

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO**

Council
24 February 2021

Report Title: Revenue and Capital Budgets, Council Tax and Strategies 2021/22

Submitted by: Head of Finance (Section 151 Officer)

Portfolios: Finance and Efficiency

Ward(s) affected: All

Purpose of the Report

This report sets out the recommendations of Cabinet for the 2021/22 General Fund Revenue Budget and the 2021/22 Capital Programme and sets out the recommendations for setting the 2021/22 Council Tax.

It also recommends for approval the Flexible Use of Capital Receipts Strategy (updated for 2021/22), the Capital Strategy for 2021/2031, the Treasury Management Strategy for 2021/22 and the Investment Strategy for 2021/22.

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 2021/22.

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

1. Background

- 1.1 This report is the culmination of the 2021/22 budget process, which commenced before the current 2020/21 budget was set. The Cabinet and the Finance, Assets and Performance Scrutiny Committee (FAPSC) have already considered the content of the 2021/22 budget and the resultant Council Tax which is recommended. Cabinet met on 3 February 2021 and recommend a Council Tax for this Council in 2021/22 of £206.14 (based on Band D), as set out in Appendix A and Appendix B. This is an increase of £5.00 a year from the 2020/21 amount, this is within the increase permitted without triggering the requirement for a referendum.
- 1.2 The Council is committed to the delivery of high quality services. Integral to this ambition is effective targeting of financial resources in line with the vision of "a growing borough that is an attractive and welcoming place for all" and the Council's stated aims and objectives, as set out in the Council Plan 2018-22, which was approved by Cabinet on 19 September 2018.

- 1.3 The Council has a Medium Term Financial Strategy (MTFS) (gaps shown at Appendix D) which sets out its financial position over the next 5 years. This is aligned to the Council Plan 2018-2022 and is the key vehicle for ensuring efficiency in service delivery and targeting resources to priority areas. The COVID-19 pandemic has changed the position of the Council significantly creating financial challenge and uncertainty in equal measure.
- 1.4 Despite the COVID-19 pandemic, and the challenges faced by the Council in its response, there has been good progress against Council Plan objectives in the current year, with high standards of service delivery being achieved overall. Key Outcomes so far in 2020/21 are set out in Appendix M.
- 1.5 The Capital Strategy 2021-31 (Appendix I) 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 a useful point of reference when determining or reviewing the Council's Capital Programme.
- 1.6 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 J) to be followed in carrying out its treasury management activities in the forthcoming financial year, 2021/22.
- 1.7 The Investment Strategy 2021/22 (Appendix K) is compiled according to the Ministry of Housing, Communities and Local Government's Guidance on Local Government Investments ('the Guidance') and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ('the CIPFA TM Code') It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

2. **Budget 2020/21 – Outturn Forecast**

Revenue

- 2.1 The COVID-19 pandemic continues to present significant challenges to the Council's financial position through a mix of lost income and additional costs. It is forecast that adverse variances incurred will be offset in their entirety by the emergency Coronavirus funding received from the Government and by the Government income compensation scheme and that this will enable a balanced outturn to be presented at the year end, any variance remaining will be paid into or from the general fund reserve. Close management of the financial position will continue and remains absolutely essential.
- 2.2 To date emergency Coronavirus Government funding of £2.281m has been secured (including £299k of new burdens funding to offset the costs of administering Coronavirus business support grant, hardship relief and self-isolation grant schemes), which has reduced the immediate pressure on additional spending and on the Council finances.
- 2.3 Further Government funding to assist with the Council's response to the Coronavirus has also been secured in relation to rough sleepers (£0.196m), outbreak control (£0.179m), enforcement (£0.061m) and the reopening of the high street (£0.115m).
- 2.4 The Council's revenue budget relies on service income from fees and charges of around £850k per month across a wide range of services, with a significant proportion coming from J2 and car parking. Taking account of the current restrictions it is forecast that income losses from

fees and charges for the financial year will amount to £2.827m, net of furlough scheme assistance of £0.197m.

- 2.5 The Government announced that it will fund income losses, relating to irrecoverable fees and charges, above the first 5% at the rate of 75p in the pound in the current financial year will to a significant degree insulate the Council from income related financial risks. It is forecast that the Government's income compensation scheme will offset these income losses to the sum of £1.985m, the first instalment of this was received in November.
- 2.6 Additional expenditure pressures have inevitably been incurred as a result of the COVID-19 pandemic. It is forecast that by the close of the financial year these will amount to £1.749m (excluding the provision of services/activity for which specific funding has been received per 2.3).
- 2.7 It is forecast that a £0.895m expenditure pressure will be incurred regarding additional disposal costs and the hire of vehicles to allow sufficient levels of social distancing within the Waste and Recycling service.
- 2.8 A top up of the general fund reserve to its assessed minimum level at the commencement of the financial year regarding the COVID-19 impact on the 2019/20 deficit of £0.207m has been undertaken.
- 2.9 Expenditure pressures have been incurred regarding Housing Benefits payments made by the Council which are not fully subsidised by the Department of Works and Pensions, mainly around the provision, often emergency, of accommodation for vulnerable and homeless people, it is estimated that the shortfall from this and the under recovery of overpayments will amount to £0.405m by the close of the financial year.
- 2.10 Expenditure has been reduced wherever possible throughout the Council to ensure that only absolutely necessary spending is being incurred, this has helped to reduce the adverse variance on a service by service basis. It has been forecast, and it is absolutely imperative, that this situation continues throughout the remainder of the financial year.
- 2.11 The Interim Director of Resources and Support Services informed the Ministry of Housing, Communities and Local Government by letter of the Council's intention to make flexible use of up to £500,000 of capital receipts in each of the financial years 2018/19 and 2019/20 on 5 December 2018 and up to £400,000 for the financial year 2020/21 on 5 December 2019. The Head of Finance (Section 151) Officer informed the Ministry of Housing, Communities and Local Government by letter on 18 December 2020 of the Council's intention to make further flexible use of £250,000 of capital receipts in 2020/21 and a total of £950,000 in 2021/22.
- 2.12 Officers have reviewed the 'Statutory Guidance on the Flexible Use of Capital Receipts', and have identified expenditure that meets the eligibility criteria laid out in the guidance document, in that it relates to initiatives that are forecast to generate, or have generated, on-going revenue savings through reducing the costs of service delivery.
- 2.13 The Council's Flexible Use of Capital Receipts Strategy for 2021/22 is included as Appendix H to this report. This is required, by the statutory guidance, to be approved by Council.

Capital

- 2.14 The Capital Programme approved by Council in February 2020 has been updated to take account of amounts brought forward from 2019/20 where planned expenditure did not occur. This has been added to the budget for 2020/21 (apart from cases where costs have been reduced or expenditure will no longer be incurred). Following the completion of the Capital

Programme review as a result of the COVID-19 pandemic, the revised budget for capital projects in 2020/21 now totals £7,302,631.

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

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

3. Medium Term Financial Strategy 2021/22 – 2025/26

3.1 The Council's Medium Term Financial Strategy (MTFS) indicates a budget shortfall of £1.274m for 2021/22. Further details of the funding gaps for 2021/22 to 2025/26 are set out at Appendix D.

