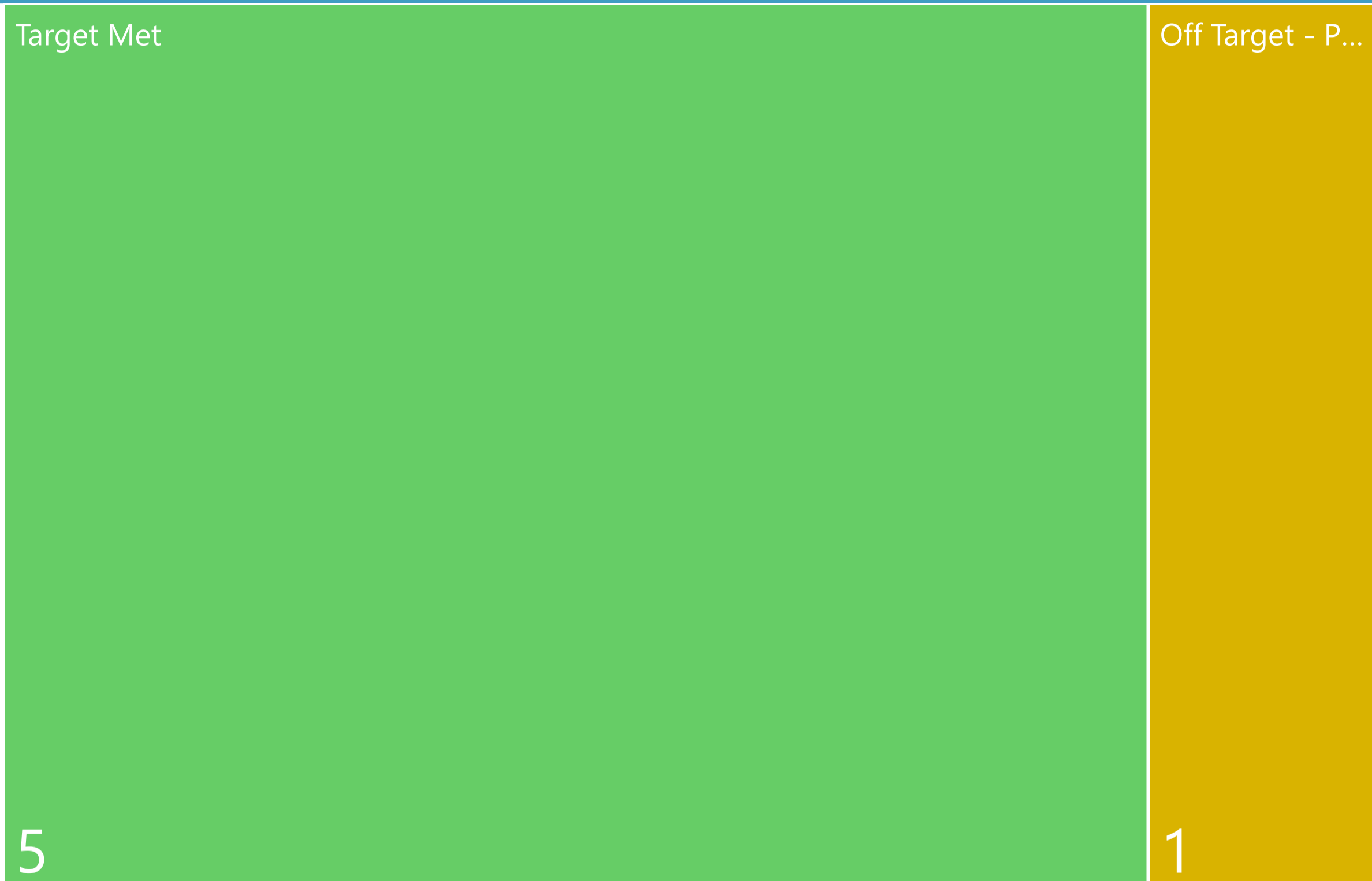
Project/Action is Progressing as Expected

5

Portfolio Holder	Service Area	Action	Corporate Objective	Status report	Commentary on progress
Cllr. Simon Tagg	1. Strategy, People and Performance 2. All services	Deliver a Workforce Strategy	Develop professional talent across the Council and provide opportunities for staff to grow their careers	✔ Project/Action is Progressing as Expected	The People Strategy has been confirmed. Action plans against themes and vision to be developed to ensure strategy is fulfilled
Cllr. Simon Tagg	1. Strategy, People and Performance 2. IT and Digital 3. Neighbourhoods 4. All (digital enablement)	Deliver the One Council Programme	Ensure our services are efficient and accessible	✔ Project/Action is Progressing as Expected	The one Council programme continues to deliver results on target in terms of resource, finance and cultural transformation. Next phases in design.
Cllr. Stephen Sweeney	1. Commercial Delivery 2. Finance 3. Legal & Governance	Identify and deliver opportunities to generate income from commercial development	Ensure strong financial discipline across the Council	✔ Project/Action is Progressing as Expected	1. The Museum continues to offer a wide range of events, this quarter has seen the conclusion of the Obsolescence and Renewal exhibition as part of the British Ceramics Biennial which attracted a wide audience. Bereavement Services continue to expand the range of memorial options, new columbaria vases are now available at Bradwell. 3. Site investigation studies continue at Keele for a potential solar project.
Cllr. Simon Tagg	1. Strategy, People and Performance 2. All services	Work with our communities to ensure services reflect local need	Work with our communities to ensure services reflect local need	✔ Project/Action is Progressing as Expected	Work continues in developing our Priority Delivery Plans in line with our understanding of our communities and the overall Council Priorities and Plan. We continue to work with partners and also with data to understand the context in which we operate, invite feedback and consultation e.g budget consultation, local plan consultation.
Cllr. Simon Tagg	1. Strategy, People and Performance 2. neighbourhoods 3. Regulatory	Work with partners to deliver the best for our communities	Work with partners to deliver the best for our communities	✔ Project/Action is Progressing as Expected	Partnership working continues to be a strength for the organisation with positive outcomes in regard to Community Safety , Town Centre experience and ease of access to council services.



Priority 2: Performance Indicators Current Status



Corporate Aim (Priority)	Number of Indicators
Priority 2: A Successful and Sustainable Growing Borough	6

Smart Narrative

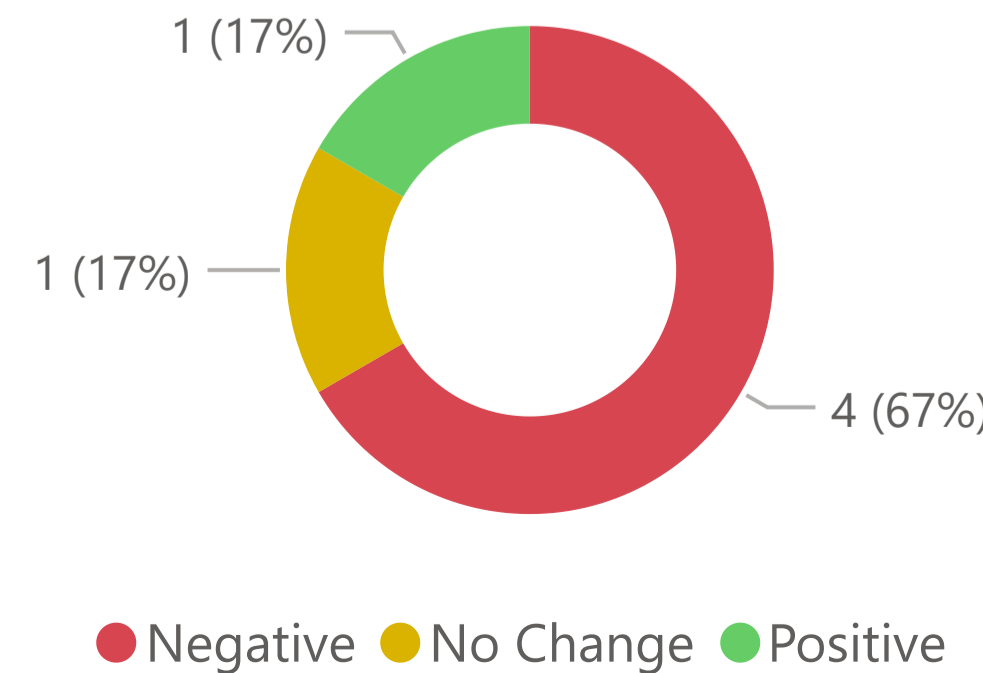
- There are 6 Indicators which have set targets this quarter within Priority 2.
- 83% met their targets within Quarter Two. 3 Indicators which met their target showed improvement when compared to the same time period last year. 2 Indicators which met their target showed a negative trend when being compared to last year.
- There is 1 measure (2.6) shown as off target this quarter which equates to 17% overall. This measure however did show an improvement when compared to the previous financial year.
- Within Priority 2, there are 2 Projects/Actions which was raised to not be progressing as expected and related to the following; "Delivering the £16m Kidsgrove Town Deal" and "Secure a Successful Resolution to Walleys Quarry"

Priority 2: Qtr.3 Summary Project Status Split

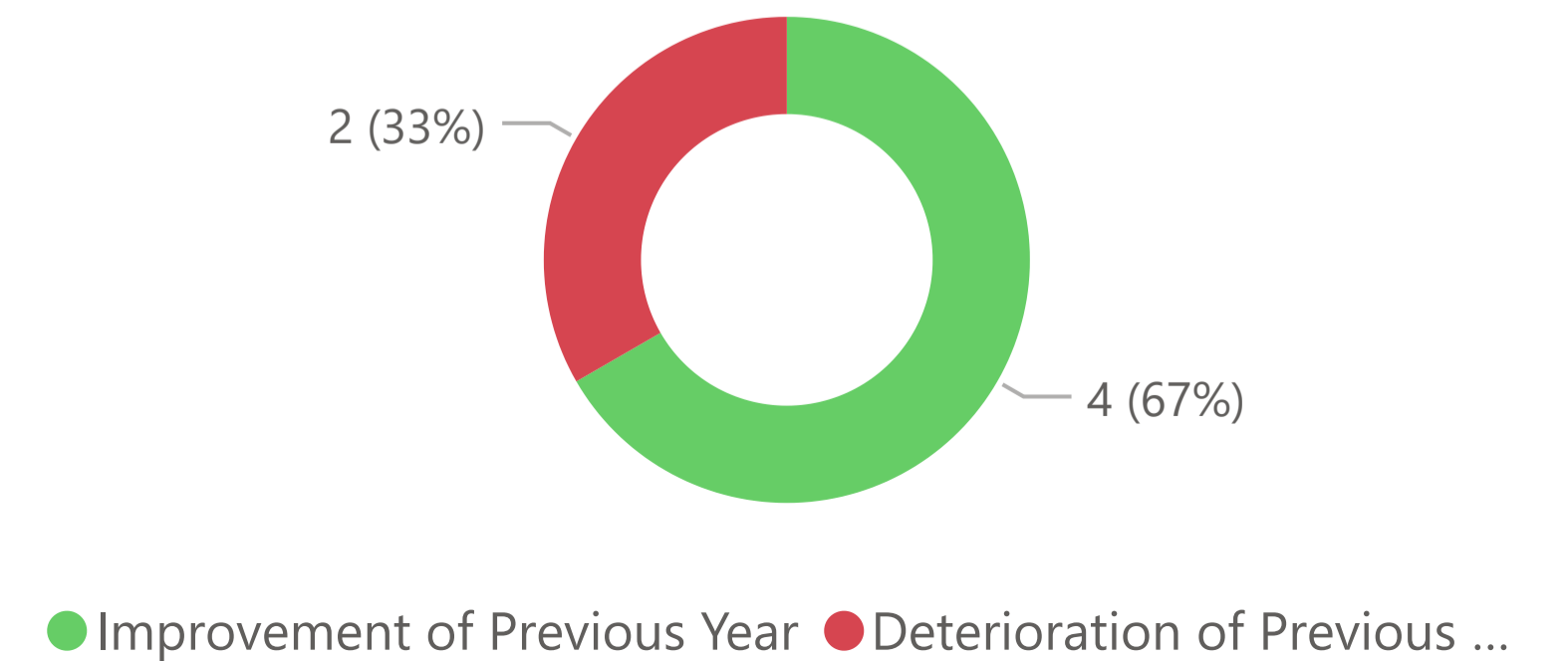
● Project/Action is Not Progressing as Expected ● Project/Action is Progressing as Expe...

