



# CABINET

13 January 2021

A meeting of the CABINET will be held on Thursday, 21st January, 2021, 6.00 pm in Online Meeting

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## A G E N D A

### NON CONFIDENTIAL

**1 Apologies for Absence**

**2 Minutes of Previous Meeting (Pages 3 - 4)**

**3 Declarations of Interest**

*To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.*

*When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.*

**4 Question Time:**

To answer questions from members of the public pursuant to Executive Procedure Rule No. 13

**5 Matters Referred to the Cabinet in Accordance with the Overview and Scrutiny Procedure Rules**

**6 Draft Budget & Medium Term Financial Strategy 2021/22 (Pages 5 - 100)**  
*(Report of the Leader of the Council)*

**7 Business Rates Income Forecast 2021/22 (To Follow)**  
*(Report of the Portfolio Holder for Assets and Finance)*

**8 Local Restrictions Grant Policy (To Follow)**

*(Report of the Portfolio Holders for Assets and Finance and for Heritage and Regeneration)*

**9 Update of Environmental Crime Policy** (Pages 101 - 136)  
*(Report of the Portfolio Holder for Regulatory and Community Safety)*

Yours faithfully

A handwritten signature in black ink, appearing to be 'AOS', followed by a long horizontal line extending to the right.

**Chief Executive**

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**Access arrangements**

*If you have any particular access requirements when attending the meeting, please contact Democratic Services on 01827 709267 or e-mail [democratic-services@tamworth.gov.uk](mailto:democratic-services@tamworth.gov.uk). We can then endeavour to ensure that any particular requirements you may have are catered for.*

**Filming of Meetings**

*The public part of this meeting may be filmed and broadcast. Please refer to the Council's Protocol on Filming, Videoing, Photography and Audio Recording at Council meetings which can be found [here](#) for further information.*

*The Protocol requires that no members of the public are to be deliberately filmed. Where possible, an area in the meeting room will be set aside for videoing, this is normally from the front of the public gallery. This aims to allow filming to be carried out whilst minimising the risk of the public being accidentally filmed.*

*If a member of the public is particularly concerned about accidental filming, please consider the location of any cameras when selecting a seat.*

**FAQs**

*For further information about the Council's Committee arrangements please see the FAQ page [here](#)*

To Councillors: D Cook, R Pritchard, J Chesworth, M Cook, S Doyle and J Oates.



## **MINUTES OF A MEETING OF THE CABINET HELD ON 17th DECEMBER 2020**

**PRESENT:** Councillor D Cook (Chair), Councillors R Pritchard (Vice-Chair), J Chesworth, M Cook, S Doyle and J Oates

The following officers were present: Andrew Barratt (Chief Executive), Anica Goodwin (Executive Director Organisation), Sarah McGrandle (Assistant Director Operations and Leisure), Matthew Fletcher (Head of Economic Development and Regeneration), Tracey Pointon (Legal Admin & Democratic Services Manager), Jo Hutchison (Democratic Services, Scrutiny and Elections Officer) and Adam Deakin (Technical Infrastructure Engineer)

### **67 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **68 MINUTES OF PREVIOUS MEETING**

The minutes of the previous meeting of Cabinet held on 3<sup>rd</sup> December 2020 were approved as a correct record.

*(Moved by Councillor J Oates and seconded by Councillor J Chesworth)*

### **69 DECLARATIONS OF INTEREST**

There were no Declarations of Interest.

### **70 QUESTION TIME:**

None.

### **71 MATTERS REFERRED TO THE EXECUTIVE (OVERVIEW AND SCRUTINY COMMITTEE OR BY THE COUNCIL)**

None.

### **72 ELECTRIC VEHICLE CHARGING POINTS**

The Report of the Portfolio Holder for Heritage and Regeneration updated Cabinet on the outcomes of the Infrastructure Safety & Growth Scrutiny

Committee held on the 8th July 2020 and on progress to date and made recommendations for further activity.

Councillor S Doyle joined the meeting at 6.10pm.

**RESOLVED** that:

1. EV Charging Operating Model 2 be chosen as the primary delivery route subject to the results of a detailed options appraisal
2. a further marketing exercise using the ESPO Procurement Framework to secure a supplier / operator be carried out
3. a detailed options appraisal following further market feedback including costs/income/risks be produced
4. a private sector location for EV charging on the wider Ventura retail park be investigated and promoted with relevant landowners
5. an EV Action Plan be developed for adoption by the Council.
6. in principle, subject to the results of a detailed options appraisal, EV vehicle fast-charging infrastructure be installed in at least one of the Borough-owned car parks.

*(Moved by Councillor J Oates and seconded by Councillor D Cook)*

### **73 EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED:** That members of the press and public be now excluded from the meeting during consideration of the following item on the grounds that the business involves the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

*(Moved by Councillor D Cook and seconded by Councillor R Pritchard)*

### **74 LEGAL ACTION - TAMWORTH ASSEMBLY ROOMS**

The Report of the Portfolio Holder for Heritage and Regeneration provided Cabinet with the information regarding legal action associated with the Assembly Rooms construction and sought approval for next steps.

**RESOLVED** that the recommendations within the Report be approved.

*(Moved by Councillor J Oates and seconded by Councillor D Cook)*

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Leader

## CABINET

21<sup>st</sup> January 2021

## JOINT SCRUTINY COMMITTEE (BUDGET)

27<sup>th</sup> January 2021

### Report of the Leader of the Council

#### DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2021/22 to 2025/26

#### Purpose

To approve the draft package of budget proposals (**attached at Appendix A**) to consult with the Joint Scrutiny Committee (Budget) on 27<sup>th</sup> January 2021 and receive their feedback on the:

- General Fund Revenue (GF) Budget and Council Tax for 2021/22;
- Housing Revenue Account (HRA) Budget for 2021/22;
- Capital Programme – General Fund & HRA;
- Medium Term Financial Strategy (MTFS).

This is a key decision as it affects two or more wards and involves expenditure over £100k.

#### Recommendations

That:

1. **Cabinet approve the draft package of budget proposals including the proposed policy changes (as detailed at Appendix B); and**
2. **As required by the Constitution of the Council, the Joint Scrutiny Committee (Budget) on 27<sup>th</sup> January 2021 be requested to consider the budget proposals contained within this report.**

## Executive Summary

Based on the draft budget assumptions contained within the report, the headline figures for 2021/22 are:

- A General Fund Net Cost of Services of £8,963,100 a reduction of 2.1% compared to 2020/21;
- A transfer of £330,285 from General Fund balances;
- The Band D Council Tax would be set at £186.89, an increase of £5 (2.75% - c.£0.10 per week) on the level from 2020/21 of £181.89;
- A transfer of £500,840 from HRA balances;
- Rents will be set in line with the approved Rent Setting Policy including a 1.5% increase in average rent (on the 2020/21 average rent of £87.93 based on a 48 week rent year) in line with Government confirmation that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation plus 1% for five years from 2020, following the conclusion of a consultation on the new rent standard;
- A General Fund Capital Programme of £30.7m for 5 years;
- A Housing Capital Programme of £33.7m for 5 years.

Currently projections identify:

1. General Fund balances of £0.6m over 3 years (with a shortfall of £7m over 5 years), including the minimum approved level of £0.5m;

**Further savings of around £1.4m p.a. will be required** over the next 5 years (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £0.5m over 5 years.

2. HRA balances of £2.5m over 3 years (with balances of £1.8m over 5 years) including the minimum recommended balances of £0.5m.

## Key Risks

- The effect of the Covid-19 crisis on the economy and ultimately the impact for the Council's finances – including any lasting effects for individual businesses and their employees. Social distancing measures will remain in place for the foreseeable future – impacting mainly on the Council's ongoing income receipts.

Measures taken to control Covid-19 are leading to heavy economic losses and this has and will continue to affect collection rates, as some individuals and businesses experience financial effects of the pandemic. The uncertainties created by the pandemic have also significantly increased volatility and uncertainty in markets. This applies not only to non-current operational and non-operational property assets held by authorities, but also to investment properties, financial assets and many assets held by pension funds.

- The Government has confirmed that the longer-term reforms for the local government finance system (including the move to 75% Business Rates Retention and Fairer Funding Review of Relative Needs and Resources) will be deferred again as a result of the pandemic, although no timescales have been released. In addition, the next planned national Business Rates Revaluation, planned for 2021 will take effect from 2023.

The Government had previously said it will keep an open dialogue with the local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth of £2m p.a. (pending the planned business rates baseline reset) and the approach to the 2021/22 local government finance settlement. It was announced as part of the Spending Review and has now been confirmed as part of the provisional settlement that that there will be no reset for 2021/22 however, no papers were published but the Secretary of State confirmed a commitment to the Fair Funding Review and the business rates reset; but in answering questions from MPs he indicated only that there “may be an opportunity next year” to bring forward proposals for reform and he confirmed that he did not know when reform would be implemented.

**There remains a high risk that these reforms, including the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed), will have a significant effect on the Council's funding level from 2022/23;**

- Delivery of the planned Commercial Investment Strategy actions and associated improved investment returns of 4% p.a. arising from the investment of £24m from the capital receipt received over the period 2016 – 2018 from the sale of the former golf course (to support the MTFs in the long term);
- Uncertainty over the ongoing funding for the ***New Homes Bonus scheme***. The Government have confirmed that the 4-year legacy payments for New Homes Bonus (NHB) will continue to be paid to 2022/23 – and that the scheme will continue for a “further year with no new legacy payments”, but there still remains uncertainty regarding the future.

The Government has set out its intention to hold a consultation on the future of the New Homes Bonus, with a view to implementing reform in 2022/23.

- Challenge to continue to achieve high collection rates for council tax, business rates and housing rents – in light of the welfare benefit reforms and the impact of the pandemic on economic conditions and uncertainty.
- Finalisation of the provisional Local Government Finance Settlement allocations; and
- Work is continuing on a number of actions to address the financial position in future years including the Recovery and Reset programme approved by Cabinet which aims to consider how we can tackle the financial challenges facing the council as a result of the coronavirus pandemic. This will include reviewing services, reducing waste demand on services (basically this is any action or step in a process that does not add value to the customer), exploring opportunities for income generation and identifying any further savings. The overriding goal is to make sure our organisation remains fit for the future, while protecting services to the most vulnerable in our community.



## Background

Council, on 25th February 2020, approved a 3 year Medium Term Financial Strategy for the General Fund with a Council Tax increase of £5 for the year – in order to continue to deliver those services essential to the Local Community.

With regard to the Housing Revenue Account, a 5 year MTFs was approved by Council including significant investment in Regeneration projects to meet future housing needs and sustain the HRA in the longer term.

When the budget and MTFs were approved, future levels of funding for the Council were uncertain pending the most significant changes in Local Government funding for a generation. The reforms were planned to be in place by 2020/21 but were deferred until 2021/22. The Government has confirmed that the longer-term reforms for the local government finance system (including the move to 75% **Business Rates Retention** and **Fairer Funding Review** of Relative Needs and Resources) will be deferred again as a result of the Covid-19 pandemic, although no timescales have been released. In addition, the next planned national **Business Rates Revaluation**, planned for 2021 has now been deferred to 2023.

On 21st July 2020, the Chancellor launched the 2020 Comprehensive Spending Review (CSR). The aim of the Review, which was to have been published in the autumn, was to set out the government's spending plans for the parliament – UK Government departments' resource budgets for the years 2021/22 to 2023/24 and capital budgets for the years 2021/22 until 2024/25, and devolved administrations' block grants for the same period. However, on 21st October, the Treasury formally announced that the Spending Review would be narrowed in scope to cover one year only, setting departments' resource and capital budgets for 2021/22. The NHS, schools, and 'priority infrastructure projects' (e.g. HS2 and hospital building) will still be fully funded for multi-year resource settlements.

Previously, the Chancellor confirmed that departmental spending (both capital and resource) will grow in real terms across the CSR period and that the government will deliver on the commitments made at Budget to level up and invest in the priorities of the British people. Given the impact COVID-19 has had on the economy, the Chancellor was clear there will need to be tough choices in other areas of spending at the review. As part of their preparations for the CSR departments were asked to identify opportunities to reprioritise and deliver savings. Departments will also be required to fulfil a series of conditions in their returns, including providing evidence they are delivering the government's priorities and focussing on delivery.

The Government said it will keep an open dialogue with the local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth of £2m p.a. (pending the planned **business rates baseline reset**) and the approach to the 2021/22 local government finance settlement. It was also the Government's intention to look again at the New Homes Bonus for 2021/22 and explore the most effective way to incentivise housing growth. They planned to consult widely on proposals prior to implementation. In the longer-term, the Government remains committed to reform and want to take time to work with local authorities to make sure that the approach is right.

As a nation we are likely to feel the consequences of the Covid-19 pandemic, and the measures to contain and mitigate its effects, for years to come.

The extraordinary events we are living through follow a decade of austerity, triggered by the financial crisis of 2008/09, which had already placed considerable strain on local authorities' finances. Increased demand for many local public services, directly related to the outbreak of the virus, has placed immediate pressure on authorities' cash flows and expenditure budgets. The longer-term consequences of recession and unemployment on demand for services have yet to be experienced.

At the same time, several important sources of local authority income including Council Tax, Non domestic (business) rates, fees and charges, rents and investment returns have, to a greater or lesser extent, been subject to reduction or suspension.

In light of the projected impact of Covid-19 on the Council's Medium Term Financial Strategy, an immediate suspension of all non-essential spending was approved by Cabinet on 9th July and that Managers review their budgets and identify all non-essential spending for 2020/21 as part of the quarter 1 projections at 30 June 2020 - and approval sought for the budget to be revised to remove these.

No one can know what the effect of the Covid-19 crisis will have on the economy and ultimately the impact for the Council's finances. It will be many months before we have a clearer idea on how the economy has been affected – including any lasting effects for individual businesses and their employees. Social distancing measures will remain in place for the foreseeable future – impacting mainly on the Council's ongoing income receipts.

Government has provided additional funding of c.£1.25m and the LGA and SDCT will continue to lobby and provide evidence to MHCLG of the income and expenditure pressures that Councils face. MHCLG receive monthly financial updates from Councils including information on Housing Revenue Account pressures.

Financial resilience is and has been the key requirement for local authorities at any time, but in the current crisis it has assumed unprecedented importance. Perhaps the biggest difficulty with the pandemic is that there is no certainty about time scales; it is impossible to draw any conclusions about how long the effects will last.

During the crisis the Council has lost income which will significantly impact on the potential sustainability of the organisation, as will be the case across many Local Government organisations. Whilst the full extent of this cannot be known at present it will be necessary for the Council to take an accelerated approach towards the development and implementation of an effective sustainability strategy, linked to an overall vision for the organisation. Cabinet on 22<sup>nd</sup> October 2020 approved the Recovery and Reset programme which aims to consider how we can tackle the financial challenges facing the council as a result of the coronavirus pandemic. This will include reviewing services, reducing waste demand on services (basically this is any action or step in a process that does not add value to the customer), exploring opportunities for income generation and identifying any further savings.

The overriding goal is to make sure our organisation remains fit for the future, while protecting services to the most vulnerable in our community. The Recovery and Reset programme outlines that this work be split into eight projects

The Council remains committed to promoting and stimulating economic growth and regeneration; meeting our housing needs; creating a vibrant town centre economy and protecting those most vulnerable in our communities. The Council is responding to these challenges by considering the opportunities to make further savings and /or grow our income. We are ambitious with our commercial view and will continue to work hard to identify income streams that enable us to continue to meet the needs of our residents.

More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation.

This approach will change the organisation and how it works; will require Members to put evidence and insight at the heart of our decision making to ensure that we are transparent about the rationale for our decisions and plans; will involve managed risks and will sustain essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reducing.

Accurate forecasting, strong leadership and an innovative, risk aware approach have resulted in the organisation being able, in the main, to sustain a full suite of essential services albeit not without implications for the public, local politicians and the entire workforce.

By adopting this approach, supporting its implementation and measuring its progress, it will enable the Council to achieve its Vision and Priorities and fulfil its obligations.

- We will target resources upon those in most need and those most vulnerable.
- We will commission services that will both intervene/prevent future demand and reduce levels of vulnerability.
- We will, as a consequence, meet the Council's stated intention to ensure that the vulnerable are a priority (Motion to Council on 26<sup>th</sup> November, 2014 refers).

As part of the budget process Policy Changes are required in order to amend base budget provision. As grant and other income levels are reducing, where increased costs are unavoidable then managers should identify compensatory savings. Where savings are identified they must be accompanied by a robust implementation plan.

Robust business case templates are submitted to Cabinet and CMT for all Policy Change submissions (Revenue and Capital).

The attached forecast is based on a 5 year period, but does contain a number of uncertainties. It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position, in compliance with the Prudential Code, by which time the impact should be clearer.

The key uncertainties which will inform further budget considerations before the final budget proposals are developed are:

- a) Future Revenue Support Grant levels for future years - the budget setting process has faced significant constraints in Government funding in recent years - over 50% reduction since 2010.

When the current budget and MTFs were approved, future levels of funding for the Council were uncertain pending the most significant changes in Local Government funding for a generation. The reforms were planned to be in place by 2020/21 but were deferred until 2021/22. The Government has confirmed that the longer-term reforms for the local government finance system (including the move to 75% Business Rates Retention and Fairer Funding Review of Relative Needs and Resources) will be deferred again as a result of the current situation, although no timescales have been released. In addition, the next planned national Business Rates Revaluation, planned for 2021 will take effect from 2023.

The Government had previously said it will keep an open dialogue with the local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth of £2m p.a. (pending the planned business rates baseline reset) and the approach to the 2021/22 local government finance settlement. It was announced as part of the Spending Review and has now been confirmed as part of the provisional settlement that there will be no reset for 2021/22 however, no papers were published but the Secretary of State confirmed a commitment to the Fair Funding Review and the business rates reset; but in answering questions from MPs he indicated only that there “may be an opportunity next year” to bring forward proposals for reform and he confirmed that he did not know when reform would be implemented.

It is also the Government’s intention to look again at the New Homes Bonus for 2022/23 and explore the most effective way to incentivise housing growth. They plan to consult on proposals prior to implementation. In the longer-term, the Government remains committed to reform and want to take time to work with local authorities to make sure that the approach is right following the planned reviews:

- **Fair Funding Review (FFR)** of the distribution methodology including:
  - changes to the needs assessment (which will determine each Council’s share of the national funding for Local Government – it is likely that this will reflect the impact of Social Care demands and that funding will be redistributed to Unitary and County Councils to the detriment of District Councils);
  - treatment of relative resources (to determine how much each Council can fund locally through income from fees and charges and council tax); and
  - any transitional arrangements to protect Councils from significant reductions in funding – and the impact from their unwinding.

- **Spending Review 2021** – where the total spending allocation for Government Departments will be set – including national control totals for Local Government spending. It has already been announced that significant additional funding will be diverted to the NHS which could mean further reductions for other Departments including Local Government;
- The ongoing **review of the Business Rates Retention (BRR) scheme** – the Government announced that Councils will be able to retain 75% of business rates collected rather than 100% as previously planned with work progressing on the design of the new system including the impact of ‘rolling in’ grants such as Housing Benefit administration and New Homes Bonus;
- The planned **reset of the Business Rates baseline** for each Council and redistribution of the growth achieved since 2013 of up to £2m p.a.;
- Uncertainty over the ongoing funding for the **New Homes Bonus scheme**, local growth in housing numbers and share of the national pool (including potential increases to the ‘deadweight’ for which Councils no longer receive grant). The Government have confirmed that the 4-year legacy payments for New Homes Bonus (NHB) will continue to be paid after 2020/21.

It is the Government’s intention to look again at the New Homes Bonus scheme for 2022/23 and explore the most effective way to incentivise housing growth. They plan to consult widely on proposals prior to implementation.

While we are aware of these forthcoming changes, little to no information is available on the potential impact for individual Councils’ finances.

- b) In 2016/17, at the start of the four-year offer made to local government, the Government introduced a separate council tax referendum principle for shire districts, to address particular pressures on these authorities. This principle meant that districts could increase council tax by the core principle (now announced as 2% for 2020/21 – this was previously 3%) or £5, whichever is greater. The Government has continued to grant this flexibility and has now confirmed it is to continue for 2021/22.
- c) For 2019/20 a 2% increase in Local Government pay was agreed and included the introduction of a new pay spine on 1<sup>st</sup> April 2019 based on a bottom rate of £17,364 with additions, deletions and changes to other spinal column points. A 2.75% increase has been agreed for 2020/21 but future years remain uncertain. A 2.5% p.a. increase from 2021/22 has been assumed but remains subject to the announced pay freeze for public sector workers for 2021/22.
- d) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- e) No one can know what the effect of the Covid-19 crisis will have on the economy and ultimately the impact for the Council’s finances. It will be many months before we have a clearer idea on how the economy has responded to the recovery process – including any lasting effects for individual businesses and their employees.

Social distancing measures will remain in place for the foreseeable future – impacting mainly on the Council’s ongoing income receipts.

Measures taken to control Covid-19 are leading to heavy economic losses and this has and will continue to affect collection rates, as some individuals and businesses experience financial effects of the pandemic. The uncertainties created by the pandemic have also significantly increased volatility and uncertainty in markets. This applies not only to non-current operational and non-operational property assets held by authorities, but also to investment properties, financial assets and many assets held by pension funds.

- f) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- g) Review and finalisation of the revised budgets/policy changes and feedback from the scrutiny process – including the Council Tax increase for 2021/22.

In light of these uncertainties and issues arising from the sensitivity analysis (attached at **Appendix K**), it is felt prudent to include within the budget a number of specific contingency budgets (aligned to the specific uncertainties, where appropriate) to ensure some stability in the financial planning process (as detailed at **Appendix L**).

## Options Considered

As part of the budget setting process a number of options for the council tax increase levels for 2021/22 and future years have been modelled / considered.

Council Tax	Option Modelled / Considered
Model 1	<b>£5.00 increase in Council tax in 2021/22 (followed by increases of £5.00 p.a.)</b>
Model 2	2.99% increase in Council tax in 2021/22 (followed by increases of c.2.99% p.a.)
Model 3	£1 increase in Council tax in 2021/22 (followed by increases of £1 p.a.)
Model 4	2.5% increase in Council tax in 2021/22 (followed by increases of 2.5% thereafter)
Model 5	0% increase in Council tax in 2021/22 (followed by increases of 0% thereafter)
Model 6	1.99% increase in Council tax in 2021/22 (followed by increases of 1.99% thereafter)

Rent	Option Modelled / Considered
CPI plus 1%	The Government has now confirmed that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation plus 1% for five years from 2020, following the conclusion of a consultation on the new rent standard
CPI	General increase in line with CPI
No increase	No general increase in annual rent

## Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Fund summary revenue budget for 2021/22 appears at **Appendix D**. A summary of the resulting budgets over the five year period appears at **Appendix F**.

The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 (2.75%) for 2021/22 (the maximum permitted under the Government set limits to avoid a referendum) followed by increases at £5 p.a. thereafter & in line with statutory requirements. The Forecast projects General Fund balances of £0.6m over 3 years (with a shortfall of £7m over 5 years), including the minimum approved level of £0.5m.

It should be noted that in order to ensure General Fund balances remain above the minimum approved level of £0.5m over 5 years **further savings of around £1.4m p.a. will be required** (based on annual £5 increases in Council Tax). On an annualised basis this would equate to a year on year ongoing saving of £0.5m over 5 years.

The summary HRA Revenue Budget for 2021/22 appears at **Appendix C** (including a summary of the resulting budgets over the 5 year period). Closing balances over 3 years are estimated at £2.5m (£1.8m over 5 years) – in excess of the minimum approved level of £0.5m.

The proposed 5-year General Fund Capital Programme is included at **Appendix H** – the main changes, since the programme was provisionally approved in February 2020, included at this stage are detailed within the report.

The proposed 5-year Housing Capital Programme is included at **Appendix I** – the main changes, since the programme was provisionally approved in February 2020, included at this stage are detailed within the report.

### **Options**

Work is continuing on a number of actions to address the financial position in future years:

- The Recovery and Reset programme approved by Cabinet aims to consider how we can tackle the financial challenges facing the council as a result of the coronavirus pandemic. This will include reviewing services, reducing waste demand on services (basically this is any action or step in a process that does not add value to the customer), exploring opportunities for income generation and identifying any further savings. The overriding goal is to make sure our organisation remains fit for the future, while protecting services to the most vulnerable in our community.

The Recovery and Reset programme outlines that this work be split into eight projects:

1. **Financial Management and Commerciality** – Seeking to remove historic underspends and adopt an in-service approach to rigorous and controlled spending.
2. **Smart Working** – Exploration of the business impacts around current levels of home working and what the future is for AGILE working.
3. **Building Requirements and Utilisation** – Consideration of the best use of all our property assets to ensure the council's resources are focused on front line service delivery.
4. **Front Reception and Customer Service Offer** – Exploration of customer service models to assess the impact of front reception closing during the pandemic and how acceleration of digitising services can be delivered whilst ensuring our most vulnerable customers retain face to face services.
5. **Service Re-design and Review** – An organisational wide review of each service to identify short, medium and longer-term opportunities to improve delivery of services central to the council's core purpose and strategic aims.



6. **Third Sector Support and Vulnerability Strategy** – Recognising that one of the most positive outcomes to the Pandemic is the overwhelming ability of ‘anchor organisations and communities’ to mobilise and support each other, this project will explore how the Council’s commissioning framework can be aligned to build on these foundations going forward and how we define and develop our vulnerability strategy, building on the baseline assessment commissioned over the summer.
7. **Economy and Regeneration** - Work has continued on the future of our high street and alongside this the economic recovery and regeneration of Tamworth is central to our future Recovery and Reset.
8. **Heritage** – This project will attempt to define and establish a baseline of all of our heritage assets and review all opportunities to celebrate, nurture and protect our local heritage.

Together with any opportunities arising from the response to the Covid-19 pandemic, for Member consideration during the budget process.

- Ongoing lobbying of Government to provide additional support, in light of the financial impact of the pandemic, and clarity over future funding arrangements – including discussions with the MP and continued Local Government Association (LGA) representation and parliamentary briefings.

Monthly completion of Covid-19 financial monitoring returns to MHCLG and sales, fees and charges income loss compensation scheme claims.

This has led to additional Covid-19 related grants and the income protection scheme - in addition to the unringfenced grant of £1.25m, it is also expected that over £0.5m will be received from the projected fees and charges income support grant.

- Non-essential spend review identified £1.2m in 2020/21 (including Vacancies of £0.5m) and ongoing year on year savings included in the base budget of c.£0.75m (from the £1.2m identified in 2020/21) comprising £0.362m ongoing vacant posts which will not now be filled (from the £0.512m identified in 2020/21) and £0.386m unspent budgets (from £0.674m identified in 2020/21). In light of the financial situation facing the Council, managers were tasked with identifying low level non-essential budgets for removal from the budget.
- Recruitment freeze for all but essential posts (which are subject to robust re-justification process).
- Review of Property fund investment options to generate improved returns of c. 4% to 5% p.a. (plus asset growth). A savings target to return c.4% p.a. from the planned investment of £12m in Diversified Property Funds has already been included from 2021/22.

- Review of reserves – undertaken in November (including ensuring adequate provision for the funding uncertainties) / creation of fund for transformation costs).

In addition, the following areas will need to be completed / agreed to inform the Council decision:

- Completion of the Business Rates forecast / NNDR1 statutory return including the impact of the successful Staffordshire wide 75% Business Rates Pilot arrangement for 2021/22; and
- Finalisation of the Policy changes.

Consideration of the level of Council tax increases over the 5-year period is also needed to account for potential ‘capping’ by the Government or a local referendum / veto and to ensure that balances are maintained at the minimum approved level of £0.5m.