- £1.275m in 2021/22
- £1.501m in 2022/23
- £0.822m in 2023/24
- £1.016m in 2024/25
- £0.510m in 2025/26

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

Detail	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<i>Income</i>	50	-	-	-	-
<i>One Council</i>	195	601	126	-	-
<i>Staffing Related</i>	599	-	-	-	-
<i>Good Housekeeping</i>	46	-	-	-	-
<i>Tax Base</i>	-	109	167	169	172
<i>Council Tax Increase</i>	187	188	190	191	191
<i>Financing</i>	198	31	31	-	-
TOTAL SAVINGS	1275	929	514	360	363
MTFS GAPS	1275	1501	822	1016	510
REMAINING GAP (- = surplus)	-	572	308	656	147

4. Revenue Budget 2021/22

4.1 The MTFS provides for a gap in 2021/22 of £1.790m and over the 5 year period of the MTFS of £5.911m. The Comprehensive Spending Review announcements on 25 November 2020 and other issues detailed below reduce this gap to £1.275m in 2021/22 and to £5.124m over the 5 year period of the MTFS

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

year period of the MTFS by £0.425m

- It was also announced that there would be an equitable sharing of local taxation collection losses between local authorities and the Treasury. The Spending Review papers show that the government intends to use a scheme similar to the income compensation and cover 75% of local government's collection fund deficits. Whilst further detail is awaiting, it is assumed that this will reduce the gap by £0.039m in 2021/22 in relation to the Council's share of the Council Tax collection fund forecast deficit and by £0.094m in 2021/22 in relation to the Council's share of the Business Rates collection fund forecast deficit. The gap over the 5 year period of the MTFS will reduce by £0.398m
- The capital programme as shown in Appendix F and the updated financing assumptions for this expenditure have resulted in a reduction in the pressure included in the MTFS of £0.005m in 2021/22 and an increase of £0.036m over the 5 year period of the MTFS (i.e. minimum revenue provision and interest payable)

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

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

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

Category	Amount £'000	Comments

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

- 4.4 As in previous years, the savings plan set out at Appendix C was made available to the Finance, Assets and Partnerships Scrutiny Committee for scrutiny at its meeting on 14 December 2020. The Committee also scrutinised the recommendations of the Cabinet report of 13 January 2021 at its meeting on 18 January 2021.
- 4.5 As a result of the COVID-19 pandemic and the financial challenge the pandemic has raised, the Council has commissioned a full organisational review. This has identified a requirement to make significant changes to the way Council services are delivered, recognising both the impact of the pandemic in terms of creating more and different demands on Council services and the need to retain focus on the most vulnerable and disadvantaged in the community, whilst maximising opportunities for residents to help themselves, ensuring that they have a consistent and efficient interaction with the council when needed. A major programme of work (the One Council Programme) will be undertaken over the period 2021/22 to 2022/23 to implement the necessary changes, which will involve extensive redesign of organisational structures, processes and technology, underpinned by changes in culture, leadership and governance. The programme will be overseen by the ICT and Digital Steering Group chaired by the Leader of the Council and regular updates provided to Cabinet and FAPS.
- 4.6 Efficiencies and savings expected to be achieved through the One Council Programme will amount to circa £0.922m over a three year period and are recurring. In order to achieve the revenue savings set out above implementation costs of approximately £1.000m will need to be funded. This includes £0.250m in the current financial year for the blueprint and mobilisation phase of the programme which is due to commence in January 2021. These implementation costs consist of website development, ICT costs, staff time including enhanced HR support, external delivery partner and training costs together with programme assurance and contingency. It is proposed these costs will be funded via the flexible use of capital receipts and contributions from the Borough Growth Fund over a two year period.

Borough Growth Fund

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

The Council's Section 151 Officer will determine whether any proposed use of the fund complies with this guidance on a case by case basis.

- 4.8 The Borough Growth Fund balance currently stands at £0.070m which, when added to the £0.250m contribution in 2021/22 gives the Council a total pot of £0.320m.

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

- £0.100m – “One Council” to drive the Digital Programme which will transform public access to Council services and drive efficiency savings.
- £0.100m – Environmental Sustainability Strategy, this is to ensure that the Council plays its part in improving air quality, reducing carbon emissions and delivering its services in an environmental sustainable way.
- £0.050m – To address community concerns about unpleasant odour widely raised in the community and raised by residents once again under the budget consultation process.
- £0.070m – Town Centre Recovery, to support local businesses and the town centre to get back on track following the Coronavirus pandemic.

Council Tax and Collection Fund

- 4.9 A £5 per Band D equivalent property Council Tax increase, producing £187,000 of additional income is proposed based on a Borough Council Tax requirement of £7,645,110. This increase in Council Tax equates to the following monetary increases for residents:

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

- 4.10 In addition to the Borough Council Tax the Council is required to levy additional charges relating to Parish Councils, Staffordshire County Council, the Staffordshire Commissioner (Fire and Rescue Authority) and the Office of the Staffordshire Police and Crime Commissioner). These amounts are shown in Appendix A per property band and area of the Borough.
- 4.11 Taking into account the increased level of Council Tax Support claimants that the Council has received during the period of the COVID-19 pandemic and other changes to the Council Tax base (i.e. new properties, discounts and exemptions), the Council Tax base has decreased by 300 band D equivalent properties from 37,387 in 2020/21 to 37,087 in 2021/22.
- 4.12 The Council is required to declare its estimated surplus or deficit on the Collection Fund (for both Business Rates and Council Tax) ahead of the financial year end for 2020/21. Usually this surplus or deficit is then shared between the relevant preceptors in 2021/22 (a surplus if paid out to preceptors, including the Council, and a deficit is repaid to the collection fund from preceptors, including the Council). As part of its response to the COVID-19 pandemic the

Government has announced that deficits on the collection fund incurred in 2020/21 can be spread over a 3 year period.

- 4.13 It was announced as part of the Local Government Finance Settlement that there would be an equitable sharing of irrecoverable local taxation collection losses between local authorities and the Treasury. The government intends to use a scheme similar to the income compensation and cover 75% of local government's collection fund deficits, with a small number of exclusions.
- 4.14 The Business Rates Collection Fund is estimated to be in a deficit position at 31 March 2021, primarily due to a significantly increased contribution to the bad debts provision to allow for the potential impacts of the COVID-19 pandemic. The deficit is estimated to amount to £0.938m (net of the significant additional Section 31 grants received to compensate for the Government's protection of businesses via reliefs), of which the Council's share is £0.375m. It is anticipated that 75% (£0.281m) of this deficit will be met by the irrecoverable local taxation collection losses scheme, and that the repayment to the collection fund of the remaining deficit (£0.094m) can be spread over a 3 year period.
- 4.15 The Council Tax Collection Fund is estimated to be in a deficit position as at 31 March 2021, primarily due to an increase number of Council Tax Support claimants due to the COVID-19 pandemic. This deficit is estimated to amount to £1.292m, of which the Council's share is £0.145m. It is anticipated that 75% (£0.109m) of this deficit will be met by the irrecoverable local taxation collection losses scheme, and that the repayment to the collection fund of the remaining deficit (£0.036m) can be spread over a 3 year period.
- 4.16 The Local Government Finance Settlement for 2021/22 was received on 17 December 2020, this is largely in line with the assumptions that had previously been made via the Medium Term Financial Strategy. Despite the decision to not increase the business rates multiplier (as part of the Government's protection of businesses), the Council will be fully reimbursed for the increase in business rates retention funding that would otherwise have been received as forecast in the Medium Term Financial Strategy.
- 4.17 The Government have introduced a Lower Tier Services Grant, this grant is un-ringfenced and is specific to lower tier authorities only. The Council will receive £0.159m from this funding source in 2021/22, it is proposed that this funding be paid into the General Fund Reserve in order to boost the Council's financial resilience during the forthcoming financial year.
- 4.18 Further funding will also be paid to the Council to assist with COVID-19 related pressures in 2021/22. Again, this will represent un-ringfenced grant support and uses the distribution methods applied to funding received during 2020/21. It is proposed that a COVID-19 specific reserve be established and that this funding be paid into this reserve during the forthcoming financial year.
- 4.19 The Government has also indicated that it is providing funding to broadly meet the additional costs associated with increases in local council tax support caseloads in 2021/22. The funding will be un-ringfenced and can be used to provide other support to vulnerable households, including through local welfare schemes. Allocations have not yet been published.
- 4.20 The Government also intend to continue the current income compensation scheme to support local authorities for the first quarter of 2021/22, it is anticipated that the Government will continue to use 2020/21 budgeted income as the baseline to assess losses.