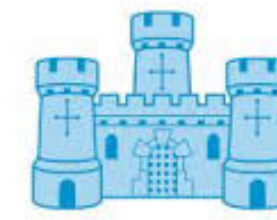


Priority 2: Qtr.3 Trend Direction of PI's Compared to Previous Quarter



Priority 2: Qtr.3 Trend Status of PI's Compared On Same Qtr in the Previous Financial Year



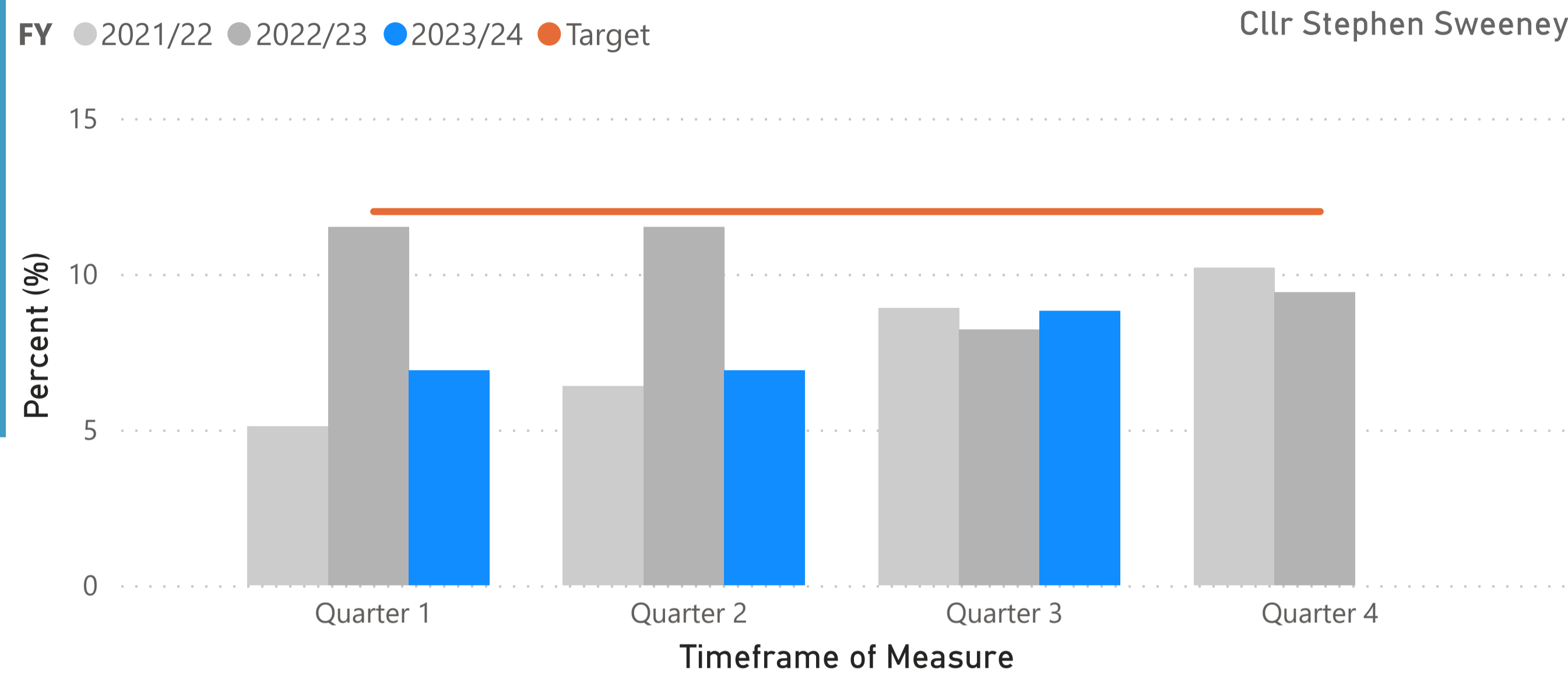


ID2.1 - Percentage of investment portfolio vacant (NBC owned)

Current Status

SMART Actions if Off Target

Low  
Is Good  
Per Quarter (Snapshot)  
Negative  
Yearly Trend



8.80 ✓

Target:  
12.00

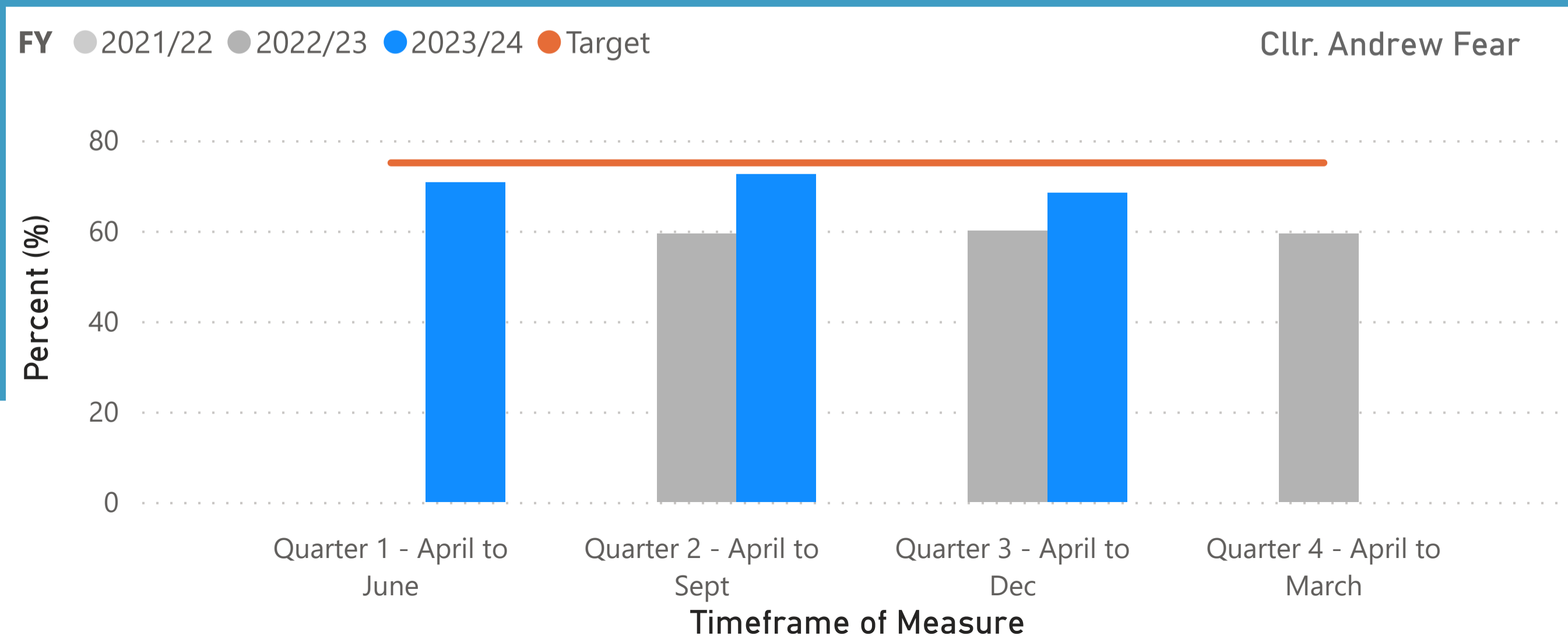
The number of properties % vacant is below target

ID2.6 - Percentage of complainants informed within the required timescales of any action to be taken about alleged breaches of planning control

Current Status

SMART Actions if Off Target

High  
Is Good  
Cumulative (Per Annum)  
Positive  
Yearly Trend

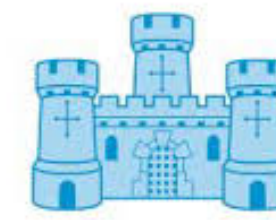


68.40

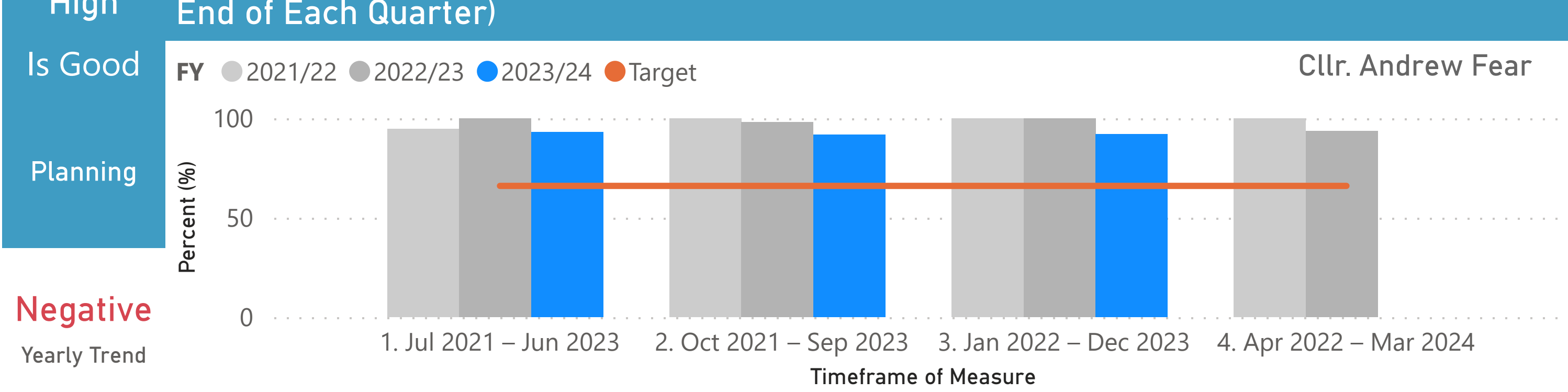
Target:  
75.00

The new Local Planning Enforcement Policy (LPEP) was agreed by Council on 22 November 2023. The information that has been provided for Quarter 3 therefore relates in part to performance in the context of the previous Enforcement Plan and in part in the context of the new Policy. Performance in this quarter is lower than was reported previously, however following changes in process and procedures that have been or are being introduced as a result of the One Council Programme it is anticipated there will be improvement in the next quarter.





**High** ID2.2 - Speed of major development applications (P151a - 24 Month Rolling Period up to End of Each Quarter) **Current Status** **SMART Actions if Off Target**

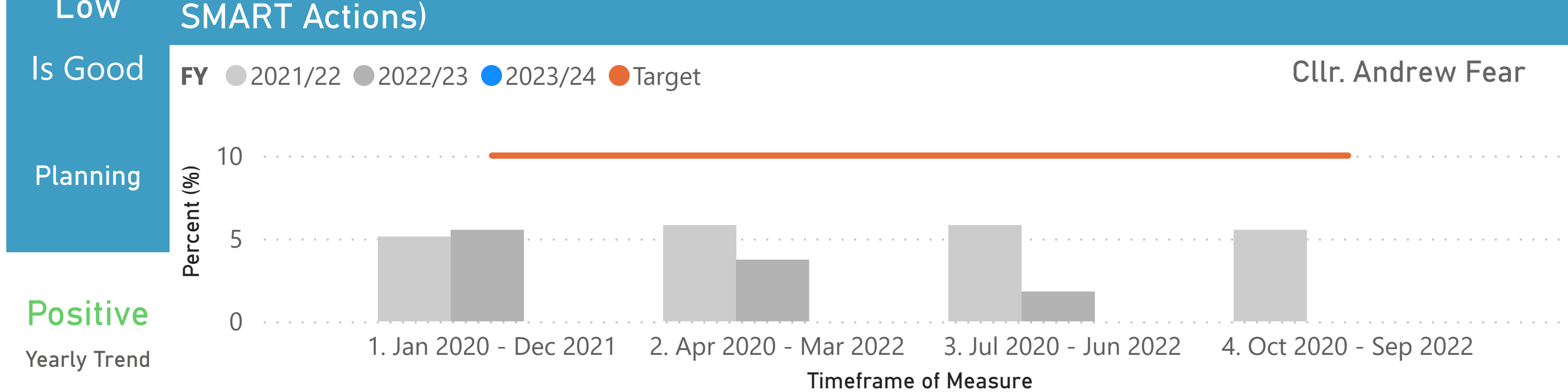


**92.00** ✓

Target: 66.00

Measure shown is the % within 13 weeks or within agreed time - Central Gov metric which measures a rolling time period of 24 months - Newest metric shows the following time period January 2022 – December 2023

**Low** ID2.3 - Quality of major development applications (P152a - 24 Month Rolling Period - See SMART Actions) **Current Status** **SMART Actions if Off Target**

