N0N-CONFIDENTIAL

BOROUGH OF TAMWORTH

CABINET

10 February 2021

A meeting of the CABINET will be held on Thursday, 18th February, 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 5 - 6)

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 Executive (Overview and Scrutiny Committee or by the Council)** (Pages 7 - 8)

(Report of the Chairs of Health & Wellbeing Scrutiny Committee and Corporate Scrutiny Committee)

6 **Quarter Three 2020/21 Performance Report** (Pages 9 - 72)

(Report of the Leader of the Council)

7 **Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2021/22** (Pages 73 - 242)

(Report of the Leader of the Council)

8 Climate Change Declaration Update (Pages 243 - 256)
(Report of the Leader of the Council)

9 Write offs 01 April 2020 to 31 December 2020 (Pages 257 - 266)
(Report of the Portfolio Holder for Assets and Finance)

10 Castle Review 2020 (To Follow)
(Report of the Portfolio Holder for Heritage and Regeneration)

11 Modern Slavery and Human Trafficking Statement 2019/20 (Pages 267 - 276)
(Report of the Portfolio Holder for Regulatory and Community Safety)

Yours faithfully

Chief Executive

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. 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.

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MINUTES OF A MEETING OF THE
CABINET
HELD ON 4th FEBRUARY 2021

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), Jo Hutchison (Democratic Services, Scrutiny and Elections Officer), Tracey Pointon (Legal Admin & Democratic Services Manager) and Adam Deakin (Technical Infrastructure Engineer)

83 APOLOGIES FOR ABSENCE

None

84 MINUTES OF PREVIOUS MEETING

The minutes of the previous Cabinet meeting held on 21st January 2021 were approved as a correct record.

(Moved by Councillor R Pritchard and Seconded by Councillor J Chesworth)

85 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

86 QUESTION TIME:

None

87 MATTERS REFERRED TO THE EXECUTIVE (OVERVIEW AND SCRUTINY COMMITTEE OR BY THE COUNCIL)

The Vice Chair of the Corporate Scrutiny Committee, Councillor B Price, updated Cabinet following consideration of matters by the Scrutiny Committee on the Review of Cemeteries Regulations - Memorial Benches. Cabinet reviewed the recommendations and

RESOLVED: That Cabinet:

1. Noted the recommendation from Corporate Scrutiny that the Cemeteries Policy is referred back to full Council with a recommendation to leave the policy unchanged.

2. Accepted that the policy is correct and Cllr D Cook to write back to Keeley Bunker's family stating a full review as taken place and it's not feasible to place a bench in Wigginton Cemetery and the Leader will work with them to find an alternative place that would be appropriate

   (Moved by Councillor D Cook and seconded by Councillor S Doyle)

3. Agreed that the Cemeteries Regulations be reviewed on a five yearly cycle and;

4. Agreed that the Portfolio Holder and Assistant Director will look to pull together realistic options that we can consult with the public potentially in early summer on how we can achieve memorialisation in the town that's appropriate.

   (Moved by Councillor D Cook and seconded by Councillor J Chesworth)

Leader

REPORT OF THE CHAIRS OF HEALTH & WELLBEING SCRUTINY COMMITTEE & CORPORATE SCRUTINY COMMITTEE

MATTERS REFERRED TO CABINET IN ACCORDANCE WITH THE OVERVIEW AND SCRUTINY PROCEDURE RULES

EXEMPT INFORMATION
None

PURPOSE

To update Cabinet and to make recommendations to it following consideration of matters by the Scrutiny Committees.

EXECUTIVE SUMMARY

The following Committees have referred the following matters to Cabinet:

Scrutiny Committee	Title of Matter referred	Date of Scrutiny meeting
Health & Wellbeing	Green Agenda	26th January 2021
Corporate	Quarter 3 – Quarterly Performance Report	3rd February 2021

RECOMMENDATIONS

Health & Wellbeing
The Health & Wellbeing Scrutiny Committee received an update from the Assistant Director, Growth & Regeneration regarding the Climate Change Declaration item due to be considered by Cabinet at its meeting on 18th February 2021 and the Committee made the following recommendations to Cabinet as set out below.

It is recommended that:

1. A working group be set up comprising the responsible Portfolio Holder, Chair of the Health & Wellbeing Scrutiny Committee and a member of the Opposition to review the contents of any report produced to help understand the council's baseline carbon footprint.
2. A commitment be made to engage with members of the public regarding the green agenda, seeking their views and input on the contents of any baseline report produced.

Corporate
The Corporate Scrutiny Committee received the performance update and financial health check for Quarter 3, prior to it being presented to Cabinet at its meeting on 18th February 2021 and the Committee made the following recommendations to Cabinet as set out below.

It is recommended that:

1. Cabinet be advised of the areas where additional information had been sought by the Committee, in the form of an additional page being added to the report following the meeting; and
2. The Committee endorsed the report.

OPTIONS CONSIDERED

None.

REPORT AUTHORS

Councillor Richard Ford
Chair of Health & Wellbeing Scrutiny Committee
Councillor Thomas Jay
Chair of Corporate Scrutiny Committee

APPENDICES
None.

CABINET

THURSDAY, 18 FEBRUARY 2021

REPORT OF THE LEADER OF THE COUNCIL

QUARTER THREE 2020/21 PERFORMANCE REPORT

EXEMPT INFORMATION

None

PURPOSE

To provide Cabinet with a performance update and financial Healthcheck. The report was considered by Corporate Scrutiny Committee at their meeting on 3rd February 2021. Requests for additional information were made at this meeting and they are included at Appendix D

RECOMMENDATIONS

It is recommended that Cabinet approve:

- the contents of this report,
- the Corporate Scrutiny Committee recommendation that Cabinet be advised of the areas where additional information had been sought by the Committee, in the form of an additional page being added to the report following their meeting.

EXECUTIVE SUMMARY

This report contains the following sections:

- Corporate projects summary,
- General fund – actual spend summary,
- Universal credit summary,

1. Corporate plan actions and corporate risks,
2. Impact of welfare benefit reforms on Council services,
3. Medium term financial strategy 2019/20 – 2024/25 monitoring,
4. Financial health-check.

RESOURCE IMPLICATIONS

There are none.

LEGAL/RISK IMPLICATIONS BACKGROUND

There are none.

EQUALITIES IMPLICATIONS

There are none.

SUSTAINABILITY IMPLICATIONS

There are none.

REPORT AUTHOR

John Day

APPENDICES

Quarter three 2020/21 performance report

Sections in the report

1. Corporate plan actions and corporate risks,
2. Impact of welfare benefit reform.
3. Medium term financial strategy,
4. Financial health-check.

List of appendices

Appendix 1 2019 to 2022 Corporate Plan actions update,
Appendix 2 Corporate Risk Register 2020/21,
Appendix A General Fund & Housing Revenue Account main variances,
Appendix B Capital programme monitoring,
Appendix C Treasury management update,
Appendix D Additional information requests from Corporate Scrutiny Committee and areas that should be brought to Cabinet's attention.

Corporate Projects Summary

Corporate Project	Due Date	RAG Status	Commentary
Review of Corporate Capital Strategy	31st March 2021		Workstreams due to be completed March 2021 are likely to be pushed back due to Covid 19 restrictions impacting on stock condition survey and asset management plan
Priority Review - Cleaners	TBA (was 30th April 2020)		Implementation phase of the project has been delayed due to COVID-19. Further review will be required as part of the COVID-19 recovery phase
Priority Review - Leisure Services	31st October 2022		
Risk Management Strategy	31st July 2020		Apart from one element the policy is, subject to approval, ready to be released to Audit and Governance Committee.
Implement Customer Portal	31st December 2020		Due to lack of resource for testing v29 and processes the delivery of the portal is not possible as per Project Plan by end of February 2021.
ICT Strategy	TBA		No further progress due to Covid -19 with priority being given to remote council meetings, catching up on business plan activities including completion of Windows 10/Office 2016 rollout, infrastructure upgrade projects, laptop and PC refresh programmes.
Organisational Development Strategy	TBA		
Completion of new council housing at Tinkers Green and Kerria	31st December 2020		
Welfare Reform	31st December 2021		
Housing Strategy	30th November 2020		Project completed. Cabinet approved the strategy on 12th November 2020.
Leisure Strategy	30th December 2022		

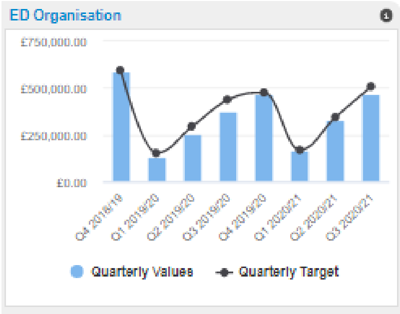
Corporate Project	Due Date	RAG Status	Commentary
Town Centre Programme	31st March 2022		

Key to Symbols

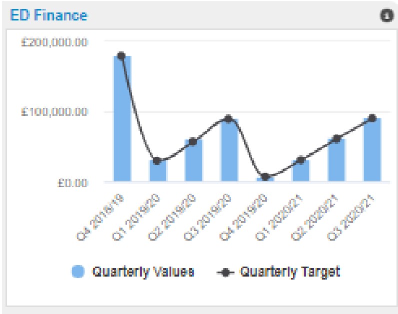
RAG Status	Overall Project Status
	Project on track and in control
	Project not on track but in control
	Project not on track

General Fund – Actual Spend

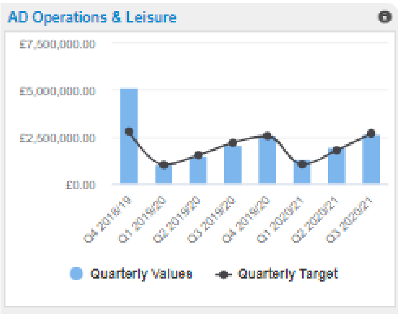
Joint Waste Arrangement – latest estimates from Lichfield District Council indicate an underspend



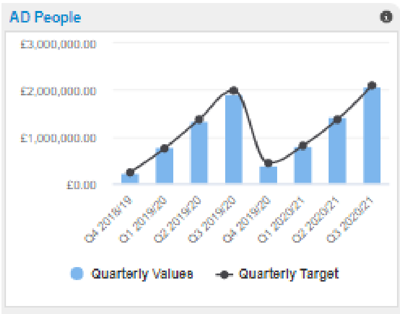
A number of small underspends are contributing to the position.



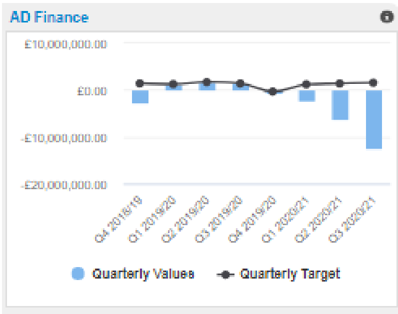
No significant variance reported.



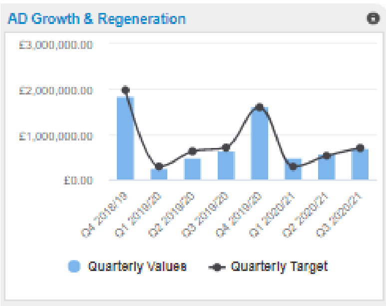
Reduced income from Cemeteries due to less burials this year to date.



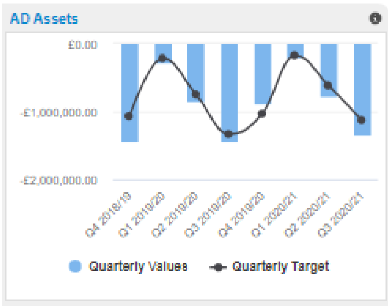
No significant variance reported.



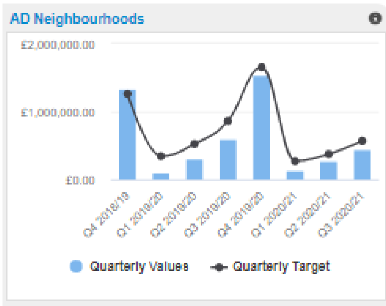
Additional income re Covid 19 government grants and potential surplus on Staffordshire business rates pool



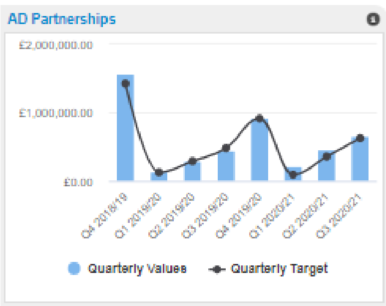
Reduced income due to impact of Covid 19.



Commercial and Industrial Properties – bad debt provisions underspent, plus income currently above budget



Homelessness – bad debt provision underspent, plus government grant above budget



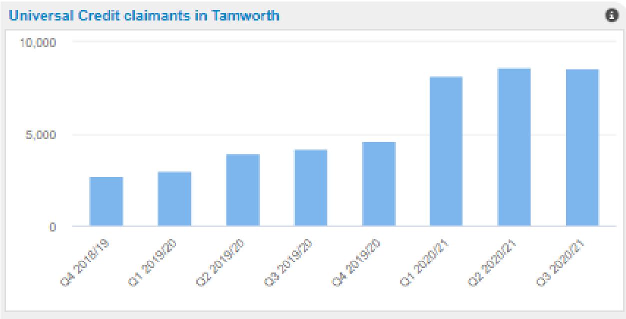
Reduction in income re car park enforcement.

Key

Quarterly Value is the year to date position

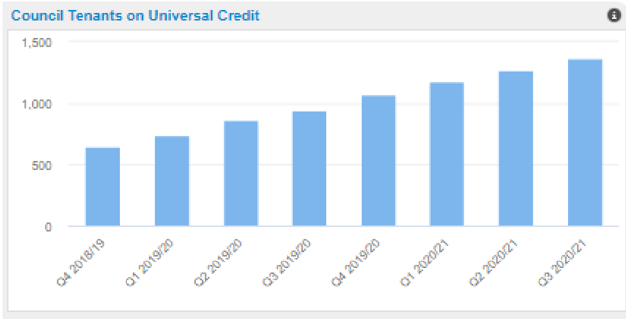
Quarterly Target is the year to date budget

Universal Credit Summary



Commentary

There are 8,537 universal credit claimants in Tamworth.



Commentary

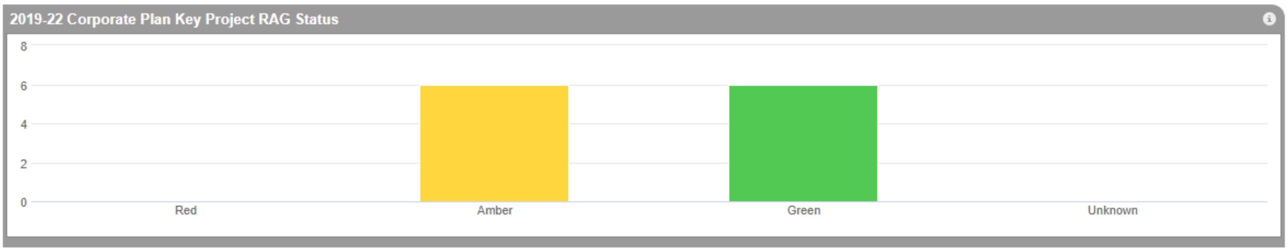
There are 1,363 council tenants on universal credit

1. Overview of corporate plan actions and corporate risks

The Executive Leadership Team identified projects from the Corporate Plan, the monitoring of which would form the basis for this section of the quarterly performance report.

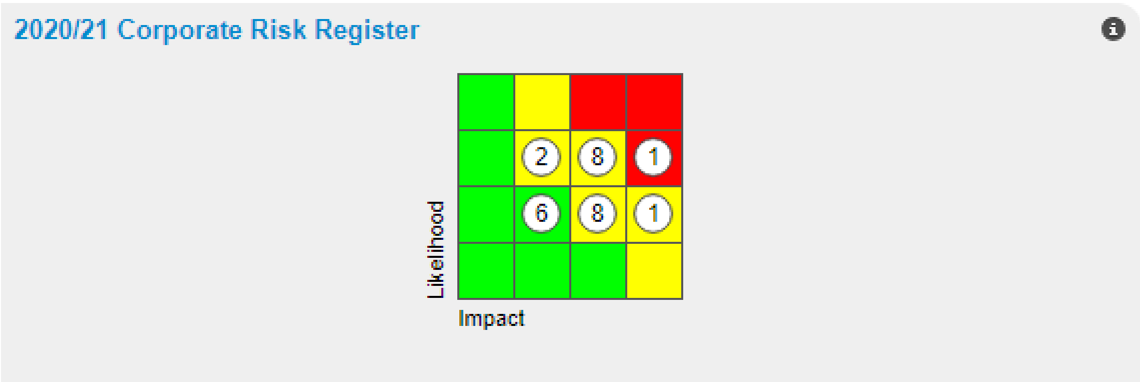
Project highlight reports for each of these are included at **Appendix 1.**

Current RAG status of the key projects



Details on the Corporate Risk Register are included at **Appendix 2**

Corporate Risk Register 2020/21 heatmap



2. Impact of Welfare Benefit Reform on Council services

Quarterly updates are presented to monitor the impact of welfare benefit reform changes on Council services including customer demand via monitoring of calls/contacts together with the financial impact of collection and demand for benefits and effect on income streams such as rent, council tax and business rates.

This update also outlines the impact for the period since 1st April 2020, following implementation of the measures to counter the Covid-19 pandemic.

<u>Benefits</u>

Lower levels of Discretionary Housing Payments (DHP) claims to 2019/20 have been received for Quarter 3, 2020/21 but DHP claims paid are higher at £121k (£32k higher than at December 2019 - £89k) - with 163 successful claims from 239 applications (compared to 181 successful claims from 287 applications at December 2019). There is a 3 week backlog (2.5 weeks as at December 2019) of claims still to be processed which may increase this figure.

Local Council Tax Reduction Scheme claims are at lower levels to 2019/20 (5,260 claimants as at December 2020 compared to 5,351 at March 2020 – although working age claimants are marginally higher) but have seen a projected cost increase across all claims within the scheme of £0.4m to £4.5m.

Live caseload figures are 161 higher than 2019/20 – currently 5,518 (following a reducing annual trend – at December 2019 caseload was 5,357 which was 194 lower than the previous year). The average time taken to process new Housing Benefit/Council Tax Benefit claims and change events was 8.5 days to December 2020 (7 days to December 2019).

NNDR

Due to the pandemic, recovery actions were suspended for quarter one with a recovery plan implemented during July – starting with reminder letters being issued and negotiations regarding payment undertaken according to individual circumstances.

Reminders (420 at December 2020) are lower than 2019/20 levels (553 at December 2019) with summons and liability orders at lower levels than 2019/20 as the Courts were not able to take cases until December 2020. There has been 35 summons and 23 liability order (compared to 111 and 76 respectively at December 2019). There has been 1 enforcement agent referral (41 referrals to December 2019).

Collection performance is subsequently below target - current year collection levels are at 82.3%, below target by 1.5% at 31 December equating to arrears of £0.28m (from £15.28m due to 31 December). Court costs are £3k below the anticipated level of £4k.

Arrears collected for 2019/20 are 38.1% compared to a target of 43.4%.

Council Tax

Due to the pandemic, recovery actions were suspended for quarter one until the full impact on individuals was known - with a recovery plan implemented during July, starting with reminder letters being issued and considering each individuals circumstances on a case by case approach to further support the most vulnerable.

During this period we have still been engaging with our customers and depending on their individual circumstances the following arrangements have been undertaken:

- Deferral of instalments;
- Flexible payment arrangements being made;
- Ensuring that they make an application for any qualifying benefits which includes Local Council Tax Support.

Reminders are 4,812 lower than 2019/20 levels (6,920 at December 2020 compared to 11,732 at December 2019) with summonses, liability orders, attachment of earnings and enforcement agent referrals also at lower levels (10 referrals to December 2020 compared to 1,440 at December 2019).

Current year collection levels at 85.8% are lower than the target of 86.9% at December 2020 (with a target of 98% for the 2020/21 financial year) equating to arrears of £0.42m (from £34.64m due to 31 December). Court cost income is below the anticipated level of £168k at £48k.

Arrears collection for 2019/20 of 31.1% is below the target of 44.7%.

As at December 2020 there were 1826 live Council Tax universal credit cases. The collection rate for universal credit cases was 68.7% (of a £472k collectable debit) compared to our overall collection rate of 85.8%. The difference shows universal credit collection approximately £81k behind where it would be if it reflected the overall figures.

Direct Debit take up for live universal credit cases is 25.1% compared to 69.4% overall, while roughly 7% are subject to arrangements compared to an overall figure of 3%. In addition, 43% of universal credit cases have been sent a reminder (20% overall). 9% of live universal credit cases have received a summons for non-payment, compared to a figure of 3% overall.

Housing

Summary information provided below explains numbers in receipt of Universal Credit:

Indicator	Qtr 4 2019/20	Qtr 1 2020/21	Qtr 2 2020/21	Qtr 3 2020/21
Number of Council Tenants on Universal Credit	1,072	1,179	1,269	1,363
Number of Council Tenants on Universal Credit in Rent Arrears	663	777	877	980
Percentage of Council Tenants on Universal Credit in Rent Arrears	61.8%	65.9%	69.1%	71.9%
Number of Council Tenants on Universal Credit not in Rent Arrears	409	402	392	383
Percentage of Council Tenants on Universal Credit not in Rent Arrears	38.2%	34.1%	30.9%	28.1%

Bad debt is forecast to increase in the future as more cases of Universal Credit come on board.

Total Rent arrears (excluding former tenants) at 31 December 2020 were £714k compared to £507k at 31 March 2020 – an increase of £207k (compared to a £114k increase as at 31 December 2019).

Total arrears (including former tenant arrears, recharges, court costs and garages etc.) are £2.05m at 31 December 2020, compared to £1.84m at 31 March 2020, an increase of £202k (compared to a £107k increase between 31 March 2019 and 31 December 2019).

Total arrears (including former tenant arrears, recharges, court costs and garages etc.) were £1.84m at 31 March 2020, compared to £1.84m at 31 March 2019, an increase of £6k (compared to a £155k increase between 31 March 2018 and 31 March 2019).

There were no evictions during Quarter 3 2020/21 (6 to Quarter 3 of 2019/20), due to COVID-19 court action for evictions being on hold. The following measures have also been put in place.

Voluntary Court Agreements between Landlord and Tenant

The courts recently gave Councils the power to revise court order agreements providing both parties are in full agreement. For those tenants whose cases have been cancelled (vacated) by the court due to the recent COVID-19 crisis or those tenants with existing court agreements that are no longer affordable due to a change in circumstance, the court is requesting that a voluntary agreement is successfully reached between landlord and tenant and this is put in writing for both parties to sign and forward to the court within 14 days for the court to approval and/or place on file.

Hardship Fund

There has been a small pot of money within the income budget that has not been fully utilised so we have successfully managed to get authorisation to access this to try and help some of our tenants that have been effected by COVID-19. The purpose of the scheme is:

- To assist tenants affected financially by the COVID-19 pandemic lockdown,
- To help alleviate poverty and stress,
- To reduce the temptation for tenants to use illegal money lenders,
- To sustain tenancies.

There are certain criteria for those who can apply, conditions and exceptions but all this information has been communicated across services in readiness for the receipt of applications.

The Income Officers are responsible for managing the applications that are made. As the budget is only small it has been agreed that we will be reliant on Income Officers to case manage and identify tenants eligible to meet the criteria to try and assist as many as possible.

There have been four applications for hardship funding all of which have been supported.

Paying Your Rent Leaflet

In addition to updating the above leaflet, in accordance with COVID-19, the website has also continued to be updated on a frequent basis. Both the leaflet and web include key contact information for support and advice inclusive of protection for renters, information and signposting to debt and arrears management, COVID-19 financial help and assistance, emergency legislation to suspend new evictions, CAB support, and change in circumstances etc.

Write Offs

The Assistant Directors and Heads of Service are responsible for the regular review of debts and consider the need for write off and authorise, where necessary, appropriate write offs in line with the Corporate Credit Policy.

The position for the second quarter of the financial year as reported to Cabinet on 3rd December 2020 is shown below.

Type	**01/04/20 – 30/09/20 £**
Council Tax	£48,807.28
Business Rates	£39,189.69
Housing Benefit Overpayments	£14,265.64
Housing	£51,467.80

In these unprecedented times the pandemic has affected people in a number of ways. Many of our residents/customers continue to be financially impacted by the crisis.

Therefore a decision was made to suspend recovery action for Quarter one. Action recommenced with a recovery plan implemented during July – starting with reminder letters being issued and negotiations regarding payment undertaken according to individual circumstances on a case by case approach to further support the most vulnerable.

Whilst collection rates are currently behind target and income levels reduced, it is too early to know what effect the pandemic will ultimately have on the economy and residents ability to pay.

Magistrates Courts are now only just starting to consider cases with our first court for this financial year on 21st December 2020. It is hoped that this will encourage payments together with engagement from and identification of customers who require further support. This situation will be closely monitored and reviewed in the coming months.

It should be noted that at present we would not consider the write off of debts unless we have pursued them to the fullest extent (and as a last resort).

The Council is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to collect monies due. There will be situations where the debt recovery process fails to recover some or all of the debt and will need to be considered for write off in accordance with the schemes of delegation prescribed in the Corporate Credit Policy.

The Council views such cases very much as exceptions. Before writing off debt, the Council will satisfy itself that all reasonable steps have been taken to collect it and that no further recovery action is possible or practicable. It will take into account the age, size and types of debt together with any factors that it feels are relevant to the individual case.

Authorisations are needed to write off debt:

Authority	Account Value
Executive Director/Assistant Director (or authorised delegated officer)	up to £5,000
Executive Director Finance	£5,001 - £10,000
Cabinet	over £10,000

These limits apply to each transaction.

Universal Credit

With regard to the roll out of universal credit, the current indicators show:

Indicator	Qtr 4 2018/19	Qtr 4 2019/20	Qtr 1 2020/21	Qtr 2 2020/21	Qtr 3 2020/21
live caseload figure	5,514	5,374	5,671	5,601	5,518
Number of Universal Credit claimants in Tamworth	2,682	4,594	8,132	8,594	8,537
Number of Council Tenants on Universal Credit	645	1,072	1,179	1,269	1,363
Number of Council Tenants on Universal Credit and in Rent Arrears	443	663	777	877	980
Percentage of Council Tenants on Universal Credit and in Rent Arrears	68.7%	61.9%	65.9%	69.1%	71.9%
Number of Council Tenants on Universal Credit and not in Rent Arrears	202	409	402	392	383
Percentage of Council Tenants on Universal Credit and not in Rent Arrears	31.3%	38.2%	34.1%	30.9%	28.1%
Number of Council Tax Payers on Universal Credit	745	1,254	1,655	1,723	1,826
Number of Council Tax Payers on Universal Credit and in arrears with Council Tax payments	261	388	N/A*	N/A*	161
Percentage of Council Tax Payers on Universal Credit and in arrears with Council Tax payments	35.0%	30.9%	N/A*	N/A*	9%
Number of Council Tax Payers on Universal Credit and not in arrears with Council Tax payments	484	866	N/A*	N/A*	1,665
Percentage of Council Tax Payers on Universal Credit and not in arrears with Council Tax payments	65.0%	69.1%	N/A*	N/A*	91%
Number of Universal Credit claimants nationally	1,736,431	2,933,218	5,275,248	5,688,095	5,830,557
Discretionary Housing Payments made – Year to date	140,303	135,782	45,860	91,883	120,879
Amount of Discretionary Housing Payments made to Universal Credit claimants – Year to date	82,001	102,688	34,480	68,556	94,145

* As court action was suspended until December, these figures are not available.

3. Medium Term Financial Strategy 2019/20 to 2024/25 monitoring

Council, on 25th February 2020, approved a three year Medium Term Financial Strategy (MTFS) 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 (HRA), a five 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 administration's 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 had previously said it will keep an open dialogue with the local authorities on 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.

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.

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 MTFS, 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 Local Government Association (LGA) and the Society of District Council Treasurers (SDCT) will continue to lobby and provide evidence to the Ministry of Housing, Communities and Local Government (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 22nd 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.

In light of the financial situation facing the Council during 2020/21, managers were tasked with identifying low level non-essential budgets for removal from the budget – bringing down the savings target of c. £2m per annum and limiting the cuts that would otherwise be needed to balance the MTFS in the future.

The budget review has identified savings of £1.2m towards the projected lost income anticipated from the impact of Covid-19 of £1.8m. In addition to the unringfenced grant of £1.25m, it is also expected that on excess of £0.5m will be received from the projected fees and charges income support grant (subject to the impact of the pandemic on income levels to March 2021).

The review included a robust challenge / re-justification process for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing – with £0.5m savings identified.

Following receipt of the Provisional Local Government Finance Settlement in December 2020 and the updated forecast as at January 2021, the projections now identify General Fund balances of £0.6m over 3 years – with a shortfall of £3.9m by 2024/25 and £7m over the 5 years to 2025/26, including the minimum approved level of £0.5m.

For the HRA, no major impact of the pandemic are forecast over 5 years at present, the current projections for the impact of Covid-19 on rent income levels is manageable within existing balances.

General Fund

MTFS Projections 2019/20 - 2025/26	General Fund						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Projected Balances per MTFS Council February 2020	(6,644)	(5,570)	(3,139)	(506)	2,850	6,423	-
Revised Forecasts:							
Revised Forecast Balances - July 2020	(6,882)	(5,673)	(2,787)	27	3,585	7,476	-
Revised Forecast Balances - October 2020	(6,882)	(6,413)	(4,219)	(1,854)	1,123	4,417	8,144
Revised Forecast Balances - January 2021	(6,882)	(6,413)	(6,083)	(3,666)	(632)	2,721	6,514

On 20th August 2020, Cabinet approved the budget setting process (& project plan) for 2021/22.

On 10th September, Cabinet considered an update to the MTFS for the General Fund (GF) and Housing Revenue Account (HRA) - as part of the agreed process to provide an update on the MTFS on a quarterly basis within the Quarterly Performance Report.

In line with the approved timetable, work on the preparation of the detailed 5 year budget / forecast progressed in order to inform the Base Budget Forecast for Cabinet on 3rd December and the Draft MTFS for Cabinet and Joint Scrutiny Committee in January 2021.

As a result of the updated forecast, the forecast projections identify General Fund balances of £0.6m over 3 years (compared with a forecast shortfall at Quarter 2 of £1.6m) – with a shortfall of £3.2m to 2024/25 increasing to £7m over 5 years (the shortfall was previously forecast at £8.6m in 2025/26), 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.

The forecast has been updated to include:

Change:	**Budget Impact**
Savings / increased income	
• New lower tier Government grant for District Councils	£(100)k p.a. for 2021/22 only
• Additional Covid (tranche 5) funding	£(427)k for 2021/22 only
• Updated NHB grant notification following continuation of scheme for 2021/22	£(446)k for 2021/22 only
• Reduced business rates tariff – following deferral of the reset	£(1.876)m for 2021/22 only

Change:	**Budget Impact**
• Updates to budgets following quality assurance checks / changes	£(40)k p.a. saving (£(195)k over 5 years)
Additional costs / reduced income	
• Business Rates Levy – 50% of retained business rates growth	£937k for 2021/22 only
• Taxbase reduction – due to increased Local Council Tax reduction costs (lower by 391 band D equivalent properties)	c.£73k p.a. income (£385k over 5 years)
• Revised saving from shared service cessation	£11k p.a. reduced saving (£61k over 5 years)
• Inflationary adjustments from above	Nil for 2020/21 (£8k p.a. cost (£30k over 5 years)
• Revised inflationary increase to RSG	£2k for 2020/21 only

Balances held within earmarked reserves for Transformation and Business rates retention will also be available to support the budget and MTFS.

Housing Revenue Account

	Housing Revenue Account						
MTFS Projections 2019/20 - 2025/26	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Projected Balances per MTFS Council February 2020	(4,764)	(3,424)	(3,013)	(1,586)	(1,447)	(1,131)	-
Revised Forecasts:							
Revised Forecast Balances - July 2020	(6,252)	(4,771)	(4,329)	(2,869)	(2,668)	(2,260)	-
Revised Forecast Balances - October 2020	(6,252)	(4,819)	(4,291)	(2,743)	(2,468)	(2,005)	(1,695)
Revised Forecast Balances - January 2021	(6,252)	(4,819)	(4,317)	(2,795)	(2,546)	(2,109)	(1,825)

As part of the approved MTFS in February 2020, a balanced 5 year forecast was presented for the Housing Revenue Account (HRA).

As a result of the updated forecast, over the 3 year period to 2023/24, balances of £2.5m are projected (in line with the previous quarterly forecast) with balances of £2.1m over the 4 years to 2024/25 reducing to £1.8m in 2025/26 (balances were previously forecast at £2m in 2023/24, £1.7m in 2024/25).

The forecast has been updated to include an annual budget reduction of £26k required following the quality assurance process.

It is currently anticipated that the rent loss arising from delays in letting void properties, increase in universal credit applications and temporary suspension of deductions from Universal Credit for rent arrears can be managed within budget for 2020/21. No further rent reductions have been assumed – with no changes to the current rent free weeks.

No impact of the delay in acquisitions / spend of one for one receipts has been included - MHCLG have now confirmed an extension of time to 31st March 2021 to spend such receipts.

4. Financial Healthcheck

Executive Summary

This section to the report summarises the main issues identified at the end of December 2020.

General Fund

Revenue

GENERAL FUND	YTD Budget £000	YTD Position £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000
Chief Executive	1,427	1,254	(173)	1,391	1,343	(48)
AD Growth & Regeneration	697	682	(15)	1,634	1,855	221
ED Organisation	507	469	(38)	560	560	-
AD People	2,095	2,068	(27)	178	130	(48)
AD Operations & Leisure	2,690	2,643	(47)	3,433	3,315	(118)
ED Finance	90	93	3	7	7	-
AD Finance	1,570	(12,324)	(13,894)	395	(552)	(947)
AD Assets	(1,125)	(1,337)	(212)	(661)	(701)	(40)
AD Neighbourhoods	569	442	(127)	1,209	1,232	23
AD Partnerships	625	669	44	1,006	1,018	12
Total	**9,145**	**(5,341)**	**(14,486)**	**9,152**	**8,207**	**(945)**

- The General Fund has a favourable variance against budget at Period 9 of £14.486m (£12.409m as at period 8).

- The projected full year position identifies a favourable variance against budget of £945k or 10.33% (£569k or 6.21% favourable as at period 8).

  This projection has highlighted several budget areas for concern (detailed at **Appendix A**).

- The Council has ongoing monitoring processes in place for its spending and income levels. 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.

