

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

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

19 FEBRUARY 2020

Report Title: Revenue and Capital Budgets, Council Tax and Strategies 2020/21

Submitted by: Executive Director (Resources and Support Services)

Portfolio: Finance and Efficiency

Wards(s) affected: All

Purpose of the Report

This report sets out the recommendations of Cabinet for the Revenue and Capital Budgets for 2020/21 and sets out the recommendations for setting the 2020/21 Council Tax.

It also recommends for approval the Flexible Use of Capital Receipts Strategy (updated for 2020/21), the Capital Strategy for 2020/2030, the Treasury Management Strategy for 2020/21 and the Investment Strategy for 2020/21.

Recommendations

That the Council approve the schedule of recommendations set out in Appendix 'A'.

Reasons

A robust, affordable and balanced budget is required to be set for the financial year 2020/21.

The Council needs to have an approved Flexible Use of Capital Receipts Strategy for 2020/21, an approved Capital Strategy for 2020/30, an approved Treasury Management Strategy for 2020/21 and an approved Investment Strategy for 2020/21 in place before the start of the 2020/21 financial year.

1. Background

- 1.1 This report is the culmination of the 2020/21 budget process, which started before the current 2019/20 budget was set. The Cabinet and the Finance, Assets and Performance Scrutiny Committee (FAPSC) have already considered the content of the 2020/21 Budget and the resultant Council Tax which is recommended. Cabinet met on 12 February 2020 and recommend a Council Tax for this Council in 2020/21 of £201.14 (based on Band D), as set out in Appendix B. This is an increase of £5.00 a year from the 2019/20 amount (an increase of 2.55%), which is within the maximum increase permitted without triggering the requirement for a referendum in accordance with the excessive council tax legislation.
- 1.2 The Capital Strategy 2020-30 (Appendix K) 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 serves as an important point of reference when determining or reviewing the Council's Capital Programme.

- 1.3 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires a report to be prepared and approved by the Council concerning the Treasury Management Strategy (Appendix L) to be followed in carrying out its treasury management activities in the forthcoming financial year, 2020/21.
- 1.4 The Investment Strategy 2020/21 (Appendix M) is compiled according to the Ministry of Housing, Communities and Local Government's Guidance on Local Government Investments ('the Guidance') and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ('the CIPFA TM Code') It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

2. Budget 2019/20 – Outturn Forecast

Revenue

- 2.1 Monthly reports monitoring actual spending against budget have shown adverse variances during the first nine months of the year, the latest reported variance being £0.485m as at the end of December. It is forecast that this adverse variance will be reduced to a balanced year end outturn via management action, as detailed at 2.3. A balanced outturn has been achieved from a similar position in previous years.
- 2.2 The main reasons for this overall adverse variance are:
 - An action plan to reduce the operating deficit at Jubilee 2 is being implemented and has resulted in a significant year-on-year improvement. Nevertheless the centre is still operating at a net deficit due to continuing high levels of staff sickness and a shortfall in income. It is forecast that the deficit will amount to £0.219m at the close of the financial year;
 - Income from car parking is below the budgeted amount due to a combination of historic budget shortfalls and the introduction of parking initiatives designed to drive increased town centre footfall. It is forecast that the income shortfall will amount to £0.191m at the close of the financial year;
 - Income from planning application fees is below the budgeted amount and it is forecast that there will be an adverse variance of £0.214m at the close of the financial year. The number of major planning applications received can fluctuate significantly from year to year. Over the two year period from 2018/19 to 2019/20 income is still expected to be significantly above budget; and;
 - The provision of temporary cover for Senior Management posts in Resources, Legal and Democratic Services and Planning while recruitment is underway – it is forecast that this will amount to £0.240m at the close of the financial year; and,
 - It should be noted that a balanced year end position is forecast for the Waste and Recycling service.
- 2.3 A strategy to address the overspend is being implemented and it is forecast that the actions identified will reduce the adverse variance to a balanced year end outturn. These actions include:
 - Use of additional forecast income from the Staffordshire and Stoke-on-Trent Business Rates Pilot;
 - Savings from reorganisation exercises within the Resources and Support Services Directorate;
 - Appeals relating to the rateable value of disused or demolished Council Assets;

- Continuing action to reduce the Jubilee 2 operating deficit;
 - Grants have been received for a number of areas including Brexit and Air Quality to which significant time spent in these areas can be allocated;
 - A review of expenditure currently allocated to the Repairs and Renewals fund is being undertaken to identify items that can be capitalised; and,
 - Use of the Borough Growth Fund to fund officer time spent on priority projects including digital delivery and commercial development.
- 2.4 The Interim Director of Resources and Support Services informed the Ministry of Housing, Communities and Local Government by letter of the Council's intention to make flexible use of up to £500,000 of capital receipts in each of the financial years 2018/19 and 2019/20 on 5 December 2018 and up to £400,000 for the financial year 2020/21 on 5 December 2019.
- 2.5 Officers have reviewed the 'Statutory Guidance on the Flexible Use of Capital Receipts', and have identified expenditure that meets the eligibility criteria laid out in the guidance document, in that it relates to initiatives that are forecast to generate, or have generated, on-going revenue savings through reducing the costs of service delivery.
- 2.6 The Council's Flexible Use of Capital Receipts Strategy for 2020/21 is included as Appendix H to this report. This is required, by the statutory guidance, to be approved by Council.
- 2.7 The majority of savings incorporated in the 2019/20 budget are on target to be achieved. This means that altogether over the ten years from 2010/11 to 2019/20 £22.104m of 'gaps' will have been met via a combination of savings, efficiencies and additional income. Savings from 2017/18 and 2018/19 regarding the Waste and Recycling review that had not been achieved have now been offset by the successful introduction of the chargeable Green Waste service.

Capital

- 2.8 The Capital Programme approved by Council in February 2019 (£5,606,298) has been updated to take account of amounts brought forward from 2018/19 where planned expenditure did not occur (£1,341,573). This has been added to the budget for 2019/20 (apart from cases where costs have been reduced or expenditure will no longer be incurred). The revised budget for capital projects in 2019/20 therefore totals £6,947,871.
- 2.9 It is forecast that the Capital Programme outturn for 2019/20 will largely be in line with the budget and there will not be any significant variance to report. It is anticipated that re-profiling of approximately £1,567,377 will be incurred (i.e. 2019/20 projects carried forward to 2020/21).
- 2.10 The Capital Funding required for the 2019/20 programme includes £3,508,298 of capital receipts. These receipts are still expected however it is anticipated that there will be a delay in one of the asset sales which amounts to around £1,000,000. This is due to the Property Team re-advertising the site and achieving a greater value than originally expected. In addition 'Right to Buy' sales have slowed down this year and it is expected that the target will not be reached for 2019/20. The impact of this and the expected re-profiling from the 2019/20 programme is shown below:

Delay in Sale of Asset	£1,000,000
Reduced Right to Buy Receipts	£400,000
Capital Projects Re-Profiling	£1,567,377
Impact on Funding (Surplus)	£167,377

3. Revenue Budget 2020/21

- 3.1 Excluding levies for Town and Parish Councils the recommended Borough Council Tax for a Band D property is £201.14, a 2.55% increase compared with 2019/20, based on a Borough Council Tax requirement of £7,520,020, as set out below.

	Estimated Expenditure £	Rate of Council Tax (Band D) £
Total Net Expenditure	15,689,690	419.66
Less: External Support	(8,169,670)	(218.52)
Borough Council Tax requirement	7,520,020	201.14

- 3.2 Appendix B sets out the budget summarised over services. Copies of detailed budgets are available on request.
- 3.3 In addition to the basic Council Tax the Council is required to levy additional charges in the following parishes. These are shown below:

Parish	Rate of Council Tax (Band D) £
Audley	60.83
Betley, Balterley & Wrinehill	27.94
Chapel & Hill Chorlton	23.05
Keele	36.86
Kidsgrove	34.05
Loggerheads	21.08
Madeley	43.62
Maer	20.24
Silverdale	18.98
Whitmore	34.33

The above levies are based on the requirements supplied by the parishes.

- 3.4 Meetings to formally set the precepts from Staffordshire County Council and Staffordshire Commissioner Fire and Rescue Authority are to be held shortly. Accordingly, the amounts shown in the tables in Appendix A are based on provisional notifications provided by these bodies. If any of the provisional amounts change these will be reported to you and the tables in Appendix A will be redone.

4. Medium Term Financial Strategy and Budgets for 2020/21

- 4.1 The Council's Medium Term Financial Strategy (MTFS) indicates a budget shortfall of £1.249m for 2020/21. Further details of the funding gaps for 2020/21 to 2024/25 are set out in Appendix D.

- £1.249m in 2020/21;
- £1.367m in 2021/22;
- £1.115m in 2022/23;
- £1.106m in 2023/24; and,
- £0.858m in 2024/25.

- 4.2 Previous years' budget shortfalls have been addressed by a combination of measures such as efficiency savings, reductions in expenditure or income increases, consideration of the need for Council Tax increases, the flexible use of capital receipts, and service reviews. Significant progress has been made to meet shortfalls in the years after 2020/21 as shown in the summary below:

Detail	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
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Income	135	50	-	-	-
Commercial Strategy	-	250	250	250	250
Digital Strategy	-	150	150	150	150
Staffing Related	495	37	-	-	-
Good Housekeeping	29	13	-	-	-
Tax Base	385	150	152	154	157
Council Tax Increase	187	227	236	244	253
Contributions	18	-	-	-	-
TOTAL SAVINGS	1249	877	788	798	810
UPDATED MTFS GAPS	1249	1367	1115	1106	858
REMAINING GAP (- = surplus)	-	490	327	308	48

4.3 The table below shows the factors which give rise to the £1.249m 'gap' for 2019/20:

Additional Income	£'000
Fees and Charges	120
Business Rates Retention Pool levy	200
New Waste Service	100
Total Additional Income (A)	420
Additional Expenditure and Loss of Income	
Reduction in Government funding	35
Government funding re Business Rates baseline	(77)
New Homes Bonus - revised scheme	347
Provision for Pay Awards (including National Insurance)	342
Incremental pay rises for staff	56
Superannuation increase in employers and lump sum contributions	290
Additional holiday pay	34
Price increases e.g. energy, fuel, rates, insurances, supplies & services	75
Adjustments re. one-off items in 2019/20	(148)
Capital Financing Costs	(45)
Additional staffing resources	126
Borough Growth Fund contribution	250
Jubilee 2 operating deficit	100
Reduction in income from under achieved budgets	215
Reduction in waste income and recycling credits awarded	69
Total Additional Expenditure and Loss of Income (B)	1,669
Net Increase In Base Budget (B-A)	1,249

4.4 A number of savings and funding strategies to address the funding gap for 2020/21 have been identified, via a vigorous Efficiency Board process, and agreed with managers as being both feasible and sustainable. The proposed savings, totalling £1.249m are summarised in the table below and set out in detail in Appendix C:

Category	Amount £'000	Comments
Income	135	Additional sources of income generation and an increased demand for services that the Council charges for.
Staffing Related Efficiencies	495	No redundancies are anticipated to arise from these proposals.
Good Housekeeping Efficiencies, General Other Savings, Changes in Base Budgets	29	Various savings arising from more efficient use of budgets.
Alternative Sources of Finance/ Other Savings	590	Effect of forecast Council Tax Base and Business Rates Base increase, savings from Parish Council concurrent functions

		contributions. An assumed £5 (2.55%) per band D equivalent increase in Council Tax.
Total	1,249	

4.5 As in previous years, the savings plan set out at Appendix C was made available to the Finance, Assets and Performance Scrutiny Committee for scrutiny at its meeting on 16 December 2019. The Committee also scrutinised and approved the recommendations of the 'Revenue and Capital Budgets, Council Tax and Strategies 2020/21' Cabinet report of 15 January 2020 at its meeting on 16 January 2020.