Local Plan

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

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

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

5. Budget Consultation

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

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

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

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

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

6.1 The Capital Programme for 2021/22 to 2023/24 (Appendix 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 £31.057m, of which £12.923m relates to 2021/22.

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

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

- Central government and its agencies;

- Legislation requiring capital works;
 - Partner organisations;
 - Businesses and Developers; and,
 - The needs and views of other interested parties, particularly those of Borough residents.
- 6.4 The Capital Programme for 2021/22 includes £4.600m for the refurbishment and reopening of Kidsgrove Sports Centre. This is in addition to the £1.000m currently anticipated to have been spent during 2020/21 (i.e. total scheme value of £5.600m) and will enable the provision of leisure facilities within Kidsgrove ahead of the timescale previously planned.
- 6.5 Delivering the capital programme for 2021/22 will require prudential borrowing to be undertaken. The impact of borrowing is included in the MTFs pressures for 2021/22 and future years.
- 6.6 Advice will be sought from the Council's Treasury Management advisors, Arlingclose, as to the most beneficial timing of prudential borrowing. Their current advice is to borrow on a short term basis (up to 4 years) from other local authorities whilst interest rates remain low.
- 6.7 In summary, investment in the capital programme for 2021/22 to 2023/24 totalling £31.057m will be funded by:
- £5.322m External Funding including Disabled Facilities Grant and s106;
 - £6.753m Capital Receipts; and,
 - £18.982m Prudential Borrowing/Leasing

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

- 7.1 The Treasury Management Strategy for 2021/22 is attached at Appendix J. The Minimum Revenue Provision Policy for 2021/22, as referred to at 4.1 of this report, is contained in Annex C to the strategy.
- 7.2 The Treasury Management Strategy for 2021/22 allows for borrowing. Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the Public Works Loans Board (PWLb). After the utilisation of capital receipts and internal borrowing, the Council will now look to borrow short term from other local authorities in the first instance and will then review any other sources of funding if required.
- 7.3 The Investment Strategy for 2021/22 is attached at Appendix K. This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and is based on guidance provided by Arlingclose, the Council's treasury management advisors. Quantitative investment indicators are included within the Strategy to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.
- 7.4 The Investment Strategy is informed by and consistent with the Commercial Strategy approved by Cabinet in October 2019 which proposed the establishment of a Revolving Investment Fund of £50m funded from a mix of revenue contributions, capital receipts and prudential borrowing. At the current time, given the amount of uncertainty in the economy, the establishment of a Revolving Investment Fund has paused.
- 7.5 The aim of the strategic asset development programme included within the Commercial Strategy will continue to be to steer and manage development opportunities from the Council's property asset base so as to deliver capital receipts and improved revenue income streams but at the same time securing the regeneration, economic development and housing objectives of the Council. Examples include acquisition and development of strategic town centre sites,

housing and industrial sites within the borough (including, for example within the Chatterley Valley Enterprise Zone). Developments may be undertaken on a co-investment basis with public, not for profit and private sector partners.

8. Balances and Reserves

- 8.1 A review of the Council's Balances and Reserves together with a financial resilience risk assessment informing the levels of these has been undertaken by the Council's S151 Officer. Details of the risk factors considered and the weightings applied to each are set out at Appendix E.
- 8.2 The Council currently holds a minimum balance of £0.100m as an Income Reserve in order to provide increased flexibility to manage year-to-year fluctuations in income. If the Income Reserve is used in year it is proposed that this be replenished to a balance of £0.100m during the budget setting process for the following financial year.
- 8.3 It is recommended that a minimum level of unallocated reserves and contingencies of £3m be held in 2021/22 to reflect the increased levels of revenue risk shown in respect of the Coronavirus (a significant increase from the current level of £1.548m). Therefore, the Council's Balances and Reserves Strategy for 2020/21 is that there should be a minimum General Fund balance of £3m in addition to an Income Reserve of £0.100m.
- 8.4 The recommendation to increase the level of unallocated reserves, together with action already taken to address historic structural budget deficits, is part of continuing action to safeguard the long term financial resilience of the Council and reflects the additional risks that the Council will increasingly be exposed to over the life of the MTFs.
- 8.5 In order to provide the recommended minimum General Fund balance of £3m, contributions of £1.552m are required. It is proposed that these contributions are made as follows:
 - Reallocation of £0.100m from the Equipment Replacement Fund balance held to the General Fund Reserve
 - Reallocation of £0.741m from the Business Rates Reserve balance held to the General Fund Reserve
 - Payment into the General Fund Reserve of £0.711m regarding the distribution of the Staffordshire and Stoke-on-Trent Business Rates Pool Central Investment Fund to pool members. This has been generated from the retention of business rates within Staffordshire that would otherwise have been retained by Central Government in the absence of pooling arrangements
- 8.6 The Councils Balances and Reserves (actual at 31 March 2020, and forecast at 31 March 2021 and 31 March 2022) are set out in Appendix E.
- 8.7 In addition it is recommended that the current £1m capital programme contingency which is held to allow for emergency unforeseen projects that may be required during the year be transferred to an earmarked fund.

9. Localised Council Tax Support Scheme 2021/22

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

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

10. **Legal and Statutory Implications**

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

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, including losses relating to the Coronavirus; and,
- Unforeseen elements e.g. changes to legislation or reductions in government grants.

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

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

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

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

12. **Equality Impact Assessment**

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

13. **Financial and Resource Implications**

13.1 These are addressed in the body of the report.

14. **Key Decision Information**

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

15. **Earlier Cabinet/Committee Resolutions**

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

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

15.3 Revenue and Capital Budgets and Strategies 2021/22 (Cabinet 3 February 2021).

16. **List of Appendices**

Appendix A: Schedule of Detailed Recommendations
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Appendix L: Local Council Tax Reduction Scheme for 2021/22
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17. **Background Papers**

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

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 2021/22 in addition to the Flexible Use of Capital Receipts Strategy (updated for 2021/22), the Capital Strategy for 2021/2031, the Treasury Management Strategy for 2021/22 and the Investment Strategy for 2021/22.

