

NON-CONFIDENTIAL



Borough of Tamworth

19 September 2022

Dear Councillor

You are hereby summoned to attend a **meeting of the Council of this Borough** to be held on **TUESDAY, 27TH SEPTEMBER, 2022** at 6.10 pm in the **TOWN HALL, MARKET STREET, TAMWORTH**, for the transaction of the following business:-

AGENDA

NON CONFIDENTIAL

- 1 Apologies for Absence**
- 2 To receive the Minutes of the previous meeting** (Pages 5 - 18)
- 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 To receive any announcements from the Mayor, Leader, Members of the Cabinet or the Chief Executive**
- 5 To elect a Deputy Mayor**
- 6 Revised committee allocation due to the change in political balance**
(Leader of the Council)
- 7 Question Time:**

- (i) To answer questions from members of the public pursuant to Procedure Rule No. 10.
- (ii) To answer questions from members of the Council pursuant to Procedure Rule No. 11

8 To consider a motion regarding banning the giving of live animals as prizes notice of which has been duly given in accordance with Procedure Rule no. 4.12.1 by Councillors R Pritchard, P Turner, T Clements, J Harper and D Maycock (Pages 19 - 20)

Further details are in the attached document.

9 Scrutiny Recommendations to Council in response to the Petition to Stop the Netting of Hedges in Tamworth (Pages 21 - 30)

(Report of the Chair of the Infrastructure Safety & Growth Scrutiny Committee)

10 Annual Report on the Treasury Management Service and Actual Prudential Indicators 2021/22 (Pages 31 - 52)

(Report of the Portfolio Holder for Finance, Risk and Customer Services)

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.

If a member of the public is particularly concerned about being filmed, please contact a member of Democratic Services before selecting a seat.

FAQs

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

Marmion House
Lichfield Street
Tamworth

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MINUTES OF A MEETING OF THE COUNCIL HELD ON 19th JULY 2022

PRESENT: Councillor M J Greatorex (Mayor), Councillors D Box, R Claymore, T Clements, C Cooke, S Daniels, S Doyle, R Ford, S Goodall, J Harper, T Jay, J Jones, D Maycock, J Oates, S Peuple, R Pritchard, R Rogers, S Smith, M Summers and P Turner

The following officers were present: Andrew Barratt (Chief Executive), Nicola Hesketh (Monitoring Officer) and Tracey Pointon (Legal Admin & Democratic Services Manager)

21 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor M Bailey, M Cook, D Cook, A Cooper, A Farrell, R Kingstone, B Price, P Thurgood, J Wade and J Wadrup.

22 TO RECEIVE THE MINUTES OF THE PREVIOUS MEETINGS

The minutes of the meeting held on 24th May 2022 were approved and signed as a correct record.

(Moved by Councillor R Pritchard and seconded by Councillor S Peuple)

The minutes of the meeting held on 5th July 2022 were approved and signed as a correct record.

(Moved by Councillor R Pritchard and seconded by Councillor C Cooke)

23 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

24 TO RECEIVE ANY ANNOUNCEMENTS FROM THE MAYOR, LEADER, MEMBERS OF THE CABINET OR THE CHIEF EXECUTIVE

The Leader of the Council, Councillor J Oates made the following announcements.

Thank you, Madam Mayor we all noticed on the way in there was a protest outside the Town Hall this evening. I wanted to acknowledge that protest and we

welcome the expression of feeling and we thank the protestors who were in the main peaceful. The difficulty is Tamworth Borough Council cannot do anything about who the MP is for Tamworth and have no say on the matter. If the protestors wish to make their views known, they need to address them to the MP. So we thank them for their expression of feeling, we acknowledge the feeling out there, we thank them for being well behaved but unfortunately Tamworth Borough Council cannot respond to this because it not within our remit as a local authority.

My second announcement is the delight that Tamworth will be receiving the Queens Baton tomorrow evening. This is an event that will be running this afternoon and I've been informed that former Councillor Simon People will be carrying the Baton for part of the leg as it runs through Tamworth. The Queens Baton goes round the World and round the Commonwealth States and it is about raising awareness of what is known as the friendly games. So it is a privilege that Tamworth will be receiving that tomorrow evening and in support of that we have the Summer Festival of Events with free events and live screening of the commonwealth games in the Castle Grounds. Also want to raise awareness of the headline events both free and paid for

Finally Madam Mayor, there is a red weather warning and I'd like to put on record that we have sympathy and concern for the scenes we are seeing in and around London with the fires that have happened this afternoon and locally please everyone look after yourselves look after each other check on vulnerable people and stay safe. It really is a health matter so take extra care to look after the vulnerable. Thank you

The Mayor Councillor Moira Oates added that she would like to say thanks to Councillors who had called and helped whilst she was ill with covid.