Borough Growth Fund

4.5 The savings and funding strategies identified in the table above and in Appendix C will enable further investment of £250,000 in the Council's priorities as per the Council Plan 2018-2022 via the Borough Growth Fund. In accordance with the 'Statutory Guidance on the Flexible Use of Capital Receipts', the 'Borough Growth' fund will continue to be used to provide pump-priming investment in initiatives that are forecast to generate on-going revenue savings through reducing the costs of service delivery or through the generation of additional income. The Council's Section 151 Officer will determine whether any proposed use of the fund complies with this guidance on a case by case basis. Priorities for 2020/21 are:

- **£100,000 council modernisation** – embedding digitalisation across all services; introducing artificial intelligence and robotics; developing staff skills and investing in apprenticeship opportunities as part of a 'One Council' Work Force Development Plan.
- **£50,000 building financial sustainability** - the Council's recently appointed Executive Director for Commercial Development and Economic Growth will lead on efforts to embrace commercial working practices to reduce costs and generate income.
- **£50,000 recycling and climate change** – as well as rolling out a new recycling service, the Council will also plant more trees as part of a borough-wide Carbon Capture Parks initiative and also make bids for funding in the next round of the Government's Urban Tree Challenge and Woodland Carbon Guarantee. Develop a Sustainable Environment Strategy that will address the recommendations of the Scrutiny Task and Finish Group.
- **£50,000 town centres** – this will be used to support the Town Deal bids for Newcastle and Kidsgrove and Future High Streets Fund bid for Newcastle town centre. It will also support the rejuvenation of Newcastle market and bringing empty council properties back into use and promotion of 'Experience Newcastle'.

Council Tax and Collection Fund

4.6 A £5 (2.55%) per Band D equivalent property Council Tax increase (this is the referendum limit announced as part of the Provisional Local Government Finance Settlement for 2020/21 on 20 December 2019), is proposed, producing £187,000 of additional income. This increase in Council Tax would equate to the following monetary amounts for residents:

Property Band	Borough Council Tax £ p	Annual Increase £ p	Weekly Increase £ p
A	134.09	3.33	0.06
B	156.44	3.89	0.07
C	178.78	4.44	0.09
D	201.14	5.00	0.10
E	245.84	6.11	0.12

F	290.53	7.22	0.14
G	335.22	8.32	0.16
H	402.28	10.00	0.19

- 4.7 The savings and funding strategy also includes an increase in the Council Tax premium charged for long term empty properties in line with an amendment to the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill which now permits Councils to charge a 100% premium for domestic properties that have been empty for 2-5 years, 200% for those that have been empty for 5-10 years and 300% for properties that have been empty for 10 or more years.
- 4.8 The primary aim of this premium is to encourage owners of these properties to bring them back into use. All domestic properties that have been empty for in excess of 2 years are currently charged a 50% premium by the Council. This proposed amendment will generate around £24,000 per annum in terms of an increased tax base for the Council.
- 4.9 Taking into account the proposed increase in the Council Tax premium and other changes to the Council Tax base (i.e. new properties, discounts and exemptions), the Council Tax base has increased by 270 band D equivalent properties from 37,117 in 2019/20 to 37,387 for 2020/21.
- 4.10 The Council is required to declare its estimated surplus or deficit on the Collection Fund (for both Business Rates and Council Tax) ahead of the financial year end for 2019/20, this surplus or deficit is then shared between the relevant preceptors in 2020/21 (a surplus if paid out to preceptors, including the Council, and a deficit is repaid to the collection fund from preceptors, including the Council).
- 4.11 The Business Rates Collection Fund is estimated to be in a surplus position at 31 March 2020 when compared to the estimates submitted via the NNDR1 form in January 2019. The surplus is estimated to amount to £4.320m, of which the Council will receive £1.728m during 2020/21. This surplus has arisen as a result of significant growth, above that estimated by Central Government, within the Borough since the Business Rates Retention scheme was introduced. In previous years the Business Rates Appeals Provision has been significantly increased via the collection fund which has offset surplus positions that would otherwise have been achieved during these years.
- 4.12 The Council Tax Collection Fund is estimated to be in a deficit position as at 31 March 2020. This deficit is estimated to amount to £0.529m. Performance for 2019/20 is estimated to be as expected, the deficit amount relates to 2018/19 whereby the surplus declared in January 2019 was £0.540m more than the actual surplus calculated at the financial year end due to an increased bad debts provision being calculated at the financial year end in compliance with revised accounting standards. The Council will be required to repay £0.060m to the Collection Fund regarding this deficit in 2020/21.
- 4.13 The net receipt from the Collection Fund to the Council in 2020/21 will therefore be £1.668m (£1.728m surplus re. Business Rates less £0.060m deficit re. Council Tax). This amount will be paid into the Council's earmarked reserves in order to significantly increase the Council's financial resilience and ability to manage funding risks including those arising from the forthcoming Fair Funding Review.
- 4.14 The Final Local Government Finance Settlement for 2020/21 was received on 6 February 2020, this is in line with the Provisional Settlement and the assumptions that had previously been made via the Medium Term Financial Strategy. The Settlement Funding Assessment for the Council increased by £0.061m as opposed to an assumed £0.077m increase in the Medium Term Financial Strategy, this was as a result of the decreased CPI inflation applied (1.6% as opposed to the forecast of 2.1%). However, this has been offset by the receipt of an Affordable Housing Premium awarded to the Council for the introduction of new Affordable Housing within the Borough during 2019/20, this amounts to £0.016m and negates the decrease in Settlement Funding Assessment previously referred to.

5. **Budget Consultation**

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

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

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

- 5.2 The consultation has been reviewed by Cabinet and the views of those residents that have engaged in the consultation have been taken account of, and reflected, in the 2020/21 savings and funding strategy.

6. Capital Programme 2020/21 – 2022/23

- 6.1 The Capital Programme for 2020/21 to 2022/23 (Appendix F) is based on new schemes which are vital to ensure continued service delivery and in assisting the Council to achieve its corporate and service objectives as set out in the Council Plan 2018-22 approved by Cabinet on 19 September 2018. These schemes total £24.624m, of which £12.454m relates to 2020/21.
- 6.2 The Capital Strategy for 2020-30 (Appendix K) meets the requirements of statutory guidance issued by the Government in January 2018. The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.
- 6.3 The Capital Programme is produced in line with the Capital Strategy for 2020-30. In addition to the Council's corporate and service objectives, as set out in the Council Plan 2018-22, the Capital Programme is also influenced by a number of external parties and factors:
- Central government and its agencies;
 - Legislation requiring capital works;
 - Partner organisations;
 - Businesses and Developers; and,
 - The needs and views of other interested parties, particularly those of Borough residents.
- 6.4 The Capital Programme for 2020/21 includes £3.151m for the refurbishment and reopening of Kidsgrove Sports Centre. This replaces the Kidsgrove Sports Centre scheme previously scheduled to commence in 2023/24 and will enable the provision of leisure facilities within Kidsgrove ahead of the timescale previously planned.
- 6.5 Delivering the capital programme for 2020/21 will require prudential borrowing to be undertaken. The impact of borrowing is included in the MTFs pressures for 2020/21 and future years.
- 6.6 Advice will be sought from the Council's Treasury Management advisors, Arlingclose, as to the most beneficial timing of prudential borrowing. Their current advice is to borrow on a short term basis (up to 4 years) from other local authorities whilst interest rates remain low, particularly in light of the recent increase in the Public Works Loan Board interest rates.
- 6.7 In summary, investment in the capital programme for 2020/21 to 2022/23 totalling £24.624m will be funded by:
- £5.845m External Funding including Disabled Facilities Grant and s106;
 - £6.993m Capital Receipts;
 - £0.150m ICT Development Fund; and,

- £11.636m Vehicle Leasing/Prudential Borrowing.

7. Treasury Management Strategy 2020/21 and Investment Strategy 2020/21

- 7.1 The Treasury Management Strategy for 2020/21 is attached at Appendix L. The Minimum Revenue Provision Policy for 2020/21 is contained in Annex C to the strategy. The financing of capital expenditure and the Minimum Revenue Provision utilised has been reviewed (including the profiling and requirement for projects), the annuity method as opposed to the straight line method for Minimum Revenue Provision (i.e. the principal element or repayments) will now be utilised. This has reduced pressures on the budget during 2020/21 by £0.135m
- 7.2 The Treasury Management Strategy for 2020/21 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), but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option. After the utilisation of capital receipts and internal borrowing, the Council will now look to borrow short term from other local authorities in the first instance and will then review any other sources of funding if required.
- 7.3 The Investment Strategy for 2020/21 is attached at Appendix M. This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and is based on guidance provided by Arlingclose, the Council's treasury management advisors. Quantitative investment indicators are included within the Strategy to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.
- 7.4 The Investment Strategy is informed by and consistent with the Commercial Strategy approved by Cabinet in October 2019 which proposes the establishment of a Revolving Investment Fund of £50m funded from a mix of revenue contributions, capital receipts and prudential borrowing. This fund will be used to finance a commercial asset acquisition programme and a strategic asset development programme.
- 7.5 The overriding objective of the Commercial Asset Acquisition Programme will be to generate and secure a long-term and sustainable income stream for the Council. This will be achieved by investing in assets with a projected minimum level of return of 2% above the cost of borrowing and other holding and management costs. The investments will not be required to meet other Council objectives and priorities e.g. regeneration, economic development or housing, and can be located outside the borough.
- 7.6 Direct investment in commercial property offers a relatively familiar path as the Council already has a diversified property portfolio including office, retail and industrial assets which currently generates a net annual revenue stream. Other potential investment opportunities include renewable energy (for example solar farms and solar bonds) and development of a commercial loan portfolio including loans to registered social landlords within the borough to fund housing development.
- 7.7 The aim of the strategic asset development programme will be to steer and manage development opportunities from the Council's property asset base so as to deliver capital receipts and improved revenue income streams but at the same time securing the regeneration, economic development and housing objectives of the Council. Examples include acquisition and development of strategic town centre sites, housing and industrial sites within the borough (including, for example within the Chatterley Valley Enterprise Zone). Developments may be undertaken on a co-investment basis with public, not for profit and private sector partners.
- 7.8 The MTFs assumes that a return of £250,000 will be generated from these investments from 2021/22, rising to £1m p.a. in 2024/25. This assumption will be validated as initial investment proposals are brought forward for Cabinet approval.
- 7.9 The treasury management strategy has been updated to provide the necessary flexibility to manage this significant programme of acquisitions. Any surplus returns will be recycled to fund future investments.

7.10 The costs of employing specialist commercial advisers, providing training for members and officers involved in investment decisions and undertaking due diligence on early investment opportunities will be met from the Borough Growth Fund. £100,000 of the funds balance has been allocated to support the development of the commercial strategy.

8. Balances and Reserves

8.1 The minimum reserves level was increased as part of the 2019/20 budget setting process to ensure that robust levels were maintained to reflect the levels of risks shown in the budget. A further review of the Council's Balances and Reserves together with a risk assessment informing the levels of these has been undertaken. Details of the risk factors considered and the weightings applied to each are set out at Appendix E.

8.2 The Council currently holds a minimum balance of £100,000 as a Contingency Reserve. It is proposed that this reserve is re-designated as an Income Reserve with a minimum balance of £100,000 in order to provide increased flexibility to manage year-to-year fluctuations in income. If the Income Reserve is used in year it is proposed that this be replenished to a balance of £100,000 during the budget setting process for the following financial year.