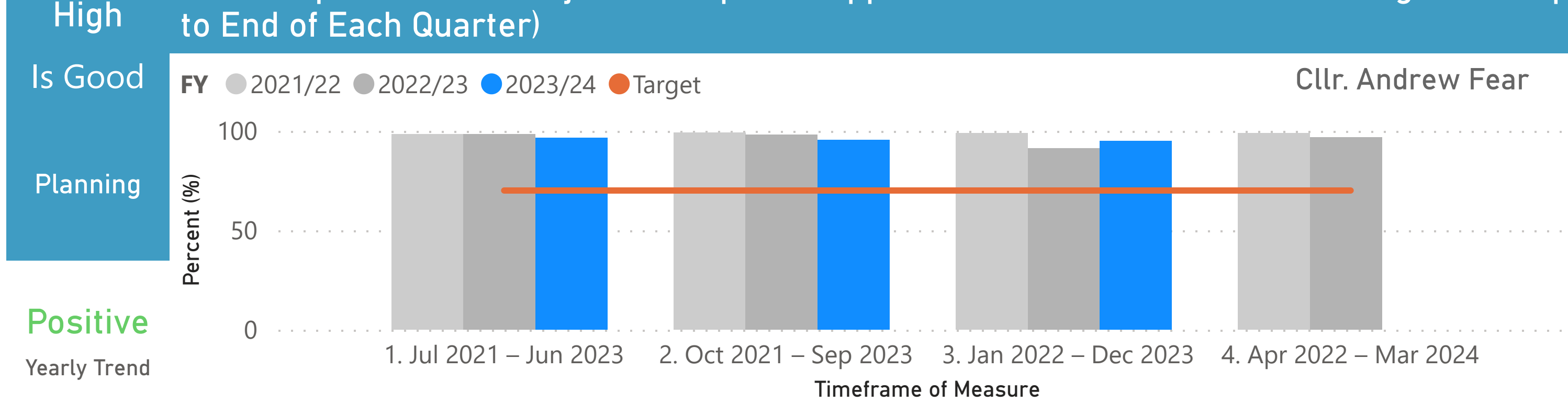


**0.00** ✓

Target: 10.00

Measure shown is the Quality of decisions (% overturned at appeal) - Central Gov metric which measures a rolling time period of 24 months - They have currently advised they are behind schedule. Newest metric shows the following time period July 2020 – June 2022

**High** ID2.4 - Speed of non-major development applications (P153 - 24 Month Rolling Period up to End of Each Quarter) **Current Status** **SMART Actions if Off Target**

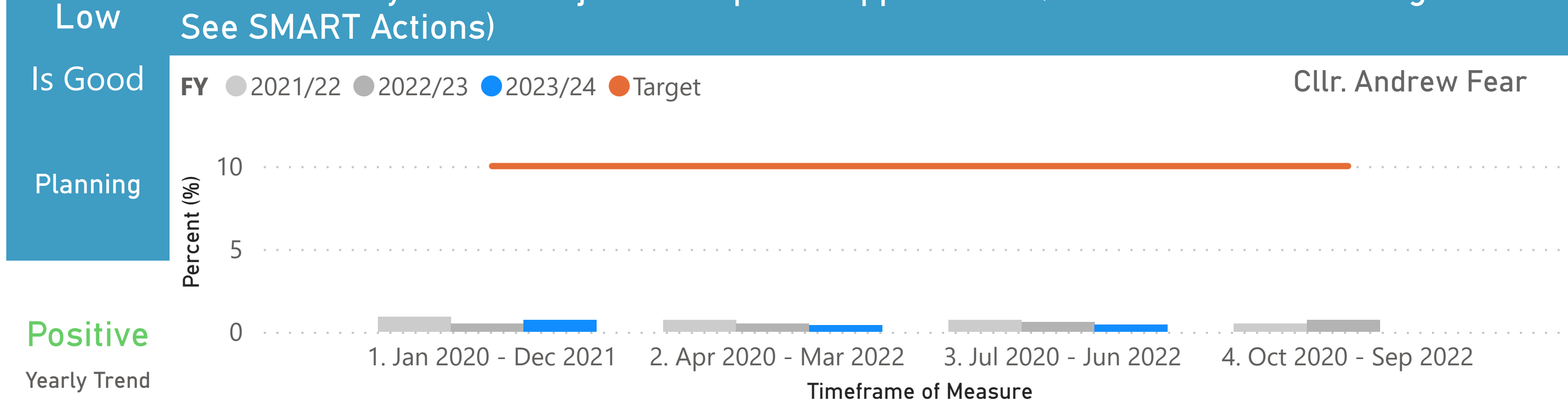


**95.00** ✓

Target: 70.00

Measure shown is the % within 8 weeks or within agreed time - Central Gov metric which measures a rolling time period of 24 months - Newest metric shows the following time period January 2022 – December 2023

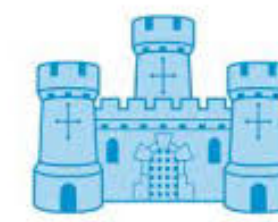
**Low** ID2.5 - Quality of non-major development applications (P154 - 24 Month Rolling Period - See SMART Actions) **Current Status** **SMART Actions if Off Target**



**0.44** ✓

Target: 10.00

Measure shown is the Quality of decisions (% overturned at appeal) - Central Gov metric which measures a rolling time period of 24 months - They have currently advised they are behind schedule. Newest metric shows the following time period July 2020 – June 2022



## Project Status Split for Priority 2.

Project/Action is Progressing as Expected

8

Project/Action is Not Progressing as E...

2

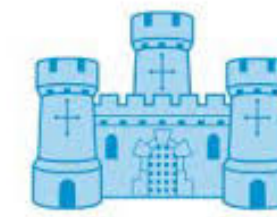
Portfolio Holder	Service Area	Action	Corporate Objective	Status report	Commentary on progress
Cllr. Stephen Sweeney	1. Commercial Delivery 2. Strategy, People and Performance 3. Finance	Continue to bid for government funding to support the borough's ambitions, including the further development of Keele Science and Innovation Park and the University Growth Corridor.	A strong and sustainable economy where everyone benefits	✔ Project/Action is Progressing as Expected	The Council continues to deliver the two Town Deals and the Shared Prosperity Fund.
Cllr. David Hutchison	1. Neighbourhoods	Protect our parks and green spaces for future generations	Ensuring that the Council's operations are carbon neutral by 2030	✔ Project/Action is Progressing as Expected	Tenders have been invited for Phase 5 of the Urban Tree Planting Strategy and are due in on 12th January. Planting will take place in February/March 2024.
Cllr. Andrew Fear	1. Planning 2. Legal & Governance	Delivering the Newcastle Local Plan	Support the sustainable development of our towns and villages	✔ Project/Action is Progressing as Expected	Cabinet agreed to update the Council's Local Development Scheme (the timetable for the Local Plan) in October 2023. The Local Plan (Regulation 19) version of the Local Plan is anticipated to be considered at Full Council in July 2024 with a recommendation to consult on the (Regulation 19) Final Draft Local Plan for six weeks. This is with the intention of submitting the Plan for examination by the end of 2024. The Plan will be supported by a suite of evidence based documents and will consider the comments received to the First Draft Local Plan consultation held over the summer of 2023.
Cllr. David Hutchison	1. Regulatory 2. Neighbourhoods	Secure a successful resolution to the Walley's Quarry odour problem.	Protecting our communities by improving how we use our enforcement powers.	⚠ Project/Action is Not Progressing as Expected	Complaints of odour have significantly increased during this quarter with November and December reporting figures higher than the same months in 2022 and in the case of December higher than 2021. The Environment Agency has continued to undertake inspections to the site. Non-compliance with permit conditions was identified on 02 October 2023 with two Cat 2 breaches amounting to 31 CCS points. The operator has issued a press statement in December 'over the past few months, Walleys Quarry Ltd (WQL) has been engaged in several projects at the facility, as part of their ongoing commitment to and development of the Walleys Quarry (WQ) facility. These extensive and complex works demonstrate continued commitment to the site and are reflective of a significant financial investment'. The works included the installation of 5 new leachate wells. Officers within the Environmental Protection Team are continuing to undertake odour assessments and reviewing compliance with the Abatement Notice.
Cllr. David Hutchison	1. Sustainable Environment 2. All	Deliver the Sustainable Environment Strategy	Ensuring that the Council's operations are carbon neutral by 2030	✔ Project/Action is Progressing as Expected	Decarbonisation plans for the Councils estate, i.e., operational buildings and fleet known as the RoadMap to Net zero completed and approved by Cabinet, together with an update on the SES in October 23. The Council has decreased its Carbon footprint by 43% since declaring a Climate Emergency. We are now in the process of adding the RoadMap actions into a revised action plan for the SES which will go forward for consideration by Cabinet in April this year.
Cllr. David Hutchison	1. Sustainable Environment 2. All	Play an active role in the Staffordshire Sustainability Board	Secure a carbon neutral Borough by 2050	✔ Project/Action is Progressing as Expected	The Council continues to play a leading role in the SSB, presenting reports and initiatives we have undertaken which would be of help and benefit to other SSB partners. All base pledge initiatives have either been completed or are on track for completion within agreed time scales.





Portfolio Holder	Service Area	Action	Corporate Objective	Status report	Commentary on progress
Cllr. Stephen Sweeney	1. Commercial Delivery 2. Neighbourhoods	Delivering the £4.8m Uk Shared Prosperity Fund programme, including: Improving the town centre; Supporting culture and heritage; Skills development for local people; Supporting the most vulnerable people.	A strong and sustainable economy where everyone benefits	✔ Project/Action is Progressing as Expected	This quarter has seen the development of UKSPF projects expand from 23 to 32 with 5 projects awaiting grant agreements to be signed. The projects have spent £1,054,921 against the available funds of £2,333,200. Key successes include the Business Enterprise coaching and business APP development, plus the 35 850 events creating a 15% increase in visitors to the museum.
Cllr. Gill Heesom	1. Regulatory 2. Legal & Governance	Ensure that there are good homes for everyone and that every citizen has a safe and secure place to live	Ensure that there are good homes for everyone and that every citizen has a safe and secure place to live	✔ Project/Action is Progressing as Expected	Monitoring Figures show an increasing pressure on social housing in the borough and on the work of Newcastle HousingAdvice
Cllr. Stephen Sweeney	Commercial Delivery	Delivering the £16m Kidsgrove Town Deal, including: Facilitating the Chatterley Valley Enterprise Zone development to deliver 1700 quality jobs for local people; Enhancing Kidsgrove Railway Station and access to the local canal network; Developing a Shared Service Hub with key partners.	A strong and sustainable economy where everyone benefits	⚠ Project/Action is Not Progressing as Expected	Delivery continues with the remaining projects to be delivered through Kidsgrove Town Deal. The Canal & River Trust are on schedule to start on site in line with the terms of their funding agreement. Planning consent has been obtained for construction of the Shared Service Hub and project progress continues. The Railway Station project continues to experience issues with resolving ground conditions associated with historic mine works at the site. the project team continues to work to find a satisfactory resolution of these issues.
Cllr. Stephen Sweeney	Commercial Delivery	Delivering the £23m Newcastle Town Deal, including: Development of key gateway sites including the 'Zanzibar' and Midway; Connecting residents and businesses to skills training for the digital world; Improving bus, cycling and walking infrastructure; Delivering a circus-themed performing arts Centre; Building more than 400 homes in Knutton and Chesterton.	A strong and sustainable economy where everyone benefits	✔ Project/Action is Progressing as Expected	All Newcastle projects have now been approved for delivery by DLUHC. A number of projects have now commenced on-site works or are expected to in the next quarter. Planning consent has been received for Keele in Town, the extension of Newcastle Enterprise Centre and construction of a new Football Changing Room at the Wammy. A planning application has been submitted for residential development at High Street, Knutton. Phase 1 of the Philip Astley Circus Centre will be complete in December. Phase 1 of the cycle access improvement have been completed at Gallowstree Roundabout. The strip-out of 53 Ironmarket, which is to house Keele in Town is complete and fit-out work will commence in the next quarter.