Recommendations

- (a) That the Revenue Budget for 2021/22 be approved (Appendix B).
- (b) That the updated Medium Term Financial Strategy for 2021/22 to 2025/26 be approved (Appendix C).
- (c) That the Band D Council Tax for 2021/22 be set at £206.14 (a £5.00 increase).
- (d) That the Capital Programme to 2021/22 to 2023/24 be approved (Appendix F).
- (e) That the Capital Strategy for 2021-31 be approved (Appendix I).
- (f) That the updated Flexible Use of Capital Receipts Strategy be approved (Appendix H).
- (g) That the Treasury Management Strategy for 2021/22 be approved (Appendix J).
- (h) That the Investment Strategy for 2021/22 be approved (Appendix K).
- (i) That the Local Council Tax Reduction Scheme for 2021/22 be approved (unchanged from 2020/21) (Appendix L).
- (j) That the un-earmarked minimum balances requirement be confirmed as £3,000,000.
- (k) That it be noted that the Head of Finance (Section 151 Officer), under delegated authority assigned by Cabinet on 20 January 2016 and Full Council on 18 May 2016 calculated the following amounts for the year 2021/22:
 - (i) 37,087 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	2550
Betley, Balterley & Wrinehill	593
Chapel & Hill Chorlton	193
Keele	380
Kidsgrove	6803
Loggerheads	1951
Madeley	1490
Maer	268
Silverdale	1505
Whitmore	897

- (l) That the Council Tax requirement for the Council’s own purposes for 2021/22 (excluding Parish precepts) is £7,645,110.

(m) That the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Act:

- (i) £72,023,810 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) £63,778,840 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- (iii) £8,244,970 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) £222.14 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) £599,860 being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.
- (vi) £206.14 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	267.91
Betley, Balterley & Wrinehill	234.64
Chapel & Hill Chorlton	238.20
Keele	243.00
Kidsgrove	240.19
Loggerheads	228.06
Madeley	249.64
Maer	227.17
Silverdale	225.12
Whitmore	241.66

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

<u>Parish/Town Council</u>	<u>Valuation Bands (£)</u>							
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
Audley	178.60	208.38	238.14	267.91	327.44	386.99	446.51	535.82
Betley, Balterley & Wrinehill	156.42	182.51	208.57	234.64	286.77	338.93	391.06	469.28
Chapel & Hill Chorlton	158.80	185.27	211.73	238.20	291.13	344.07	397.00	476.40
Keele	162.00	189.01	216.00	243.00	296.99	351.00	405.00	486.00
Kidsgrove	160.12	186.82	213.50	240.19	293.56	346.95	400.31	480.38
Loggerheads	152.04	177.39	202.72	228.06	278.73	329.42	380.10	456.12
Madeley	166.42	194.17	221.90	249.64	305.11	360.60	416.06	499.28
Maer	151.44	176.70	201.93	227.17	277.64	328.14	378.61	454.34
Silverdale	150.08	175.10	200.11	225.12	275.14	325.18	375.20	450.24
Whitmore	161.10	187.97	214.81	241.66	295.35	349.07	402.76	483.32
Other Parts of Borough Area	137.42	160.34	183.23	206.14	251.94	297.76	343.56	412.28

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 2021/22 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:-

<u>Preceptor</u>	<u>Valuation Bands (£)</u>							
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
Staffordshire County Council	907.08	1058.26	1209.44	1360.62	1662.98	1965.34	2267.70	2721.24
Staffordshire Commissioner Fire & Rescue Authority	52.52	61.27	70.03	78.78	96.29	113.79	131.30	157.56
Office of the Staffordshire Police & Crime Commissioner	159.05	185.55	212.06	238.57	291.59	344.60	397.62	477.14

- (o) That having calculated the aggregate in each case of the amounts at (m)(viii) and (i) above, the Council, in accordance with Section 30(2) of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2021/22 for each of the categories of dwelling shown below:

<u>Parish/Town Council</u>	<u>Valuation Bands (£)</u>							
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
Audley	1297.25	1513.46	1729.67	1945.88	2378.30	2810.72	3243.13	3891.76
Betley, Balterley & Wrinehill	1275.07	1487.59	1700.10	1912.61	2337.63	2762.66	3187.68	3825.22
Chapel & Hill Chorlton	1277.45	1490.35	1703.26	1916.17	2341.99	2767.80	3193.62	3832.34
Keele	1280.65	1494.09	1707.53	1920.97	2347.85	2774.73	3201.62	3841.94
Kidsgrove	1278.77	1491.90	1705.03	1918.16	2344.42	2770.68	3196.93	3836.32
Loggerheads	1270.69	1482.47	1694.25	1906.03	2329.59	2753.15	3176.72	3812.06
Madeley	1285.07	1499.25	1713.43	1927.61	2355.97	2784.33	3212.68	3855.22
Maer	1270.09	1481.78	1693.46	1905.14	2328.50	2751.87	3175.23	3810.28
Silverdale	1268.73	1480.18	1691.64	1903.09	2326.00	2748.91	3171.82	3806.18
Whitmore	1279.75	1493.05	1706.34	1919.63	2346.21	2772.80	3199.38	3839.26
Other Parts of Borough Area	1256.07	1465.42	1674.76	1884.11	2302.80	2721.49	3140.18	3768.22

Appendix B – Revenue Budget 2021/22

Area	2020/21 General Fund		2021/22 General Fund		Note
	Estimate £	Band D Council Tax £	Estimate £	Band D Council Tax £	
Administration Before Recharges	6,161,680	164.81	5,661,310	152.65	
Less Recharges to Services	(6,161,680)	(164.81)	(5,661,310)	(152.65)	
Total Administration Net of Recharges	-	-	-	-	
Holding Accounts Before Recharges	2,240,390	59.92	1,658,350	44.72	
Less Recharges to Services	(2,240,390)	(59.92)	(1,658,350)	(44.72)	
Total Holding Accounts Net of Recharges	-	-	-	-	
Central Services	2,205,640	58.99	1,937,500	52.24	
Cultural Services	4,269,640	114.20	3,915,140	105.57	A
Environmental Services	6,626,520	177.24	7,355,810	198.34	B
Planning	1,579,150	42.24	1,866,360	50.32	
Transport	355,290	9.50	(204,890)	(5.52)	A
Housing	1,126,380	30.13	1,257,970	33.92	
Net Cost of Services	16,162,620	432.30	16,127,890	434.87	
Pensions Liabilities Account	415,000	11.10	415,000	11.19	
Investment Properties	810,770	21.69	(50,020)	(1.35)	A
Interest and Investment Income	(3,330)	(0.09)	64,880	1.75	
Net Operating Expenditure	17,385,060	465.00	16,557,750	446.46	
Contribution to/(from) Revenue Reserves	2,504,050	66.98	1,077,370	29.05	C
Contribution to/(from) Capital Reserves	(4,199,420)	(112.32)	(2,675,040)	(72.13)	D
Amount to be met from Government Grant and Local Taxpayers	15,689,690	419.66	14,960,080	403.38	
Revenue Support Grant	(63,490)	(1.70)	(63,840)	(1.72)	
Other Non-Specific Grants	(603,720)	(16.15)	(1,189,600)	(32.08)	E
Business Rates Retention Funding	(5,833,460)	(156.03)	(6,105,530)	(164.63)	C
Collection Fund Deficit/(Surplus)	(1,669,000)	(44.64)	44,000	1.19	B
Borough Council Tax Requirement	7,520,020	201.14	7,645,110	206.14	
Staffordshire County Council Precept		1,295.95		1,360.62	
Fire Authority Precept		77.24		78.78	
Police Authority Precept		225.09		238.57	
Total Council Tax Requirement		1,799.42		1,884.11	

The Council Tax Base used for 2021/22 in the above table is 37,087.