8.3 The Council's S151 Officer has undertaken a financial resilience assessment based in part on the recently published CIPFA Financial Resilience Index and has recommended that a minimum level of unallocated reserves and contingencies of £1.548m be held in 2020/21 to reflect the levels of revenue risk shown. Therefore, the Council's Balances and Reserves Strategy for 2020/21 is that there should be a minimum General Fund balance of £1.448m and an Income Reserve of £0.100m.

8.4 The MTFS makes provision for the General Fund balance to be increased to £1.948m over the life of the strategy via annual contributions of £100k commencing in 2021/22. The S151 Officer's recommendation to increase the level of unallocated reserves, together with action already taken to address historic structural budget deficits, is part of continuing action to safeguard the long term financial resilience of the Council and reflects the additional risks that the Council will increasingly be exposed to via the commercial investment strategy over the life of the MTFS.

8.5 Earmarked reserves will be bolstered by £1.668m (per 4.13) to further increase the Council's resilience to risk including that relating to the forthcoming Fair Funding Review.

8.6 The Councils Balances and Reserves (actual at 31 March 2019, and forecast at 31 March 2020 and 31 March 2021) are set out in Appendix E.

9. Localised Council Tax Support Scheme 2020/21

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

9.2 Any scheme needs to be approved by the 11th March before the start of a new financial year or a default scheme prescribed by regulations will be imposed by the Secretary of State for Communities and Local Government. The scheme for 2020/21 (Appendix J), is intended to remain as per the 2019/20 scheme.

10. Legal and Statutory Implications

10.1 The Council is required to set its Council Tax for 2020/21 by 9 March 2020. It is planned to approve the final budget and council tax rates at this meeting (19 February 2020).

11. Risk Statement and Major Risks

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

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

11.2 Such risks require regular and robust monitoring and it is essential that the Council has sufficient useable reserves to call on if required (see Section 8 above). The review and risk assessment indicates that overall unallocated reserves and contingencies are required to be maintained at £1.548m to reflect the levels of risk shown in the revenue budget. In addition a contingency of £1m is required to provide flexibility to manage risks relating to delivery of the capital programme. Earmarked reserves will be bolstered by £1.668m in 2020/21 (per 4.13) to further increase the Council's resilience to risk including that relating to the forthcoming Fair Funding Review.

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

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

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

10. List of Appendices

- Appendix A: Schedule of Detailed Recommendations
- Appendix B: Revenue Budget 2020/21
- Appendix C: 2020/21 MTFS Funding Strategy
- Appendix D: 2020/21 to 2024/25 MTFS 'Gaps'
- Appendix E: Risk Assessment on Required Balances/Contingency Reserve
- Appendix F: 2020/21 to 2022/23 Capital Programme
- Appendix G: Key Council Achievements in 2019/20
- Appendix H: Flexible Use of Capital Receipts Strategy 2019 to 2022
- Appendix I: 2020/21 Budget Consultation Report
- Appendix J: Local Council Tax Reduction Scheme for 2020/21
- Appendix K: Capital Strategy 2020 to 2030
- Appendix L: Treasury Management Strategy 2020/21
- Appendix M: Investment Strategy 2020/21

Appendix A – Schedule of Detailed Recommendations

The following recommendations set out the decisions needed for the Council to set its own budgets and Council Tax for 2020/21 in addition to the Flexible Use of Capital Receipts Strategy (updated for 2020/21), the Capital Strategy for 2020/2030, the Treasury Management Strategy for 2020/21 and the Investment Strategy for 2020/21.

Recommendations

- (a) That the Revenue Budget for 2020/21 be approved (Appendix B).
- (b) That the updated Medium Term Financial Strategy for 2020/21 to 2024/25 be approved (Appendix C).
- (c) That the Band D Council Tax for 2020/21 be set at £201.14 (a 2.55% increase).
- (d) That the Capital Programme to 2020/21 to 2022/23 be approved (Appendix F).
- (e) That the Capital Strategy for 2020-30 be approved (Appendix K).
- (f) That the updated Flexible Use of Capital Receipts Strategy be approved (Appendix H).
- (g) That the Treasury Management Strategy for 2020/21 be approved (Appendix L).
- (h) That the Investment Strategy for 2020/21 be approved (Appendix M).
- (i) That the Local Council Tax Reduction Scheme for 2020/21 be approved (unchanged from 2019/20) (Appendix J).
- (j) That the un-earmarked minimum balances requirement be confirmed as £1,548,000.
- (k) That it be noted that the Executive Director (Resources and Support Services), under delegated authority assigned by Cabinet on 20 January 2016 and Full Council on 18 May 2016 calculated the following amounts for the year 2020/21:
 - (i) 37,387 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the whole Council area for the year (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”))
 - (ii) For dwellings in those parts of the Council’s area to which a Parish precept relates as in the table below:

Parish/Town Council	Base
Audley	2,576
Betley, Balterley & Wrinehill	595
Chapel & Hill Chorlton	190
Keele	352
Kidsgrove	6,869
Loggerheads	1,948
Madeley	1,486
Maer	267
Silverdale	1,539
Whitmore	870

- (l) That the Council Tax requirement for the Council’s own purposes for 2020/21 (excluding Parish precepts) is £7,520,020.

- (m) That the following amounts be calculated for the year 2020/21 in accordance with Sections 31 to 36 of the Act:
- (i) £76,368,930 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
 - (ii) £68,254,010 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
 - (iii) £8,114,920 being the amount by which the aggregate at (m)(i) above exceeds the aggregate at (m)(ii) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
 - (iv) £217.05 being the amount at (m)(iii) above (Item R), all divided by Item T (k)(i) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - (v) £594,900 being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.
 - (vi) £201.14 being the amount at (m)(iv) above less the result given by dividing the amount at (m)(v) above by item T (k)(i) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item (Parish precept) relates.
 - (vii) **Part of the Council's Area**

Parish/Town Council	£
Audley	261.97
Betley, Balterley & Wrinehill	229.08
Chapel & Hill Chorlton	224.19
Keele	238.00
Kidsgrove	235.19
Loggerheads	222.22
Madeley	244.76
Maer	221.38
Silverdale	220.12
Whitmore	235.47

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

(viii) **Valuation Bands**

Parish/Town Council	Valuation Bands (£)
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	A	B	C	D	E	F	G	H
Audley	174.65	203.75	232.86	261.97	320.19	378.40	436.62	523.94
Betley, Balterley & Wrinehill	152.72	178.17	203.62	229.08	279.99	330.89	381.80	458.16
Chapel & Hill Chorlton	149.46	174.37	199.27	224.19	274.01	323.83	373.65	448.38
Keele	158.67	185.11	211.55	238.00	290.89	343.77	396.67	476.00
Kidsgrove	156.79	182.92	209.05	235.19	287.46	339.72	391.98	470.38
Loggerheads	148.15	172.83	197.52	222.22	271.61	320.98	370.37	444.44
Madeley	163.17	190.37	217.56	244.76	299.15	353.54	407.93	489.52
Maer	147.59	172.18	196.78	221.38	270.58	319.77	368.97	442.76
Silverdale	146.75	171.20	195.66	220.12	269.04	317.95	366.87	440.24
Whitmore	156.98	183.14	209.30	235.47	287.80	340.12	392.45	470.94
Other Parts of Borough Area	134.09	156.44	178.78	201.14	245.84	290.53	335.23	402.28

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

- (n) That it be noted that for the year 2020/21 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwelling shown below:-

Preceptor	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Staffordshire County Council	863.97	1007.96	1151.96	1295.95	1583.94	1871.93	2159.92	2591.90
Staffordshire Commissioner Fire & Rescue Authority	51.49	60.08	68.66	77.24	94.40	111.57	128.73	154.48
Office of the Staffordshire Police & Crime Commissioner	150.06	175.07	200.08	225.09	275.11	325.13	375.15	450.18

- (o) That having calculated the aggregate in each case of the amounts at (m)(viii) and (i) above, the Council, in accordance with Section 30(2) of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2020/21 for each of the categories of dwelling shown below:

Parish/Town Council	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Audley	1,240.17	1,446.86	1,653.56	1,860.25	2,273.64	2,687.03	3,100.42	3,720.50
Betley, Balterley & Wrinehill	1,218.24	1,421.28	1,624.32	1,827.36	2,233.44	2,639.52	3,045.60	3,654.72
Chapel & Hill Chorlton	1,214.98	1,417.48	1,619.97	1,822.47	2,227.46	2,632.46	3,037.45	3,644.94
Keele	1,224.19	1,428.22	1,632.25	1,836.28	2,244.34	2,652.40	3,060.47	3,672.56
Kidsgrove	1,222.31	1,426.03	1,629.75	1,833.47	2,240.91	2,648.35	3,055.78	3,666.94
Loggerheads	1,213.67	1,415.94	1,618.22	1,820.50	2,225.06	2,629.61	3,034.17	3,641.00
Madeley	1,228.69	1,433.48	1,638.26	1,843.04	2,252.60	2,662.17	3,071.73	3,686.08
Maer	1,213.11	1,415.29	1,617.48	1,819.66	2,224.03	2,628.40	3,032.77	3,639.32
Silverdale	1,212.27	1,414.31	1,616.36	1,818.40	2,222.49	2,626.58	3,030.67	3,636.80
Whitmore	1,222.50	1,426.25	1,630.00	1,833.75	2,241.25	2,648.75	3,056.25	3,667.50
Other Parts of Borough Area	1,199.61	1,399.55	1,599.48	1,799.42	2,199.29	2,599.16	2,999.03	3,598.84

Appendix B – Revenue Budget 2020/21

Area	2019/20 General Fund		2020/21 General Fund		Note
	Estimate £	Band D Council Tax £	Estimate £	Band D Council Tax £	
Administration Before Recharges	5,384,660	145.07	6,161,680	164.81	
Less Recharges to Services	(5,384,660)	(145.07)	(6,161,680)	(164.81)	
Total Administration Net of Recharges	-	-	-	-	
Holding Accounts Before Recharges	2,377,120	64.04	2,240,390	59.92	
Less Recharges to Services	(2,377,120)	(64.04)	(2,240,390)	(59.92)	
Total Holding Accounts Net of Recharges	-	-	-	-	
Central Services	2,153,090	58.01	2,205,640	58.99	
Cultural Services	3,600,430	97.00	4,269,640	114.20	A
Environmental Services	6,788,170	182.89	6,626,520	177.24	
Planning	1,367,010	36.83	1,579,150	42.24	
Transport	(69,640)	(1.88)	355,290	9.50	A
Housing	1,236,550	33.31	1,126,380	30.13	
Net Cost of Services	15,075,610	406.16	16,162,620	432.30	
Pensions Liabilities Account	412,000	11.10	415,000	11.10	
Investment Properties	443,800	11.96	810,770	21.69	A
Interest and Investment Income	10,170	0.27	(3,330)	(0.09)	
Net Operating Expenditure	15,941,580	429.49	17,385,060	465.00	
Contribution to/(from) Revenue Reserves	821,840	22.14	2,504,050	66.98	B
Contribution to/(from) Capital Reserves	(3,713,400)	(100.04)	(4,199,420)	(112.32)	C
Amount to be met from Government Grant and Local Taxpayers	13,050,020	351.59	15,689,690	419.66	
Revenue Support Grant	-	-	(63,490)	(1.70)	
Other Non-Specific Grants	(934,680)	(25.18)	(603,720)	(16.15)	
Business Rates Retention Funding	(4,893,370)	(131.84)	(5,833,460)	(156.03)	C
Collection Fund Deficit/(Surplus)	58,160	1.57	(1,669,000)	(44.64)	B
Borough Council Tax Requirement	7,280,130	196.14	7,520,020	201.14	
Staffordshire County Council Precept		1,246.23		1,295.95	
Fire Authority Precept		75.73		77.24	
Police Authority Precept		216.56		225.09	
Total Council Tax Requirement		1,734.66		1,799.42	

The Council Tax Base used for 2020/21 in the above table is 37,387.