25 QUESTION TIME:

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 1

Under Procedure Rule No 11, Councillor Richard Ford will ask the Leader of the Council, Councillor Jeremy Oates, the following question:-

Tomorrow, Tamworth will be hosting the Queen's Baton Relay. The Baton will end its journey through Tamworth at a huge festival of sport and music in the Castle Grounds.

Tamworth has also secured the honour of being the only Commonwealth Games Festival Site in Staffordshire. Over the next three weeks live footage of the games will be shown in the Castle Grounds, accompanied by a three-week summer festival of sports, concerts and community events.

Will the Leader of the Council join me in congratulating all the Council staff and volunteers, who have worked so hard in securing and organising all these amazing events?

Councillor Oates gave the following answer

To say this is the biggest stage of events for Tamworth is an understatement.

3 weeks of community events, live screenings of the Commonwealth Games, cinema showings, sports demonstrations, everything from a Piggyback World Record Attempt to a silent disco to shows with world famous performers – Tamworth has it all available this summer.

We kick off the events with welcoming the Queen's Baton Relay tomorrow evening, following by a Queen tribute on the stage (a free event).

I hope to see you all there.

Of course, councillors this doesn't just happen, it takes a huge effort, large resources and a team of officers who are all pulling out every stop to make this happen.

I welcome this opportunity to formally congratulate the staff in initially securing the 'Live Site' status (the only one in Staffordshire), and on developing a programme of events that has something for everyone. It is one of our most inclusive summer programmes ever.

On behalf of all councillors, I want to thank all the staff involved and wish you every success. We as councillors look forward to joining in the events and welcoming new and old visitors to the town as well as seeing our communities enjoying the summer.

Supplementary

Major events such as the Commonwealth Games are a platform for the host city and indeed the wider region to elevate their image and create long-lasting socio-economic benefits. Tamworth as a unique opportunity to tap into these benefits that will come from us being in the Greater West Midlands area, it will help the region grow, encourage communities to realise their full potential and will live happier and healthier lives. Can I ask the Leader what he believes will be the legacy of these games on Tamworth and what plans are in place to help realise this?

Councillor Oates gave the following response

In terms of legacy's, it's often easier to plan for a legacy and then miss the boat. What we have done in Tamworth we have built on the opportunity that the Commonwealth Live site as brought to us, and we have built the Summer Festival of Events. For me they are a key part of the economic legacy for Tamworth. They are putting Tamworth on the map. You can travel into Birmingham on the train, or you can sit in the Castle Grounds and watch the games and get involved in the other activities that are going on. There is an economic legacy for Tamworth in terms of the tourism and for local businesses in the Town Centre and that's just as being the host. In terms of the friendly games, inspiration and aspiration, competitive sport inspires people. People can get fit and healthy by going to a gym and running on a treadmill, but competitive sport keeps people

interested and gives aspiration and provides sporting heroes, we need to capture that and we need to build on the inspiration these competitive games will give. The summer activities programme that Tamworth Borough Council has been involved with for many years involves local sporting groups and they provide tasters of the activities. This year there is stand up paddle boarding, gymnastics and other things that are being offered as a taster. Link that in with the Commonwealth games and you have a massive opportunity for people to try something different and learn something new.

Also, this year the local Council are creating an addition to our nomination scheme there are a number of local nominations levels and this is about celebrating those people that commit to supporting our communities and bring people on whether that is in sport, education or other elements for the community. So in addition to the games we would like to see some nominations for people who are encouraging people to live healthy lifestyles and integrated lifestyles in the community and this is another way we can celebrate that and another way we can build that legacy.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 2

Under Procedure Rule No 11, Councillor Chris Cooke will ask the Portfolio Holder for Voluntary sector, Town centre, Evening economy & Community Safety, Councillor Martin Summers, the following question:-

Anker Valley Estate in my ward (Spital) has seen some recent criminal activity with individuals trying car doors, thefts from cars, bikes stolen and other petty criminal acts. What can the council do to support residents along side the police to reduce crime on the estate?