Notes

- A lesser value of impairment is budgeted to be made during 2021/22. This is also reflected in the decreased appropriation from capital reserves.
- An increased level of depreciation is budgeted to be made during 2021/22 in relation to Waste Vehicles. This is offset by an appropriation from capital reserves.
- A surplus relating to the Business Rates Collection fund was received during 2020/21 (this was contributed to reserves for resilience purposes).
- Budget contributions from capital reserves will decrease for 2021/22. This reflects the net impact of the reduced impairment referred to in Note A and the increased level of depreciation referred to in Note B.
- A lower tier services grant and a COVID-19 emergency grant will be received during 2021/22. These are also shown in the contribution to Revenue Reserves line, where they will be held until required.

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. 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.

2021/22 MTFS Funding Strategy

Appendix C

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

Medium Term Financial Strategy Gaps

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

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

i. Risk Assessment on Required Reserve Balances

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

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

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

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

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

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

Impact (I)

- 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 2020 to 2022

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

2021/22 to 2023/24 Capital Programme

Appendix F

CAPITAL PROGRAMME	2021/22	2022/23	2023/24	TOTAL
	£	£	£	£
PRIORITY - Local Services that work for Local People				
Service Area – ICT and Digital	649,000	110,000	102,000	861,000
Total	649,000	110,000	102,000	861,000
PRIORITY - Growing our People and Places				
Service Area - Housing Improvements	1,080,000	2,615,000	2,625,000	6,320,000
Service Area - Managing Property & Assets	466,174	593,634	662,174	1,721,982
Total	1,546,174	3,208,634	3,287,174	8,041,982
PRIORITY - A Healthy, Active and Safe Borough				
Service Area - Environmental Health	0	0	60,000	60,000
Service Area - Streetscene and Bereavement Services	610,450	2,210,600	1,125,600	3,946,650
Service Area - Recycling and Fleet	971,500	351,000	2,899,500	4,222,000
Service Area - Leisure	5,671,000	687,000	17,000	6,375,000
Service Area - Museum	240,000	40,000	0	280,000
Service Area - Managing Property & Assets	275,957	359,345	264,669	899,971
Service Area - Engineering	383,000	590,000	1,070,000	2,043,001
Total	8,151,907	4,237,946	5,436,769	17,826,622
PRIORITY - A Town Centre for All				
Service Area - Managing Property & Assets	1,476,353	1,157,890	393,248	3,027,490
Total	1,476,353	1,157,890	393,248	3,027,490
CONTINGENCY	1,000,000	0	0	1,000,000
TOTAL	12,923,434	8,814,470	9,319,191	31,057,095
FUNDING				
Capital Receipts	3,075,000	3,128,000	550,000	6,753,000
External Contributions	2,252,000	2,035,000	1,035,000	5,322,000
Borrowing/Leasing	7,596,434	3,651,470	7,734,191	18,982,095
TOTAL	12,923,434	8,814,470	9,319,191	31,057,095

Key Council Achievements in 2020/21

Delivery of a New Recycling and Waste Service

In quarter 2, the new recycling collection service was fully rolled out and operational. This was further supplemented in August with the recommencement of separate food waste collections using a new dedicated fleet of vehicles. Quantities of recycling material collected remains some 20% higher than that of the previous service, with greater participation also by residents who have found the new service so much simpler for them to use.

The quality of the material collected is excellent too, at less than 2.5%, well below national figures for 'non target' material processed through the Councils contracted material recovery facility. This means more of the material residents put out for collection is actually recycled, and there is less chance of it having to be exported. High quality material for recycling can find legitimate homes in the UK.

Britain in Bloom

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

Bereavement Services

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

Environmental Action

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

Streetscene

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

Garden Waste Service

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

Deliver A Local Plan

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

Development Management Service

The Government have set up performance criteria for the determination of planning applications by Councils. For major developments (sites of 10 or more houses or commercial development over 1000 m²), the target is 60% or more decisions in 13 weeks and for non-majors 70% of decisions within 8 weeks. For 2020/21, the team has far exceeded these targets and delivered figures of 100% in both categories. This is a reflection not only of the new processes and approach to decision making that the team has adopted but also the hard work put in to keeping the service operating effectively especially during the pandemic.

Cultural Developments

The museum has been able to safely open to visitors during all the periods allowed and have also provided a good social media and digital presence for those not able to physically visit.

The installation of Wi-Fi into the museum, due to a recent £5,000 award by the West Midland Museum's development service, to improve and extend our Wi-Fi into more inaccessible parts of the building has commenced, and will allow us to run virtual education tours and talks in places such as the museum stores, street scene and cellar - places that people are unable to visit due to health and safety issues.

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

One Public Estate

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

Supporting Retailers and Local Businesses

Activity in 2020 was significantly different than in previous years due to the impact of Covid-19. Work continued in signposting businesses to the Growth Hub and maintaining the business support pages on the website with relevant sources of information and advice. The Council also processed a

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

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

Regeneration of the Newcastle and Kidsgrove Town Centres

The Council submitted a bid to the Future High Streets Fund for Newcastle Town Centre and has secured an in principle award of just over £11m. This funding will enable delivery of exciting new plans for the town centre redevelopment focused on the Ryecroft area.

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

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

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

COVID Response Work in our Communities

We worked closely with our partners at the Realise Foundation and Support Staffordshire during the pandemic to provide direct support to the most vulnerable in need of support in our communities. In addition to the individuals identified as vulnerable under the government scheme, the Council and its partners met the support needs of individuals self-isolating or struggling for a variety of reasons as a result of the Covid-19 virus. Assistance included areas such as help getting shopping, walking the dog or even being put in touch with local community groups or someone to talk to was made available. To assist, the Council initially created a COVID 19 call centre staffed by volunteers from our leisure services team and gave appropriate information and signposting to callers, including money advice and financial hardship, domestic abuse, social isolation, safeguarding, housing and homelessness, food deliveries etc. In the second lockdown a decision was taken to use our existing Customer Services team to triage calls and signpost to Realise and other local services as appropriate. In addition, the Council have continued to assist more complex cases and other vulnerable households with partners through the work of the Daily Vulnerability Hub, Multi Agency Risk Assessment Conference (MARAC) and the Newcastle Housing Advice Service.

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

Taxi Licensing Policy

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

Environmental Health & Licensing

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

Air Quality Local Development Plan

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

Work on the retrofitting of busses operating on the A53 is well underway and is expected to be completed this year.

Business Support Grants

Since the March lockdown, the council has delivered and managed grant funding payments to support businesses and individuals impacted by Covid-19, with the amount paid in business support grants being well in excess of £22,000,000.