  The budget review has identified savings of £1.2m towards the projected lost income anticipated from the impact of Covid-19 of £1.8m.

Capital

GENERAL FUND	Budget Reprofiled from 2019/20 (memo only) £000	YTD Budget £000	YTD Actual Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile to 2021/22 (memo only) £000	Outturn £000
Chief Executive	718	539	5	(534)	718	5	(713)	713	718
AD Growth & Regeneration	529	757	324	(433)	1,009	389	(620)	600	989
AD People	114	311	156	(155)	404	281	(123)	57	338
AD Operations & Leisure	921	1,197	600	(598)	1,439	572	(868)	868	1,439
AD Finance	12,131	9,098	-	(9,098)	12,131	-	(12,131)	12,131	12,131
AD Assets	311	777	437	(341)	1,036	619	(418)	75	694
AD Neighbourhoods	46	77	49	(28)	103	73	(30)	-	73
AD Partnerships	-	-	-	-	-	-	-	-	-
GF Contingency	306	139	-	(139)	286	-	(286)	255	255
TOTAL GENERAL FUND	**15,077**	**12,896**	**1,570**	**(11,325)**	**17,127**	**1,939**	**(15,188)**	**14,699**	**16,638**

- Capital expenditure incurred was £1.570m compared to a profiled budget of £12.896m (£1.466m compared to a profiled budget of £11.519m at period 8).

- It is predicted that £1.939m will be spent by year end compared to a full year budget of £17.127m, including re-profiled schemes from 2019/20 of £15.077m (£3.082m projection compared to a full year budget of £17.127m as at period 8). Re-profiling to 2021/22 is forecast at £14.699m (£13.534m at period 8).

- A summary of Capital expenditure is shown at **Appendix B.**

Treasury Management

- At the end of December 2020 the Authority had £64.258m invested in the money markets. The average rate of return on these investments is 0.76% though this may change if market conditions ease.

- Borrowing by the Authority stood at £63.060m at the end of December 2020, all being long term loans from the Treasury Public Works Loans Board. The average rate payable on these borrowings equates to 4.05%.

- A more detailed summary of the Treasury Management situation, detailing our current Lending and Borrowings can be found at **Appendix C.**

Balances

Balances on General Fund are projected to be in the region of £6.753m at the year end from normal revenue operations (£6.377m as at period 8) compared to £5.570m projected within the 2020/21 budget report– additional balances of £1.183m.

Housing Revenue Account (HRA)

Revenue

HOUSING REVENUE ACCOUNT	YTD Budget £000	YTD Position £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000
HRA Summary	(13,998)	(13,899)	99	(2,843)	(2,823)	20
ED Communities	82	90	8	-	11	11
AD Operations & Leisure	99	71	(28)	178	176	(2)
AD People	125	82	(43)	167	132	(35)
AD Assets	597	577	(20)	389	394	5
AD Neighbourhoods	1,297	1,273	(24)	3,447	3,497	50
Housing Repairs	4,190	3,457	(733)	-	-	-
Total	**(7,608)**	**(8,349)**	**(741)**	**1,338**	**1,387**	**49**

- The HRA has a favourable variance against budget at Period 9 of £741k (£902k favourable as at period 8).

- The projected full year position identifies an unfavourable variance against budget of £49k (£58k unfavourable as at period 8). Individual significant budget areas reflecting the variance are detailed at **Appendix A**.

Capital

HOUSING REVENUE ACCOUNT	Budget Reprofiled from 2019/20 (memo only) £000	YTD Budget £000	YTD Actual Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile to 2020/21 (memo only) £000	Outturn £000
AD Assets	5,904	18,112	6,826	(11,286)	22,150	15,007	(7,143)	5,435	20,442
HRA Contingency	100	75	-	(75)	100	100	-	-	100
TOTAL HOUSING REVENUE ACCOU	**6,004**	**18,187**	**6,826**	**(11,361)**	**22,250**	**15,107**	**(7,143)**	**5,435**	**20,542**

- Housing Capital expenditure of £6.826m has been incurred as at the end of Period 9 compared to a profiled budget of £18.187m (£5.820m compared to a profiled budget of £16.833m at period 8).

- It is predicted that £15.107m will be spent by year end compared to a full year budget of £22.250m, including re-profiled schemes from 2019/20 of £6.004m (£15.446m projection compared to a full year budget of £22.250m as at period 8). Re-profiling to 2021/22 is forecast at £5.435m (£5.146m at period 8).

- A summary of Capital expenditure is shown at **Appendix B.**

Balances

- Balances on the Housing Revenue Account are projected to be in the region of £4.865m at the year-end (£4.856m as at period 8) compared to £3.424m projected within the 2020/21 budget report – additional balances of £1.441m.

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Appendix 1

Corporate Plan Project Updates

Corporate Capital Strategy

Project due date	31st March 2021
3. On track and in control	
2. Not on track but in control	✓
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
MTFS to include consideration of Capital Expenditure	October 2019	LP	Green
Monthly Capital Monitoring Reports	From June 2019	LP	Green
Review Capital Appraisal Process	October 2019	LP	Green
Review Asset Management Strategy – incorporating revised Stock Condition Survey	March 2021	PW	Amber
Review of Building Repairs Fund (BRF) and planned approach to be developed	March 2021	PW / LP	Amber
Review of Commercial Property – monitoring of performance to be established	March 2021	PW / LP	Amber

Key milestones achieved	**Date milestone achieved**
Capital Strategy included with Budget and MTFS presented to Cabinet 24th January 2019 and Joint Scrutiny Cttee 30th January 2019	January 2019
Feedback received from Link Asset Services and subsequent amendments/updates made to strategy 2019/20	2019/20
ASSG meetings scheduled 1/4ly in diaries starting 28/03/19 – and resumed September 2020 following cancellations due to Covid 19	
ASSG on 26/09/19 reviewed progress for Agreed Capital Programme; considered and agreed report on “Whole Life Costing” and reviewed progress on Capital Strategy Action Plan	September 2019
Draft Capital Budgets for 2020/21 onwards considered by CMT 16/10/19	
Draft Capital Budgets for 2020/21 onwards included in base budget report to Cabinet 28/11/19	November 2019
Initial assessment/baseline position for monitoring BRF and Commercial Property established December 2019	December 2019
2020/21 Draft Capital Strategy included with Budget and MTFS presented to Cabinet 22nd January 2020 and Joint Scrutiny Cttee 29th January 2020	January 2020
2020/21 Final Capital Strategy included with Corporate Vision, Priorities Plan, Budget & MTFS 2020/21 approved by Cabinet 20th February 2020 and Council 25th February 2020	February 2020

Cleaning Review

Project due date	TBA (was 30th April 2020)
Overall Project Status (Indicate by typing **yes** in the appropriately shaded box below)	
3. On track and in control	
2. Not on track but in control	✓
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
Project Scoping [Complete]	Complete	PW	
PID [Complete]	Complete	PW	
Demands analysis [Complete]	Complete	TW	
Review of staffing needs and costing/Service standards [Complete]	Complete	TW	
Implementation [April 2020]	30/04/20	PW	

Key milestones achieved	**Date milestone achieved**
Project scoped, PID completed and agreed	Summer 2019
Demands analysis complete	Summer 2019
Service standards and staffing inputs mapped	Summer 2019
Costed model produced	Summer 2019
Report presented to CMT [Summer 2019]	Summer 2019
Outline report presented to Scrutiny	August 2019
Cabinet report date agreed	August 2019
Proposals approved by Cabinet	August 2019
Policy Reviews submitted as part of budget setting process	September 2019
Budgets approved	February 2020
Consultation planning commenced	February 2020

Leisure Services Review

Project due date	31st October 2022
3. On track and in control	✓
2. Not on track but in control	
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
Aspects of the Councils leisure provision have been reviewed:- • Covid 19 has had a impact on leisure services, the Council run gym had to close due to lockdown and a review of this was undertaken at that time:- Review of the viability of castle grounds activity centre gym resulting in staff made redundant from posts including cessation of IR35 gym instructor. • Covid further impacted on Anker valley football facilities and this was closed with Lockdown 1, reopened with reduced facilities in the late summer and is now closed gain with Lockdown 3- Jan 2021 • Review of current swimming provision, awaiting decision. Others area still require review, now the Council has been awarded the Future High Street funding, there is a requirement to align leisure provision in the town centre going forward and assessment of this has commenced. All leisure services will be considered in line with the R and R project. Uncertain of what leisure provision will 'look like' following pandemic, far too early to see the longer term impact- full review pushed back to October 2022. Preparation of project plan, to include scrutiny committee consultation on recommendations as required Further preparatory work to look a wider health and wellbeing benefit to community following the pandemic	July 2021 December 2021 April 2021	SMcG/KM	
Review Information- to meet with ED Communities and ED DCE, AD Partnerships to discuss options leisure requirements		AG/SMcG	

Key milestones achieved	**Date milestone achieved**
Initial review of gym completed and staff made redundant	Oct 2020
Swimming agreement- legal review completed	Aug 2020

Risk Management Strategy

Project due date	July 2020
3. On track and in control	
2. Not on track but in control	✓
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
Review of current reporting process / format	July 2020	LP	
Rationalize and Co-ordinate mitigating actions	July 2020	LP	
Identification of Corporate Risks- ensure all captured, aligned and reported	July 2020	LP	

Key milestones achieved	**Date milestone achieved**
Appointment of consultants to assist with undertaking the review and project scoped	March 2019
Review of current risk undertaken and new grouping proposed(reduction to 14 categories) looking to reduce further	April 2019
Appointment of "Service Risk Champions"	September 2019
Collation of potential different reports from the system be considered	TBA
Meetings with Risk champions Scheduled in for November - rescheduled	Suspended
Due to the delay and loss of momentum in the project a revised timetable will be discussed – RB and risk consultant 14/2/20	February 2020
A revised draft of the new report to be presented to CMT in July for approval. If approved, discussions with relevant AD's and ED's will be held and a new report generated in Pentana. This will then be included in a future Risk report to A&G	July 2020
The new report layout is constructed and will be reviewed and refined in October by ED's and AD's ready for reporting to A&G at the 3rd Qtr	Not Achieved
The new report layout is constructed and to be reviewed and refined by mid-December by ED's and AD's ready for reporting to A&G at the 3rd Qtr – update from CMT 7/1/21 reschedule report for A&G 1st Qtr 2021-22	
New layout discussed with ED's 18/11/20 and to be discussed with AD's 10/12/20 The meeting on the 10th will also receive feedback and discussion on the ZM risk Horizon survey	10/12/20
The new layout discussed ZM Horizon scanning review discussed. CMT members to feedback on the revised layout for the first CMT in the new year. The CMT decided to push back the development of the new reporting layout until 1st Quarter report of 2021-22	

Implement Customer Portal

Project due date	31st December 2020
3. On track and in control	
2. Not on track but in control	✓
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
CRM Activity • Single Person Discount Process User Acceptance Completed by CST • Revenues – still testing	30/11/20	JMcD	

Dependency – Digital360 v29 Upgrade
• **Acceptance is a pre-requisite of Portal Go Live**
• Digital360 v29 upgrade implemented
  • Testing underway –
  • Housing completed – Issues reported to Civica for resolution
  • Planning – testing underway w/c 18th Jan
  • Benefits –testing suspended until further notice
  • Revenues – testing suspended until further notice
  • CST – testing completed as far as possible
	30/11/20	JMcD	

Portal – Portal 360 TBC controlled work • Portal testing underway – Staff Volunteers Testing Group established Registration workshops with volunteer testers • Portal styling and configuration workshops with Graphics Team • SPD Portal process UAT to be completed • New Civica Project Manager – Project completion plan written and received • Portal Go Live	28/02/21 07/01/21 15/02/21 06/01/21	JMcD	

Portal – Portal 360
Civica controlled work
• Pay360 process to be put into Portal
  • Require support from Capita
• Academy Web Services in Portal
  • Require support from Capita
  • Issues forwarded on to Capita for support
• Move process to be completed for Move Out and Within Tamworth
• SPD Portal process work to be completed
• New Civica Project Manager – Project completion plan written and received
	28/02/21
	
	06/01/21
	17/02/21
	15/02/21
	06/01/21
		JMcD	

Knowledge Transfer • All sessions delivered	19/08/20	JMcD	

Key milestones achieved	**Date milestone achieved**
• Test Portal created and skinned to fit in with Tamworth.gov.uk website – Dec 2019 • Knowledge Transfer Session – System Admin – delivered w/c 16th December 2019 • Knowledge Transfer Session – Single Person Discount - Process Mapping & Customer Journey – delivered 22/01/2020 • System Admin – Build Elements w/c 3rd Feb • Customer Journey Build w/c 24th Feb • Portal user authentication completed • Outstanding documentation ratified and delivered back to Civica • Move Process go Live • Final Single Person Discount process build sessions delivered	31/12/19 16/12/19 22/01/20 24/02/20 02/06/20 12/05/20 17/06/20 17/07/20 15/07/20

• Address synchronisation implemented • Final knowledge transfer session delivered • Address synchronisation between Local Land and Property Gazetteer process implemented • Single Person Discount user acceptance testing started • Capita provide technical documentation to support development of Academy integration • V29 Upgrade implemented in Test • Portal Customer Journey Workshop with Civica consultants delivered • Styling Workshop completed	17/08/20 19/08/20 31/08/20 01/09/20 28/09/20 02/11/20 16/12/20 31/12/20

ICT Strategy

Project due date	TBA
3. On track and in control	
2. Not on track but in control	✓
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
Financial waiver approved for SIP platform upgrade initial estimated savings £1k per month Work to commence on move to new platform next month. Orders for the new lines into the Depot and Marmion have been placed and a project manager appointed by our supplier to oversee implementation. Next steps are commissioning of the new connectivity and SIP trunks followed by testing and porting of our numbers onto the new platform. There has been a delay to the first phase of this project due to BT lead times as a result of COVID. They have now engaged with us to arrange installation of the lines. Work now progressing with BT to install the new fibre connections. Nov 20 - New Fibre connections now installed into Marmion and Depot and successfully tested. SIP provisioning in progress which will be followed by porting of numbers. Dec 20 – Connectivity/SIP testing currently in progress	Feb 2020	GY/NH	
Implementation of Astute as policy management tool / decommissioning of Net Consent. Janet is continuing to work on Astute preparation for policy dissemination The next steps are to complete this work, agree a process for policy management followed by implementation. NetConsent will then be decommissioned. Implementation is planned for April. Timescales for implementation pushed back to August due to absences and other priorities relating to current situation Policy rollout on Astute in progress. Code of conduct has been issued to all staff, Allocations Policy rolled out to Housing and Customer Services. Further policies to be scheduled for roll out and refresh reminders in consultation with policy owners in terms of requirements for organisational or statutory refresh.	Aug 2020	GY	
Deliver short term priorities – EPOS Replacement – Gardiff implemented at Assembly Rooms and TIC Nov 20 - Network connectivity installed into the Upper Lodge including Wi-Fi availability at both the Castle and Upper Lodge. Gardiff also now installed at both the Castle and Upper Lodge. Dec 20 - Training for staff delayed until early March due to COVID safety. Contract renegotiation – this is an ongoing activity now. We are working on reviewing all of our contracts to ensure they are recorded correctly, documentation up to date and triggers for review in place. Agreed with Anna Miller that we will now proceed with Northgate M3 Assure upgrade for Planning followed by Environmental Health (EH) with learning from the Planning implementation as EH more complex and requires more resource. Training on Assure Planning and implementation has now commenced. Conversion of documents underway to new Assure document production. Initial go live for Assure planning provisionally set for Jan 21 Proposal for a 3-year fixed term contract across all Northgate systems received. Results in savings, avoiding RPI increases for the contract duration. After negotiations with Northgate, updated proposal received with 2 free of charge inclusive consultancy days for each year of the contract along with reduced support and maintenance costs. Contract now commenced Nov 20. Corporate Business Objects Review and explore Enterprise licencing – not started. This will be looked	March 2021	GY	

at as part of the contract work above. Telephony carrier/SIP trunk provider options appraisal – complete – see workstream for SIP platform above. Depot connectivity options appraisal – current connectivity contract with Virgin in place until Sept. Indicative quote requested from NetVisionIP for wireless link between Marmion and the Depot to replace the current Ethernet circuit. This is on hold pending a review of Marmion House as part of reset and recovery. Provision of Public Services Network (PSN) associated services from April 2019 onwards. We will be continuing with Vodafone until further options from CCS are available, this is likely to be Sept for some of the services. We are planning to transition away from GCSx email during 2020 to our on premise email system so will be terminating this service with Vodafone. Contract extended with Vodafone due to new CCS framework delays. GCSx email retirement delayed due to resource involved with COVID. Implementation now planned for completion Dec 2020 ahead of GCSx service decommission by PSN in March 21.			
Draft Strategy developed	February 2020	GY/ ZW	
Consult with stakeholders including CMT, Officers and elected members Report to be presented to IS&G Scrutiny Meeting on 27th February 2020 – this was postponed at the request of the Scrutiny chair, date has not yet been agreed Consultation still in progress, further feedback from AD's/service heads required. Member working group to be arranged by Cllr Goodall/Chesworth for consultation with members. Further development of ICT strategy required to meet the challenges of Covid recovery phase and general workplace strategies when information becomes available. Strategy discussed at ISG Scrutiny 16th Sept, members fully supportive of draft and will be forming a working group to feed in from an elected member perspective. Dec 20 - ICT Strategy on forward plan for Cabinet approval at April's meeting. Strategy will be shared with heads of service at next meeting as part of final consultation process.	April 2021	GY/ZW	
Deliver Strategy action plan by 2025	2025	GY	

Key milestones achieved	**Date milestone achieved**
Draft Strategy delivered to CMT	February 2020
Consultation commenced with AD's	March 2020
IS&G Scrutiny reviewed strategy	Sept 2020

Organisational Development Strategy

Project due date	TBA
3. On track and in control	✓
2. Not on track but in control	
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
Development of Draft Strategy		AG/ZW	
Consultation		AG/ ZW	
Implementation		ZW/ JN	
Tender for Leadership Development Programme work developed		ZW/JN	
Tender evaluation to be completed by End January 2020	31/01/20	ZW/JN	
Contract Awarded by 29 February 2020	29/02/20	ZW/ JN	
Contractor to scope work by July 2020	31/07/20	ZW/JN	
Programme to be developed by August 2020	31/08/20	ZW/ JN	
Delivery to commence September 2020 – delayed	30/09/20	JN	
Delivery to commence November 2020	30/11/20	JN	

Key milestones achieved	**Date milestone achieved**
Quotes evaluated – preferred supplier identified – IODA	December 2019
Preferred supplier advised of contract award and suggested delay due to COVID-19	February 2020
Feedback provided for the unsuccessful suppliers	March 2020
No challenges received from the unsuccessful suppliers	March 2020
Initial scoping meeting held with Ioda	May 2020
Scoping sessions held with CMT, Heads of Service and some Line Managers	June 2020
Programme Developed and approved to be delivered virtually	September 2020
Delivery commenced	December 2020

Completion of new homes at Tinkers Green & Kerria

Project due date	December 2020 Tinkers Green January 2021 Kerria (was August 2020)
3. On track and in control	✓
2. Not on track but in control	
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
Developer procurement [Complete]	Complete	PW	
Decant and empty property management [Complete]	Complete	TM	
Land and property acquisition and retail [Acquisition Complete Summer 2018]		PW	
Demolition [Complete]	Complete	PW	
Communication [Ongoing]	Ongoing	LR	
Local Lettings Policy [No longer required]	N/A	TM	

Key milestones achieved	**Date milestone achieved**
Contract in place	Spring 2018
Clerk of Works appointed	Summer 2018
Homes England funding confirmed and spent	Spring 2018
Demolition of both sites complete	Sept 2018
Construction work underway on both sites	Sept 2018
Handover schedule in place with first units due for completion in July 2019 [Ongoing]	Ongoing
Revised handover schedule on target for Autumn 2020 completion [Ongoing]	Ongoing
Regular scheduled handovers are taking place across both sites. [Ongoing]	Ongoing
Tenants have moved into properties across both sites and to date feedback appears to be positive. [Ongoing]	Ongoing
Heads of Terms out with legal for the full retail space with a single tenant (amended planning applications withdrawn)	Summer 2019
Following detailed research and consideration; and in view of the Portfolio's objectives being met it was agreed local lettings criteria has been met by making best use of the rights and flexibilities within the allocations policy. Of the c25 let thus far there has been a diverse mix of social and economic households seeking to support ambitions around creating balanced and sustainable communities. Given these were the outcomes originally designed it does not need a specific local lettings plan as objectives are being achieved – to do so would be subject to statutory consultation and therefore lead to delays in lettings. This will be kept under review as new developments are brought forward	
Tinkers Green site completed and all properties ready for let.	December 2020

Welfare Reform

Project due date	December 2021
3. On track and in control	✓
2. Not on track but in control	
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
Establish Corporate Project group – workstreams mapped as below • Bi monthly meeting planner sent out for all meetings throughout 2021		TMM	Completed
Transition of Former Tenant Arrears to Revenues Team in Finance (Revenues Team to now commence and manage the recovery of former tenant rent arrears including recruitment of staffing resource to this team to carry out this work.)		MB/LP	Completed
Development of a corporate monthly `Welfare Reform Customer Insight, Impact & Performance Data Intelligence Report` • Data on all types of welfare benefits across all applicable council departs including UC, HB, DHP, Under Occupation, Council tax reduction, Working tax credit, child tax credit , PIP, benefit cap, state pension, referrals/third sector etc.	Monthly	AL/MB/LB ALL	
To identify third sector commission opportunities and update group monthly • Personal budgeting/resident support opportunities with County • Describe/train/promote on service offer and referrals • Opportunities for commissioning – what's offered now and in planning	Monthly	KC	
HQN Income Management Accreditation & Annual Workplan • Refreshing accreditation action plan and service improvement plan informed by HQN ongoing health check commencing April 2021 • Delivery of annual Income Management Workplan 2021/22	April 2021 2021/22	LB/LL/JC	
Development Corporate Debt Strategy including external supported to be procured Feb/March 2021 • Quick quote specification to be completed and published on Intend Feb/March 2021 • First draft Corporate Debt Strategy anticipated autumn/winter 2021	Dec 2021	TMM/ALL	

Key milestones achieved	**Date milestone achieved**
Corporate Project Group established	Bi monthly meetings take place first week of the month (Feb, April, June, Aug, Oct, Dec 2021)
Key work-streams identified linked to team work plans	Workplans refreshed at the beginning of each new financial year, due March 2021
Policy change agreed to facilitate FTA transfer to MB's team	Completed Sept

	2019
TMM/LL attended scrutiny on UC and cross party letter to DWP & Ministers	Completed Feb 2020
Agreed with RB a QQ to engage support to help draft corporate debt strategy for consultation/options	Completed January 2020
First invitation to Quote for the Corporate Debt Strategy out on Intend with a closing date of 29th August 2020 – no suitable bids so now closed.	29 August 2020
Second invitation to quote for the Corporate Debt Strategy is due to go out on intend Feb/March 2021	

Housing Strategy

Project due date	30th November 2020
3. On track and in control	**Completed**
2. Not on track but in control	
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
Procurement		JS/SP	
Consultants research and stakeholder engagement		JS/SP	
Evaluate report and recommendations		JS/SP	
Portfolio Holder engagement		JS/SP	
CMT agreement and support for implementation – draft circulated		JS	
H& W Scrutiny Committee	20 October 2020	JS	
Cabinet report	12 November 2020	JS/SP	
Communications		LR/JS	
Corporate implementation plan – links to other workstreams inc Homelessness strategy		JS/SP	
Project completion	November 2020	SP	

Key milestones achieved	**Date milestone achieved**
Tender evaluation completed – 3 bids received	
Successful supplier HQN appointed	
HQN commencing stakeholder interviews	
Order raised	
Stakeholder interviews completed	
Update meeting with SP/JS on 18th November - to look at first draft of evidence base and emerging priorities	18th November 2019
First drafts received 2 December 2019 for consideration and circulation prior to member update	December 2019
Further draft received and circulated to ED Communities and appropriate ADs for comment – March 2020	March 2020
Planning consultation completed	July 2020
Updated report due for consideration	Aug 2020
Agenda Item H&W Scrutiny Committee	20 October 2020
Cabinet	12 November 2020

Leisure Strategy

Project due date	30th December 2022
3. On track and in control	✓
2. Not on track but in control	
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
Review evidence from leisure services priority review In conjunction with Future High Street proposals	June 2021	AG/SMcG	
Prepare brief for Leisure Strategy and Indoor & Outdoor sports strategy This may include widening the brief to health and wellbeing Post covid the 'leisure' requirement may look very different National consultation under way – LGA,CLOA and APSE leading Local consultation may be required on brief	Aug 2021	AG/SMcG	
Appoint external consultants for the both	Dec 2021	AG/SMcG	
Produce both Leisure Strategy and Indoor & Outdoor sports strategy	Oct 2022	AG/SMcG	
Endorse both Leisure Strategy and Indoor & Outdoor sports strategy	Dec 2022	AG/SMcG	

Key milestones achieved	**Date milestone achieved**

Town Centre Programme

Project due date	31st March 2022
3. On track and in control	
2. Not on track but in control	✓
1. Not on track	
Month & Year of update	December 2020

(Traffic light - red, amber, green based on progress to date)

Workstreams	**Due date**	**Lead**	**Workstream RAG status**
Town Centre Strategy	2020/21	MF	
Gungate Masterplan	2020/21	DH	
TIC		ZW	
Place Investment Strategy	2020/21	MF	
Car Parking Strategy	2020/21	MF	
Market re-tender	2020/21	MF	
Communications and Engagement		ZW	
Town Centre Funding Applications	Ongoing	MF	
Future High Streets Fund	Sep 2020	AM	

Key milestones achieved	**Date milestone achieved**
Town Centre Strategy The FHSF bid which has been in preparation since January 2019 has in part provided the strategy. The RHSS and LGA work coupled with the reset and recovery inclusive growth strategy will assist in delivery of the rest. The FHSF included a town centre masterplan which formed part of the bid submission. Awaiting £14K LGA money received – work to be concluded July 2021 £67K RHSS money received - work to be concluded February 2021 Awaiting SEP money from GBSLEP – work to be concluded March 2022	Not achieved in the form envisaged.
Gungate Masterplan **Masterplan completed** • Member consultation completed. Delay to public consultation for three reasons 1) workload diverted towards Gungate land assembly (PCC, SCC, Buzz Bingo and Atik) 2) workload diverted towards private sector engagement and potential sig. interest from McCarthy and Stone and 3) need to address concerns that Masterplan duplicates FHSF submission particularly around college/Covid 19 has led to re-thinking of the end uses. • Minor amends to Masterplan underway. • Public consultation.	**OCTOBER 2019** June/July 2020 Dec/Jan February 2021
Place Investment Strategy • **Place Investment Strategy Completed in draft** • Awaiting consultation	**APRIL 2019**
Car Parking Strategy • Benchmarking and baseline exercise completed. • Further handover meeting with JS. Since the handover of this service in April 2020 the focus has been on understanding the data that underpins the service including the need to address immediate car parking issues around the infrastructure.	September 2020 October 2020

• Policy change submitted to renew car parking infrastructure. Approved in principle for £50K. • Task and Finish Group established. • Preparation of tender.	October 2020 December 2020 February 2021
Market re-tender • Tender prepared and with procurement. • Publish tender.	October 2020Feb 2021
Town Centre Funding Applications • FHSF: £21,652,555. To structurally transform the town centre through three distinct projects. **ACHIEVED** • RHSS funding: £67,455. To re-open the high street and specifically to prepare a town centre action plan. **ACHIEVED** • Cultural Recovery Fund (Castle): £250K. Castle Team delivering various digital and online improvements to castle activities. **ACHIEVED** • Cultural Recovery Fund (Assembly rooms): £126,150 **ACHIEVED** • LGA funding: £14,000. To better understand 1) barriers to innovation and evolution of small and new businesses in the town centre and 2) empowerment of businesses to drive town centre improvements. • Bid to GBSLEP: £60K for delivery of an inclusive growth strategy to deliver reset and recovery. This is Borough-wide and not TC focused but will include the town centre. • Cultural Recovery Fund: bid progressing. Can bid for 50% of previous successful award. Closing date end of January 2021.	Dec 2020 May 2020 Nov 2020 Nov 2020 Announcement Jan 2021 Announcement expected December 2020. Announcement expected February March 2021.

Appendix 2

Corporate Risk Register 2020/21

Title	Description
Finance	To ensure that the Council is financially sustainable as an organisation

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Funding gaps	18-Jan-2021	3	3	9	
Business Rates Retention	18-Jan-2021	3	3	9	
New Homes Bonus	18-Jan-2021	3	2	6	
Welfare and Benefit Reform	18-Jan-2021	4	3	12	
Failure to manage budgets	18-Jan-2021	3	2	6	

Title	Description
Modernisation & Commercialisation Agenda	Develop and implement continuous improvement and develop employees to perform the right work

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Contract Management & Procurement	18-Jan-2021	2	2	4	
Management of Assets	18-Jan-2021	2	3	6	
New Revenue Streams	18-Jan-2021	3	3	9	
Workforce Planning Challenges	13-Jan-2021	3	2	6	
Continuous Improvement	13-Jan-2021	2	2	4	

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Partnerships fail	21-Jan-2021	3	2	6	

Title	Description
Governance	Ensure that processes, policies and procedures are in place and the authority is held to account

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Democratic Process	13-Jan-2021	3	2	6	
Legislation	13-Jan-2021	2	2	4	
Policies & Procedures	22-Jan-2021	3	2	6	
Ethics	25-Jan-2021	2	2	4	

Title	Description
Community Focus	To ensure the safety, health and wellbeing of the citizens of the borough

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Community Cohesion & Engagement	21-Jan-2021	3	3	9	
Safeguarding Children & Adults (including Modern Slavery)	21-Jan-2021	2	3	6	
Emergency Planning	19-Oct-2020	3	2	6	

Title	Description
Economic Growth & Sustainability	To ensure that the economic growth and sustainability of the borough is maintained

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Lack of economic investment in people and Places	08-Jan-2021	3	3	9	

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Housing Needs	21-Jan-2021	3	3	9	
Economic Changes	25-Jan-2021	3	3	9	

Title	Description
Information Safeguarding	To ensure that our data is protected

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Data Protection and information Safeguarding	13-Jan-2021	3	2	6	
Cyber Security	13-Jan-2021	4	2	8	
Business Continuity	18-Jan-2021	3	3	9	

Title	Description
Brexit	The Impact of Brexit upon the Council

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Financial	18-Jan-2021	2	2	4	
The Impact of Brexit upon the Council	18-Jan-2021	2	2	4	

Risk Status	
	High Risk
	Medium Risk
	Low Risk

Appendix A

General Fund – Main Variances

Service Area	Cost Centre	Account Code	Year to Date Position	Year to Date Budget	Year to Date Variance	Full Year Budget	Predicted Outturn Variance	Predicted Outturn	Comment
AD Operations & Leisure	Peaks	Sport Development Project Funding	-	76,140	(76,140)	101,530	(61,500)	40,030	Awaiting options appraisal
	Cemeteries	Fees & Charges	(63,943)	(103,350)	39,407	(137,840)	35,000	(102,840)	Burials down this year, not had as many as previous years.
	Public Spaces	Salaries	889,291	930,420	(41,130)	1,240,580	(40,000)	1,200,580	Due to accumulation of vacancies within team that are to be filled
	Public Spaces	Contract Payments (Basic)	119,430	81,090	38,340	108,110	-	108,110	Due refund and therefore spend still within budget
	Tbc Highways Maintenance	Maintenance Highway Related Assets	120,055	89,190	30,865	118,910	-	118,910	Actual spend within budget, large orders on system yet to be completed
AD People	Ict	Other Hardware Maintenance	42,878	60,660	(17,782)	80,910	(30,000)	50,910	Underspend used to cover overspend on MFT Licence
		Mft Licence/Mtce/Imp	508,968	449,760	59,208	449,760	60,000	509,760	Overspend covered by underspends within cost centre
		S/Ware Mtce & Imp	-	25,890	(25,890)	34,520	(34,520)	-	Underspend used to cover overspend on MFT Licence
	Customer Services	Salaries	341,510	375,720	(34,210)	500,930	(34,210)	466,720	Vacant posts & maternity leave. A temp CSO and a pool of CSA casuals are to be recruited.
AD Assets	Commercial Property Management	Provision For Bad Debts	27,685	61,830	(34,145)	80,580	-	80,580	Budget amended in Q1 review to reflect anticipated impact of COVID 19 on rental income
	Industrial Properties	Provision For Bad Debts	12,665	74,820	(62,155)	94,820	-	94,820	
		Rents	(791,573)	(745,000)	(46,573)	(808,780)	-	(808,780)	Income is currently above budget but likely impact of

									COVID on income levels is still unknown
Service Area	**Cost Centre**	**Account Code**	**Year to Date Position**	**Year to Date Budget**	**Year to Date Variance**	**Full Year Budget**	**Predicted Outturn Variance**	**Predicted Outturn**	**Comment**
AD Assets	Marmion House	Rents	(64,845)	(23,490)	(41,355)	(31,330)	(17,000)	(48,330)	Delay to SCC vacating 5th Floor
AD Neighbourhoods	Homelessness	Provision For Bad Debts	9,829	40,200	(30,371)	40,200	-	40,200	Report still to be done around write off of historic B&B debt
		Bed & Breakfast Income	(24,023)	(75,240)	51,217	(100,270)	57,000	(43,270)	Historic budget based on high level of spend in past years, improved practices have resulted in a significantly reduced spend on B&B which in turn has reduced the level of income.
	Homelessness Strategy	Cont To Reserves	-	-	-	-	45,850	45,850	Remaining grant money to move to reserve in order to deliver new spending priorities as outlined in report to cabinet November 2020
		Government Grants	(145,855)	(100,000)	(45,855)	(100,000)	(45,850)	(145,850)	Remaining grant money to be utilised once new spending priorities have been agreed (report to cabinet November 2020)
	Community Wardens	Salaries	86,908	109,620	(22,712)	146,160	(30,000)	116,160	Estimated savings from vacant posts due to freeze on recruitment
AD Partnerships	Ddcpp Business Support	Salaries	188,533	219,315	(30,782)	292,420	(30,000)	262,420	Due to accumulation of vacant posts that are hoping to be filled soon
	Car Parking Enforcement Costs	Standard Charges	(11,176)	(50,858)	39,681	(67,770)	50,000	(17,770)	Enforcement suspended due to Covid, came back online start of July, lost first quarter income.