Decisions on future funding will need to be made with reference to the Council’s Corporate Priorities together with the feedback & issues raised by the budget consultation exercise. There is a need to consider how the limited resources can be ‘prioritised’ (& whether service improvements in a priority area should be met from service reductions elsewhere).

Responses / indications from Scrutiny Committees on priority areas for the future allocation of resources will be sought, as part of the consultation required by the constitution.

### **Legal / Risk Implications**

The Council’s constitution requires Cabinet publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate - budget proposals will be referred to the Joint Scrutiny Committee (Budget) for further advice and consideration.

In line with the constitution a Leaders Budget Workshop was held on 2<sup>nd</sup> December 2020.

In order to allow Scrutiny Committees to respond to the Cabinet on the outcome of their deliberations, a meeting of the Scrutiny Committee (Budget) has been arranged for 27<sup>th</sup> January 2021.

Risks to Capital and Revenue Forecasts:

<b>Risk</b>	<b>Control Measure</b>
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); <b>(High)</b>	Sensitivity modelling undertaken to assess the potential impact in the estimation of future Government support levels; <b>(High / Medium)</b>
New Homes Bonus grant levels lower than estimated; Continuation of the scheme for 2020/21 has been confirmed – doubt over its continuation in future years; <b>(High/Medium)</b>	Future levels included based on legacy payments only; <b>(Medium/Low)</b>
Potential ‘capping’ of council tax increases by the Government or local Council Tax veto / referendum; <b>(Medium)</b>	Current indications are that increases of 2% or £5 and above risk ‘capping’ (2% or £5 for District Councils in 2020/21); <b>(Low)</b>
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council’s objectives through years 4 to 5. Ongoing; <b>(High)</b>	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; <b>(High/Medium)</b>
Pay awards greater than forecast; <b>(Medium)</b>	Public sector pay cap was lifted from 2018/19 with pay awards of 2% p.a. for 2 years & 2.75% in 2020/21. Increases of 2.5% p.a. assumed from 2021/22; <b>(Medium / Low)</b>
Pension costs higher than planned / adverse performance of pension fund; <b>(Medium)</b>	Regular update meetings with Actuary; Following an option to ‘freeze’ the ‘lump sum’ element for the 3 years from 2020/21 (after the triennial review during 2019), 2% p.a. year on year increases have been included from 2023/24; <b>(Medium/Low)</b>
Assessment of business rates collection levels to inform the forecast / budget (NDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels;  New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation;  Potential changes to the Business Rates Retention system following the announcement for Councils to keep 75% (previously up to 100%) of the business rates collected; <b>(High)</b>	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue;  Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels;  Monitoring of the situation / regular reporting; <b>(High / Medium)</b>

Risk	Control Measure
<p>Local Council Tax Reduction scheme potential yield changes and maintenance of collection levels due to increases in unemployment caused by the pandemic; <b>(High)</b></p>	<p>Robust estimates included. Ongoing proactive management &amp; monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; <b>(High / Medium)</b></p>
<p>Achievement of income streams in line with targets in light of the economic conditions e.g. treasury management interest, car parking, planning, commercial &amp; industrial rents etc.; <b>(High / Medium)</b></p>	<p>Robust estimates using a zero based budgeting approach have been included; <b>(Medium)</b></p>
<p>Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); <b>(High / Medium)</b></p>	<p>Robust monitoring and evaluation – should funds not be available then schemes would not progress; <b>(Medium)</b></p>
<p>Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). <b>(High / Medium)</b></p>	<p>Memorandum of Understanding in place with LDC. <b>(Medium)</b></p>
<p>Delivery of the planned Commercial Investment Strategy actions - recent review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance carried out by MHCLG - with a potential restriction of investments by Councils given increased risk exposure. <b>(High/Medium)</b></p>	<p>The main issue seems to be the increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities.  Property Fund investment review carried out 2020. <b>(Medium)</b></p>
<p>Maintenance and repairs backlog for corporate assets – and planned development of long term strategic plan to address such. <b>(High / Medium)</b></p>	<p>Planned development of long term strategic corporate capital strategy and asset management plan to consider the requirements and associated potential funding streams. <b>(Medium)</b></p>
<p>Significant financial penalties arising from the implementation of the General Data Protection Regulations (GDPR). <b>(High / Medium)</b></p>	<p>Implementation plan in place with corporate commitment and good progress. <b>(Medium)</b></p>
<p>Property funds are not risk free - as such a risk based approach will need to be adopted – to balance risk against potential yield or return.  Based on past performance there is the potential for returns of c.4 to 5% p.a. but this is not guaranteed.</p>	<p>Any investment in funds which are deemed as capital expenditure will require the necessary capital programme budgets to be approved by full Council.  Risk is inherent in Treasury Management and as such a risk based approach will need to be adopted – to balance risk against potential yield or return.</p>

<b>Risk</b>	<b>Control Measure</b>
<p>The value of the funds are also subject to fluctuation – which could mean a capital loss in one year (as well as expected gains).</p> <p>The initial cost associated with the purchase of the investment in the funds is expected to be in the region of 5% - which would have to be recovered over the life of the investment (either from annual returns or capital appreciation). There is a real risk of a revenue loss therefore in the first year.</p> <p><b>(High/Medium)</b></p>	<p>It is suggested that risk be mitigated (although not eliminated) through investment in a diversified portfolio using a range of property funds.</p> <p>The Council will also endeavour to use the secondary market for purchases to potentially gain access to a fund at a lower level of cost than via the primary route. Mitigation regulations are in place to defer any potential principal loss for 5 years.</p> <p>Property Fund investment review carried out 2020</p> <p><b>(Medium)</b></p>

### Report Author

If Members would like further information or clarification prior to the meeting please contact Stefan Garner, Executive Director Finance Ext. 242.

<b>Background Papers:-</b>	<b>Corporate Vision, Priorities Plan, Budget &amp; Medium Term Financial Strategy 2019/20, Council 25<sup>th</sup> February 2020</b>
	<b>Budget and Medium Term Financial Planning Process, Cabinet 20<sup>th</sup> August 2020</b>
	<b>Budget Consultation Report, Cabinet 12<sup>th</sup> November 2020</b>
	<b>Leaders Budget Workshop, 2<sup>nd</sup> December 2020</b>
	<b>Draft Base Budget Forecasts 2021/22 to 2025/26, Cabinet 3<sup>rd</sup> December 2020</b>

## Summary of Appendices

<b>Description</b>	<b>Appendix</b>
<b>Detailed Considerations</b>	<b>A</b>
<b>Policy Changes Summary – GF &amp; HRA</b>	<b>B</b>
<b>HRA Budget Summary 2021/22 – 2025/26</b>	<b>C</b>
<b>General Fund Summary Revenue Budget 2021/22</b>	<b>D</b>
<b>General Fund Technical Adjustments 2021/22 (before policy changes)</b>	<b>E1</b>
<b>HRA Technical Adjustments 2021/22 (before policy changes)</b>	<b>E2</b>
<b>General Fund 5 Year Revenue Budget Summary</b>	<b>F</b>
<b>Council Tax Levels at Each Band 2021/22</b>	<b>G</b>
<b>General Fund Capital Programme 2021/22 – 2025/26</b>	<b>H</b>
<b>Housing Capital Programme 2021/22 – 2025/26</b>	<b>I</b>
<b>Main Assumptions</b>	<b>J</b>
<b>Sensitivity Analysis</b>	<b>K</b>
<b>Contingencies</b>	<b>L</b>
<b>Corporate Capital Strategy</b>	<b>M</b>

### Detailed Considerations

The Council's approach to medium term planning aims to integrate the Council's Corporate and financial planning processes. In accordance with that approach this report contains firm proposals for 2021/22 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2020/21 budget to arrive at the starting point for 2021/22. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's medium term financial plan used as the basis for the 2021/22 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

- The need to compensate for reduced income levels arising from the continuing economic uncertainty and austerity measures;
- Injecting additional resources into corporate priorities;
- Increasing income from council tax and fees and charges; and
- Making other savings and efficiencies.

### Financial Background

The medium term financial planning process is being challenged by the uncertain economic conditions. The attached forecast is based on a 5 year period, but does contain a number of uncertainties. The forecast grant reductions and uncertainty over future Local Government funding arrangements will put significant pressure on the ability of the Council to publish a balanced 5 year MTF5.

It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position, in compliance with the Prudential Code (minimum balances of £0.5m) by which time the impact should be clearer.

There are a number of challenges affecting the Medium Term Financial Planning process for the period from 2021/22 to 2025/26 which add a high level of uncertainty to budget projections.

In light of these uncertainties and issues arising from the sensitivity analysis (attached at **Appendix K**), it is felt prudent to include within the budget a number of specific contingency budgets (aligned to the specific uncertainties, where appropriate) to ensure some stability in the financial planning process (as detailed at **Appendix L**).

Following review of the sensitivity of the factors within the forecasts, pay award & inflation, interest rate movements together with changes in Government Grant support could all significantly affect the forecast as follows:

Effect of x% movement:	% + / -	Impact over 1 year +/-	Impact over 3 years +/-	Impact over 5 years + / -	Risk
		£'000	£'000	£'000	
Pay Award / National Insurance (GF)	0.5%	45	275	701	M
Pension Costs	0.5%	0	62	380	L
Council Tax	0.5%	41	194	452	M
Inflation / CPI	0.5%	56	355	897	M
Government Grant	1.0%	44	205	466	M
Investment Interest	0.5%	189	979	2278	H
Key Income Streams	10%	177	1116	2890	H
Business Rates	0.5%	73	445	1127	H



## GENERAL FUND

### Future Revenue Support Grant & Business Rate income

On 17<sup>th</sup> December 2020, the Secretary of State for the Ministry for Housing, Communities and Local Government, Rt. Hon. Robert Jenrick MP, made a statement to Parliament on the provisional local government finance settlement (LGFS) 2021/22.

The updated National Core Spending Power figures are detailed below and include the Settlement Funding Assessment (SFA); Council Tax; the Improved Better Care Fund; New Homes Bonus (NHB); Transitional Grant; Rural Services Delivery Grant; the new Lower Tier Services Grant and the Adult Social Care Support Grant. The table shows the national changes to Core Spending Power between 2015/16 and 2021/22. It shows an increase of 4.5% for 2021/22 and an overall increase for the period 2015/16 to 2021/22 of 14.7%.

<b>Core Spending Power</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>National Position</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Settlement Funding Assessment	21,250	18,602	16,633	15,574	14,560	14,797	14,810
Under-indexing business rates multiplier	165	165	175	275	400	500	650
Council Tax	22,036	23,247	24,666	26,332	27,768	29,227	31,145
Improved Better Care Fund	-	-	1,115	1,499	1,837	2,077	2,077
New Homes Bonus	1,200	1,485	1,252	947	918	907	622
Rural Services Delivery Grant	16	81	65	81	81	81	85
Lower Tier Services Grant	-	-	-	-	-	-	111
Transition Grant	-	150	150	-	-	-	-
Adult Social Care Support Grant	-	-	241	150	-	-	-
Winter pressures Grant	-	-	-	240	240	-	-
Social Care Support Grant	-	-	-	-	410	1,410	1,710
<b>Core Spending Power</b>	<b>44,666</b>	<b>43,730</b>	<b>44,296</b>	<b>45,098</b>	<b>46,213</b>	<b>48,999</b>	<b>51,210</b>
<b>Change %</b>		<b>(2.1)%</b>	<b>1.3%</b>	<b>1.8%</b>	<b>2.5%</b>	<b>6.0%</b>	<b>4.5%</b>
<b>Cumulative change %</b>		<b>(2.1)%</b>	<b>(0.8)%</b>	<b>1.0%</b>	<b>3.5%</b>	<b>9.7%</b>	<b>14.7%</b>

However, there remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation. The planned reforms were due to be in place by 2021/22 (after the deferral from 2020/21) but given announcements following the *2020 Spending Round* these have been deferred again, although no timescales have been released.

The government previously stated its intention to hold a new Spending Review in 2020, covering the period 2021/22 to 2023/24. However, a one-year Spending Round has been carried out, covering the financial year 2021/22; and this will be followed in 2021

by a full Spending Review, reviewing public spending as a whole and setting multi-year budgets.

In addition, the Government have said that, given the need to provide certainty and stability for next year, the longer-term reforms for the local government finance system, including business rates retention and fairer funding (Review of Relative Needs and Resources), have been delayed.

As announced at SR20, the business rates multiplier has been frozen for 2021/22. Therefore the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remain at 2020/21 levels. However, the under-indexing multiplier grant has been increased, in order that local authorities do not lose what would have been the increase to the multiplier (as per previous years when a cap was applied) – reflected in additional section 31 grant **(with the caveat that the effect of the pandemic on future business rates income is unknown)**. The business rates tariff for Tamworth has been left unchanged at £10.4m – which means that due to the retention of business rates growth since 2013 of £1.9m, the Council should benefit from net additional funds for 2021/22 (including 40% returned levy from the business rates pool).

For future years (post 2021/22), it has been assumed that there will be a reduction in Revenue Support Grant to nil following the planned reforms, as detailed below.

<b>BASE BUDGET</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Revenue Support Grant	187,335	188,572	-	-	-	-
% Increase / (Reduction)	1.7%*	0.7%	(100)%	-	-	-

\* Due to successful Staffordshire 75% Business Rates Pilot arrangement for 2019/20, RSG of £184,529 was 'rolled in' and deducted from the tariff payment.

## **Business Rates**

The 2021/22 finance settlement represents the ninth year in which the Business Rates Retention (BRR) scheme is the principal form of local government funding. As in the previous years, the provisional settlement provides authorities with a combination of provisional grant allocations and their baseline figures within the BRR scheme.

Additional monthly monitoring has been implemented since the implementation of business rate retention from 2013/14 – following approval of the NNDR1 form (Business Rates estimates) by Cabinet in January each year.

The Council received additional business rates during 2013/14 (above forecast / baseline) and had to pay a levy of £356k to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP). No levy was payable for 2014/15 due to the significant increase in appeals during March 2015 – which meant an increase in the provision from £1m to almost £4m. The Council received additional business rates

during 2015/16, 2016/17, 2017/18 and 2018/19 (above forecast / baseline) and had to pay a levy of £534k, £612k, £1.17m and £992k respectively. For 2019/20, due to the pilot arrangement, no levy was payable although growth over baseline was £1.97m.

The latest estimates for 2020/21 indicate additional business rates receivable above the baseline – of which the Council will receive 40% less the Government set tariff payment of c.£10m (plus an agreed share of the surplus from the Staffordshire pool arrangement - after deduction of the 25% Central Share, 9% County & 1% Fire & Rescue Authority shares). It should be noted that c.£17.7m in additional relief has been granted in 2020/21 due to the pandemic – meaning that retail, leisure and hospitality businesses will pay no business rates in 2020/21.

The Government said it will keep an open dialogue with the local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth of £2m p.a. (pending the planned business rates baseline reset) and the approach to the 2021/22 local government finance settlement – the Government have confirmed that the reset will be deferred which means District Councils keep the accumulated growth in business rates (as they did last year) – subject to the effect of the pandemic on future business rate income.

For future years, it has been assumed that the retained growth will be redistributed as part of the CSR 2021 / business rates reset and therefore business rates received will be equivalent to the tariff payable – meaning the Council will retain the Government assessed Business Rates Baseline.

New Burdens (Section 31) Grant is receivable for additional reliefs given by the Government relating to business rates from 1<sup>st</sup> April 2013 e.g. Small Business Rate Relief – of which 50% of any in excess of the baseline will be payable in levy to the GBSLEP. A prudent approach has been taken in respect of any new burdens funding – and, due to uncertainties & risk, the creation of an associated Business Rates Collection reserve to mitigate fluctuation in income. The forecast Section 31 Grants and levy payments included within the base budget forecasts are detailed below – and will be updated following finalisation of the business rates forecast for 2021/22 during January.

<b>Levy / Section 31 Grant</b>	<b>2020/21 £</b>	<b>2021/22 £</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>
NNDR Levy payment	1,090,020	937,210	-	-	-	-
Section 31 Grant income	(1,095,550)	-	-	-	-	-

For future years, the Government assessed Business Rates Baseline is detailed below:

<b>BASELINE</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Base Budget Forecast (November 2020):</b>					
Retained Business Rates	14,637,102	14,918,867	15,217,244	15,521,589	15,832,021
Less: Tariff payable	<b>(12,282,227)</b>	<b>(12,518,660)</b>	<b>(12,769,033)</b>	<b>(13,024,414)</b>	<b>(13,284,902)</b>
Total SFA	2,354,876	2,400,207	2,448,211	2,497,175	2,547,119
% Increase	0.7%	1.9%	2.0%	2.0%	2.0%
<b>Provisional LGFS (December 2020):</b>					
Retained Business Rates	12,744,348	14,918,867	15,217,244	15,521,589	15,832,021
Less: Tariff payable	<b>(10,405,841)</b>	<b>(12,518,660)</b>	<b>(12,769,033)</b>	<b>(13,024,414)</b>	<b>(13,284,902)</b>
Total SFA	2,338,507	2,400,207	2,448,211	2,497,175	2,547,119
% Increase	<b>0.0%</b>	<b>2.6%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Increase / (Decrease)</b>	<b>(16,369)</b>	-	-	-	-

Due to the variable nature of the BRR element of local authority funding, the provisional settlement no longer provides the absolute funding level for authorities. The Government's assessed Business Rates Baseline for the authority is only based on an adjusted average income figure, and therefore is not representative of the actual Business Rates Baseline. The business rates forecast income is subject to confirmation / finalisation over the next few weeks – the latest estimates are detailed below:

<b>DRAFT MTFS</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Base Budget Forecast (November 2020):</b>					
Retained Business Rates	14,637,102	14,918,867	15,217,244	15,521,589	15,832,021
Less: Tariff payable	<b>(12,282,227)</b>	<b>(12,518,660)</b>	<b>(12,769,033)</b>	<b>(13,024,414)</b>	<b>(13,284,902)</b>
Total	2,354,876	2,400,207	2,448,211	2,497,175	2,547,119
% Increase	<b>(31.2)%</b>	1.9%	2.0%	2.0%	2.0%
<b>Provisional LGFS (December 2020):</b>					
Retained Business Rates	14,637,102	14,918,867	15,217,244	15,521,589	15,832,021
Less: Tariff payable	<b>(10,405,841)</b>	<b>(12,518,660)</b>	<b>(12,769,033)</b>	<b>(13,024,414)</b>	<b>(13,284,902)</b>
Total	4,231,261	2,400,207	2,448,211	2,497,175	2,547,119
% Increase	<b>23.6%</b>	<b>(43.3)%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Increase / (Decrease)</b>	<b>1,876,386</b>	-	-	-	-

Based on this Government financial support will change as shown below:

<b>DRAFT MTFS</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Base Budget Forecast (November 2020):</b>					
Revenue Support Grant	190,536	-	-	-	-
Retained Business Rates	14,637,102	14,918,867	15,217,244	15,521,589	15,832,021
Less: Tariff payable	(12,282,227)	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)
<b>Total</b>	<b>2,545,412</b>	<b>2,400,207</b>	<b>2,448,211</b>	<b>2,497,175</b>	<b>2,547,119</b>
<b>% Increase</b>	<b>(29.5)%</b>	<b>(5.7)%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>% RSG Increase / (Decrease)</b>	<b>1.6%</b>	<b>(100.0)%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Provisional LGFS (December 2020):</b>					
Revenue Support Grant	188,572	0	0	0	0
Retained Business Rates	14,637,102	14,918,867	15,217,244	15,521,589	15,832,021
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)	(13,024,414)	(13,284,902)
<b>Total</b>	<b>4,419,833</b>	<b>2,400,207</b>	<b>2,448,211</b>	<b>2,497,175</b>	<b>2,547,119</b>
<b>% Increase</b>	<b>22.4%</b>	<b>(45.7)%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>% RSG Increase / (Decrease)</b>	<b>0.6%</b>	<b>(100.0)%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Increase / (Decrease)</b>	<b>1,874,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The table shows that overall funding should be c.£1.9m higher than expected in 2021/22.

The retained Business Rates forecast will be updated based on the NNDR1 return which was not received until late December 2020. A separate report on this agenda is due to consider the latest forecast for Business Rates (the statutory NNDR1 return) once finalised – prior to final sign off by the statutory deadline of 31<sup>st</sup> January 2021.

There are still significant uncertainties - specifically the treatment of:

- Forecast levels of growth / contraction in business rates – including the level of void properties and unpaid business rates for 2021/22 following the impact of the pandemic on local businesses;
- The estimated level of mandatory and discretionary reliefs;
- The estimated level of refunds of Business Rates following the Appeal process – especially following the pandemic;

- the treatment of Section 31 grant funding (including Small Business Rate Relief Grant) – which could affect the calculation of any levy payment and thereby reduce retained Business Rate income; and
- The impact of the Business Rates Retention scheme review, Baseline reset (the Council’s baseline need level), the Fair Funding Review and the Spending Review on the likely tariff levels for future years.

In addition, the next planned national Business Rates Revaluation will take effect from 2023 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2023 valuation list.

While we are aware of these forthcoming changes, little to no information is available on the potential impact for individual Councils’ finances.

The revised estimates for Business Rates arising from NNDR1 will feed into the next stage of the budget process.

### **New Homes Bonus (NHB)**

There remains significant uncertainty over the future operation of the scheme with the Government setting out its intention to hold a consultation on the future of the New Homes Bonus, with a view to implementing reform in 2022/23.

The Government have confirmed that the 4-year legacy payments for New Homes Bonus (NHB) will continue to be paid to 2022/23 - and that the scheme will continue for a “further year with no new legacy payments” for 2021/22.

New Homes Bonus income forecasts had been included within the base budget as follows – with future levels included based on legacy payments only. However, following the announcement of additional funding for 2021/22, forecasts have subsequently been updated:

<b>BASE BUDGET NHB</b>	<b>2021/22 £</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>
Base Budget Forecast (November 2020)	232,490	212,700	-	-	-
Revised MTFS forecast (December 2020)	678,530	212,700	-	-	-
<b>Increased / (Reduced) income</b>	446,040	-	-	-	-

This results in an overall gain to the MTFS of £0.45m for 2021/22, resulting from the growth in new homes in the borough to October 2020.

The national baseline for housing growth below which New Homes Bonus will not be paid was unchanged at 0.4% (reflecting a percentage of housing that would have been built anyway).

## Technical Adjustments

Revisions have been made to the 2020/21 base budget in order to produce an adjusted base for 2021/22 and forecast base for 2022/23 onwards. These changes, known as technical adjustments have been calculated to take account of:

- virements approved since the base budget was set;
- the removal of non-recurring budgets from the base;
- the effect of inflation;
- changes in payroll costs and annual payroll increments;
- changes in expenditure and income following decisions made by the Council;
- other changes outside the control of the Council such as changes in insurance costs and reduction in grant income; and
- The 'Zero base budgeting' review of income levels.

They are summarised in **Appendix E** and the main assumptions made during this exercise are shown in **Appendix J**.

They have been separated from the policy changes, as they have already been approved or are largely beyond the control of the Council, and are summarised below:

<b>Technical Adjustments</b>	<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>	<b>2023/24</b> <b>£'000</b>	<b>2024/25</b> <b>£'000</b>	<b>2025/26</b> <b>£'000</b>
Base Budget B/Fwd	9,153	8,645	9,095	10,096	10,613
Committee Decisions	(805)	250	280	(8)	0
Inflation	20	33	35	35	35
Other	24	(137)	395	208	288
Pay Adjustments (Including pay award / 7.5% reduction for vacancy allowance)	253	304	291	282	266
Revised charges for non-general fund activities	0	0	0	0	0
Virements	0	0	0	0	0
<b>Total / Revised Base Budget</b>	<b>8,645</b>	<b>9,095</b>	<b>10,096</b>	<b>10,613</b>	<b>11,202</b>

\* ( ) denotes saving in base budget

## Policy Changes

The policy changes provisionally agreed by Council in February 2020 have been included within the technical adjustments for 2021/22 onwards. **A list of the proposed new policy changes for 2021/22 is summarised below:**

Item No	Policy Changes Identified	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
<b>OPS1</b>	Removal of vacant posts following cleaning review	(15.5)	-	-	-	-
<b>FIN1</b>	Revised New Homes Bonus	(446.0)	446.0	-	-	-
<b>FIN2</b>	Business Rates Levy payment	937.2	(937.2)	-	-	-
<b>FIN3</b>	Lower Tier Grant	(99.6)	99.6	-	-	-
<b>FIN4</b>	Local Government Covid support grant	(427.2)	427.2	-	-	-
<b>PAR1</b>	Reduction in Civil Parking Enforcement income and expenditure predictions due to COVID-19 pandemic	39.0	(39.0)	-	-	-
<b>AST1</b>	To reduce vehicle costs budget not needed following restructure	(18.6)	-	-	-	-
<b>A&amp;G1</b>	Review of Elections budgets from a zero-base, factoring in the anticipated schedule of elections. It is anticipated that additional costs relating to running elections in 2021 in a Covid secure manner will be offset by Government Grant already received	62.0	(7.3)	(71.4)	7.8	57.0
<b>A&amp;G2</b>	Savings as a result of deletion from the establishment of vacant principal Auditor and Audit Assistant posts - less virement of £38k to External Support re externalisation of internal audit support to Lichfield DC	(24.5)	-	-	-	-
<b>G&amp;R1</b>	Reduced predicted income from car parking services based on the post pandemic trends.	213.1	(213.1)	-	-	-
<b>G&amp;R2</b>	Reduced predicted education income from the operation of the castle as we move into Pandemic recovery	16.4	-	(16.4)	-	-
<b>G&amp;R3</b>	Reduced predicted income from the operation of the castle as we move into Pandemic recovery	71.8	-	(71.8)	-	-



Item No	Policy Changes Identified	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
<b>G&amp;R4</b>	The creation of a budget to support business engagement and business support activities through the Economic Development function and Termination of Economic Development shared service with Lichfield DC	(5.4)	-	-	-	-
<b>G&amp;R5</b>	£10k for the period of April 2022 to end of March 2023 (1 financial year), to match fund against a European funded project, to enable businesses and individuals to start up	-	10.0	(10.0)	-	-
<b>G&amp;R6</b>	Future High Streets Fund - monitoring and evaluation of the success and impact of the project and its components, and the wider medium term change in the Town Centre	20.0	-	-	-	-
<b>G&amp;R7</b>	Reduction in the salaries budgets on Environmental Health to be in line with the agreed reorganisation structure	(5.0)	-	-	-	-
	<b>Total New Items / Amendments</b>	<b>317.7</b>	<b>(213.9)</b>	<b>(169.5)</b>	<b>7.8</b>	<b>57.0</b>
	<b>Cumulative</b>	<b>317.7</b>	<b>103.9</b>	<b>(65.7)</b>	<b>(57.9)</b>	<b>(0.9)</b>

## Capping / Local Referendum

In the past, the Government had the power under the Local Government Act 1999 to require councils to set a lower budget requirement if it considered the budget requirement and council tax had gone up by too much. The Localism Act 2011 abolished the capping regime but introduced new requirements on a Council to hold a local referendum if it increases its council tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons.

Consideration of the likely level of Council Tax increases over the 5-year period is needed to avoid the potential costs of holding a referendum and to ensure that balances are maintained at the minimum approved level of £500k.

## Council Tax

Last year's medium term financial plan identified ongoing increases of £5 per annum from 2021/22. The indication is that the 'capping' threshold for District Councils will be the higher of £5 or 2.0% - following a freeze in 2011/12 & 2012/13 and a below 2% increase from 2013/14 to 2016/17 (followed by c.3% or £5 p.a. to 2020/21).

Each £1 increase in the band D Council Tax would raise approximately £22k per annum. For each 1% increase in Council Tax, the Council will receive c. £40k additional income per annum.