Customer Service Delivery

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

Developing our Workforce

Despite the Covid 19 situation, work has continued across services in the development of robust, innovative and efficient work force plans which align to the council vision for the future.

High on the list of priorities is the engagement of staff in the development of organisational values and behaviours; from which recognition and reward, development and learning and leadership strategies will be developed. As work develops towards detailed design of the One Council transformation, the People Team will continue the focus on alignment of vision and people processes.

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

Working to ensure staff wellbeing

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

Development of Key People policies

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

FUTURE PLANS 2021/22

Development of the Recycling Service

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

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

Development of the Environmental Service

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

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

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

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

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

Keele University Growth Corridor

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

Regeneration of the Newcastle and Kidsgrove Town Centres

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

Development of the Planning-Enforcement Service

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

Re-opening of the Kidsgrove Sports Centre

The Council is working to improve access to sports and leisure facilities for residents in Kidsgrove and surrounding areas as part of a community led initiative to refurbish and re-open the Kidsgrove Sport Centre. Work has continued this year with WDC and the community group to secure a financially viable scope of works for a budget £6m which now suits both the needs of the community groups' business model and the budgetary constraints of the Council. Additional funding opportunities have been secured in the form of Town Deal Advance Monies for advance strip out works at the centre and further Town Deal contributions are being investigated also. Advance works / internal strip out works by WDC will commence in early 2021, now that the ownership of the building has transferred from Staffordshire County Council.

Britain in Bloom

Newcastle-under-Lyme will be celebrating its 30th year of participation in the regional Heart of England in Bloom campaign. To mark this milestone, a 10 year programme of projects and events will be launched based around 3 themes of public art, parks and youth engagement. 2021 will see Phase 7 of the public art programme being installed on Parkhouse Roundabout, as well as many other community projects making a welcome return after the enforced lay off in 2020 of the Borough's strategic parks and cemeteries will apply for Green Flag status this year.

Bereavement Services

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

Environmental Action

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

Streetscene

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

Newcastle Housing Advice to be in-house service

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

One Council Programme

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

- Continuing to redesign Customer facing services to ensure they focus on customer need and deliver consistent, reliable outcomes.
- Invest in the use of automation of and AI technologies to improve our service offering and ensure that we are able to meet public expectations.
- Develop our internal processes, focusing on what is possible with modern technology to remove inefficiency and waste.
- Ensuring that the wider Newcastle communities are digitally enabled and individually capable, working with partners to ensure that no one is left behind
- Encouraging investment in the Newcastle area to ensure our infrastructure is capable of supporting our digital future – for both residents and businesses
- Review our Customer Access Strategy, focusing on how we continue to offer safe and reliable customer services from our customer service centres and within the community
- Engage with the Borough's distinct communities to ensure the Council has a current understanding of community activity and vulnerability, to better target services and support community action
- Explore the opportunity to secure (digital) service access points in community locations around the borough

Revenues & Benefits

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



Flexible Use of Capital Receipts

2019 to 2022 (update for 2021/22)



Introduction

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

Power under which the guidance is issued

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

Application

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

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

Qualifying expenditure

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

Accountability and transparency

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

Qualifying expenditure

Types of qualifying expenditure

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

Examples of qualifying expenditure

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

Accountability and transparency

Preparation

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

Content

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

Approval

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

Timing

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

2021/22 Strategy

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

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

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

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

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

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

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

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

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

Discretionary Payments

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

Appendix M – 2021/22 Budget Consultation Report



2021/22 Budget Consultation report

Headline findings

- 93 responses – Reduction from 366 the previous year
 - 96 per cent were residents from the borough
- Two council services by far seen as most important
 - Parks, playgrounds and open spaces
 - Town centre regeneration
- Four more seen as quite important
 - Street cleaning
 - Recycling facilities
 - New Vic theatre
 - Refuse collection
- Non-statutory services that respondents want to be protected:
 - Town centre regeneration **by far** the most important, followed by:
 - Outdoor leisure facilities
 - Arts development
- 76 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
 - Fairly high response rate from May Bank
 - Low response rates from the north of the borough
 - No responses from Silverdale or Newchapel and Mow Cop

Background

This survey was available online from 18 December to 22 January via an online form on the Council's Have Your Say web page, and was publicised by the Communications Team via the e-panel, Facebook and Twitter. Despite this, there were only **93** responses – a decrease on the 366 for last year's survey.

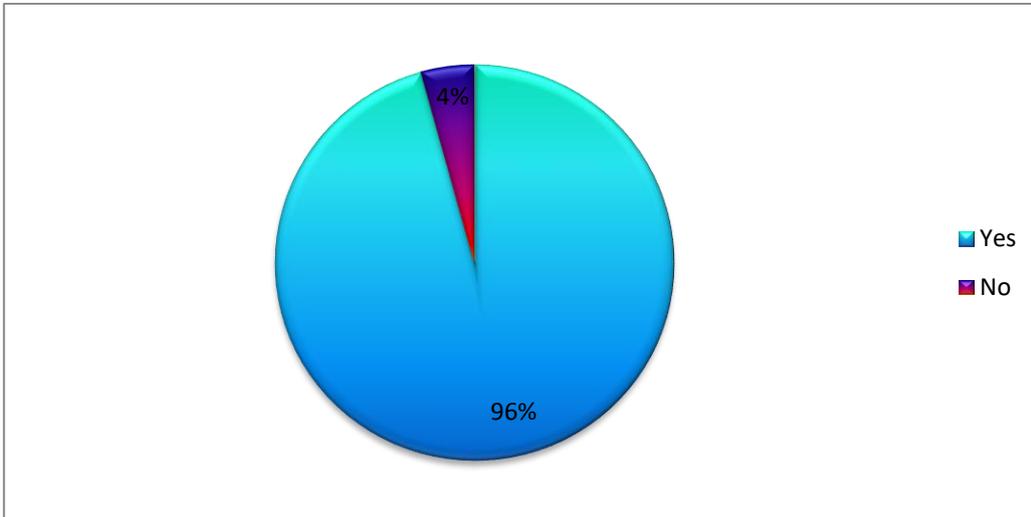
At three different places on the survey, respondents were made aware of the services that were not the responsibility of the Borough Council, but some respondents still recommended that we protected such services from funding cuts.

Analysis of data

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

96 per cent of them said that they were a resident. Only four respondents (four per cent) said that they were not.

Figure 1: Q1) Are you a resident of the borough of Newcastle-under-Lyme? 93 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 were five themes that came through more often than any others, in order:

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

- Food Safety - Café, takeaway and restaurant inspections (22 per cent)
- Indoor leisure centres (19 per cent)
- Outdoor markets (17 per cent)
- Closed Circuit Television (CCTV) coverage (15 per cent)

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 responsible for policing, hospitals, the NHS, social care, roads/highways or schools/academies.