Notes

- A greater value of impairment is budgeted to be made during 2020/21. This reflects the increased capital programme that will be undertaken, and is also reflected in the increased contribution from capital reserves.
- Budgeted contributions to revenue reserves will increase for 2020/21. This reflects the establishment of the Borough Growth Fund, a surplus on the Business Rates collection fund and in the amount estimated to be collected during 2020/21 (both of which will be contributed to reserves for resilience purposes).
- Business Rates Retention funding has increased for 2020/21 as per the MTFs funding strategy for 2020/21. An additional amount over that included in the MTFs funding strategy is also estimated to be collected during 2020/21 (as per Note B, this will be contributed to reserves for resilience purposes).
- Budget contributions from capital reserves will increase for 2020/21. This reflects the additional impairment referred to in Note A.

GLOSSARY OF TERMS

Depreciation. The measure of the cost or revalued amount of the benefits of a fixed asset that have been consumed during the year. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence. Depreciation charges are offset by a transfer from the Capital Adjustment Account in order to ensure that they do not count against the council tax.

Impairment. A reduction in the value of a fixed asset below its carrying amount on the balance sheet. In this case, certain assets will have works of repair or improvement or other work to assets is planned to take place in 2019/20, which might be expected to result in an addition to the balance sheet carrying amount of the same amount as the expenditure incurred. However, it is likely that in fact the value will not be increased because the valuation principles employed do not recognise any increase in the real value of the assets. In such cases, the amount of non-value adding expenditure is classed as impairment and is written off as an impairment charge. These impairment charges are offset by a transfer from the Capital Adjustment Account in order to ensure that they do not count against the council tax.

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

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

Appendix C - 2020/21 MTFS Funding Strategy

Ref	Service Area	Description	£000's	% of Budget Line(s)	Detail
Income					
I2	Environmental Health	Licensing Income	20	3.8%	Increased demand in licensing requirements from customers
I3	Operational Services	Bereavement Services Income	10	0.7%	Increased memorialisation offer to customers
I4	Housing Regeneration & Assets	Street Naming/ Numbering	20	166.7%	Increased levels of income received during 2018/19 and 2019/20
I5	Recycling and Fleet	New Properties Delivery Charge	16	New	Delivery charge for waste/recycling bins to properties on new developments
I6	Recycling and Fleet	Trade Waste Income	50	10.0%	Increased marketing and sales regarding the trade waste service
I7	Planning and Development	Pre Planning Application Advice	19	76.0%	Increased level of income following review of fee structure
			135		
Staffing Related Efficiencies					
S1	Revenues & Benefits/Customer Services	Restructure	300	TBC	Restructure of Revenues and Benefits and Customer Services
S2	Finance	Car Leasing Scheme	8	72.7%	Car leases not renewed following expiry
S3	Finance	Payroll	25	44.9%	Payroll function to be undertaken by Stoke-on-Trent City Council
S4	All	Vacant Posts, Retirements, Reprioritisation	162	TBC	Vacant posts, service reprioritisation and employees retirement
			495		
Good Housekeeping/General Other Savings/Changes in Base Budgets					
G1	Housing Regeneration & Assets	Bus Station	10	33.4%	Contribution to Banksman post - post ceased
G2	ICT Services	Staffordshire Connects	19	39.6%	Saving in partnership contribution following change of Customer Relationship Manager system
			29		
Alternative Sources of Finance/Other					
A1	Corporate	Council Tax Base	53	0.7%	Increase in Council Tax Base (increase of 270 residential properties), includes the impact of the Empty Homes Premium
A2	Corporate	Business Rates Base	332	7.0%	This additional funding is due to the Business Rates collection fund being in surplus at the end of 2018/19 and is net of additional provision for appeals.
A3	Corporate	Council Tax Increase	187	2.55%	Assumed increase of £5 per Band D equivalent property (2.55%)
A4	Corporate	Parish Council Section 136 Contributions	18	25.0%	Reduction of 25% of the 2016/17 payment made to Parish Councils for concurrent functions as agreed as part of the 2017/18 budget setting process - final reduction
			590		
Grand Total			1,249		

Appendix D - 2020/21 to 2024/25 MTFS 'Gaps'

Detail	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Description
Employees:						
Increments	56	46	31	13	6	Employees due an increment in 2020/21
Pay awards	294	301	309	317	324	2.5% pay award assumed for all years
Superannuation increases	60	59	58	56	57	17.1% of increase in salaries
Superannuation lump sum increases	230	74	76	78	80	Increase from the currently discounted figure in 2020/21.
National insurance	48	48	47	45	46	13.8% of increase in salaries
Additional holiday pay	34	1	1	1	1	Holiday pay due on overtime
Premises/Transport						
Business Rates	27	23	24	24	25	Inflationary increase in business rates payable (per CPI)
Utilities	7	7	7	13	7	Inflationary increase in gas and electric (per Department for Business, Energy and Industrial Strategy)
Fuel	6	6	6	12	6	Inflationary increase in fuel (per Department for Business, Energy and Industrial Strategy)
Income:						
Fees and charges	-120	-123	-125	-128	-130	3% increase in fees and charges
New Homes Bonus	347	246	158	192	106	Drop out of New Homes Bonus legacy payments
BRR pilot/pooling - additional income	-200	200	-	-	-	Pooling arrangements ahead of the spending review
Government grant	35	35	35	35	35	Reduction in Housing Benefit /Council Tax Admin grant
Settlement Funding Assessment	-77	-79	-80	-82	-84	Inflationary increase in baseline funding level (per CPI)
Business Rates surplus		-500				
New Pressures:						
Borough growth fund	250	-	-	-	-	Contribution to the borough growth fund
Income pressures	284	169	169	169	169	To enable income budgets to be corrected
Jubilee 2 Operating Deficit	100	50	-	-	-	To remove the current operating deficit of Jubilee 2
Borrowing/leasing costs	-45	246	301	260	217	Revenue costs relating to the capital programme
Waste service	-100	-	-	-	-	£100,000 saving based on initial modelling undertaken
Castle House/facilities management	15	-	-	-	-	Review following full occupancy of Castle House
Asset management system	5	-	-	-	-	Annual maintenance costs of software
Streetscene community payback	25	-	-	-	-	Mainstreaming of community payback Streetscene costs
Rough sleepers service	5	-	-	-	-	Increase in contract costs
Additional staffing resources	101	-	-	-	-	Human Resources, Data Protection, Democratic Services
Britain in Bloom	10	-	-	-	-	Additional resources
Microsoft licenses	-	50	-	-	-	Increase in charges to the Council
Contribution to unallocated reserves		100	100	100	100	To increase resilience of Unallocated Reserves
One off Budget Items:						
Flexible use of capital receipts	252	-	-	-	-	Flexible use of capital receipts undertaken in 2019/20
	-400	400				Flexible use of capital receipts undertaken in 2020/21
TOTAL GAPS	1249	1367	1115	1106	858	

Appendix E – Risk Assessment on Required Reserve Balances (i) and Actual/Forecast Reserve Balances at 31 March 2019 to 2021 (ii)

i. Risk Assessment on Required Reserve Balances

Note: All these risks relate to the Business Objective ‘To set a balanced, affordable and achievable budget’

All of the risks fall into the “Finance” Category

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Balance Required (£)	Final Risk Rating	Further Action Required
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of prudent minimum balances.	3 x 3	260,000	High	None
2	Reduced Income due to non-availability of service (e.g. through closure of facilities for repairs)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of prudent minimum balances.	3 x 3		High	None
3	Income falls short of Budget because of general change in market conditions, e.g. because of demand fluctuations	Shortfall in income leading to overspends	3 x 5	High	Included in calculation of prudent minimum balances.	3 x 3	81,500	High	None
4	Bad debts reduce the Council's income	Shortfall in income leading to overspends Need to top up Bad Debts Provision	3 x 4	High	The Council has a sundry bad debts provision (£275k balance at 31/03/19). £30k contribution to provision included in the base budget.	3 x 3	81,000	High	Increase monitoring of collection performance
5	Employee budgets – The budget is discounted on the assumption there will be vacancies. The impact of 1% vacancy is about £150,000	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 2%. This is realistic compared with experience from previous years.	3 x 3	57,000	High	None
6	Employee Budgets - The 2020/21 employee pay settlement results in an increase higher than included in the budget	Additional unbudgeted costs	2 x 1	Low	Pay Spine review known in advance. Balances sufficient to deal with any additional costs, plus reduced job security in economy.	2 x 1	19,000	Low	None
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	19,000	High	None

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Balance Required (£)	Final Risk Rating	Further Action Required
8	Problems with staff sickness/suspensions resulting in the needs to use agency/interim staff at extra cost.	Additional unbudgeted costs	3 x 3	High	Situation subject to ongoing review.	3 x 3	94,000	High	None
9	Council becomes liable to pay compensation or legal fees or other unforeseen commitment arises.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	239,500	High	None
10	Inflation relating to supplies and services exceeds the allowance in the budget.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	21,700	High	None
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	25,000	Moderate	None
12	Fall in interest rates reduces income to the Council.	Investment income targets not met	2 x 2	Moderate	Rates are very low now. A decrease would make only a relatively small difference. Included in calculation of prudent minimum balances	1 x 2	3,000	Low	None
13	Profile of capital spend differs adversely from that assumed in the investment interest calculation	Investment income targets not met	2 x 2	Moderate	Capital Budgets have been realistically set. Due to low interest rates investment income is no longer significant.	1 x 2		Low	None
14	Fuel costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget.	2 x 3	11,000	Moderate	None
15	Energy costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget.	2 x 3		Moderate	None
16	Unforeseen major repairs needed to Council properties.	Additional unbudgeted costs	4 x 3	High	Planned maintenance programme in place and stock condition survey.	3 x 2	50,000	Moderate	None
17	Insurances – unexpected increases in premiums.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	19,000	High	None

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Balance Required (£)	Final Risk Rating	Further Action Required
18	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances. Insurance Provision established.	3 x 3	56,000	High	Monitor level of Insurance Provision
19	Government increase NI rates during 2020/21. An increase of 1% adds about £100,000 to the Council's costs	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	45,000	High	None
20	Loss of VAT Exempt Status	Additional unbudgeted costs	3 x 3	High	None	3 x 2	50,000	Moderate	Continue to monitor position regularly
21	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 3	37,500	High	None
22	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available. Included in calculation of prudent minimum balances.	3 x 3	37,500	High	None
23	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	2 x 3	Moderate	Few partnerships in place now. Monitor partnership activities and ensure carried out according to agreements.	2 x 1	7,500	Low	None
24	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme will meet 100% of eligible expenditure within 1 month of an emergency (over threshold set- £25k for NBC)	4 x 2	50,500	Moderate	None
25	Investment Counterparty (including own bank re current account, etc) fails to meet its financial commitments	Loss of interest due Ongoing loss of interest owing to loss of capital	2 x 3	Moderate	Use of credit rating agencies Counterparty list based on minimum ratings with CDS overlay. Limits to investments with one counterparty (£7m)	2 x 3	10,500	Moderate	Frequent reviews of investment strategy
26	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	4 x 4	Extreme	MMI Provision	4 x 3	37,500	High	Consider increasing amount of provision if