Service Area	Cost Centre	Account Code	Year to Date Position	Year to Date Budget	Year to Date Variance	Full Year Budget	Predicted Outturn Variance	Predicted Outturn	Comment
Chief Executive	Joint Waste Arrangement	Refuse Joint Arrangements	966,724	1,126,500	(159,776)	1,501,980	(50,000)	1,451,980	Based on latest estimates from LDC likely to be underspend at year end. Situation will be monitored closely especially in light of any additional costs incurred re COVID 19.
AD Growth & Regeneration	Outside Car Parks	Short Stay Car Parking	(234,470)	(292,000)	57,530	(400,000)	80,000	(320,000)	Reduced income - impact of Covid 19 & free parking until June 15th
	Castle & Museum	Salaries	132,578	111,330	21,248	148,480	45,000	193,480	Impact of Covid 19 - redundancies process longer than anticipated
		Wages	62,797	12,780	50,017	16,990	46,000	62,990	Casual average monthly pay ended in Dec 20 so should be no more spend on here
	Taxi & Private Hire Vehicles	Combined Hc & Ph Drivers Lic	(3,381)	(27,420)	24,040	(36,540)	31,500	(5,040)	Budget is a reflection of last year's 3-year renewal income will not be achieved this year.
	Development Control	Fees & Charges Planning App	(154,293)	(119,430)	(34,863)	(159,210)	(15,000)	(174,210)	A number of large applications have been received to date, however future applications are expected to be in line with usual monthly volume over the next 3 months
	Dev. Plan Local & Strategic	Local Development Framework	10,655	86,220	(75,565)	115,000	(85,000)	30,000	Local plan on hold pending results of planning white paper from government
		Cont To Reserves	-	-	-	-	85,000	85,000	Local plan on hold pending results of planning white paper from government
AD Finance	Benefits	Provision For Bad Debts	-	-	-	50,000	(40,000)	10,000	BDP not likely to be required in full
		Rent Allowances	4,341,867	4,062,818	279,049	5,846,370	(243,450)	5,602,920	Based on DWP est claim @ P9

Service Area	Cost Centre	Account Code	Year to Date Position	Year to Date Budget	Year to Date Variance	Full Year Budget	Predicted Outturn Variance	Predicted Outturn	Comment
AD Finance	Benefits	Non-Hra Rent Rebates	12,852	55,643	(42,791)	74,190	(4,560)	69,630	Based on DWP est claim @ P9
		Council Tenant Rent Rebates	5,579,602	5,575,195	4,407	7,222,010	(113,440)	7,108,570	
		Council Tenant Grant	(5,431,356)	(5,521,865)	90,509	(7,153,750)	107,670	(7,046,080)	
		Private Tenant Grant	(4,241,786)	(4,003,890)	(237,896)	(5,757,080)	242,760	(5,514,320)	
		Pt Overpayment Recovery	36,443	73,095	(36,652)	97,460	(42,800)	54,660	Based on e-Fins latest position
	Benefits Administration	Government Grants	(56,374)	(25,570)	(30,804)	(33,160)	(23,210)	(56,370)	Unbudgeted Government Grant income
	Corporate Finance	Nndr Levy Payments	287,252	275,400	11,852	1,020,640	(64,540)	956,100	Uncertainty over business rates as economy recovers.
	Corporate Finance	Government Grants	(13,234,131)	(821,700)	(12,412,431)	(1,095,550)	64,540	(1,031,010)	S31 grant for additional Covid19 retail relief in 2020/21
	Corporate Finance	Misc Contributions	-	-	-	-	(250,000)	(250,000)	Uncertainty over business rates collection levels for Staffordshire pool over the coming months - current projections indicate a surplus will be achieved but dependent on economic conditions and recovery to March 2021
		Contribution From Reserves	-	-	-	(187,360)	(64,470)	(251,830)	Amount written back to revenue following reserves review report Cabinet 3rd December
	Treasury Management	Minimum Revenue Provision Gf	125,280	125,280	-	167,070	(56,620)	110,450	Reduced due to reprofiling in capital programme
		Misc Interest & Dividends	(303,670)	(248,670)	(55,000)	(331,560)	-	(331,560)	No variance to budget due to uncertain economic situation
		Property Fund Dividends	(74,572)	(71,250)	(3,322)	(95,000)	(35,000)	(130,000)	Projected income to year end above budget

Service Area	Cost Centre	Account Code	Year to Date Position	Year to Date Budget	Year to Date Variance	Full Year Budget	Predicted Outturn Variance	Predicted Outturn	Comment
AD Finance	Covid-19	Government Grants	(1,579,983)	(802,843)	(777,141)	(1,066,940)	(274,996)	(1,341,936)	Covid19 grant income
			(923,356)	(255,000)	(668,356)	(340,000)	(230,000)	(570,000)	Potential Covid 19 income support grant scheme

Housing Revenue Account – Main Variances

Service Area	Cost Centre	Account Code	Year to Date Position	Year to Date Budget	Year to Date Variance	Full Year Budget	Predicted Outturn Variance	Predicted Outturn	Comment
AD Assets	Repairs Contract	Consultants Fees	-	24,750	(24,750)	33,000	(33,000)	-	All services originally required have now been completed so budget not required in this financial year
AD Neighbourhoods	Income Management	Salaries	269,078	300,711	(31,633)	406,230	(30,000)	376,230	Revenues Former Tenancy Arrears post not yet recruited so funding will need to be reserved in order to fund post in new financial year
	Estate Management	Maintenance Of Cctv	40,730	-	40,730	-	40,730	40,730	Committee decision to increase HRA contribution to CCTV not built in to HRA budget
Housing Repairs	Repairs Contract	Covid 19 Costs	743,413	-	743,413	-	-	-	These costs relate to payments made under the Government guidance note PPN02/20 in response to COVID19
		Responsive Repairs	650,338	1,372,500	(722,162)	1,830,000	-	1,830,000	The initial months of the repairs contract have been impacted by the COVID 19 outbreak with access to property being restricted. It is anticipated that workloads will increase steadily but may not return to full levels in the current year.
		Voids	903,827	1,002,623	(98,795)	1,336,830	-	1,336,830	
		Lift Maintenance	51,857	135,000	(83,143)	180,000	-	180,000	The service programme is on track but there has been less spend on maintenance than in previous years. The maintenance element is ad-hoc and delivered on demand as and when issues are found during service visits
		Gas Heating Systems Maintenance	384,607	487,500	(102,893)	650,000	-	650,000	The initial months of the repairs contract have been impacted by the COVID 19 outbreak with access to properties restricted
Service Area	Cost Centre	Account Code	Year to Date Position	Year to Date Budget	Year to Date Variance	Full Year Budget	Predicted Outturn Variance	Predicted Outturn	Comment

Housing Repairs	Repairs Contract	Periodic Electrical Testing	163,097	262,500	(99,403)	350,000	-	350,000	Periodic testing programme has commenced but there are issues around gaining access to properties
		Planned Maintenance	27,838	187,500	(159,662)	250,000	-	250,000	New schedule of work being agreed and expected to start before the end of the year
	Repairs - General	Communal Tv Aerials	-	33,750	(33,750)	45,000	-	45,000	System installs and surveys are underway. A review is to be done to identify if works are being coded to the correct budgets
		Fire Fighting Equipment	28,657	75,000	(46,343)	100,000	-	100,000	Annual servicing work not yet invoiced
		Asbestos Removal	5,260	56,250	(50,990)	75,000	-	75,000	Programme of Asbestos surveys still to be agreed
HRA Summary	H R A Summary	Rents	(13,877,343)	(13,966,353)	89,010	(18,118,510)	-	(18,118,510)	Rent income is currently under recovered due to a higher number of voids and a halt to the work on the Tinkers Green and Kerria developments during lockdown. Lettings have now resumed and it is anticipated that rent income levels should even out going forward

Appendix B

Capital Programme Monitoring

GENERAL FUND

Service Area	Budget Reprofiled from 2019/20	YTD Budget £000	YTD Actual Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile to 2021/22 £000	Outturn £000	Comments
Chief Executive										
Gungate Development	718	539	5	(534)	718	5	(713)	713	718	This project will need to be re-profiled into 2021/22
Service Area Total	**718**	**539**	**5**	**(534)**	**718**	**5**	**(713)**	**713**	**718**	
ED Growth										
Castle Mercian Trail	280	210	265	55	280	280	-	-	280	Delay due to Castle closure, contractors are now on site and HLF exhibition planned to finish in Feb 21.
Gateways	244	325	13	(312)	434	14	(420)	400	414	Funds for Phase 3 (Corporation St), linked to bid for Government funds under accelerated projects, with SCC. Expected spend of £10-£20k for design stage of the project, remaining amount to be c/f to 21/22
Cultural Quarter - Carnegie Centre	6	4	5	1	6	6	-	-	6	-
Repairs to Castle Elevation	-	188	1	(186)	250	50	(200)	200	250	Project delayed due to Covid 19, but work has now commenced. Not likely to be spent in full this year, underspend to be carried forward to 21/22.

Service Area	Budget Reprofiled from 2019/20	YTD Budget £000	YTD Actual Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile to 2021/22 £000	Outturn £000	Comments
Castle Lighting	-	30	40	10	40	40	-	-	40	Have now appointed following tender exercise.
Service Area Total	**529**	**757**	**324**	**(433)**	**1,009**	**389**	**(620)**	**600**	**989**	
AD People								-		
Replacement It Technology	45	79	70	(8)	105	105	-	-	105	To be spent in line with capital appraisal, plus replacement laptops & technology
EDRMS (Electronic Document Records Management System)	30	-	-	-	-	-	-	-	-	Budget vired to Customer Portal scheme
New Time Recording System 17/18	15	11	-	(11)	15	-	(15)	15	15	Dependent on recovery/reset programme and unlikely to be spent now this year
Self Service Customer Portal	24	48	30	(18)	54	54	-	-	54	Funds vired from EDRMs for further development of the portal.
Member Device Refresh	-	15	17	2	20	20	-	-	20	Expected to be fully spent
Endpoint & Web E-Mail Filter	-	30	38	8	40	40	-	-	40	Budget almost fully spent
Asset Management Database	-	113	-	(113)	150	42	(108)	42	84	Underspend as a result of HRA contribution to software. The remaining funds may be re-profiled dependent on progress of the project
Mobile Phone Contract	-	15	-	(15)	20	20	-	-	20	Budget released from capital contingency as approved Cabinet 10/9/20
Service Area Total	**114**	**311**	**156**	**(155)**	**404**	**281**	**(123)**	**57**	**338**	
Service Area	**Budget Reprofiled from 2019/20**	**YTD Budget £000**	**YTD Actual Spend £000**	**Variance £000**	**Budget £000**	**Predicted Outturn £000**	**Variance £000**	**Reprofile to 2021/22 £000**	**Outturn £000**	**Comments**

Service Area	Budget Reprofiled from 2019/20	YTD Budget £000	YTD Actual Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile to 2021/22 £000	Outturn £000	Comments
AD Operations & Leisure								-		
Wigginton Park Section Section 106	10	7	-	(7)	10	-	(10)	10	10	Plans to deliver scheme in line with Wigginton Park Management Plan.
Broadmeadow Nature Reserve	17	13	-	(13)	17	17	-	-	17	Works to complete management plan and HLS agreement, tenders came in at more than budget so we are now in process of retendering with budget guidance.
Public Open Space Section 106	10	7	-	(7)	10	-	(10)	10	10	Spend in line with work plan. Work required is seasonal / weather dependant.
Street Lighting	33	60	2	(58)	79	-	(79)	79	79	Works to be delivered in line with 30 year project plan
Local Nature Reserves	23	17	-	(17)	23	-	(23)	23	23	Works ongoing to deliver items from management plan for various LNRs.
Community Woodland Cycleway	199	149	10	(139)	199	-	(199)	199	199	Variation to design spec to be included with Amington Community Woodland, delay in delivery phase due to new work timeline from developer.
Amington Community Woodland	337	253	17	(235)	337	-	(337)	337	337	Consultation and design complete however, delay in delivery phase due to new work timeline from developer.

Service Area	Budget Reprofiled from 2019/20	YTD Budget £000	YTD Actual Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile to 2021/22 £000	Outturn £000	Comments
3G Sports Facility	193	617	551	(65)	665	555	(110)	110	665	Agreement with Sport England & FA grant of £472k awarded. Project is now complete, may still receive some bills over coming months. Funds to be used if capital bid approved for resurface of tennis court
Assembly Rooms Development	-	-	19	19	-	-	-	-	-	Borrowing has been agreed
Indoor and Outdoor Sports Feasibility	100	75	-	(75)	100	-	(100)	100	100	Linked with review of Gungate site and strategy for the whole borough. Delayed due to Covid 19.
Service Area Total	**921**	**1,197**	**600**	**(598)**	**1,439**	**572**	**(868)**	**868**	**1,439**	
AD Finance										
Property Funds	8,131	6,098	-	(6,098)	8,131	-	(8,131)	8,131	8,131	Planned investment in Property Funds delayed by Covid-19 pandemic - future investment subject to review but unlikely to be before 21/22
Solway Tamworth LTD LATC	4,000	3,000	-	(3,000)	4,000	-	(4,000)	4,000	4,000	Scheme review planned following Covid-19 pandemic
Service Area Total	**12,131**	**9,098**	**-**	**(9,098)**	**12,131**	**-**	**(12,131)**	**12,131**	**12,131**	
AD Assets										
Disabled Facilities Grant	190	630	435	(195)	840	618	(223)	-	618	Now recommenced and working through programme, underspend reflects amount previously accrued which will not now be invoiced.

Agile Working Phase 2	114	86	-	(86)	114	-	(114)	-	-	No decisions have yet been made with regard to this scheme which is dependent on future plans for Marmion House/Covid 19 recovery. However it is not currently expected to be spent this year.
Energy EFF Upgrade Commercial and Industrial Properties	-	56	1	(56)	75	-	(75)	75	75	Ad hoc spend to upgrade units, not expected to spend this year but requested to re-profile as will be informed by the results of the stock condition survey.
Castle Grounds Toilet Refurbishment	7	5	1	(4)	7	1	(6)	-	1	Final invoice now received, remaining budget will be underspend.
Service Area Total	**311**	**777**	**437**	**(341)**	**1,036**	**619**	**(418)**	**75**	**694**	
AD Neighbourhoods										
Homelessness Reduction Act	30	23	-	(23)	30	-	(30)	-	-	There are no immediate plans to spend these funds
CCTV Infrastructure	16	55	49	(6)	73	73	-	-	73	Budget for upgrades to CCTV network - anticipate full spend at this stage
Service Area Total	**46**	**77**	**49**	**(28)**	**103**	**73**	**(30)**	**-**	**73**	
GF Contingency										
Gf Contingency	35	26	-	(26)	135	-	(135)	135	135	No requirement identified as yet - to be re-profiled
Cont-Return On Investment	20	15	-	(15)	20	-	(20)	20	20	No requirement identified as yet - to be re-profiled
GF Contingency Plant and Equipment	100	75	-	(75)	100	-	(100)	100	100	Subject to VFM assessment - budget for potential plant and equipment purchases over leasing - to be re-profiled
Service Area	**Budget Reprofiled from 2019/20**	**YTD Budget £000**	**YTD Actual Spend £000**	**Variance £000**	**Budget £000**	**Predicted Outturn £000**	**Variance £000**	**Reprofile to 2021/22 £000**	**Outturn £000**	**Comments**
Refurbishment of Marmion House	100	-	-	-	-	-	-	-	-	Budget vired into CQ1001 GF General Contingency

Reception (Contingency)										
GDPR Compliance (Contingency)	31	23	-	(23)	31	-	(31)	-	-	Not likely to be required
Mobile Phone Contract (Contingency)	20	-	-	-	-	-	-	-	-	Funds released following Cabinet approval September 2020
Service Area Total	**306**	**139**	**-**	**(139)**	**286**	**-**	**(286)**	**255**	**255**	
GENERAL FUND TOTAL	**15,077**	**12,896**	**1,570**	**(11,325)**	**17,127**	**1,939**	**(15,188)**	**14,699**	**16,638**	

HOUSING REVENUE ACCOUNT

Service Area	Budget Reprofiled from 2019/20	YTD Budget £000	YTD Actual Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile to 2021/22 £000	Outturn £000	Comments
AD Assets										
Structural Works	-	185	131	(53)	246	196	(50)	-	196	Budget for ad hoc repairs as identified during the year - not expected to be spent in full.
Bathroom Renewals	-	426	101	(325)	568	568	-	-	568	At the moment it is anticipated that the budget will be fully spent in line with the programme, subject to potential impact of any possible further restrictions due to Covid 19.
Service Area	**Budget Reprofiled from 2019/20**	**YTD Budget £000**	**YTD Actual Spend £000**	**Variance £000**	**Budget £000**	**Predicted Outturn £000**	**Variance £000**	**Reprofile to 2021/22 £000**	**Outturn £000**	**Comments**
Gas Central Heating Upgrades and Renewals	147	625	89	(535)	833	833	-	-	833	At the moment it is anticipated that the budget will be fully spent in line with the programme, subject to

Kitchen Renewals	-	778	135	(643)	1,038	1,038	-	-	1,038	potential impact of any possible further restrictions due to Covid 19.
Major Roofing Overhaul and Renewals	95	755	1,006	252	1,006	1,006	-	-	1,006	
Window and Door Renewals	-	487	433	(54)	649	649	-	-	649	
Neighbourhood Regeneration	-	521	153	(368)	695	695	-	-	695	
Disabled Facilities Adaptations	112	244	(14)	(258)	325	325	-	-	325	It is expected that this will be fully spent, assuming full access to properties
Rewire	-	272	7	(265)	362	180	(182)	-	180	An underspend against this budget is now predicted, as there are less rewires required than had been originally anticipated.
CO2 / Smoke Detectors	-	48	4	(44)	64	64	-	-	64	Subject to electrical/void inspections
Insulation	-	13	-	(13)	18	18	-	-	18	Ad hoc spend

Service Area	**Budget Reprofiled from 2019/20**	**YTD Budget £000**	**YTD Actual Spend £000**	**Variance £000**	**Budget £000**	**Predicted Outturn £000**	**Variance £000**	**Reprofile to 2021/22 £000**	**Outturn £000**	**Comments**
Renew High Rise Lifts	243	182	(2)	(184)	243	123	(120)	120	243	Tender re lift renewal in progress, will not be spent in full this year although works expected to be in progress on site and remaining budget required to be re-profiled to 21/22 to complete.

Service Area	Budget Reprofiled from 2019/20	YTD Budget £000	YTD Actual Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile to 2021/22 £000	Outturn £000	Comments
Fire Upgrades To Flats 2012	150	113	0	(112)	150	50	(100)	100	150	Budget to fund additional works linked with CR4023 Installation of Fire Doors. Expected to re-profile £100k to 2021/22.
Sheltered Schemes	-	75	-	(75)	100	-	(100)	100	100	Flooring & decoration works identified but have been delayed due to Covid 19, now required to be re-profiled into 2021/22.
Energy Efficiency Improvements	-	53	-	(53)	70	-	(70)	-	-	Project reviewed and no longer required.
Install Fire Doors High Rise	-	1,095	-	(1,095)	1,460	1,460	-	-	1,460	Underway with Wates, not likely to be spent in full this year, awaiting confirmation from Wates.
High Rise Balconies	20	15	22	7	20	20	-	-	20	Budget re-profiled from 2019/20
Works to High Rise Flats	605	454	53	(401)	605	53	(552)	-	53	Scheme no longer required and budget to be offered up
Retention of Garage Sites	179	659	26	(634)	879	26	(854)	-	26	Consultant's' first report received and options will be subject to member decision. No spend likely this year and new scheme proposed as part of 21/22 capital programme.
Capital Salaries	-	150	-	(150)	200	200	-	-	200	-
Software Fire Safety Surveys	-	68	-	(68)	90	90	-	-	90	Tenders now received and contractor appointed for surveys. Software to be progressed.
HRA Street Lighting	-	52	-	(52)	69	-	(69)	69	69	Works to be carried out by E-On in line with 30 year plan but delayed due to Covid and

										budget to be re-profiled.
Asset Management Software HRA	-	81	62	(19)	108	62	(46)	46	108	HRA contribution - budget established following Cabinet approval of virements from CR2001 & CR2007. At this stage it is anticipated that £46k will be re-profiled for further stages of the project in the new financial year.
Tinkers Green	1,796	1,347	1,618	271	1,796	1,796	-	-	1,796	Completed in December.
Kerria Estate Project	1,068	801	364	(437)	1,068	1,068	-	-	1,068	Planned completion date 25th January.
Regeneration General	81	-	-	-	-	-	-	-	-	Re-profiled from 2019/20, to be combined with CR7005
Other Acquisitions	1,407	1,055	1,370	314	1,407	1,407	-	-	1,407	Expected to spend in full, subject to achieving completion by 31st March
Regeneration & Affordable Housing	-	7,561	1,268	(6,293)	8,081	3,081	(5,000)	5,000	8,081	Council approval to bring forward £6m from provisional capital programme budgets re new-build scheme at Wilnecote, has been committed but now unlikely to be spent until 2021/22, therefore funds will need to be re-profiled.
Service Area Total	**5,904**	**18,112**	**6,826**	**(11,286)**	**22,150**	**15,007**	**(7,143)**	**5,435**	**20,442**	
Service Area	**Budget Reprofiled from 2019/20**	**YTD Budget £000**	**YTD Actual Spend £000**	**Variance £000**	**Budget £000**	**Predicted Outturn £000**	**Variance £000**	**Reprofile to 2021/22 £000**	**Outturn £000**	**Comments**
HRA Contingency										
HRA Contingency	100	75	-	(75)	100	100	-	-	100	-
Service Area Total	**100**	**75**	**-**	**(75)**	**100**	**100**	**-**	**-**	**100**	
HRA Total	**6,004**	**18,187**	**6,826**	**(11,361)**	**22,250**	**15,107**	**(7,143)**	**5,435**	**20,542**	

Appendix C

Treasury Management Update – Period 9 - 2020/21

Investments held as at 31st December 2020:

Borrower	Deposit £	Rate %	From	To	Notice
North Tyneside Council	5,000,000	1.20%	06-Dec-19	07-Jun-21	-
Bank of Scotland	2,000,000	1.10%	03-Jan-20	04-Jan-21	-
Bank of Scotland	2,000,000	1.10%	03-Jan-20	04-Jan-21	-
Coventry City Council	4,000,000	0.90%	29-Apr-20	28-Apr-21	-
Standard Chartered	5,000,000	0.20%	12-Aug-20	12-Feb-21	-
Thurrock Council	5,000,000	0.65%	09-Oct-20	07-Oct-22	-
Thurrock Council	5,000,000	0.35%	15-Oct-20	15-Jul-21	-
Plymouth City Council	5,000,000	0.35%	30-Oct-20	29-Oct-21	-
Lloyds Bank	2,000,000	0.10%	-	-	95 day
Santander	10,000,000	0.60%	-	-	180 day
MMF – PSDF	9,258,000	0.04%*	-	-	On call
MMF – Federated	10,000,000	0.11%*	-	-	On call
Total	**64.258**	**0.76 (avg)**			

** Interest rate fluctuates daily dependant on the fund's investment portfolio, rate quoted is approximate 7 day average.*

External Borrowing as at 31st December 2020:

Borrowing from PWLB				
Loan Number	**Rate**	**Principal**	**Start**	**Maturity**
475875	8.875%	1,200,000	29/04/1995	25/04/2055
478326	8.000%	1,000,000	17/10/1996	17/10/2056
479541	7.375%	1,000,000	28/05/1997	28/05/2057
479950	6.750%	2,000,000	02/10/1997	03/09/2057
481087	5.625%	3,000,000	22/06/1998	22/06/2058
481641	4.500%	1,400,000	09/10/1998	09/10/2058
483694	4.875%	92,194	21/12/1999	18/10/2059
488835	5.000%	2,000,000	01/07/2004	01/07/2034
490815	4.250%	1,000,000	24/11/2005	24/05/2031
494265	4.430%	2,000,000	21/01/2008	01/01/2037
494742	4.390%	700,000	15/08/2008	15/08/2058
500759	3.520%	5,000,000	28/03/2012	28/03/2053
500758	3.510%	5,000,000	28/03/2012	28/03/2054
500757	3.510%	5,000,000	28/03/2012	28/03/2055
500761	3.510%	5,000,000	28/03/2012	28/03/2056
500755	3.500%	5,000,000	28/03/2012	28/03/2057
500756	3.500%	3,000,000	28/03/2012	28/03/2058
500753	3.500%	1,000,000	28/03/2012	28/03/2059
500760	3.490%	5,000,000	28/03/2012	28/03/2060
500762	3.490%	5,000,000	28/03/2012	28/03/2061
500754	3.480%	5,668,000	28/03/2012	28/03/2062
504499	3.230%	3,000,000	30/11/2015	30/11/2065
Total		**63,060,194**		

Appendix D

Corporate Scrutiny Committee

3rd February 2021

Quarter Three 2020/21 Performance Report

Additional information requests

What is the effect of the Local Housing Allowance on Discretionary Housing Payments?

Since 2011-12, additional Discretionary Housing Payment (DHP) government contribution funding has been made available to enable local authorities to provide transitional support to claimants as they adjusted to the Housing Benefits (HB) Welfare Reforms.

The DHP funding for England and Wales in 2020-21 will be £179.5 million, which includes £139.5 million rolled over funding from 2019-20 and an additional £40 million allocated at the Spending Round.

The £40 million additional funding has been split proportionately between local authorities and based on the aggregated Local Housing Allowance (LHA) shortfalls in each local authority (in other words, the total amount by which actual rents exceed LHA rates for those claimants with rent above LHA rate). This meant that local authorities with the greatest LHA shortfalls will receive a larger proportion of the £40 million funding.

In total, the Council received a DHP allocation of £182,433 for 2020-21 compared to £135,865 for 2019-20.

In summary, the DHP is used to top up the local housing allowance, to cover the shortfall in actual rents charged and is a necessity to reduce the level of potential evictions and poverty. In theory, the increase in LHA should result in a lower amount of DHP being required to top up to the market rent paid.

Why are Discretionary Housing Payments lower?

The data shows that 48 less claims were received to December 2020, and 18 less paid – compared to December 2019. However, spend was £31,730 higher for lower claim numbers. This is because for 2019/20 we placed a cap on how much we could help an individual with rent arrears to make sure we had enough funds to last the financial year. Due to the extra funding we received for this financial year we lifted the cap on the amount we would pay towards arrears.

Debt Management Support for Residents / What is being done to discourage people from using loan sharks?

The services offered by the Tamworth Advice Centre outlines the issues with loan sharks and advises clients on the process around their debt management.

Why is the consultation workstream on the Organisational Development Strategy at amber and as such how can the overall project be at ‘green’?

The Organisational Development Strategy is under control as an overall project as the plan is detailed. However, the consultation workstream has paused due to the Covid-19 pandemic thus making the workstream amber as it isn't on track but is in control; to restart when the Covid-19 pandemic allows.

What are the dates when the two milestones will be achieved on the Leisure Strategy? More detail was requested

The production of the Leisure Strategy in its entirety has been delayed due to a number of factors including COVID and the Councils major regeneration programmes. As a result of which the dates are now as detailed in Appendix 1 of the report. .

In the General Fund Main Variances why is less being spent on software maintenance but more in software licenses?

Software maintenance essentially covers support and usage rights for our corporate applications including Academy, Efin, Orchard and iTrent.

The main costs in software licensing are the ongoing commitments for our desktop and operating system (OS) environments i.e. MS Office including Office 365, Windows Server and desktop OS, VMware (provides our server and desktop platforms).

The two aren't really comparable as they fund different aspects of our infrastructure although our Microsoft licensing agreement is the biggest commitment we have in terms of ongoing costs.

Areas that Corporate Scrutiny Committee felt should be brought to Cabinet's attention

1. **Presentation of budget lines by Executive Director Finance and Assistant Director Finance and clarification over presentation**.

It was confirmed that these were two separate budget areas.

2. Collection rates and our confidence in these levels and how that feeds into the MTFS.

The collection fund had been closely reviewed during January 2021 and all relevant preceptors updated. An updated version from that provided at the Joint Scrutiny (Budgets) meeting, would be reflected in the Budget report to be considered by full Council on 23 February 2021. It was expected that the council tax collection fund, on an estimated basis, would declare a surplus for the next financial year, as government rules allowed deficits to be spread over three years. In terms of business rates collection fund, this was significantly reduced, however, there was significant grant income which partly offset the deficit.

3. In terms of Treasury Management clarification was sought of the interest rate applied to the historic borrowings which were from the Treasury Public Works Loans Board at 4.05% interest, and whether it would be possible for other capital available to the council (potentially from the General Fund) to be utilised.

Whilst possible, there would be a premium to be paid in the event of any repayment of the historic loan which would mean that it would be unlikely to be beneficial until interest rates in the market were at least the same or higher than the 4.05% rate applied..

4. Burial rates being lower and the reasons for this.

It was thought that the reason for the reduction in income from burials would be as a result of families opting for cremation.

5. Clarity was sought for the term 'small' for the housing hardship fund

'Small' was confirmed to be £20k.

6. Further information was requested on how in the Housing Revenue Account for Period 9 there was a £741k favourable variance whilst the expected full year variance was £49k adverse.

The difference was largely expected to be due to further payments around housing repairs, where there was work in progress which at year end would be either paid or accrued for the following year. The presentation of the data, whilst accurate, would be reviewed to consider whether it would be possible to provide further clarity in future reporting.

7. Tinkers Green and Kerria Regeneration Project. Why was the land acquisition workstream at amber status?

Clarification was provided around the retail position; the legal process continued and a potential tenant had been identified.

8. Customer Portal Project– further information was sought over the red status of the testing process workstream

The Revenues and Benefits Teams had been unable to undertake their testing due to prioritising COVID related activity within these teams i.e. processing grant payments, business rate reliefs and housing benefit applications/change in circumstances.

9. Core Spending Power – Breakdown by source of funding to be circulated

Core Spending Power National Position	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
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
Core Spending Power	**44,666**	**43,730**	**44,296**	**45,098**	**46,213**	**48,999**	**51,210**
Change %		**(2.1)%**	**1.3%**	**1.8%**	**2.5%**	**6.0%**	**4.5%**
Cumulative change %		**(2.1)%**	**(0.8)%**	**1.0%**	**3.5%**	**9.7%**	**14.7%**

10. Market Tender –

The Market tender documentation has been prepared, checked by the National markets association and is being finalised for the tender process to commence.

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CABINET

18th February 2021

COUNCIL

23rd February 2021

Report of the Leader of the Council

Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2021/22

Purpose

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

- To approve the **Vision Statement, Priority Themes, Corporate Priorities and Plans** and their inclusion in the **Corporate Plan (attached at Appendix A)**.

- To approve the recommended package of budget proposals **(attached at Appendix B)** to enable the Council to agree the:

  - General Fund (GF) Revenue Budget and Council Tax for 2021/22;
  - Housing Revenue Account (HRA) Budget for 2021/22;
  - 5 Year General Fund Capital Programme (2021/26);
  - 5 Year HRA Capital Programme (2021/26);
  - 3 Year General Fund Medium Term Financial Strategy (MTFS) (2021/24); and
  - 5 Year HRA Medium Term Financial Strategy (MTFS) (2021/26).

- To comply with the requirement of the Council's Treasury Management Policy in reporting to Council the proposed strategy for the forthcoming year and the Local Government Act 2003 with the reporting of the Prudential Indicators **(attached at Appendix N)** and the requirement to prepare an annual Corporate Capital Strategy **(attached at Appendix O)**.

Recommendations

That Council approve:

1. **the Vision Statement, Priority Themes, Corporate Priorities and Outcomes for 2021/22 (Appendix A);**

2. **the proposed revisions to Service Revenue Budgets (Policy Changes) (Appendix C);**

3. **the sum of £60,376 be applied from Council Tax Collection Fund surpluses in reducing the Council Tax demand in 2021/22 (Appendix E);**

4. **the sum of £7,137,191 be applied to Business Rates Collection Fund deficits in 2021/22, in part offset by a transfer from the Business Rates reserve of £6,876,350 (Appendix E);**

5. **that on 3rd December 2020, the Cabinet calculated the Council Tax Base 2020/21 for the whole Council area as 22,366 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")];**

6. **that the Council Tax requirement for the Council's own purposes for 2021/22 is £4,179,982 (Appendix E);**

7. **the following amounts as calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Act:**

    a. **£54,121,642 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (Outgoings excluding internal GF Recharges);**

    b. **£49,941,660 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (Income excluding internal GF Recharges);**

    c. **£4,179,982 being the amount by which the aggregate at 7(a) above exceeds the aggregate at 7(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31A(4) of the Act);**

    d. **£186.89 being the amount at 7(c) above (Item R), all divided by Item T (at 5 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;**

8. **the Council Tax level for the Borough Council for 2020/21 of £186.89 (an increase of £5 (2.75%) on the 2020/21 level of £181.89) at Band D;**

9. **an aggregate Council Tax (comprising the respective demands of the Borough Council, Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire and Stoke-on-Trent and Staffordshire Fire and Rescue Authority) of £1,864.86 at Band D for 2021/22 be noted (£1,780.17 in 2020/21) (Appendix H);**

10. **the Council Tax levels at each band for 2021/22 (Appendix H);**

11. **the sum of £206,157 be transferred from General Fund Revenue Balances in 2021/22 (Appendix E);**

12. **the Summary General Fund Revenue Budget for 2021/22 (Appendix E);**
13. **the Provisional General Fund Budgets for 2022/23 to 2023/24, summarised at Appendix G, as the basis for future planning;**
14. **minimum level for balances of £500k to be held for each of the General Fund, Housing Revenue Account, General Capital Fund and Housing Capital Fund;**
15. **Cabinet be authorised to release funding from the General Contingency budget and that the release of funding for Specific Contingency items be delegated to the Corporate Management Team in consultation with the Leader of the Council;**
16. **proposed HRA Expenditure level of £14,745,710 for 2021/22 (Appendix D);**
17. **rents for Council House Tenants in General Accommodation for 2021/22 be set at an average of £89.25 (2020/21 £87.93), over a 48 week rent year (including a 1.5% increase);**
18. **rents for Council House Tenants due for 52 weeks in 2021/22 be collected over 48 weeks;**
19. **the HRA deficit of £342,610 be financed through a transfer from Housing Revenue Account Balances in 2021/22 (Appendix D);**
20. **the proposed 5 year General Fund Capital Programme of £30.732m, as detailed in Appendix I to the report;**
21. **the proposed 5 year Housing Capital Programme of £33.742m, as detailed in Appendix J to the report;**
22. **to delegate authority to Cabinet to approve/add new capital schemes to the capital programme where grant funding is received or there is no net additional cost to the Council;**
23. **the Treasury Management Strategy Statement, the Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Statement 2021/22 (as detailed at Appendix N);**
24. **the Prudential and Treasury Indicators and Limits for 2021/22 to 2023/24 contained within Appendix N;**
25. **adoption of the Treasury Management Practices contained within ANNEX 8;**
26. **the detailed criteria of the Investment Strategy 2021/22 contained in the Treasury Management Strategy within ANNEX 4; and**
27. **the Corporate Capital Strategy and associated Action Plan (as detailed at Appendix O).**

Executive Summary

The headline figures for 2020/21 are:

- A General Fund Net Cost of Services of £7,134,620 a reduction of 22.1% compared to 2020/21;

- A transfer of £206,157 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 General Fund Capital Programme of £30.732m for 5 years;

- a Housing Revenue Account (HRA) Expenditure level of £14,745,710 for 2021/22 (excluding interest & similar charges);

- A transfer of £342,610 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, and equates to £82.38 on an annualised 52 week basis;

- A Housing Capital Programme of £33.742m for 5 years.

Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m - at the minimum approved level of £0.5m. 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 trigger a referendum is the greater of £5 or 2.0%) followed by increases of £5 p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2021/22 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at £2.7m (compared to the minimum approved level of £0.5m).

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 over the next 5 years (£1.3m 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.

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). Commitments include:

    - Future High Street Fund projects, £3.8m;
    - Lower Gungate site acquisition / development, £4m;
    - Solway Close development, £4m;
    - Investment in property funds with a savings target to return c.4% p.a., £12m (£3.8m invested to date).

- 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; 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

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. So, not only will the Council seek investment from businesses and developers, but the Council itself will explore viable and sustainable investment opportunities using all returns to support public services.

When the budget and MTFS for 2020/21 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.

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.

Efficiency Statement – Sustainability Strategy

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 22nd 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 26th 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).

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).

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).

Vision, Strategic Priorities & Plans

The Vision for Tamworth is underpinned by high level, evidence based priorities that focus upon both Tamworth (the place), the communities served (the people) as well as the Council (the organisation).

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. So, not only will the Council seek investment from businesses and developers, but the Council itself will explore viable and sustainable investment opportunities using all returns to support public services.

The adoption of ‘Demand Management’ as the primary operating model and the targeting of resources via locality based commissioning and delivery has enabled greater effectiveness in service delivery. As part of a ‘Tamworth Community Offer’ we will:

- Improve our use of ‘insight’ in shaping services and directing investment;
- Better align service delivery to ensure we act with purpose and are accountable;
- Support the Demand Management model with prevention approaches which seek to tackle causes and reduce costs;
- Develop approaches which genuinely ‘empower’ individuals and communities;
- Support a transformed dialogue with residents - recognising that our financial capacity will be less than in previous years which means educating and supporting communities to focus resources on ‘needs’ and being clear on what we are able to do and equally what we can’t.

It is through the Corporate Plan that these aspirations and expectations will be achieved. The scale, scope and timescale relating to these outcomes presents the Council with a challenging yet achievable task over the forthcoming years.

It is important to note that whilst the plan focuses upon delivering against the 3 Thematic Priorities, the Council must also ensure that the wide range of day-to-day operational and support services continue to be delivered to a consistent and efficient standard. In doing so, it demonstrates how “Delivering Quality Services” both connects and underpins the Thematic Priorities.

Key Drivers

- One: Create Insight and use our Knowledge - systematic collation and analysis;
- Two: Be Clear About Our Service Offer - consistent approach to customer services;
- Three: Prevention and Earliest Help approaches - get ‘upstream’ of the demand.

The approach to the preparation of the Corporate Plan, driven by Members, was based upon the collection, collation and analysis of a range of information; an understanding of local issues and an awareness of key influences.

In summary:

- Data, Customer/User insight and intelligence;
- Public consultation and wider engagement outcomes;
- A detailed understanding of our partners' plans;
- Political intentions and ambitions across the parties and the tiers;
- Our strategic plans – e.g., Local Plan; Housing & Health Strategies, Growth & Regeneration;
- Detailed knowledge of local and regional growth through devolution plans/intentions;
- Financial constraints and opportunities.

The **Vision, Strategic Priorities & Plans** at **Appendix A** set out how, under each Strategic priority, we plan to deliver gains or stated ambitions in order to progress against each priority.

There are a number of key challenges affecting the medium term financial planning process (as detailed within the report), which add a high level of uncertainty to budget projections.

The medium term financial planning process is being challenged by continued uncertainty. The accomplishment of a balanced 3 Year Medium Term Financial Strategy for the General Fund is a major achievement as the Council, like others, has planned to deliver its budget process in light of unprecedented conditions with a great deal of uncertainty over future investment and income levels such as car parking, land charges and corporate property rents – as well as the potential lasting effects of the Covid-19 pandemic for future Business Rates and Council Tax income.

The Council continues to be faced with significant financial demands from Central Government following new legislation in areas such as Homelessness, Data Protection (& the General Data Protection Regulations - GDPR), planning and transparency – as well as future reductions in Government grant support.

The Council is responding to these challenges by considering the opportunities to 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.

We continue to focus on supporting vulnerable people and in particular in ensuing that those facing difficulties in relation to financial hardship and housing difficulties are prioritised. We will work collaboratively with others to maximise our collective effectiveness and will seek to develop the role played by the third sector.

In addition, we will be developing our operating model to further strengthen our service delivery and strategic approaches.

In particular we will further reinforce our use of knowledge and evidence in decision making, ensure that we are clear in our service offer and accountable to residents.

We continue to invest in our teams, transform our processes and ensure our technology infrastructure is fit for purpose. We have identified a number of opportunities to improve customer access to information and services as well as our engagement with our citizens and the way in which we manage our data and information.

Additional demands for services arising from these times have been included where possible but this is dependent on the length and depth of the continuing public health crisis.

In addition there are a number of key uncertainties which will inform future budget considerations:

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 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 1st 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.

In light of these uncertainties and issues arising from the sensitivity analysis (attached at **Appendix L**), 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 M**).

The assumptions made in the production of the MTFS are based on the best information available at the time and are subject to change. These will be monitored and reviewed on a Quarterly basis by CMT and Cabinet.

The Treasury Management Strategy Statement and report attached at **Appendix N** outlines the Council's Prudential Indicators for 2021/22 to 2023/24 and sets out the expected Treasury operations for this period.

Under the requirements of the CIPFA Code of Practice and associated Guidance Notes 2017, the following four clauses have been adopted:

a) This Council will create and maintain, as the cornerstones for effective treasury management:

   A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
   Suitable treasury management practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

b) This Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.

c) This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Executive Director Finance, who will act in accordance with the organisation's policy statement and TMPs.

d) This Council nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

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	**£5.00 increase in Council tax in 2021/22 (followed by increases of £5.00 p.a.)**
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

These are detailed within the Base Budget report to Cabinet on 3rd December 2020 and the Draft Medium Term Financial Strategy report to Cabinet on 21st January 2021 and Joint Scrutiny Committee (Budget) on 27th January 2021.

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 E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**.

Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m - at the minimum approved level of £0.5m. 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 trigger a referendum is the greater of £5 or 2.0%) followed by increases of £5 p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2021/22 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at £2.7m (compared to the minimum approved level of £0.5m).

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 over the next 5 years (£1.3m 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.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. In the view of the Executive Director Finance, the budget proposals enclosed within this report include estimates which take into account circumstances and events which are reasonably foreseeable at the time of preparing the budget. In his view, the level of reserves remains adequate for the Council based on this budget and the circumstances in place at the time of preparing it.

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 were considered at the Joint Scrutiny Committee (Budget) meeting on 27th January 2021. In line with the constitution a Leaders Budget Workshop was held on 2nd December 2020 to outline the issues affecting the MTFS arising from the base budget forecast.

The budget has been set following extensive consultation with the people of Tamworth. This includes feedback and responses from the 'Tamworth Listens' budget consultation exercise.

Proposed amendments to the 2020/21 base budget, approved by Council on 25th February 2020, are detailed within the report.

Approval of Prudential Indicators and an Annual Investment Strategy is a legal requirement of the Local Government Act 2003. Members are required under the CIPFA Code of Practice to have ownership and understanding when making decisions on Treasury Management matters.

Key Risks to Revenue and Capital Forecasts:

Risk	**Control Measure**
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (**High)**	Sensitivity modelling undertaken to assess the potential impact in the estimation of future Government support levels; **(High / Medium)**
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; **(High/Medium)**	Future levels included based on legacy payments only; **(Medium/Low)**
Potential ‘capping’ of council tax increases by the Government or local Council Tax veto / referendum; **(Medium)**	Current indications are that increases of 2% or £5 and above risk ‘capping’ (2% or £5 for District Councils in 2020/21); **(Low)**
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; **(High)**	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; **(High/Medium)**
Pay awards greater than forecast; **(Medium)**	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; **(Medium / Low)**
Pension costs higher than planned / adverse performance of pension fund; **(Medium)**	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; **(Medium/Low)**
Assessment of business rates collection levels to inform the forecast / budget (NNDR1) 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; **(High)**	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; **(High / Medium)**

Risk	Control Measure
Local Council Tax Reduction scheme potential yield changes and maintenance of collection levels due to increases in unemployment caused by the pandemic; **(High)**	Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; **(High / Medium)**
Achievement of income streams in line with targets in light of the economic conditions e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; **(High / Medium)**	Robust estimates using a zero based budgeting approach have been included; **(Medium)**
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); **(High / Medium)**	Robust monitoring and evaluation – should funds not be available then schemes would not progress; **(Medium)**
Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). **(High / Medium)**	Memorandum of Understanding in place with LDC. **(Medium)**
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. **(High/Medium)**	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. **(Medium)**
Maintenance and repairs backlog for corporate assets – and planned development of long term strategic plan to address such. **(High / Medium)**	Planned development of long term strategic corporate capital strategy and asset management plan to consider the requirements and associated potential funding streams. **(Medium)**
Significant financial penalties arising from the implementation of the General Data Protection Regulations (GDPR). **(High / Medium)**	Implementation plan in place with corporate commitment and good progress. **(Medium)**
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.	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.

Risk	Control Measure
The value of the funds are also subject to fluctuation – which could mean a capital loss in one year (as well as expected gains). 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. **(High/Medium)**	It is suggested that risk be mitigated (although not eliminated) through investment in a diversified portfolio using a range of property funds. 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. Property Fund investment review carried out 2020 **(Medium)**

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

Sustainability Implications

At its meeting on 19th November 2019, Tamworth Borough Council declared a Climate Emergency together with specific actions including to ensure that all reports in preparation for the 2021/22 budget cycle and investment strategy will take into account the actions the Council will take to address this emergency (minute 18 refers).

Budget provision of £105k was included in the proposals for 2020/21 to fund emerging Climate Emergency initiatives, but has been deferred due to the pandemic, as well as specific actions contained within this report including Energy Efficiency Upgrades to Commercial and Industrial Units, energy efficient street lighting and improvements to the Council's housing stock. These include central heating upgrades and renewals, neighbourhood regeneration (including environmental works), insulation works and energy efficiency improvements.

In addition, spend in 2021/22 (deferred from 2019/20) will include improvements to Public Open Space, Local Nature Reserves and the Amington Community Woodland and Cycleway.

Report Author:

If Members would like further information or clarification prior to the meeting please contact Stefan Garner, Executive Director Finance – tel. 709242.

Background Papers:-	**Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2020/21, Council 25th February 2020**
	Budget and Medium Term Financial Planning Process, Cabinet 20th August 2020
	Budget Consultation Report, Cabinet 12th November 2020
	Leaders Budget Workshop, 2nd December 2020
	Draft Base Budget Forecasts 2021/22 to 2025/26, Cabinet 3rd December 2020
	Treasury Management Strategy Statement & Annual Investment Strategy Mid-year Review Report 2020/21, Council 15th December 2020
	Draft Budget and Medium Term Financial Strategy 2020/21 to 2024/25, Cabinet 21st January 2020 / Joint Scrutiny Committee (Budget) 27th January 2020
	Business Rates Income Forecast (NNDR1 return), Cabinet 21st January 2020
	Treasury Management Practices 2021/22 (Operational Detail)

Summary of Appendices

Description	**Appendix**
Corporate Vision for Tamworth	**A**
Detailed Considerations	**B**
Policy Changes	**C**
HRA Budget Summary 2021/22 – 2025/26	**D**
General Fund Summary Revenue Budget 2021/22	**E**
General Fund Technical Adjustments 2021/22 (before policy changes)	**F1**
HRA Technical Adjustments 2021/22 (before policy changes)	**F2**
General Fund 3 Year Revenue Budget Summary	**G**
Council Tax Levels at each Band 2021/22	**H**
General Fund 5 Year Capital Programme 2021/22 – 2025/26	**I**
Housing 5 Year Capital Programme 2021/22 – 2025/26	**J**
Main Assumptions	**K**
Sensitivity Analysis	**L**
Contingencies	**M**
Treasury Management Strategy Statement, Treasury Management Policy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement 2021/22	**N**
Corporate Capital Strategy	**O**
Community Impact Assessment	**P**

Appendix A

Corporate Plan Summary 2019 – 2022

'Corporate Plan – On a Page'

TAMWORTH BOROUGH COUNCIL: VISION

To put Tamworth, its people and the local economy at the heart of everything we do

OUR PURPOSE IS TO

- help tackle causes and effects of poverty and financial hardship
- increase all residents resilience and access to information
- engage with our residents to promote community involvement and civic pride
- support the development of Tamworth now, and in the future
- help the local economy to grow in a way which benefits our residents and businesses
- utilise Council resources effectively
- help tackle the causes of inequality and increase opportunities for all residents and businesses
- help protect, nurture and celebrate our local heritage
- help prevent homelessness and help people access suitable housing
- help build resilient communities
- help develop and safeguard our environment and open spaces

OUR STRATEGIC PRIORITIES FOR 2019-2022

People and Place		Organisation
To meet housing needs through a variety of approaches and interventions To facilitate sustainable growth and economic prosperity To create a new and developing vision for the continued evolution of Tamworth, including a Town Centre fit for the 21st century		To be financially stable To ensure our employees have the right skills and culture to help our residents, visitors and businesses To ensure our service delivery is consistent, clear, and focused To ensure our decisions are driven by evidence and knowledge

To understand and proactively respond to the impacts of the Coronavirus pandemic

People and Place Priorities	Why is this a priority?
1. To meet housing needs through a variety of approaches and interventions	Access to safe and suitable accommodation is a key issue for Tamworth residents and continues to be the highest area of demand for Council services overall. The Council places a high priority on its role in supporting people to access the housing they need, seeking to improve standards across all tenures and working to ensure that neighbourhoods can thrive.
2. To facilitate sustainable growth and economic prosperity	Tamworth is well placed to benefit from the economic prosperity of the West Midlands as a whole and the Council recognises the importance of its role in ensuring that this increased prosperity benefits all residents and enhances our town. We welcome continued infrastructure growth including increased housing. However, we believe that the Council has a pivotal role to play in ensuring that this growth is managed in a way which enhances the lives of our residents, protects our environment and supports a balanced economy.
3. To work collaboratively and flexibly to meet the needs of our communities	The Council has invested strongly in the development of innovative and proactive collaboration across agencies and sectors and has a well-earned reputation for placing partnership at the heart of our approach. We consider that our ability to deliver positive outcomes for residents is enhanced by working with others and as a result we will continue to invest in the development of purposeful and meaningful partnerships. In particular we will focus on enhancing the work that we do with others to protect vulnerable people and enhance neighbourhoods.
4. To create a new and developing vision for the continued evolution of Tamworth, including a Town Centre fit for the 21st century	As is the case across the UK the nature and use of our town centre is changing, with a reduction in the viability of the retail offer in its traditional form. However, the town centre remains an important resource for the town as a whole, with the potential to greatly enhance Tamworth's already enviable leisure offer. We believe that the Council is well placed to lead the development of a clear and inclusive vision for the town centre which provides the framework for future sustainability. This will link to our own plans for regeneration including the re-development of the Gungate Area.

Organisational Priorities	Why is this a priority?
1. To be financially stable	Along with much of the public sector Tamworth is facing an uncertain financial future. The Council has a proven track record as a trusted custodian of public finances and we will continue to emphasise the importance of sound financial management linked to effective risk management and governance. We further believe that by adopting commercial approaches and critically evaluating commercial opportunities we can significantly increase our financial sustainability and increase our ability to offer VFM for residents.
2. To ensure our employees have the right skills and culture to help our residents, visitors and businesses	We consider that our teams and our elected members constitute our greatest asset and that by ensuring that every individual has the necessary skills, competencies and knowledge to fulfil their roles we can work most effectively for the benefit of residents. Ensuring that front line staff and elected members have access to useful and up to date information regarding service delivery and community issues also greatly increases effectiveness and we will prioritise the development of resources which maximise the accessibility of information.
3. To ensure our service delivery is consistent, clear, and focused	Ensuring that residents are able to easily access clear information about the standards of service they can expect from us will greatly help to reduce waste demand and promote confidence in the Council. Of equal importance is ensuring that the right tools are in place to deliver consistently to the expected standard. We will prioritise the development of clear standards of service across the organisation and will further develop our approaches to measure and respond quickly to customer intelligence and levels of satisfaction.
4. To ensure our decisions are driven by evidence and knowledge	The Council receives a considerable amount of useful information though customer feedback along with statistical information from a variety of sources. We believe that by ensuring we are making the maximum of use of all available information and knowledge we can create insight to inform decision making at every level. We will work to further develop the means by which we collect, collate and analyse all available information for the purpose of enhancing our ability to support evidence based decision making.

Recovery and Reset Programme

The council has set out a new three-to-five-year 'Recovery and Reset' programme, which is designed to ensure the authority remains fit for the future, while protecting services for our residents, businesses and the most vulnerable in our community.

The programme is split across eight project areas (workstreams) including; financial management and commerciality, smart working, a review of Tamworth Borough Council buildings, exploration of customer services models, economy and regeneration and local heritage – including opportunities to celebrate, nurture and protect. More detail is included in the table below.

Workstream	Objective
Financial management & commerciality	Deliver savings and increased income via processes that include an assessment of the impact on delivery of corporate objectives & organisational aims.
SMART working	Deliver a costed business case to consider the potential for mandatory SMART working including the assessment of benefits & risks.
Building requirements	Develop a costed plan for potential disinvestment in Marmion House including options for alternatives.
Front reception & customer services offer	Deliver a costed business case to assess the potential for re-design of the transformation of the customer services offer. Support the digital transformation agenda by mapping transactions in line with benchmarked best practise. Establish & define the customer service offer based on universal, targeted & specialist support.
Service redesign	Develop & implement an approach for service redesign across the organisation including service reviews of every service area over the life of the programme. Establish a base line review of each service in order to prioritise income generation, savings opportunities in the short & medium term.
Third sector support & vulnerability strategy	Develop an approach to third sector commissioning linked closely to achievement of the Council's business aims. Share the vulnerability baseline assessment with relevant stakeholders. Develop a Vulnerability Strategy exploring all the recommendations detailed.
Economy, business, regeneration	Develop a strategic approach to supporting business & regeneration of the town. Link Future High Street Funding outcomes to wider place based service delivery.
Heritage	To scope what is meant by the term 'heritage asset'. Undertake a review of the current heritage offer within Tamworth to establish a baseline/inventory of all heritage assets (including buildings, land & collection). Propose an effective economical business (operational, commercial & financial) model which will protect Tamworth's heritage for future generations. Secure the future safety & accessibility of the heritage collection & archives to ensure compliance with Arts Council requirements.

Detailed Considerations

Introduction

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 MTFS 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 Government's austerity agenda & economic situation;
- Injecting additional resources into Corporate Priorities;
- Increasing income from council tax and fees and charges;
- Making other savings and efficiencies.

Financial Background

The medium term financial planning process is being challenged by the uncertain conditions. The forecast grant reductions and continuing uncertainty have put significant pressure on the ability of the Council to publish a balanced MTFS.

It has been 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 other challenges affecting the Medium Term Financial Planning process for the period from 2021/22 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 L**), 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 M**).

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 +/-	Risk
		£'000	£'000	
Pay Award / National Insurance (GF)	0.5%	45	275	M
Pension Costs	0.5%	0	62	L
Council Tax	0.5%	41	194	M
Inflation / CPI	0.5%	56	355	M
Government Grant	1.0%	44	205	M
Investment Interest	0.5%	189	979	H
Key Income Streams	10%	177	1116	H
Business Rates	0.5%	73	445	H

GENERAL FUND

Future Revenue Support Grant & Business Rate income

On 17th 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. This was confirmed in a written statement to Parliament on 4th February 2021.

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 4.6% for 2021/22 and an overall increase for the period 2015/16 to 2021/22 of 14.8%.

Core Spending Power **National Position**	**2015/16** **£m**	**2016/17** **£m**	**2017/18** **£m**	**2018/19** **£m**	**2019/20** **£m**	**2020/21** **£m**	**2021/22** **£m**
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	31,192
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
Core Spending Power	**44,666**	**43,730**	**44,296**	**45,098**	**46,213**	**48,999**	**51,257**
Change %		**(2.1)%**	**1.3%**	**1.8%**	**2.5%**	**6.0%**	**4.6%**
Cumulative change %		**(2.1)%**	**(0.8)%**	**1.0%**	**3.5%**	**9.7%**	**14.8%**

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.

BASE BUDGET	**2020/21 £**	**2021/22 £**	**2022/23 £**	**2023/24 £**
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 1st 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.

Levy / Section 31 Grant	**2020/21 £**	**2021/22 £**	**2022/23 £**	**2023/24 £**
NNDR Levy payment	1,090,020	687,230	-	-
Section 31 Grant income	(1,095,550)	(952,590)	-	-

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

BASELINE	**2021/22**	**2022/23**	**2023/24**
	£	**£**	**£**
Base Budget Forecast (November 2020):			
Retained Business Rates	14,637,102	14,918,867	15,217,244
Less: Tariff payable	(12,282,227)	(12,518,660)	(12,769,033)
Total SFA	2,354,876	2,400,207	2,448,211
% Increase	0.7%	1.9%	2.0%
Provisional LGFS (December 2020):			
Retained Business Rates	12,744,348	14,918,867	15,217,244
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)
Total SFA	2,338,507	2,400,207	2,448,211
% Increase	**0.0%**	**2.6%**	**2.0%**
Increase / (Decrease)	**(16,369)**	**-**	**-**

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:

DRAFT MTFS	**2021/22**	**2022/23**	**2023/24**
	£	**£**	**£**
Draft MTFS Forecast (January 2021):			
Retained Business Rates	14,637,102	14,918,867	15,217,244
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)
Total	4,231,261	2,400,207	2,448,211
% Increase	17.2%	(43.3)%	2.0%
Final NNDR1 MTFS Forecast (February 2021):			
Retained Business Rates	13,166,215	14,918,867	15,217,244
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)
Total	2,760,374	2,400,207	2,448,211
% Increase	**(23.5)%**	**(13.0)%**	**2.0%**
Increase / (Decrease)	**(1,470,887)**	**-**	**-**

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

DRAFT MTFS	2021/22 £	2022/23 £	2023/24 £
Draft MTFS Forecast (January 2021):			
Revenue Support Grant	188,572	-	-
Retained Business Rates	14,637,102	14,918,867	15,217,244
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)
Total	4,419,833	2,400,207	2,448,211
% Increase	22.4%	(45.7)%	2.0%
% RSG Increase / (Decrease)	0.6%	(100.0)%	0.0%
Final NNDR1 MTFS Forecast (February 2021):			
Revenue Support Grant	188,572	-	-
Retained Business Rates	13,166,215	14,918,867	15,217,244
Less: Tariff payable	(10,405,841)	(12,518,660)	(12,769,033)
Total	2,948,946	2,400,207	2,448,211
% Increase	**(18.3)%**	**(18.6)%**	**2.0%**
% RSG Increase / (Decrease)	0.6%	(100.0)%	0.0%
Increase / (Decrease)	**(1,470,887)**	**-**	**-**

The retained Business Rates forecast is based on the statutory NNDR1 return – approved by Cabinet on 21st January 2021 – prior to final sign off by the statutory deadline of 31st January 2021.

The estimated net yield of £13,166,215 retained by the Council (after the Preceptors and Central Share) is held within the Collection Fund. This is reduced by the tariff payable of £10,405,841 in 2021/22 and the 50% levy on business rates in excess of the Government assessed baseline.

Net reduced funding of £268,314 is reported when compared to the Draft MTFS forecast due to inclusion of a reduced levy payment of £687,231 and inclusion of S.31 Grant income of £952,590 – equating to revised growth over baseline of £1,374,462.

This is mainly due to increased uncertainty and therefore an increased provision in 2020/21 for appeals and mandatory relief, following updated information from Analyse Local – in light of the potential impact of the pandemic on future business rate appeal levels.

A Business Rates Collection Fund deficit of £19.1m is reported for 2020/21 – however, this will be reduced by additional section 31 grant for the extended retail relief in 2020/21 of £17.7m due to the pandemic.

This will be transferred to reserve and released during 2021/22 in line with Collection Fund accounting practice. It means that it is forecast that there will be a net deficit for 2020/21 after receipt of section 31 grant of £2m.

Reconciliation	**Collection Fund 2020/21**
Deficit over 3 years	£19,147,174
S31 Grant for additional reliefs	£(17,692,833)
less S31 grant already received for retail relief	£477,475
Surplus B/Fwd	£831,024
Surplus distributed 2020/21	£(806,546)
Net (surplus) / Deficit 2020/21 to be spread over 3 years	£1,956,294

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.

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:

BASE BUDGET NHB	**2021/22 £**	**2022/23 £**	**2023/24 £**
Base Budget Forecast (November 2020)	232,490	212,700	-
Revised MTFS forecast (December 2020)	678,530	212,700	-
Increased / (Reduced) income	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;
- a ‘Zero base budgeting’ review of income levels.

They are summarised in **Appendix F1** and the main assumptions made during this exercise are shown in **Appendix K**.

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:

Technical Adjustments	**2021/22** **£’000**	**2022/23** **£’000**	**2023/24** **£’000**
Base Budget B/Fwd	9,153	8,645	9,095
Committee Decisions	(805)	250	280
Inflation	20	33	35
Other	24	(137)	395
Pay Adjustments (Including pay award / 7.5% reduction for vacancy allowance)	253	304	291
Revised charges for non-general fund activities	-	-	-
Total / Revised Base Budget	8,645	9,095	10,096

* ( ) 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
OPS1	Removal of vacant posts following cleaning review	(15.5)	-	-
OPS2	Christmas Lights Event	5.0	-	-
FIN1	Revised New Homes Bonus	(446.0)	446.0	-
FIN2	Business Rates Levy payment	687.2	(687.2)	-
FIN3	Lower Tier Grant	(99.6)	99.6	-
FIN4	Business Rates Relief Section 31 Grant	(952.6)	952.6	
FIN5	Local Government Covid support grant	(427.2)	427.2	-
FIN6	Return of Business rates equalisation reserve funding, including contributions in 2020/21 to account for: a) Section 31 Grant received in 2020/21 to fund additional Business Rates Relief for small, retail, hospitality and leisure businesses	(6,876.3)	6876.3	
	b) Under the Local tax income guarantee for 2020-21 compensation scheme, funding from Government for 75% of business rates losses in 2020/21 (following NNDR3 return in April 2021)	(586.9)	586.9	
PAR1	Reduction in Car Parking Enforcement income and expenditure predictions due to COVID-19 pandemic	39.0	(39.0)	-
AST1	To reduce vehicle costs budget not needed following restructure	(18.6)	-	-
A&G1	Review of Elections budgets from a zero-base, factoring in the anticipated schedule of elections.	62.0	(7.4)	(71.3)
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	(24.5)	-	-

Item No	Policy Changes Identified	21/22 £'000	22/23 £'000	23/24 £'000
	audit support to Lichfield DC			
G&R1	Reduced predicted income from car parking services based on the post pandemic trends.	213.1	(213.1)	-
G&R2	Reduced predicted education income from the operation of the castle as we move into Pandemic recovery	16.4	-	(16.4)
G&R3	Reduced predicted income from the operation of the castle as we move into Pandemic recovery	71.8	-	(71.8)
G&R4	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)	-	-
G&R5	£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)
G&R6	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	-	-
G&R7	Reduction in the salaries budgets on Environmental Health to be in line with the agreed reorganisation structure	(5.0)	-	-
	Total New Items / Amendments	**(8,343.1)**	**8,451.9**	**(169.5)**
	Cumulative	**(8,343.1)**	**108.8**	**(60.7)**

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.

The principles for 2021/22 require authorities to seek the approval of their local electorate in a referendum if, compared with 2020/21, they set council tax increases that are equal to or exceed the greater of 2% or £5. 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 £0.5m. The indications are that a potential threshold will be the greater of 2.0% or £5 in future years - the impact of a £5 p.a. increase is outlined below.

Council Tax

Last year's medium term financial plan identified ongoing increases of £5 per annum from 2021/22 - 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. The Council's provision for collection losses for 2021/22 has been approved at 2.1% (the same level as 2020/21). In order to meet the on-going expenditure requirements the Council will have to increase the underlying income base.

The Band D Council Tax would increase to £186.89 for 2021/22 (£181.89 - 2020/21). Future levels of Council Tax and the projected impact on the General Fund revenue account forecast would be as follows:

Year:	2021/22	2022/23	2023/24
Forecast:	£'000	£'000	£'000
Surplus (-) /Deficit	206	2,702	3,320
Balances Remaining (-) / Overdrawn	(6,548)	(3,846)	(526)
£ Increase	5.00	5.00	5.00
% Increase	2.75%	2.68%	2.61%
Note: Resulting Band D Council Tax	186.89	191.89	196.89

which indicates potential balances of £0.5m (compared to the minimum approved level of £0.5m) is forecast as remaining over the 3 year period. As current capping guidance indicates a 'capping' threshold of 2% or £5, this is considered a low risk option.

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 – arising from exceeding budgeted collection levels. However, these have been impacted in 2020/21 by the projected impact of the pandemic which means they have been significantly reduced or result in a deficit position which will 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).

It is proposed that surpluses / deficits be included (and that the relevant amounts be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police & Crime Commissioner (OPCC).

It is estimated that there will be a surplus of £0.59m for Council Tax, mainly due to the net surplus brought forward from 2019/20 of £0.9m – reduced by the projected deficit of c.£1m in 2020/21 (spread over 3 years), after allowing for increased Local Council Tax Reduction scheme claims and increased bad debts.

A Business Rates Collection Fund deficit of £19.1m is reported for 2020/21 – however, this will be reduced by additional section 31 grant for the extended retail relief in 2020/21 of £17.7m due to the pandemic.

This will be transferred to reserve and released during 2021/22 in line with Collection Fund accounting practice. It means that it is forecast that there will be a net deficit for 2020/21 after receipt of section 31 grant of £2m, spread over 3 years in line with the revised statutory requirements.

Local Government Share of Deficit after Section 31 grants	**Budget 2021/22**	**Budget 2022/23**	**Budget 2023/24**
Transfer Estimated Balance			
SCC	£1,599,749	£58,689	£58,689
Staffordshire Fire	£178,430	£6,521	£6,521
TBC	£7,137,191	£260,839	£260,839
Sub Total	**£8,915,370**	**£326,049**	**£326,049**
Section 31 Grants for additional Business Rate Reliefs			
SCC	(£1,541,060)	-	-
Staffordshire Fire	(£171,909)	-	-
TBC	(£6,876,352)	-	-
Sub Total	**(£8,589,321)**	**-**	**-**
Estimated Balance after Section 31 grants			
SCC	£58,689	£58,689	£58,689
Staffordshire Fire	£6,521	£6,521	£6,521
TBC	£260,839	£260,839	£260,839
Sub Total	**£326,049**	**£326,049**	**£326,049**

The resulting surplus/deficits for the Council are as follows.

Year:	2021/22	2022/23	2023/24
Council Tax	£'000	£'000	£'000
Council Tax Income	(4,180)	(4,355)	(4,523)
Collection Fund (Surplus) / Deficit (Council Tax – 10%)	(60)	30	30
Collection Fund (Surplus) / Deficit (Business Rates – 40%)	7,137	261	261

The County Council, Staffordshire OPCC and Staffordshire Commissioner 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 H**.

Balances

At the Council meeting on 29th February 2000 Members approved a minimum working level of balances of £0.5m. At 31st March 2021 General Fund Revenue Balances are estimated to be £6.8m, compared with £5.6m anticipated a year ago. The minimum level of balances for planning purposes will remain at £0.5m.

Summary and Conclusions

These budget proposals reflect the need to compensate for reduced income levels arising from the economic uncertainty (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 E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G.**

GF Summary	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**
Estimated Net Cost of Services	**8,645**	**9,096**	**10,096**
Proposed Policy Changes	(8,343)	109	(61)
Inflationary impact of policy changes / final recharges	(44)	(39)	(35)
Net Expenditure	258	9,166	10,000
Financing: RSG	(189)	-	-
Collection Fund (Surplus) / Deficit – Council Tax	(60)	30	30
Collection Fund (Surplus) / Deficit – Business Rates	7,137	261	261
Non Domestic Ratepayers	(13,166)	(14,919)	(15,217)
Tariff Payable	10,406	12,519	12,769
Council Tax Income (Model 1)	(4,180)	(4,355)	(4,523)
Gross Financing	(52)	(6,464)	(6,680)
Surplus(-)/Deficit	206	2,702	3,320
Balances Remaining (-) / Overdrawn	(6,548)	(3,846)	(526)

Per Council, 25th February 2020	(3,139)	(506)	-

Band D Equivalents	22,366	22,694	22,974

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:

Technical Adjustments	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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
Total / Revised Base Budget	527	1,548	275	463	310

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 F2**.

Proposals

The proposed policy changes for inclusion in the base budget for the next 5 years are detailed at **Appendix C** 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	(25.9)	-	-	-	-
	Total New Items / Amendments	(25.9)	-	-	-	-
	Cumulative	(25.9)	(25.9)	(25.9)	(25.9)	(25.9)

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**
Total Expenditure	21,998	23,489	22,711	23,407	23,774
Total Income	(21,471)	(21,941)	(22,436)	(22,944)	(23,464)
Estimated Net (Surplus) / Deficit	527	1,548	275	463	310
Proposed Policy Changes / Additional Costs Identified	(26)	(26)	(26)	(26)	(26)
Inflationary impact of policy changes / final recharges	(158)	(158)	(158)	(158)	(158)
Surplus (-) / Deficit	343	1,364	91	279	126
Balances Remaining (-) / Overdrawn	(4,522)	(3,158)	(3,067)	(2,788)	(2,662)

Per Council, 25th February 2020	(3,013)	(1,586)	(1,447)	(1,131)	-

Indicating Housing Revenue Account (HRA) balances of £3.1m over 3 years (with balances of £2.7m 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 30th 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 2020/2021.