A number of scenarios for future years' increases are set out below:

**Model 1 Impact of £5 increase in Council Tax in 2021/22 (followed by £5 p.a.)**

Year:	2021/22	2022/23	2023/24	2024/25	2025/26
Forecast:	£'000	£'000	£'000	£'000	£'000
Surplus (-) /Deficit	330	2,417	3,034	3,353	3,793
<b>Balances Remaining (-) / Overdrawn</b>	<b>(6,083)</b>	<b>(3,666)</b>	<b>(632)</b>	<b>2,721</b>	<b>6,514</b>
£ Increase	5.00	5.00	5.00	5.00	5.00
% Increase	2.75%	2.68%	2.61%	2.54%	2.48%
Note: Resulting Band D Council Tax	186.89	191.89	196.89	201.89	206.89

Indicating potential General fund balances of approx. £0.6m over 3 years (with a shortfall of £3.2m over 4 years & £7m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.4m per annum over 5 years would have to be identified.

In order to consider alternative options, the following scenarios have been modelled:

**Model 2 Impact of 2.99% increase in Council Tax in 2021/22 (followed by increases of 2.99% p.a. thereafter)**

Year:	2021/22	2022/23	2023/24	2024/25	2025/26
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>(Increase) in Council Tax £</b>	<b>(10)</b>	<b>(24)</b>	<b>(42)</b>	<b>(64)</b>	<b>(90)</b>
Revised Surplus (-) /Deficit	320	2,393	2,992	3,289	3,703
<b>Balances Remaining (-) / Overdrawn</b>	<b>(6,093)</b>	<b>(3,700)</b>	<b>(708)</b>	<b>2,581</b>	<b>6,284</b>
£ Increase	5.44	5.61	5.77	5.95	6.11
% Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Note: Resulting Band D Council Tax	187.33	192.94	198.71	204.66	210.77

Indicating potential General fund balances of approx. £0.7m over 3 years (with a shortfall of £3.1m over 4 years & £6.8m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.4m per annum over 5 years would have to be identified.

**Model 3 Impact of £1 increase in Council Tax in 2021/22 (followed by increases of £1 p.a. thereafter)**

Year:	2021/22	2022/23	2023/24	2024/25	2025/26
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	89	180	272	365	458
Revised Surplus (-) /Deficit	419	2,597	3,306	3,718	4,251
<b>Balances Remaining (-) / Overdrawn</b>	<b>(5,994)</b>	<b>(3,397)</b>	<b>(91)</b>	<b>3,627</b>	<b>7,878</b>
£ Increase	1.00	1.00	1.00	1.00	1.00
% Increase	0.55%	0.55%	0.54%	0.54%	0.54%
Note: Resulting Band D Council Tax	182.89	183.89	184.89	185.89	186.89

Indicating potential General fund balances of approx. £0.1m over 3 years (with a shortfall of £4.1m over 4 years & £8.4m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.7m per annum over 5 years would have to be identified.

**Model 4 Impact of 2.5% increase in Council Tax in 2021/22 (followed by increases of 2.5% p.a. thereafter)**

Year:	2021/22	2022/23	2023/24	2024/25	2025/26
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	10	18	23	26	26
Revised Surplus (-) /Deficit	340	2,435	3,057	3,379	3,819
<b>Balances Remaining (-) / Overdrawn</b>	<b>(6,073)</b>	<b>(3,638)</b>	<b>(581)</b>	<b>2,798</b>	<b>6,617</b>
£ Increase	4.54	4.65	4.77	4.89	5.01
% Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Note: Resulting Band D Council Tax	186.43	191.08	195.85	200.74	205.75

Indicating potential General fund balances of approx. £0.6m over 3 years (with a shortfall of £3.3m over 4 years & £7.1m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.4m per annum over 5 years would have to be identified.

**Model 5 Impact of 0% increase in Council Tax in 2021/22 (followed by increases of 0% thereafter)**

Year:	2021/22	2022/23	2023/24	2024/25	2025/26
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	112	225	340	456	573
Revised Surplus (-) /Deficit	442	2,642	3,374	3,809	4,366
<b>Balances Remaining (-) / Overdrawn</b>	<b>(5,971)</b>	<b>(3,329)</b>	<b>45</b>	<b>3,854</b>	<b>8,220</b>
£ Increase	0.00	0.00	0.00	0.00	0.00
% Increase	0.00%	0.00%	0.00%	0.00%	0.00%
Note: Resulting Band D Council Tax	181.89	181.89	181.89	181.89	181.89

Indicating a shortfall in General fund balances of approx. £0.1m over 3 years (with a shortfall of £4.4m over 4 years & £8.7m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.7m per annum over 5 years would have to be identified.

**Model 6 Impact of 1.99% increase in Council Tax in 2021/22 (followed by increases of 1.99% p.a. thereafter)**

Year:	2021/22	2022/23	2023/24	2024/25	2025/26
Forecast:	£'000	£'000	£'000	£'000	£'000
<b>Reduction in Council Tax £</b>	31	61	89	116	141
Revised Surplus (-) /Deficit	361	2,478	3,123	3,469	3,934
<b>Balances Remaining (-) / Overdrawn</b>	<b>(6,052)</b>	<b>(3,574)</b>	<b>(451)</b>	<b>3,018</b>	<b>6,952</b>
£ Increase	3.62	3.69	3.76	3.84	3.91
% Increase	1.99%	1.99%	1.99%	1.99%	1.99%
Note: Resulting Band D Council Tax	185.51	189.20	192.96	196.80	200.71

Indicating potential General fund balances of approx. £0.5m over 3 years (with a shortfall of £3.5m over 4 years & £7.5m over the 5 year period) - including the minimum approved level of £0.5m. Further savings of approx. £1.5m per annum over 5 years would have to be identified.

Also available to the Council to support expenditure otherwise funded from Council Tax are surpluses arising from the Council's share of surpluses within the Council Tax or Business Rates elements of the Collection Fund – subject to the project impact of the pandemic these may be significantly reduced or could mean a deficit position which would have to be funded in 2021/22 by the preceptors (subject to the Government commitment to allow any deficit arising from the pandemic to be spread over 3 years).

Subject to finalisation of the estimated surplus or deficit, it is proposed that any available surpluses be used (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police & Crime Commissioner (OPCC)).

At this stage, no surplus has been included for the business rates element but it is estimated that there will be a surplus of at least £33k p.a. within the Collection Fund for Council Tax (£87k for 2020/21) – this will be updated following finalisation of the estimated surplus/deficit calculations in January 2021.

Year:	2021/22	2022/23	2023/24	2024/25	2025/26
<b>Council Tax</b>	£'000	£'000	£'000	£'000	£'000
Council Tax Income	(4,180)	(4,355)	(4,523)	(4,679)	(4,836)
Collection Fund Surplus (Council Tax)	(33)	(33)	(33)	(33)	(33)
Collection Fund Surplus (Business Rates)	-	-	-	-	-

The County Council, OPCC and Fire & Rescue Authority are due to finalise their budgets for 2021/22 during February 2021. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix G**.

## Balances

At the Council meeting on 23<sup>rd</sup> February 2016 Members approved a minimum working level of balances of £0.5m. At 31<sup>st</sup> March 2021 General Fund revenue balances are estimated to be £6.4m. The minimum level of balances for planning purposes will remain at around £0.5m.

## Summary and Conclusions

These budget proposals reflect the need to compensate for reduced income levels arising from the uncertain economic conditions (arising from the pandemic) and potential significant reductions in Government funding, a desire to continue to address the Council's priorities / issues identified by Members and at the same time to seek continuous improvement in service delivery.

In addition, there remains a degree of uncertainty in a number of areas including future income levels following the pandemic, local authority pay settlements, the potential for interest rate changes and the future local government finance settlements. A summary of all the budget proposals is shown in the table below. The summary revenue budget for 2021/22 appears at **Appendix D**.

A summary of the resulting budgets over the five year period appears at **Appendix F**.

Using the funding forecast and assuming increases in Council Tax of £5 per annum for 2021/22 onwards, the five year base budget forecast is as follows:

<b>GF Summary</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
<b>Estimated Net Cost of Services</b>	<b>8,645</b>	<b>9,096</b>	<b>10,096</b>	<b>10,613</b>	<b>11,202</b>
Proposed Policy Changes	318	104	(66)	(58)	(1)
Inflationary impact of policy changes	-	5	8	8	8
<b>Net Expenditure</b>	<b>8,963</b>	<b>9,205</b>	<b>10,038</b>	<b>10,563</b>	<b>11,209</b>
<b>Financing:</b>					
RSG	(189)	-	-	-	-
Collection Fund Surplus – Council Tax	(33)	(33)	(33)	(33)	(33)
Non Domestic Ratepayers	(14,637)	(14,919)	(15,217)	(15,522)	(15,832)
Tariff Payable	10,406	12,519	12,769	13,024	13,285
Council Tax Income (Model 1)	(4,180)	(4,355)	(4,523)	(4,679)	(4,836)
<b>Gross Financing</b>	<b>(8,633)</b>	<b>(6,788)</b>	<b>(7,004)</b>	<b>(7,210)</b>	<b>(7,416)</b>
<b>Surplus(-)/Deficit</b>	<b>330</b>	<b>2,417</b>	<b>3,034</b>	<b>3,353</b>	<b>3,793</b>
<b>Balances Remaining (-) / Overdrawn</b>	<b>(6,083)</b>	<b>(3,666)</b>	<b>(632)</b>	<b>2,721</b>	<b>6,514</b>
Per Council, 26 <sup>th</sup> February 2019	(2,362)	(518)	-	-	-
Band D Equivalentents	22,366	22,694	22,974	23,174	23,374

Indicating potential General fund balances of approx. £0.6m over 3 years (with a shortfall of £3.2m over 4 years & £7m over the 5 year period) - including the minimum approved level of £0.5m.

## HOUSING REVENUE ACCOUNT

### Technical Adjustments

The 2020/21 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2021/22.

The following table illustrates the current position before the effect of policy led changes:

<b>Technical Adjustments</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Base Budget B/Fwd	1,337	527	1,548	275	463
Committee Decisions	(502)	1,198	(1,133)	335	0
Inflation	128	195	170	172	178
Other	(540)	(462)	(397)	(401)	(410)
Pay Adjustments (Including pay award / reduction of 7.5% for vacancy allowance)	104	90	87	82	79
Revised charges for non-general fund activities	0	0	0	0	0
Virements	0	0	0	0	0
<b>Total / Revised Base Budget</b>	<b>527</b>	<b>1,548</b>	<b>275</b>	<b>463</b>	<b>310</b>

Revisions have been made to the 2020/21 base budget in order to produce an adjusted base for 2021/22 and forecast base for 2022/23 onwards. These changes, known as technical adjustments, are largely beyond the control of the Council and have been calculated to take account of:

- virements approved since the base budget was set;
- the removal of non-recurring budgets from the base;
- the effect of inflation;
- changes in payroll costs and annual payroll increments;
- changes in expenditure and income following decisions made by the Council;
- other changes outside the control of the Council such as changes in insurance costs, reduction in grant income and the impact of the HRA determinations which are set annually by Central Government; and
- The 'Zero base budgeting' review of income levels.

and are summarised in **Appendix E**.

## Proposals

The policy changes proposed for inclusion in the base budget for the next five years are detailed at **Appendix B** and are highlighted below:

Item No	Policy Changes Identified	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
HRA1	Reduction in the salaries budgets to be in line with the agreed reorganisation structure	(25.95)	-	-	-	-
	<b>Total New Items / Amendments</b>	(25.95)	-	-	-	-
	<b>Cumulative</b>	(25.95)	(25.95)	(25.95)	(25.95)	(25.95)

Assuming increases in Rent in line with the maximum allowed by the Government's Rent Standard (CPI plus 1% p.a.) in order to support investment in the housing stock, the proposals will mean that balances will remain above the approved minimum level of £0.5m over the five year period.

Summary	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Estimated Net (Surplus) / Deficit</b>	527	1,548	275	463	310
Proposed Policy Changes / Additional Costs Identified	(26)	(26)	(26)	(26)	(26)
Surplus (-) / Deficit	501	1,522	249	437	284
Balances Remaining (-) / Overdrawn	(4,317)	(2,795)	(2,546)	(2,109)	(1,825)

Per Council, 25 <sup>th</sup> February 2020	(3,013)	(1,586)	(1,447)	(1,131)	-
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Indicating Housing Revenue Account (HRA) balances of £2.5m over 3 years (with balances of £1.8m over 5 years) including the minimum recommended balances of £0.5m.

## Rent Setting Policy

The introduction of rent restructuring in April 2003 required the Council to calculate rents in accordance with a formula on a property by property basis and account separately for rental payments and payments which are for services (for example grounds maintenance, upkeep of communal areas, caretaking) within the total amounts charged.



This framework removed the flexibility to independently set rent levels from Social Landlords and replaced it with a fixed formula (RPI plus 0.5% plus £2.00) based on the value of the property and local incomes.

The aim of the framework was to ensure that by a pre-set date all social landlord rents have reached a 'target rent' for each property that will reflect the quality of accommodation and levels of local earnings. In achieving this target rent councils were also annually set a "limit rent" which restricted the level of rent increase in any one year.

From 2015/16, Councils could decide locally at what level to increase rents. Government Guidance suggested an increase of CPI plus 1%, however, the Council agreed to vary this level, and applied the formula CPI plus 1% plus £2 (capped at formula rent) **for 2015/16 only**, to generate additional funding to support increased maintenance costs and the regeneration of key housing areas within the Borough.

Under Benefit regulations and circulars issued by the DWP, the Rent Rebate Subsidy Limitation scheme penalises the Council should the average rent be above the notified limit rent.

The effect of the reduction in Social Housing Rents announced in the Summer Budget 2015 means that rents have been reduced by 1% a year for the four years from 2016/17.

The Government has now confirmed that social housing rents can increase to include 'up to' a factor of the consumer price index (CPI) measure of inflation plus 1% for five years from 2020, following the conclusion of a consultation on the new rent standard.

On 30<sup>th</sup> November 2017, Cabinet considered and approved amendments to the Council's Rent Setting Policy to include arrangements to charge affordable rents on new and affordable housing.

The policy provides a framework within which Tamworth Borough Council will set rents and service charges and draws on the Department for Communities and Local Government Guidance on Rent Setting for Social Housing.

In setting the rent setting policy the Council had full regard to legislation, regulations and associated rent setting guidance including the Welfare Reform and Work Act 2016 which gave effect to the Government's 1% rent reduction for four years up to 2020/21.

For 2021/22 (and in the medium term), rents will be set in line with the approved policy including a general increase of the consumer price index (CPI) measure of inflation of plus 1% - equating to a 1.5% increase (followed by forecast increases of 3% p.a.). The following options have been modelled:

	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
<b>Option 1: CPI + 1%</b>						
Rent (52 Weeks)	81.17	82.38	84.86	87.40	90.02	92.72
Rent (48 Weeks)	87.93	89.25	91.93	94.68	97.52	100.45
% Increase	2.70%	1.50%	3.00%	3.00%	3.00%	3.00%
	0	0	0	0	0	0
<b>Option 2: CPI</b>						
Rent (52 Weeks)	81.17	81.57	83.20	84.87	86.56	88.30
Rent (48 Weeks)	87.93	88.37	90.14	91.94	93.78	95.65
% Increase	2.70%	0.50%	2.00%	2.00%	2.00%	2.00%
<b>Reduced Rent compared to Option 1</b>	-	<b>184,560</b>	<b>373,650</b>	<b>570,130</b>	<b>774,190</b>	<b>986,080</b>
			<b>5 year impact</b>			<b>2,888,610</b>
<b>Option 3: No increase</b>						
Rent (52 Weeks)	81.17	81.17	81.17	81.17	81.17	81.17
Rent (48 Weeks)	87.93	87.93	87.93	87.93	87.93	87.93
% Increase	2.70%	0%	0%	0%	0%	0%
<b>Reduced Rent compared to Option 1</b>	-	<b>276,840</b>	<b>834,500</b>	<b>1,403,120</b>	<b>1,982,890</b>	<b>2,574,090</b>
			<b>5 year impact</b>			<b>7,071,440</b>
Inflation at CPI + 1%	2.70%	1.50%	3.00%	3.00%	3.00%	3.00%

## Balances

The forecast level of balances at 31<sup>st</sup> March 2019 is £4.8m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Proposed Withdrawal from / Addition to (-) Balances	501	1,522	249	437	284
<b>Balances Remaining (-) / Overdrawn</b>	<b>(4,317)</b>	<b>(2,795)</b>	<b>(2,546)</b>	<b>(2,109)</b>	<b>(1,825)</b>

This would mean that closing balances, over the five year period, would be over the approved minimum level of £0.5m. The analysis at **Appendix C** details the overall Housing Revenue Account budget resulting from the recommendations contained within this report.

## Corporate Capital Strategy

The Council has an ongoing capital programme of over £40m for 2020/21 and an asset base valued at £250m (as at 31<sup>st</sup> March 2020).

The strategy sets out the Council's approach to capital investment and the approach that will be followed in making decisions in respect of the Council's Capital assets.

Capital investment is an important ingredient in ensuring the Council's vision is achieved and given that capital resources are limited it is critical that the Council makes best use of these resources.

This Strategy sets the policy framework for the development, management and monitoring of this investment and forms a key component of the Council's planning alongside the Medium Term Financial Strategy.

The Capital Strategy will:

- Reflect Members' priorities as set out in the Corporate Plan;
- Balance the need to maintain the Council's existing asset base against its future ambition and associated long term asset needs and consolidate assets where appropriate;
- Recognise that growth is the strategic driver for financial self-sufficiency;
- Be affordable in the context of the Council's MTFs;
- Seek to ensure value for money through achieving a return on investment or by supporting service efficiency and effectiveness;
- Be flexible to respond to evolving service delivery needs;
- Seek to maximise investment levels through the leveraging of external investment;
- Recognise the value of assets for delivering long-term growth as opposed to being sold to finance capital expenditure;
- Recognise the financial benefits and risks from growth generated through investment to support investment decisions; and
- Reflect the service delivery costs associated with growth when assessing the level of resources available for prudential borrowing.

The capital strategy feeds into the annual revenue budget and MTFs by informing the revenue implications of capital funding decisions. The implications for the MTFs are fully considered before any capital funding decisions are confirmed.

Equally, the availability of prudential borrowing means that capital and revenue solutions to service delivery can be considered, and ranked, alongside each other as part of an integrated revenue and capital financial strategy.

The Capital Strategy further sets out the Council's approach to the allocation of its capital resources and how this links to its priorities at a corporate and service level. It describes how the Council has responded to the opportunities provided by prudential borrowing and other new sources of finance.

All proposed schemes requiring capital investment should have as a minimum the following information:

- A description of the scheme;
- The estimated financial implications, both capital and revenue;
- The expected outputs, outcomes and contribution to corporate objectives;
- The nature and outcome of consultation with stakeholders and customers (as applicable);
- Any impacts on efficiency and value for money;
- Risk assessment implications and potential mitigations; and
- Any urgency considerations (e.g. statutory requirements or health and safety issues).

All capital bids should be prepared in light of the following list of criteria, and the proposed investment should address and be assessed with regard to:

- the contribution its delivery makes towards the achievement of the Council's Corporate Priorities;
- the achievement of Government priorities and grant or other funding availability;
- the benefits in terms of the contribution to the Council's Corporate Objectives and compliance with the Corporate Capital Strategy requirements of:
  1. Invest to save
  2. Maintenance of services and assets
  3. Protection of income streams
  4. Avoidance of cost.

The current de-minimis for capital expenditure is £10k per capital scheme.

It is important that capital investment decisions are not made in isolation and instead are considered in the round through the annual budget setting process.

Corporate Management Team and Service Managers identify the potential need for capital investment. This will take account of issues including the condition of council owned assets (including reference to the Council's Asset Management Plan), health and safety requirements, statutory obligations of the Council, operational considerations and emerging opportunities for investment including possible sources of external financing.

The Asset Strategy Steering Group (ASSG) review capital bids prior to consideration by Members. Once capital bids have been prioritised, Executive Management Team will review the outcome of the deliberations of the ASSG and will make recommendations to Cabinet through an updated Medium Term Financial Strategy (MTFS) report on a proposed budget package which will include capital budget proposals.

The MTFS report (including capital budget proposals) will ultimately be considered by Budget Setting Council each year.

Following a review of the Capital Programme approved by Council on 25<sup>th</sup> February 2020, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

A schedule of the capital scheme appraisals for the General Fund (GF) & Housing Revenue Account (HRA) received for consideration is attached at **Appendix I – General Fund Services (GF) and Appendix J – Housing (HRA)**, together with the likely available sources of funding (capital receipts / grants / supported borrowing etc).

In addition, during December 2020, the Government confirmed that the Council has been awarded £21.65m, from the Government's £1bn Future High Streets Fund to renew and reshape town centres, to deliver a number of projects designed to create a town centre that meets the needs of 21st century residents, shoppers and visitors.

A number of new schemes have been proposed and the forecast has highlighted that insufficient resources are available to finance all of the GF schemes submitted which means, should the schemes progress either:

- 1) the Council would need to use supported borrowing to fund the shortfall – funding from borrowing would impact on the revenue budget through interest costs on the debt at c.2 to 3% p.a. plus debt repayment costs of 4% p.a. (based on a 25 year asset life); or
- 2) the potential use of part of the capital receipt from the Golf Course sale – which would mean the resources would no longer be available for investment through the Commercial Investment Strategy projects (and therefore impact on the revenue account through loss of potential investment income at c.4% p.a.); or
- 3) Fund the spend from revenue through a direct contribution to the capital programme.

The minimum approved level of GF capital balances is £0.5million which, should the programme progress without amendment, would mean £1.7m in borrowing would be needed (or use of the capital receipt) over the next 5 years (£1.25m over 3 years, £1.5m over 4 years) – a reduction £0.3m over 3 years (& £0.4m over 4 years) since the provisional programme was approved, due to higher levels of DFG grant income.

There have been some significant changes in the Housing capital programme from that provisionally approved – with a number of new schemes proposed. It has also been updated to include the new year 5 costs for 2025/26.

Given the significant reduction in spend over the 4 years of c.£4m (c.£10m reduction less the re-profiling of £6m from years 2,3,4 & 5 into 2020/21 to allow for the acquisition of housing property [£1.5m from each year from Regeneration & Affordable Housing]) then funding remaining within the HRA capital reserves is forecast at £7m, pending the results of the planned stock condition surveys.

It should be noted that there are no debt repayment costs for the HRA and the Government has now lifted the previous debt cap (of £79.407m). The current HRA Capital Financing Requirement (CFR) stands at £68.53m with planned borrowing in 2020/21 of £2m relating to the Tinkers Green and Kerria Regeneration projects – reduced from £7.2m due to receipt of Homes England grant of c.£5m.

With regard to the contingency schemes/allocation **£235k** remains in current year contingency funds (£135k GF/ £100k HRA) - which will be re-profiled into 2021/22 to provide General Contingency funding.

## Policy Changes Summary

SERVICE AREA	Sheet No.	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000	Budget Changes 24/25 £'000	Budget Changes 25/26 £'000
EXECUTIVE DIRECTOR ORGANISATION		-	-	-	-	-
PEOPLE		-	-	-	-	-
OPERATIONS AND LEISURE	1	(15.50)	-	-	-	-
EXECUTIVE DIRECTOR FINANCE		-	-	-	-	-
FINANCE	2	(35.57)	35.57	-	-	-
EXECUTIVE DIRECTOR COMMUNITIES		-	-	-	-	-
NEIGHBOURHOODS		-	-	-	-	-
PARTNERSHIPS	3	39.00	(39.00)	-	-	-
ASSETS	4	(18.64)	-	-	-	-
CHIEF EXECUTIVE	5	37.58	(7.30)	(71.35)	7.79	56.95
GROWTH & REGENERATION	6	310.84	(203.13)	(98.15)	-	-
<b>TOTAL</b>		<b>317.71</b>	<b>(213.86)</b>	<b>(169.50)</b>	<b>7.79</b>	<b>56.95</b>
<b>Cumulative Cost / (Saving)</b>		<b>317.71</b>	<b>103.85</b>	<b>(65.65)</b>	<b>(57.86)</b>	<b>(0.91)</b>

HOUSING REVENUE ACCOUNT	Sheet No.	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000	Budget Changes 24/25 £'000	Budget Changes 25/26 £'000
HOUSING REVENUE ACCOUNT	7	(25.95)	-	-	-	-
<b>TOTAL</b>		<b>(25.95)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative Cost / (Saving)</b>		<b>(25.95)</b>	<b>(25.95)</b>	<b>(25.95)</b>	<b>(25.95)</b>	<b>(25.95)</b>

## Policy Changes Summary Staffing Implications

SERVICE AREA	Sheet No.	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000	Budget Changes 24/25 £'000	Budget Changes 25/26 £'000
EXECUTIVE DIRECTOR ORGANISATION		-	-	-	-	-
PEOPLE		-	-	-	-	-
OPERATIONS AND LEISURE	1	-	-	-	-	-
EXECUTIVE DIRECTOR FINANCE		-	-	-	-	-
FINANCE	2	-	-	-	-	-
EXECUTIVE DIRECTOR COMMUNITIES		-	-	-	-	-
NEIGHBOURHOODS		-	-	-	-	-
PARTNERSHIPS	3	-	-	-	-	-
ASSETS	4	-	-	-	-	-
CHIEF EXECUTIVE	5	(2.0)	-	-	-	-
GROWTH & REGENERATION	6	-	-	-	-	-
<b>TOTAL</b>		<b>(2.0)</b>	-	-	-	-

HOUSING REVENUE ACCOUNT	Sheet No.	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000	Budget Changes 24/25 £'000	Budget Changes 25/26 £'000
HOUSING REVENUE ACCOUNT	7	-	-	-	-	-
<b>TOTAL</b>		-	-	-	-	-



21/22 Budget Process - Policy Changes				Sheet		1	
OPERATIONS AND LEISURE							
Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
OPS1	Removal of vacant posts following cleaning review	Reduce salaries budget in line with the posts required	(15.50)				
<b>Total New Items / Amendments</b>			<b>(15.50)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
STAFFING IMPLICATIONS							
Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE	24/25 FTE	25/26 FTE
<b>TOTAL</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

21/22 Budget Process - Policy Changes			Sheet		2			
FINANCE								
Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change	
			21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	
FIN1	Revised New Homes Bonus	Updated NHB grant notification following confirmation of continuation of scheme for 2021/22	(446.04)	446.04	-	-	-	
FIN2	Business Rates Levy payment	Inclusion of budget for levy payment following deferral of the reset - subject to finalisation of business rates forecast	937.21	(937.21)	-	-	-	
FIN3	Lower Tier Grant	Inclusion of income budget for new lower tier grant notified for 2021/22	(99.59)	99.59	-	-	-	
FIN4	Local Government Covid support grant	Inclusion of income budget for tranche 5 of the Covid Support grant notified for 2021/22	(427.15)	427.15	-	-	-	
<b>Total New Items / Amendments</b>			<b>(35.57)</b>	<b>35.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	
STAFFING IMPLICATIONS								
Item No	Proposal/(Existing Budget)	Implications	FTE	FTE	FTE	FTE	FTE	
			21/22	22/23	23/24	24/25	25/26	
						-	-	
						-	-	
						-	-	
	<b>TOTAL</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	