Councillor Summers gave the following answer

The Council, through the wider Community Safety Partnership meetings, are aware of residents' concerns on the Anker Valley Estate and that the Police taking positive actions through the local PCSO and the resident single point of contact.

We would encourage all members of the public to continue to report criminal activities to the Police through the usual channels and will work with them to understand what, if any actions can be taken in partnership, which may include crime prevention information or other engagement activity as necessary to assist.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 3

Under Procedure Rule No 11, Councillor Roy Rogers will ask the Portfolio Holder for Engagement, Civic Pride and Pride in Place Councillor Tina Clements, the following question:-

Will the cabinet member for Engagement, Civic Pride and Pride in Place be encouraging all members here to nominate individuals or small groups for the new civic pride nominations as part of her new role.

Councillor Clements gave the following answer

Thank you to Cllr Rogers for your question. This is my first time standing up in full council as a new cabinet member.

Of course, I will be encouraging all members to nominate the very people who have the heart of Tamworth at the forefront of everything they do. this new civic pride award fits in with the other nominations we currently have and will enable us to recognise those who do so much in our communities, most of them quietly going about it under the radar. so please get behind the new civic pride award and get those nominations in by Sept 16th.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 4

Under Procedure Rule No 11, Councillor Ben Price will ask the Portfolio Holder for Skills, Planning, Economy & Waste, Councillor Stephen Doyle, the following question:-

A major housing development has been proposed on the boarder of my ward in Mile Oak, on fields off Dunstall Lane / Bonehill Road.

Will the portfolio holder ensure that should an application be submitted by the developer, residents in my ward will have the opportunity to have their views heard on the application?

Councillor Doyle gave the following answer

The development you referred to is Grangewood Park as named by the agents.

As far as I am aware, no planning application has been submitted so far, but if one is submitted, it will be to Lichfield District Council and they will be the determining authority.

When an application is submitted, anybody who wishes to comment on it will be able to do so, and that includes residents of the neighbouring wards in Tamworth, this I've clarified with the Tamworth Planning Team.

For those comments to be taken into consideration though, they will need to be submitted to Lichfield District Council, not to Tamworth Borough Council.

I understand the agents have set up a website, following a recent public consultation event, where people can look at the proposals and leave feedback for them, and I am more than happy to share those details with you.

The address of the website is www.grangewood-park.co.uk I would suggest that any local residents who have concerns about the proposal visit the website in the

first instance, or they can email any queries to grangewoodpark@marrons-planning.co.uk

Should the Residents of Tamworth have any issues in contacting either Lichfield Council or the Developers then I will be only to willing to offer my assistance as Portfolio Holder for Tamworth Planning.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 5

Under Procedure Rule No 11, Councillor Thomas Jay will ask the Portfolio Holder for Voluntary Sector, Town centre, Evening economy and Community Safety, Councillor Martin Summers, the following question:-

Tamworth has recently seen some large and disruptive traveller encampments. Residents are concerned about the mess caused to open spaces and parks, as well as the anti-social behaviour that can take place while camps are there. There is also the not insignificant cost associated with cleaning the space after the travellers have left. What is the Council doing to ensure its open spaces in Tamworth are secured against encroachment by unauthorised travellers?

Councillor Summers gave the following answer

We are aware of the residents' concerns following the recent encampments in Tamworth. It was a horrendous time for residents, loss of business at the Co-op having to shut early.

Officers from Street scene, Partnerships, Environmental Health including community wardens met with Staffordshire Police to discuss this matter last week. The decision was taken for street scene to carry out a full security audit on the Bolehall Swifts land, the location of the recent very large unauthorised encampment. The purpose of which will be to identify any further measure to prevent caravans from accessing the site in the future. If these measures cannot be met from existing budgets, then member approval and release of additional budget will be required. And I believe you are going to discuss help form Staffordshire County Council.

However, I must stress that no amount of security measures will ever be 100% effective at preventing access to these sites as travellers are typically equipped with the tools required to avail themselves entry.

There clearly needs to be further discussions in relation to unauthorised encampments. The Infrastructure Safety and Growth committee will be best placed to lead this work.