For 2020/21 (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* £
Option 1: CPI + 1%						
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
Option 2: CPI						
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%
Reduced Rent compared to Option 1	**-**	**184,560**	**373,650**	**570,130**	**774,190**	**986,080**
			5 year impact			**2,888,610**
Option 3: No increase						
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%
Reduced Rent compared to Option 1	**-**	**276,840**	**834,500**	**1,403,120**	**1,982,890**	**2,574,090**
			5 year impact			**7,071,440**
Inflation at CPI + 1%	2.70%	1.50%	3.00%	3.00%	3.00%	3.00%

Balances

The forecast level of balances at 31st March 2020 is £4.9m. 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	343	1,364	91	279	126
Balances Remaining (-) / Overdrawn	(4,522)	(3,158)	(3,067)	(2,788)	(2,662)

This would mean that closing balances, over the 5 year period, would be over the approved minimum level of £0.5m.

The analysis at **Appendix D** details the overall Housing Revenue Account budget resulting from the recommendations contained within this report.

CORPORATE CAPITAL STRATEGY 2020/21 to 2024/25

The Council has an ongoing capital programme of over £40m for 2020/21 and an asset base valued at £250m (as at 31st 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 25th 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 (GF) and Appendix J – 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 2021/22 to provide contingency funding).

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.

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 within the Strategy.

General Fund Capital

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 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.

Housing Capital

The proposed 5 year Housing Capital Programme is attached at **Appendix I**.

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 c.£2m relating to the Tinkers Green and Kerria Regeneration projects – reduced from £7.2m due to receipt of Homes England grant of c.£5m.

Appendix C

Policy Changes Summary

SERVICE AREA	Sheet No.	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'000
EXECUTIVE DIRECTOR ORGANISATION		-	-	-
PEOPLE		-	-	-
OPERATIONS AND LEISURE	1	(10.50)	-	-
EXECUTIVE DIRECTOR FINANCE		-	-	-
FINANCE	2	(8,701.38)	8,701.38	-
EXECUTIVE DIRECTOR COMMUNITIES		-	-	-
NEIGHBOURHOODS		-	-	-
PARTNERSHIPS	3	39.00	(39.00)	-
ASSETS	4	(18.64)	-	-
CHIEF EXECUTIVE	5	37.58	(7.30)	(71.35)
GROWTH & REGENERATION	6	310.84	(203.13)	(98.15)
TOTAL		**(8,343.10)**	**8,451.95**	**(169.50)**
Cumulative Cost / (Saving)		**(8,343.10)**	**108.85**	**(60.65)**

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)	-	-	-	-
TOTAL		(25.95)	-	-	-	-
Cumulative Cost / (Saving)		(25.95)	(25.95)	(25.95)	(25.95)	(25.95)

Policy Changes Summary Staffing Implications

SERVICE AREA	Sheet No.	Budget Changes 21/22 £'000	Budget Changes 22/23 £'000	Budget Changes 23/24 £'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	-	-	-
TOTAL		(2.0)	-	-

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	-	-	-	-	-
TOTAL		-	-	-	-	-

21/22 Budget Process - Policy Changes

Sheet 1

OPERATIONS AND LEISURE

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
OPS1	Removal of vacant posts following cleaning review	Reduce salaries budget in line with the posts required	(15.50)	-	-
OPS2	Christmas Lights Event	Additional event in the annual events programme delivered by the Council	5.00	-	-
	Total New Items / Amendments		**(10.50)**	**-**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-

21/22 Budget Process - Policy Changes

Sheet 2

FINANCE

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'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	687.23	(687.23)	-
FIN3	Lower Tier Grant	Inclusion of income budget for new lower tier grant notified for 2021/22	(99.59)	99.59	-
FIN4	Business Rates Relief Section 31 Grant	New Burdens funding for Government scheme to reduce business rates charges following deferral of the reset	(952.59)	952.59	-
FIN5	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	-
FIN6	Transfer from Business Rates Equalisation Reserve	Return of Business rates equalisation reserve funding, including contributions in 2020/21 to account for:			
		a) Section 31 Grant received in 2020/21 to fund additional Business Rates Relief for small, retail, hospitality and leisure businesses	(6,876.35)	6,876.35	-
		b) Under the *Local tax income guarantee for 2020-21* compensation scheme, funding from Government for 75% of business rates losses in 2020/21 (following NNDR3 return in April 2021)	(586.89)	586.89	-
	Total New Items / Amendments		**(8,701.38)**	**8,701.38**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-

21/22 Budget Process - Policy Changes

Sheet 3

PARTNERSHIPS

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
PAR1	Reduction in Civil Parking Enforcement income and expenditure predictions due to COVID-19 pandemic	The proposal is to reduce the anticipated income budgets in the CPE GP0605 budget by £55,000 to lessen impact of reduced income and associated reduced expenditure and issue of Penalty Charge Notices for 2020/21Further proposed to reduce expenditure budget for the process of penalty charge notices on GP0605 30474 to £16,000 per year for 2020/21	55.00	(55.00)	-
			(16.00)	16.00	-
	Total New Items / Amendments		**39.00**	**(39.00)**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		**-**	**-**	**-**

21/22 Budget Process - Policy Changes

Sheet 4

ASSETS

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
AST1	To reduce vehicle costs budget not needed following restructure	To reduce vehicle costs budget for Marmion House as this is not required	(18.64)		
	Total New Items / Amendments		**(18.64)**	**-**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-

21/22 Budget Process - Policy Changes

Sheet 5

CHIEF EXECUTIVE

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'000
A&G1	Review of Elections budgets from a zero-base, factoring in the aniticipated 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)
		Training - increased on-line provision expected	(1.00)		
		Software Support Licences	(4.52)	6.90	(3.40)
		Printing & Stationery	10.00	-	(16.64)
		Postage	11.55	-	(6.85)
		Election Staff	39.00	(17.20)	(39.00)
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					
	Total New Items / Amendments		**37.58**	**(7.30)**	**(71.35)**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
A&G2	Deletion of Principal Auditor and Audit Assistant posts		**(2.00)**	**-**	**-**
	TOTAL		**(2.00)**	**-**	**-**

21/22 Budget Process - Policy Changes				Sheet	6
GROWTH & REGENERATION					
Item No	**Proposal/(Existing Budget)**	**Implications**	**Budget Change 21/22 £'000**	**Budget Change 22/23 £'000**	**Budget Change 23/24 £'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)	
			13.13	(13.13)	
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 (2020/201) 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
			21/22	22/23	23/24
			£'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)		
	Total New Items / Amendments		**310.84**	**(203.13)**	**(98.15)**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-

21/22 Budget Process - Policy Changes

HOUSING REVENUE ACCOUNT

Item No	Proposal/(Existing Budget)	Implications	Budget Change 21/22 £'000	Budget Change 22/23 £'000	Budget Change 23/24 £'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)		
	Total New Items / Amendments		**(25.95)**	**-**	**-**

STAFFING IMPLICATIONS

Item No	Proposal/(Existing Budget)	Implications	21/22 FTE	22/23 FTE	23/24 FTE
	TOTAL		-	-	-

Appendix D

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2021/22

	Base Budget 2020/21	Technical Adjustments	Policy Changes	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
	£	£	£	£	£	£	£	£
Income								
Dwelling Rents	(18,198,860)	(533,390)	-	(18,732,250)	(19,195,460)	(19,669,610)	(20,154,920)	(20,651,660)
Non-Dwelling Rents	(400,440)	10,460	-	(389,980)	(399,240)	(408,730)	(418,460)	(428,430)
Charges for Services and Facilities	(838,000)	(140)	-	(838,140)	(848,310)	(858,770)	(870,560)	(882,710)
Contributions Towards Expenditure	(1,500,100)	60,000	-	(1,440,100)	(1,440,870)	(1,441,670)	(1,442,490)	(1,443,320)
Subtotal	**(20,937,400)**	**(463,070)**	**-**	**(21,400,470)**	**(21,883,880)**	**(22,378,780)**	**(22,886,430)**	**(23,406,120)**
Expenditure								
Repairs and Maintenance	5,679,540	(278,030)	-	5,401,510	6,784,770	5,779,800	5,871,580	6,032,590
Supervision and Management	6,497,880	(241,710)	(25,950)	6,230,220	6,327,450	6,543,780	6,736,660	6,929,460
Rents, Rates, Taxes and Other Charges	33,560	410	-	33,970	34,560	35,170	35,780	36,420
Increase in Provision for Bad Debts	161,700	31,500	-	193,200	202,100	211,700	222,000	233,100
Depreciation and impairment of non-current assets	2,860,930	(700)	-	2,860,230	2,860,230	2,860,230	2,860,230	2,860,230
Debt Management Costs	26,150	430	-	26,580	26,980	26,980	26,980	26,980
Subtotal	**15,259,760**	**(488,100)**	**(25,950)**	**14,745,710**	**16,236,090**	**15,457,660**	**15,753,230**	**16,118,780**
Net cost of HRA Services per Authority I&E	**(5,677,640)**	**(951,170)**	**(25,950)**	**(6,654,760)**	**(5,647,790)**	**(6,921,120)**	**(7,133,200)**	**(7,287,340)**
Corporate and Democratic Core	16,170	4,270	-	20,440	20,950	21,470	22,010	22,560
Net Cost of HRA Services	**(5,661,470)**	**(946,900)**	**(25,950)**	**(6,634,320)**	**(5,626,840)**	**(6,899,650)**	**(7,111,190)**	**(7,264,780)**
Interest Payable and Similar Charges	2,745,430	-	-	2,745,430	2,745,430	2,745,430	2,745,430	2,745,430
Interest Receivable and Similar Income	(207,470)	(21,750)	-	(229,220)	(215,920)	(215,920)	(215,920)	(215,920)
Surplus/ Deficit for the year	**(3,123,510)**	**(968,650)**	**(25,950)**	**(4,118,110)**	**(3,097,330)**	**(4,370,140)**	**(4,581,680)**	**(4,735,270)**

Statement of Movement on the HRA Balance

Surplus or Deficit for the year	**(3,123,510)**	(968,650)	(25,950)	**(4,118,110)**	**(3,097,330)**	**(4,370,140)**	**(4,581,680)**	**(4,735,270)**
Additional Items required to be taken into account:								
Capital Expenditure funded by the HRA	4,460,720	-	-	4,460,720	4,460,720	4,460,720	4,860,720	4,860,720
(Increase)/ Decrease in HRA Balances	**1,337,210**	**(968,650)**	**(25,950)**	**342,610**	**1,363,390**	**90,580**	**279,040**	**125,450**

Appendix E

General Fund Summary Revenue Budget for 2021/22

Figures exclude internal recharges which have no bottom line impact.	Base Budget 2020/21 £	Technical Adjustments £	Policy Changes £	Budget 2021/22 £
Chief Executive	1,639,680	38,880	37,580	1,716,140
AD Growth & Regeneration	1,234,150	(779,920)	310,840	765,070
ED Organisation	433,340	41,140	-	474,480
AD People	2,003,870	(137,820)	-	1,866,050
AD Operations & Leisure	2,338,360	380,620	(10,500)	2,708,480
ED Finance	84,790	1,880	-	86,670
AD Finance	(120,600)	124,160	(1,825,030)	(1,821,470)
ED Communities	-	-	-	-
AD Assets	(468,260)	(101,250)	(18,640)	(588,150)
AD Neighbourhoods	1,144,420	(175,840)	-	968,580
AD Partnerships	863,650	56,120	39,000	958,770
Total Cost of Services	**9,153,400**	**(552,030)**	**(1,466,750)**	**7,134,620**
Transfer from Business Rates Reserve	-	-	(6,876,350)	(6,876,350)
Net Cost	**9,153,400**	**(552,030)**	**(8,343,100)**	**258,270**
Transfer to / (from) Balances	(1,074,572)	868,415	-	(206,157)
Revenue Support Grant	(187,535)	(1,037)	-	(188,572)
Retained Business Rates	(13,828,842)	662,627	-	(13,166,215)
Less: Tariff payable	10,405,841	-	-	10,405,841
Collection Fund Surplus (Council Tax)	(77,339)	16,963	-	(60,376)
Collection Fund Surplus (Business Rates)	(322,619)	7,459,810	-	7,137,191
Council Tax Requirement	(4,068,334)	(8,454,748)	8,343,100	(4,179,982)

General Fund – Technical Adjustments 2021/22 (before policy changes)

		Technical Adjustments							
	Budget 2020/21 £	Virements £	Committee Decisions £	Inflation £	Other £	Pay Adjustments £	Changes in Recharges £	Total Adjustments £	Total Adjusted Base 2021/22
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**
Grand Total	**9,153,400**	**-**	**(805,160)**	**20,120**	**24,350**	**252,680**	**-**	**(508,010)**	**8,645,390**

*** Base budget figures before recharge & inflationary adjustments after inclusion of Policy Changes.**

Appendix F2

HRA Technical Adjustments – 2021/22 (before policy changes)

		Technical Adjustments								
	Budget 2020/21	Virements £	Committe e Decisions £	Inflatio n £	Other £	Pay Adjustment s £	Changes in Recharge s £	Total Adjustment s £		Total Adjusted Base 2021/22
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	-	-	-	-	-	-	-	-		**-**
Grand Total	**1,337,210**	**-**	**(501,570)**	**127,300**	**(539,730)**	**103,580**	**-**	**(810,420)**		**526,790**

*** Base budget figures before recharge & inflationary adjustments after inclusion of Policy Changes.**

Appendix G

General Fund 3 Year Revenue Budget Summary

Figures exclude internal recharges which have no bottom line impact.	**Base Budget 2020/21 £**	**Budget 2021/22 £**	**Budget 2022/23 £**	**Budget 2023/24 £**
Chief Executive	1,639,680	1,716,140	2,128,300	2,166,230
AD Growth & Regeneration	1,234,150	765,070	577,980	526,090
ED Organisation	433,340	474,480	490,640	506,180
AD People	2,003,870	1,866,050	1,888,730	1,950,280
AD Operations & Leisure	2,338,360	2,708,480	2,751,000	2,825,020
ED Finance	84,790	86,670	89,530	92,440
AD Finance	(120,600)	(1,821,470)	(32,330)	597,940
ED Communities	-	0	0	0
AD Assets	(468,260)	(588,150)	(567,620)	(546,490)
AD Neighbourhoods	1,144,420	968,580	892,730	913,930
AD Partnerships	863,650	958,770	946,780	968,400
Total Cost of Services	**9,153,400**	**7,134,620**	**9,165,740**	**10,000,020**
Transfer from Business Rates Reserve	-	(6,876,350)	-	-
Net Cost	**9,153,400**	**258,270**	**9,165,740**	**10,000,020**
Transfer to / (from) Balances	(1,074,572)	(206,157)	(2,701,808)	(3,319,485)
Revenue Support Grant	(187,535)	(188,572)	-	-
Retained Business Rates	(13,828,842)	(13,166,215)	(14,918,867)	(15,217,244)
Less: Tariff payable	10,405,841	10,405,841	12,518,660	12,769,033
Business Rates S.31 Grants				
Business Rates Levy				
Collection Fund Surplus (Council Tax)	(77,339)	(60,376)	30,188	30,188
Collection Fund Surplus (Business Rates)	(322,619)	7,137,191	260,839	260,839
Council Tax Requirement	(4,068,334)	(4,179,982)	(4,354,752)	(4,523,351)

Appendix H

Council Tax levels at each band for 2021/22

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	**Total 2021/22**	Total Council Tax 2020/21
	£	£	£	£	£	**£**	£
Demand/Precept on Collection Fund		4,179,982	30,431,627	5,335,857	1,761,928	**41,709,394**	
Council Tax Band							
A	121.26	*124.59*	*907.08*	*159.05*	*52.52*	**1,243.24**	1,186.78
B	141.47	*145.36*	*1,058.26*	*185.55*	*61.27*	**1,450.44**	1,384.58
C	161.68	*166.12*	*1,209.44*	*212.06*	*70.03*	**1,657.65**	1,582.38
D	**181.89**	*186.89*	*1,360.62*	*238.57*	*78.78*	**1,864.86**	1,780.17
E	222.31	*228.42*	*1,662.98*	*291.59*	*96.29*	**2,279.28**	2,175.76
F	262.73	*269.95*	*1,965.34*	*344.60*	*113.79*	**2,693.68**	2,571.36
G	303.15	*311.48*	*2,267.70*	*397.62*	*131.30*	**3,108.10**	2,966.95
H	363.78	*373.78*	*2,721.24*	*477.14*	*157.56*	**3,729.72**	3,560.34
% increase	2.83%	2.75%	4.99%	5.99%	1.99%	4.76%	3.78%

*

Staffordshire County Council Cabinet 27th January 2021, Strategic Plan and Medium Term Financial Strategy 2021-2026 (County Council, 11th February 2021)

Staffordshire Police, Fire, and Crime Panel – 1st February 2021, Police and Crime Budget Report for 2021/22 (including Medium Term Financial Strategy)

Staffordshire Police, Fire, and Crime Panel – 15th February 2021, Fire and Rescue Budget and Precept 2021/22 (incl. MTFS and Precept)

Appendix I

General Fund Capital Programme 2021/22 – 2025/26

General Fund Capital Programme	**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
Total General Fund Capital	15,211,070	10,825,310	2,923,080	920,650	851,650	30,731,760
Proposed Financing:	-	-	-	-	-	-
	-	-	-	-	-	-
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
Unsupported Borrowing	665,710	171,110	414,870	261,250	192,250	1,705,190
Total	15,211,070	10,825,310	2,923,080	920,650	851,650	30,731,760

Appendix J

Housing Capital Programme 2021/22 – 2025/26

Housing Revenue Account Capital Programme	**2021/22 £**	**2022/23 £**	**2023/24 £**	**2024/25 £**	**2025/26 £**	**Total £**
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
Total HRA Capital	9,460,600	6,128,700	5,699,030	5,528,610	6,925,120	33,742,060
Proposed Financing:						
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
Total	9,460,600	6,128,700	5,699,030	5,528,610	6,925,120	33,742,060

Appendix K

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 1st 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.

Appendix L

Sensitivity Analysis (3 years)

	Risk	Potential Budgetary Effect 2021/22 £'000	2022/23 £'000	2023/24 £'000
Pay Award / National Insurance (GF)				
Impact +/- 0.5% Variance £'000	L	45	91	139
Budget Impact over 1 year	L	45		
Budget Impact over 3 years	M	275		
Pay Award / National Insurance (HRA)				
Impact +/- 0.5% Variance £'000	L	14	28	42
Budget Impact over 1 years	L	14		
Budget Impact over 3 years	L	84		

Subject to finalisation of Local Government pay (including any protection for low paid employees)

	Risk	2021/22 £'000	2022/23 £'000	2023/24 £'000
Pension Costs				
Impact +/- 0.5% Variance £'000	L	0	0	62
Budget Impact over 1 year	L	0		
Budget Impact over 3 years	L	62		

3 year agreement in place from 2020/21 - subject to stock market & membership changes

	Risk	2021/22 £'000	2022/23 £'000	2023/24 £'000
Council Tax				
Impact on Council Tax income £'000		41	64	89
Budget Impact over 1 year	L	41		
Budget Impact over 3 years	L	194		
Inflation / CPI				
Impact +/- 0.5% Variance £'000	L	56	120	179
Budget Impact over 1 year	L	56		
Budget Impact over 3 years	L	355		
Government Grant				
Impact +/- 1.0% Variance £'000	L	44	68	93
Budget Impact over 1 year	L	44		
Budget Impact over 3 years	L	205		
Investment Interest				
Impact +/- 0.5% Variance £'000	L	189	330	460
Budget Impact over 1 year	L	189		
Budget Impact over 3 years	H	979		

	Risk	Potential Budgetary Effect 2021/22 £'000	2022/23 £'000	2023/24 £'000
Key Income Streams (GF)				
Impact +/- 10% Variance £'000	L	177	368	571
Budget Impact over 1 year	L	177		
Budget Impact over 3 years	H	1116		
Key Income Streams (HRA)				
Impact +/- 1% Variance £'000	L	187	379	576
Budget Impact over 1 years	L	187		
Budget Impact over 3 years	H	1142		
Business Rates				
Impact +/- 0.5% Variance £'000	L	73	148	224
Budget Impact over 1 year	L	73		
Budget Impact over 3 years	M	445		

Appendix M

Contingencies 2021/22 - 2025/26

Revenue	2021/22	2022/23	2023/24
Specific Earmarked &	£'000	£'000	£'000
General			
General Fund			
*General Contingency**			
General Contingency re Income Targets	169	169	169
Total General Contingency	169	169	169
Total GF Revenue	169	169	169
Housing Revenue Account			
HRA - General Contingency	130	130	130
Total HRA Revenue	**130**	**130**	**130**

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

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

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

APPENDIX N

TREASURY MANAGEMENT STRATEGY STATEMENT, TREASURY MANAGEMENT POLICY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2021/22

Purpose

To comply with the requirement of the Council's Treasury Management Policy in reporting to Council the proposed strategy for the forthcoming year and the Local Government Act 2003 with the reporting of the Prudential Indicators.

Executive Summary

The Local Government Act 2003 requires the Council to produce prudential indicators in line with the Prudential Code.

This report outlines the Council's prudential indicators for 2021/22 – 2023/24 and sets out the expected Treasury operations for this period. This report and associated tables fulfil the statutory requirement of the Local Government Act 2003 by:

- Reporting the prudential indicators as required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities;
- Setting the Council's Minimum Revenue Provision (MRP) Policy, which defines how the Council will pay for capital assets through revenue contributions each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007);
- Setting the Treasury Management Strategy in accordance with the CIPFA Code of Practice on Treasury Management;
- Adopting the Council's Treasury Management Policy Statement as recommended within the CIPFA Code of Practice 2017;
- Setting the Investment Strategy (in accordance with the Ministry of Housing, Communities and Local Government (MHCLG) investment guidance); and
- Affirming the effective management and responsibility for the control of risk and clearly identifying our appetite for risk. The Council's risk appetite is low in order to give priority to **S**ecurity, **L**iquidity then **Y**ield (or return on investments).

Under the requirements of the CIPFA Code of Practice and associated Guidance Notes 2017, the following four clauses have been adopted:

a) This Council will create and maintain, as the cornerstones for effective treasury management:

A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and

Suitable treasury management practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

b) This Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.

c) This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Executive Director Finance, who will act in accordance with the organisation's policy statement and TMPs.

d) This Council nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Equalities Implications

There are no equalities implications arising from the report.

Legal Implications

Approval of Prudential Indicators and an Annual Investment Strategy is a legal requirement of the Local Government Act 2003. Members are required under the CIPFA Code of Practice to have ownership and understanding when making decisions on Treasury Management matters.

Resource and Value for Money Implications

All financial resource implications are detailed in the body of this report which links to the Council's Medium Term Financial Strategy and Capital Strategy.

Risk Implications

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

A Glossary of terms utilised within the report can be found at **ANNEX 9**.

Report Author Please contact Jo Goodfellow, Head of Finance, ext 241 or Stefan Garner, Executive Director Finance, ext 242

***Background Papers**:-*	***Budget & Medium Term Financial Strategy 2021/22***
	Mid-year Treasury Report 2020/21 Council, 15/12/20
	Annual Treasury Report 2019/20 Council, 15/09/20
	Treasury Management Strategy Statement, Treasury Management Policy Statement, Minimum Revenue Provision Policy Statement & Annual Investment Statement 2020/21 Council 25/02/20
	Treasury Management Training slides 20th November 2019
	CIPFA Code of Practice on Treasury Management in Public Services 2017
	DCLG Guidance on Local Government Investments March 2010
	Local Government Act 2003
	Treasury Management Practices 2021/22 (Operational Detail)

1. INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the Treasury Management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the Treasury Management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;

- an overview of how the associated risk is managed;

- the implications for future financial sustainability.

The aim of the capital strategy is to ensure that all elected members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

The capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

1.2.2 Treasury Management Reporting

The Council is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and Treasury Indicators and Treasury Strategy (this report) –

The first, and most important, report is forward looking and covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);

- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an Investment Strategy (the parameters on how investments are to be managed).

A Mid Year Treasury Management Report

This is primarily a progress report and will update Members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

An Annual Treasury Report

This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Governance Committee.

1.3 Treasury Management Strategy for 2021/22

The strategy for 2021/22 covers two main areas:

Capital Issues

- the capital expenditure plans and the associated Prudential Indicators;
- the Minimum Revenue Provision (MRP) policy.

Treasury Management Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIFPA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Detailed Treasury Management training was most recently provided in November 2019, and will be provided as and when required.

The training needs of Treasury Management officers are regularly reviewed.

1.5 Treasury Management Consultants

The Council uses Link Group, Treasury Solutions as its external treasury management advisors.

The Council recognises that responsibility for Treasury Management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisors.

It also recognises that there is value in employing external providers of Treasury Management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2021/22 – 2023/24

The Council's Capital Expenditure plans are the key driver of Treasury Management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital Expenditure

This prudential Indicator is a summary of the Council's Capital Expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure £m	2019/20 Actual	2020/21 Predicted Outturn*	2020/21 Budget	2020/21 Re-profiling	2021/22 Estimate**	2022/23 Estimate	2023/24 Estimate
Non-HRA	4.734	1.939	4.278	1.850	15.211	10.825	2.923
HRA	20.462	15.107	22.250	5.435	9.461	6.129	5.699
Commercial Activities/Non-Financial Investments * **	-	-	12.849	12.849	-	-	-
Total	**25.196**	**17.046**	**39.377**	**20.133**	**24.672**	**16.954**	**8.622**

** Actual Projected at Period 9* *** excludes projected slippage from 2020/21*

**** commercial activities/non-financial investments relate to areas such as capital expenditure on investment properties & investments in property funds.*

The projected slippage into 2021/22 of £20.133m relates mainly to Gungate development, Gateways projects, Amington Woodland & Cycleway, Property Fund investments and Solway LATC, and Regeneration & Affordable Housing schemes.

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding (borrowing) need.

Capital Financing (GF/HRA)	**2019/20 Actual**	**2020/21 Predicted Outturn***	**2020/21 Budget**	**2020/21 Re-profiling**	**2020/21 Estimate****	**2021/22 Estimate**	**2022/23 Estimate**
Capital Receipts	4.810	3.990	17.333	13.184	3.390	0.830	2.604
Capital Grants	0.681	1.851	2.009	0.215	12.163	10.500	0.505
Capital Reserves	11.844	5.710	11.390	5.314	5.524	2.649	2.294
Revenue Reserves	4.426	2.953	5.284	1.029	2.929	2.805	2.805
Revenue Contributions	0.192	0.226	0.226	-	-	-	-
Net financing need for the year	3.243	2.316	3.135	0.392	0.666	0.171	0.415
Total	**25.196**	**17.046**	**39.377**	**20.133**	**24.672**	**16.954**	**8.622**

** Actual Projected at Period 9*   *** excludes projected slippage from 2020/21*

The net financing need for commercial activities/non-financial investments included in the above table against expenditure is shown below:

Commercial Activities/Non-Financial Investments	**2019/20 Actual**	**2020/21 Predicted Outturn***	**2020/21 Budget**	**2020/21 Re-profiling**	**2020/21 Estimate****	**2021/22 Estimate**	**2022/23 Estimate**
Capital Expenditure	-	-	12.849	12.849	-	-	-
Financing Costs	-	--	(12.849)	(12.849)	-	-	-
Net financing need for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Percentage of total net financing need %	**-**	**-**	**-**	**-**	**-**	**-**	**-**

2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£m	2019/20 Actual	2020/21 Revised Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Capital Financing Requirement					
CFR – non housing	3.523	3.865	4.736	4.657	4.797
CFR - housing	68.532	70.396	70.396	70.396	70.396
CFR - commercial activities/non-financial investments	-	-	-	-	-
Total CFR	**72.055**	**74.261**	**75.132**	**75.053**	**75.193**
Movement in CFR	**3.188**	**2.206**	**0.871**	**(0.079)**	**0.140**

Movement in CFR represented by					
Net financing need for the year (above)	3.243	2.316	1.058	0.171	0.415
Less MRP/VRP and other financing movements	**(0.056)**	**(0.110)**	**(0.187)**	**(0.250)**	**(0.275)**
Movement in CFR	**3.188**	**2.206**	**0.871**	**(0.079)**	**0.140**

* CFR 2018/19 £68.869m

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the Council's overall financial position. The capital expenditure figures shown in 2.1 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Council's remaining activity.

2.3 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £m	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Fund Balances/Reserves	30.310	27.875	19.463	17.381	16.310
Capital Receipts	20.431	18.400	5.194	5.883	6.383
Provisions*	2.032	2.032	2.032	2.032	2.032
Other	-	-	-	-	-
Total Core Funds	**52.773**	**48.307**	**26.689**	**25.296**	**24.724**
Working Capital**	15.202	4.309	12.580	11.992	11.592
(Under)/Over Borrowing	(8.995)	(11.201)	(12.072)	(11.993)	(12.132)
Expected Investments	**58.980**	**41.415**	**27.197**	**25.295**	**24.184**

* Includes full provision for NNDR appeals

** Working capital balances shown are estimated year end; these may be higher mid year.

2.4 Minimum Revenue Provision (MRP) Policy Statement

The Council is required to pay off an element of the accumulated General Fund Capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision – MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG Regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement*:*

For Capital Expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former MHCLG regulations (option 1)

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be*:*

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

This option provides for a reduction in the borrowing need over approximately the asset's life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place). Repayments included in annual PFI or finance leases are applied as MRP.

MRP Overpayments – a change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The Council has made no VRP overpayments.

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The Treasury Management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current Portfolio Position

The overall Treasury Management portfolio as at 31st March 2020 and for the position as at 31st December 2020 are shown below for both borrowing and investments.

	TREASURY PORTFOLIO			
	ACTUAL AT 31/3/20		CURRENT AT 31/12/20	
	£m	%	£m	%
Treasury Investments				
Banks	30.199	51.20	21.000	30.95
Building Societies	-	-	-	-
Local Authorities	14.000	23.74	24.000	35.37
DMADF (H M Treasury)	-	-	-	-
Money Market Funds	5.059	8.58	19.258	28.38
Certificates of Deposit	6.002	10.18	-	-
Total Managed in-House	**55.260**	**93.69**	**64.258**	**94.70**
Property Funds	3.720	6.31	3.593	5.30
Total Managed Externally	**3.720**	**6.31**	**3.593**	**5.30**
Total Treasury Investments	**58.980**	**100**	**67.851**	**100**
Treasury External Borrowing				
Local Authorities	-	-	-	-
PWLB	63.060	100	63.060	100
Total External Borrowing	**63.060**	100	**63.060**	100
Net Treasury Investments/(Borrowing)	**(4.080)**		**4.791**	

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2019/20	2020/21	2021/22	2022/23	2023/24
Treasury Portfolio	**Actual**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
External Debt					
Debt at 1st April	63.060	63.060	63.060	63.060	63.060
Expected change in Debt	-	-	-	-	-
Actual gross debt at 31st March	**63.060**	**63.060**	**63.060**	**63.060**	**63.060**
The Capital Financing Requirement	**72.055**	**74.261**	**75.132**	**75.053**	**75.193**
Under / (over) borrowing	**8.995**	**11.201**	**12.072**	**11.993**	**12.132**

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Executive Director Finance (the Section 151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2. Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary - This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

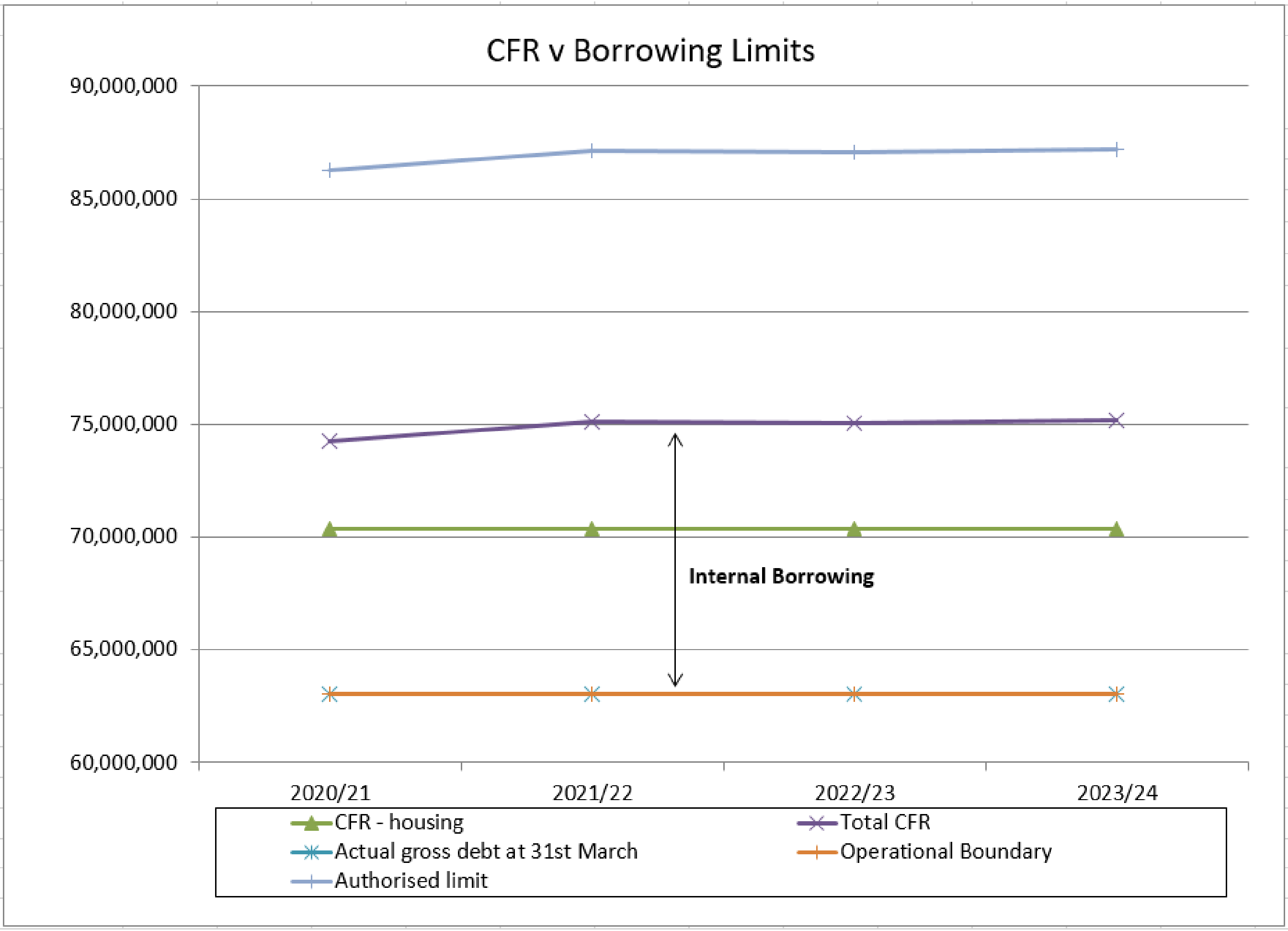
Operational Boundary	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Borrowing	63.060	63.060	63.060	63.060
Other long term liabilities	-	-	-	-
Commercial Activities/non-financial Investments				
Total	**63.060**	**63.060**	**63.060**	**63.060**

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

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The Council is asked to approve the following Authorised Limit:

Authorised limit	**2020/21 Estimate £m**	**2021/22 Estimate £m**	**2022/23 Estimate £m**	**2023/24 Estimate £m**
Borrowing	86.272	87.143	87.064	87.204
Total	**86.272**	**87.143**	**87.064**	**87.204**



3.3. Prospects for Interest Rates

A more detailed interest rate view and economic commentary are at **ANNEXES 2 & 3**.