21/22 Budget Process - Policy Changes				Sheet		5			
<b>CHIEF EXECUTIVE</b>									
Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change		
			21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000		
A&G1	Review of Elections budgets from a zero-base, factoring in the anticipated schedule of elections as a result of the Covid 19 pandemic and ability to run joint elections/claim a share of costs from SCC/Gov't/OPCC where appropriate, the following budget adjustments are requested. It is anticipated that additional costs relating to running elections in 2021 in a Covid secure manner will be offset by Government	Establish budget for automated HEF Fees	2.00	-	-	-	-		
		Rents	5.00	3.00	(5.46)	(3.52)	8.00		
		Training - increased on-line provision expected	(1.00)						
		Software Support Licences	(4.52)	6.90	(3.40)	(1.24)	3.80		
		Printing & Stationery	10.00	-	(16.64)	10.70	6.30		
		Postage	11.55	-	(6.85)	(1.15)	8.15		
		Election Staff	39.00	(17.20)	(39.00)	3.00	30.70		
A&G2	Savings as a result of deletion from the establishment of vacant principal Auditor and Audit Assistant posts - less virement of £38k to External Support re externalisation of internal audit support to Lichfield D C.		(24.45)	-	-	-	-		
WM1									
<b>Total New Items / Amendments</b>			<b>37.58</b>	<b>(7.30)</b>	<b>(71.35)</b>	<b>7.79</b>	<b>56.95</b>		
<b>STAFFING IMPLICATIONS</b>									
Item No	Proposal/(Existing Budget)	Implications	21/22	22/23	23/24	24/25	25/26		
			FTE	FTE	FTE	FTE	FTE		
A&G2	Deletion of Principal Auditor and Audit Assistant posts		(2.00)	-	-	-	-		
<b>TOTAL</b>			<b>(2.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

21/22 Budget Process - Policy Changes			Sheet	6			
GROWTH & REGENERATION							
Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
G&R1	The proposal is to reduce predicted income for financial income from car parking services based on the post pandemic trends.	The COVID-19 pandemic has closed significant portions of the economy and as such in 2020/2021 has had a significant impact on car park income to date. Wider projects across the Town Centre, indicate that usage and footfall is still only at best 50% and further tightening of measures and threats of local lockdowns will only compound this further for the foreseeable future. At this time it is difficult to predict likely impact on car parking revenue throughout 2021 / 2022 but it is thought high likely that revenue will be still be impacted as people swap habits to online shopping and will remain nervous about shopping in the Town Centre. The budget for the current financial year, expects a 50% decrease in anticipated revenue. Estimates for fy 2021 / 2022 are a 75% return based on 2019 / 2020 income projections.	200.00	(200.00)			
G&R2	The proposal is to reduce predicted education income from the operation of the castle as we move into Pandemic recovery. The 2020/2021 income budget is £41k.	A 40% drop in planned castle education revenue for financial year 2021 / 2022 that is deemed high likely to continue through fy 2022 / 2023 although optimistically expected to be at a lesser extent, subject to further government guidance on covid-19.	16.36		(16.36)		
G&R3	The proposal is to reduce predicted income from the operation of the castle as we move into Pandemic recovery. The 2020/2021 income budget is £179K.	A 40% drop in planned castle revenue for financial year 2021 / 2022 that is deemed high likely to continue through fy 2022 / 2023 although optimistically expected to be at a lesser extent, subject to further government guidance on covid-19.	3.01		(3.01)		
			54.64		(54.64)		
			2.76		(2.76)		
			0.29		(0.29)		
			0.42		(0.42)		
			10.67		(10.67)		
G&R4	The creation of a budget to support business engagement and business support activities through the Economic Development function. The proposal is to retain the unspent TBC operational budget allocation to the shared service (GS0408) of £22k this fy year (2020/2021) and split this over four years, £5500 per annum to create a working budget for the ED team. - SUBJECT TO AGREEMENT WITH LICHFIELD DC	For the last 11 years, Tamworth BC Economic Development Team has operated a shared service with Lichfield DC and as such amalgamated budgets and agreed activities. LDC are now in the process of terminating this agreement, which will in affect leave the TBC ED team with no defined budget. Without an operational budget, Tamworth BC cannot; support / engage with businesses, become involved in business support schemes and work with stakeholders to benefit the local economy	24.56	-	-		-
			(30.00)				
G&R5	We are asking for an additional £10k for the period of April 2022 to end of March 2023 (1 financial year), to match fund against a European funded project, to enable businesses and individuals to start up	There is no consolidated support for people wishing to start their own businesses in Tamworth. The whole project which covers several local authority areas is predominantly funded through officer time matched to the project and European funding, totalling £1.3million. The £10k is a payment that leverages in additional investment. The project pays for; a dedicated mentor / advisor for Tamworth giving start up advice; monthly 2 days workshops on starting a business, including room hire income at the TEC; marketing and relationship building with individuals and interested organisations, such as the job centre; additional workshops at the TEC		10.00	(10.00)		

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			21/22	22/23	23/24	24/25	25/26
			£'000	£'000	£'000	£'000	£'000
G&R6	Subject to award of Future High Streets Fund, monitor and evaluate the success and impact of the project and its components, and the wider medium term change in the Town Centre. This will result in the purchase and ongoing costs of digital footfall counters (one off purchase funded through existing budget) and the tender and award of a specialist evaluation consultant to monitor and evaluate the impact of the FHSF project. The proposal results in a 6 years revenue fund of £20k per annum to cover day to day costs of footfall monitoring and the cost of the contract for the monitoring and evaluation service.	Footfall monitoring is a compulsory monitoring output of the FHSF that cannot be recovered from the fund itself, but can counted towards the match funding for the project. Government wishes to measure footfall in places that receive funding to gain a better picture of project impact. Government stipulate in the FHSF application that the successful project, must be independently monitored and evaluated for the life of the project and longer, that this cost cannot be met from the fund and must be revenue not capital. This again is compulsory.	20.00				
G&R7	Reduction in the salaries budgets on Environmental Health to be in line with the agreed reorganisation structure.	Change from grade H to G on GW0101 00101 EHO post	(5.00)				
<b>Total New Items / Amendments</b>			<b>310.84</b>	<b>(203.13)</b>	<b>(98.15)</b>	-	-
<b>STAFFING IMPLICATIONS</b>							
Item No	Proposal/(Existing Budget)	Implications	21/22	22/23	23/24	24/25	25/26
			FTE	FTE	FTE	FTE	FTE
	<b>TOTAL</b>		-	-	-	-	-

**HOUSING REVENUE ACCOUNT**

Item No	Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change	Budget Change	Budget Change
			21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
HRA1	Reduction in the salaries budgets to be in line with the agreed reorganisation structure.	Reduces the budget to reflect the transfer of the post in 2019/20	(25.95)				
<b>Total New Items / Amendments</b>			<b>(25.95)</b>	-	-	-	-

**STAFFING IMPLICATIONS**

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE	24/25 FTE	25/26 FTE
<b>TOTAL</b>			-	-	-	-	-



## APPENDIX C

### HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2021/22 – 2025/26

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Budget 2021/22 £</b>	<b>Budget 2022/23 £</b>	<b>Budget 2023/24 £</b>	<b>Budget 2024/25 £</b>	<b>Budget 2025/26 £</b>
HRA Summary	(3,594,720)	(2,659,350)	(4,040,930)	(3,956,130)	(4,211,350)
ED Communities	104,770	107,550	110,390	113,320	116,310
AD Operations & Leisure	313,080	297,400	305,520	313,930	322,060
AD Assets	293,240	318,630	341,550	363,070	384,970
AD Neighbourhoods	3,384,470	3,457,390	3,532,280	3,603,080	3,671,690
Housing Repairs	0	0	0	0	0
<b>GRAND TOTAL</b>	<b>500,840</b>	<b>1,521,620</b>	<b>248,810</b>	<b>437,270</b>	<b>283,680</b>

Figures include proposed Policy Changes

## General Fund Summary Budgets – 2021/22

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Base Budget 2020/21</b> £	<b>Technical Adjustments</b> £	<b>Policy Changes</b> £	<b>Budget 2021/22</b> £
Chief Executive	1,639,680	37,230	37,580	1,714,490
AD Growth & Regeneration	1,234,150	(780,450)	310,840	764,540
ED Organisation	433,340	58,470	-	491,810
AD People	2,003,870	(193,050)	-	1,810,820
AD Operations & Leisure	2,338,360	380,220	(15,500)	2,703,080
ED Finance	84,790	1,810	-	86,600
AD Finance	(120,600)	131,410	(35,570)	(24,760)
ED Communities	-	-	-	-
AD Assets	(468,260)	(127,220)	(18,640)	(614,120)
AD Neighbourhoods	1,144,420	(111,650)	-	1,032,770
AD Partnerships	863,650	95,220	39,000	997,870
Inflationary effect				
<b>Total Cost of Services</b>	<b>9,153,400</b>	<b>(508,010)</b>	<b>317,710</b>	<b>8,963,100</b>
Transfer to / (from) Balances	(1,074,572)	744,287	-	(330,285)
Revenue Support Grant	(187,535)	(1,037)	-	(188,572)
Retained Business Rates	(13,828,842)	(808,260)	-	(14,637,102)
Less: Tariff payable	10,405,841	-	-	10,405,841
Collection Fund Surplus (Council Tax)	(77,339)	44,339	-	(33,000)
Collection Fund Surplus (Business Rates)	(322,619)	322,619	-	-
<b>Council Tax Requirement</b>	<b>(4,068,334)</b>	<b>206,062</b>	<b>(317,710)</b>	<b>(4,179,982)</b>

\* As detailed in Appendix E1

## General Fund – Technical Adjustments 2021/22

	Technical Adjustments								Total Adjusted Base 2021/22
	Budget 2020/21 £	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	
Chief Executive	1,639,680	(26,130)	53,650	(6,630)	2,300	14,040	-	37,230	1,676,910
AD Growth & Regeneration	555,720	(70,270)	(139,240)	(8,280)	75,560	40,210	-	(102,020)	453,700
ED Organisation	433,340	37,590	(1,060)	8,420	3,120	10,400	-	58,470	491,810
AD People	2,003,870	-	(22,790)	12,060	(226,570)	44,250	-	(193,050)	1,810,820
AD Operations & Leisure	3,016,790	(85,100)	(80,650)	500	(155,120)	22,160	-	(298,210)	2,718,580
ED Finance	84,790	-	(790)	120	(670)	3,150	-	1,810	86,600
AD Finance	(120,600)	34,640	(363,520)	4,600	394,570	61,120	-	131,410	10,810
ED Communities	-	-	-	-	-	-	-	-	-
AD Assets	(468,260)	-	(115,750)	10,870	(30,890)	8,550	-	(127,220)	(595,480)
AD Neighbourhoods	1,144,420	(63,260)	(130,700)	840	68,740	12,730	-	(111,650)	1,032,770
AD Partnerships	863,650	172,530	(4,310)	(2,380)	(106,690)	36,070	-	95,220	958,870
<b>Grand Total</b>	<b>9,153,400</b>	<b>-</b>	<b>(805,160)</b>	<b>20,120</b>	<b>24,350</b>	<b>252,680</b>	<b>-</b>	<b>(508,010)</b>	<b>8,645,390</b>

## Housing Revenue Account – Technical Adjustments 2021/22

	Budget 2020/21	Technical Adjustments						Total Adjustment s £	Total Adjusted Base 2021/22
		Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustment s £	Changes in Recharge s £		
HRA Summary	(2,790,440)	(117,000)	(249,830)	98,530	(535,980)	-	-	(804,280)	(3,594,720)
ED Communities	27,410	74,980	(790)	40	(20)	3,150	-	77,360	104,770
AD People	49,570	117,000	(9,490)	120	(10,610)	15,140	-	112,160	161,730
AD Operations & Leisure	166,570	-	(680)	260	1,130	10,020	-	10,730	177,300
AD Assets	271,770	-	(5,250)	2,310	470	23,940	-	21,470	293,240
AD Neighbourhoods	3,612,330	(74,980)	(235,530)	26,040	5,280	51,330	-	(227,860)	3,384,470
Housing Repairs	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>1,337,210</b>	<b>-</b>	<b>(501,570)</b>	<b>127,300</b>	<b>(539,730)</b>	<b>103,580</b>	<b>-</b>	<b>(810,420)</b>	<b>526,790</b>

## General Fund Five Year Revenue Budget Summary

<i>Figures exclude internal recharges which have no bottom line impact.</i>	<b>Budget 2021/22 £</b>	<b>Budget 2022/23 £</b>	<b>Budget 2023/24 £</b>	<b>Budget 2024/25 £</b>	<b>Budget 2025/26 £</b>
Chief Executive	1,714,490	2,126,650	2,164,580	2,144,530	2,206,410
AD Growth & Regeneration	764,540	577,450	525,560	559,670	591,130
ED Organisation	491,810	507,970	523,510	539,220	554,480
AD People	1,810,820	1,833,500	1,895,050	1,955,310	2,013,450
AD Operations & Leisure	2,703,080	2,745,600	2,819,620	2,891,550	2,959,690
ED Finance	86,600	89,460	92,370	95,370	98,430
AD Finance	(24,760)	(25,080)	605,190	900,600	1,246,190
ED Communities	-	-	-	-	-
AD Assets	(614,120)	(593,590)	(572,460)	(552,200)	(531,600)
AD Neighbourhoods	1,032,770	956,920	978,120	999,740	1,020,390
AD Partnerships	997,870	985,880	1,007,500	1,029,660	1,050,780
<b>Total Cost of Services</b>	<b>8,963,100</b>	<b>9,204,760</b>	<b>10,039,040</b>	<b>10,563,450</b>	<b>11,209,350</b>
Transfer to / (from) Balances	(330,285)	(2,416,801)	(3,034,478)	(3,354,676)	(3,793,384)
Revenue Support Grant	(188,572)	-	-	-	-
Retained Business Rates	(14,637,102)	(14,918,867)	(15,217,244)	(15,521,589)	(15,832,021)
Less: Tariff payable	10,405,841	12,518,660	12,769,033	13,024,414	13,284,902
Collection Fund Surplus (Council Tax)	(33,000)	(33,000)	(33,000)	(33,000)	(33,000)
Collection Fund Surplus (Business Rates)	-	-	-	-	-
<b>Council Tax Requirement</b>	<b>(4,179,982)</b>	<b>(4,354,752)</b>	<b>(4,523,351)</b>	<b>(4,678,599)</b>	<b>(4,835,847)</b>

Figures include proposed Policy Changes

## Appendix G

### Council Tax levels at each band for 2020/21

Authority:	Tamworth Borough Council Tax 2020/21	Tamworth Borough Council	* Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	* Staffordshire Commissioner Fire and Rescue Authority	<b>Total 2021/22</b>	Total Council Tax 2020/21
	£	£	£	£	£	£	£
Demand/Precept on Collection Fund		4,179,982	30,431,580	5,369,853	1,761,928	<b>41,743,343</b>	
Council Tax Band							
A	121.26	124.59	907.08	160.06	52.52	<b>1,244.25</b>	1,186.78
B	141.47	145.36	1,058.26	186.74	61.27	<b>1,451.63</b>	1,384.58
C	161.68	166.12	1,209.44	213.41	70.03	<b>1,659.00</b>	1,582.38
<b>D</b>	<b>181.89</b>	<b>186.89</b>	<b>1,360.62</b>	<b>240.09</b>	<b>78.78</b>	<b>1,866.38</b>	1,780.17
E	222.31	228.42	1,662.98	293.44	96.29	<b>2,281.13</b>	2,175.76
F	262.73	269.95	1,965.34	346.80	113.79	<b>2,695.88</b>	2,571.36
G	303.15	311.48	2,267.70	400.15	131.30	<b>3,110.63</b>	2,966.95
H	363.78	373.78	2,721.24	480.18	157.56	<b>3,732.76</b>	3,560.34
% increase	2.83%	2.75%	4.99%	6.66%	1.99%	4.84%	3.78%

*\* Assuming increases in Council Tax levels in line with the referendum limits. At the time of writing precept information for the County Council, OPCC and the Fire & Rescue Authority is still awaited.*

## Draft General Fund Capital Programme 2021/22 to 2025/26

<u>General Fund Capital Programme</u>	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Total £
Off Street Car Parking Infrastructure Update	50,000	-	-	-	-	50,000
Technology Replacement	60,000	60,000	30,000	30,000	30,000	210,000
V13 Income Management System & 3 D Secure	27,400	-	-	-	-	27,400
Endpoint Protection and Web-Email Filter	-	-	40,000	-	-	40,000
Street Lighting	-	-	233,560	119,940	50,940	404,440
Replacement Castle Grounds Play Area	375,000	-	-	-	-	375,000
Refurbishment of Castle Grounds Tennis Courts	120,000	-	-	-	-	120,000
Private Sector Grants - Disabled Facilities Grants	650,000	650,000	650,000	650,000	650,000	3,250,000
Energy Efficiency Upgrades to Commercial and Industrial Units	75,000	75,000	75,000	75,000	75,000	375,000
Major repair to Castle Elevations	150,000	-	-	-	-	150,000
CCTV Upgrades	45,710	45,710	45,710	45,710	45,710	228,550
Future High Streets Fund	13,657,960	9,994,600	1,848,810	-	-	25,501,370
<b>Total General Fund Capital</b>	15,211,070	10,825,310	2,923,080	920,650	851,650	30,731,760
<b>Proposed Financing:</b>	-	-	-	-	-	-
	-	-	-	-	-	-
Grants - Disabled Facilities	481,000	481,000	481,000	481,000	481,000	2,405,000
Section 106 Receipts	120,000	-	-	-	-	120,000
General Fund Capital Receipts	2,050,000	4,400	1,853,210	4,400	4,400	3,916,410
Sale of Council House Receipts	212,400	150,200	150,000	150,000	150,000	812,600
Other Contributions	24,000	24,000	24,000	24,000	24,000	120,000
Future High Streets Fund	11,657,960	9,994,600	-	-	-	21,652,560
<b>Unsupported Borrowing</b>	665,710	171,110	414,870	261,250	192,250	1,705,190
<b>Total</b>	15,211,070	10,825,310	2,923,080	920,650	851,650	30,731,760

## Draft Housing Revenue Account Capital Programme 2021/22 to 2025/26

<b>Housing Revenue Account Capital Programme</b>	<b>2021/22 £</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>Total £</b>
Structural Works	200,000	200,000	200,000	200,000	200,000	1,000,000
Bathroom Renewals	217,800	567,800	567,800	567,800	567,800	2,489,000
Gas Central Heating Upgrades and Renewals	685,500	685,500	685,500	685,500	685,500	3,427,500
Kitchen Renewals	787,500	1,037,500	1,037,500	1,037,500	1,037,500	4,937,500
Major Roofing Overhaul and Renewals	1,111,400	911,400	911,400	911,400	911,400	4,757,000
Window and Door Renewals	398,500	400,000	400,000	400,000	400,000	1,998,500
Neighbourhood Regeneration	500,000	500,000	500,000	500,000	500,000	2,500,000
Disabled Facilities Adaptations	562,500	212,500	212,500	212,500	212,500	1,412,500
Electrical upgrade & Rewire	150,000	150,000	150,000	150,000	150,000	750,000
CO / Smoke Detectors	64,000	64,000	64,000	64,000	64,000	320,000
Insulation	-	-	-	-	-	-
Replacement of High Rise Soil Stacks	1,750,000	-	-	-	-	1,750,000
High Rise Lift Renewal	-	-	-	-	-	-
Replacement of High Rise Ventilation System	120,000	-	-	-	-	120,000
Sheltered Schemes	100,000	100,000	100,000	100,000	100,000	500,000
Energy Efficiency Improvements	70,000	70,000	70,000	70,000	70,000	350,000
Capital Salaries	200,000	200,000	200,000	200,000	200,000	1,000,000
Street Lighting	-	-	350,330	179,910	76,420	606,660
Improvements to Retained Garage Sites	750,000	750,000	-	-	-	1,500,000
Construction of new build properties on Caledonian depot site	1,507,900	-	-	-	-	1,507,900
Regeneration and New Affordable Housing	250,000	250,000	250,000	250,000	1,750,000	2,750,000
Telecare system upgrades	35,500	30,000	-	-	-	65,500
<b>Total HRA Capital</b>	<b>9,460,600</b>	<b>6,128,700</b>	<b>5,699,030</b>	<b>5,528,610</b>	<b>6,925,120</b>	<b>33,742,060</b>
<b><u>Proposed Financing:</u></b>						
Major Repairs Reserve	2,809,430	2,804,670	2,804,800	2,804,300	2,804,800	14,028,000
HRA Capital Receipts	600,000	600,000	525,330	175,000	-	1,900,330
Revenue Contribution	3,959,770	2,186,930	1,859,900	2,294,400	3,595,320	13,896,320
Capital Receipts from Additional Council House Sales (1-4-1)	527,370	75,000	75,000	75,000	525,000	1,277,370
Regeneration Reserve	1,564,030	462,100	434,000	179,910	-	2,640,040
<b>Total</b>	<b>9,460,600</b>	<b>6,128,700</b>	<b>5,699,030</b>	<b>5,528,610</b>	<b>6,925,120</b>	<b>33,742,060</b>



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## Main Assumptions

Inflationary Factors	2021/22	2022/23	2023/24	2024/25	2025/26
Inflation Rate - Pay Awards	2.50%	2.50%	2.50%	2.50%	2.50%
National Insurance	9.50%	9.50%	9.50%	9.50%	9.50%
Superannuation	16.50%	16.50%	16.50%	16.50%	16.50%
Inflation Rate (RPI)	2.50%	2.50%	2.50%	2.50%	2.50%
Inflation Rate (CPI)	1.60%	1.93%	2.00%	2.00%	2.00%
Investment Rates	0.25%	0.25%	0.50%	1.00%	1.25%
Base Interest Rates	0.10%	0.25%	0.50%	0.50%	0.50%

1. For 2019/20 a 2% increase in Local Government pay was agreed and included the introduction of a new pay spine on 1<sup>st</sup> April 2019 based on a bottom rate of £17,364 with additions, deletions and changes to other spinal column points. A 2.75% increase has been agreed for 2020/21 but future years remain uncertain. A 2.5% p.a. increase from 2021/22 has been assumed.
2. Overall Fees and Charges will rise generally by 2.5% annually except where a proposal has otherwise been made (car parking charges, corporate & industrial property rental income, statutory set planning fees, leisure fees);
3. Revised estimates for rent allowance / rent rebate subsidy levels have been included;
4. At this stage no changes to the level of recharges between funds has been included;
5. A reduction in Revenue Support Grant levels to zero from 2022/23 after an inflationary increase for 2021/22, following the deferral of the funding reforms. The impact for the Council will be confirmed by MHCLG as part of the *Local Government Finance Settlement* with a provisional announcement in December 2020.
6. Only continuation of the New Homes Bonus scheme legacy payments relating to 2017/18 and 2018/19 pending consultation on the future of the scheme;
7. Lower investment income returns due to delayed forecast interest rate increases;
8. An increase of £5 p.a. in Council Tax - current indications are that increases of 2% or £5 and above risk 'capping' (confirmed as 2% or £5 for District Councils for 2020/21);
9. The major changes to the previously approved policy changes are included within this forecast – Assistant Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September;

10. Future Pension contribution levels – following an option to ‘freeze’ the ‘lump sum’ element for the 3 years from 2020/21 (after the triennial review during 2019), 2% p.a. year on year increases have been included from 2023/24;
11. Increase in rent levels by CPI plus 1% - the Government has confirmed that social housing annual rent increases can rise by up to the consumer price index (CPI) measure of inflation plus 1% for five years from 2020, following the conclusion of a consultation on the new rent standard. Current indications that sales of council houses will be approximately 30 per annum.
12. Forecasts have been informed by the Bank of England Inflation report (August 2020), HM Treasury – Forecasts for the UK Economy (August 2020), Office for Budget Responsibility Economic & Fiscal Outlook (March 2020). Any significant variances will be considered later in the budget setting process.

## Sensitivity Analysis

		Potential Budgetary Effect				
	Risk	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Pay Award / National Insurance (GF)</b>						
Impact +/- 0.5% Variance £'000	L	45	91	139	188	238
Budget Impact over 1 year	L	45				
Budget Impact over 3 years	M	275				
Budget Impact over 5 years	M	701				
<b>Pay Award / National Insurance (HRA)</b>						
Impact +/- 0.5% Variance £'000	L	14	28	42	57	72
Budget Impact over 1 years	L	14				
Budget Impact over 3 years	L	84				
Budget Impact over 5 years	M	213				
Subject to finalisation of Local Government pay (including any protection for low paid employees)						
<b>Pension Costs</b>						
Impact +/- 0.5% Variance £'000	L	0	0	62	126	192
Budget Impact over 1 year	L	0				
Budget Impact over 3 years	L	62				
Budget Impact over 5 years	M	380				
3 year agreement in place from 2020/21 - subject to stock market & membership changes						
<b>Council Tax</b>						
Impact on Council Tax income £'000		41	64	89	115	143
Budget Impact over 1 year	L	41				
Budget Impact over 3 years	L	194				
Budget Impact over 5 years	M	452				
<b>Inflation / CPI</b>						
Impact +/- 0.5% Variance £'000	L	56	120	179	240	302
Budget Impact over 1 year	L	56				
Budget Impact over 3 years	L	355				
Budget Impact over 5 years	M	897				
<b>Government Grant</b>						
Impact +/- 1.0% Variance £'000	L	44	68	93	118	143
Budget Impact over 1 year	L	44				
Budget Impact over 3 years	L	205				
Budget Impact over 5 years	M	466				

		Potential Budgetary Effect				
	Risk	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Investment Interest</b>						
Impact +/- 0.5% Variance £'000	L	189	330	460	587	712
Budget Impact over 1 year	L	189				
Budget Impact over 3 years	H	979				
Budget Impact over 5 years	H	2278				
<b>Key Income Streams (GF)</b>						
Impact +/- 10% Variance £'000	L	177	368	571	780	994
Budget Impact over 1 year	L	177				
Budget Impact over 3 years	H	1116				
Budget Impact over 5 years	H	2890				
<b>Key Income Streams (HRA)</b>						
Impact +/- 1% Variance £'000	L	187	379	576	778	984
Budget Impact over 1 years	L	187				
Budget Impact over 3 years	H	1142				
Budget Impact over 5 years	H	2904				
<b>Business Rates</b>						
Impact +/- 0.5% Variance £'000	L	73	148	224	301	381
Budget Impact over 1 year	L	73				
Budget Impact over 3 years	M	445				
Budget Impact over 5 years	H	1127				

**Contingencies 2021/22 - 2025/26**

<b>Revenue</b>	2021/22	2022/23	2023/24	2024/25	2025/26
Specific Earmarked & General	£'000	£'000	£'000	£'000	£'000
<b>General Fund</b>					
<i>General Contingency*</i>					
<i>General Contingency re Income Targets</i>	169	169	169	169	169
<b>Total General Contingency</b>	169	169	169	169	169
<b>Total GF Revenue</b>	169	169	169	169	169
<b>Housing Revenue Account</b>					
<i>HRA - General Contingency</i>	130	130	130	130	130
<b>Total HRA Revenue</b>	130	130	130	130	130

\* Reduced by £165k as part of Qtr 1 unspent budget review

<b>Capital</b>	2021/22	2022/23	2023/24	2024/25	2025/26
Specific Earmarked & General	£'000	£'000	£'000	£'000	£'000
<b>General Fund</b>					
<b>General Contingency **</b>	135	-	-	-	-
	-	-	-	-	-
<b>Total GF Capital</b>	135	-	-	-	-
<b>Housing Revenue Account</b>					
<b>General Contingency **</b>	100	-	-	-	-
<b>Total HRA Capital</b>	100	-	-	-	-

\*\* Forecast to be re-profiled from 2020/21 Capital Programme

## CORPORATE CAPITAL STRATEGY

### PURPOSE

This strategy sets out the Council's approach to capital investment and the approach that will be followed in making decisions in respect of the Council's Capital assets.