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

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 2019 to 2021**

Reserve	Actual Balance at 31/3/19 (£000's)	Estimated Change in 2019/20 (£000's)	Estimated Balance at 31/3/20 (£000's)	Estimated Change in 2020/21 (£000's)	Estimated Balance at 31/3/21 (£000's)	Purpose
General Fund Balance	1,448	-	1,448	-	1,448	Working balance to cover unforeseen adverse events affecting the budget. Approved minimum balance of £1.448m
Contingency Reserve	100	-	100	-	100	To meet cost of unforeseen contingencies or for any other purpose approved by Council. Approved minimum balance of £0.100m
Equipment Replacement Fund	531	90	621	(139)	482	To pay for the replacement of items of plant and equipment
Renewals & Repairs Fund	-	-	-	-	-	To meet the cost of repairs and maintenance of Council owned buildings and structures
ICT Development Fund	49	(33)	16	(8)	8	To meet the cost of new IT requirements, including capital expenditure
Budget Support Fund	302	94	396	(116)	280	To support the General Fund revenue budget or to meet costs approved by Council
Borough Growth Fund	56	7	63	50	113	To fund investment in corporate priorities
Conservation & Heritage Fund	38	-	38	-	38	To provide repair grants to owners of historic buildings
Mayor's Charity Reserve	9	-	9	-	9	To hold funds on behalf of the Mayor's Charity
Museum Purchases Fund	60	(18)	42	-	42	To purchase, conserve and enhance exhibits
Business Reserve	500	(500)	-	1,668	1,668	To hold surpluses of business rates received per the revenue account and to pay subsequent deficits on the collection fund
Keele Master Plan Reserve	36	(18)	18	(18)	-	To meet the costs of the Keele master planning exercise
Elections Reserve	-	50	50	50	100	To provide budget on a 4 year cycle for Borough Elections
Totals	3,129	(328)	2801	1,490	4,291	

Appendix F – 2020/21 to 2022/23 Capital Programme (2020/21 shown in detail in second table)

CAPITAL PROJECTS	Proposed Programme			
	2020/21	2021/22	2022/23	TOTAL
	£	£	£	£
PRIORITY - Local Services that work for Local People				
Service Area - Council Modernisation	380,000	506,000	110,000	996,000
Total	380,000	506,000	110,000	996,000
PRIORITY - Growing our People and Places				
Service Area - Housing Improvements	1,070,000	1,080,000	2,615,000	4,765,000
Service Area - Managing Property & Assets	131,531	101,500	410,846	643,877
Total	1,201,531	1,181,500	3,025,846	5,408,877
PRIORITY - A Healthy, Active and Safe Borough				
Service Area - Environmental Health	10,000	0	0	10,000
Service Area – Street Scene and Bereavement Services	295,600	1,170,600	1,265,600	2,731,800
Service Area - Recycling and Fleet	3,766,000	609,500	351,000	4,726,500
Service Area - Leisure	3,682,000	331,000	687,000	4,700,000
Service Area - Museum	95,000	240,000	40,000	375,000
Service Area - Managing Property & Assets	55,547	40,456	273,403	369,406
Service Area - Engineering	165,873	140,193	806,287	1,112,353
Total	8,070,020	2,531,749	3,423,290	14,025,059
PRIORITY - A Town Centre for All				
Service Area - Managing Property & Assets	1,702,553	1,110,383	81,126	2,894,061
Total	1,702,553	1,110,383	81,126	2,894,061
CONTINGENCY/FEASABILITY STUDIES	1,100,000	100,000	100,000	1,300,000
TOTAL	12,454,103	5,429,631	6,740,262	24,623,997

FUNDING				
Capital Receipts C/Fd from 2019/20	2,062,506			2,062,506
Flexible Use of Capital Receipts	-400,000			-400,000
Capital Receipts	4,330,000	500,000	500,000	5,330,000
External Contributions	2,065,000	2,765,000	1,015,000	5,845,000
ICT Development Fund	50,000	50,000	50,000	150,000
Borrowing/Leasing	4,346,597	2,114,631	5,175,262	11,636,491
TOTAL	12,454,103	5,429,631	6,740,262	24,623,997

CAPITAL PROJECTS	Proposed Programme 2020/21 £
PRIORITY - Local Services that work for Local People	
<i>Service Area - Council Modernisation</i>	
Mobile Technology Roll Out	30,000
Desktop Technology Refresh	10,000
Microsoft LAR Uplifts	50,000
Digital Delivery Integration Costs	20,000
Replacement of Civica APP	30,000
Replacement of Civica Financials	30,000
Implementation of SharePoint	20,000
Recontracting of Wide Area Network links	40,000
Fixed line telephony re-contracting	50,000
Packet Shaper refresh	20,000
E-payments replacement	60,000
Public Service Wi-Fi	20,000
Total (Service Area)	380,000
Total Priority	380,000
PRIORITY - Growing our People and Places	
<i>Service Area - Housing Improvements</i>	
Disabled Facilities Grants	1,000,000
Empty Homes Grants	40,000
Carbon Management	30,000
Total (Service Area)	1,070,000
<i>Service Area - Managing Property & Assets</i>	
Stock Condition Survey Works	85,323
Central Depot	46,208
Total (Service Area)	131,531
Total Priority	1,201,531
PRIORITY - A Healthy, Active and Safe Borough	
<i>Service Area – Environmental Health</i>	
CCTV/Body worn cameras	10,000
Total (Service Area)	10,000
<i>Service Area - Streetscene & Bereavement Services</i>	
Footpath Repairs	40,000
Play Area Refurbishment	50,000
Railings/Structures Repairs	25,000
Britain in Bloom	25,000
Tree Management System Updates	20,000
Traveller Encroachment	5,000
Memorial Survey	5,000
Town Centres Street Furniture	5,000
Crematorium Monthly Gardens	5,000
Replacement Cremators	50,000
Community Project Match Funding	5,000
Probation Service Community Payback Scheme	15,600
Vehicle Tracking and Route Optimisation	30,000
Grounds Maintenance Invest to Save Programme	15,000
Total (Service Area)	295,600
<i>Service Area - Recycling & Fleet</i>	

Replacement Bins/Containers	100,000
Wheelie Bins – New Recycling Service	920,000
Paper Recycling Internal Bin Caddie	154,000
Twin Body RCV for New Recycling Service x 7	1,650,000
New Food Waste Collection Service Vehicles x 7	490,000
Corporate Fleet Replacement	352,000
Transfer Station Alterations (New Recycling Service)	100,000
Total (Service Area)	3,766,000
Service Area - Leisure	
Poolside Fitness Equipment	30,000
Floor Cleaning Machine	15,000
Replacement/Increased Seating	1,000
Redecoration/Tiling/Wall Protection	15,000
Carbon Management	40,000
Upgrade Public WiFi	20,000
Kidsgrove Sports Centre	3,151,000
Westlands Tennis Courts LTA Match Funding	210,000
Football Facilities Match Funding	200,000
Total (Service Area)	3,682,000
Service Area - Museum	
HLF Match Funding	75,000
CCTV Replacement/Upgrade	20,000
Total (Service Area)	95,000
Service Area - Managing Property & Assets	
Stock Condition Survey Works	55,547
Total (Service Area)	55,547
Service Area - Engineering	
Ryehills over Marian Platt walkway	150,000
Kidsgrove Loophole Bridge Over Walkway in Park	7,865
St James Closed Churchyard, Newchapel	8,008
Total (Service Area)	165,873
Total Priority	8,070,020
PRIORITY - A Town Centre For All	
Service Area - Managing Property & Assets	
Stock Condition Survey Works	174,827
Midway Car Park, Newcastle	452,726
Demolition of Civic Offices	1,000,000
Car Parking Machines	30,000
Markets	40,000
Bus Shelters	5,000
Total (Service Area)	1,702,553
Total Priority	1,702,553
CONTINGENCY	
	1,000,000
FEASIBILITY STUDIES	
	100,000
TOTAL	12,454,103

Appendix G – Key Council Achievements in 2019/20

KEY ACHIEVEMENTS IN 2019/20

Britain in Bloom

Newcastle-under-Lyme has achieved its 18th consecutive gold award in the regional Heart of England in Bloom campaign, as well as the judges' discretionary award in the Environmental category for Silverdale Country Park and a merit award for one of our local volunteers. Business sponsorship of the campaign achieved cash income of over £60,000 with further "in kind" contributions to a value of over £10,000. Phase 5 of the Public Art programme, a "snowdrops" sculpture, was installed at Northwood Lane Roundabout. A total of 6 of the Borough's strategic parks and cemeteries achieved Green Flag status this year.

Bereavement Services

The Council's Bereavement Services achieved Gold Standard again in the Charter for the Bereaved and held an annual stakeholder meeting with local Funeral Directors, Memorial Masons and Clergy to discuss future service improvements. A memorial afternoon was held at Keele Cemetery in December for families to remember loved ones.

Environmental Action

The Council delivered a programme of environmental education and enforcement activities, engaging with 25 schools, and facilitated over 1000 hours of community volunteering activity in local parks, open spaces and neighbourhoods. Successful enforcement action has been delivered in relation to unauthorised traveller encampments and abandoned vehicles. The number of vacant allotment plots has reduced and income from this has increased. Birchenwood Playing Fields and pavilion have been leased to a local community sports club. Capital programme improvement and equipment replacement projects have been successfully delivered in relation to the Council's playground stock, and the SUNRISE partnership project has improved biodiversity at Thistleberry Parkway, Lyme Valley Parkway and Pool Dam Local Nature Reserve.

Streetscene

As well as delivering the daily Borough-wide street cleansing and grounds maintenance work, the Streetscene team has worked in partnership with the Probation Service Community Payback team to deliver a programme of litter and graffiti clearance, painting of railings, play equipment and planters, and vegetation management at various sites across the Borough. Deterrent measures to protect against unauthorised traveller encampments have been installed at a number of locations and the Council's footpath and railing stock has been repaired at key sites. A contract has been let to progress the large volume of tree work which has been identified as part of the Council's ongoing tree inspection programme, and a Mobile Elevated Work Platform has been purchased to assist in making this work safer and more efficient.

New Garden Waste Service

Introduced chargeable garden waste service to residents with gardens within the Borough. New service commenced in January 2019, and provides residents with a fortnightly collection service for garden waste for a full twelve months, at the cost of £36 for the year. Nearly 50% of residents signed up for the scheme. The quality of material collected is excellent, and subscriptions have filled a budget hole created by the removal of external funding which helped provide this service in the past.

Our Digital Council

The introduction of a customer portal and self-service tools for a basket of council services will be a major step forward in the digital delivery of services for residents in Newcastle-under-Lyme. Digital technologies have the potential to improve the way the majority of council customers interact with local authority services whilst at the same time generating significant efficiency savings. Over the next 12 months we will further embrace the digital delivery of other services of the Council to enhance the local services offered, a significant dedicated resource has been committed in order to progress this even further.

Added to this, officers in the Recycling and Waste service are delivering major successes in a drive to get the most out of the Bartec waste management system. The technology is used by more than 60 councils in the UK for scheduling all types of waste collection, monitoring performance and continuous service improvement. Bartec helps teams out on the road to record key service data such as missed bins, contamination, presentation rates and so on.

The Council's website

The Council's website retained its Plain English Crystal Mark – a key factor of this award is accessibility, and supports work to ensure compliance and accessibility requirements as stated in the 2018 regulations for Public Sector websites by 23 September 2020.

Leisure

A new Playing Pitch Strategy produced to support the Joint Local Plan work. Delivery of the strategy, will drive external investment in outdoor sport activities. In partnership with the BID, the Ride Staffs Cycle Race was brought to Newcastle Borough.

Jubilee 2

The Council has made good progress towards addressing long term issues through the appointment of Alliance Leisure to support marketing development and Strategy Solutions to sell advertising space at Jubilee 2 to boost membership and increase income generation.