The Council has appointed Link Group as its Treasury Advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 9.11.20. However, following the conclusion of the review of PWLB margins over gilt yields on 25.11.20, all forecasts below have been reduced by 1%. These are forecasts for certainty rates, gilt yields plus 80bps:

Link Group Interest Rate View 9.11.20														
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20														
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 5th November, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected, as economic recovery is expected to be only gradual and, therefore, prolonged.

Gilt yields/PWLB rates

There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds - this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Investment and borrowing rates

- **Investment returns** are likely to remain exceptionally low during 2021/22 with little increase in the following two years.

- **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England, indeed, gilt yields up to 6 years were negative during most of the first half of 20/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. It also introduced the following rates for borrowing for different types of capital expenditure: -

    - **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
    - **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
    - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
    - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
    - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

- As a consequence of these increases in margins, many local authorities decided to refrain from PWLB borrowing unless it was for HRA or local infrastructure financing, until such time as the review of margins was concluded.

- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates - the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. The new margins over gilt yields are as follows: -.

  - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
  - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
  - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

- **Borrowing for capital expenditure.** As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB rates are under 2.00%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. However, greater value can be obtained in borrowing for shorter maturity periods so the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.

- While the Council will not be able to avoid borrowing to finance new capital expenditure, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Executive Director Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates*, then borrowing will be postponed.

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast,* perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to Council at the next available opportunity.

3.5 Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6. Debt Rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates. If rescheduling was to be done, it will be reported to the Council at the earliest meeting following its action.

3.7 New Financial Institutions as a Source of Borrowing

Where appropriate, consideration will be given to sourcing funding at cheaper rates from the following in order to finance capital expenditure for non-HRA and infrastructure purposes:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency

The degree to which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

3.8 Approved Sources of Long and Short term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●

Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy – Management of Risk

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.

The Council's investment policy has regard to the following:-

- MHCLG's Guidance on Local Government Investments ("the Guidance")

- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")

- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second, and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

The above guidance from the MHCLG and CIPFA places a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-

1) Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

2) **Other Information**: Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.

3) **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4) This Council has defined the list of **types of investment instruments** that the Treasury Management team are authorised to use. There are two lists in Annex 4 under the categories of 'specified' and 'non-specified' investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year, or have less than a year left to run to maturity if they were originally classified as being non-specified investments solely due to the maturity period exceeding one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5) **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 25% of the total investment portfolio (see paragraph 4.3)

6) **Lending limits** (amounts and maturity) for each counterparty will be set though applying the matrix table in paragraph 4.2

7) **Transaction limits** are set for each type of investment in 4.2

8) This Council will set a limit for the amount of its investments which are invested for **longer than 365 days** (see paragraph 4.4)

9) Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see paragraph 4.3)

10) This Council has engaged **external consultants** (see paragraph 1.5) to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.

11) All investments will be denominated in **sterling**.

12) As a result of the change in accounting standards for 2020/21 under IFRS 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018, MHCLG concluded consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31st March 2023.

This Council will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year. The above criteria are unchanged from last year.

4.2 Creditworthiness Policy

This Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- 'watches' and 'outlooks' from credit rating agencies;
- CDS spreads that may give early warning of changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned watches and outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council uses will be a short term rating (Fitch or equivalents) of F1 and a Long Term rating of A -. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored on a daily basis/as and when notified. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service:

- if a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately;

- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, as well as information on any external support for banks, to help support its decision making process.

Counterparty	Colour (and long term rating where applicable)	Money and/or % Limit	Time Limit
Banks/Building Societies *	**Yellow**	**£10m**	**5yrs**
Banks/Building Societies	**Purple**	**£10m**	**2 yrs**
Banks/Building Societies	**Orange**	**£10m**	**1 yr**
Banks – part nationalised	**Blue**	**£10m**	**1 yr**
Banks/Building Societies	**Red**	**£10m**	**6 mths**
Banks/Building Societies	**green**	**£10m**	**100 days**
Banks/Building Societies	**No colour**	**Not to be used**	
Council's banker (where "No Colour")	**No colour**	**£2m**	**1 day**
DMADF	**UK sovereign rating**	**£10m**	**6 months**
Local authorities	**n/a**	**£10m**	**5yrs**

	Fund Rating **	Money and/or % Limit	Time Limit
Money Market Funds CNAV	**AAA**	**£10m**	**Liquid**
Money Market Funds LVNAV	**AAA**	**£10m**	**Liquid**
Money Market Funds VNAV	**AAA**	**£10m**	**Liquid**

** The yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt – see Annex 4.*

*** 'Fund' ratings are different to individual counterparty ratings, coming under either specific 'MMF' or 'Bond Fund' rating criteria.*

Creditworthiness

Although the credit rating agencies changed their outlook on many UK banks from Stable to Negative during the quarter ended 30.6.20 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of major financial institutions, including UK banks. However, during Q1 and Q2 2020, banks made provisions for *expected* credit losses and the rating changes reflected these provisions. As we move into future quarters, more information will emerge on *actual* levels of credit losses. (Quarterly earnings reports are normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that banks went into this pandemic with strong balance sheets. This is predominantly a result of regulatory changes imposed on banks following the Great Financial Crisis. Indeed, the Financial Policy Committee (FPC) report on 6th August revised down their expected credit losses for the UK banking sector to "somewhat less than £80bn". It stated that in its assessment, "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on Negative Outlook, but with a small number of actual downgrades.

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards at the end of March/early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. Nevertheless, prices are still elevated compared to end February 2020. Pricing is likely to remain volatile as uncertainty continues. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

4.3 Other Limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

a) **Non-specified treasury management investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 25% of the total investment portfolio.

b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of 'AA-' from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Annex 5. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

c) **Other limits.** In addition:-

- no more than 25% will be placed with any non-UK country at any time;
- a limit of £14m per group will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

4.4 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flows, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.

- Conversely, if is is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment Returns Expectations

Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long term forecast is for periods over 10 years in the future):

Average earnings in each year	
2020/21	0.10%
2021/22	0.10%
2022/23	0.10%
2023/24	0.10%
2024/25	0.25%
Long term later years	2.00%

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines become available and widely administered to the population.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.

Negative investment rates

While the Bank of England said in August/September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, and in November omitted any mention of negative rates in the minutes of the meeting of the Monetary Policy Committee, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have already resorted to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surfeit of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.

Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

Investment Treasury Indicator and Limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Upper limit for principal sums invested for longer than 365 days			
	2021/22 £m	**2022/23 £m**	**2023/24 £m**
Principal sums invested > 365 days	6.324	6.046	6.114
Current investments as at 31.12.20 in excess of 1 year maturing in each year	-	5.000	-

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

4.5 Investment Risk Benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 3 month LIBID. The Council is appreciative that the provision of LIBOR and associated LIBID rates is expected to cease at the end of 2021. It will work with its advisors in determining suitable replacement investment benchmark(s) ahead of this cessation and will report back to members accordingly.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5. ANNEXES

1. Prudential and Treasury Indicators
2. Interest Rate Forecasts
3. Economic Background
4. TMP 1 Credit & Counterparty Risk Management
5. Approved Countries for investments
6. Treasury Management Scheme of Delegation
7. The Treasury Management Role of the Section 151 Officer
8. Treasury Management Practices
9. Treasury Management Glossary of Terms
10. Prudential Indicators – Definitions/Interpretation

ANNEX 1

THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2021/22 – 2023/24

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

1 Capital expenditure

A breakdown of capital expenditure by Directorate is detailed within the Performance Healthcheck reported quarterly to Cabinet.

2 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a) Ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream (net cost of services).

Ratio of financing costs to net revenue stream.	2019/20 Actual %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %
Non-HRA	(7.31)%	(3.03)%	(0.17)%	0.68%	0.43%
HRA	28.38%	28.58%	28.09%	27.45%	26.74%
Commercial Activities/non-Financial Investments	(3.60)%	(4.44)%	(5.69)%	(6.07)%	(5.26)%

The estimates of financing costs include current commitments and the proposals in this budget report.

Commercial Activities/non-Financial Investments includes investments in property funds and the return on the Gungate Site purchase.

b) Housing Revenue Account Debt Ratios

HRA Debt to Revenues Ratio	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
HRA Debt £m	68.532	70.396	70.396	70.396	70.396
HRA Revenues £m	18.243	18.783	19.303	19.775	20.259
Ratio of Debt to Revenues %	376	375	365	356	347

HRA Debt per Dwelling	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
HRA Debt £m	68.532	70.396	70.396	70.396	70.396
Number of HRA Dwellings	4,160	4,140	4,110	4,080	4,050
Debt per Dwelling £'000	16.474	17.004	17.128	17.254	17.382

4 Maturity Structure of Borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of Fixed Interest Rate borrowing 2021/22		
Timeline	**Lower**	**Upper**
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	25%
5 years to 10 years	0%	75%
10 years and above	0%	100%

Maturity structure of Variable Interest Rate borrowing 2021/22		
Timeline	**Lower**	**Upper**
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	25%
5 years to 10 years	0%	75%
10 years and above	0%	100%

5. Control of Interest Rate Exposure

Please see paragraphs 3.3, 3.4 and 4.4

ANNEX 2 Interest Rate Forecasts 2020 – 2024

The PWLB rates below are based on the new margins over gilts announced on 26th November 2020. PWLB forecasts shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Link Group Interest Rate View 9.11.20									(The Capital Economics forecasts were done 11.11.20)					
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20														
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60
Bank Rate														
Link	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Capital Economics	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
5yr PWLB Rate														
Link	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Capital Economics	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	-	-	-	-	-
10yr PWLB Rate														
Link	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Capital Economics	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	-	-	-	-	-
25yr PWLB Rate														
Link	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
Capital Economics	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	-	-	-	-	-
50yr PWLB Rate														
Link	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60
Capital Economics	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	-	-	-	-	-

ANNEX 3 ECONOMIC BACKGROUND

UK. The Bank of England's Monetary Policy Committee kept **Bank Rate** unchanged on 5th November. However, it revised its economic forecasts to take account of a second national lockdown from 5th November to 2nd December which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January when the current programme of £300bn of QE announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".

Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:

- The economy would recover to reach its pre-pandemic level in Q1 2022
- The Bank also expects there to be excess demand in the economy by Q4 2022.
- CPI inflation is therefore projected to be a bit above its 2% target by the start of 2023 and the "inflation risks were judged to be balanced".

Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.

One key addition to **the Bank's forward guidance** in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase through to quarter 1 2024 but there could well be no increase during the next five years due to the slow rate of recovery of the economy and the need for the Government to see the burden of the elevated debt to GDP ratio falling significantly. **Inflation** is unlikely to pose a threat requiring increases in Bank Rate during this period as there is likely to be spare capacity in the economy for a considerable time. It is expected to briefly peak at around 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern.

However, the minutes did contain several references to **downside risks**. The MPC reiterated that the "recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside". It also said "the risk of a more persistent period of elevated unemployment remained material". Following the second lockdown in November, there was a temporary relaxation of restrictions over Christmas, and then a further national lockdown in January. It is likely that most regions will be subject to Tier 3 and Tier 4 restrictions when the lockdown ends. Hopefully, restrictions should progressively ease during the spring. It is only to be expected that some businesses that have barely survived the first lockdown, will fail to survive the second or third lockdown, especially those businesses that depend on a surge of business over the Christmas period. This will mean that there will be some level of further permanent loss of economic activity, although the extension of the furlough scheme to the end of 31st March will limit the degree of damage done.

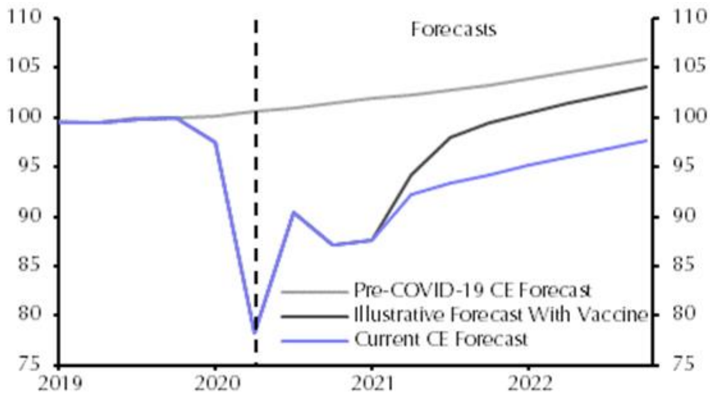
As for **upside risks**, we have been waiting expectantly for news that various **COVID19 vaccines** would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9th November was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of effectiveness of flu vaccines which might otherwise have been expected. However, their phase three trials are still only two-thirds complete. More data needs to be collected to make sure there are no serious side effects. We don't know exactly how long immunity will last or whether it is effective across all age groups. The Pfizer vaccine specifically also has demanding cold storage requirements of minus 70C that might make it more difficult to roll out. However, the logistics of production and deployment can surely be worked out over the next few months.

However, there has been even further encouraging news since then with another two vaccines announcing high success rates. Together, these three announcements have enormously boosted confidence that **life could largely return to normal during the second half of 2021**, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels, which would help to bring the unemployment rate down. With the household saving rate currently being exceptionally high, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could begin to be eased, possibly in Q2 2021, once vulnerable people and front-line workers had been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7% next year instead of 9%. But while this would reduce the need for more QE and/or negative interest rates, increases in Bank Rate would still remain some years away. There is also a potential question as to whether the relatively optimistic outlook of the Monetary Policy Report was swayed by making positive assumptions around effective vaccines being available soon. It should also be borne in mind that as effective vaccines will take time to administer, economic news could well get worse before it starts getting better.

Public borrowing is now forecast by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp but after a disappointing increase in GDP of only 2.1% in August, this left the economy still 9.2% smaller than in February; this suggested that the economic recovery was running out of steam after recovering 64% of its total fall during the crisis. The last three months of 2020 were originally expected to show zero growth due to the impact of widespread local lockdowns, consumers probably remaining cautious in spending, and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year also being a headwind. However, the second national lockdown which began on 5th November for one month is expected to depress GDP by 8% in November while the rebound in December is likely to be muted and vulnerable to the previously mentioned downside risks. It was expected that the second national lockdown would push back recovery of GDP to pre pandemic levels by six months and into sometime during 2023. However, the graph below shows what Capital Economics forecast could happen if successful vaccines were widely administered in the UK in the first half of 2021; this would cause a much quicker recovery.

Level of real GDP   (Q4 2019 = 100)



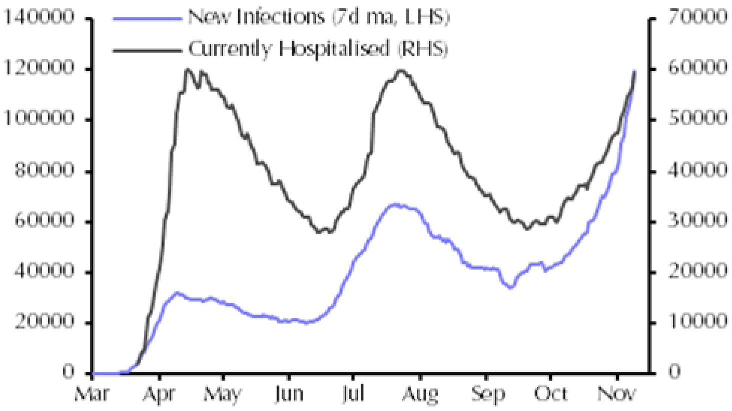
There will be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a reversal of globalisation as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.

The **Financial Policy Committee** (FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

US. The result of **the November elections** means that the Democrats have gained the presidency, a majority in the House of Representatives, and control of the Senate. This means that the Democrats will be able to do a massive fiscal stimulus, as they had been hoping, which may result in another surge of debt issuance and could put upward pressure on debt yields and gilt yields. On the other hand, equity prices leapt up on 9th November on the first news of a successful vaccine and have risen further during November as more vaccines announced successful results. This could cause a big shift in investor sentiment i.e. a swing to sell out of government debt to buy into equities which would normally be expected to cause debt prices to fall and yields to rise. However, the rise in yields has been quite muted so far and it is too early to say whether the Fed would feel it necessary to take action to suppress any further rise in debt yields.

The economy had been recovering quite strongly from its contraction in 2020 of 10.2% due to the **pandemic** with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a third wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the latest wave has been driven by a growing outbreak in the Midwest. The latest upturn poses a threat that the recovery in the economy could stall. This is **the single biggest downside risk** to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

COVID-19 New infections & hospitalisations



After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary “trap” like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC’s updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal. The Fed’s meeting on 5 November was unremarkable - but at a politically sensitive time around the elections.

EU. The economy was recovering well towards the end of Q2 and into Q3 after a sharp drop in GDP caused by the virus, (e.g. France 18.9%, Italy 17.6%). However, growth is likely to stagnate during Q4, and Q1 of 2021, as a second wave of the virus has affected many countries, and is likely to hit hardest those countries more dependent on tourism. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the worst affected countries. With inflation expected to be unlikely to get much above 1% over the next two years, the ECB has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. It is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support from governments. The current Pandemic Emergency Purchase Programme (PEPP) scheme of €1,350bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, the PEPP scheme is regarded as being a temporary measure during this crisis so it may need to be increased once the first PEPP runs out during early 2021. It could also decide to focus on using the Asset Purchase Programme to make more monthly purchases, rather than the PEPP scheme, and it does have other monetary policy options.

China. After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies.

However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

Japan. Japan's success in containing the virus without imposing draconian restrictions on activity should enable a faster return to pre-virus levels of output than in many major economies. While the second wave of the virus has been abating, the economy has been continuing to recover at a reasonable pace from its earlier total contraction of 8.5% in GDP. However, there now appears to be the early stages of the start of a third wave. It has also been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. There has also been little progress on fundamental reform of the economy. The change of Prime Minister is not expected to result in any significant change in economic policy.

World growth. While Latin America and India have, until recently, been hotspots for virus infections, infection rates have begun to stabilise. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

Summary

Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this is likely to result in more quantitative easing and keeping rates very low for longer. It will also put pressure on governments to provide more fiscal support for their economies.

If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

The graph below as at 10th November, shows how the 10 and 30 year gilt yields in the UK spiked up after the Pfizer vaccine announcement on the previous day, (though they have levelled off during late November at around the same elevated levels): -

INTEREST RATE FORECASTS

Brexit. The interest rate forecasts provided by Link in paragraph 3.3 were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31.12.20.

Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

So in summary there is not likely to be any change in Bank Rate in 20/21 – 21/22 and while there may be some movement in gilt yields / PWLB rates after the 31st December, there will probably be minimal enduring impact.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK** - further national lockdowns or severe regional restrictions in major conurbations during 2021.
- **UK / EU trade negotiations** – if they were to cause significant economic disruption and downturn in the rate of growth.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. In November, Hungary and Poland threatened to veto the 7 year EU budget due to the inclusion of a rule of law requirement that poses major challenges to both countries. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK -** stronger than currently expected recovery in UK economy, especially if effective vaccines are administered quickly to the UK population and lead to a resumption of normal life and a return to full economic activity across all sectors of the economy.
- **Post-Brexit** – if the majority of threats of economic disruption between the EU and the UK are removed.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

ANNEX 4 TREASURY MANAGEMENT PRACTICE (TMP1) CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year,** meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of 25% will be held in aggregate in non-specified investments.

A variety of investment instruments will be used, subject to the credit quality of the institution, and, depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

Counterparty	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
DMADF – UK Government	Yellow	£10m	6 months (max is set by the DMO*)
UK Government gilts	Yellow	£10m	5 years
UK Government Treasury bills	Yellow	£10m	364 days (max is set by the DMO*)
Bonds issued by multilateral development banks	Yellow	£10m	5 years
Money Market Funds CNAV	AAA	£10m	Liquid
Money Market Funds LVNAV	AAA	£10m	Liquid
Money Market Funds VNAV	AAA	£10m	Liquid
Local authorities	Yellow	£10m	5 years
Term deposits with banks and building societies	Blue Orange Red Green	£10m	12 months 12 months 6 months 100 days

Counterparty	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
	No Colour		Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£10m	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	£10m	
Non-Specified Investments			
Property Funds - the use of these instruments can be deemed as capital expenditure and as such will be an application (spending) of capital resources		£10m	Limit will be set based on level of reserves and balances going forward and appropriate due diligence will be undertaken before investment of this type
Wider Investment Funds - the use of these instruments can be deemed as capital expenditure and as such will be an application (spending) of capital resources		£10m	Limit will be set based on level of reserves and balances going forward and appropriate due diligence will be undertaken before investment of this type

* DMO – is the Debt Management Office of HM Treasury

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

ANNEX 5 APPROVED COUNTRIES FOR INVESTMENT

This list is based on those countries which have sovereign ratings of AA- or higher (showing the lowest rating from Fitch, Moody's and S&P) and also (except - at the time of writing – for Hong Kong, Norway and Luxembourg) have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- UK *

(Per Link 27/11/20)

* At its meeting of the 15th September 2009, full Council approved a recommendation that;

'authorises the use of institutions currently supported by the UK Government should its Sovereign rating be downgraded below the current requirement for a 'AAA' rating by all three rating agencies'

this approval continues to form part of the strategy in 2021/22.

ANNEX 6 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on Treasury Management policies, practices and activities.
- approval of annual strategy.
- approval of/amendments to the organisation's adopted clauses, Treasury Management Policy statement and Treasury Management practices.
- budget consideration and approval.
- approval of the division of responsibilities.
- receiving and reviewing regular monitoring reports and acting on recommendations.

(ii) Cabinet

- receiving and reviewing Treasury Management policy statement and Treasury Management practices and making recommendations to the full Council.
- receiving and reviewing regular monitoring reports and making recommendations to the full Council.
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit and Governance Committee

- reviewing the Treasury Management policy and procedures and making recommendations to the Cabinet.
- receiving and reviewing regular monitoring and making recommendations to the Cabinet.

ANNEX 7 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) Officer is responsible for

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is sustainable, affordable and prudent in the long-term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensuring that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following -

    - Risk management (TMP1), including investment and risk management criteria for any material non-treasury investment portfolios;

    - Performance measurement and management (TMP2), including methodology and criteria for assessing the performance and success of non-treasury investments;

    - Decision making, governance and organisation (TMP5), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;

- Reporting and management information (TMP6), including where and how often monitoring reports are taken;

- Training and qualifications (TMP10), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

TREASURY MANAGEMENT PRACTICES

The Treasury Management Practices document (TMPs) forms detailed operational procedures and processes for the Treasury Management function. This document can be found on the Council's Internet by following the following link;

http://www.tamworth.gov.uk/treasury-practices

and clicking on the TMPs folder.

The items below are summaries of the individual TMPs which the Council has to produce and adopt under the Treasury Code of Practice.

TMP1 : RISK MANAGEMENT

General Statement

The Section 151 Officer will design, implement and monitor all arrangements for the identification, management and control of Treasury Management risk; will report at least annually on the adequacy/suitability of the arrangements and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives. The reports will be in accordance with the procedures contained in TMP6.

1.1 Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

This organisation regards a key objective of its Treasury Management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques and detailed in the TMP Operational document.

It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

1.2 Liquidity Risk Management

This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.

This organisation will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives. This organisation will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

1.3 Interest Rate Risk Management

The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

1.4 Exchange Rate Risk Management

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

1,5 Inflation Rate Risk Management

Inflation risk, also called purchasing power risk, is the chance that cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.

The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

1.6 Refinancing Risk Management

The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised is managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

1.7 Legal and Regulatory Risk Management

The risk that the organisation itself, or an organisation with which it is dealing in its Treasury Management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

The Council will ensure that all of its Treasury Management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This organisation recognises that future legislative or regulatory changes may impact on its Treasury Management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

1.8 Fraud, Error and Corruption, and Contingency Management

The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its Treasury Management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

This organisation will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its Treasury Management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

The Council will therefore:-

a) Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.

b) Fully document all its Treasury Management activities so that there can be no possible confusion as to what proper procedures are.

c) Ensure that staff will not be allowed to take up Treasury Management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.

Records will be maintained of all Treasury Management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

1.9 Price Risk Management

The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated Treasury Management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

The Council will seek to ensure that its stated Treasury Management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

TMP2 : PERFORMANCE MEASUREMENT

The Council is committed to the pursuit of best value in its Treasury Management activities, and to the use of performance methodology in support of that aim, within the framework set out in the Treasury Management Policy Statement.

The Treasury Management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal, grant or subsidy incentives, and the scope for other potential improvements. The performance of the Treasury Management function will be measured using the criteria set out in the detailed TMP Operational document.

TMP3 : DECISION-MAKING AND ANALYSIS

The Council will maintain full records of its Treasury Management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are set out in the detailed TMP Operational document.

TMP4 : APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The Council will undertake its Treasury Management activities by employing only those instruments, methods and techniques set out in the detailed TMP Operational document and within the limits and parameters defined in TMP1.

TMP5 : ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

The Council considers it essential, for the purposes of the effective control and monitoring of its Treasury Management activities, for the reduction of risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times clarity of Treasury Management responsibilities.

The principle on which this will be based is the clear distinction between those charged with setting Treasury Management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of Treasury Management decisions and the audit and review of the Treasury Management function.

If and when this organisation intends, as a result of lack of resources or other circumstances, to depart from these principles, the Section 151 Officer will ensure that the reasons are properly reported in accordance with TMP6 and the implications properly considered and evaluated.

The Section 151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in Treasury Management, and the arrangements for absence cover. He will also ensure that at all times those engaged in Treasury Management will follow the policies and procedures set out. The present arrangements are set out in the detailed TMP Operational document.

The Section 151 Officer will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are set out in the detailed TMP Operational document.

The delegations to the Section 151 Officer in respect of Treasury Management are set out in the detailed TMP Operational document. He will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

TMP6 : REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

The Council will ensure that regular reports are prepared and considered on the implementation of its Treasury Management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its Treasury Management activities; and on the performance of the Treasury Management function.

As a minimum Cabinet and Council will receive:

- An annual report on the planned strategy to be pursued in the coming year and the reporting of Prudential Indicators.

- A mid-year review

- An annual report on the performance of the Treasury Management function including the performance against the Prudential Indicators, the effects of the decisions taken and the transactions executed in the past year and on any circumstances of non-compliance with the Council's Treasury Management policy statement and TMPs.

Cabinet will receive regular monitoring reports on Treasury Management activities and risks.

The Audit and Governance Committee will have responsibility for the scrutiny of Treasury Management policies and practices.

The Treasury Management indicators will be considered together with the Treasury Management indicators in the Prudential Code as part of the budget approval process.

The present arrangements and the form of these reports are set out in the detailed TMP Operational document.

TMP7 : BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The Section 151 Officer will prepare and Council will approve and, if necessary from time to time, will amend, an annual budget for Treasury Management, which will bring together all of the costs involved in running the Treasury Management function together with associated income. The matters to be included will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1, TMP2 and TMP4.

The Section 151 Officer will exercise effective controls over this budget and report upon and recommend any changes required in accordance with TMP6.

The Council will account for its Treasury Management activities, for decisions made and transactions executed in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP8 : CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Section 151 Officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis and the Section 151 Officer will ensure that these are adequate for the purpose of monitoring compliance with TMP1. The present arrangements for preparing cash flow projections, and their form, are set out in the detailed TMP Operational document.

TMP9 : MONEY LAUNDERING

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. The Council will, therefore, maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that all staff involved are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are set out in the detailed TMP Operational document.

TMP10 : TRAINING AND QUALIFICATIONS

The Council recognises the importance of ensuring that all staff involved in the Treasury Management function are fully equipped to undertake the duties and responsibilities allocated to them. It will seek to appoint individuals, who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Section 151 Officer will recommend and implement the necessary arrangements.

The Section 151 Officer will ensure that Council members tasked with Treasury Management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

TMP11 : USE OF EXTERNAL SERVICE PROVIDERS

The Council recognises that responsibility for the Treasury Management decisions remains with the Council at all times. It recognises that there may be potential value in employing external providers of Treasury Management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. Terms of appointment will be properly agreed, documented and subject to regular review. It will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Section 151 Officer, and details of the current arrangements are set out in the detailed TMP Operational document.

TMP12 : CORPORATE GOVERNANCE

The Council is committed to the pursuit of proper corporate governance throughout its services, and to establishing the principles and practices by which this can be achieved. Accordingly the Treasury Management function and its activities will be undertaken with openness, transparency, honesty, integrity and accountability.

The Council has adopted and implemented the key recommendations of the Code. This, together with the other arrangements are set out in the detailed TMP Operational document and are considered vital to the achievement of proper governance in Treasury Management, and the Section 151 Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

TMP 13: MANAGEMENT PRACTICES FOR NON-TREASURY INVESTMENTS

This Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The Council will ensure that all of its investments are covered in the capital strategy and/or investment strategy, and will set out, where relevant, the Council's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The Council maintains a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.

The following TMPs will apply with regard to non-treasury management investments:-

TMP1 - Risk management - including investment and risk management criteria for material non-treasury investment portfolios

TMP2 - Performance measurement and management - including methodology and criteria for assessing the performance and success of non-treasury investments

TMP5 - Decision making and analysis - including a statement of the governance requirements for decision-making in relation to non-treasury investments, and arrangements to ensure that appropriate professional due diligence is carried out to support decision making

TMP6 - Reporting and management information - including where and how often monitoring reports are taken

TMP10 - Training and qualifications - including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

ANNEX 9

Treasury Management Glossary of Terms

Bank Rate	The Official Bank rate paid on commercial bank reserves i.e. reserves placed by commercial banks with the Bank of England as part of the Bank's operations to reduce volatility in short term interest rates in the money markets.
Base Rate	Minimum lending rate of a bank or financial institution in the UK.
Capital Financing Requirement	The Council's underlying need for borrowing for a capital purpose.
Counterparty	The organisations responsible for repaying the Council's investment upon maturity and for making interest payments.
Credit Default Swap (CDS)	A specific kind of counterparty agreement which allows the transfer of third party credit risk from one party to the other. One party in the swap is a lender and faces credit risk from a third party, and the counterparty in the credit default swap agrees to insure this risk in exchange for regular periodic payments (essentially an insurance premium). If the third party defaults, the party providing insurance will have to purchase from the insured party the defaulted asset. In turn, the insurer pays the insured the remaining interest on the debt, as well as the principal.
Credit Rating	This is a scoring system that lenders issue organisations with, to determine how credit worthy they are.
Gilts	These are issued by the UK Government in order to finance public expenditure. Gilts are generally issued for a set period and pay a fixed rate of interest for the period.
iTraxx	This is an index published by Markit who are a leading company in CDS pricing and valuation. The index is based on an equal weighting of the CDS spread of 25

	European financial companies. Clients can use the iTraxx to see where an institution's CDS spread is relative to that of the market and judge its creditworthiness in that manner, as well as looking at the credit ratings.
Liquidity	An asset is perfectly liquid if one can trade immediately, at a price not worse than the uninformed expected value, the quantity one desires.
Long term	A period of one year or more.
Maturity	The date when an investment is repaid or the period covered by a fixed term investment.
Minimum Revenue Provision	Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred therefore such expenditure is spread over several years in order to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision.
Monetary Policy Committee (MPC)	Interest rates are set by the Bank's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be met. Their primary target (as set by the Government) is to keep inflation at or around 2%.
Security	An investment instrument, issued by a corporation, government, or other organization which offers evidence of debt or equity.
Short Term	A period of 364 days or less
Supranational Bonds	A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. Examples of supranational institutions include the

	European Investment Bank and the World Bank. Similar to government bonds, the bonds issued by these institutions are considered very safe and have a high credit rating.
Treasury Management	The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
Working Capital	Cash and other liquid assets needed to finance the everyday running of a business such as the payment of salaries and purchases.
Yield	The annual rate of return on an investment, expressed as a percentage.

ANNEX 10

PRUDENTIAL INDICATORS – DEFINITIONS / INTERPRETATION

CIPFA's Prudential Code for Capital Finance requires local authorities to prepare Prudential Indicators of their intended capital spending plans for the forthcoming and future years. The indicators are intended to help the decision making process within an authority and must be approved by the full Council before the beginning of the financial year. The indicators are neither comparative statistics nor performance indicators. Different Councils will have different figures reflecting their history and local circumstances.

1. **Estimate of total capital expenditure to be incurred –** This summarises the Council's current plans for the total capital expenditure over the next 3 years. Details of individual schemes are contained within the capital estimate pages.

2. **Estimates of Capital Financing Summary** – This details the capital financing sources for the next 3 years.

3. **Estimated Ratio of financing costs to net revenue stream** - This indicator has been calculated as debt interest, borrowing refinancing costs, minimum revenue provision, depreciation for HRA, net of investment income and divided by the General Fund (GF) budget requirement for the GF element of costs and the total of HRA income for the HRA costs**.** For GF Account, the indicator has been calculated gross of government support in the form of RSG for the proportion of capital expenditure funded from supported level of borrowing.

4. **Capital Financing Requirement** – This represents the Council's underlying need to borrow to finance historic capital expenditure and is derived by aggregating specified items from the Council's balance sheet. The actual **net borrowing** is lower than this because of the current strategy to use internal borrowing rather than replace maturing debt.

5. **Actual External Debt** –This is a key indicator and Section 3 of the Local Government Act 2003 requires the Council to ensure that gross external debt does not, except in the short term, exceed the total of the Capital Financing Requirement in the preceding year plus estimates of any additional capital financing requirement for the current and next two financial years.

6. **Authorised Borrowing Limit for external debt** - This indicator represents the maximum amount the Council may borrow at any point in time in the year and has to be set at a level the Council considers is **prudent**. It allows for uncertain cash flow movements and borrowing in advance for future requirements. The Council does not currently have any finance lease liabilities.