Capital investment is an important ingredient in ensuring the Council's vision is achieved and given that capital resources are limited it is critical that the Council makes best use of these resources.

The Strategy sets the policy framework for the development, management and monitoring of this investment and forms a key component of the Council's planning alongside the Medium Term Financial Strategy (MTFS).

It sets out the strategic influences on the Council's capital investment plan and how the Council is going to work with these influences to bring about the best advantage to meet local needs – including working with Partners:

- the Local Enterprise Partnerships (Greater Birmingham and Solihull and Staffordshire and Stoke-on-Trent) of which the council is a Member;
- the West Midlands Combined Authority as a Non-Constituent member;
- Staffordshire Commissioner for Police, Fire and Rescue and Crime;

with the aim to drive economic regeneration, deliver local plan objectives and access inward investment to support the delivery of local capital priorities.

The Council plans to update its approach to Asset Management and long term asset planning to improve the way strategic property objectives can be delivered. This will enable the development of a longer term plan for the management and maintenance of its assets, whilst identifying the funding ambition gap to maximise inward investment opportunities for funding from Partners.

It also demonstrates that the Council has regard to the Prudential Code for Capital Finance by giving a clear and concise view of how much it can afford to borrow and its risk appetite. It is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

### Summary Capital Investment Plan

Capital Programme	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
General Fund	15,211	10,825	2,923	921	852	30,732
HRA	9,461	6,129	5,699	5,529	6,925	33,742

The General Fund capital programme will require unsupported borrowing of £1.7m over the next 5 years subject to the exploration and availability of alternative funding.

Key Schemes include:

- Disabled Facilities Grants, £650k p.a. (including £481k p.a. BCF grant);
- Replacement Castle Grounds Play Area 2021/22, £375k;
- Refurbishment of the Castle Grounds tennis courts 2021/22, £120k (Section 106 funded);
- Energy Efficiency Upgrades-Commercial and Industrial Units, £75k p.a.
- Street lighting £404k;
- Technology upgrades, £277k;
- Major repairs to the Castle, £150k;
- CCTV, £229k;
- Off street parking infrastructure, £50k.

In addition, during December 2020, the Government confirmed that the Council has been awarded £21.65m, from the Government's £1bn Future High Streets Fund to renew and reshape town centres, to deliver a number of projects designed to create a town centre that meets the needs of 21st century residents, shoppers and visitors.

The HRA capital programme can be fully funded through projected capital resources.

Key HRA Schemes:

- HRA Business plan works to dwellings, £19.7m;
- Neighbourhoods £2.5m;
- Disabled Facilities Adaptations £1.4m;
- Energy Efficiency works £0.35m;
- Street lighting £0.6m;
- High Rise works £1.9m;
- Retained Garage Sites, £1.5m;
- Regeneration & Affordable Housing, £4.25m;
- Sheltered schemes, £0.6m.

### **Impact on Medium Term Financial Plan**

The General Fund capital programme will require unsupported borrowing of £1.7m over the next 5 years which will be funded through internal borrowing (with an associated loss of investment interest) and will require provision for debt repayment. The HRA capital programme will be funded through capital receipts and annual revenue contributions of c.£7m.

### **Summary of Risk Assessment**

Risks specific to the capital programme and the capital strategy are managed in accordance with the Council's Risk Management Policy and are recorded and monitored through the Pentana Performance Management system. Risks are monitored on an ongoing basis as part of routine risk management practices and are reviewed and updated where appropriate as part of the refresh of the Capital Strategy. Risks specific to the capital strategy are included in a table at **Annex C**. They align with other corporate risk registers and are informed by project/



programme level risks to ensure risks are monitored and managed from operational through to strategic level.

### **The Capital Strategy**

The Capital Strategy is a 'live' and dynamic document, which will update and evolve as strategic influences and priorities change. The Corporate Capital Strategy will be reviewed annually and an update presented to Council in February each year as part of the MTFS report. However should a significant situation arise, whether it be a policy matter, an investment opportunity or a new risk for example, an update to the Capital Strategy will be presented to Members as part of the quarterly performance report.

The Capital Strategy will:

- Reflect Members' priorities as set out in the Corporate Plan including the approach to the allocation of its capital resources and how this links to its priorities at a corporate and service level;
- Balance the need to maintain the Council's existing asset base against its future ambition and associated long term asset needs, and consolidate assets where appropriate;
- Recognise that growth is the strategic driver for financial self-sufficiency;
- Be affordable in the context of the Council's MTFS;
- Seek to ensure value for money through achieving a return on investment or by supporting service efficiency and effectiveness;
- Be flexible to respond to evolving service delivery needs;
- Seek to maximise investment levels through the leveraging of external investment through working with regional/County partners;
- Recognise the value of assets for delivering long-term growth as opposed to being sold to finance capital expenditure;
- Recognise the financial benefits and risks from growth generated through investment to support investment decisions; and
- Reflect the service delivery costs associated with growth when assessing the level of resources available for prudential borrowing.

The capital strategy informs the strategic direction of capital investment through consideration of strategic priorities and objectives. It feeds into the annual revenue budget and MTFS by informing the revenue implications of capital funding decisions. The implications for the MTFS are fully considered before any capital funding decisions are confirmed.

The Strategy is supported by the leadership of the Council, including the Chief Executive and the Leader of the Council. The recently updated CIPFA Prudential Code now requires that 'the chief finance officer should report explicitly on the affordability and risk associated with the capital strategy and where appropriate have access to specialised advice to enable them to reach their conclusions.' The statement below is the response of the Executive Director Finance:-

Affordability and risk are key considerations within this capital strategy. The key principles articulated are that the strategy must support the financial viability of the Council, and that payback should be a key consideration of the strategy.

The capital investments detailed within the strategy provide for a number of regeneration opportunities. Robust risk management is also a requirement of our strategy. Business cases for new schemes are required to ensure that risks are adequately considered. The most significant risks are currently capacity to deliver individual projects, and adequately identifying resources required at the commencement of projects.

Over the next five years the strategy is expected to see c.£40m of capital expenditure (both General Fund and HRA). The HRA capital programme is a key element of the 30 year HRA Business Plan. Within this financial context and considering the Council's balance sheet and asset base, and its track record in acquiring, managing and disposing of assets where required to support its objectives, the capital strategy as a whole is proportionate to the Council's overall activities and financial position.

Specialised external advice is obtained where required with regard to specific schemes, for example to support commercial acquisitions or in considering the financial implications of major schemes included within the strategy. The Council also utilises our treasury management advisors, Link Asset Services, to consider the implications of the Prudential Code and the impact on the treasury management strategy.

The strategy articulates a wide range of new and existing activities. This includes regeneration ambitions, new infrastructure and significant investment in Housing as well as smaller schemes. The strategy also leaves space for consideration of new income streams that fit with our ambitions as a Council and support areas in which we already have skills and knowledge.

## **Background**

The Council has an ongoing capital programme of over £40m for 2020/21 and an asset base valued at £250m (as at 31<sup>st</sup> March 2020).

Traditionally the Council's capital programme has been set and approved for a five year period, with a 30 year HRA business plan setting out future plans for the Council's housing stock. In order to improve longer term strategic planning, so that the Council can better prioritise spending and align with local, regional and national priorities, it is recognised that the current capital programme needs to have a longer-term focus for the purposes of the capital strategy, ideally looking to a 20-30 year timeframe.

As a result, the following 2019/20 action plan item was implemented through the development of a 30 year whole life costing model:-

**The process for the consideration of capital expenditure within the MTFs process has been reviewed and refined to ensure that there are provisional**

plans for expenditure out to a 10 year timeframe, with an indication of requirements out to 20-30 years.

A number of actions/improvements have been identified throughout this capital strategy, and they are summarised in an action plan, with target completion dates and responsible officers, at **Annex B**.

**Influences**

The following diagram illustrates some of the main internal and external influences on the Council’s capital strategy, including our partners. Consideration of these plans and strategies in the context of our own capital ambitions is important because it may provide new opportunities for investment or funding.



The Council’s corporate priorities are an integral influence in informing the Capital Strategy and set the scene for how capital projects and individual proposals are assessed.

<b>TAMWORTH BOROUGH COUNCIL: VISION</b>	
<b>To put Tamworth, its people and the local economy at the heart of everything we do</b>	
<b>OUR STRATEGIC PRIORITIES FOR 2019-2022</b>	
<b>People and Place</b>	<b>Organisation</b>
1. To meet housing needs through a variety of approaches and	1. To be financially stable 2. To ensure our employees have the

<p>interventions</p> <ol style="list-style-type: none"> <li>2. To facilitate sustainable growth and economic prosperity</li> <li>3. To work collaboratively and flexibly to meet the needs of our communities</li> <li>4. To create a new and developing vision for the continued evolution of Tamworth, including a Town Centre fit for the 21st century</li> </ol>	<p>right skills and culture to help our residents, visitors and businesses</p> <ol style="list-style-type: none"> <li>3. To ensure our service delivery is consistent, clear, and focused</li> <li>4. To ensure our decisions are driven by evidence and knowledge</li> </ol>
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The Council is committed to working with its public, peers and partners in order to:

- a) Sustain essential services at agreed standards for those in greatest need;
- b) Deliver a programme of projects, planned initiatives and work streams designed to achieve outcomes against the Corporate Priorities;
- c) Adopt a commercial approach to growth and investment designed to generate a sustainable income to support a) and b); and
- d) Continue its excellent performance in financial planning, management and investment. By being 'Risk Aware' rather than 'Risk Averse', the Council will consider all opportunities to improve and/or sustain services.

### **The Capital Appraisal Process**

The capital appraisal process is important as it helps to prioritise schemes in order to target spending in a challenging funding climate, and to ensure that the Council is spending on projects which help to deliver its strategic priorities.

As part of the Council's business planning process, managers and Assistant Directors are required to consider the capital resources needed to deliver their services now and into the future (5 year timeframe). The asset management plan and HRA business plan also inform the capital strategy.

All capital bids should be prepared in light of the following list of criteria, and the proposed investment should address and be assessed with regard to:

- the contribution its delivery makes towards the achievement of the Council's Corporate Priorities;
- the achievement of Government priorities and grant or other funding availability;
- the benefits in terms of compliance with the Corporate Capital Strategy requirements of:
  1. Invest to save
  2. Maintenance of services and assets

3. Protection of income streams
4. Avoidance of cost.

The current de-minimis for capital expenditure is £10k per capital scheme.

It is important that capital investment decisions are not made in isolation and instead are considered in the round through the annual budget setting process.

All proposed schemes requiring capital investment should have as a minimum the following information:

- A description of the scheme;
- The expected outputs, outcomes and contribution to corporate objectives;
- The estimated financial implications, both capital and revenue;
- Any impacts on efficiency and value for money;
- The nature and outcome of consultation with stakeholders and customers (as applicable);
- Risk assessment implications and potential mitigations; and
- Any urgency considerations (e.g. statutory requirements or health and safety issues).

Corporate Management Team and Service Managers identify the potential need for capital investment, in light of external influences, internal strategies and plans, service delivery plans and, in particular, the Asset Management plan. This is seen as a core influence on the Capital Strategy, and informs the priorities and schemes considered as it takes account of issues such as the condition of council owned assets and future maintenance requirements. Other key considerations are health and safety requirements, statutory obligations of the council, operational considerations and emerging opportunities for investment including possible sources of external financing.

The Asset Strategy Steering Group (ASSG) review capital bids prior to consideration by Members. Once capital bids have been prioritised, Executive Management Team will review the outcome of the deliberations of the ASSG and will make recommendations to Cabinet through an updated Medium Term Financial Strategy (MTFS) report on a proposed budget package which will include capital budget proposals. The MTFS report (including capital budget proposals) will ultimately be considered by Budget Setting Council each year.

It was recognised last year that further action is required to fully embed the capital appraisal process, including proper consideration of options and risk, into the capital strategy and planning processes at Tamworth, and ensure that this is not just a 'tick-box' exercise. Therefore the following action plan task has been implemented:-

- 1) Consideration of service units' capital requirements now form part of the business planning process and a template has been drawn up to ensure this is properly considered and captured on Pentana, the performance management system;**

- 2) **The capital appraisal process and associated documentation has been reviewed and updated to ensure proper consideration given to whole life costs of scheme. Further work is needed during 2021/22 to further improve the consideration of alternative options; risk management, etc, and to address the concerns outlined on completion of the CIPFA Property Capital Strategy Self-Assessment Checklist.**

### **Monitoring of Approved Capital Schemes**

Each capital scheme has a budget holder/project manager who is responsible for ensuring progress against scheme in line with agreed timescales and for ensuring adherence to the approved budget. The Collaborative Planning (CP) system is used to monitor spend against budget and to inform the projected outturn position. The budget holder/project manager will hold monthly meetings with his/her Accountant to update budget monitoring information on the system and provide a brief commentary as to the progress of each project. Projected capital slippage and potential re-profiling of associated budgets is also reported. The monitoring of progress on individual schemes is reported to Corporate Management Team on a monthly basis and to Cabinet quarterly as part of Financial and Performance Healthcheck reports.

An annual Capital Outturn report is prepared for Cabinet in June each year which details the final outturn for the year, the latest project update from the Service Manager and any proposals to re-profile spend to future financial years for Cabinet approval.

A post implementation review is not appropriate or necessary for all capital projects. They should be prepared where learning is identified which could assist future projects or where there is a significant financial or political impact. Directors should encourage the collation of data during the project and identify any lessons learned which will assist in improving the process in the future.

**As part of the approved Strategy for 2019/20, the following action plan tasks have been implemented:**

- a) **A post implementation review is completed for each scheme where learning is identified which could assist future projects or where there is a significant financial or political impact;**
- b) **The Asset Strategy Steering Group now meet on a Quarterly basis to:**
  - i. **scrutinise the completed post implementation reports;**
  - ii. **review the management and monitoring of the capital programme; with appropriate feedback and challenge – identifying improvements to improve the future management of the capital programme.**

The full capital appraisal and monitoring process and guidance for managers can be found on the intranet at this link:-

<http://infozone.tamworth.gov.uk:901/financial-guidance>

**A review of the guidance to reflect changes implemented is planned for 2021/22.**



## Review of Asset Management Plan

The Council's Asset Management Plan will be reviewed on an ongoing basis. This will identify any assets held by the Council that are no longer either required or fit for purpose and appropriate recommendations made regarding retention for alternative use or disposal.

The Corporate Asset Management Strategy was last updated in 2015 relating to the following assets:

<b>Asset Description</b>	<b>Value (31/03/15)</b>
Investment Properties	£14,588,052
Land and Buildings	£6,537,500
<b>Total</b>	<b>£21,125,552</b>

It details an estimated 10 year maintenance cost for each asset (**totalling c.£8m**) based on the inspections that had been undertaken.

<b>Asset Type</b>	<b>Estimated Backlog Costs (10 years)</b>
Non-Operational – Commercial	£3.288m
Non-Operational – Retail	£1.861m
Operational Properties – Direct	£0.482m
Operational Properties – Indirect	£1.052m
Non-Operational – Community spaces	£0.194m
Non-Operational – Cemetery Land	£0.179m
Operational Properties – Office & Admin.	£1.038m
Other Properties	£0.333m
<b>Total</b>	<b>£8.427m</b>

It has been identified that the Council, through this strategy and through the development of a long term strategic plan, needs to take a longer-term view of the assets required to deliver its Corporate Plan priorities and to support its Medium Term Financial Strategy (MTFS), including spend required (and associated potential funding streams) to address the identified maintenance and repairs backlog for corporate assets. This could include the option to invest in or dispose of current asset holdings or make further acquisitions.

It was recognised that significant further work is required in this area in order to deliver a robust capital strategy, and the following action is to be finalised by March 2021:-

**The Asset Management Plan is to be reviewed and updated, with an up to date stock condition survey. This should set out the detailed capital resources/expenditure required to maintain assets, together with the associated timeframe, to inform options appraisal and feed into the capital strategy for ASSG/CMT review of potential schemes.**



## **HRA BUSINESS PLAN**

The Local Plan to 2031 has a target of 177 units of new housing, of which only 40 units per year are likely to be delivered by private developers. This represents only 21% of the total required number of new affordable homes – leaving 79% of need unmet.

The HRA Business Plan has the potential to address some of this unmet need. However the extent to which it can make up a shortfall depends on the resources available within the HRA.

As at April 2018, the Council's stock comprised 4,269 homes, 390 leasehold properties and 1,454 garages. Of the 4,269 homes, 2,391 (56%) are houses, 1,278 (30%) flats or maisonettes, 235 (5.5%) are bungalows. A further 365 properties (8.5%) are sheltered accommodation located in 10 separate schemes and comprising a mixture of flats and bungalows. 1029 properties (24%) are of non-traditional construction. The construction type, location and mix of properties in Tamworth have implications for the Investment Programme and Business Plan.

We know that resources within the Business Plan are unlikely to allow the Council to achieve all that it wants to do. However, over the course of the next thirty years opportunities may arise and there may be scope to progress these if the Business Plan has capacity at the time.

Three areas in particular will continue to be actively considered as priorities if additional resources become available:

- New affordable housing
- Regeneration of additional estates
- Investment in early help and preventative based strategies

Where savings are achieved when delivering existing Business Plan commitments, these may be used on the priority areas above.

## **DEBT AND BORROWING AND TREASURY MANAGEMENT**

Details of the Council's borrowing need (Capital Financing Requirement – CFR), current and forecast debt, and other prudential indicators, as required by the CIPFA Prudential Code for Capital Finance, will be set out in the Treasury Management Strategy Statement, Treasury Management Policy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/22.

### **Capital Funding Streams**

Decisions on capital investment should be made in the context of limited resources. The capital programme is currently reliant on funding from capital receipts and third party contributions/external grants. Other potential funding opportunities for future consideration include external borrowing and direct revenue funding (from other sources such as revenue contribution).

**External Grants** – external grant allocations are received from central government, for example Disabled Facilities Grant, and also other organisations such as the Heritage Lottery Fund (currently part-funding the Assembly Rooms project).

**Section 106 and External Contributions** – S106 contributions from developers can support Leisure and open space programmes in the Borough.

**Capital Receipts** – the Council is able to generate capital receipts through the sale of surplus assets such as land and buildings and has recently benefitted from £24m as a result of the sale of the Golf Course at Amington, which is earmarked for investment under the Council's Commercial Strategy. The potential for future sales will be determined as part of the Council's Asset Management Strategy, to be refreshed as per the action plan detailed previously. Any further capital receipts generated will be reinvested in the capital programme.

**Reserves** – the Council has a level of reserves which are earmarked to be used to support delivery of the Corporate Plan or Invest to Save projects.

**Revenue Funding** – the Council can use revenue resources to fund capital projects by making a 'revenue contribution to capital,' however continuing revenue budgetary constraints mean this option is limited.

**Prudential Borrowing** – the introduction of the Prudential Code in 2004 allows Councils to undertake unsupported borrowing which is subject to the requirements of the Prudential Code for Capital Expenditure. The Council must ensure that unsupported borrowing is affordable, prudent and cost effective. This type of borrowing has revenue implications for the Council in the form of financing costs.

## APPROACH TO RISK MANAGEMENT

The Council is committed to the culture of Risk Management ensuring that its reputation is not tarnished by an unforeseen event nor is it financially or operationally affected by the occurrence. The risks considered in the capital strategy are considered with reference to the corporate risk management policy and practices. The Risk Management Strategy and further information can be accessed at the following link:-

<http://infozone.tamworth.gov.uk:901/risk-management>

### Risk Appetite

The risk appetite is “the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time” (CIPFA). The Council will manage the risks by reducing, preventing, transferring, eliminating or accepting the risk.

Whilst the Council acknowledges that it will have “severe” (red) risks from time to time, it will endeavour to reduce those to an acceptable level either through controls or ceasing the activity (if applicable). Sometimes risks are identified and even though managed, may still remain “severe” (red risk).

### Risk Management Roles and Responsibilities

The importance of establishing roles and responsibilities within the risk management framework is pivotal to successful delivery. Considering risks must be embedded into corporate policy approval and operational service delivery.

The agreed roles and responsibilities within the risk management framework are outlined in the table below:

<b>Group /Individual</b>	<b>Role</b>
Corporate Management Team	<ul style="list-style-type: none"><li>• Provide leadership for the process to manage risks effectively.</li><li>• Review and revise the Risk Management Policy and Strategy in accordance with the review period.</li><li>• Monitor and review the Corporate Risk Register on a quarterly basis including the identification of trends, upcoming events and potential new corporate risks.</li></ul>
Audit & Governance Committee	<ul style="list-style-type: none"><li>• Monitor the effectiveness of the Authority’s risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management.</li><li>• To monitor the actions being taken to mitigate the impact of potentially serious risks</li></ul>
Cabinet	<ul style="list-style-type: none"><li>• To provide strategic direction with regard to risk management.</li></ul>

<b>Group /Individual</b>	<b>Role</b>
Directors / Assistant Directors	<ul style="list-style-type: none"> <li>• To provide leadership for the process of managing risks.</li> <li>• To ensure that risk management methodology is applied to all service plans, projects, partnerships and proposals.</li> <li>• To identify and manage business /operational risks.</li> <li>• To ensure that the management of risk is monitored as part of the performance management process.</li> </ul>
Directors / Assistant Directors	<ul style="list-style-type: none"> <li>• To ensure that all risks are identified, recorded and effectively managed in their area or responsibility.</li> <li>• To review and update their risk register on at least an annual basis but appropriate to the risk.</li> <li>• To determine the method of controlling the risk.</li> <li>• To delegate responsibility if appropriate for the control of the risk.</li> <li>• To notify the Director of new risks identified for consideration for inclusion on the corporate risk register.</li> </ul>
All staff	<ul style="list-style-type: none"> <li>• To ensure that risk is effectively managed in their areas.</li> <li>• To ensure that they notify their managers of new and emerging risks.</li> </ul>
Assistant Director – Finance	<ul style="list-style-type: none"> <li>• To ensure that the risk management strategy is regularly reviewed and updated.</li> <li>• Promote and support the risk management process throughout the Authority.</li> <li>• Advise and assist managers in the identification of risks.</li> </ul>

The Audit & Governance Committee will regularly review the Risk Management Policy and Strategy to ensure their continued relevance to the Borough. They will also assess performance against the aims and objectives.

Specific capital risks are contained within a register at **Annex C** to the Capital Strategy, alongside mitigating actions.

## **COMMERCIAL ACTIVITY**

The Council's Commercial Investment Strategy set out a number of alternative investment options to generate improved returns of c. 4 to 5% p.a. (plus asset growth) including:

- Set up of trading company to develop new income streams;
- Local investment options – Lower Gungate development including the potential to drawdown funding from the Local Growth Fund/ Local Enterprise Partnerships (GBS and Staffordshire);
- Investments in Diversified Property Funds – a savings target to return c.4% p.a. from £12m invested has already been included from 2019/20.

Note: these would represent long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).

CIPFA defines commercial investments as those which are taken for mainly financial reasons. These may include investments arising as part of business structures, such as loans in subsidiaries or other outsourcing structures; or investments explicitly taken with the aim of making a financial surplus for the organisation. Commercial investments also include non-financial assets which are held primarily for financial benefit, such as investment properties.

The Code requires that such investments are proportional to the level of resources available, and that the same robust procedures for the consideration of risk and return are applied to investment decisions. All such investments are therefore included within the capital strategy/investment strategy, setting out the risk appetite and including specific policies and arrangements for such investments, and details of existing material investments and risk exposure.

### **Investment in Property Funds**

As part of the Capital Programme, the Council has since 2018/19 begun to invest in Commercial Property Funds to establish a portfolio which is managed to generate a revenue return to the Council to support financial sustainability and to protect the provision of services to residents, along with maintaining and growing the capital value of the investment. A capital scheme of £12m was included within the 2018/19 capital programme to generate a target net additional income of c. £300k per annum, financed from part of the capital receipt from the sale of the former Golf Course.

A Property Fund Manager selection exercise was undertaken following the appointment of Link Asset Services to provide support and advice in the identification and selection of suitable UK-focussed property funds.

At the outset, the Council was looking to engage with funds that had a broad remit of exposures to different property types, rather than being focussed on one particular area, such as shopping centres. Link Asset Services looked to the “Balanced Fund” universe of UK property funds, as outlined in the AREF/IPD UK Quarterly Property Fund Index, for the starting point for selection. This universe is the industry accepted standard for balanced property funds and included 27 funds as at the close of September 2017.

From this initial list, a number of funds were removed in instances where the Council would not be able to invest, for example those that are solely for pension funds and others where investor types are limited, excluding Local Authorities. The Council also looked to exclude funds below a minimum size threshold of £750m. This left 10 funds from which to further shortlist, and each was sent a copy of a questionnaire to complete, which had been drawn up in conjunction with Link Asset Services and focussed on a number of key areas. Following consideration of the completed questionnaires, a shortlist of 6 funds was drawn up, and the Fund Managers were invited to attend the Council’s offices and give a presentation on their fund and answer questions from the selection panel, which consisted of Council officers and Link Asset Services. Further details of the selection process were included in Link Asset Services’ report presented to Members on 21<sup>st</sup> February 2018.

The result of the process was to look to consider splitting investment across the following six funds:-

BlackRock UK Property Fund  
Hermes Property Unit Trust  
Lothbury Property Trust  
Schroder UK Real Estate Fund  
The Local Authorities Property Fund (CCLA)  
Threadneedle Property Unit Trust

This will provide the Council with a range of approaches to property fund investment, diversification across a number of funds, rather than a concentration in only one or two options, as well as the ability to take advantage of entering a number of funds via the secondary market, whereby the Council would be purchasing units from investors looking to exit the particular fund, and may potentially gain access to a fund at a lower level of cost than via the primary route.

The Council is able to invest in property funds under legislation contained within the Local Government Act 2003.

Members endorsed the above approach and approved investment in the above property funds, making use of both primary and secondary markets as appropriate, at full Council on 27<sup>th</sup> February 2018.

Investments in property funds as at September 2020 are as follows:-

Schroders UK Real Estate Fund - £1.85m, with an estimated return/yield of 3.2%

Threadneedle Property Unit Trust - £2.0m, with an estimated return/yield of 4.7%

Total investments - £3.85m, with an estimated return of c.4% plus any capital growth.

Fund	Settlement Date	Standard Entry Cost	Actual Entry Cost/Saving	Net consideration	Fees	Total Cost	Estimated Return p.a.
		£	%	£	£	£	%
Schroders UK Real Estate Fund	08-May-18	1,880,516	-1.60%	1,782,933	12,951	1,795,884	
Schroders UK Real Estate Fund	08-May-18	69,612	-1.60%	66,000	479	66,479	
		1,950,128	-1.60%	1,848,933	13,431	1,862,364	3.20%
Threadneedle Property Unit Trust	31-Jul-18	2,052,709	3.50%	2,000,249	7,046	2,007,295	4.68%
<b>Totals</b>				<b>3,849,182</b>	<b>20,477</b>	<b>3,869,659</b>	<b>4.00%</b>

Performance information is received from each fund on a monthly/quarterly basis and a monitoring spreadsheet has been established to track income received and growth in the funds. Income generated is reported to CMT monthly and to Members quarterly as part of regular financial healthcheck reports, as well as in the regular Treasury Management reports presented to Cabinet and Council (three each year). Performance management/monitoring is also undertaken with reference to the financial press and Link Asset Services advice.

The annual revenue return is dependent on the property fund achieving rental income returns on the commercial property portfolio which has been relatively stable in the past due to the quality of the commercial property owned by the fund. With regard to the growth (or contraction) in the overall asset value – over the longer term, growth has been consistent but can be subject to market correction (and losses) in the short term. However, it has been recognised that the funds will be a long term investment for 10-15 years and would not be redeemed to realise a loss. A budget / reserve of £600k will also be available to mitigate any losses.