Cultural developments

A Heritage Lottery Bid to provide funding for the extension to the Brampton Museum was submitted, and is planned to commence in April 2020.

Use of Guildhall

The Council continues to work with Support Staffordshire and a range of partners to ensure that valuable community support can be provided from community and voluntary sector groups based at the Guildhall. A wide range of organisations such as Staffordshire Adult Autistic Society, Shaw Trust-Work and Health Programme and Moneyline are providing their services for the people of the Borough. Friends of the Guildhall Group are providing cover for the reception area.

Supporting Retailers and Local Businesses

Working with partners, the Council continues to support retailers and local business to remain and prosper in the town centres. The annual Business Boost competition, which provides business support and cash prizes is open to Newcastle based businesses some of which are based in our town centres. Working with Newcastle Business Improvement District and Appetite Creative People and Places Programme, we continue to celebrate our local cultural heritage by promoting events which encourage visitors, support local businesses and raise the profile of our towns.

Partnership Working and Support

Co-ordination of a range of partnership activity (including a launch of the town centre Public Space Protection Order) to address Anti-Social Behaviour and Begging in the town centre undertaken, and is ongoing. There has also been a review of the town centre CCTV and creation of a joint framework with SOTCC for a new improved service for 2020 and beyond and worked with Newcastle Bid and gained success with the Purple Flag Accreditation.

Delivery of the Daily Vulnerability Hub continues, as does the MARAC pilot, which co-ordinates the response to vulnerable victims of domestic abuse. Several services to deliver support to vulnerable people were commissioned this year:-Safe Recovery, Financial Inclusion and Children and Young.

In the community, assistance given to community groups to achieve external funding and support for the development of Newcastle Dementia Friendly project. The Council has signed up to the Support Staffordshire VCSE Pledge and celebrated our first £2,000 Lyme Lottery winner.

HR Developments

The HR team has undergone restructure and provided a new shared service for Payroll with Stoke City Council. The team have also worked to reorganise Customer Services, Revenues & Benefits and Customer Services. A new Attendance Policy including Guidance and Toolkit documentation provided for staff and training undertaken in December. In addition, Customer Service, Revenues & Benefits & Customer Service have undergone reorganisation.

FUTURE PLANS 2020/21

New Recycling Service

We will be introducing our new recycling and separate food waste collection service to all residents, with a vastly simpler system to use for residents, collecting a greater range of plastics, and utilising wheelie bins for glass cans and plastic, with a strong bag for paper and card. Collections from residents will be made on a fortnightly basis, and will lead to less litter from collections, and more efficient and effective operations. Plans are also in place to introduce a commercial waste recycling service to business within the Borough of Newcastle under Lyme.

Keele University Growth Corridor

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

Regeneration of the Newcastle and Kidsgrove Town Centres

The Council has been successful in the first stage of the Future High Streets Fund and is looking forward to developing exciting new plans for the redevelopment of the Ryecroft site as a key site in Newcastle Town Centre. Working with partners the Council will be developing a Business Case for the next stage of the Future High Street Fund.

Newcastle and Kidsgrove towns have both been selected to bid for Town Deal status, two new Town Deal Boards are being developed and working with a wide range of stakeholders including local businesses the Town Boards will be seeking to develop Investment Plans to ensure long term sustainable development takes place.

Re-opening of the Kidsgrove Sports Centre

The Council is working to improve access to sports and leisure facilities for residents in Kidsgrove and surrounding areas as part of a community led initiative to refurbish and re-open the Kidsgrove Sport Centre. A key focus in the coming year will be building on the considerable preparatory work already completed to effect the transfer of the sports centre from the County Council and bring our ambitious plans to fruition.

Britain in Bloom

Newcastle-under-Lyme will be celebrating its 30th year of participation in the regional Heart of England in Bloom campaign. To mark this milestone, a 10 year programme of projects and events will be launched based around 3 themes of public art, parks and youth engagement. 2020 will see Phase 6 of the public art programme being installed on Gallowstree Lane Roundabout, the Borough hosting the regional Heart of England in Bloom awards ceremony at Keele Hall and a refurbishment of the landscaping in the Bearpit (Grosvenor Roundabout) as well as many other community projects. 7 of the Borough's strategic parks and cemeteries will apply for Green Flag status this year.

Bereavement Services

The Council's Bereavement Services will seek to achieve Gold Standard again in the Charter for the Bereaved and hold 2 stakeholder meetings with local Funeral Directors, Memorial Masons and Clergy to discuss future service improvements. The Council will launch an affordable "Resident Funeral" offer in partnership with local Funeral Directors and explore the potential for a greater choice of memorialisation options in the grounds of Bradwell Crematorium.

Environmental Action

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

Streetscene

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

ICT Delivery

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

HR Developments

Next year, the team will work on Organisational Development for the Council and implement Career Pathways for all posts within the Council. Also, corporate training on Managing Mental Health in the Workplace is planned for delivery.



Flexible Use of Capital Receipts

2019 to 2022



Introduction

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

Power under which the guidance is issued

1. The Local Government Act 2003 ('the Act'), section 15(1) requires a local authority '... to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify ...'.
2. Two codes of practice issued by the *Chartered Institute of Public Finance and Accountancy (CIPFA)* contain guidance on capital receipts and local authority accounting that complement the DCLG guidance. These publications are:
 - *The Prudential Code for Capital Finance in Local Authorities*
 - *The Code of Practice on Local Authority Accounting*
3. Local authorities are required to have regard to the current edition of *Treasury Management in Public Services: Code of Practice and Sectoral Guidance Notes* by regulation 2 of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146]* and to the *Local Authority Accounting Code* as proper practices for preparing accounts under section 21(2) of the Act.

Application

4. This guidance applies with effect from 1 April 2016 to 31 March 2022 – i.e. to the financial year 2016-17 and for each subsequent financial year to which the flexible use of capital receipts direction applies.
5. The Council cannot borrow to finance the revenue costs of service reform and can only use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered.

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

Qualifying expenditure

6. The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to the authority.
7. A list of types of project that would qualify for the flexible use of capital receipts is shown below. This list is not meant to be prescriptive or exhaustive and individual authorities who have projects that will generate ongoing savings that are not included in the list provided in the guidance can apply the flexibility to fund those projects.

Accountability and transparency

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

Qualifying expenditure

Types of qualifying expenditure

9. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years.
10. Set up and implementation costs of any new processes or arrangements can be counted as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.

Examples of qualifying expenditure

11. There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:
 - Sharing back-office and administrative services with one or more other council or public sector bodies
 - Investment in service reform feasibility work, e.g. setting up pilot schemes
 - Collaboration between local authorities and central government departments to free up land for economic use
 - Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation
 - Sharing Chief-Executives, management teams or staffing structures
 - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible
 - Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations
 - Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training
 - Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others)
 - Integrating public facing services across two or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery.

Accountability and transparency

Preparation

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

Content

13. As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility, that it details the split of up front funding for each project between capital receipts and other sources, and that on a project by project basis, a cost benefit analysis is included to highlight the expected savings. The Strategy should report the impact on the Councils Prudential Indicators for the forthcoming year and subsequent years.
14. From the 2017-18 Strategy and in each future year, the Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial cost/benefit analysis.
15. The Strategy may also include any other matters considered to be relevant.

Approval

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

Timing

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

2020/21 Strategy

The Council intends to use capital receipts received in 2020/21 to finance qualifying expenditure up to £400,000 in accordance with the Guidance. The projects which will be financed in this way are shown in the table below.

Project	Expenditure	Expected Savings
	£'000	£'000
Digital Delivery Project	100	150*
Recycling and Environmental Action	200	150*
Financial Sustainability	100	100*
Total	400	400

*Projects which are currently in progress.

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

2019/20 and Previous Years' Flexible use of Capital Receipts

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

Project	Allocation of Flexible Use of Capital Receipts	Actual Spend	Estimated Savings	Actual One off Savings	Actual Ongoing Saving	Notes
	£'000	£'000	£'000	£'000	£'000	
2017/18						
Castle House Project - Redundancy Costs	80	80	80		80	
2018/19						
Digital Delivery Project	66	66	100		96	Flexible retirements and vacant posts
Chargeable Garden Waste Preparatory Costs	233	233	371		200	CGW income
Waste Recycling Service	142	142	150	150		
Building Efficiency Works Expenditure	59	59	50		50	
2019/20						
Digital Delivery Project	100	TBC	150		145	Payroll Staffordshire Connects
New Recycling Service - Preparatory Costs	120	TBC	100		100	Ongoing project, expect to save circa £100k per annum
Chargeable Garden Waste Preparatory Costs	40	TBC	40		500	CGW income
Building Efficiency Works Expenditure	40	TBC	40		40	
Building for the Future	100	TBC	217			
Restructuring	100	TBC	250		300	Revenues & Benefits, Customer Services and ICT restructure
Total	1080	TBC	1,548	150	1511	

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



2020/21 Budget Consultation report

Headline findings

- 366 responses – three times last year’s responses
 - 98 per cent were residents from the borough
- Five council services by far seen as most important
 - Town centre regeneration
 - Refuse collection
 - Parks, playgrounds and open spaces
 - Recycling facilities
 - Street cleaning
- Non-statutory services that respondents want to be protected:
 - Town centre regeneration **by far** the most important, followed by:
 - Outdoor markets
 - Outdoor leisure facilities
- 65 per cent want to protect services even if it means an increase in Council Tax
- Oldest and youngest age groups were under-represented
- Responses from 20 wards
 - Disproportionately high response rate from Audley
 - No responses from Keele.

Background

This survey was available online since 7 November via an online form on the Council's Have Your Say web page, and was publicised by the Communications Team on Facebook and Twitter. There were **366** responses – a huge increase on the 124 for last year's survey - but not all respondents answered every question.

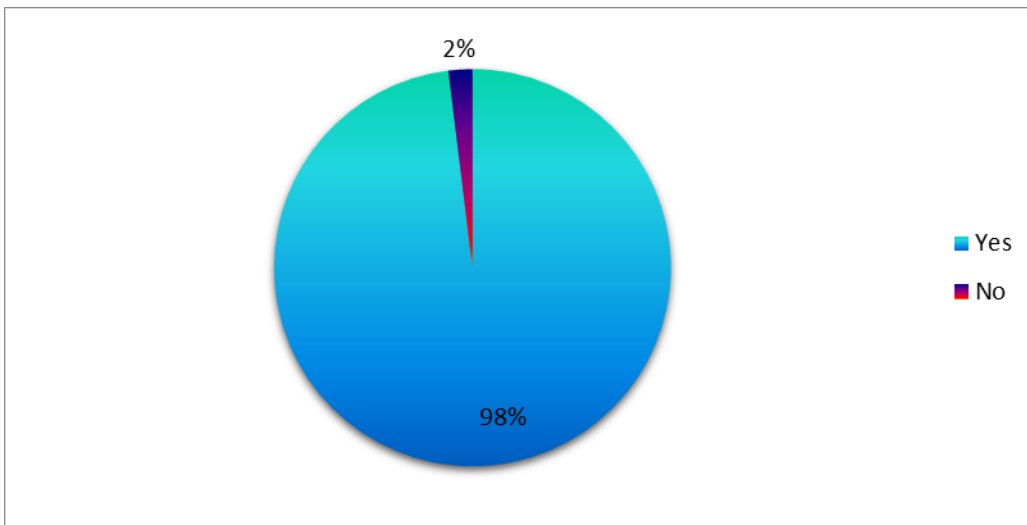
At three different places on the survey, respondents were made aware of the services that were not the responsibility of the Borough Council, but several respondents still recommended that we protected such services from funding cuts.