Of course, Tamworth Borough Council is not alone in responding to the issue of unauthorised encampments and working with Staffordshire's Police and Crime Commissioners Office Illegal Encampment Group, Police, representative Councillors and officers are working towards identifying longer term solutions.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 6

Under Procedure Rule No 11, Councillor Samuel Smith will ask the Leader of the Council, Councillor Jeremy Oates, the following question:-

The summer holidays can be an expensive time for parents. So, I welcome the wide range of free events available to local children during the summer holidays. This summer the holidays start with the council's own Castle Summer Fest and the official Commonwealth Games live site. There is also the Police and Crime Commissioners Space scheme returning and the County Councils Activities programme. Will the leader ensure that the council promotes all these schemes through its social media and websites, ensuring the widest number of parents as possible are aware of these great, and free of cost, activities?

Councillor Oates gave the following answer

Any public campaigns and information around the Holiday and Food Scheme activities are managed by Staffordshire County Council through the Family Hub for eligible children. The Staffordshire Police, Fire and Crime Commissioner's Space website is available for young people wishing to book activities for themselves. These activities have been arranged with partners through Council teams. We continue to work proactively to ensure all publicity for these schemes is shared through our own social media channels, Staffs County Council and Tamworth Police, so that the wider Tamworth community can take advantage of all the activities available.

In addition, Tamworth Borough Council, under its Active Tamworth branding, also offers free holiday activities through the summer which this year includes activities such as stand up paddleboarding, learn to cycle, Skytrail, trampolining and dance. This year there are activities suitable for children aged 1+.

Incorporated into the electronic leaflet is information directing people to the Space scheme website to ensure promotion of all free activities for the area.

This leaflet can be found on <http://www.visittamworth.co.uk/playscheme>.

This TBC free summer activity programme has been promoted via TBC social media channels, the Primary Schools Heads Forum & through the Families Strategic Partnership and specifically the Early Help Team to ensure effective distribution to all sectors of the community.

I will ask for any graphics or flyers available digitally be sent to all councillors so we can distribute on appropriate social media channels

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 7

Under Procedure Rule No 11, Councillor John Harper will ask the Portfolio Holder for Voluntary sector, Town centre, Evening Economy and Community Safety, Councillor Martin Summers, the following question:-

A section of the pedestrian boardwalk running through the Warwickshire Moor at Bolehall was recently set ablaze by vandals. This deliberate act of arson resulted

in serious damage to the structure which, since its installation some years ago, has become a hugely popular amenity where local people can enjoy the natural environment is safety. Two notice boards containing Public Space Protection Order information have also been vandalised.

Can the council tell the residents of Bolehall when the damaged boards and boardwalk will be repaired, and if other sections of the boardwalk which may require attention will be attended to at the same time.

Councillor Summers gave the following answer

Unfortunately, this is the second time there has been serious fire damage to this well used, picturesque and accessible boardwalk and jetty on Warwickshire Moor Local Nature Reserve. The costs involved are not insignificant. The previous repair was upwards of £40k and the current estimated costs for this repair is in excess of £60k.

The recent arson incident was reported to the Police, and I understand investigations are ongoing. The Council insurers have been notified and officers are awaiting a response as to whether this will be covered on the Council's insurance policy, however I must advise that the current excess on the policy is £10k.

It is not possible at this moment in time to give residents a timescale when the damaged boards and boardwalk will be repaired as there is no allocated budget for this. The longer term view of this asset and required funding will need to be considered and approved by members following the completion of the investigations.

In the meantime new public notice boards have been ordered and will be replaced as soon as possible.

Supplementary Question

I would ask Cllr Summers if he would join me in condemning the perpetrators of this crime which all they do is serve to destroy the enjoyment of their fellow citizens. I would appeal to anyone who has any information of this crime to pass it onto with the police.

Councillor Summers gave the following response

Of course, I condemn the acts of mindless vandalism. It is a blight on the town that we don't need and I would hope that if anyone has any information they would report it to the Authorities.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 8

Under Procedure Rule No 11, Councillor Richard Ford will ask the Leader of the Council, Councillor Jeremy Oates, the following question:-

The recent act of vandalism in the Castle Grounds has resulted in two toilets being left unusable as well as the defibrillator being stolen and thrown in a bin.

Can the Leader give reassurances that the council take these acts of hooliganism seriously and will always seek to repair damages as a priority?