The MTFs includes budgeted income of £300k for 2020/21 (£480k pa from 2021/22) arising from investment of the full £12m budgeted, however, due to uncertainty around arrangements for Brexit and the associated impact on the economy, and then the further uncertainty and questions over the potential outlook for future property fund returns as a result of the coronavirus, any further investment in property funds had been delayed until there is more clarity.

At the meeting on 15th July 2020, Members of the Corporate Scrutiny Committee considered the Capital Outturn report for 2019/20 concluding before any further investments in property funds under existing delegations are made, that a review be carried out.

As the Committee nominated by Council for the scrutiny of Treasury Management functions, it was recommended to and approved by Cabinet on 30th July that the review be scrutinised by the Audit & Governance Committee to inform the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report due to be presented to Council in December 2020. This was considered at the Audit & Governance Committee on 29th October 2020 where it was resolved that it be recommended to Cabinet that the planned investments in property funds be deferred, with a review during Spring 2021 when the situation should be clearer, to inform future investment plans. This was approved at the Council meeting on 15<sup>th</sup> December 2020.

### **Regeneration of Town Centre and Purchase of Gungate site**

Council on 11<sup>th</sup> April 2018 approved the purchase of the Gungate site within Tamworth town centre, incorporating the site of the former Gungate shopping precinct; a private pay and display car park currently leased to NCP for a term of 26 years; and a Council run pay and display car park leased to the Council on a peppercorn lease until 2062. This was funded from a £4million capital budget financed from capital receipts from the sale of the Golf Course. Following the purchase of this site, the Council is now in receipt of an additional income stream in respect of the area leased to NCP.

The Council is entitled to purchase land to hold as an investment and regeneration opportunity under the Local Government Act 1972; and the Local Government Act 2003 gives the Council the power to invest for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs.

As part of this report, Members also approved the development of a regeneration opportunity including further site acquisition should this be beneficial; including formal negotiations with Staffordshire County Council and Staffordshire Police to look at the inclusion of land bordering the site; and to commence masterplanning works to bring the site to a commercially viable development opportunity.

The report to Council recognised that any return from future redevelopment is not guaranteed, and that it could take several years to get a major regeneration project up and running. Initial plans are for a mixed housing/leisure development.

The Council has been working with Aspinall Verdi and Altair to develop options for the site, and resources were secured from the Local Government Association (LGA) to pay for 40 days' consultancy; and an £80k grant was received from the Greater Birmingham and Solihull Local Enterprise Partnership.

### **Solway (Tamworth) Ltd**

In line with plans set out in the Commercial Investment Strategy, Council on 17<sup>th</sup> July 2018 approved the establishment of Solway (Tamworth) Ltd, a trading company to be wholly owned by the Council, with the Chief Executive, Leader of the Council and Executive Director Finance as Directors of the Company. The disposal of land owned by the Council at Solway Close to be purchased by the Company for the development of private housing for rent was also approved, with a budget of £4million being established from capital receipts from the sale of the Golf Course to provide a loan for the company to purchase the land.

Extensive legal advice was received from Trowers and Hamlins on potential options and governance models, and tax advice and a financial viability model was obtained from KPMG to inform decision making. A full risk assessment as part of the business case was developed and reported to Members.

It has been projected that the Council will earn a return to the General Fund from the Company from the following sources:-

- Debt interest charged to the Company on the planned loan from the Council - market interest rate will be applied to comply with state aid legislation;
- A return on equity invested (through dividends) which reflects profits back to the Council from the Company offering the properties for rent at market value; and
- The repayment of the loan over approx. 30 years.

Including projected land acquisition costs (generating a capital receipt for the Council) the projected start-up and construction cost for 20 dwellings is £3.6m which will be financed via a loan from the Council to the company of £1.7m (48%) and an equity investment as sole shareholder of £1.9m (52%).



The table below details the target returns to the Council's General Fund over the next three years. Beyond this, the Council will receive a steady inflation-linked income, plus debt repayment and asset growth. The financial viability model prepared by KPMG shows over a 30 year timeframe annual returns to the General Fund ranging from £160k to £231k.

<b>General Fund Returns</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	£	£	£
Interest on loan (c 4.5%)	66,887	77,342	75,457
Dividends (c 4.5%)	0	41,358	34,078
Sub-Total (Revenue)	66,887	118,700	109,535
Debt repayment (capital receipt)	0	41,104	42,046
<b>TOTAL</b>	<b>66,887</b>	<b>159,804</b>	<b>151,581</b>
Return	3.90%	4.50%	4.30%

### **Future High Streets Fund**

The Government Future High Streets Fund was launched at the start of 2019 as part of a package of interventions aimed at improving Town Centres. Tamworth submitted its Expression of Interest (EOI) by the short deadline of March 22<sup>nd</sup> 2019. The EOI had to primarily focus on the story of the Town Centre and its need for this funding. The fund will grant between £5million and £25million to projects that will structurally transform Town Centres and meet local challenges. There was no requirement in the EOI to provide detailed projects, instead just provide short summaries of potential opportunities for which the funding could be used.

The £625 million fund had the following objectives:

- Investment in physical infrastructure
- Acquisition and assembly of land including to support new housing, workspaces and public realm.
- Improvements to transport access, traffic flow and circulation in the area.
- Supporting change of use including (where appropriate) housing delivery and densification.
- Supporting adaptation of the high street in response to changing technology.

The key challenges articulated in the EOI for Tamworth Town Centre were:

- High levels of vacant properties (predominantly retail – 14.2%)
- Unbalanced housing, retail and office accommodation offer, above average number of retail units, below average number of offices and homes.
- Limited night time economy: poor food drink and evening leisure offer.
- General perception that the Town is a dated, unsafe and unattractive environment.

On August 27th 2019 the Council was informed that it had successfully been moved into tranche 2 of the fund project and would move directly to business case development stage.

Following its completion and approval by Full Council, the Council submitted the completed Full Business Case to government during July 2020.

During December 2020, the Government confirmed that the Council has been awarded £21.65m, from the Government's £1bn Future High Streets Fund to renew and reshape town centres, to deliver a number of projects designed to create a town centre that meets the needs of 21st century residents, shoppers and visitors.

It will bring town centre landowners, businesses, councils and other partners together, working on the common goal of reshaping the town centre into a place that Tamworth residents are proud of, that is economically successful and that draws visitors from around the country.

## Commercial and Industrial Property

The following table details the Council's current holding of commercial and industrial property.

INVESTMENT	VALUATION @ 31/03/19 £	ESTIMATED INCOME 2019/20 £	RETURN %	VALUATION @ 31/03/20 £	ESTIMATED INCOME 2020/21 £	RETURN %
Amington Industrial Estate (ground rents)	6,531,250	305,720	4.68	6,551,000	305,720	4.67
Lichfield Industrial Estate (ground rents plus 1 leased plot)	2,947,000	124,700	4.23	2,947,000	144,830	4.91
Local Centre Shops	1,986,600	223,777	11.26	2,355,800	226,292	9.61
Misc Corporate Property	18,707,042	1,188,952	6.36	18,752,529	1,187,905	6.33
Sandy Way Industrial Units	2,420,550	284,858	11.77	2,642,900	295,871	11.19
Tamworth Business Centre	934,900	118,090	12.63	1,130,800	120,073	10.62
Town Centre Shops	1,563,752	141,632	9.06	1,757,752	140,282	7.98
<b>Total</b>	<b>35,091,094</b>	<b>2,387,729</b>	<b>6.80</b>	<b>36,137,781</b>	<b>2,420,972</b>	<b>6.70</b>

The corporate asset management strategy report prepared by Ridge in October 2015 indicated estimated costs of maintenance over 10 years of £3.288m for non-operational commercial property and £1.861m for non-operational retail property.

The above assets currently deliver a return for the Council and assist in balancing the MTFS. The capital programme includes £75k p.a. to ensure Industrial properties are compliant with the Energy Act and have Energy Performance Certificates as with effect from April 2018 it will not be possible to enter into long term lease agreements for commercial and industrial units with an EPC rating of 'E' or less. Many of our units fall into this category and will require a degree of improvement once they become vacant in order to relet-

The Council also has a Building Repairs Fund of c.£400k p.a. which should be included in the planned approach to asset management.

A disposals policy is in place at the Council, however there is currently no plan or strategy to manage those assets which may be surplus to requirements/do not generate a return. It is recognised that the following action needs to be finalised in 2021/22, informed by the results of the Stock Condition survey and updated Asset Management plan:-

- 1) Corporate asset viability model to be developed, identifying whole life costs and value for money of each group of assets, with reference to demand, costs and income generated**
- 2) The Asset Strategy Steering Group to consider the results of this modelling and identify poorly performing and well performing assets, and as a result develop a plan for future maintenance and investment, and options appraisal/disposals plans as appropriate**
- 3) Risk register around corporate asset management to be developed**
- 4) Process for monitoring performance of commercial property to be established, and reporting on a routine and exception basis to be implemented**
- 5) A planned approach to be established for the use of the Building Repairs Fund for both planned maintenance & responsive repairs & Building Condition Standards.**

## **KNOWLEDGE AND SKILLS**

Treasury Management staff are either AAT or CCAB qualified and the three CCAB qualified staff must complete the annual CPD requirements of their professional accountancy bodies. Link Asset Services are currently contracted to provide treasury management advice and guidance, and have also been engaged to provide other one-off pieces of work, eg. property funds review in early 2018 and guidance/review of the draft Capital Strategy in December 2018.

Training for Members with regard to treasury management is undertaken on a regular basis, most recently in November 2019. In February 2018, there was also a presentation to Members from Link Asset Services with regard to our investments in property funds.

With regard to non-treasury investments, the Council employs qualified and experienced staff such as accountants, solicitors and surveyors. It is fully supportive in providing access to courses both internal and external to enable those staff to complete their Continuing Professional Development (CPD) requirements.

The Council ensures that its Members are qualified to undertake their governance role by providing training opportunities and access to workshops, etc.

The Council also procures expert advice and assistance such as financial and legal advice as and when required.

## CAPITAL PROGRAMME 2021/22 – 2025/26

Following a review of the Capital Programme approved by Council on 25<sup>th</sup> February 2020, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

A schedule of the capital scheme appraisals for the General Fund (GF) & Housing Revenue Account (HRA) received for consideration is attached at **Appendix H – General Fund (GF) and Appendix I – Housing (HRA)**, together with the likely available sources of funding (capital receipts / grants / supported borrowing etc.).

With regard to the contingency schemes/allocation, **£135k** remains in current year GF contingency funds and **£100k** remains in current year HRA contingency funds (which will be re-profiled into 2020/21 to provide contingency funding).

To inform discussions, the proposals have been reviewed by the Asset Strategy Steering Group and Corporate Management Team with initial comments & suggestions for each of the schemes outlined below.

### General Fund

The minimum approved level of GF capital balances is £0.5million which, should the programme progress without amendment, would mean £1.7m in borrowing would be needed (or use of the capital receipt) over the next 5 years (£1.25m over 3 years, £1.5m over 4 years) – a reduction £0.3m over 3 years (& £0.4m over 4 years) since the provisional programme was approved, due to higher levels of DFG grant income.

#### 1) Technology Replacement – Infrastructure upgrade/Network Security/Refresh of Thin Clients

##### **Project Score: 72**

An updated capital submission had been prepared for £60kp.a. – revised to £60k for 2 years then £30k p.a.

Significantly increased reliance on ICT has resulted in a commitment to *ongoing, large scale upgrade and maintenance to the TBC infrastructure, in line with technology lifecycles. The Council is also on a journey towards digital transformation and self service for customers, demand for flexible resilient and available ICT services to support this requires continued investment into the authorities hardware and associated software.* The organisation is also establishing new, more flexible and agile ways of working which requires investment into technology to support ongoing effectiveness. *External factors including legislative requirements from central government in the guise of the Public Sector Network (PSN) Code of Connection, and the increase in required investment into cyber security to keep the councils network secure and available means continued investment is essential. It should be noted that corporate applications are excluded from this schedule of planned work.*

---

***An annual £60k budget was approved for 2020/21 with an expectation that budgets from 2021/22 onwards would be informed by the conclusions of the priority review and ICT Strategy (including a detailed breakdown of the proposed spend).***

***No savings / payback from the investment have been identified.  
The section for Consultation and project plan has not been completed.***

---

**2) V13 Income Management System & 3 D Secure**

***Project Score: 48***

A new capital submission had been prepared for potential spend of £27.4k in 2021/22 for an upgrade of the payment management system to V13 & implementation of 3D Secure to meet mandatory customer authentication system as required by the FCA.

The appraisal identifies additional hosting costs of £8.5k p.a. A Cloud hosted solution is available with an additional revenue budgetary impact for the hosting fee, but, including capital impact, over 5 years savings will be around £6k. Annual revenue commitments associated with the system will increase but there will be no capital outlay required for upgrades over the longer year term. Savings could also be made in associated on premise hardware maintenance. However, the Cloud solution proposed is subject to review

An up to date income system is needed and switching to another system would be more costly in terms of implementation, training, interfaces, etc

---

**3) Off Street Car Parking Infrastructure Update**

***Project Score: 24***

A new capital submission had been prepared for potential spend of £50k in 2021/22 to update all car parking machines across the Council's Town Centre car parking estate in order to ensure:

- less maintenance costs;
- lower staff resource required;
- full back end reporting system;
- cashless paying on machines;
- less vulnerable to criminal activity;
- consistent machines across all estate,
- ability to generate more income through less down time and more user friendly interface.

£68k of current budgets/reserves in 2020/21 will be used to start this project. The capital allocation in this bid is to complete the project.

Use of an existing Growth and Enterprise officer (0.6 FTE) at a cost of £24k p.a. is included in the revenue implications – offset by increased income of £52k p.a.

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***Implementation, for one year only, will be funded through the use of existing Officers.***

***The effect of the pandemic on income levels needs to be considered – which will affect the additional income forecasts.***

***The business case makes reference to more efficient working / less management and collection costs but no savings have been included.***

---

### **3) Refurbishment of Castle Grounds Tennis Courts**

***Project Score: 48***

A new capital submission had been prepared for potential spend of £125k (fully funded from Section 106 monies of £120k and a £5k revenue contribution) in 2021/22 for resurfacing of existing tennis courts in castle grounds with an all weather type surface to provide multi sport access and hire all year round for tennis, 5 a side football, basketball etc. Will also include changes/improvements to access gates and external fencing and lighting.

The current surface is in a poor condition and only suitable for tennis and has a limited life for use. The COVID19 pandemic has resulted in people requiring more high quality outdoor facilities for exercise and recreation.

There will be ongoing maintenance costs of £1k from 2022/23 which can be met from existing budgets, together with increased income of £2k p.a..

***A £2k p.a. return on the investment seems low given the projected demand / quality of the facilities outlined.***

***The section for Consultation has not been completed.***

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### **4) With regard to the provisional programme:**

#### **a) Endpoint Protection and Web-Email Filter**

***Project Score: 60***

An updated appraisal has not been prepared for spend of £40k in 2023/24 following the 3 year contracts for Endpoint Protection (covering Anti Virus, Anti Malware and Encryption and the contract for Web and Email filtering).

#### **b) Street Lighting**

An updated appraisal has not been prepared – following inclusion of a rolling programme with an annual spend required from 2016/17. The Council has its own stock of street lighting across the borough, mainly in housing areas and other communal parts such as play areas and car parks. The street lighting assets are inspected and maintained by Eon on behalf of the Council under the terms of Staffordshire County Council PFI contract with Eon. Eon have produced a replacement street lighting programme which spans 40 years and includes the replacement of all the lighting columns based on 'their life expectancy' and a lighting head replacement programme based on providing more efficient low energy lighting heads. The profile reflects the HRA related element of the costs.

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**c) Replacement Castle Grounds Play Area**

An updated appraisal has not been prepared following inclusion of £375k for 2021/22.

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**d) Disabled Facilities Grants (DFG)**

The provisional programme included £650k p.a. part funded by redistributed Better Care Fund (BCF) grant of £481k (increased from £400k p.a.).

***An update regarding the Government review is requested (including options for managing / mitigating costs (e.g. use of the Regulatory Reform Order – RRO - approach) and current demand levels).***

***The c.£0.2m p.a. net funding is to be funded via capital receipts (with an associated revenue loss of investment interest), borrowing (with revenue interest/debt repayment costs) or a revenue contribution.***

---

**e) Energy Efficiency Upgrades to Commercial & Industrial Units**

An updated appraisal has not been prepared following inclusion of a rolling programme with an annual spend of £75k required from 2017/18 for 5 years.

To fund a degree of improvement to industrial units when they become vacant in order to be able to re-let them – as, with effect from April 2018, it will not be possible to enter into long term lease agreements for commercial and industrial units with an EPC rating of 'E' or less.

Depending on void levels, we could expect to lose around £20k p.a. increasing by £20k p.a. for the next 5 years (c.£300k over 5 years).

If we are able to let on License or Tenancy at Will arrangements we may be able to maintain a level of income but there will be an increase in other costs such as NNDR payments, repair costs, security costs and the like.

Investment in enveloping works to improve energy efficiency will prolong the life of the estate at the current rent levels but ultimately Sandy Way phase 2 will require a more significant investment project to give a long life expectancy.

---

**f) Major repair to Castle Elevations**

***Project Score: 8***

An updated capital submission has not been prepared for spend of £150k in 2021/22 (£250k in 2020/21) for major repairs to castle elevation walls, roof areas and walkways.

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**g) CCTV Upgrades**

Following approval of the Shared Service, Capital budgets of £45,714 p.a. have been included from 2021/22 – part funded by OPCC grant of £24k p.a.

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**7) General Fund Capital Contingency Budget**

The remaining 2020/21 contingency budget of £135k will be rolled forward to 2021/22.

---

## Housing

There has been some significant changes in the Housing capital programme from that provisionally approved – with a number of new schemes proposed. It has also been updated to include the new year 5 costs for 2025/26.

Given the significant reduction in spend over the 4 years of c.£4m (c.£10m reduction less the re-profiling of £6m from years 2,3,4 & 5 into 2020/21 to allow for the acquisition of housing property [£1.5m from each year from Regeneration & Affordable Housing]) then funding remaining within the HRA capital reserves is forecast at £7m, pending the results of the planned stock condition surveys.

It should be noted that there are no debt repayment costs for the HRA and the Government has now lifted the previous debt cap (of £79.407m). The current HRA Capital Financing Requirement (CFR) stands at £68.53m with planned borrowing in 2020/21 of £2m relating to the Tinkers Green and Kerria Regeneration projects – reduced from £7.2m due to receipt of Homes England grant of c.£5m.

### **Housing Revenue Account**

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The provisional capital programme has been reviewed and updated:

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**a) Regeneration and New Affordable Housing**

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Funding of £1.75m p.a. from 2021/22 had been provisionally approved.

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This has been reduced to £250k for 2021/22 to 2024/25 (due to the re-profiling of £6,000,000 from years 2,3,4 & 5 into 2020/21 to allow for the acquisition of housing property [£1,500,000 from each year] with £1.75m added for 2025/26.

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**b) Street Lighting**

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HRA share of £76k for year 5 has been included in line with the approved programme.

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**c) High Rise Lift Renewal (£180k in 2021/22) and Insulation (£17.9k p.a.) budgets have been removed as no new bids have been received. Capital salaries have remained at £200k p.a.**

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Detailed Programme Changes:

<b>Housing Revenue Account Capital Programme</b>	<b>2021/22 £</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>Total £</b>
Structural Works	(100,000)	(100,000)	(100,000)	(100,000)	200,000	(200,000)
Bathroom Renewals	(350,000)	-	-	-	567,800	217,800
Gas Central Heating Upgrades and Renewals	-	-	(302,900)	(302,900)	685,500	79,700
Kitchen Renewals	(250,000)	-	-	-	1,037,500	787,500
Major Roofing Overhaul and Renewals	200,000	-	(284,800)	(284,800)	911,400	541,800
Window and Door Renewals	(250,400)	(248,900)	(331,900)	(331,900)	400,000	(763,100)
Neighbourhood Regeneration	(249,100)	(249,100)	(249,100)	(249,100)	500,000	(496,400)
Disabled Facilities Adaptations	350,000	-	-	-	212,500	562,500
Electrical upgrade & Rewire CO / Smoke Detectors	(212,200)	(212,200)	(212,200)	(212,200)	150,000	(698,800)
Insulation	(17,900)	(17,900)	(17,900)	(17,900)	-	(71,600)
Replacement of High Rise Soil Stacks	805,000	-	-	-	-	805,000
High Rise Lift Renewal	-	(180,000)	-	-	-	(180,000)
Replacement of High Rise Ventilation System	120,000	-	-	-	-	120,000
Sheltered Schemes	-	-	(40,000)	(40,000)	100,000	20,000
Energy Efficiency Improvements	-	-	-	-	70,000	70,000
Capital Salaries	-	-	-	-	200,000	200,000
Street Lighting	-	-	-	-	76,420	76,420
Improvements to Retained Garage Sites	50,000	50,000	(700,000)	(700,000)	-	(1,300,000)
Construction of new build properties - Caledonian depot site	1,507,900	-	-	-	-	1,507,900
Regeneration and New Affordable Housing	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	1,750,000	(4,250,000)
Telecare system upgrades	35,500	30,000	-	-	-	65,500
<b>Total HRA Capital</b>	<b>138,800</b>	<b>(2,428,100)</b>	<b>(3,754,800)</b>	<b>(3,754,800)</b>	<b>6,925,120</b>	<b>(2,873,780)</b>

	Revised Bids Part 1
	Revised Bids Part 2
	New Scheme Bids
	Amended Bid
	Removed / Amended

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New Capital Appraisals have been received:

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**1) Improvements to Retained Garage Sites**

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***Project Score: 12***

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A new capital submission had been prepared for potential spend of £750k in 2021/22 and 2022/23 (previously approved programme included £700k p.a.) for Improvements to garage sites identified for retention following completion of survey work during 2020.

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**2) Construction of new build properties on Caledonian depot site**

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***Project Score: 40***

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A new capital submission had been prepared for potential spend of £1.508m in 2021/22 for the construction of new build properties on Caledonian depot site.

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Rental income of £48k p.a. is forecast with additional repairs and investment costs of £2.5k p.a.

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**3) Telecare system upgrades**

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A new capital submission had been prepared for potential spend of £65.5k over 2 years for the upgrade of telecare systems to sheltered schemes and high-rise to make them digitally compatible in time for the BT digital switchover in 2025.

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**CAPITAL STRATEGY ACTION PLAN**

**ANNEX B**

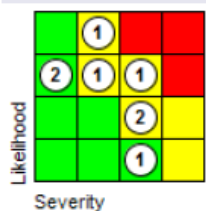
<b>REF</b>	<b>ACTION</b>	<b>RESPONSIBILITY</b>	<b>TIMESCALE</b>
1	The capital appraisal process and associated documentation to be reviewed and updated where appropriate to ensure proper consideration is given to whole life costs of schemes; alternative options; risk management, etc, and to address the concerns outlined on completion of the CIPFA Property Capital Strategy Self-Assessment Checklist.	L Pugh	Summer 2021
2	The Asset Management Strategy to be reviewed and updated. An up to date stock condition survey should be commissioned, to feed into the Asset Management Plan. This should set out the detailed capital resources/expenditure required to maintain assets, together with the associated timeframe, to inform options appraisal and feed into the capital strategy for ASSG/CMT review of potential schemes.	P Weston	Spring 2021
3	Corporate asset viability models to be developed, identifying whole life costs and value for money of each group of assets, with reference to demand, costs and income generated	L Pugh/P Weston/J Goodfellow/Asset Strategy Steering Group	Commenced October 2019 – ongoing Autumn 2021
4	The Asset Strategy Steering Group to consider the results of this modelling and identify poorly performing and well performing assets, and as a result develop a plan for future maintenance and investment, and options appraisal/disposals plans as appropriate	Asset Strategy Steering Group	Commence October 2019 – ongoing Autumn 2021
5	Risk register around corporate asset management to be developed	P Weston	Spring 2021
6	Process for monitoring performance of commercial property to be established, and reporting on a routine and exception basis to be implemented	P Weston/L Pugh/J Goodfellow	Commence October 2019 – ongoing Summer 2021
7	A planned approach to be established for the use of the Building Repairs Fund for both planned maintenance & responsive repairs & Building Condition Standards	P Weston/L Pugh/J Goodfellow	Commence October 2019 – ongoing Summer 2021

Corporate Capital Strategy Risk Register



Generated on: 14 December 2020

Current Risk Matrix



Code	Title	Assessment Code and Title	Trend	Status	Date Reviewed
CSRR1920_001	Risk of not identifying capital requirements	6 serious-unlikely	▬	⚠	07-Aug-2020
CSRR1920_002	Risk of insufficient funds to meet capital needs	9 serious-likely	▬	⚠	07-Aug-2020
CSRR1920_003	Risk of inadequate resources to deliver capital programme	6 serious-unlikely	▬	⚠	07-Aug-2020
CSRR1920_004	Risk of significant budget re-profiling/timescales slipping	6 significant-likely	▬	⚠	07-Aug-2020
CSRR1920_005	Risk of significant overspends	3 serious-very unlikely	▬	✅	07-Aug-2020
CSRR1920_006	Risk of investment under-performing and income falling	8 significant - very likely	⬆	⚠	24-Nov-2020
CSRR1920_007	Risk of inadequate PIR/required outcomes of a capital scheme not achieved	3 minor-likely	▬	✅	07-Aug-2020
CSRR1920_008	Risk of legislative changes/changes in Government policy having an impact on funds available or accounting treatment	3 minor-likely	▬	✅	07-Aug-2020

THURSDAY 21 JANUARY 2021

**REPORT OF THE PORTFOLIO HOLDER REGULATORY AND COMMUNITY SAFETY****FLY TIPPING FIXED PENALTY EARLY PAYMENT REVISION****EXEMPT INFORMATION**

N/A

**PURPOSE**

To seek agreement for increase to early payment option on the fixed penalty for fly tipping and review Environmental Crime Enforcement Policy

**RECOMMENDATIONS**

It is recommended that Members:

- Approve the early payment option for the fine payment for fly tipping is increased from £120 to £200 (recommended minimum level fine) to ensure that the use of fixed penalties for fly tipping remains an effective deterrent.
- Endorse revision of the Environmental Crime Enforcement Policy

**EXECUTIVE SUMMARY**

The approach of the Council to tackle environmental crime is outlined in the Environmental Crime Policy which is reviewed every three years with material changes endorsed by Cabinet

In 2018, the Council approved the option to issue a fixed penalty to persons witnessed fly tipping rubbish in Tamworth of £400 (the highest maximum level).

At the time, the early payment option of £120 was adopted for payment within 14 days to try and deter fly tipping in Tamworth.

Over the past three years, it has been noted that the early payment option is actually cheaper than the cost of a skip hire and therefore has been used by some perpetrators as an option not remove the rubbish in situ.

Payment of a fixed penalty negates the offence and as such the Council have, on occasion had to pay to remove the rubbish found which is not covered by fixed penalty payment or opt to then prosecute.

In order to ensure that the use of fixed penalties remains a deterrent for the public choosing to fly tip rubbish it is considered more effective to raise the limit of early payment options on the fine to ensure costs are covered.

There are no further material change to the policy after this review at this time.

## **OPTIONS CONSIDERED**

Not to change the level of fine resulting in financial loss to the Council and not effectively deterring fly tippers.

## **RESOURCE IMPLICATIONS**

The process is managed by the Partnership Support and Enforcement officer in conjunction with the Community Wardens who investigate fly tipping offences where evidence can be found.

There have been 11 FPNs issued since 2016.

Budgeted income levels for all environmental ASB is currently £1890 per year with income levels recorded dependent on witnessed activity. Levels have reduced during the Covid pandemic and subject to further review. Income from FPNs is used to offset service costs.