Priority 3: Performance Indicators Current Status



Corporate Aim (Priority)	Number of Indicators
Priority 3: Healthy, Active and Safe Communities	15

Smart Narrative

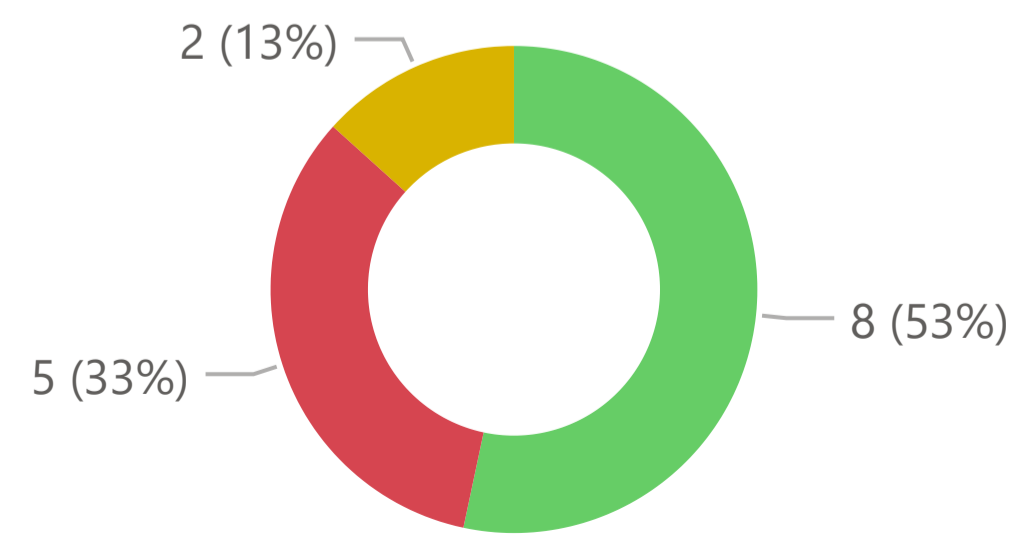
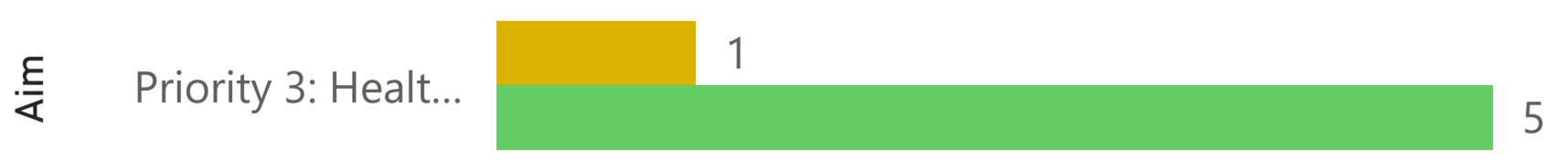
- There are 3 Indicators which have set targets this quarter within Priority 3.
- 67% met their targets within Quarter Two. All 2 Indicators which met their target also showed improvement or no change when compared to the same time period last year.
- 33% of Indicators were classed as off target this quarter, this indicator also showed a negative trend when comparing against the previous years data.
- There are 12 Indicators which are contextual this quarter and do not have a target to meet. When compared to last year, 5 measures had showed a negative trend, 6 measures demonstrated an improvement when comparing to 22/23; 1 contextual measure did not change.
- Within Priority 3, there was 1 Projects/Actions which was raised to not be progressing as expected and related to the following; "Further increasing recycling rates across the borough with a particular focus on food waste".

Priority 3: Qtr.3 Summary Project Status Split

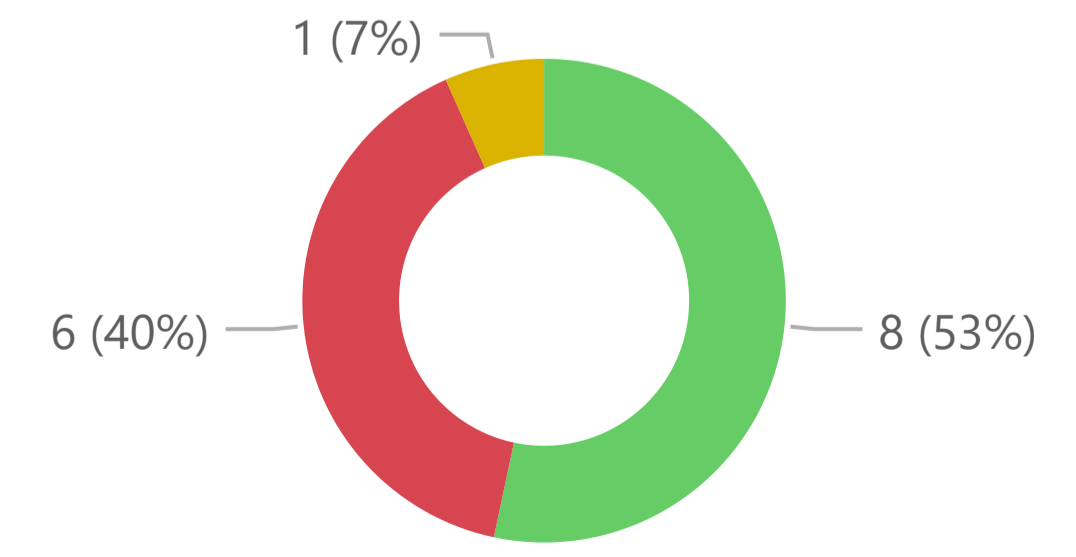
Priority 3: Qtr.3 Trend Direction of PI's Compared to Previous Quarter

Priority 3: Qtr.3 Trend Status of PI's Compared On Same Qtr in the Previous Financial Year

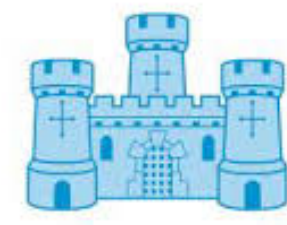
● Project/Action is Not Progressing as Expected ● Project/Action is Progressing as Ex...



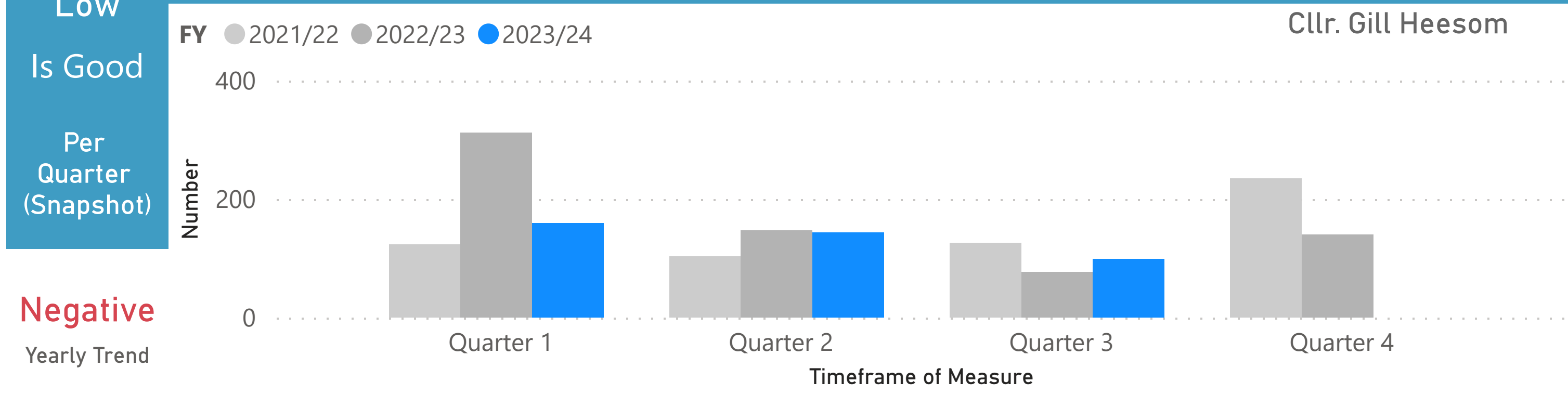
● Positive ● Negative ● No Change



● Improvement of Previous ● Deterioration of Previous ● No Change



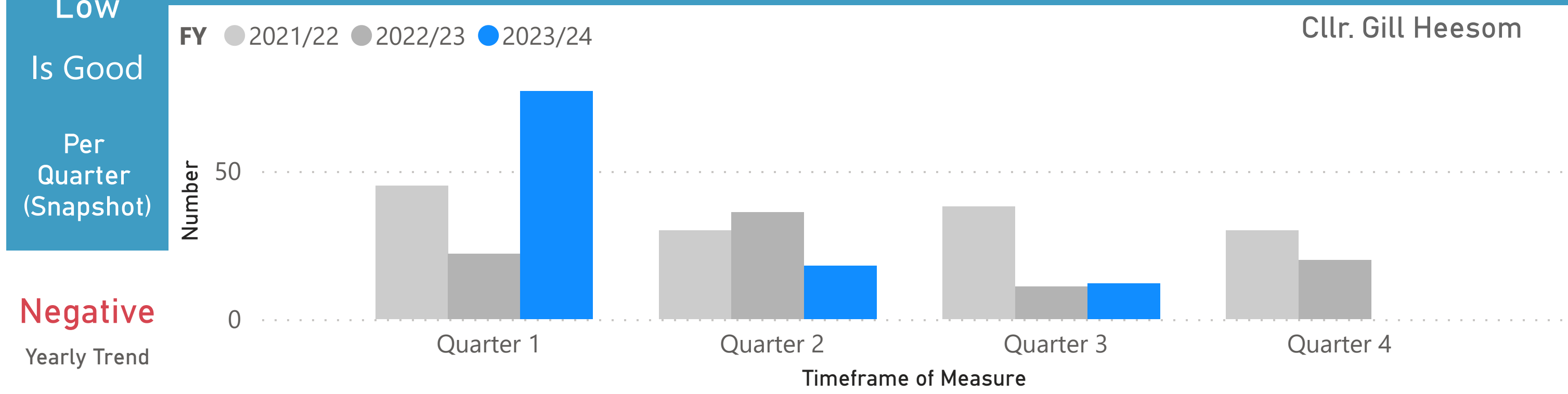
**ID3.1a - Anti-Social Behaviour (ASB) cases - New cases received during the quarter** Current Status SMART Actions if Off Target



**99.00**

Work is continuing with a range of partner agencies to address ASB efficiently and effectively and ensure that reporting is accurate.

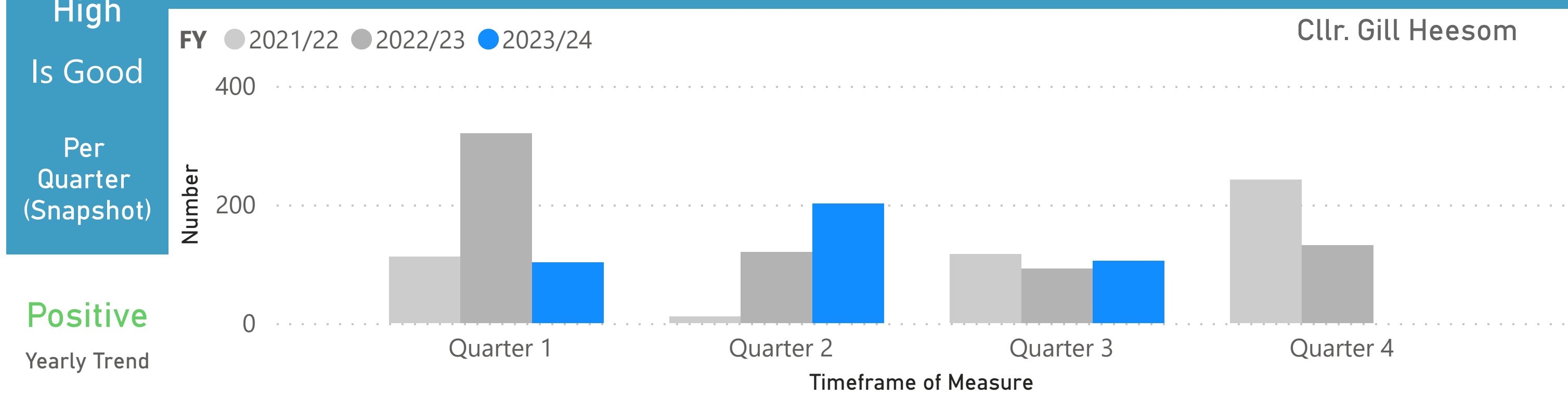
**ID3.1b - (ASB) cases - Current open cases at the end of the quarter** Current Status SMART Actions if Off Target



**12.00**

We continue partnership working to reduce ASB and ensure any complaints are dealt with efficiently and effectively in a timely manner, including accurate reporting.