The recommended authorised limits for external debt are gross of investments and are consistent with the Council's current commitments, existing plans and the current treasury management policy and strategy. The authorised limit determined for 2021-22 is the statutory limit determined under section 3(1) of the Local Government Act 2003.

7. **Operational Boundary for external debt** - The proposed operational boundary for external debt is calculated on the same estimates as the authorised limit but reflects estimates of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to

the maximum of external debt projected by this estimate. Within the operational boundary, figures for borrowing and other long term liabilities are separately identified.

8. **Treasury Management** – these indicators form part of the treasury management strategy and policy statement approved by the Council each year before the beginning of the financial year. The main indicators are:

(a) The adoption of **CIPFA Code of Practice for Treasury Management**, which the Council adopted before the current Prudential System was introduced.

(b) **Interest Rate Exposure** - The approved Treasury Policy Statement and Strategy contains upper and lower limits for fixed and variable interest rate exposure for net outstanding principal sums.

(c) **Maturity Structure of Borrowing** – The approved treasury management strategy also sets out the maturity structure of the Council's borrowing to ensure the Council is not exposed to risks of having to refinance large level of debt at a time in future when interest rates may be volatile or uncertain.

(d) **Investments longer than 365 days** – The approved treasury management strategy includes a limit of £20m for investments maturing beyond 365 days.

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APPENDIX O

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 though 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.£60m 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 31st 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:-

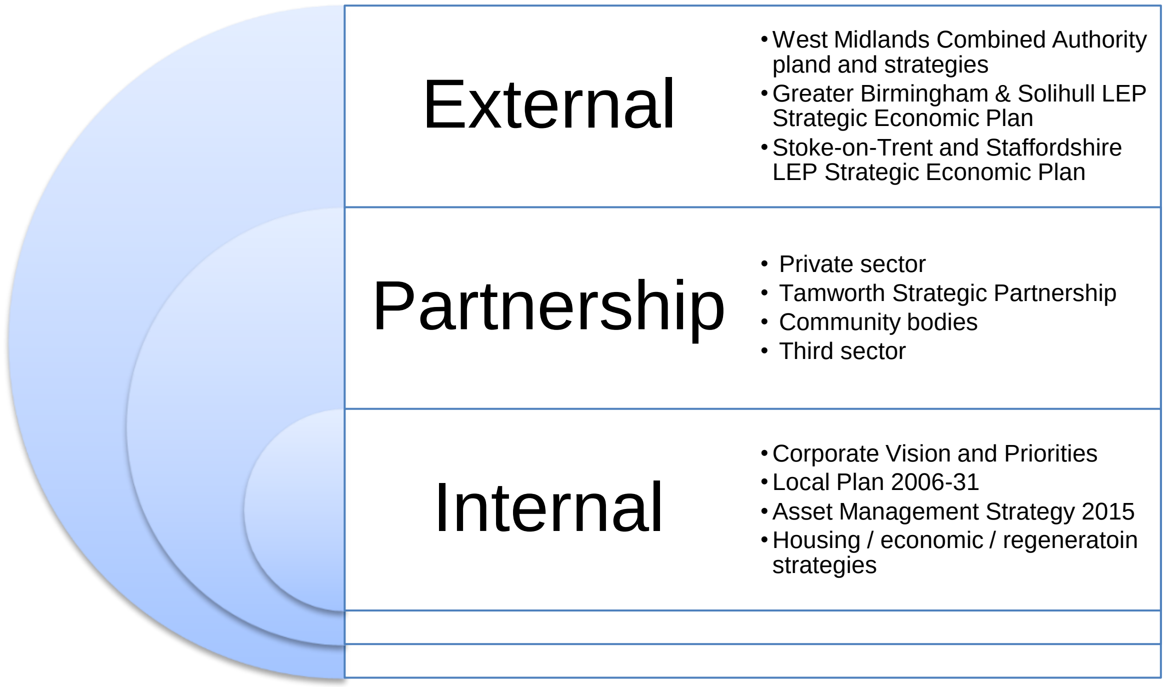
The process for the consideration of capital expenditure within the MTFS process has been reviewed and refined to ensure that there are provisional

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.

<table>
<tr><td colspan="2">TAMWORTH BOROUGH COUNCIL: VISION

To put Tamworth, its people and the local economy at the heart of everything we do</td></tr>
<tr><td colspan="2">OUR STRATEGIC PRIORITIES
FOR 2019-2022</td></tr>
<tr><td>People and Place

1. To meet housing needs through a variety of approaches and</td><td>Organisation

1. To be financially stable
2. To ensure our employees have the</td></tr>
</table>

interventions 2. To facilitate sustainable growth and economic prosperity 3. To work collaboratively and flexibly to meet the needs of our communities 4. To create a new and developing vision for the continued evolution of Tamworth, including a Town Centre fit for the 21st century	right skills and culture to help our residents, visitors and businesses 3. To ensure our service delivery is consistent, clear, and focused 4. To ensure our decisions are driven by evidence and knowledge

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:

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

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

Asset Type	**Estimated Backlog Costs (10 years)**
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
Total	**£8.427m**

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:

Group /Individual	**Role**
Corporate Management Team	• Provide leadership for the process to manage risks effectively. • Review and revise the Risk Management Policy and Strategy in accordance with the review period. • Monitor and review the Corporate Risk Register on a quarterly basis including the identification of trends, upcoming events and potential new corporate risks.
Audit & Governance Committee	• 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. • To monitor the actions being taken to mitigate the impact of potentially serious risks
Cabinet	• To provide strategic direction with regard to risk management.

Group /Individual	Role
Directors / Assistant Directors	• To provide leadership for the process of managing risks. • To ensure that risk management methodology is applied to all service plans, projects, partnerships and proposals. • To identify and manage business /operational risks. • To ensure that the management of risk is monitored as part of the performance management process.
Directors / Assistant Directors	• To ensure that all risks are identified, recorded and effectively managed in their area or responsibility. • To review and update their risk register on at least an annual basis but appropriate to the risk. • To determine the method of controlling the risk. • To delegate responsibility if appropriate for the control of the risk. • To notify the Director of new risks identified for consideration for inclusion on the corporate risk register.
All staff	• To ensure that risk is effectively managed in their areas. • To ensure that they notify their managers of new and emerging risks.
Assistant Director – Finance	• To ensure that the risk management strategy is regularly reviewed and updated. • Promote and support the risk management process throughout the Authority. • Advise and assist managers in the identification of risks.

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 21st 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 27th 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%
Totals				**3,849,182**	**20,477**	**3,869,659**	4.00%

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 15th December 2020.

Regeneration of Town Centre and Purchase of Gungate site

Council on 11th 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 £4milion 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 17th 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.

General Fund Returns	**2019/20**	**2020/21**	**2021/22**
	£	£	£
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
TOTAL	**66,887**	**159,804**	**151,581**
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 22nd 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 £	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
Total	**35,091,094**	**2,387,729**	**6.80**	**36,137,781**	**2,420,972**	**6.70**

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.

Annex A

CAPITAL PROGRAMME 2021/22 – 2025/26

Following a review of the Capital Programme approved by Council on 25th 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.

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.

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.

c) Replacement Castle Grounds Play Area

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

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 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 and 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.

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.

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

The provisional capital programme has been reviewed and updated:

a)	**Regeneration and New Affordable Housing**
	Funding of £1.75m p.a. from 2021/22 had been provisionally approved.
	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.
b)	**Street Lighting**
	HRA share of £76k for year 5 has been included in line with the approved programme.
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.

Detailed Programme Changes:

Housing Revenue Account Capital Programme	**2021/22 £**	**2022/23 £**	**2023/24 £**	**2024/25 £**	**2025/26 £**	**Total £**
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	(212,200)	(212,200)	(212,200)	(212,200)	150,000	(698,800)
CO / Smoke Detectors	-	-	(16,000)	(16,000)	64,000	32,000
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
Total HRA Capital	138,800	(2,428,100)	(3,754,800)	(3,754,800)	6,925,120	(2,873,780)

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

New Capital Appraisals have been received:

1) Improvements to Retained Garage Sites

Project Score: 12

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.

2) Construction of new build properties on Caledonian depot site

Project Score: 40

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.

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

3) Telecare system upgrades

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.

CAPITAL STRATEGY ACTION PLAN **ANNEX B**

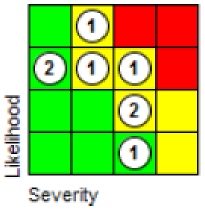
REF	ACTION	RESPONSIBILITY	TIMESCALE
1	The capital appraisal process and associated documentation to be reviewed and updated where appropriate to ensure proper consideration is given to whole life costs of schemes; alternative options; risk management, etc, and to address the concerns outlined on completion 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

Tamworth Borough Council

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 treatement	3 minor-likely			07-Aug-2020

Tamworth Borough Council

Community Impact Assessment

Part 1 – Details	
What Policy/ Procedure/ Strategy/Project/Service is being assessed?	Statutory requirement to prepare a budget, set the Council tax and rent for the following financial year. The report incorporates the Corporate Vision & Corporate Priorities of the Authority which are reflected within the Budget 2021/22 & Medium Term Financial Strategy (Revenue & Capital). The Corporate Vision & Corporate Priorities are clear and accessible by stating what we aim to achieve, how we will do it and the resources we will use to support these aims. The Vision for Tamworth is underpinned by high level, evidence based priorities that focus upon both Tamworth (the place), the communities served (the people) as well as the Council (the organisation). 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. So, not only will the Council seek investment from businesses and developers, but the Council itself will explore viable and sustainable investment opportunities using all returns to support public services. The Vision is focused on longer term, aspirational goals of the Council. The Corporate Priorities identify, in the short to medium term, the key areas for improvement which will change in future years as the Council realigns to local aspirations, central government policy and its performance. The budget and associated forecast will ensure that appropriate resources are focussed on areas we have identified as priorities.
Date Conducted	February 2021
Name of Lead Officer and Service Area	Stefan Garner, Executive Director Finance
Commissioning Team (if applicable)	N/A

Director Responsible for project/service area	Stefan Garner, Executive Director Finance	
Who are the main stakeholders	Local residents / customers Members Partners (Local Businesses, Voluntary Organisations, other public sector bodies, other stakeholders) Tamworth Strategic Partnership	
Describe what consultation has been undertaken. Who was involved and what was the outcome	The Budget and Priorities were informed through consultation with the people of Tamworth. This included feedback from The State of Tamworth Debate, responses arising from the Tamworth Listens consultation & customer feedback. Budget Consultation feedback reported to Cabinet 12th November 2020. Tenants Consultative Group – informed HRA business plan & associated budgetary implications. Members – prior to approval by Cabinet/Council (Budget Workshop 2nd December 2020, Joint Scrutiny Committee (Budget) 27th January 2021);	
Outline the wider research that has taken place (E.G. commissioners, partners, other providers etc)	The budget consultation is carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector. The online residents survey is promoted using social networking/media sites and through email contact databases. The business survey is promoted through business social networking sites and business email contact databases. The voluntary and community sector survey is promoted through email contact databases.	
What are you assessing? Indicate with an 'x' which applies	A decision to review or change a service	☐
	A Strategy/Policy/Procedure	☒
	A function, service or project	☐
What kind of assessment is it? Indicate with an 'x' which applies	New	☐
	Existing	☐
	Being reviewed	☒

	Being reviewed as a result of budget constraints / End of Contract	☐

Part 2 – Summary of Assessment

Give a summary of your proposal and set out the aims/ objectives/ purposes/ and outcomes of the area you are impact assessing.

Sound procedures / strategy in place
Financial governance, accountability & steward ship
Compliance with legislation – Council tax, rent and revenue & capital programme set
Based on informed feedback from interested parties / focus groups (Tamworth Listens Consultation, Tenants Groups etc.)

The way the Council prepares and monitors its budgets (including professional standards and statutory timetables) is one of the external auditors key lines of enquiry in assessing the Council's performance under their annual VFM assessment.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. (In the Executive Director Finance's view, the budget proposals include estimates which take into account circumstances and events which are reasonably foreseeable at the time of preparing the budget. In his view, the level of reserves remains adequate for the Borough Council based on this budget and the circumstances in place at the time of preparing it.)

Who will be affected and how?

Local residents / customers
Members
Partners (Local Businesses, Voluntary Organisations, other public sector bodies, other stakeholders)

Through continued service provision

Are there any other functions, policies or services linked to this impact assessment?

Yes ☒ No ☐

If you answered 'Yes', please indicate what they are?

Corporate Capital Strategy & Asset Management Plan (Separate CIA)
Treasury Management Strategy & Prudential Indicators (Separate CIA)

Part 3 – Impact on the Community

Thinking about each of the Areas below, does or could the Policy function, or service have a direct impact on them?

Impact Area	Yes	No	Reason (provide brief explanation)
Age	☒	☐	**None directly arising from the MTFS but through associated actions, strategies and plans (separate EIAs completed) – informed by budget consultation process**
Disability	☒	☐	
Gender Reassignment	☒	☐	
Marriage & Civil Partnership	☒	☐	
Pregnancy & Maternity	☒	☐	
Race	☒	☐	
Religion or belief	☒	☐	
Sexual orientation	☒	☐	
Sex	☒	☐	
Gypsy/Travelling Community	☒	☐	
Those with Caring/Dependent responsibilities	☒	☐	
Those having an offending past	☒	☐	
Children	☒	☐	
Vulnerable Adults	☒	☐	
Families	☒	☐	
Those who are homeless	☒	☐	
Those on low income	☒	☐	
Those with Drug or Alcohol problems	☒	☐	
Those with Mental Health issues	☒	☐	
Those with Physical Health issues	☒	☐	
Other (Please Detail)	☐	☐	

Part 4 – Risk Assessment **From evidence given from previous question, please detail what measures or changes will be put in place to mitigate adverse implications**		
Impact Area	Details of the Impact	Action to reduce risk
Eg: Families	*Families no longer supported which may lead to a reduced standard of living & subsequent health issues*	*Signposting to other services. Look to external funding opportunities.*
None directly arising from the MTFS but through associated actions, strategies and plans (separate EIAs completed) – informed by budget consultation process.		

Part 5 - Action Plan and Review

Detail in the plan below, actions that you have identified in your CIA, which will eliminate discrimination, advance equality of opportunity and/or foster good relations.

If you are unable to eliminate or reduce negative impact on any of the impact areas, you should explain why

Impact (positive or negative) identified	Action	Person(s) responsible	Target date	Required outcome
	Outcomes and Actions entered onto Pentana			

Date of Review (If applicable) ……………………………………………….

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Thursday, 18 FEBRUARY 2021

Report of The LEADER OF THE COUNCIL

Climate Change Declaration Update

Exempt Information

None

Purpose

The purpose of the report is as follows:

- To update Cabinet on progress delivering the Climate Emergency which was declared at the Full Council meeting on the 19th November 2019; and
- To provide a road map that will meet the Council's target of becoming net-zero carbon for its activities by 2050 with an aspiration to achieve 2030 should the council be financially able to do so.

Recommendations

The following are recommended:

1. To approve the release of contingency money to deliver Step 1 in the approach outlined in the report;
2. To approve the procurement and appointment of specialist advice;
3. To designate a Portfolio lead for Climate Change;
4. To designated a Member Champion for Climate Change; and
5. To report back to Cabinet on the outcomes of Stage 1.

Executive Summary

On the basis of a motion put forward to the Council meeting on the 19th November 2019, Tamworth Borough Council declared a 'Climate Emergency'. This resulted in a number of recommendations being made. Aside from the declaration itself, these included:-

- Make the Council's activities net-zero carbon by 2050 with an aspiration to achieve 2030 should the council be financially able to do so;

- Ensure that political and chief officer leadership teams embed this work in all areas and take responsibility for reducing where practicable, as rapidly as possible, the carbon emissions resulting from the Council's activities;

- The Council (including the Executive and Scrutiny Committees) consider the impact of climate change and the environment when adopting and reviewing Council policies and strategies;

- Receive a report to the relevant scrutiny committee regarding the level of investment in the fossil fuel industry that any of our investments have;

- Ensure that all reports in preparation for the 2021/22 budget cycle and investment strategy will take into account the actions the council will take to address this emergency.

- Ask Council to note there will be an as yet undefined financial impact to any plan to achieve net zero carbon operations.

The decision for Tamworth Borough Council to declare a ''Climate Emergency' was based on the 'Special Report on Global Warming of 1.5°C', published by the Intergovernmental Panel on Climate Change in October 2018. This identified the catastrophic consequences that a 2°C average rise in global temperatures would cause in comparison with a 1.5°C rise in temperature.

It is acknowledged that reaching net zero will involve fundamental changes across the UK economy and that against this backdrop Tamworth's influence individually, will be limited. However jointly, with other Councils and organisations across the public and private sectors, notable impacts will be achievable.

Under any feasible scenario, meeting net zero will require reductions in emissions across the country on a scale not previously seen; ambitious and early deployment of existing technologies and approaches and innovation in new technologies, including greenhouse gas removal technologies, which will enable emissions to be offset from sectors which cannot fully decarbonise, will be vital.

What is Net Zero Carbon? – Net-zero is about balancing the amount of greenhouse gases emitted against the amount of emissions that are either offset or sequestered (repossessed). To achieve this, there initially needs to be a reduction in carbon emissions, but where zero carbon (the eradication of carbon emissions) cannot be achieved, there is the potential to offset the residual emissions through carbon credits or sequestration, for example through measures including tree planting or carbon capture and storage.

Options Considered

The severity of impacts associated with Climate Change are clear; if we fail to act with haste, the consequences for the longevity of the planet, its vital ecosystems and our future generations will be catastrophic. The Government's prioritisation and commitments in addressing this matter further reinforce the magnitude and importance of the issue.

There is a conscious effort to move to a zero net carbon authority by individual teams across the authority. At this point in time this ongoing activity is being undertaken without an overarching strategy to guide priorities, support the transition financially or an understanding of how much effort is required to meet the target given that there is no common baseline information available setting out the authority's carbon footprint.

Some local evidence has been collated, but this relates more generally to carbon emissions across the Borough in its entirety, as oppose to the emissions generated specifically by the Borough Council and its direct assets and operations. Research has also commenced, investigating the ways in which other Local Authorities are approaching this task along with looking more generally at national guidance, direction and research. Notwithstanding this however, to develop an informed, locally specific and workable solution, an organisation specific data set is essential. A study is required to assess the carbon emissions generated by TBC across its assets and organisational operation. The results would provide clarity in regards to the areas of concern, whilst also informing potential solutions and opportunities.

Advances in technology in the field of 'carbon reduction' measures are increasing by the day and so therefore, are the number of potential routes to achieve net zero carbon. Whilst the technological advances are welcomed, this is a further reason why baseline data is essential. We need to ensure that resources are targeted, and directed towards the most suitable measures. Both time and finances are finite in addressing this issue. There is no capacity for pursuing unsuitable options if TBC are to achieve their Net Zero Carbon commitment by 2050 or by 2030 if finances allow.

Climate Change and Carbon reduction must be an integral consideration in every activity in which this Council partakes and in all decisions made. To ensure this, information must be obtained and a plan set out to underpin these decisions.

The next steps are as follows:-

Two-Step Plan to achieving Net Zero Carbon

STEP 1: Commission a study and research paper to provide the following initial requirements:

a) Identify TBC's Carbon baseline (utilising information already available and working with partners already exploring baseline data collection and collation). The Carbon footprint of the authority is unique to the Borough Council and will be influenced by the size of the workforce, methods of travel, the number of assets owned by the authority their uses and operation, such as housing and employment stock, heritage assets and the Enterprise Centre. It is also about the way in which the authority operates, which currently is mostly from home. A baseline study will identify which assets or operations generate the most carbon emissions. This will start to provide the authority with potential priorities for climate mitigation.

b) Deliver against bullet points 2, 3 and 4 from the November 2019 recommendation namely to:

Resource Implications

To enable the stages outlined above to be progressed, financial resources are necessary. This is a Corporate Project and as such it is not considered appropriate to utilise existing funds allocated to specific services. Initially, funds are required to procure a specialist consultant (cy) to deliver Step 1. The costs associated with this step are currently unknown and it is suggested that senior officers and the portfolio holder have delegated authority to release funding from the contingency budget of £105,000 (as specifically included in the 2020/21 budget and will be transferred to reserve at year end) necessary to complete the initial stage.

As part of the project, any monies acquired and released would be clearly reported, for auditing purposes.

Through adopting the recommendations of this report, it is likely that efficiencies will be identified across the Council's services and assets which will translate into financial efficiencies/cost savings.

The research will also identify funding streams including grants and government funding.

Legal/Risk Implications Background

Legal advice and costs will be required for any contracts entered into. It is becoming increasing likely, as part of the Governments wider 'Carbon Agenda' that individual Councils will be required (for national monitoring purposes) to report progress on achieving their carbon reduction targets. There may be penalties for Council's who fail to do so.

Failing to achieve the Net Zero target and so understand and reduce the Council's Greenhouse Gas emissions poses risks to council business, and council business affects the climate. For example a disrupted climate may have catastrophic effects on the council's ability to achieve its objectives – in particular, its ability to deliver services to the community. Furthermore, making limited progress towards reducing greenhouse gas emissions and failing to have a net-zero strategy in place will likely result in significant criticism from the community and may amount to negligence on the Council's behalf.

Equalities Implications

None.

Sustainability Implications

Through failing to adopt the recommendations of this report, the Council will not be able to achieve its Net Zero Carbon target and deliver on its Climate Change Declaration.

In the absence of specific information on the Councils ‘Carbon Footprint’ and potential methods for greenhouse gas reduction, the Council’s ability to develop informed Policies, make informed decisions and undertake financial planning and budget setting in this regard will be will be limited.

Background Information

Legislation, Guidance and Work to Date

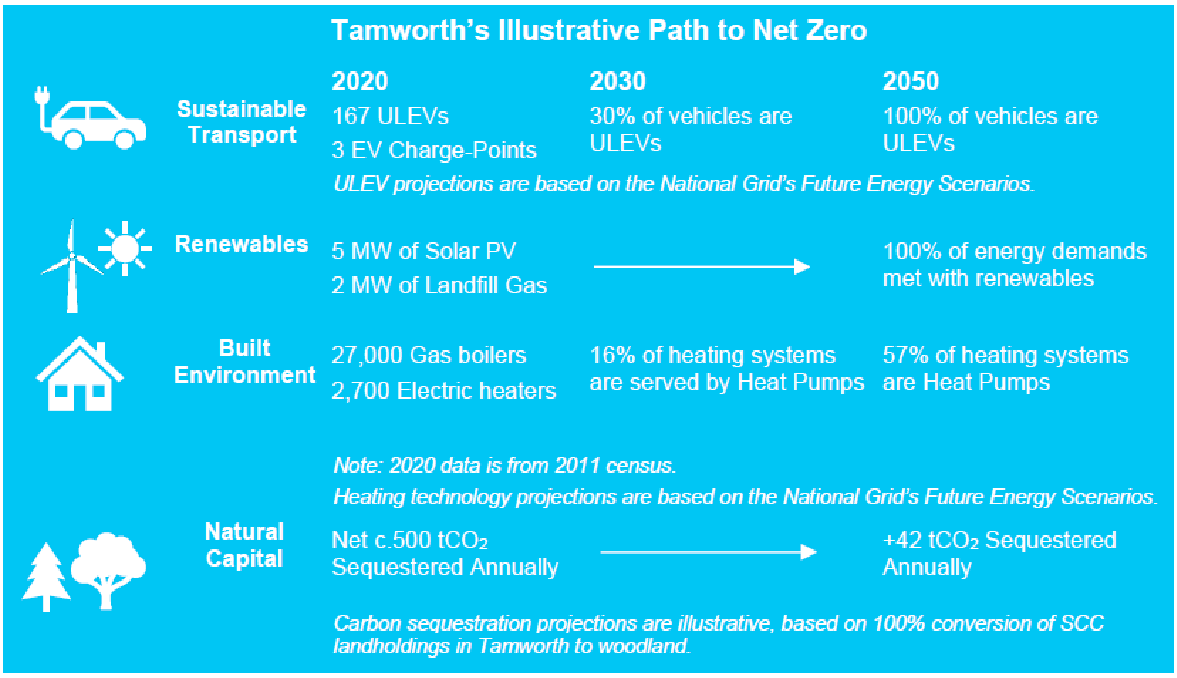
Owing to the implications of the Covid -19 Pandemic, TBC’s progress on this area of work had been stalled, and until recently there had been limited headway against the recommendations agreed upon in November 2019. Towards the end of 2020 however, momentum gathered, responsibilities and initial work streams were identified and research and data collection commenced.

Climate Change Adaptation and Mitigation Report (October 2020)

To aid the development of energy and sustainability related planning policy, a joint study undertaken by AECOM was commissioned by Staffordshire County Council and its eight constituent Local Authorities. This report summarises the findings of research relating to sustainability-focused interventions, which will be instrumental for policy development. The report is informed by two Baseline Reports, an initial Baseline Report issued in March 2020 and updated ‘final’ Baseline Report issued alongside this report.

The main headlines relating to **Tamworth**, as a whole, are summarised below:-

- Combined Greenhouse Gas Emissions (GHE) for Tamworth are c.366,000 tonnes CO2 per annum and per capita emissions are 4.8 tonnes CO2 per annum. On a per capita basis, this is lower than the average for Staffordshire County and the UK as a whole (7.4 and 5.4 tCO2 p.a. respectively).
- The largest single source of emissions in Tamworth is from electricity use, followed by burning of natural gas and petrol / diesel for transport. Fuel use in residential buildings is the largest contributing sector.



The above illustration has been taken from the report. It outlines a potential way to achieve net zero carbon for the entire Borough through the production of various policies in any future revision of the Local Plan and Corporate Plan.

The specific measures are further detailed within Annex 1.

Keele University and the Climate Literacy Project

Tamworth Borough Council has received an invitation (along with other Staffordshire Authorities) from Keele University to work with them to investigate the potential ways in which the University could support Staffordshire Councils in their climate emergency ambitions. To this end, funding has been secured by the University to work with the Centre for Alternative Technology and Carbon Literacy Project, to facilitate joint working between the Staffordshire Councils. To date, an initial workshop has taken place whereby the Zero Carbon Britain Team (CAT) and Climate Literacy Project were introduced, the proposal to support Staffordshire Councils journey to net zero Carbon was presented and desired outcomes of the workshop/process were discussed between attendees. Two further workshops have been organised for spring this year in which the Council representatives will outline their specific actions and requirements for support.

To capitalise on this opportunity/expertise, in advance of the forthcoming workshops it has been necessary to undertake initial research to inform TBC's position and desired outcomes. If agreed, the recommendations within this report will form the basis for further discussions with the University and the Zero Carbon Britain Team.

Since TBC declared its Climate Emergency there have been various updates to Legislation and Guidance along with the publication of significant research in this field. Case study examples and best practice is also beginning to emerge, all of which will enhance our ability to make informed decisions in regards to the right approach for Tamworth Borough Council.

Other Workload Currently Progressing

To present a flavour for some of the initiatives and work streams that Assistant Directors and Heads of Services are progressing the following summary is compiled. It is not exhaustive and also doesn't reflect that many service areas are looking at the issue in terms of future workload.

The Private Sector Housing Team is aware of is the requirement to liaise with Staffordshire Warm Homes and our HEAT service to ensure publicity on appropriate grants to the private sector. Whilst there are a number of initiatives for the green agenda for heating etc there are less opportunities relating to zero net carbon at this time.

The Assets Team are considering a partnership with Engie (an energy services and regeneration company) and one of their suppliers, to baseline the housing property portfolio. This data will subsequently be used to scenario plan a variety of options to further inform budget setting, along with feeding into the wider 'Asset Management Strategy'. Until the baseline data is gathered, it is not possible to fully understand the options available, the realistic levels achievable and the costs involved.

In regards to corporate property, through the asset management strategy work, the necessity for baseline data gathering has been identified but as yet, a specific end provider to deliver this has not been identified. As above, once this data is gathered it will be possible to identify a technical response, associated costs and potential funding requirements and streams.

Further research has also identified that TBC's external contractors have their own environmental policies, which include some detail around carbon reduction. Additional investigation will be required to understand what this means in regards to the Borough Councils Zero Carbon commitment.

The Customer Experience Team have a method in place to ensure that when considering initiatives or project plans that may result in an environmental impact, a range of alternative solutions are always assessed. When establishing repairs partnerships, carbon reduction measures are a key focus. As part of the process it must be demonstrated that responsibly sourced materials and energy saving fittings such as lighting and dual flush wc cisterns will be used. Similarly in regards to the digital strategy, there is a priority to minimise paper trails and develop modern mechanisms of communication with customers, which will ultimately reduce vehicle emissions arising from traditional delivery methods.

The ICT Team are working on an ICT Strategy which considers the contribution ICT makes to carbon and how this contribution could be decreased. Essentially this covers areas where ICT can support a carbon reduction across the Authority for example, a key enabler for the transformation programme to digitally enabled services and smart working, reducing journeys by our staff and customers and our building occupancy. Reducing paper consumption from printing and printer consolidation, improving asset lifecycles/device rationalisation/re-purposing of legacy devices and leverage of cloud services to reduce our data centre footprint.

The Human Resources Team are considering initiatives on the following:-

- Encourage cycle to work/public transport
- Reducing carbon emissions by planning journeys for work better
- Recycling
- Reducing waste creation
- Less printing via digital transformation
- Having workplace champions
- Installing water machines using mains water instead of bottled water
- Encouraging staff to turn off monitors/lights at the end of the evening
- Encouraging car sharing
- Providing low carbon vehicles
- Food machines have more vegetarian/vegan food
- Reduced use of plastic bottles, cups, cutlery in the office
- Using recycled paper
- Workplace champions

The team have identified that now most of the organisation is working from home it has become harder to implement the carbon reduction measures that they have identified, as there is limited scope to control what people do in their own homes. A focus therefore to look at publicising and encouraging environmental matters for home working has emerged.

Regional

West Midlands Combined Authority (WMCA)

In June 2019, the WMCA declared a climate emergency and set a target of zero-carbon for the West Midlands by 2041.

In 2020 a green paper was published to initiate discussion about the actions required for the region to achieve its carbon target, whilst also delivering an inclusive, prosperous, and fair transition that leaves nobody behind.

The consultation resulted in the production of the following:-

“WM2041 – A Programme for Implementing an Environmental Recovery."

The above provides an overarching delivery timeline, identifies the key areas and proposed solutions and graphically identifies a number of 5 year plans, each supported by policy and research that will enable the carbon reduction target to be achieved.

National

Key updates outlined below:

The Environment Bill 2019-2021

The intent of this Bill is to make provision about targets, plans and policies for improving the natural environment; statements and reports about environmental protection; about waste and resource efficiency; about air quality; for the recall of products that fail to meet environmental standards; about water; about nature and biodiversity; for conservation covenants; about the regulation of chemicals; and for connected purposes.

The Bill further explains how the UK’s green standards and environmental protection laws will look after Brexit, and how these will take shape in future trade deals. The revised version of the Bill also includes a new commitment to review global and national developments concerning environmental legislation, which will be considered in an **Environmental Improvement Plan** and environmental target setting process, both of which will be enshrined in law.

The Bill is now due to have its Third reading. The Third reading is one of the stages that a Bill must pass in each House before it can become law. It is normally the final opportunity for the Commons or the Lords to decide whether to pass or reject a Bill in its entirety.

A series of commitments are outlined within the Bill, including:

Local powers to tackle air pollution, requirements for developments to achieve a biodiversity net gain and requirements in regards to waste management and water services (among others)

Government Response to the Committee on Climate Change’s 2020 Progress Report to Parliament; Reducing UK emissions (October 2020)

Within this report key measures were set out, one of which being that the Government would publish a net-zero strategy in advance of the COP26 climate summit in November 2021.

Sixth Carbon Budget report prepared by the Climate Change Committee (CCC) (covering the period between 2033 and 2037)

This report identifies that under the original Climate Change Act, the UK pledged to cut net emissions by 80% by 2050, however, on the basis of new research and the progress made to date, the report confirms that the UK will now need to deliver a 78% reduction by 2035 if it is to meet its long-term net-zero commitment.

The report identifies various measures required to achieve this. These include that all new cars, vans and replacement boilers must be zero-carbon in operation by the early 2030s, that UK electricity production must reach net-zero by 2035, meaning that the majority of existing UK homes will need to be retrofitted in some way. The report also sets out detailed recommendations for land use, including the creation of 460,000 hectares of new mixed woodland by 2035 and a wide-scale approach to peatland restoration. Alongside these hard measures, the report identifies that a mass behavioural change will be essential on matters including electric vehicle adoption and reducing demand for flights and red meat if the targets are to be met.

Planning White Paper and Future Homes Standards – zero net carbon Homes

As part of the proposals to streamline the planning process, the White Paper identifies that new homes should be "zero carbon ready". Under the new proposals, carbon emissions from new homes are expected to be 75 to 80% lower than current levels by 2025. As the grid continues to decarbonise, the Government expects the houses to be able to perform at zero-carbon levels “without the need for further costly retrofitting work”.

National Infrastructure Strategy

In November 2020 the Government launched its National Infrastructure Strategy. This details how transport, industry, energy and the built environment will be transformed to reach net-zero, with Chancellor Rishi Sunak using his spending review to confirm a £12bn commitment to the net-zero transition in 2021-2022.

Government’s Ten Point Plan to reach Net Zero Carbon

Also in November Boris Johnson announced a £12bn (commitment outlined above) Ten Point Plan for achieving the net-zero transition.

Energy white paper: Powering our net zero future

This white paper builds on the Prime Minister’s Ten Point Plan, by defining the necessary energy-related measures. The Plan includes a long-term strategic vision for our energy system, consistent with net zero emissions by 2050. This vision establishes the goal of a decisive shift from fossil fuels to clean energy, in power, buildings and industry, while creating jobs and growing the economy and keeping energy bills affordable. It also explains how and why our energy system needs to evolve to deliver this goal, along with a detailed action plan to achieve the measures/goals identified.

Report Author

Eleanor Overton - Head of Planning

List of Background Papers

Minutes of the 19 November Full Council meeting

Appendices

Appendix 1: Potential Carbon reduction measures for TBC
Appendix 2: ‘WM2041 ‐ A Programme for Implementing an Environmental Recovery’
Appendix 3: Government’s Ten Point Plan to reach Net Zero Carbon

<u>Appendices</u>

Appendix 1: Potential Carbon reduction measures for Tamworth Borough Council

Reducing CO_2 Emissions in the Built Environment

- Require all proposals to meet or exceed Building Regulations through energy efficiency alone
- New proposals should be 'futureproofed' to facilitate uptake of low-carbon heating, onsite energy generation and energy storage.
- Aim to achieve Net Zero regulated & unregulated emissions.
- Consider requiring developers to conduct Lifecycle Carbon Assessments (LCA) and monitor & report on operational energy use and CO_2 emissions.
- Set high standards for water efficiency and conservation including rainwater collection.