## **LEGAL/RISK IMPLICATIONS BACKGROUND**

The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016  
Environmental Protection Act 1990 Part 2 Section 33 (1)(a): England

## **SUSTAINABILITY IMPLICATIONS**

Levels of fines are set by statute and income is monitored as part of budgetary process

## **BACKGROUND**

The Environmental Crime Policy outlines the approach the Council takes when dealing with environmental crime.

The Council have opted to consider the maximum amounts payable for offences in order to deter offenders.

The policy is due for review every three years or where there are major legislative changes.

## **REPORT AUTHOR**

Jo Sands, Assistant Director Partnerships

## **LIST OF BACKGROUND PAPERS**

N/A

## **APPENDICES**

Appendix 1 – Updated Environmental Crime Policy V4 Jan 2021

## **Environmental Crime Enforcement Policy**

**Document Hierarchy: Policy**

**Document Status: FINAL**

**Document Ref: DOC Environmental Crime**

Originator: J Sands

Owner: Assistant Director Partnerships

Version: 4

Date: 21 January 2021

**Approved by Cabinet**

---

Classification: SEC1 - Routine

## Environmental Crime Enforcement Policy

### Document Location

This document is held by Tamworth Borough Council, and the document owner is Jo Sands, Assistant Director Partnerships

Printed documents may be obsolete. An electronic copy will be available on Tamworth Borough Councils Intranet and internet. Please check for current version before using.

### Revision History

Revision Date	Version Control	Summary of changes
21 /1/2021	4	Update of Flytipping early payment levels and 3 year review
31/3/18	3	Legislative changes and FPN level amends
07/12 2011	2 1	Legislative changes

### Approvals

Name	Title	Approved
Andrew Barratt	Chief Executive Officer, Tamworth Borough Council	April 2018
Cabinet	Portfolio Holder Communities and Wellbeing	June 2018
Cabinet	Portfolio Holder Regulatory and Community Safety	January 2021

### Document Review Plans

This document is subject to a scheduled 3 year I review. Updates shall be made in accordance with legislative changes and will be with the agreement of the document owner.

### Distribution

The document will be available on the Intranet and internet.

### Security Classification

This document is classified as SEC 1 Routine and available for staff and public access



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# 1. Introduction

This policy sets out the general principles that the Council intends to follow in relation to the enforcement and prosecution of environmental crimes in conjunction with the Enforcement Strategy adopted in September 2009.

In the first instance, the Council's preferred action is to secure compliance through education and information (Sect 1.2 Enforcement Strategy). Enforcement action will require authorised officers to follow set procedures and protocols in order to ensure consistency in the collection of evidence and the enforcement actions applied. These actions represent a zero tolerance to environmental crime, but will not always require prosecution action.

Publicity for the policies and procedures in place will be ongoing with appropriate leaflets, posters, articles in Council publications, web pages and school education. Enforcement action should only be taken if there is evidence of an offence having taken place and in those circumstances where individuals or businesses commit serious breaches, flout the law, where it would otherwise have an adverse effect upon community confidence, where the offence although not serious in of itself is widespread in the area, or where the offender refuses to work with us to seek compliance

The Council has the power to take appropriate enforcement action against persons that commit a variety of environmental crimes. The following are considered to be the core offences upon which action will be taken, although not exclusive:

- Littering (including littering from vehicles)
- Abandoned and nuisance vehicles
- Dog Fouling
- Fly tipping
- Graffiti/Flyposting
- Duty of care offences
- Litter and refuse control offences

This list is not exhaustive and represents most the most common offences and may be added to as legislation is updated or amended. In addition there are additional powers which can assist the Council control accumulations of litter and refuse and will seek to take the appropriate action for these offences using a wide range of enforcement actions as prescribed by legislation.

## 2. Enforcement Options

### 2.1. *No Action*

In some cases that no action will be taken in cases where there is little or no evidence or where the offender has fully co-operated with information given in accordance with the Enforcement Strategy. In all cases the offender will be advised in writing of the decision.

## **2.2. Informal Action**

Informal action includes verbal or written warnings and requests for remedial action. It may involve offering advice, information and assistance to ensure compliance with legislation.

Informal action will be taken when one or more of the following apply:

- The act or omission is not serious enough to warrant formal action
- The consequence of non-compliance will not pose a significant risk to public health
- Confidence in the individual/business management is high
- Past history indicates that informal action is likely to achieve compliance
- Other mitigating circumstances apply

When an informal approach is used, any written warning or notice of remedial action should contain the following information: date, time and location of the alleged offence, personal details of the alleged offender, the nature of the offence and relevant legislation. It should also contain all information to understand what work is required and the reasons. The warning should be signed and dated upon issuing by an authorised officer.

## **2.3. Fixed Penalty Notices**

A Fixed Penalty Notice (FPN) will be issued to persons who have committed a relevant offence; full payment of the FPN will discharge the original offence for which the individual cannot then be prosecuted, provided that full payment is received within the specified time period.

FPNs provide enforcement agencies with an effective and visible way of responding to low level environmental crime. Experience has shown that the public generally welcomes the use of FPNs provided they are issued sensibly, enforced even-handedly and are seen as a response to genuine problem.

FPNs will not normally be issued to juveniles (see Section 8) or to persons who are registered blind.

It is essential for the issuing of a Fixed Penalty Notice that the authorised officer collects adequate evidence to support any legal proceedings if the notice is returned unpaid.

The Council's standard approach will be to set the level of FPN's payable the default penalties set by statute (currently The Environmental Offences (Fixed Penalties) (England) Regulations 2017)<sup>1</sup> (Unless otherwise stated)

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<sup>1</sup> [http://www.legislation.gov.uk/ukxi/2017/1050/pdfs/ukxi\\_20171050\\_en.pdf](http://www.legislation.gov.uk/ukxi/2017/1050/pdfs/ukxi_20171050_en.pdf)

The Fixed Penalty Notice must contain the following information; date, time and location of the offence, personal details of the offender, the nature of the offence and relevant legislation, and be signed and dated upon issuing by an authorised officer.

The notice will clearly state that by opting to pay the fixed penalty the Council will take no legal action for the prescribed offence, providing that the payment is received within 14 days of the issuing of the notice.

## **2.4. Statutory Notices**

The Council has the option for some offences to issue statutory notices in lieu of prosecution, by serving notice and permitting works to be done in default thus enabling costs to be recovered by civil means.

Statutory notices will be issued as statute allows where one or more of the following apply:

- There is a significant contravention of the legislation
- The consequence of non-compliance could be potentially serious to public health
- There is a history of non-compliance with informal action
- There is evidence giving rise to lack of confidence in the individual or business to respond to an informal approach
- Although it is intended to prosecute, effective action also needs to be taken as quickly as possible to remedy conditions that are serious and deteriorating

Statutory notices will normally be served for the more serious issues or repeated contraventions and may also be issued in conjunction with prosecutions and FPNs.

Realistic time limits will be given for the compliance with statutory notices, where possible agreed with the individual/proprietor as attainable and appropriate.

Failure to comply with a statutory notice will normally result in the institution of legal proceedings. Officers must, therefore, have sufficient evidence available to justify their issue or work in default.

## **2.5. Simple Cautions**

The Council may consider the offer a simple caution as an alternative to prosecution. The purpose of a caution is to;

- Deal quickly and simply with less serious offences
- Divert less serious offences away from the courts
- Reduce the chance of repeat offences

As with all types of enforcement action, the alleged offender will be required to supply the officer with their personal details. These details cannot be used to issue any other type of enforcement action for that offence; however they can be used in conjunction with future enforcement action.

The decision whether to offer a simple caution or higher level enforcement action will relate to the nature of the offence and the attitude of the alleged offender.

The following conditions must be fulfilled before a caution is administered:

- There must be evidence of the alleged offenders guilt sufficient to give realistic prospect of conviction
- The alleged offender must admit the offence
- The alleged offender must understand the significance of a caution and give informed consent to be cautioned

If there is insufficient evidence to consider prosecution then a simple caution will not be considered.

There is no legal obligation for a person to accept the offer of a caution and not pressure should be applied to the person to accept one, however full information will be disclosed to offender as to the consequences of the refusal. If an offender refuses to accept formal caution, a prosecution will normally be pursued.

Simple cautions must contain the following information; date, time and location of the alleged offence, personal details of the alleged offender, the nature of the offence and relevant legislation. It must be signed and dated by an authorised officer and must be issued using a notice which also includes the signature of the offender agreeing to accept a caution.

The Chief Executive or nominated deputy will be authorised to issue formal cautions.

## **2.6. Prosecution**

In certain cases prosecution through the courts may be the most appropriate course of action, or where other enforcement actions have had no effect. This will only be with due regard to the Enforcement Strategy principles.

Prosecution will likely follow when:

- A Fixed Penalty Notice is issued to an alleged offender is returned unpaid after the 14 day payment period
- An offence is of a size or nature where other enforcement actions are considered to be insufficient.
- Previous actions have failed and there is no option for other enforcement action

- The nature of the offence is deemed to be in the interest of the public
- The offence has a serious or significant impact on the environment

The Chief Executive or nominated deputy is authorised to instigate legal proceedings after consideration by the Council's legal representatives.

### **3. Anti-Social Behaviour (Environmental Crime) Incident Notices**

Patrolling officers will be issued with Anti-Social Behaviour (Environmental Crime) incident notices to issue to offenders to inform them of an action being taken by the Council.

The notices will be two page carbonated paper and allow the officer to note the offender's details, time, date and location and brief details of the offence/incident witnessed and the likely action being taken. These tickets will not in themselves be a Fixed Penalty or other notice, but will be used to record and check information and allow the offender to understand the actions to be taken.

The top copy of the notice will be given to the offender and the carbon copy returned to the office with witness statement. The copy will be retained as evidence.

### **4. Issuing Fixed Penalty Notices and other enforcement actions**

Enforcement action will be retrospective to the alleged offence being committed.

**The Council's standard procedure will be to issue Fixed Penalty Notices Statutory Notices and Simple Cautions through the post. Delivery will be by recorded delivery or hand delivered.**

Informal actions, advice and records of visits and/or details of remedial actions will be placed for posting in accordance with existing policies or a record made of visit on site and handed to the individual/business owner.

It is therefore essential that the evidence and information collected by the authorised officer must be of an adequate standard to support any resultant legal action. (Section 5 applies)

#### ***4.1. Request for personal details by an Authorised Officer:***

Authorised officers have the power to require the name and address of a person who they believe has committed an offence. These personal details can then be used to pursue enforcement action against the alleged offender.

To avoid serving enforcement action using false details, the authorised officer will use all reasonable methods to confirm the details supplied by an alleged offender.

Failing to supply personal details, or giving a false name and address to an authorised officer is an offence, and carries level 3 fine (currently £1000) upon conviction. If a person fails to provide an authorised officer with personal details, the officer will take all reasonable steps to obtain information on that person.

Patrolling officers may ask for verification of ID in the form of driving licence, bank cards etc on site.

Confirmation of identity can also be through the Electoral Register where personal details can be checked against the electoral roll (but this will not include juveniles), company records and school visits (juveniles). Where appropriate, assistance from partners may be required via use of CCTV or PNC checks. Upon confirmation of the alleged offender's personal details, the appropriate enforcement action can be taken.

Authorised officers, for the purposes of environmental crimes detailed will be all nominated staff of the Council.

General Data Protection Regulations 2018 - The Council will control this data which will be retained for a period of seven years and processed under the exercising of official authority laid down by law.

## **5. Evidence**

Evidence is the key to the enforcement procedure. The recording and storage of this evidence must be carried out in a concise and consistent manner and in accordance with the Police and Criminal Evidence Act to ensure its admissibility in Court. Evidence collected by authorised officers will come in various forms, from various sources and, dependant on its quality, could be used in a variety of enforcement actions.

A locked evidence cupboard will be established with nominated key holders. All evidence will be clearly logged and recorded and held in accordance with provisions of the Data Protection Act 1998 and General Data Protection Regulations (GDPR) 2018.

Evidence that is obtained by an authorised officer 'in the field' will be recorded contemporaneously in ink in a PACE notebook. All entries must be clear and precise.

Evidence obtained by use of Body worn video or CCTV will be in accordance with existing policy and procedure.

Evidence may also be in the form of:

- Addressed documents  
Evidence gathered in relation to an offence, can come in the form of an addressed document, which may relate to the person believed to have committed the offence (eg when household waste is found to be fly tipped, an

authorised officer will search the waste for any documentation which may relate to the person responsible).

- Witness statement from an authorised officer  
When enforcement action is taken against an alleged offender, where an authorised officer has witnessed the offence occurring, that officer will have to produce a witness statement.
- Witness statement from other persons  
Evidence received from members of the public can be used to issue formal cautions, Fixed Penalty Notices or other enforcement action. In order for the evidence to be of value the witness must be willing to attend court to give evidence, if that becomes necessary. Any statement made by a witness must be signed and dated by the witness and witnessed by the authorised officer at the time of taking of the statement. Statements will be recorded on forms prepared to comply with evidential procedures.
- Interview of alleged offenders  
The Police and Criminal Evidence (PACE) Codes of Practice require any person interviewed regarding his involvement or suspected involvement in a criminal offence must be under caution, otherwise the evidence will be inadmissible in court. This caution must be carried out before any questions are put to the person suspected of the offence in regard to the offence. **PACE interviews will only be undertaken by trained persons and included in staff training plans.**

No juvenile (a person aged under 17) or mentally impaired person (as defined by Section 1A of the Mental Health Act 1983) should be interviewed without an appropriate adult being present. This could include parent, social worker or carer.

- Interviewing by letter  
As a last resort it may be necessary to try to interview the suspect by way of correspondence. In this way it will be possible to write to the suspect under caution asking them relevant questions and giving them a time by which to reply.

## 6. Persistent Offenders

To ensure that the enforcement procedure is fair and consistent, persistent offenders will be dealt with as follows;

- Where an informal action has been recorded on a previous occasion, and a further offence is committed on a separate occasion, no further warnings will be issued.
- Where a formal caution has been issued on a previous occasion, and a further offence is committed on a separate occasion, no further cautions will be issued.



- On acceptance of the caution, the alleged offender understands that any future infringement of the law will result in further enforcement action. In these cases the next likely course of action would be to institute legal proceedings.
- A person may be issued with up to two Fixed Penalty Notices in total. If found to have infringed the law on a third separate occasion no further penalty notices will be served upon that person and court proceeding will be instigated.

## 7. Juveniles (person aged under 17)

When a juvenile is alleged to have committed an offence the name, address, age and date of birth of the suspected offender should be obtained, together with the name and address of his or her parent or legal guardian. Once the age of the offender has been ascertained, the correct course of action can then be followed.

For offenders between 10 and 15 years old, DEFRA guidelines state that a fixed penalty should **not** normally be issued in the first instance.

The Council in conjunction with the Police and other agencies in the Tamworth Community Safety Partnership, will continue a policy of education on environmental issues with school children, including targeted school warning and enforcement weeks. Young people regrettably commit environmental crime offences and therefore need to be considered in terms of what enforcement approach is appropriate to protect Tamworth's local environment without unduly and inappropriately jeopardising the interests and needs of local people.

Legally fixed penalty notice can be issued to anyone over the age of 10 and authorities are recommended to adopt special procedures for issuing notices to young offenders. This ensures that they are acting in accordance with their duty under the Children Act 2004; which requires that authorities have regard to the need to safeguard and uphold the welfare of children and to seek the introduction of a none financial, none criminal, restorative justice scheme as an alternative to FPN payment.

There is no existing enforcement policy designed specifically to address the issues associated with issuing fixed penalty notices to young people and ensure that we make every effort to deal with matters in the same way so that our approach is consistent and in line with the Enforcement Strategy.

To tackle the issue of environmental crime by young people we will introduce a restorative justice intervention scheme for 10-17 year olds, where there is an alternative option to the fixed penalty notice financial and/or Court action. A young person who is witnessed offending during specific school enforcement campaigns or during regular officer patrols and their parent, can now choose to join in a litter-pick facilitated by the Council, Staffordshire Youth Offending Service and Staffordshire Police as an alternative to the fixed penalty notice.

Young people who fail to respond to either the litter pick option or to payment of Fixed penalty payment following the prescribed process, will receive one final visit and letter

from the Council reminding them of the consequences of the offence and offering a final chance of litter pick or payment . Following this, failure to respond to best efforts will result in prosecution.

This scheme is viewed as a positive way to reduce environmental crime without criminalising juveniles, whilst still ensuring the community can see that justice is being done.

For offenders aged 16 or 17 years old, a Fixed Penalty Notice can be issued using the same procedure as for adults.

## **8. Payment of Fixed Penalties**

When a Fixed Penalty Notice has been issued, the alleged offender has 14 days within which to make the full payment amount, or pay the discounted amount within 7 days.

Payment of the fixed penalty notice will normally be made in one of three ways:

- by debit or credit card over the 'phone to the Council Offices
- by cheque through the post
- Via the PAY IT option on [www.tamworth.gov.uk](http://www.tamworth.gov.uk)

Payment of FPN by instalments will **not** normally be accepted. Instalments will only be allowed at the discretion of the Executive Director Finance where demonstrable hardship is proven.

## **9. Non-payment of Fixed Penalties**

When, after 5 working days after the 14 day period a Fixed Penalty Notice has not been paid, the alleged offender will be sent a reminder letter. This letter will state the terms of the penalty payment, and the fact that the deadline has now passed.

If a Fixed Penalty Notice remains unpaid for a period of 14 days after the payment deadline has passed, a file will be put together to enable legal proceedings be instigated. All unpaid penalties will be followed up by legal proceedings.

## **10. Authorisation**

The statutes enforced by the Council require that the enforcement officers are duly authorised.

Authorised officers will be either:

- I. an employee of the Council who is authorised in writing by the Council for the purpose of giving notices under the relevant legislation;
- II. any person who, in pursuance of arrangements made with the Council, has the function of giving such notices and is authorised in writing by the Council to perform that function; or
- III. any employee of such a person who is authorised in writing by the authority for the purpose of giving such notices.

It is essential that officers are correctly authorised, so as not to be challenged in court.

Authorised officers will be trained on how to gather evidence that will be in accordance with judicial requirements and on conflict avoidance techniques when dealing with alleged offenders.

The authorisation will identify the officer by name and position, will describe the legislation that the officer is authorised to enforce and will be signed by a delegated senior officer on behalf of the Council.

## **11. External Partners**

The Council will seek support from Staffordshire Police and other agencies within the Tamworth Community Safety Partnership, Environment Agency, Keep Britain Tidy, DEFRA, Staffordshire County Council, other registered social landlords, local businesses for support in the delivery of this policy.

## 12. CORE OFFENCES

### 12.1. *Pedestrian Litter*

There is no formal definition of litter, however Section 87 of the Environmental Protection Act 1990 (as amended by the Clean Neighbourhoods and Environment Act (CNEA 2005) defines the offence of littering as the throwing down, dropping or depositing of litter on any land, including land covered by water, and leaving it. The land must be within the area of a principal litter authority and 'open to the air' (if the land is covered, but open to the air on at least one side, the offence only applies if the public has access to that land). Littering is an offence in public places as well as on private land unless the owner of that land has given permission for the dropping of the litter or a legal authorisation exists to do so. A litter offence can be prosecuted through a magistrates' court and carries with it a maximum fine of level four on the standard scale (currently £2,500).

The CNEA 2005 also makes it clear that litter includes smoking-related litter and discarded chewing gum.

Paragraph 2.1.5 of the Enforcement Strategy refers to the problem of littering. Enforcement action will therefore be taken on the first occasion an offence is witnessed being committed.

In every case where the action of littering has been witnessed or there is other firm evidence, the presumption will be to issue the FPN in lieu of prosecution.

The policy applies to dropped/thrown litter in ANY open place in Tamworth.

Offences observed on overt CCTV or via officer's body worn video will be pursued where identity can be obtained.

On a case by case basis, authorised officers may, in accordance with the principles of the Enforcement Strategy choose to consider the placing of bags of rubbish (where evidence can be found) as littering. Public urination may also be regarded as a littering offence.

#### **Penalty**

In lieu of prosecution for a litter offence the alleged offender will be given the opportunity to discharge any liability to conviction for the offence by the payment of a fixed penalty to the default of £100 with a reduction to £50 if paid within 14 days

## **12.2. *Littering from Vehicles***

Littering from vehicles and the subsequent problems on verges, highways and danger to animals is of major concern to the public.

Section 154 of the Anti-social Behaviour, Crime and Policing Act 2014 amends the Environmental Protection Act 1990 to introduce a new section 88A: "Littering from vehicles: civil penalty regime" ("S88A").

In order to introduce this option the Council will continue to seek to adopt the Littering From Vehicles Outside London (Keepers: Civil Penalties) Regulations 2018 (with effect from 1<sup>st</sup> September 2018) . The adoption of the regulations will allow the Council to issue a civil penalty notice to the keeper of a vehicle from which litter is thrown, requiring the keeper to pay a civil penalty. The keeper does not assume any criminal liability for the littering offence: failure to pay the civil penalty results in a civil debt, not prosecution for the littering offence.

The Council will consider all available avenues to identify a keeper, whilst taking care not to enforce against an innocent party.

Alternative actions include use of fly tipping powers (See Section 12.9)

### **Penalty**

The Council will issue a civil penalty (where possible) set at the default £100 with effect from 1 September 2018<sup>2</sup>.

The civil penalty notice must be paid within 28 days. We also propose to allow the offender to discharge liability for the full amount by making an earlier payment of a lesser amount within 14 days of receiving the civil penalty notice.

### **Appeal**

A civil penalty notice can be challenged on a number of grounds, including cases where the vehicle has been hired to someone else, or the keeper can prove that the vehicle had been stolen at the time the littering offence was committed. In the first instance, keepers will be able to make representations in writing against the civil penalty notice to the council. If this does not resolve the matter, they would then have a right to appeal the civil penalty notice to an independent adjudicator. The Traffic Penalty Tribunal England and Wales will act as the independent adjudicator for the civil penalty notice regime.

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<sup>2</sup> [http://www.legislation.gov.uk/ukdsi/2018/9780111163818/pdfs/ukdsi\\_9780111163818\\_en.pdf](http://www.legislation.gov.uk/ukdsi/2018/9780111163818/pdfs/ukdsi_9780111163818_en.pdf)

### **12.3. Abandoning a vehicle**

Under the Refuse Disposal (Amenity) Act 1978, a person commits an offence if they, without lawful authority, abandon on any land in the open air, or on any land forming part of a highway, a motor vehicle or anything that has formed part of a motor vehicle.

The CNEA 2005 allows local authorities to issue Fixed Penalty Notices to persons alleged to have committed such an offence.

There is no legal definition of an abandoned vehicle. Council authorised officers will check the following when forming decisions on abandonment using guidance issued by the Dept of Environment, Food and Rural Affairs (DEFRA)

- Valid road tax
- If there is a registered owner
- The roadworthiness of the vehicle
- Parked in a place likely to be a danger to other road users (Police immediate removal power)

Notice of immediate, 7 or 14 day removal will be issued after due consideration by authorised officers as to the location and state of a vehicle.

Vehicles can be removed immediately, but some must be stored for a certain length of time and notice served before disposal.

For vehicles that the local authority considers to have some value, the written notice period to the last registered keeper before a vehicle can be destroyed is seven days. The Council have the appropriate authority from the DVLA for this purpose.

Vehicles that the local authority considers to have no value can be destroyed immediately if it is thought that they have been abandoned. A local authority no longer has to wait for the expiry of a valid license and may destroy immediately any vehicle that it regards as only fit for destruction. In cases where it is not evident that the vehicle has been abandoned, the vehicle can then be disposed of if the owner cannot be traced or fails to respond to a Notice.

Vehicles with some value that have been abandoned on the highway may be removed immediately by the local authority who then send a 21 day notice to the address of the last registered keeper (a subsequent notice of 14 days may be issued to enable the local authority to make further enquiries).

The Council reserves the right to recover costs of removal, storage and disposal from the person responsible for abandoning the vehicle.

Normally authorised officers will only be able to arrange for the removal of a vehicle from a highway or public land.

The Council may also issue a 15 day notice to the owner or occupier of the intention to remove abandoned vehicles on private land. The landowner or the occupier must agree with this removal. The Council reserve the right to recharge the cost of doing so to the occupier or registered keeper (if one has been identified). A notice is not required to be issued where a vehicle is abandoned on a road (within the meaning of the Road Traffic Regulation Act 1984) – that is, any length of highway or of any other road to which the public has access. In this case the vehicle can be removed immediately.

If found guilty of abandoning a vehicle on a highway or on land in the open air, a person can be fined up to £2,500 or a term of not exceeding three months imprisonment, or both.

**In lieu of prosecution for an abandoned vehicle offence, the Council will give an alleged offender the opportunity to discharge any liability to conviction for the offence by the payment of a fixed penalty of £200, reduced to £150 if paid within the first 7 days.**

#### **12.4. Nuisance vehicles**

The CNEA 2005 make it a new offence to leave **two or more** motor vehicles parked within 500 metres of each other on a road or roads where they are exposed or advertised for sale, **or to cause two or more motor vehicles** to be so left. This only applies to persons who are carrying out a business of selling motor vehicles.

The CNEA 2005 also makes it an offence to carry out restricted works (repair, maintenance, servicing, improvement or dismantling) on a motor vehicle on a road. This only applies to persons who are in the course of a business of carrying out restricted works or for gain or reward.

Authorised officers will only be able to take enforcement action, including the removal of a vehicle, for nuisance vehicles on a road. A person found guilty of a nuisance vehicle offence can be fined up to £2,500, or a term of not exceeding three months imprisonment, or both.

There are very few instances of this offence in Tamworth, however, the right is reserved and where action is in accordance with the Enforcement Strategy that in lieu of prosecution for a nuisance vehicle offence, to give an alleged offender the opportunity to discharge any liability to conviction for the offence by the payment of a fixed penalty of £100, reduced to £75 if paid within the first 7 days.

## 12.5. Vehicle Nuisance

Under Section 59 of the ASB, Police and Crime Act 2014 the Community Safety Partnership introduced the **Public Space Protection Order (Vehicle Nuisance)** in 2016 (renewed in 2019).

Under the terms and restrictions of the Public Spaces Protection Order the following is PROHIBITED:

- a) Engaging in, promoting, encouraging or assisting in the carrying out of any car cruising\* event in or on public highways, car parks and all other land to which the public has access in the Borough of Tamworth and is causing or likely to cause
  - o Excessive noise
  - o Danger to other road users (including pedestrians)
  - o Damage or risk of damage to private property
  - o Litter
  - o Any nuisance to another person not participating in the car cruise

*\* A congregation of the drivers of 2 or more motor vehicles (including motor cycles) on the highway or at any place to which the public have access and performs any of the following activities;*

- o *Driving at excessive speed*
    - o *Driving in convoy*
    - o *Racing other motor vehicles*
    - o *Sounding horns or playing radios*
    - o *dropping litter*
    - o *shouting or swearing at, or abusing, threatening or otherwise intimidating (including by the use of sexual language or making sexual suggestions) another person,*
- b) Congregating or loitering as part of a group around (or in) one or more stationary vehicles at any time where such activity causes or is likely to cause noise, harassment, alarm or distress
- c) Engaging in, promoting, encouraging or assisting in activities of 'doughnutting', drifting or other vehicle related nuisance causing or likely to cause danger to the public
- d) Causing or permitting excessive amplified music or other noise from vehicles such as to cause or be likely to cause alarm, harassment or distress as a result of a gathering in or around one or more vehicles on any public road or land to which the public has access in Tamworth
- e) Undertaking on-going vehicle repairs or renovation or store unroadworthy vehicles or those declared SORN on publically accessible car parks or highways likely to cause a danger or nuisance to the public except in the course of their own business on their own land or with the express permission of Tamworth Borough Council or relevant landowner



Persons gathering for social purposes, charitable or other events where the landowner has no objection are permitted at all times subject to compliance with all conditions above.