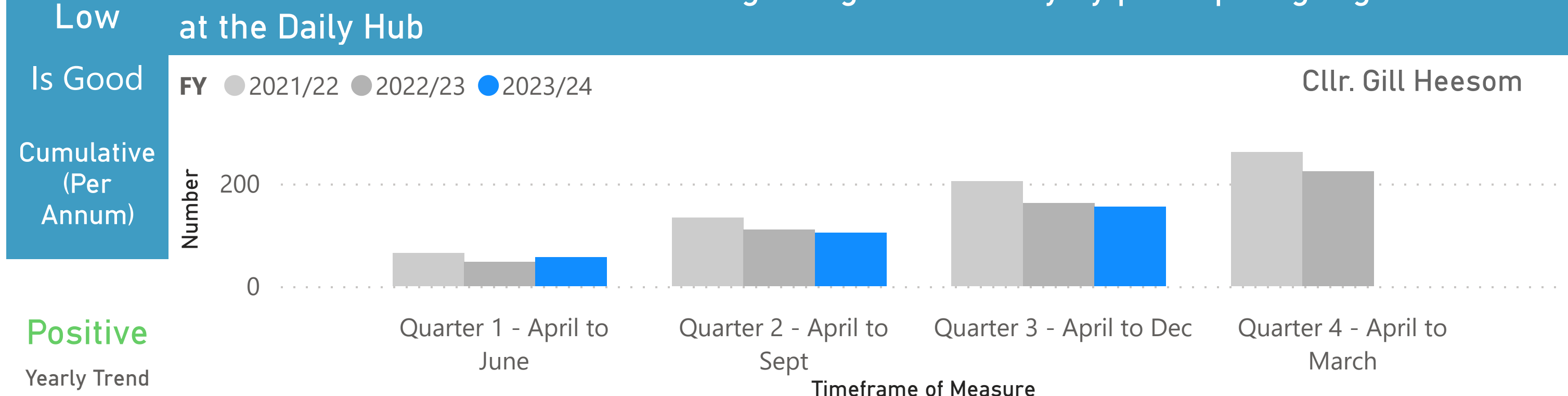
**ID3.1c - (ASB) cases - Cases closed in the quarter** Current Status SMART Actions if Off Target



**105.00**

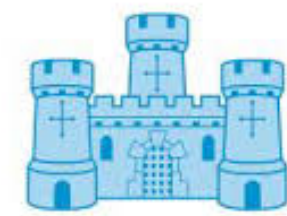
Value is also relative to the measure of new cases received. We continue partnership working to reduce ASB and ensure any complaints are dealt with efficiently and effectively in a timely manner.

**ID3.2 - Number of referrals made regarding vulnerability by participating organisations at the Daily Hub** Current Status SMART Actions if Off Target



**155.00**

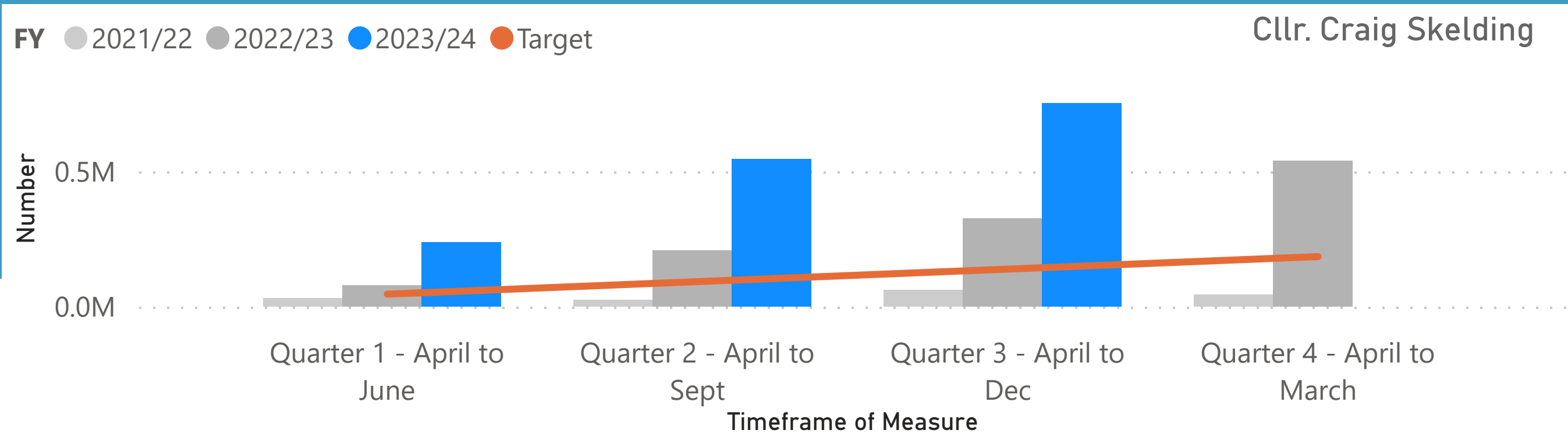
Service has seen a reduced number when comparing to previous financial year by 6 referrals and is less than 2021/22 by 29 referrals.



**ID3.3 - Number of People Accessing the Museum's collections online and in person** Current Status SMART Actions if Off Target

High  
Is Good  
Cumulative (Per Annum)

Positive  
Yearly Trend



**752.61K** ✓

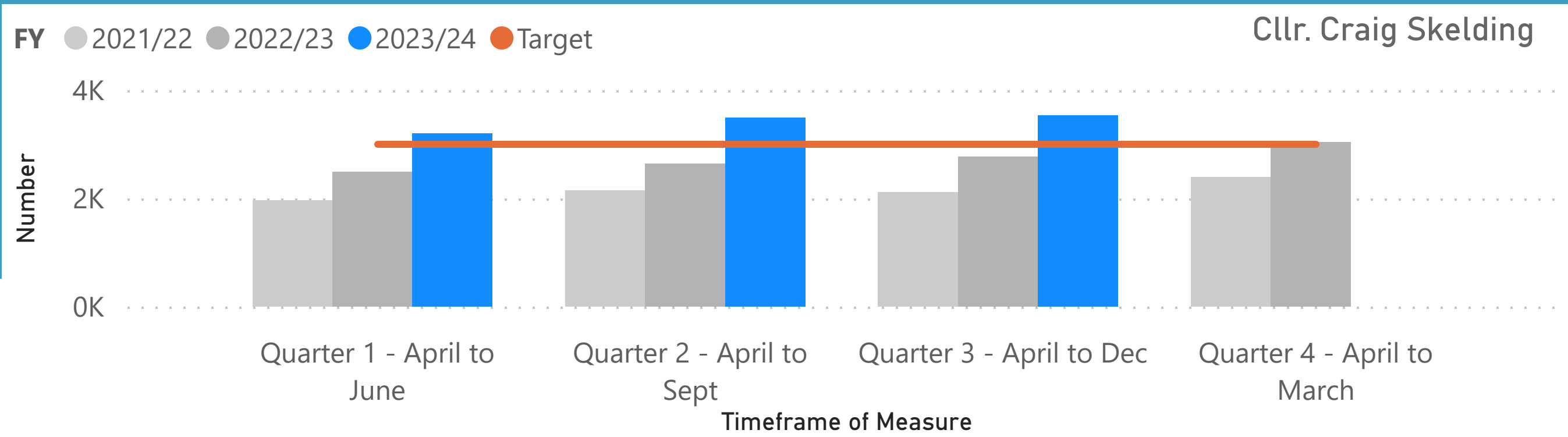
Target: 138.75K

Not Required as Target Met

**ID3.4 - J2 Membership growth** Current Status SMART Actions if Off Target

High  
Is Good  
Cumulative (Per Annum)

Positive  
Yearly Trend



**3.53K** ✓

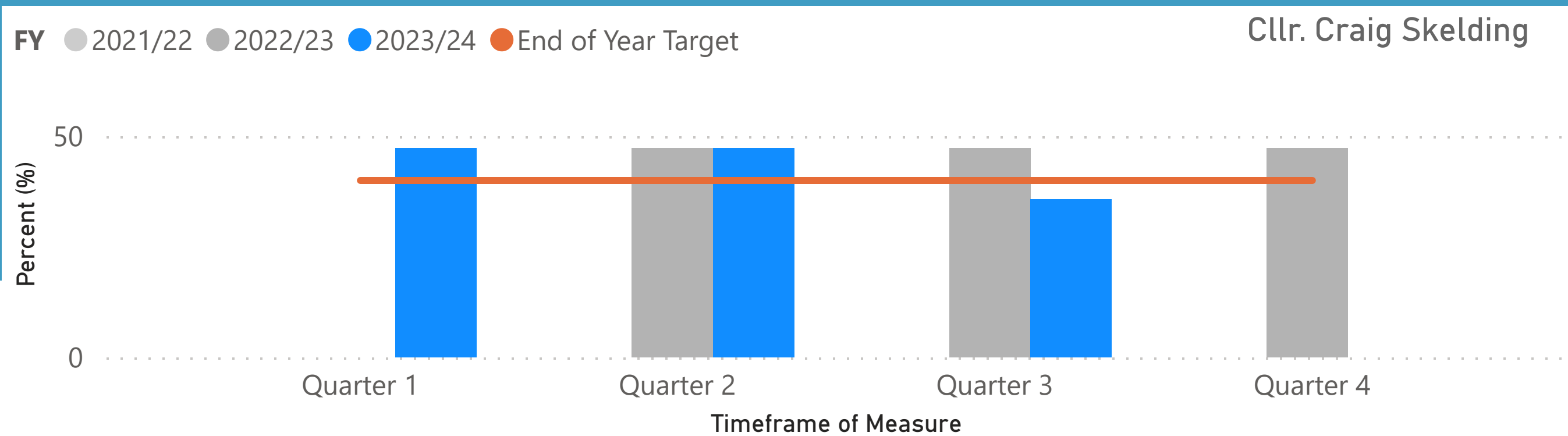
Target: 3.00K

Not Required as Target Met

**ID3.5 - Jubilee 2 Customer Satisfaction – Net Promotor Score** Current Status SMART Actions if Off Target

High  
Is Good  
Per Quarter (Snapshot)

Negative  
Yearly Trend



**35.68** !

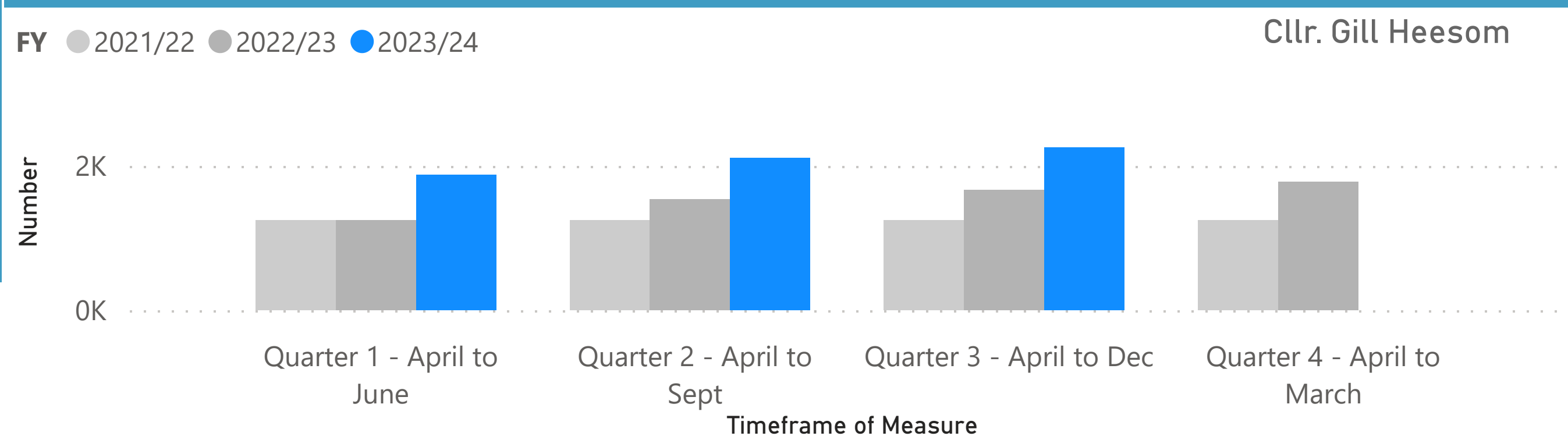
End of Year Target: 40.00

The NPS is collected through the Moving Communities questionnaire administered by Sport England. Whilst the NPS score falling below the target of 40 J2 is still well above the National NPS score of 22. To improve customer satisfaction in the areas which are currently below the national comparator work is taking place to improve the ease of on-line booking and awareness with customers that our staff are qualified.