- Ensuring culture and older buildings of the town are maintained / preserved. Free short stay parking in the town (30 mins). Community Safety (but not speed cameras!) i.e. dealing with anti-social behaviour.
- Other - Partnership working. PS. The New Vic Theatre is an independent not-for-profit organisation and not a Council service.
- Making the pavements safe
- Maintaining, improving and investing in existing facilities and assets. Conserve and maintain, stop wasting money on expensive new vanity projects.
- Street cleaning
- Litter picking
- Schools
- Ensure we are green and sustainable in everything we plan and deliver
- Not for profit community town hub such as Cultural Squatters
- Surely the NBC acts as the eyes and ears regarding the County council and its responsibility for road repairs etc. Most of the above are important so it not a matter of cherry picking. I think we can do without the blue-sky projects which don't always improve an area or a locality.

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 (76 per cent)
- Outdoor leisure facilities (55 per cent)
- Arts development (48 per cent)

...and four were chosen by a reasonable proportion:

- Outdoor markets (38 per cent)
- Neighbourhood grant funding programme (36 per cent)
- Indoor leisure centres (36 per cent)
- CCTV coverage (30 per cent)

...with the following not chosen by many...

- Sports development (17 per cent)
- Promotion of tourism (15 per cent)
- Mayoral activities (five per cent)

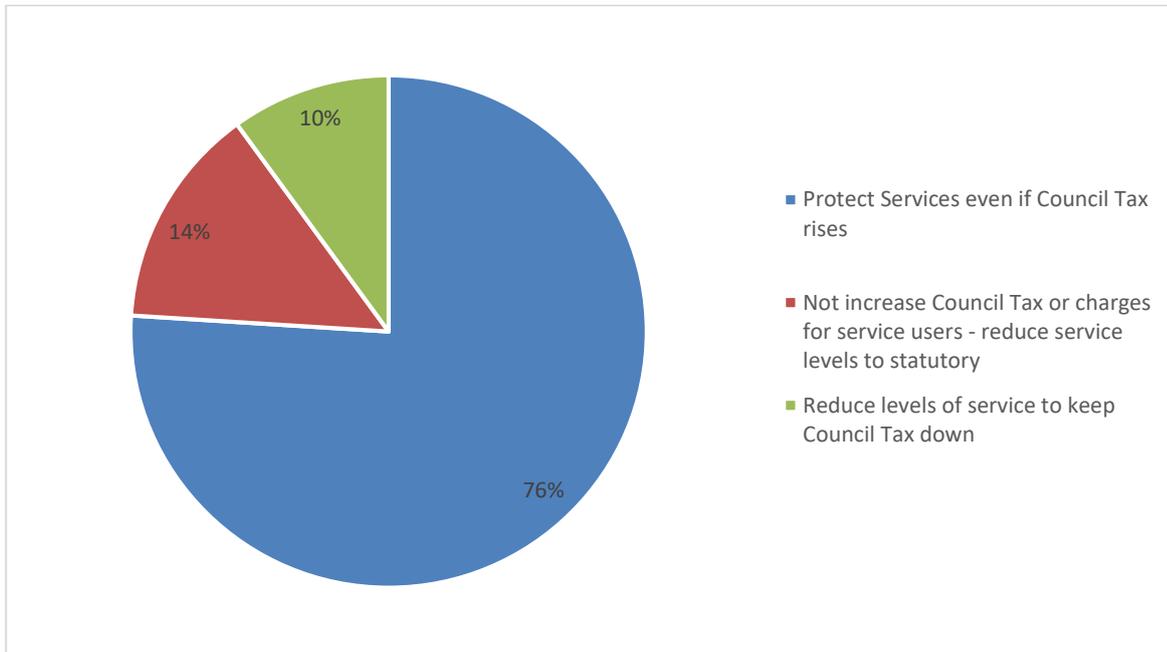
Q5) When making decisions about spending plans for next year and beyond, should we...

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 just over three-quarters (76 per cent) of all respondents.

- 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 the second most popular option, chosen by 14 per cent.
- *Reduce levels of service to make sure that Council Tax rises and fee increases for service users are kept to a minimum* was the least popular choice. Only ten per cent of respondents chose this option.

Figure 3: When making decisions about spending plans for next year and beyond, should we...

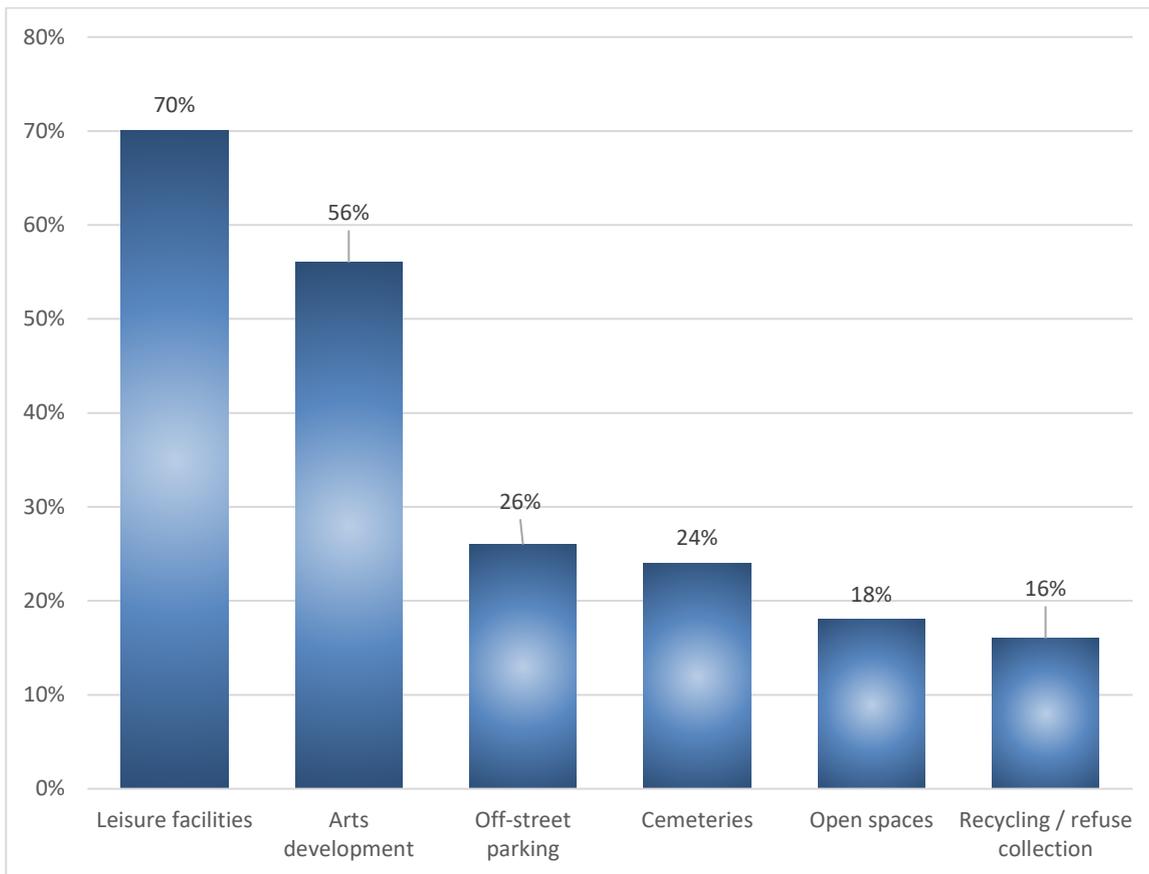


Q6) Are there any particular service areas where you feel Newcastle-under-Lyme Borough Council should not reduce its funding?