Analysis of data

Q1) Are you a resident of the borough of Newcastle-under-Lyme?

Not everyone answered this question, but, of the 362 who did, 98 per cent of them said that they were a resident. Only six respondents (two per cent) said that they were not.

Figure 1: Q1) Are you a resident of the borough of Newcastle-under-Lyme? 362 respondents



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

This was a purely open question – an open text box was provided for respondents to answer, purely unprompted, with no suggested answers to choose from. There was a note on the survey explaining the services that were not the responsibility of the Council, yet there were several mentions of schools, pot holes and police, as the below shows - there were some key themes that were submitted and the following were mentioned by more than five respondents:

- | | |
|--|--------------|
| • Improve /regenerate the town centres / more shops: | 48 responses |
| • Street/paths cleaning of litter | 29 |
| ○ Better leaf clearing from gutters | 10 |
| • Weekly recycling collection with tubs | 26 |
| ○ Free garden waste | 5 |
| ○ Recycle more items | 6 |
| • Whalley's Quarry smell | 22 |
| • Roads/pot holes/road sweeping | 22 |
| • Free car parking in the town centres | 16 |
| • Homelessness (including removing rough sleepers and beggars from Newcastle town centre in particular | 15 |
| • Anti-social behaviour (generally youths) | 12 |
| • Improve Newcastle's market (reduce stall holders rent) | 12 |
| • Reduce Council Tax / spend money more wisely | 11 |
| • More police / open the police station | 10 |
| • Improve bus services, in particular to rural areas | 10 |
| • Spend money across the borough – not just Newcastle | 10 |
| • Enforce parking regulations | 6 |

Figure 2: Word cloud showing key themes from 308 responses



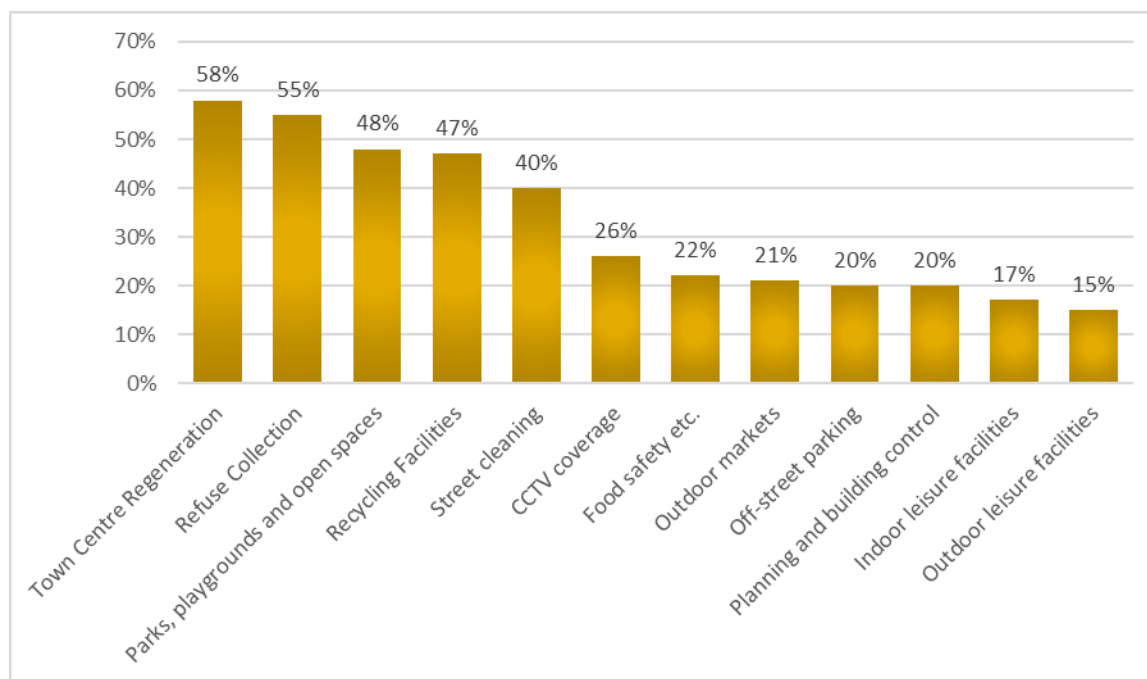
Q3) Which of these Council services are the most important to you?

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

Five services were, by some distance, more popular than the other choices:

- Town Centre Regeneration (chosen by 58 per cent of respondents)
- Refuse collection, (55 per cent)
- Parks, playgrounds and open spaces (48 per cent)
- Recycling facilities (47 per cent)
- Street cleaning (40 per cent)

Figure 3: Which of these Council services are the most important to you? 360 respondents



If you ticked 'other' then please say which service(s) you think are the most important in the box below, remembering that the Council is not responsible for policing, hospitals, the NHS, social care, roads/highways or schools/academies.

Respondents were given the chance to answer 'other' and then to say which other services they considered important, and 13 gave the following responses which are as submitted – only spelling mistakes have been altered:

- On street free parking for short stay (30-60 min).
- Support to the vulnerable and helping residents feel safe in and around the town.
- You have been collecting police increment , we do not have a recognized police presence , only CPSO, but for over 8 years it been going on , also you are now charging extra for garden rubbish on top of council taxes so you have enough money as you do not offer social care anymore.
- I don't feel that this survey is very user friendly - many will be put off by the layout and language used. You need to reach out to every level in the community, young, old, IT literate or not. A simpler score 1-10 might be simpler.
- Partnerships
- Public Toilets in town centre - especially by the multi storey car park Bus services for wheelchair users and better Sunday service Libraries
- Crossing guards at crossings near to schools
- Car parking charges for council car parks: To encourage people to the centre, stop charging. Even if it was one day a week or something, if you are encouraging regeneration, look at the car parks.
- Stop the charge for emptying the green waste bins.
- The environment and carbon reduction
- Improve Youth Services
- Local social groups to learn new skills & get to know other residents but at weekends & evenings not during the day when most people work
- Transport
- Off street parking is vital with the number of houses being built, we've had 3 cars written off so far

- Address parking for the disabled.
- I didn't even know there was a New Vic theatre in Newcastle!
- The disgusting sickening smell from red industries quarry landfill off Cemetery Road.
- Better management of J2
- Environmental health
- Fewer charity shops and fast food outlets; beggars on the streets
- The STINK

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.

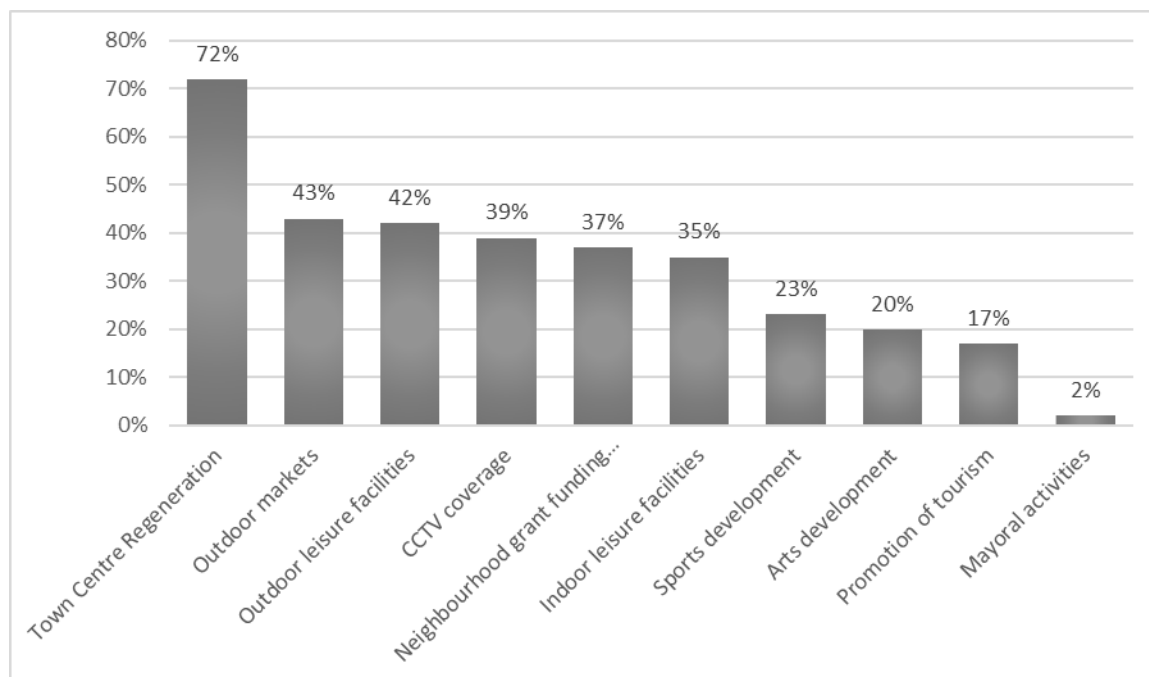
Again, respondents were asked to choose up to five options out of a list of 10 services. There were three services that were significantly more popular than any others, namely:

- Town centre regeneration (72 per cent)
- Outdoor markets (43 per cent)
- Outdoor leisure facilities (42 per cent)

...and four in particular were chosen by relatively few respondents:

- Mayoral activities (2 per cent)
- Promotion of tourism (17 per cent)
- Arts development (20 per cent)
- Sports development (23 per cent)

Figure 4: Out of the following services which the Council is not required by law to provide would you most like to see protected? 360 responses



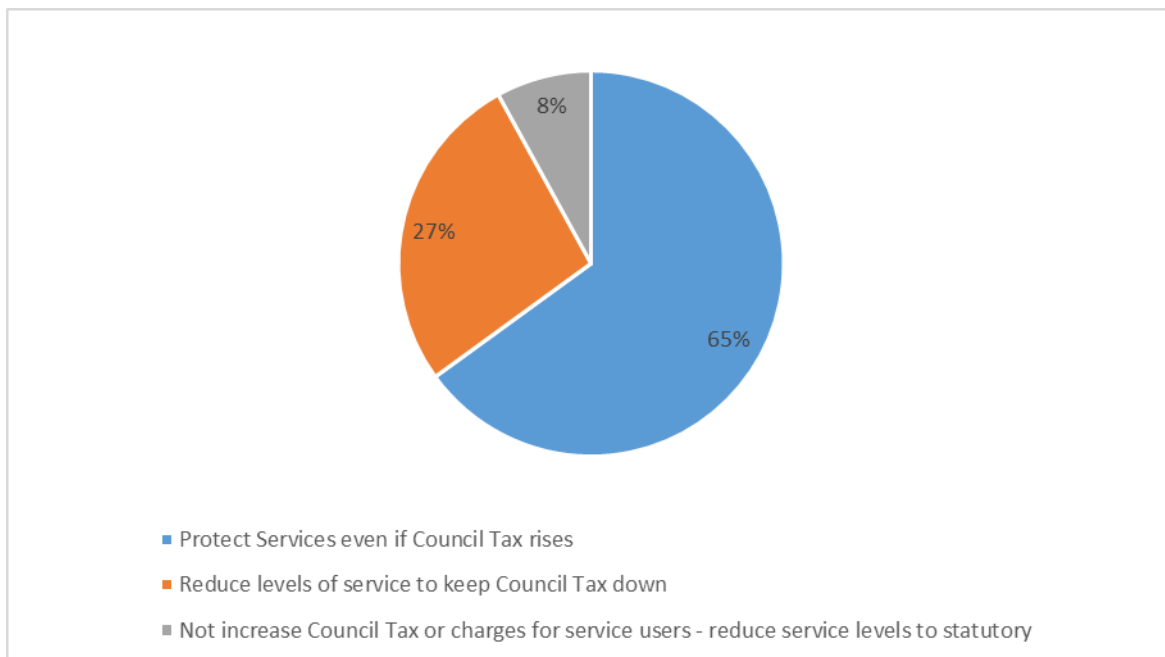
Q5) When making decisions about spending plans for next year and beyond, should we...