**ID3.6 - Live application on the housing register** Current Status SMART Actions if Off Target

Low  
Is Good  
Per Quarter (Snapshot)

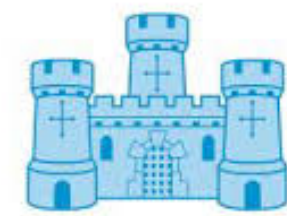
Negative  
Yearly Trend



**2.26K**

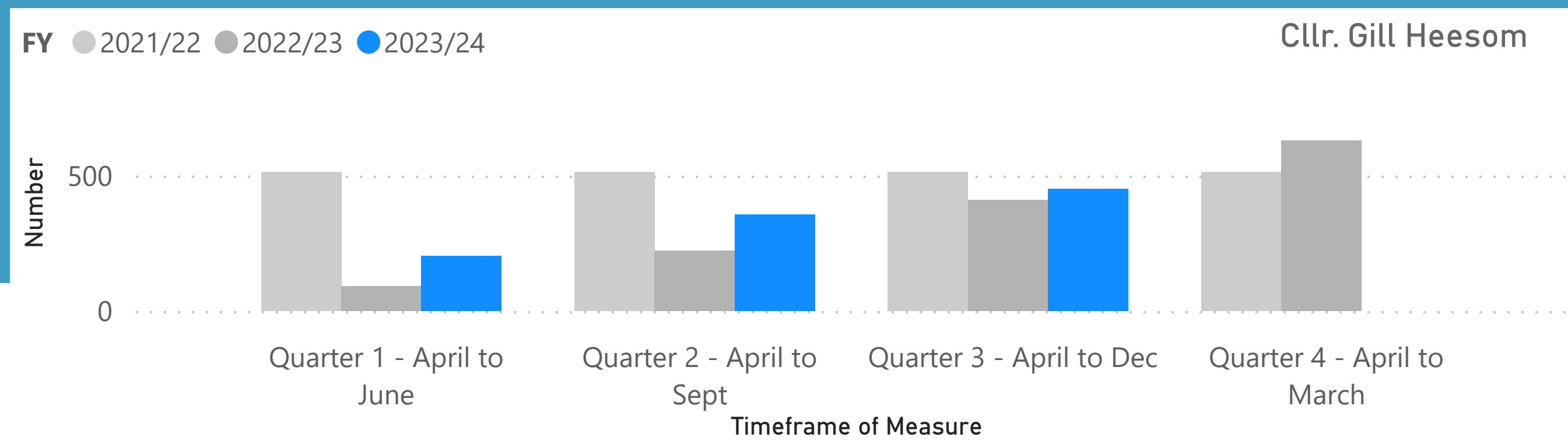
Live application numbers reflects the increasing demand for social housing at a time of increasing housing costs





**ID3.7 - Number of lets to registered providers from the housing waiting list** Current Status SMART Actions if Off Target

High  
Is Good  
Per Quarter (Snapshot)



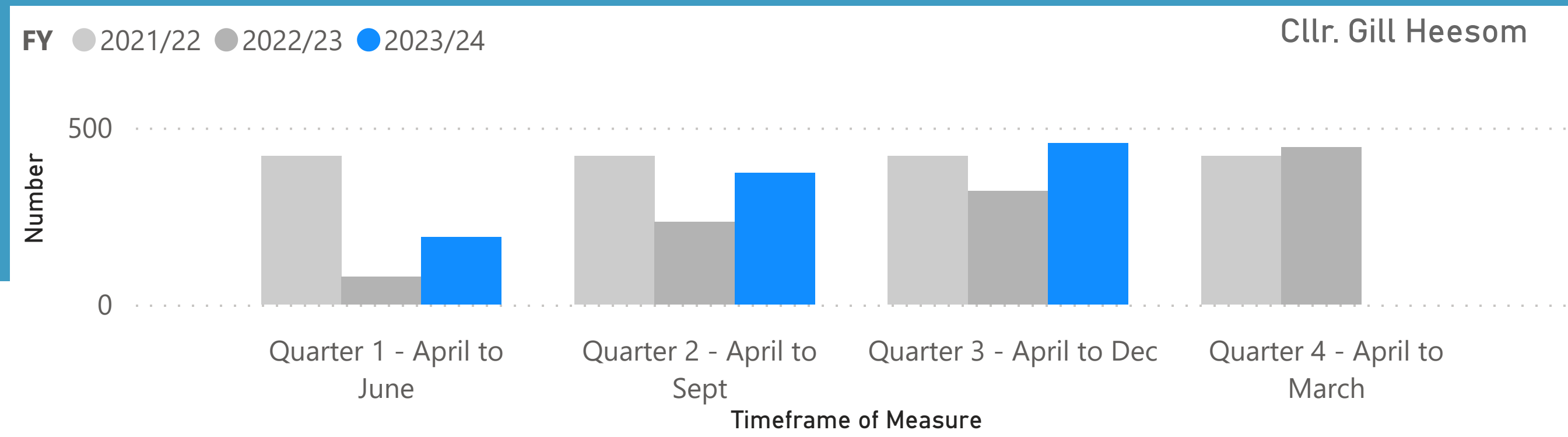
Cllr. Gill Heesom  
**451.00**

Depends on partnership working with registered providers in the borough

Positive  
Yearly Trend

**ID3.8 - Emergency homeless presentations** Current Status SMART Actions if Off Target

Low  
Is Good  
Cumulative (Per Annum)



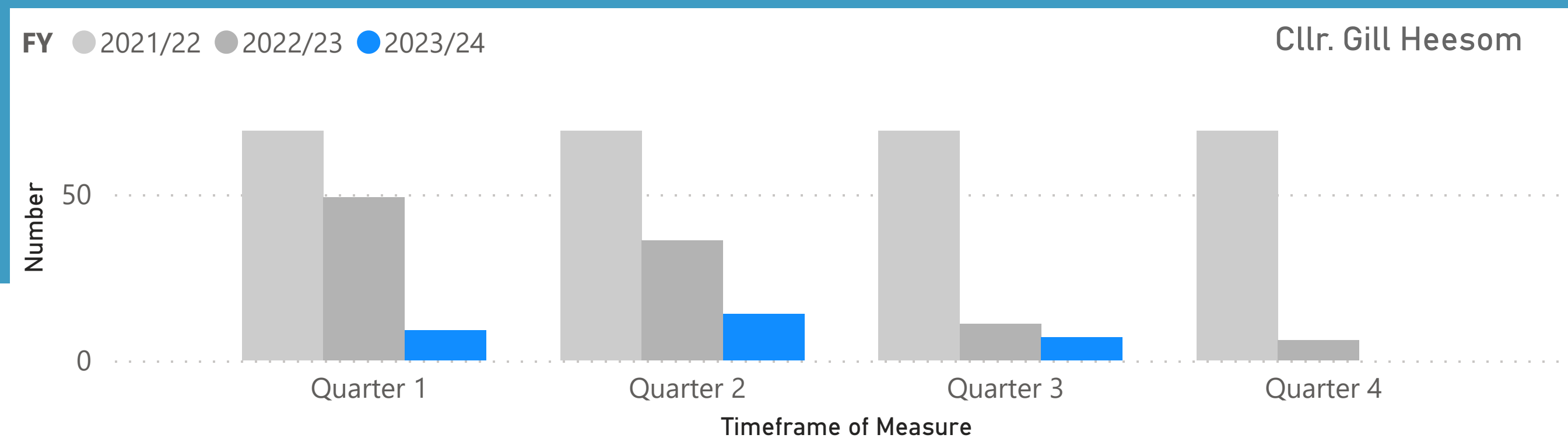
Cllr. Gill Heesom  
**455.00**

Number of emergency homeless presentations when looking Quarter 3 in isolation falls at 84. This is a significant drop in the number of presentations when compared to earlier in the year. Quarter 1 showed 191 and Quarter 2 showed 180, hopefully we expect this to continue into Quarter 4.

Negative  
Yearly Trend

**ID4.4 - Total Rough Sleepers Verified in Quarter** Current Status SMART Actions if Off Target

Low  
Is Good  
Per Quarter (Snapshot)

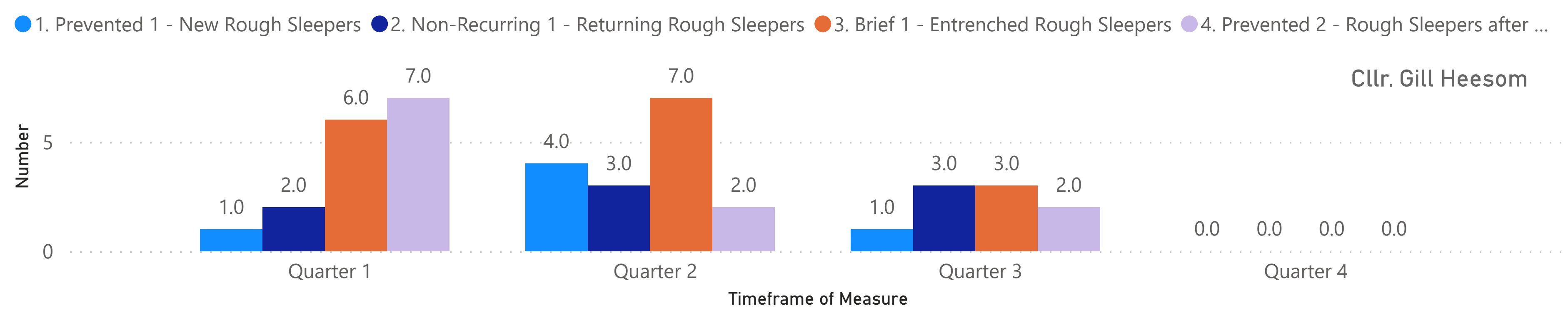


Cllr. Gill Heesom  
**7.00**

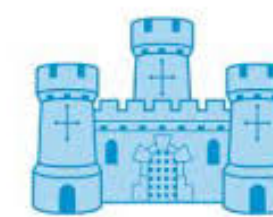
Our rough sleeper figures for a single night have increased this month. Out of the 9 rough sleeping, 5 have Stoke connection. The 6 that are entrenched are our target priority group. They have been offered accommodation outside the area, but they refuse to accept it as they only want Newcastle. They do not meet the criteria for the temporary accommodation pathway created with Aspire, as they require 24/7 staffed accommodation, something we do not have in the Borough.

Positive  
Yearly Trend

**ID4.4a, 4.4b, 4.4c and 4.4d - Breakdown of Rough Sleepers Verified in Quarter**



Cllr. Gill Heesom



Project Status Split for Priority 3.

Project/Action is Progressing as Expected

5

Project/Action is Not Progressi...

1

Portfolio Holder	Service Area	Action	Corporate Objective	Status report	Commentary on progress
Cllr. Gill Heesom	Neighbourhoods	Build on our work with Staffordshire Police	Reduce anti-social behaviour and crime in our communities	✔ Project/Action is Progressing as Expected	Partnership working is continuing with Staffordshire Police to deliver a number of community safety initiatives, particularly in Newcastle town centre. A report was considered by the Health, Wellbeing and Environment Scrutiny Committee which highlighted that crime and ASB had reduced as a result. A successful Week of Action in Newcastle town centre was delivered in December, involving other partners such as Trading Standards and Immigration Services which resulted in a large quantity of illegal goods being seized.
Cllr. Craig Skelding	1. Commercial Delivery 2. Neighbourhoods	Delivering an economic and cultural legacy from the celebration of the borough's 850th anniversary in 2023.	Delivering an economic and cultural legacy from the celebration of the borough's 850th anniversary in 2023.	✔ Project/Action is Progressing as Expected	The museum continued to deliver a monthly programme of talks and events celebrating the 850. The plans for the legacy annual Chris Malking lecture are in place for 2024.
Cllr. David Hutchison	1. Neighbourhoods 2. Sustainable Environment	Expansion of the street warden scheme and the creation of neighbourhood delivery teams.	Secure a step change in street cleanliness and the quality of the public domain	✔ Project/Action is Progressing as Expected	The new Neighbourhood Ranger is in post and has completed their training. They are now deployed on various tasks around the Borough's wards. The MMF Officers are deployed on various enforcement activities around the Borough.
Cllr. David Hutchison	Sustainable Environment	Further increasing recycling rates across the borough with a particular focus on food waste	Further increasing recycling rates across the borough with a particular focus on food waste	⚠ Project/Action is Not Progressing as Expected	Recycling rates are slowly increasing, but its challenging, and the council is not alone, as nationally rates have stagnated and in some cases fallen. Much of this is connected with the current cost of living crisis which has affected citizens spending power. In terms of performance against our nearest neighbours, the Council is performing in the upper quartile, which is positive. With government now formally announcing simpler recycling requirements the council can now properly plan for the introduction of new arrangements to come into force over the next few years.
Cllr. Simon Tagg	1. Strategy, People and Performance 2. Neighbourhoods	Work collaboratively with the Newcastle Partnership	Ensure that our most vulnerable residents are supported through the impact of the rising cost of living.	✔ Project/Action is Progressing as Expected	Through the partnership board, we are progressing working groups around vulnerability, cost of living and mental health. We also are the designated chair for Better Health Staffordshire in Newcastle and are in receipt of grant funding to impact on health inequalities.
Cllr. Craig Skelding	Neighbourhoods	Work with partners to develop effective community bodies	Support the development of community solutions to local problems	✔ Project/Action is Progressing as Expected	Work is in progress on developing a "Empowering Our Community" strategy.