Holistic Interventions in Development

- Incorporate circular economy principles such as designing out waste, adaptability, reusability etc.
- Consider requiring applicants to undertake a BREEAM or HQM assessment (or similar) with a minimum target for relevant credits achieved.
- Integrate and co-locate green and blue infrastructure with pedestrian and cycle routes and sustainable drainage systems (SuDs).
- Integrate LZC technologies into the built environment.
- Specify locally sourced materials with a low environmental impact.

Low & Zero Carbon (LZC) Technologies

- Require developments to demonstrate how layout, orientation and massing has been designed to maximise opportunities for on-site renewables.
- Set a target for the proportion of energy demands to be met from on-site renewables.
- Increase support for LZC energy developments that meet local criteria for acceptability and seek to broaden those criteria.
- Encourage the development of heat networks where appropriate.

Climate Risks & Adaptation

- Direct / restrict future development to areas with lower flood risk.
- Require planning applications to consider long term flood risk projections in assessing flood risk and SuDS design.
- Ensure all future development considers the urban heat island effect in its design.
- Require planning applications for future developments to consider thermal comfort, e.g. through a dedicated overheating assessment (in line with CIBSE TM52 or equivalent) that considers high-emission climate projections.

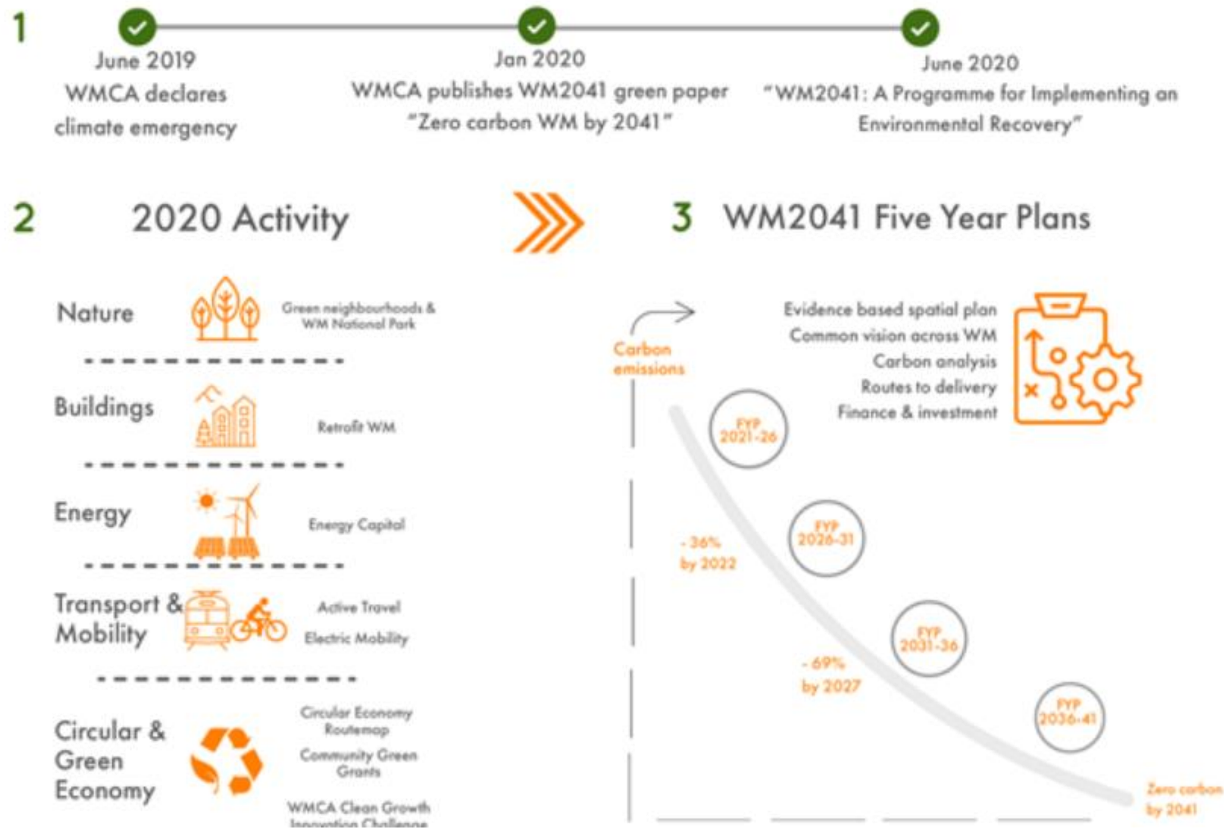
Carbon Sequestration & Natural Capital

- Mitigate against the loss of green spaces and habitats, and seek to improve woodland, heathland and other habitats.
- Identify ways to ensure that biodiversity, carbon sequestration and amenity are all considered as part of land management strategies.
- Ensure ecological experts are involved in the writing of planning conditions (where relevant).
- Increase sequestration on Council-owned land (e.g. areas of greenspace including parks and gardens; linear parcels and green infrastructure such as verges and green spaces alongside roads; and the 'greening' of grey infrastructure in urban settings).

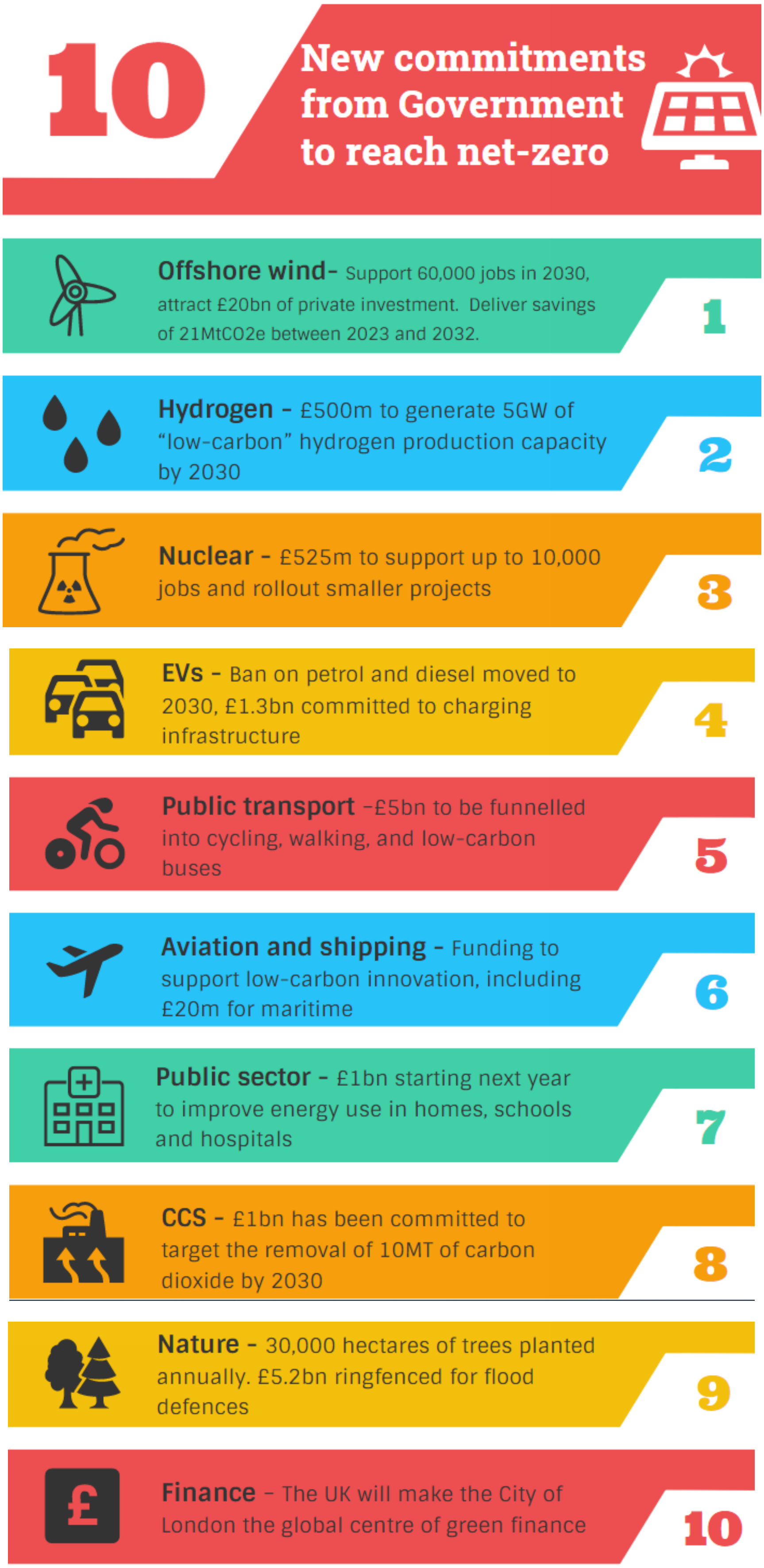
Sustainable Transport

- Enhance the provision of EV charge points.
- Collaborate with key market participants (e.g. WPD and the Government's Office for Low Emission Vehicles) to facilitate the transition to EVs.
- Keep informed of significant changes in hydrogen vehicle markets as they continue to develop.
- Co-locate PV canopies with existing or future parking provision.
- Ensure that the design and layout of developments will reduce reliance on private vehicles while promoting walking, cycling and public transport.

Appendix 2: WM2041 – A Programme for Implementing an Environmental Recovery



Appendix 3: Government's Ten Point Plan to reach Net Zero Carbon



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CABINET

18 FEBRUARY 2021

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

WRITE OFFS 01 APRIL 2020 TO 31 DECEMBER 2020

EXEMPT INFORMATION

None

PURPOSE

That Members endorse the amount of debt written off for the period 01 April 2020 to 31 December 2020.

RECOMMENDATIONS

That Members

1) Endorse the amount of debt written off for the period of 1st April 2020 to 31 December 2020 – **Appendix A-E**

EXECUTIVE SUMMARY

The Assistant Directors and Heads of Service are responsible for the regular review of debts and consider the need for write off and authorise where necessary appropriate write offs in line with the Corporate Credit Policy.

Type	01/04/20 – 31/12/20 £ p
Council Tax	£65,900.56
Business Rates	£181,947.30
Sundry Income	£0.00
Housing Benefit Overpayments	£24,980.42
Housing	£66,178.62

In these unprecedented times the pandemic has affected people in a number of ways. Many of our residents/customers continue to be financially impacted by the crisis.

Therefore a decision was made to suspend recovery action for Quarter 1. Action re-commenced with a recovery plan implemented during July – starting with reminder letters being issued and negotiations regarding payment undertaken according to individual circumstances on a case by case approach to further support the most vulnerable.

We will continue to engage with our customers and depending on their individual circumstances the following arrangements will continue to been undertaken:

- Deferral of instalments;

- Flexible payment arrangements being made;
- Ensuring that they make an application for any qualifying benefits which includes Local Council Tax Support.

Whilst collection rates are currently behind target and income levels reduced, it is too early to know what effect the pandemic will ultimately have on the economy and residents' ability to pay.

Magistrates Courts have been considering Tamworth cases from December 2020. This has encouraged further payments together with the opportunity for engagement with customers who require further support.

It should be noted that at present we would not consider the write off of debts unless we have pursued them to the fullest extent (and as a last resort).

OPTIONS CONSIDERED

A revised approach to the calculation of Business Rates bad debt has been developed which involves a review of all of the outstanding debts to ascertain whether they are likely to be collectable. This has then been used to determine the balance to apply the usual aged debtor percentage.

Business Rates	**01/04/20 – 31/12/20 £ p**
Bad Debt provision	(£704,760.32)
Amount written off to date	£181,947.30
Amount remaining	(£522,813.02)

RESOURCE IMPLICATIONS

The write offs detailed are subject to approval in line with the Corporate Credit Policy/Financial Regulations, and have been provided for under the bad debt provision calculation.

LEGAL/RISK IMPLICATIONS BACKGROUND

Not applicable

EQUALITIES IMPLICATIONS

Not applicable

SUSTAINABILITY IMPLICATIONS

Not applicable

BACKGROUND INFORMATION

This forms part of the Council's Corporate Credit Policy and effective management of debt. The Council is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to collect monies due. There will be situations where the debt recovery process fails to recover some or all of the debt and will need to be considered for write off in accordance with the schemes of delegation prescribed in the Corporate Credit Policy.

The Council views such cases very much as exceptions. Before writing off debt, the Council will satisfy itself that all reasonable steps have been taken to collect it and that no further recovery action is possible or practicable. It will take into account the age, size and types of debt together with any factors that it feels are relevant to the individual case.

Debt Write Off

Authorisations are needed to write off debt:

Authority	**Account Value**
Executive Director/Assistant Director (or authorised delegated officer)	up to £5,000
Executive Director Finance	£5,001 - £10,000
Cabinet	over £10,000

These limits apply to each transaction.

Bad Debt Provision

The level of the provision must be reviewed jointly by the unit and Accountancy on at least a quarterly basis as part of the management performance review, and the table below gives the mandatory calculation. Where the debt is less than 6 months old it will be written back to the service unit.

Debt Outstanding Period	Debt Outstanding Provision (net of VAT) %
Between 6 and 12 months old	50%
Between 12 and 24 months old	75%
Over 24 months old	100%

The financial effects of providing for Bad Debts will be reflected in the Council's accounts at Service Unit level.

REPORT AUTHOR

Michael Buckland, Head of Revenues, Tel 709523
e-mail michael-buckland@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

Corporate Credit Policy - effective management of debt

APPENDICES

Appendices A to E give details of write offs completed for Revenues and Benefits Services and Housing for 01 April 2020 to 31 December 2020.

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Appendix A

Summary of Council Tax Write Offs 01/04/2020-31/12/2020

Date of Write Off	Head of Revenues (£0.00-£75.00)	Head of Revenues (£75.01-£500.00)	Head of Revenues (£500.01-£2,000.00)	Assistant Director of Finance (£2,000.01-£5,000)	Executive Director of Finance (£5,000.01-£10,000.00)	(£10,000.01 and Over)	Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
12/10/2020									(£2,259.83)	(£2,259.83)		failed IVA
15/10/2020								(£111.84)		(£111.84)		2017/18 suspense payments >2yr old
16/10/2020				£4,111.52						£4,111.52	1	DRO
"				£3,006.62						£3,006.62	1	IVA
03/11/2020	£405.78									£405.78	21	small balances
27/11/2020								(£868.35)		(£868.35)		2018/19 suspense payments >2yr old
07/12/2020		£357.47								£357.47	1	Bankrupt
"		£144.39								£144.39	1	DRO
"		£135.00	£505.96							£640.96	2	Deceased
"		£98.36								£98.36	1	IVA
"			£685.33							£685.33	1	Liquidation
"		£2,041.43	£7,073.13							£9,114.56	18	No trace
"		£87.74								£87.74	1	Statute barred
"			£753.75							£753.75	1	Statute barred/ uneconomic to collect
"		£333.57	£675.26							£1,008.83	2	Uneconominc to collect
"		£368.97								£368.97	1	Vulnerable (care home resident)
22/12/2020									(£76.00)	(£76.00)		failed IVA
28/12/2020									(£374.98)	(£374.98)		DRO payment received
Q3 Totals	**£405.78**	**£3,566.93**	**£9,693.43**	**£7,118.14**	**£0.00**	**£0.00**	**£0.00**	**(£980.19)**	**(£2,710.81)**	**£17,093.28**	**52**	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£1,122.47)	(£1,122.47)	0	
Q2 Totals (B/F)	£959.30	£6,664.21	£26,630.25	£10,394.85	£5,568.94	£0.00	£0.00	£0.00	(£287.80)	£49,929.75	99	
Overall Total	**£1,365.08**	**£10,231.14**	**£36,323.68**	**£17,512.99**	**£5,568.94**	**£0.00**	**£0.00**	**(£980.19)**	**(£4,121.08)**	**£65,900.56**	**151**	

Appendix B

Summary of NNDR Write Offs 01/04/2020-31/12/2020

Date of Write Off	Head of Revenues (£0.00-£75.00)	Head of Revenues (£75.01-£500.00)	Head of Revenues (£500.01-£2,000.00)	Assistant Director of Finance (£2,000.01-£5,000)	Executive Director of Finance (£5,000.01-£10,000.00)	Cabinet (£10,000.01 and Over)	Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
06/10/2020									(£0.56)	(£0.56)		RV reduction
12/10/2020			£1,919.40							£1,919.40	1	Bankrupt
"			£1,798.34							£1,798.34	1	Proposal to strike off
"			£1,616.29							£1,616.29	1	Liquidation
"			£2,391.06							£2,391.06	2	Uneconomic to pursue
26/10/2020				£2,204.00						£2,204.00	1	Administration
"				£3,274.13						£3,274.13	1	Dissolved
"				£5,557.73						£5,557.73	2	Uneconomic to pursue
10/11/2020					£5,933.59					£5,933.59	1	Absconded
"					£5,197.87					£5,197.87	1	Bankrupt
"					£9,217.02					£9,217.02	1	Dissolved
"					£23,726.55					£23,726.55	4	Liquidation
"					£19,839.13					£19,839.13	3	No trace
"					£6,983.40					£6,983.40	1	Proposal to strike off
04/12/2020						£37,057.09				£37,057.09	2	Administration
"						£16,042.57				£16,042.57	1	Proposal to strike off
Q3 Totals	**£0.00**	**£0.00**	**£7,725.09**	**£11,035.86**	**£70,897.56**	**£53,099.66**	**£0.00**	**£0.00**	**(£0.56)**	**£142,757.61**	**23**	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£6,306.66)	(£6,306.66)	0	
Q2 Totals (B/F)	£0.00	£0.00	£0.00	£23,277.10	£0.00	£22,693.86	£0.00	£0.00	(£474.61)	£45,496.35	9	
Overall Total	**£0.00**	**£0.00**	**£7,725.09**	**£34,312.96**	**£70,897.56**	**£75,793.52**	**£0.00**	**£0.00**	**(£6,781.83)**	**£181,947.30**	**32**	

Appendix C

Summary of Sundry Income Write Offs 01/04/2020-31/12/2020

Date of Write Off	Assistant Director of Assets (up to £5,000.00)	Assistant Director Growth & Regeneration (up to £5,000.00)	Assistant Director People (up to £5,000.00)	Assistant Director Operations & Leisure (up to £5,000.00)	Assistant Director Neighbourhoods (up to £5,000.00)	Head of Revenues (£0.00-£2,000.00)	Assistant Director of Finance (£2,000.01 -£5,000.00)	Assistant Director Partnerships (up to £5,000.00)	Executive Director of Finance (£5,000.01-£10,000.00)	Cabinet (£10,000.01 +)	Total	No. of Accounts	Reason(s)
Q3 Totals	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**0**	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0	
Q2 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0	
Overall Total	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**0**	

Appendix D

Summary of Benefit Overpayment Write Offs 01/04/2020-31/12/2020

Date of Write Off	Head of Benefits				Executive Director of Finance	Cabinet	Reversed Write Off	Total	No. of Accounts	Reason(s)
	(£0.00-£75.00)	(£75.01-£500.00)	(£500.01-£1,000.00)	(£1,000.01-£2,000)	(£2,000.01-£10,000.00)	(£10,000.01 and Over)				
05/10/2020							(£4.07)	(£4.07)		w/o Sept 20 NFA/reversed to allocate pymt
31/10/2020	£128.87	£103.53						£232.40	3	Not financially viable
"	£69.00	£102.60						£171.60	3	deceased < 2 wks o/s
"	£8.57							£8.57	1	Uneconomical to pursue
"			£532.44					£532.44	1	Deceased
"					£4,377.64			£4,377.64	1	Insolvency
30/11/2020	£31.28	£185.43						£216.71	3	deceased < 2 wks o/s
"	£100.63							£100.63	3	Not financially viable
31/12/2020	£44.00							£44.00	1	court costs
"	£70.56	£405.90						£476.46	4	deceased < 2 wks o/s
"	£23.56	£121.63						£145.19	2	Not financially viable
"	£0.03							£0.03	1	Uneconomical to pursue
"					£4,413.18			£4,413.18	1	deceased
Q3 Totals	**£476.50**	**£919.09**	**£532.44**	**£0.00**	**£8,790.82**	**£0.00**	**(£4.07)**	**£10,714.78**	**24**	
Q1 Totals (B/F)	£360.84	£2,794.02	£2,692.94	£2,407.24	£0.00	£0.00	(£46.29)	£8,208.75	38	
Q2 Totals (B/F)	£254.59	£2,926.60	£1,794.44	£1,081.26	£0.00	£0.00	£0.00	£6,056.89	28	
Overall Total	**£1,091.93**	**£6,639.71**	**£5,019.82**	**£3,488.50**	**£8,790.82**	**£0.00**	**(£50.36)**	**£24,980.42**	**90**	

Appendix E

Summary of Housing Write Offs 01/04/2020-31/12/2020

Date of Write Off	Assistant Director - Neighbourhoods (£0.00-£75.00)	(£75.01-£500.00)	(£500.01-£2,000.00)	(£2,000.01-£5,000)	Executive Director of Finance (£5,000.01-£10,000.00)	Cabinet (£10,000.01 and Over)	Remitted	Credit Write Off	Reversed Write Off (Write On)	Total	No. of Accounts (Write Off Only)	Reason(s)
17/11/2020								(£1,854.45)		(£1,854.45)		Former tenants under £25, over 6 years old
23/11/2020	£21.87	£246.27	£791.00							£1,059.14	4	Deceased
"	£158.98	£3,350.92	£1,000.15	£2,543.44						£7,053.49	23	Statute barred
"		£360.00	£2,427.26	£5,665.38						£8,452.64	6	Debt Relief Order
Q3 Totals	**£180.85**	**£3,957.19**	**£4,218.41**	**£8,208.82**	**£0.00**	**£0.00**	**£0.00**	**(£1,854.45)**	**£0.00**	**£14,710.82**	**33**	
Q1 Totals (B/F)	£405.59	£6,214.41	£8,684.40	£4,972.42	£14,939.11	£0.00	£0.00	(£2,159.29)	£0.00	£33,056.64	51	
Q2 Totals (B/F)	£4,927.16	£5,904.68	£5,360.83	£7,722.61	£0.00	£0.00	£0.00	(£2,094.49)	(£3,409.63)	£18,411.16	242	
Overall Total	**£5,513.60**	**£16,076.28**	**£18,263.64**	**£20,903.85**	**£14,939.11**	**£0.00**	**£0.00**	**(£6,108.23)**	**(£3,409.63)**	**£66,178.62**	**326**	

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CABINET

THURSDAY, 18 FEBRUARY 2021

REPORT OF PORTFOLIO HOLDER REGULATORY AND COMMUNITY SAFETY

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2019/20

EXEMPT INFORMATION

None

PURPOSE

To approve the Council's Modern Slavery and Human Trafficking Statement 2019/20

RECOMMENDATIONS

It is recommended that Members:-

- Receive any verbal updates from the Audit and Governance Committee who were asked to endorse the statement on 11th February 2021
- Approve the Council's Modern Slavery and Human Trafficking Statement 2019/20 including recommendations as necessary

EXECUTIVE SUMMARY

Section 54 of the Modern Slavery Act 2015 imposes a legal duty on organisations, which supply goods and/or services from or to the UK and have a global turnover above £36 million, to publish a slavery and human trafficking statement at the end of each financial year.

Tamworth Borough Council adopts a zero-tolerance position on known violations of anti-human trafficking and anti-modern slavery laws and is included in Safeguarding policies and duties. We are committed to improving our practices and ensuring there is no modern slavery or human trafficking in any part of our business and in so far as is possible requiring our suppliers to hold similar ethos.

The Modern Slavery and Human Trafficking Statement (attached as Appendix 1) sets out the Council's actions to understand potential modern slavery risks related to its business and put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business, and its supply chains and relates to actions and activities during the financial year 1 April 2019 to 31 March 2020 and (once approved) will be published on the Tamworth Borough Council website.

The statement was included on the agenda for endorsement by the Audit and Governance Committee on 11th February 2021 and it is proposed that any verbal updates are included as necessary for approval of the statement by Cabinet for publication on the Council's website.

Legislation prescribes publication within six months of the end of any financial year. It is acknowledged that the Covid crisis has delayed publication for 2019/20.

The Audit and Governance Committee were asked to endorse the late publication and placed on the work program for an annual update at subsequent July meetings to ensure approval by Cabinet within six months of the end of the financial year.

RESOURCE IMPLICATIONS

Support of the Modern Slavery Act 2015 obligations is met from existing budget and staff resources

LEGAL/RISK IMPLICATIONS BACKGROUND

The publication of an annual Modern Slavery and Human Trafficking Statement is a requirement of the Modern Slavery Act 2015

SUSTAINABILITY IMPLICATIONS

The legislation requires the Council to meet all obligations outlined

BACKGROUND INFORMATION

Modern slavery is an international crime, affecting an estimated 29.8 million slaves around the world. It is a growing global issue that transcends age, gender and ethnicities. It includes victims who have been brought from overseas and vulnerable people in the UK, who are forced to illegally work against their will across many different sectors such as agriculture, hospitality, construction, retail and manufacturing.

The Modern Slavery Act 2015 consolidates various offences relating to human trafficking and slavery. In broad terms:

- 'slavery' is where ownership is exercised over a person
- 'servitude' involves coercion to oblige a person to provide services
- 'forced and compulsory labour' is where a person works or provides services on a non-voluntary basis under the threat of a penalty
- 'human trafficking' involves arranging or facilitating the travel of a person with a view to exploiting them

Section 52 of the Act imposes a duty on public authorities, including district councils, to notify the Secretary of State of suspected victims of slavery or human trafficking.

Section 54 of the Act imposes a legal duty on organisations, which supply goods and/or services from or to the UK and have a global turnover above £36 million, to publish a slavery and human trafficking statement each financial year.

The Council engages in commercial activity (statutory and discretionary) and provides a range of services to residents, businesses and visitors. This includes waste collection and recycling, collection of council tax and business rates,   housing, homeless support, parks and open spaces, planning and building control, street cleaning, promoting economic growth and regeneration, environmental health, leisure services, community safety and election administration. Services are delivered through a mixture of direct provision, commissioned services, contracted services, joint/shared services and partnerships. Its annual turnover is greater than £36 million.

REPORT AUTHOR

Jo Sands, Assistant Director Partnerships

LIST OF BACKGROUND PAPERS

Modern Slavery Act 2015

APPENDICES

Appendix 1 – Tamworth Borough Council Modern Slavery and Human Trafficking Statement 2019/20

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Tamworth Borough Council Modern Slavery and Human Trafficking Statement

Introduction

Modern slavery is an international crime, affecting an estimated 29.8 million slaves around the world. It is a growing global issue that transcends age, gender and ethnicities. It includes victims who have been brought from overseas and vulnerable people in the UK, who are forced to illegally work against their will across many different sectors such as agriculture, hospitality, construction, retail and manufacturing.

Tamworth Borough Council adopts a zero-tolerance position on known violations of anti-human trafficking and anti-modern slavery laws. We are committed to improving our practices and ensuring there is no modern slavery or human trafficking in any part of our business and in so far as is possible requiring our suppliers to hold similar ethos.

This Modern Slavery and Human Trafficking Statement sets out the Council's actions to understand potential modern slavery risks related to its business and put in place steps that are aimed at ensuring that there is no slavery or human tracking in its own business, and its supply chains.

This Modern Anti-Slavery and Human Trafficking Statement relates to actions and activities during the financial year 1 April 2019 to 31 March 2020.

The statement set out plans for improvement in the next year

The Modern Slavery Act 2015

The Modern Slavery Act 2015 consolidates various offences relating to human trafficking and slavery. In broad terms:

- 'slavery' is where ownership is exercised over a person
- 'servitude' involves coercion to oblige a person to provide services
- 'forced and compulsory labour' is where a person works or provides services on a non-voluntary basis under the threat of a penalty
- 'human trafficking' involves arranging or facilitating the travel of a person with a view to exploiting them

Section 52 of the Act imposes a duty on public authorities, including district councils, to notify the Secretary of State of suspected victims of slavery or human trafficking.

Section 54 of the Act imposes a legal duty on organisations, which supply goods and/or services from or to the UK and have a global turnover above £36 million, to publish a slavery and human trafficking statement each financial year.

The Council engages in commercial activity (statutory and discretionary) and provides a range of services to residents, businesses and visitors. This includes waste collection and recycling, collection of council tax and business rates, housing, homeless support, parks and open spaces, planning and building control, street cleaning, promoting economic growth and regeneration, environmental health, leisure services, community safety and election administration. Services are delivered through a mixture of direct provision, commissioned services, contracted services, joint/shared services and partnerships. Its annual turnover is greater than £36million.

Standards

Tamworth Borough Council will meet the following standards and also expects those with whom it does business with, to meet these standards:

- To support every individual's human right to live free from abuse, servitude and inhumane treatment
- To promote ethical business and operational practices in corporate activity and the services delivered
- To take appropriate steps to ensure that slavery and human trafficking is not taking part in any of its business or supply chains
- To take reports of witnessed, suspected or disclosed concerns of slavery and human trafficking seriously
- To take appropriate steps with relevant partner agencies to address actual instances of slavery and human trafficking

Policies and Procedures

Tamworth Borough Council has a range of policies and plans in place which reflect its commitment to acting ethically and with integrity to prevent slavery and human trafficking in its operations:

- Vision and Council Plan - The Council's vision is 'To put Tamworth, its people and the local economy at the heart of everything we do'" and our Council Plan includes a key priority to help tackle the causes of inequality and increase opportunities for all residents and businesses

- Safeguarding Children and Adults at Risk Policy – outlines a robust approach taken by the Council to safeguard the welfare of children and 'adults at risk'.

  All staff and councillors are required to read and work within this policy. The Council works within multi-agency partnerships to protect and safeguard people and has an identified lead officer for modern slavery

  The policy covers how the Council should comply with the duty to notify the Secretary of State of suspected victims of slavery and human trafficking.

- Whistleblowing Policy – encourages all its employees to report concerns about any aspect of service provision, conduct of officers and others acting on behalf of the Council, or the supply chain. The policy is designed to make it easy to make disclosures without fear of discrimination and victimisation.

- Employee and Members Code of Conduct – is the ethical framework that employees and Members work to, which makes clear the actions and behaviour expected of them when representing the Council. The Council strives to maintain the highest standards of employee conduct and ethical behaviour and breaches are investigated.

- Recruitment Policy – sets out robust processes in line with UK employment laws, including 'right to work' document checks and contracts of employment.. To comply with the Asylum, Immigration and Nationality Act 2006, all prospective employees are asked to supply evidence of their eligibility to work in the UK. References are also requested and followed up.

- Job Evaluation Scheme - ensures that all employees are paid fairly and equitably. When the Council uses employment agencies to source labour it verifies the practice of any new agency it is using before accepting workers from that agency.

- Equality and Diversity Scheme 'Making Equality Real In Tamworth' - sets out the how the Council will promote diversity and equality in the delivery of services provided both directly and in conjunction with our partners.

Supply Chains

In the procurement process, Tamworth Borough Council continues to expect all suppliers of goods and services to comply with all applicable laws, statutes, regulations [and codes] from time to time in force [including [but not limited to] the Modern Slavery Act 2015, their own anti-slavery policy (where applicable) and this Modern Anti-Slavery and Human Trafficking Statement.

The Council recognises that the organisation is exposed to greater risk when dealing with contractors and service suppliers. The Council has a wide range of suppliers delivering services across all directorates. The Council aims to reduce the risk of modern slavery in its supply chain by undertaking the following actions:

- Where appropriate key contractors are required to have safeguarding policies, procedures and training in place, in addition to providing confirmation of compliance with the Modern Slavery Act;
- Identify services that are more vulnerable to modern slavery and seeking assurance that their supply chain is free of modern slavery and human trafficking;
- Where appropriate, our Invitation To Quote (ITQ) and Invitation To Tender (ITT) documents ask if the contractor is a relevant commercial organisation as defined by section 54 ("Transparency in supply chains etc.") of the Modern Slavery Act 2015 ("the Act").
- Relevant contractors are then asked if they are compliant with the annual reporting requirements contained within Section 54 of the Act. If they are compliant then the contractor is required to provide the relevant URL address and if they aren't, then the company is recorded as failing is removed from the procurement process.

Training and awareness

Tamworth Borough Council has a programme of safeguarding training for all employees and elected members

Information on Modern Slavery is incorporated into the Council's safeguarding policy and is available to all staff.

A bespoke eLearning Modern slavery and human trafficking package is now available for all staff and members enabling them to identify and know how to report suspected or disclosed incidents.

Appointed a Member Safeguarding Champion who will be given relevant training in all areas of safeguarding.

At present any concerns can be reported to the Designated Safeguarding Officer.

How to Report Modern Slavery

If you suspect someone may be at risk of Modern Slavery telephone 101 to report it to Staffordshire Police, or if someone is in immediate danger always call 999.
Crimes can be anonymously reported via Crimestoppers on 0800 555 111 or via modernslavery.co.uk's hotline on 0800 0121 700

Partnership working

Tamworth Borough Council has a strong track record of working in partnership with other agencies to respond to safeguarding, slavery and trafficking issues. This includes supporting the Staffordshire County Council, the Staffordshire Commissioners Office for Police, Fire and Crime and Staffordshire Police through the Tamworth Community Safety Partnership.

The Council works with colleagues to develop a common understanding and partnership approach to the threats, vulnerabilities and risks relating to slavery and human trafficking.

We also work with a range of agencies to safeguard children and adults at risk. This includes supporting the work of the local safeguarding boards and district Councils safeguarding network. The Council wants its employees to understand more about this growing issue and how to report any suspicions they may have, whether in a work or personal context.

Relevant staff now attend Staffordshire Police Modern Slavery and Human Trafficking Tactical group to share relevant information.

Risks have been identified with partners in premises subject to licensing regulations and all partners have taken a collaborative role to report concerns, investigate and take appropriate enforcement actions.

Going Forward

The Council will strengthen its approach to tackling modern slavery by:

- Seeking reassurance via current training packages that staff remain up to date and have undergone relevant training
- Identify and train safeguarding champions in each Council service
- Ensure relevant information is available on our website for the public
- Undertake relevant risk assessments as necessary with suppliers to ensure their understanding and compliance with the Modern Slavery Act

This Modern and Anti-Slavery and Human Trafficking Statement has been approved by Council's Corporate Management Team and endorsed by the Audit & Governance Committee and Cabinet. It will be reviewed and updated as necessary on an annual basis for monitoring and assurance purposes.

Andrew Barratt
Chief Executive
January 2021

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