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 by far the most popular option, chosen by almost two-thirds (65 per cent) of all respondents.
- *Reduce levels of service to make sure that Council Tax rises and fee increases for service users are kept to a minimum* was the second most popular choice. A little over one-quarter (27 per cent) of respondents chose this option.

- 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*, was comparatively unpopular, chosen by 8 per cent.

Figure 5: When making decisions about spending plans for next year and beyond, should we...

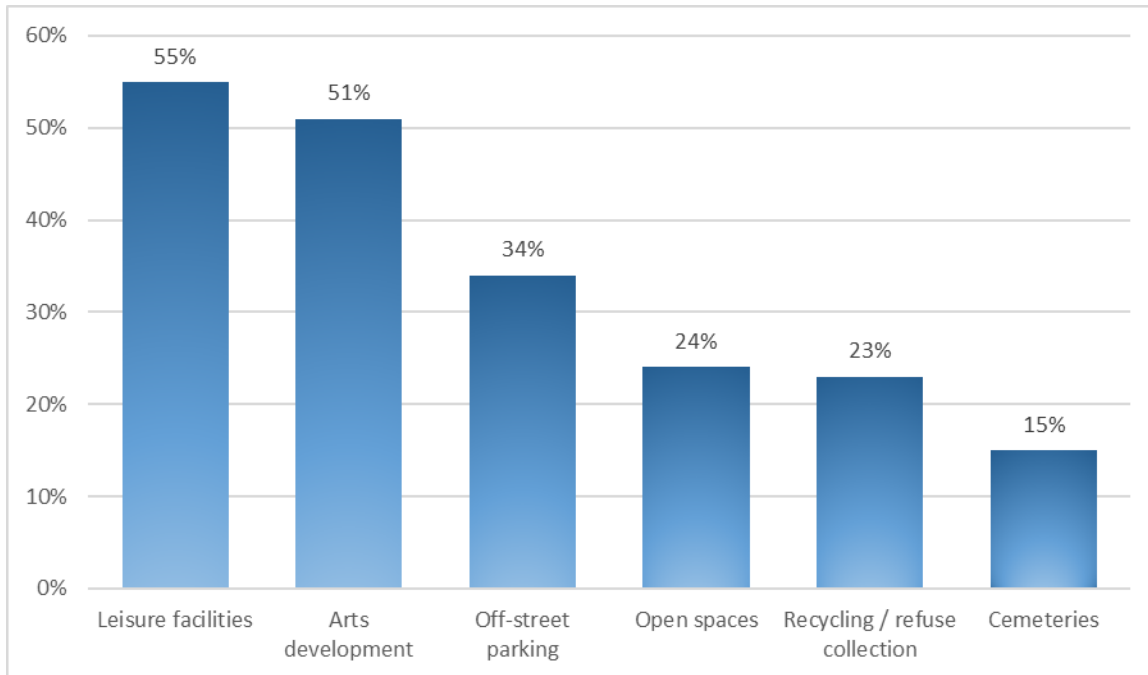


Q6) Are there any particular service areas where you feel Newcastle-under-Lyme Borough Council should not reduce its funding?

This was another open comments box where respondents were asked to make suggestions, unprompted. The following themes were mentioned by at least four respondents:

- | | |
|---|--------------|
| • Recycling / refuse collection | 50 responses |
| • Town centre regeneration | 31 |
| • Street cleaning | 24 |
| • Leisure | 16 |
| • Parks | 10 |
| • Arts/Brampton | 7 |
| • CCTV | 5 |
| • Young – but let them choose what they want provided | 5 |
| • Benefit claim processing | 4 |
| • Bus routes to the rural villages | 4 |
| • New Vic Theatre | 4 |

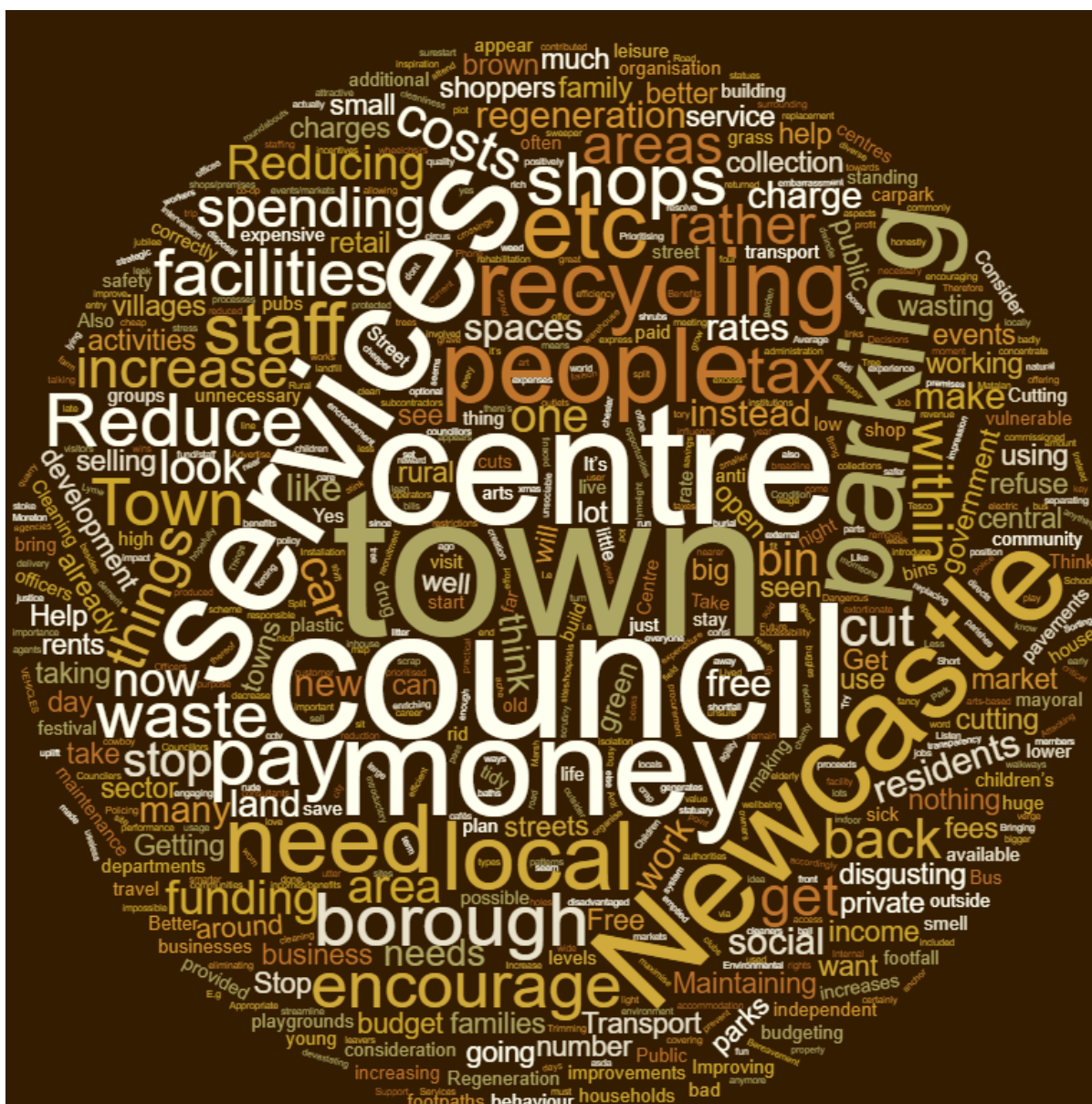
Figure 7: Out of the following services which the Council is not required by law to provide would you most like to see protected? 354 responses



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

Another open comments box invited respondents to make unprompted suggestions. As there were so many comments expressing opinions on a massive range of subjects they have not been analysed in the same way as the previous open questions. However, the following word cloud does give some indication of which subjects were mentioned the most:

Figure 8: Word cloud showing responses from 153 responses



Profile of respondents

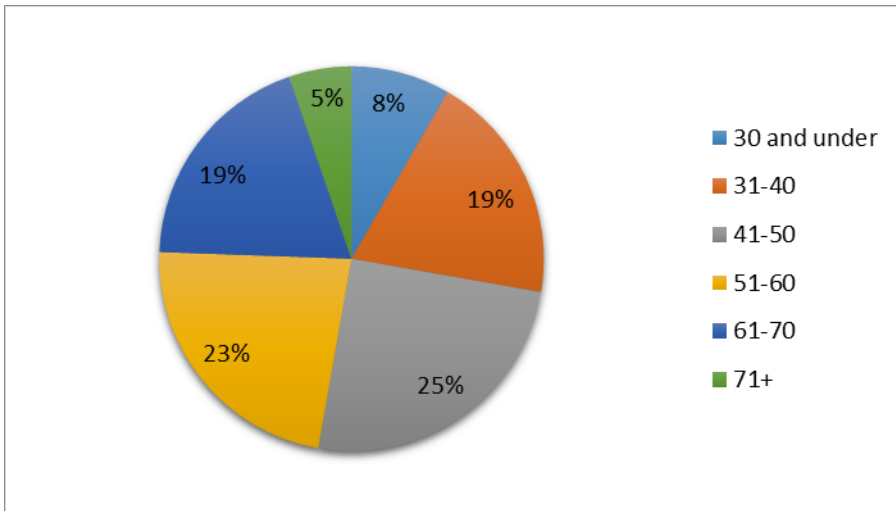
Finally, respondents were asked to provide their age and postcode – this enables us to see how representative of the borough the respondents were. The following table shows how many respondents were received by broad age group compared to the population of the borough.

As the following table shows, the youngest (up to 30) and the oldest age group (71 plus) were very much under-represented, with those aged 41 to 70 being over-represented. Whereas almost one-quarter (23.7 per cent) of the borough’s adult residents are aged 30 and under, only 8.3 per cent of respondents were from this age group. Conversely, whereas only 15.3 per cent of the borough’s adults are aged 41-50, exactly one-quarter (25 per cent) of respondents were.

Table 1: Age profile of respondents compared to the borough based on 360 responses

Broad age group	Proportion of respondents	Proportion of 18+ residents in the borough
30 and under	8.3%	23.7%
31-40	19.4%	14.0%
41-50	25.0%	15.3%
51-60	22.8%	16.6%
61-70	19.2%	14.0%
71+	5.3%	16.5%

Figure 9: Age profile of respondents -360 responses



Location of respondents

Unfortunately, not all respondents did provide valid postcodes. 333 respondents did put something, but as the below table shows there were several incomplete postcodes. There were submissions from 20 wards (with a massive response from Audley) but none from Keele, as follows:

Table 2: Respondents by ward. 333 respondents

Ward	Respondents
Audley	59
Bradwell	19
Clayton	5
Crackley and Red Street	9
Cross Heath	14
Holditch and Chesterton	10
Keele	0
Kidsgrove and Ravenscliffe	9
Knutton	8
Loggerheads	2
Madeley and Betley	9
Maer and Whitmore	6
May Bank	20
Newchapel and Mow Cop	2
Silverdale	5
Talke and Butt Lane	6
Thistleberry	11
Town	21
Westbury Park and Northwood	18
Westlands	25
Wolstanton	12
Unidentifiable	
Unknown ST4	1
Unknown ST5	32
Unknown ST6	1
Unknown ST7	20
Unknown CW3	2
Unknown TF	1
No postcode provided	34
Outside the borough	4

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

Discretionary Payments

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