Priority 4: Performance Indicators Current Status

Target Met

2

Corporate Aim (Priority)

Number of Indicators

Priority 4: Town Centres for All

2

Smart Narrative

- There are 2 Indicators which have set targets this quarter within Priority 4.
- 100% of measures with set Target. met them within Quarter Three. One indicator which met their target also showed improvement when compared to the same time period last year; the remaining 1 indicator showed a negative trend.
- There is 1 Indicators which was not able to be supplied as data is provided by an external source. Detail of this indicator is presented within the body of the report.
- Within Priority 4, All Projects/Actions were identified to be progressing as expected.

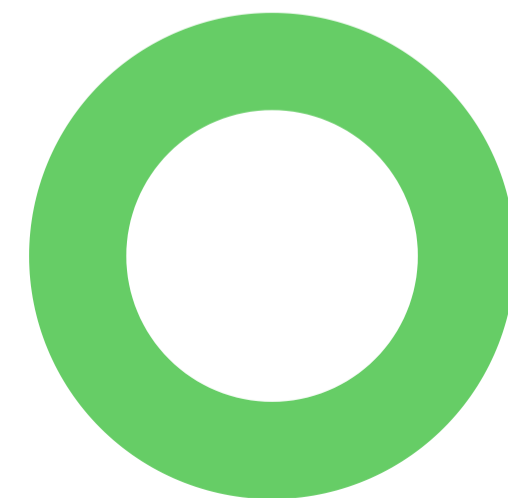
Priority 4: Qtr.3 Summary Project Status Split

● Project/Action is Progressing as Expected

Aim Priority 4: Town ...



Priority 4: Qtr.3 Trend Direction of PI's Compared to Previous Quarter



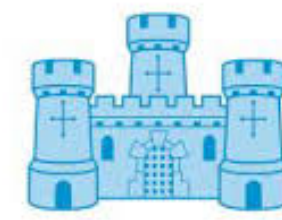
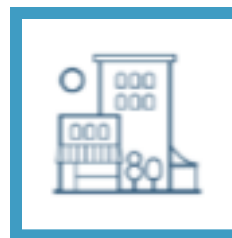
● Positive

Priority 4: Qtr.3 Trend Status of PI's Compared On Same Qtr in the Previous Financial Year



● Deterioration of Previous Year ● Improvement of Previous Y...

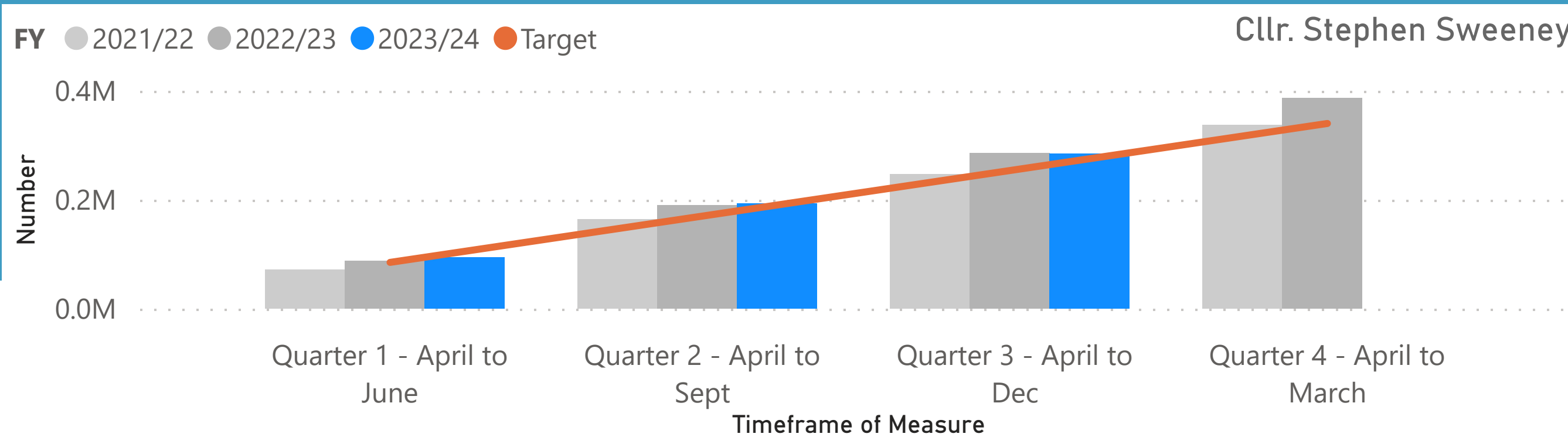




**ID4.1 - Car parking usage:-Number of tickets purchased** Current Status SMART Actions if Off Target

High  
Is Good  
Cumulative (Per Annum)

Negative  
Yearly Trend



**284.36K** ✓

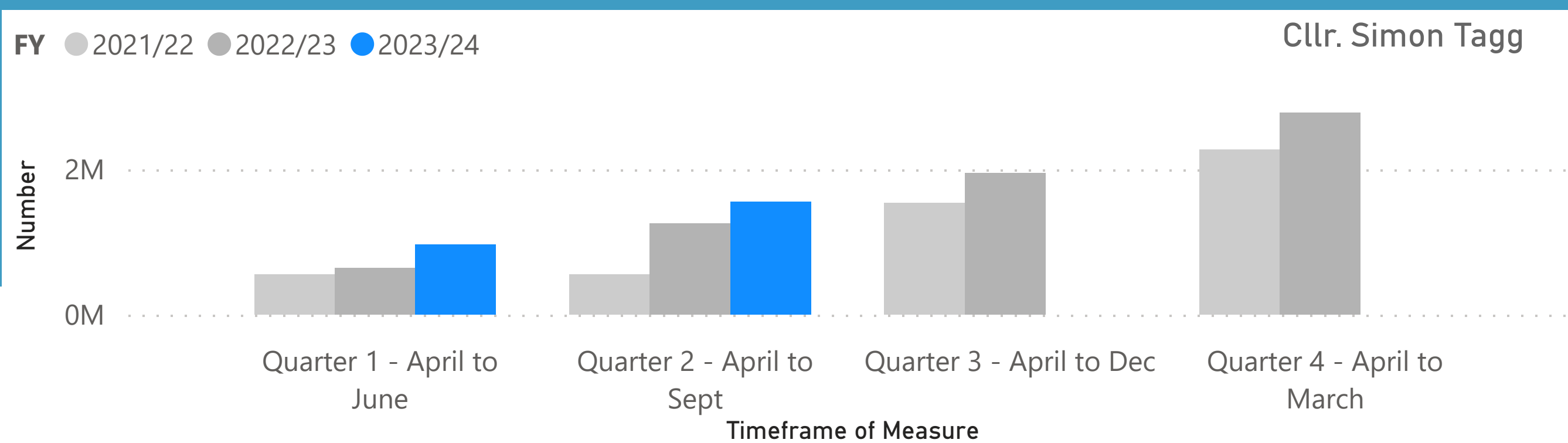
Target: 255.00K

Not Required as Target Met

**ID4.2 - Town Centre Footfall - Newcastle** Current Status SMART Actions if Off Target

High  
Is Good  
Cumulative (Per Annum)

Non Return



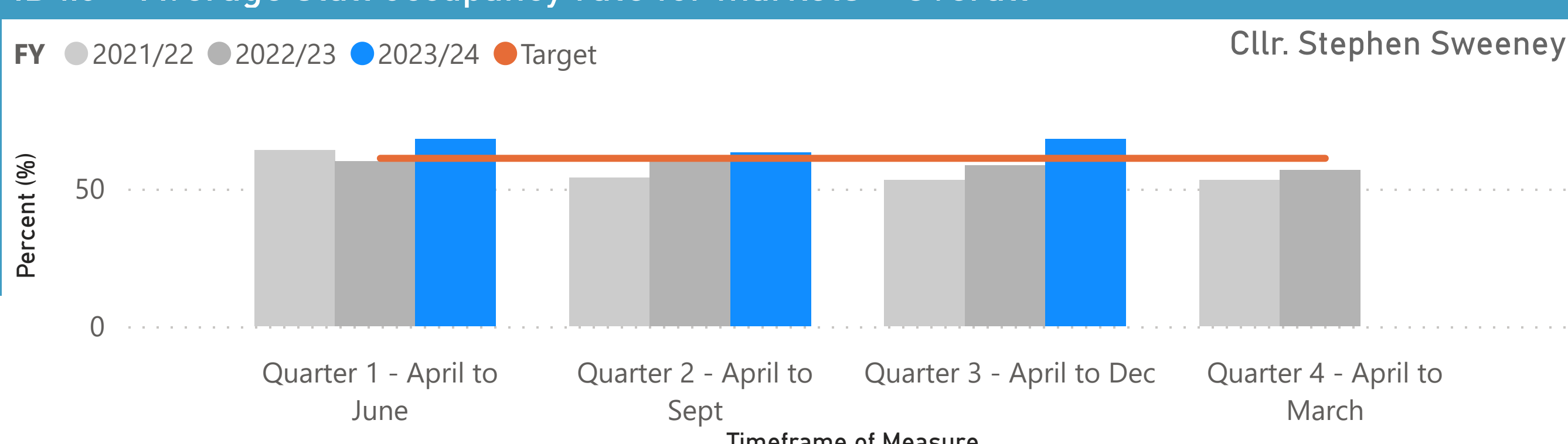
**0.00**

Data for this measure is provided by the BID. Unfortunately it has not been shared for November and December and thus the Quarter 3 data is not available. This is due to an issue with the software that is used by the BID in order to collect the data; we have been informed that they are working on a fix but it has not yet been rectified. If the data for the missing months is shared in the future, it will be added to the report in Quarter 4 with a note explaining the performance of both Q3 and Q4."

**ID4.3 - Average stall occupancy rate for markets - Overall** Current Status SMART Actions if Off Target

High  
Is Good  
Cumulative (Per Annum)

Positive  
Yearly Trend



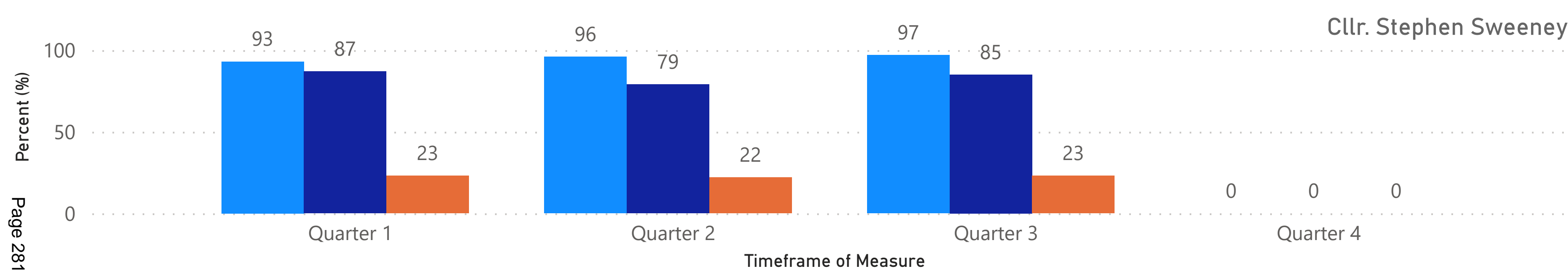
**68.00** ✓

Target: 61.00

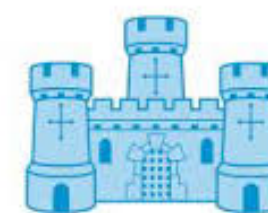
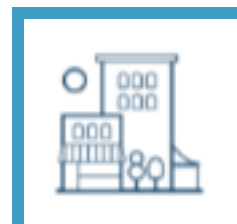
Stall occupancy for Sunday specialist markets and AFG markets on Tuesdays and Thursdays is high and above target. Occupancy rates for the general market are lower, particularly on Mondays and Wednesdays and proposals to address this are currently being scoped.