### **Penalty**

In lieu of prosecution for a nuisance vehicle offence under this PSPO, the Council will give an alleged offender the opportunity to discharge any liability to conviction for the offence by payment of a Fixed Penalty Notice of £100.00 to be paid within 28 days (reduced to £85.00 if paid within 14 days) which would discharge any liability to conviction for an offence under Section 67(1) of the Act.

## **12.6. Dogs**

Regulation for offences relating to dog offences is now dealt with under Section 59 of the Anti Social Behaviour, Police and Crime Act 2014 .

**The Public Space Protection Order (Tamworth Dog Control)** came into force on 20 October 2017 (renewed in October 2020) and makes the following provisions;-

### **A. The Fouling of Land by Dogs**

This relates to the offence of fouling of land by dogs. The public health implications of dog foul are well documented.

If a dog defecates at any time on land to which this order applies, and the person who is in charge of the dog at that time fails to remove the faeces from the land forthwith, that person shall be guilty of an offence unless;

- a) he has a reasonable excuse for failing to do so; or
- b) the owner, occupier, or other person or authority having control of the land has consented (generally or specifically) to his failing to do so;

The Order applies to land described in the Schedule A below, being land in the area of Tamworth Borough Council.

For the purpose of the order:

- a) placing the faeces in a receptacle on the land which is provided for this purpose, or for the disposal of waste, shall be a sufficient removal from the land;
- b) being unaware of the defecation (whether by reason of not being in the vicinity or otherwise), or not having a device for or other suitable means of removing the faeces, shall not be a reasonable excuse for failing to remove the faeces;

## **Schedule A: Dog fouling of land**

Subject to the exception in paragraph 2 below, the Order applies to all and which is within the area of Tamworth Borough Council and which is –

1. Open to the air (which includes land that is covered but open to the air on at least one side); and to which the public are entitled or permitted to have access with or without payment.
2. Excepted from the description in paragraph 1 above is:
  - a. Land that is placed at the disposal of the Forestry Commissioners under section 39(1) of the Forestry Act 1967; or
  - b. Agricultural land.

## **B. Dogs on Leads**

Dogs whilst not on a lead and poorly supervised, or startled, have a greater potential to cause road traffic accidents, or to cause injury to pedestrians and other dogs. The restrictions in the Order are designed to facilitate a sharing of our public spaces, whilst recognising that dogs do need to be exercised off lead.

A person in charge of a dog shall be guilty of an offence, if at any time, they fail to keep their dog on a lead, unless:

- a) he has a reasonable excuse for failing to do so, or
- b) the owner, occupier, or other person, or other authority having control of the land has given consent (generally or specifically);

This part of the Order applies to land described in the Schedule B below being land in the area of the Council.

### **Schedule B: Dogs on leads**

1. Subject to the exception in paragraph 2 below, the Order applies to the following designated land:-

Amington Cemetery, Wilnecote Cemetery (Old and New), Glascote Cemetery, Wigginton Cemetery, Anker Valley Sports Pitches, Pedestrian area of the Town Centre, Upper and Lower Lawn (Castle Grounds), St Edithas Church Graveyard and all current and future public footpaths and grass verges to highways in Tamworth (as defined by the Road Traffic Act 1988)

2. Excepted from the description in paragraph 1 above is:
  - a. land that is placed at the disposal of the Forestry Commissioners under section 39(1) of the Forestry Act 1967; or
  - b. agricultural land.

### **C. Dogs on leads by direction**

In parts of the Borough where dogs are permitted off leads, a minority of irresponsible dog owners allow their dogs to cause damage to property, and cause problems for pedestrians and other dog owners.

This part of the Order is designed to enable authorised Council Officers/Police to direct that the owner put their dog on a lead.

A person in charge of a dog will be guilty of an offence if at any time, on land to which this Part applies, they fail to comply with a direction given them by an authorised officer of the Council to put and keep the dog on a lead, unless;

- a) he has a reasonable excuse for failing to do so; or
- b) the owner, occupier, or other person or authority having control of the land, has given consent (generally or specifically);

For the purposes of this request an authorised officer of the Council/Police may only direct a person to put and keep a dog on a lead if such restraint is reasonably necessary to prevent either a nuisance, or behaviour by the dog likely to cause annoyance or disturbance to any other person, or the worrying of other animals on designated land to which this order applies.

This Part of the Order applies to land described in Schedule C below being land in the area of the Council.

### **Schedule C: Dogs on leads by direction**

Subject to the exception in paragraph 2 below, the Order applies to all and which is within the area of Tamworth Borough Council and which is –

1. Open to the air (which includes land that is covered but open to the air on at least one side); and to which the public are entitled or permitted to have access with or without payment.
2. Excepted from the description in paragraph 1 above is:
  - a) land that is placed at the disposal of the Forestry Commissioners under section 39(1) of the Forestry Act 1967; or
  - b) agricultural land.

### **D. Dogs exclusion**

There are specific parts of the Borough from which dogs should be excluded for their safety and that of pedestrians, and for public health and aesthetic reasons. This part of the Order states the relatively few places from where dogs will be excluded.

A person in charge of a dog will be guilty of an offence if at any time he takes the dog onto, or permits the dog to enter or remain on, any land specified in the Order, unless;

- a) he has a reasonable excuse for failing to do so; or

- b) the owner, occupier, or other person or authority having control of the land, has given consent (generally or specifically);

This Part of the Order applies to the land described in Schedule D below being land in the area of the Council.

#### **Schedule D: Dogs exclusion**

1. Subject to the exception in paragraph 2 below, the Order applies to designated play areas (fenced or unfenced) within the Borough of Tamworth as specifically but not excluding other designated areas and future areas
2. Excepted from the description in paragraph 1 above is:
  - a) land that is placed at the disposal of the Forestry Commissioners under section 39(1) of the Forestry Act 1967; or
  - b) agricultural land.

#### **General Point For the purpose of parts A, B, C, and D of the Public Space Protection Order:**

Nothing in the Public Space Protection Order shall apply to a disabled person (within the meaning of the Equality Act 2010) whose disability restricts his ability to comply with the Order and the dog is their guide dog or assistance dog.

For the purpose of this article, a person who habitually has a dog in his possession shall be taken to be in charge of the dog at any time unless at that time some other person is in charge of the dog.

Offences - A person who is guilty of an offence shall on summary conviction be liable to a fine not exceeding level 3 on the standard scale

#### **Penalty**

**In lieu of prosecution for a dog related offence under this PSPO, the Council will give an alleged offender the opportunity to discharge any liability to conviction for the offence by payment of a Fixed Penalty Notice of £100.00 to be paid within 28 days (reduced to £85.00 if paid within 14 days) which would discharge any liability to conviction for an offence under Section 67(1) of the Act.**

## **12.7. Fly Posting**

There is no formal definition of fly posting, although it is generally taken to be the display of advertising material on buildings and street furniture without the consent of the owner and contrary to the provisions of the appropriate legislation'. In simple terms they are illegal advertisements which can saturate an area within a matter of hours.

It is appropriate for a distinction to be drawn between, for example, a poster advertising a local community or charitable event and a poster advertising a commercial activity.

3(D) of the Town and Country Planning (Control of Advertisements) regulations allows the display of temporary notices or signs which are intended to advertise any local event being held for charitable purposes.

Advertisements within this category must not exceed 0.6 square metre in area (roughly 3 feet by 2 feet). In addition the advertisement must not be displayed more than 28 days before the event and must be removed within 14 days after it ends

1. The signs must be kept clean and tidy
2. The signs must be kept in a safe condition
3. The signs should have the permission of the asset owner
4. The signs should not obscure road signs.

Applications from charities or local organisations will be accepted on this basis, providing permission has been granted from the asset owner or landowner.

Staffordshire County Council do not normally allow the affixing of any kind of signage to their property, with the exception of some AA and RAC directional/event signage and house developers who must apply for the appropriate consent. We will endeavour to check permissions for these types of posters prior to any action being taken.

There are various legislative powers available to the Council for tackling fly posting problems. Each case will be considered with due regard to the principles of the Enforcement Strategy.

The Council will take appropriate action against those responsible for fly posting. In the first instance we will endeavour to make informal contact with offenders and request removal of items within 24 hours. Offenders will also be given advice on processes for application of legal advertising and signage and be made aware of the enforcement actions which can be taken. Failure to respond advice will result in further appropriate action.

Under Section 225, Town and Country Planning Act 1990, it is possible to remove any placard or poster displayed in contravention of the Town and Country Planning (Control of Advertisements) Regulations 1992. Notice is not required where the fly post does not identify the person who displayed it and

where the person cannot be identified after enquiry. Where a person can be identified, two days' notice must be given for the removal of illegal posters and placards. Failure to comply with a notice will result in removal of the signage with these costs being charged to the offender. The Council will seek to charge £25 per poster for removal of offending items.

Persistent offences and/or where an offender has had two notices of removal, the Council will seek to prosecute, with offenders upon conviction, subject to a fine of up to £2500.

The Anti-social Behaviour Act 2003 (ASBA 2003) allows the Council to serve Fixed Penalty Notices on persons who commit 'minor' graffiti or fly posting offences as an alternative to prosecution (except where the offence is racially or religiously motivated). The offences must be witnessed or substantial proof obtained as to the identity of the offender.

Failure to pay a FPN will result in prosecution, which can be considered on any of the following legislation:-

- Section 1 (1) Criminal Damage Act 1971  
A person who without lawful excuse destroys or damages any property belonging to another intending to destroy or damage any such property or being reckless as to whether any such property would be destroyed or damaged shall be guilty of an offence
  - Section 131 (2) Highways Act 1980 \*  
If a person without lawful authority or excuse pulls down or obliterates a traffic sign placed on or over a highway or a milestone or direction post (not being a traffic sign) so placed is guilty of an offence
  - Section 132 (1) Highways Act 1980 \*  
A person who, without either the consent of the highway authority or an authorisation given by or under enactment or a reasonable excuse, paints or otherwise inscribes or affixes any picture, letter, sign or other mark upon the surface of a highway or tree, structure or works on or near a highway is guilty of an offence
- \* Staffordshire County Council is the Highways Authority and the Council have sought delegation of these powers as required*
- Section 222, Town & Country Planning Act 1990  
If any person displays and advertisement in contravention of the regulations he shall be guilty of an offence

The ASB, Crime and Policing Act 2014 also allows for the issue of Community Protection Notices to company directors who may have vicarious liability the fly posting advertising their products, company or event or beneficiary of any event advertised illegally seeking immediate removal of posters. Failure to comply may lead to the issue of FPN or prosecution.

## **12.8. Graffiti**

The tackling of graffiti will continue to be monitored using ongoing processes in partnership with all Council services, Police and other partners. Offensive or racial graffiti will be removed from Council assets within 24 hours where practicable.

Tags are recorded and identified with the restorative justice approach being preferred by use of prosecution under the Criminal Damage Act. Wardens will continue to identify offenders and each case will be assessed on a case by case basis.

The policy for the issue of FPNs will be as per fly posting in Section 13.6 under the Anti-social Behaviour Act 2003 (ASBA 2003)

Property and public utility asset owners may also be served with Community Protection Notices under the ASB, Crime and Policing Act 2014 for the removal of graffiti considered to be detrimental to the amenity and/or causing distress.

### **Penalties**

**In lieu of prosecution for a fly posting or graffiti offence, the Council reserve the right with witness statement to give an alleged offender the opportunity to discharge any liability to conviction for the offence by the payment of a fixed penalty to the default of £100 (reduced to £50 if paid within the first 7 days).**

## **12.9. Fly Tipping**

There is no specific definition of fly-tipping other than that set out in section 33 of the Environmental Protection Act 1990, which says it is an offence in general terms, to treat, keep or dispose of controlled waste other than in accordance with an environmental permit or in a manner likely to cause pollution of the environment or harm to human health.

The offence may only be committed in relation to controlled waste, although nearly all wastes now qualify as controlled waste (household, commercial, industrial or clinical).

Illegal dumps of waste can vary in scale and the type of waste involved. Tipping a mattress, electrical items or a bin bag full of rubbish in the street causes a local nuisance, and tipping household items and small-scale building or garden waste in open spaces reduces their amenity value to the community.

The powers to deal with fly tipping incidents are shared between local authorities and the Environment Agency. The national Fly Tipping Protocol (agreed between the Environment Agency and LGA) gives guidance on which

authority should take the lead in dealing with fly tips dependant on their size, composition and location.

Fly tipping education and awareness campaigns will be included in the education programme. Evidence found in fly tipped rubbish will be used to identify the owner. In the first instance (especially where household waste is identified and where practicable, the offender will be visited and an attempt made to return the rubbish (door stepping) or asked to clear away the items supported by appropriate informal action.

All incidents of flytipping should be reported and investigated, however the Council is only able remove fly tipped material from “Relevant land” - land that is open to the air (notwithstanding that it is covered if it is open to the air on at least one side), which is under direct control of a principal litter authority (Tamworth Borough Council) and to which the public are entitled or permitted to have access, with or without payment (EPA section 86(4)).<sup>4</sup>

The Council must also ensure that any “relevant highway” for which it is responsible, so far as is practicable, kept clear of litter and refuse (EPA section 89(1) (a)). A “relevant highway” is one that is maintainable at public expense, but not a trunk road which is a special road. A local council is responsible for so much of the highway as falls within its area (section 86(9)).

Land managers, occupiers or owners of private property are responsible for clearing and disposing of any fly-tipping found on private land.<sup>5</sup>

Where substantive evidence is found in items dumped on any land (regardless of ownership). The Council will seek to recover their investigation and land owner clean-up costs of doing so from convicted fly tippers on successful prosecution.

Both the Council and the Environment Agency may serve a notice under the EPA1990 requiring the occupier of land to remove material fly tipped and/or reduce the consequences of the deposit of the fly tipped material.

Occupiers of land can establish a statutory defence such as he did not knowingly permit the material to be fly tipped on his land and the CNEA 2005 removes the defence of an offender acting under his employer’s instructions.

All incidents of fly tipping will be recorded and investigated (where practicable) within 3 working days. In the first instance evidence will be sought by officers and retained according to procedure.

The CNEA 2005 increased the penalty for a person found guilty of a fly tipping offence to up to £50,000, or a term not exceeding 5 years imprisonment for both hazardous and non-hazardous waste offences.

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<sup>4</sup> <http://www.tacklingflytipping.com/Documents/NFTPG-CaseStudies/Fly-tipping-responsibilities-Guide-for-local-authorities-and-land-manage....pdf>

<sup>5</sup> <http://www.tacklingflytipping.com/landowners/1500>



**The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 introduced the ability to issue immediate fixed penalties to fly tippers.**

### **Penalty**

**In lieu of prosecution for a fly tipping offence the Council reserve the right with witness statement to give an alleged offender the opportunity to discharge any liability to conviction for the offence by the payment of a fixed penalty to the maximum allowed by statute (currently £400) reduced to £200 if paid within 14 days.**

## **13. Duty of Care Offences**

Section 34 of the Environmental Protection Act 1990 sets out the waste duty of care that applies to anyone who imports, produces, carries, keeps, treats or disposes of controlled waste or, as a broker has control of such waste

Section 53 of the CNEA 2005 extends the powers to investigate illegal waste disposal or duty of care offences to authorised council officers.

### **13.1. Industrial and Commercial Waste**

It is an offence to place trade (industrial) or commercial waste into street or domestic litter bins and all businesses\* must have a trade refuse collection agreement with a contractor authorised to carry waste.

*\* exemptions apply for a business operating from a domestic address and for some residential care homes*

Private landlords who may manage residential houses in multi occupation and whose residents are not registered for Council Tax purposes will be required to register for trade waste agreements and control accumulations of 'commercial' rubbish arising from their premises.

The preferred approach with businesses will be to make formal visits and work with Economic Development to educate and inform in order to seek compliance. This will include encouraging businesses to sign up to the Tidy Business Pledge and achieve Keep Britain Tidy Business awards.

Businesses will receive advisory visits on a planned basis or as reports are received of waste and associated litter issues.

Businesses are legally obliged to keep **any** waste resulting from their activities safe whilst in their possession. The Council will seek to take action on the following duty of care offences:-

- **34 1 (b) Failing to take reasonable steps to prevent escape of controlled waste**

All businesses must ensure their waste is stored in appropriate containers so that it cannot fall out, blow away or escape. The waste should also be secured against unauthorised removal and secure from animals, vandals, thieves, accident or weather.

A record will be made of advisory visit with written warning and 14 days given to rectify the issue. Failure to act on the advice of authorised officers will, on a case by case basis and in accordance with the principle of the Enforcement Strategy result in further enforcement action.

- **34 1c Failing to take reasonable steps to ensure that a transfer of the waste is to an authorised person and accompanied by a waste transfer note**

Waste can only be passed on to an authorised person and the producer must retain a waste transfer note that sets out certain details of the waste.

Where offenders are identified, amendments to Section 34, by the CNEA 2005, make it an offence when a person has failed to carry out their duty to provide the necessary authority for transporting waste.

As part of the education process, businesses will be asked to provide the relevant waste transportation documents at the time of visit and the Council will allow that person 14 days within which to produce the documentation or provide proof that the a waste contract has been signed.

**If the documentation is not produced within 14 days and in lieu of prosecution for failing to produce the necessary authorisation for transporting waste, the Council will give an alleged offender the opportunity to discharge any liability to conviction for the offence by the payment of a fixed penalty of £300, reduced to £200 if paid within the first 7 days.**

A business or waste carrier found guilty of failing to provide the necessary authority for transporting waste can be fined up to £5,000 on prosecution.

## **13.2. *Householders***

Duty of care offences do not apply to householders domestic rubbish collection and other household waste arising from the operation of a business from a domestic address when refuse is presented in accordance with Council waste and recycling policies. However duty of care does apply when disposing of excess waste over and above the normal permitted amount on domestic collections, eg the old washing machine, tv, sofa etc

Householders employing a contractor to remove waste from their property (such as garden or building waste) do, however, have a duty to take reasonable measures to ensure that their waste is passed on to an authorised person. The

duty emphasises the responsibility that residents must not support illegal waste transfer and fly tipping, whether knowingly or unknowingly.

A process of education and awareness will be implemented as a preferred course of action.

Evidence found in fly tipped rubbish will be used to identify the owner. In the first instance, where practicable, the householder will be visited and an attempt made to return the rubbish (door stepping) or asked to clear away the items.

## **14. Control of litter and refuse**

Some offences may occur that do not form part of the Core Offence list, but are still of a nature that could lead to the issuing of a Fixed Penalty Notice or a caution. The Council will seek to use these powers on a case by case basis to deal with waste and litter accumulations on private or public land or the street.

### **14.1. Waste Receptacles**

**Household** - Under the Section 46 of the EPA 1990 (as amended by interim legislation in May 2012), the Council can specify what materials can and cannot be placed in certain kinds of domestic waste receptacles (such as only residual waste in black sacks and only glass and cans in green boxes) and the location where residents must put their waste receptacles to facilitate waste collection. If the location is outside of the boundary of a property, the Council reserve the right to specify between what times the receptacles must be put out and taken back in.

The Council will adopt a policy that each kind of waste receptacle specified by the Council can only be used for the materials described in the Council's published waste sorting guides, in accordance with the Waste Management Strategy.

All waste receptacles must be left for collection at the edge of a property or agreed location and, where waste containers have to be left on the highway, containers should not be put out before 7am on day of collection and removed as soon as practicable on the day of collection.

**The Council reserve the right to issue a Waste Receptacle Notice for failure to present household waste as specified where it may be detrimental to the community, however Subsection (2) of the Deregulation Act 2015 the removed the criminal offence in England of failure to comply with a Waste Receptacles Notice**

**Each case will be reviewed on its own merit and where proportionate a fixed civil penalty (default £60) for any such failure to comply may be**

**issued or other legislation considered such as measures under the ASB, Crime and Policing Act 2014.**

**Business** – Under Section 47 of the EPA the Council has the power to specify the type and number of waste receptacles needed to contain waste in accordance with Section 34 (duty of care) and where they should be placed to facilitate emptying, the substances or articles which should not be placed in them as well as the precautions that should be taken where particular substances or articles are placed in them.

Advice on the type and size of receptacles will form part of the advisory visits to businesses or as intelligence is received as to problems occurring.

The Council reserve the right to issue a Waste Receptacles Notice to a person who fails to comply with these specified requirements and a person found guilty of failing to comply with a notice can be fined up to £1,000. The CNEA 2005 introduces the use of fixed penalties for failure to comply with a Waste Receptacles Notice.

**In lieu of prosecution for failure to comply with a Waste Receptacles Notice, the Council reserve the right to give an alleged offender the opportunity to discharge any liability to conviction for the offence by the payment of a fixed penalty of £300 reduced to £180 if paid within the first 7 days.**

## **14.2. Powers to prevent littering**

In order to promote a proportional response and to work with local businesses, through education and visits on an ongoing basis to encourage participation in preventative schemes, provision of bins etc. This process will be encouraged in close partnership with Environmental Protection to deter and prevent issues arising which may affect public health and the surrounding area including pest infestation.

On occasion, where an approach of informal agreement does not work, the Council will reserve the right to take action as required under a wide range of enforcement powers on a case by case basis to tackle:

- Street litter outside premises including food and drink packaging and other litter from 'fast food' outlets and mobile operations or litter from cash machines.
- Clearing of Litter and Refuse on Private Land -There are a range of measures that the Council may employ to require the clearance of land and the actions required must be reviewed on merit and in accordance with the Enforcement Strategy.
- Excessive graffiti/defacement of private property

The Anti-social Behaviour, Crime and Policing Act 2014 replaced councils' powers to issue Litter Clearing Notices, Street Litter Control Notices and Graffiti/Defacement removal notices with new, more flexible powers to issue Community Protection Notices or Public Space Protection Orders, to tackle any type of anti-social behaviour which is having a detrimental impact on the quality of life in the local community.

**The powers are covered in the Tamworth Borough Council ASB Policy.**

### **Penalties**

**Cases will be considered on their own basis and in lieu of prosecution for failing to comply with a Community Protection Notice or PSPO, the Council can give an alleged offender the opportunity to discharge any liability to conviction for the offence by the payment of a fixed penalty of £100, reduced to £80 if paid within the first 14 days and seek to charge the offender for the clear up.**

### **14.3. Controlling the Distribution of free literature**

The CNEA 2005 gives local authorities the power to control the distribution of free literature by designating areas of their own land or highways where free literature is only permitted with their consent. These powers have yet to be adopted by the Council.

The process of street designation will require work with Staffs County Council who are the highways authority. At that time anyone distributing free material in a designated area without consent (except charities or for political purposes) is committing an offence and, if found guilty, could be fined up to £2,500.

**The Council will consider complaints received about the distribution of free literature and assess whether it is appropriate to make an order to restrict the distribution of free literature. If such an order were to be made, in lieu of prosecution for a distribution of free literature offence, the Council will give an alleged offender the opportunity to discharge any liability to conviction for the offence by the payment of a default £100, reduced to £50 if paid within the first 7 days.**

The Council will continue to advise any persons/businesses who distribute free literature in the town that excess litter caused as a result may result in the issue of a Fixed Penalty Notice (Section 2.1 Litter refers)

#### **14.4. Abandoned Shopping and Luggage Trolleys**

Abandonment of shopping trolleys is not a major issue in Tamworth and informal arrangements with retailers exist for their recovery.

The Council can choose to adopt powers under Section 99 of the EPA 1990 to seize, store and dispose of shopping and luggage trolleys found in its area should there be a requirement for this. There are prescribed consultation procedures that must be followed before the powers can be adopted.

If the powers were adopted, the Council would be required to notify the trolley owner within 14 days of it being seized and keep the trolley for at least 6 weeks. At the end of that period the Council could sell or dispose of the trolley and charge the person who appears to be the owner an amount to cover the removal, storage, administration and disposal costs. There are no provisions for issuing FPNs for abandoned trolleys.

The level of the occurrence will be monitored with a view to adoption of these powers if necessary.

### **15. Supporting and Future legislation**

The Council may also seek to take action to tackle all environmental crime using other existing statutes on a case by case basis for which action will be in accordance with the Corporate Enforcement Strategy.

Together with our partners, we will make full use of relevant legislation including but not limited to:

- Anti-Social Behaviour Crime and Policing Act 2014
- Anti-Social Behaviour Act 2003
- Section 59 Environmental Protection Act 1990
- Part III (Statutory Nuisance) Environmental Protection Act 1990
- Section 215 Town and Country Planning Act Section 22 (3)
- Control of Pollution Act 1974
- Section 78 Public Health Act 1936
- Section 34 Public Health Act 1961
- Section 6 Refuse Disposal (Amenity) Act 1978
- Section 4 Prevention of Damage by Pests Act 1949
- Crime and Disorder Act 1998
- Data Protection Act 1998
- General Data Protection Regulations 2018
- Equalities Act 2010
- Housing Acts 1985, 1996 and 2004
- Environmental Protection Act 1990
- Clean Neighbourhoods and Environment Act 2005
- Refuse Disposal (Amenity) Act 1978

- Mental Health Act 1983 (amended 2007)
- Human Rights Act 1998
- Freedom of Information Act 2000
- Care Act 2014
- Local Government Act 2000
- Serious Crime Act 2015

The council will develop and publish revised procedures necessary to implement any future legal powers.

## **16. Protecting Our Staff**

Tamworth Borough Council will not tolerate, under any circumstance, any threats, violence or abusive behaviour towards our staff or contractors. We will take firm action against any person who shows acts of aggression towards any person carrying out their work in respect of this Policy or any other service. We will involve the police if it is decided that this action is appropriate.

Where there is a risk of harm or violence from someone at an address, a 'HAT' (Harassment, Assault and Threat) marker will be added to all Tamworth Borough Council systems as a warning to staff that may come in to contact with this person

## **17. Supporting Policies and Strategies**

This Corporate Environmental Crime policy links to a number of existing strategies and policies that may impact on the reduction of Environmental Crime and ASB in the borough of Tamworth. Some of these are listed below:

- Tamworth Community Safety Partnership Plan
- TBC Lone Working Policy
- TBC Hate Crime Policy
- TBC Safeguarding Children and Adults at Risk of Abuse and Neglect Policy
- TBC Equality Scheme (Making Equality Real in Tamworth)
- TBC Enforcement Strategy
- TBC Anti-Social Behaviour Policy

## **18. Comments, compliments and complaints**

The Borough Council provides a wide range of services for people who live and work in Tamworth and for visitors to the town.

We want to know what you think about these services so that we can make sure that they meet our needs and expectations.

You can also take a look at our Tell Us policy which details how to make a comment, compliment or complaint.

Our Tell Us Scheme helps us to learn from your views and improve our services. However, for more serious matters you may wish to make a formal complaint.

To ensure we receive customer feedback, either positive or negative, please use our on-line form that can be found here: <http://www.tamworth.gov.uk/making-complaint> or call us on our mainline number: 01827 709709 email: [enquiries@tamworth.gov.uk](mailto:enquiries@tamworth.gov.uk)

## **19. Media Arrangements**

Where possible and if it is deemed to be in the wider community interest we will publish the outcomes of court decisions taken where prosecutions have been undertaken by the Council.

## **20. Monitoring and Review of the Policy**

We will review this policy every 3 years to ensure that any changes in legislation or best practice are included and updated.

We will consult with service users, staff, internal and external partners in the review.

The Council will maintain procedural documents for the use of environmental enforcement powers and this will be subject to scrutiny and monitoring by the Healthier and Safer Scrutiny Committee.

Any major changes to policy will be subject to Cabinet approval.