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

- | | |
|-------------------------------|--------------|
| • Arts and culture | 13 responses |
| • Recycling/refuse collection | 10 |
| • New Vic Theatre | 9 |
| • Green Spaces | 9 |
| • Indoor leisure facilities | 7 |
| • Outdoor leisure facilities | 5 |
| • Street cleaning | 5 |
| • Regeneration | 3 |

Figure 5: Out of the following services which the Council is not required by law to provide would you most like to see protected? 90 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. Unlike the other open comments there were no real themes shining through, so the comments are included **in full** after this word cloud, which highlights the words that were used relatively often.

- Concentrate on the residents of the borough not just students. Provide help in leisure facilities for the elderly.
- Consider the person opposite to you in the most dire of situations and how you would like to be treated.
- Council needs to review its business rates / commercial rent policy / model as town centre is almost beyond saving. Need to make vacant shops more attractive and lucrative to commercial tenants. Perhaps adopt a model based on profit / turnover.
- Ensuring that people can still afford to help local businesses after this terrible year of furlongs and job losses.
- Improved green focused public transport and multi-generational living, particularly in the town ward to promote town centre regeneration.
- Jobs
- Making sure Social Care and Homes are kept to a good standard and have more inter action with Aspire
- Making the town centre a place to go, not to avoid!
- Mental health help, support and resource
- More funding from Government- what's our MP doing ?? We need all the services- we do pay for them.
- More help for the homeless
- Most of the above ticked in Question 3 are a priority for communities. There are some items which the NBC should not be bothering itself with.
- Not selling off green spaces to make a profit if it means more housing developments and less recreation space for locals, i.e. Bradwell Park off Arnold Grove
- Pay attention to little wards
- Planting and maintaining trees in public spaces.
- Policies and projects that lead to measurable carbon savings in order to meet the Borough's climate objectives
- Protect our libraries
- Protecting the neighbours from unsocial people and their activities
- Providing services even if the poll tax has to be increased
- redevelopment of brown field sites
- Reduce the garden waste bin cost. Also, make Council housing a priority.
- Regeneration
- Setting targets to reward staff who deliver services that are improved during the budget period and/or are delivered more efficiently.
- Support for older people across the spectrum of health and social care services, and so they can access other opportunities, facilities and activities which alleviate loneliness and social isolation.
- Supporting training and skills to allow people to either set up a local businesses or to re-skill for different employment
- The (added) value of partnership working
- The health and wellbeing of residents (and mental health wellbeing) because we've had a really tough year and look set for another one
- The sweeping of pavements and roads i rural areas. When mud is deposited by farmers they should be charged.
- Things that are not a legal requirement should be funded by the service user and not by all
- Think about the smaller towns outside the main centres
- Town centre regeneration, making it again the market town centre it is supposed to be, and supposedly known for? Too many empty shops that could be utilised by lowering rent? A little rent from an occupied premises is better than no rent from an empty one
- Waste, especially postage charges

- We need to raise the young to be proud of their area and invest time and money into them to educate them it is for their futures
- Need to look after cemeteries better by locking them up at night

Profile of respondents

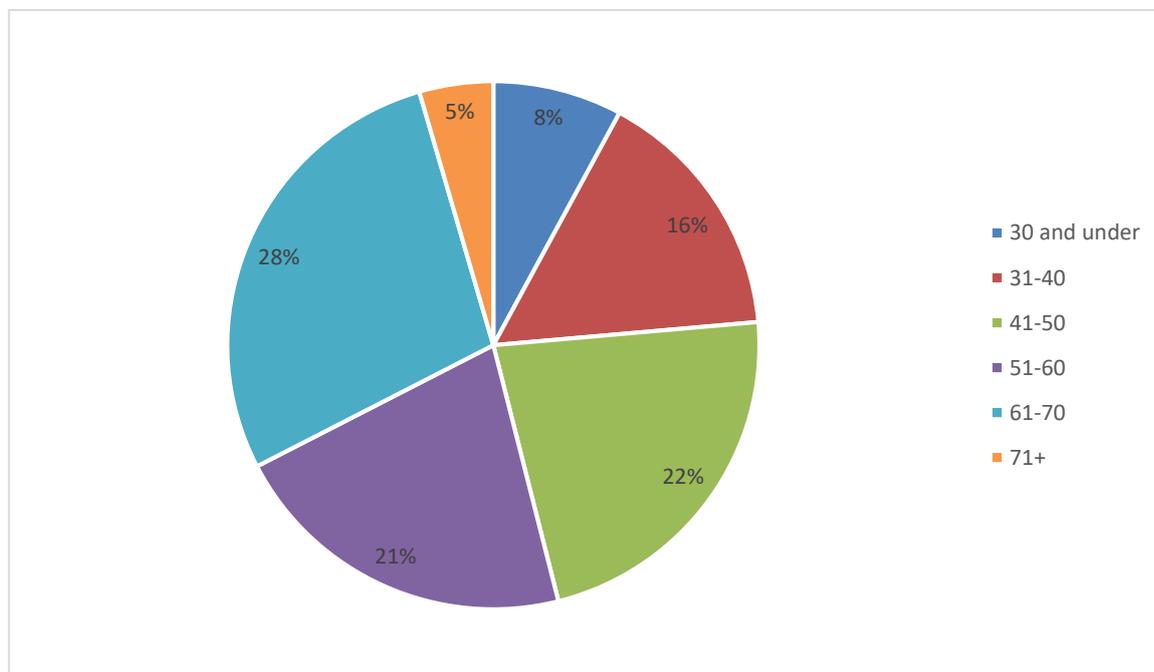
Finally, respondents were asked to provide their age and postcode – this enables us to see how representative of the borough the respondents were. The following table shows how many respondents were received by broad age group compared to the population of the borough.

As the following table shows, just like last year, the youngest (up to 30) and the oldest age group (71 plus) were very much under-represented, with aged 31 to 70 being over-represented. In particular, those aged 61-70 were over-represented, making up 28 per cent of responses but only 14 per cent of the 18+ population.

Table 1: Age profile of respondents compared to the borough based on 90 responses

Broad age group	Proportion of respondents	Proportion of 18+ residents in the borough
30 and under	8%	24%
31-40	16%	14%
41-50	23%	15%
51-60	21%	17%
61-70	28%	14%
71+	5%	17%

Figure 7: Age profile of respondents - 90 responses



Unfortunately, not all respondents did provide valid postcodes, but there were 69 that could be matched to wards. There were submissions from most wards, but those in the north of the borough tended to provide few responses.

Table 2: Respondents by ward. 80 respondents

Ward	Respondents
Audley	3
Bradwell	4
Clayton	1
Crackley and Red Street	1
Cross Heath	3
Holditch and Chesterton	2
Keele	3
Kidsgrove and Ravenscliffe	1
Knutton	1
Loggerheads	1
Madeley and Betley	5
Maer and Whitmore	1
May Bank	12
Newchapel and Mow Cop	0
Silverdale	0
Talke and Butt Lane	3
Thistleberry	7
Town	6
Westbury Park and Northwood	5
Westlands	5
Wolstanton	5
ST5 (Unidentifiable)	11