**ID4.3a, 4.3b and 4.3c- Average stall occupancy rate for Specific Markets**

● 1. Specialist event markets - Average stall occupancy rate for markets ● 2. Antique Forum Group Licensed Market - Average st... ● 3. General market - Average stall occu...



Stall occupancy for Sunday specialist markets and AFG markets on Tuesdays and Thursdays is high and above target. Occupancy rates for the general market are lower, particularly on Mondays and Wednesdays and proposals to address this are currently being scoped.

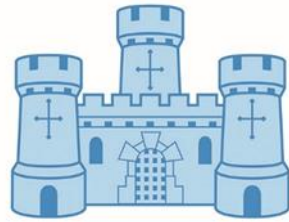


## Project Status Split for Priority 4.

Project/Action is Progressing as Expected

5

Portfolio Holder	Service Area	Action	Corporate Objective	Status report	Commentary on progress
Cllr. Stephen Sweeney	1. Commercial Delivery 2. Planning	Redeveloping Midway car park to provide aspirational town centre residential accommodation	Increasing the number of people living, working and using Newcastle town centre	✔ Project/Action is Progressing as Expected	Capital and Centric have been chosen as the developers for the site and initial surveys are underway. The intention is then to bring forward initial plans in early 2024.
Cllr. Stephen Sweeney	1. Neighbourhoods 2. Commercial Delivery	Developing a Town Centre Strategy for Kidsgrove	Encourage visitors and support local businesses in Kidsgrove	✔ Project/Action is Progressing as Expected	The strategy has been produced in partnership with Go Kidsgrove and Kidsgrove Town Council, and is due to be launched in January/February 2024.
Cllr. Stephen Sweeney	Commercial Delivery	Redevelopment of Ryecroft Site	Continuing to work with key partners to deliver the redevelopment of opportunities across the borough	✔ Project/Action is Progressing as Expected	The Council continues to work with several key partners to bring a variety of plans for different uses on the Ryecroft site, Capital and Centric have been commissioned to bring forward the plans forward by January. The development of the new multistorey car park is now commencing with site set up taking place. Accor have been selected for the new hotel and are working with Capital and Centric to bring forward the site plans.
Cllr. Stephen Sweeney	Commercial Delivery	Redevelopment of York Place	Continuing to work with key partners to deliver the redevelopment of opportunities across the borough	✔ Project/Action is Progressing as Expected	Work is progressing on the relocation of businesses at York Place to enable the redevelopment of the site. Capital and Centric have been appointed as the lead developer and plans are progressing for the asbestos removal then tender and contract award for the partial demolition.
Cllr. Stephen Sweeney	Neighbourhoods	Further enhance the historic market and public realm and boost our signature specialist market programme	Further enhance the historic market and public realm and boost our signature specialist market programme	✔ Project/Action is Progressing as Expected	Work is in progress on the FHSF Market Improvement project. 5 small stalls have been removed and new canopies are ordered. A planning application has been submitted for reconfiguring the lower High Street market area and improving the public realm.



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

## **Cabinet Forward Plan: Newcastle under Lyme Borough Council**

### **Notice of Key Decisions to be taken under the Local Authorities (Executive Arrangements) (Meetings & Access to Information) (England) Regulations 2012 between 1 February 2024 and 31 May 2024**

This plan gives notice of decisions that [Cabinet](#) is expecting to take over the next few months. It also gives, except in cases of urgency, at least 28 days notice of all “Key Decisions” that will be taken “Key Decisions” are decisions about “executive” functions that will:-

- A) result in the Council incurring expenditure or making savings of an amount which is significant having regard to the Council’s budget for the service or the function to which the decision relates. (NB: The financial threshold above which expenditure or savings become significant has been set by the Council at £100,000 Revenue and £250,000 Capital Expenditure); and/or
- B) be significant in terms of its effects on communities living or working in an area comprising two or more wards of the Borough.

We have to take some Cabinet decisions in private because they deal with confidential or “exempt” information. That is information described in one or more of the following categories set out in Schedule 12A of the Local Government Act 1972.

1. Information relating to any individual
2. Information which is likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under the authority
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals an authority proposes;

- a. to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or  
 b. to make an order or direction under any enactment
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of a crime

If we intend to take a decision in private, we will tell you why in the plan below. If you disagree with our reasons, you can tell us why using the contact details below. We will respond to you directly and will publish our response in the meeting agenda. If we have published the meeting agenda before we can respond, we will respond verbally at the meeting and record the response in the minutes.

You can find more information about Cabinet, Cabinet Members and their portfolios, agendas, reports and minutes [here](#).

More information on Cabinet procedures, executive functions, Key Decisions, urgent decisions and access to information is available in our [Constitution](#).

For all enquiries, please contact Democratic Services, Castle House, Barracks Road, Newcastle-under-Lyme, Staffordshire ST5 1BL.  
 Telephone – 01782 742222 / Email – [DemocraticServices@newcastle-staffs.gov.uk](mailto:DemocraticServices@newcastle-staffs.gov.uk)

Report Title	Description	Portfolio	Intended Decision Taker and Date	Overview & Scrutiny Committee	Wards Affected	Reason for Determining in Private Session (if Applicable)	Key Decision
Revenue and Capital Budget Strategies 2024/25	To consider a report on the Revenue and Capital Budget Strategies 2024/25	Cabinet Portfolio Holder - Finance, Town Centres and Growth	Cabinet 6 February 2024	Finance, Assets and Performance	All Wards	N/A	No
Town Centre Regeneration Update	To consider an update report on the Town Centre Regeneration	Cabinet Portfolio Holder - Finance, Town Centres and Growth	Cabinet 6 February 2024	Economy and Place	Town	3 Information relating to the financial or business affairs of any particular person (including the authority	Yes

Report Title	Description	Portfolio	Intended Decision Taker and Date	Overview & Scrutiny Committee	Wards Affected	Reason for Determining in Private Session (if Applicable)	
						holding that information)	
Procurement of Streetscene Vehicles including EV's	To consider a report on the procurement of Streetscene Vehicles including EV's	Cabinet Portfolio Holder - Sustainable Environment	Cabinet 6 February 2024	Health, Wellbeing and Environment	All Wards	3 Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Yes
Corporate Enforcement Policy	To consider a report on the Corporate Enforcement Policy	Cabinet Portfolio Holder - Sustainable Environment	Cabinet 6 February 2024	Health, Wellbeing and Environment	All Wards	N/A	Yes
Quarter 3 Finance and Performance Report 2023/24	To consider a report on the Quarter 3 Finance and Performance Report 2023/24	Cabinet Portfolio Holder - Finance, Town Centres and Growth, Cabinet Portfolio Holder - One Council, People and Partnerships	Cabinet 6 February 2024	Finance, Assets and Performance	All Wards	N/A	No
Walleys Quarry Update Report	To consider an update report on odour issues at Walleys Quarry	Cabinet Portfolio Holder - One Council, People and Partnerships	Cabinet 6 February 2024	Health, Wellbeing and Environment	All Wards	N/A	No
IT Data Centre Replacement	To consider a report in IT Data Centre	Cabinet Portfolio Holder - One	Cabinet 6 February 2024	Health, Wellbeing and Environment	All Wards	N/A	No



Report Title	Description	Portfolio	Intended Decision Taker and Date	Overview & Scrutiny Committee	Wards Affected	Reason for Determining in Private Session (if Applicable)	
	Replacement	Council, People and Partnerships					
War Widow(er) Pension Disregard - Housing Benefit and Council Tax Reduction	To consider a report on War Widow(er) Pension Disregard - Housing Benefit and Council Tax Reduction	Cabinet Portfolio Holder - Finance, Town Centres and Growth	Cabinet 6 February 2024	Finance, Assets and Performance	All Wards	N/A	No
Procurement of the Council's Long Term Agreement (Insurance)	To consider a report of the outcome of the procurement process in utilising the 'YPO - Insurance Placement DPS - 978 framework' for the delivery of a new 5 year (3 + 1+ 1) Long Term Insurance Agreement and seek agreement to contract.	Cabinet Portfolio Holder - Finance, Town Centres and Growth	Cabinet 6 February 2024	Finance, Assets and Performance	All Wards	N/A	Yes
Re-award of contract for Wammy Changing Rooms	To consider a report on the re-awarding of contract for Wammy Changing Rooms	Cabinet Portfolio Holder - Finance, Town Centres and Growth	Cabinet 19 March 2024	Economy and Place	Cross Heath	3 Information relating to the financial or business affairs of any particular person (including the authority holding that	Yes

Report Title	Description	Portfolio	Intended Decision Taker and Date	Overview & Scrutiny Committee	Wards Affected	Reason for Determining in Private Session (if Applicable)	
						information)	
Newcastle Town Deal Digital Infrastructure Project Update	To consider a report on the Newcastle Town Deal Digital Infrastructure Project Update	Cabinet Portfolio Holder - Finance, Town Centres and Growth	Cabinet 19 March 2024	Economy and Place	Town	N/A	Yes
Tree and Biodiversity Management Plan	To consider a report on the Tree and Biodiversity Management Plan	Cabinet Portfolio Holder - Sustainable Environment	Cabinet 19 March 2024	Health, Wellbeing and Environment	All Wards	N/A	No
Staffordshire Leaders Board -Terms of Reference	To consider a report on the amended Terms of Reference for the Staffordshire Leaders Board	Cabinet Portfolio Holder - One Council, People and Partnerships	Cabinet 19 March 2024	Finance, Assets and Performance	All Wards	N/A	Yes
Walleys Quarry Odour Update	To consider a report on odour issues at Walleys Quarry	Cabinet Portfolio Holder - One Council, People and Partnerships	Cabinet 19 March 2024	Health, Wellbeing and Environment	All Wards	N/A	No
Refreshed Sustainable Environment Strategy and Action Plan	To consider a report on the Refreshed Sustainable Environment Strategy and Action Plan	Cabinet Portfolio Holder - Sustainable Environment	Cabinet 23 April 2024	Health, Wellbeing and Environment	All Wards	N/A	Yes
Kids Grove	To consider a report	Cabinet Portfolio	Cabinet 23	Economy and	Kids Grove &	3 Information	Yes

Report Title	Description	Portfolio	Intended Decision Taker and Date	Overview & Scrutiny Committee	Wards Affected	Reason for Determining in Private Session (if Applicable)	
Town Deal Contract Award - Shared Services and Garage Replacement	on the Kidsgrove Town Deal Contract Award - Shared Services and Garage Replacement	Holder - Finance, Town Centres and Growth, Cabinet Portfolio Holder - One Council, People and Partnerships	April 2024	Place	Ravenscliffe	relating to the financial or business affairs of any particular person (including the authority holding that information)	
EV Charging Points for Castle Car Park	To consider a report on EV Charging Points for Castle Car Park	Cabinet Portfolio Holder - Finance, Town Centres and Growth	Cabinet 23 April 2024	Economy and Place	Town	3 Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Yes
Taxi Metered Fares	To consider a report on Taxi Metered Fares	Cabinet Portfolio Holder - Finance, Town Centres and Growth	Cabinet 23 April 2024	Finance, Assets and Performance	All Wards	N/A	Yes
Sport England Swimming Pool Support Grant for Kidsgrove Sports Centre	To consider a report on a Sport England Swimming Pool Support Grant for Kidsgrove Sports Centre	Cabinet Portfolio Holder - Leisure, Culture & Heritage	Cabinet 23 April 2024	Health, Wellbeing and Environment	All Wards	N/A	Yes
Walleys Quarry	To consider a report	Cabinet Portfolio	Cabinet 23	Health, Wellbeing	All Wards	N/A	No

Report Title	Description	Portfolio	Intended Decision Taker and Date	Overview & Scrutiny Committee	Wards Affected	Reason for Determining in Private Session (if Applicable)	
Odour Update	on odour issues at Walleys Quarry	Holder - One Council, People and Partnerships	April 2024	and Environment			

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

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