Councillor Oates gave the following answer

It is unfortunate that such an important and well used facility has been vandalised in this manner, depriving visitors to the Castle Grounds of an essential service. It is even more disappointing that a defibrillator has been damaged especially as these were provided with the support of local community groups who fund raised for it. As soon as the vandalism had been discovered by our cleaning staff it was reported through to our repairs contractor and every effort is being made to complete the repairs and bring the vandalised toilets back into use. Fortunately, due to the layout of the facility some toilets will remain usable by the public.

Supplementary Question

It makes me angry to see these reckless acts of unnecessary thuggery happening in the town that is beloved by all of us. Why the actions of a few individuals can ruin things for so many people are unacceptable how these people can think its acceptable to damage something that is so important is beyond me. Not only do these actions put a public amenity out of use it also costs the taxpayer £1,000's to rectify. I hope the Leader of the Council will join me in condemning these actions and let me know what actions we can work with with our partner organisations to help ensure this never happens again.

Councillor Oates gave the following response:

It is very tempting to stand here and say this is why we don't have nice things because we spend all our cash spending money repairing all the things somebody as destroyed. Somebodies' sons, daughters, brothers sister, aunts or uncles are wondering round this Town spoiling things for other people. Do these people live like this in their own homes? Tamworth is not a living room, but it is still where we live. My message to these people is have some self-respect and have some pride in your home and the place where you live, there is no need to go around behaving living like deranged feral animals. Yes, Cllr Ford I will commit this Council to continue to support partners in attempting to prevent this type of behaviour and I will also work with partners and community groups to ensure that their efforts particularly in fundraising and hard work in terms of friends of parks the aforementioned Board walk and the defibrillator that was mentioned earlier aren't wasted by the likes of a few self-centred ungrateful individuals.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 9

Under Procedure Rule No 11, Councillor Ben Price will ask the Portfolio Holder for Voluntary sector, Town centre, Evening Economy and Community Safety, Councillor Martin Summers, the following question:-

Could the portfolio holder explain Tamworth Borough Council's position and any powers regarding products used in nail bars in the Borough?

Councillor Summers gave the following answer

Nail Bars are regulated under the general powers within the Health and Safety at Work Act 1974 and the Management of Health and Safety at Work Regulations 1999. Owners are required to carry out a suitable and sufficient risk assessment which should include assessing the risk of chemicals used within the work place both on staff and customers. A hierarchy of risk control should be applied which involves looking to eliminate, substitute and as a last resort provide PPE. Some chemicals may also require a COSHH assessment under the Control of Substances Hazardous to Health Regulations 2002.

All these duties are on the dutyholder/owner. EH would investigate if a complaint was received either by a member of the public or staff. We do not carry out routine inspections unless this was identified in a workplan lead largely by HSE's priorities for the year.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 10

Under Procedure Rule No 11, Councillor Sheree People will ask the Leader of the Council, Councillor Jeremy Oates, the following question:-

We have seen in the local press that a petition has been launched regarding the use of the Tamworth Holiday Inn to house up to 200 single male asylum seekers. Presumably this follows an agreement between the hotel and the home office or other government agencies. What consultation took place with Tamworth Borough Council members or officers before this decision was taken?

Councillor Oates gave the following answer

Following the Governments recent decision to make all areas of the country asylum dispersal areas in response to increasing demand which has left up to 30,000 vulnerable people in asylum holding accommodation, the decision of the Home Office to consider the Tamworth Holiday Inn was considered as a commercial agreement without prior consultation with Tamworth Borough Council. There has now been an opportunity to discuss the matter with Serco, the Home Office contractor, with both the Borough and wider partnerships including Staff County Council and Tamworth Police. Thank you for the officer finding that meeting and making sure we attended.

The Council fully supports and is happy to engage in discussions to support asylum seekers settle in our communities whilst decisions are made about their future, however a formal expression of concern has now been made to the Home Office by the Council around the decision to use the Holiday Inn due to the its prominence at the heart of the town and tourism economy. concerns about the demand on public services and potential risks to both the asylum seekers themselves and to residents and visitors to the town centre. The expression of concern emphasised that the Council would support the Home Office in seeking another hotel where possible not within the town Centre.

Should the decision to use the hotel not be re-considered, the Council, with wider statutory and voluntary sector partners will seek to work fully with Serco to ensure

that all risks and mitigating factors are considered to ensure that the asylum seekers can be assisted as much as possible during their stay and local residents can be supported during the asylum seekers stay.

Supplementary Question

Earlier the leader of the council referred to the current heat wave and the importance of looking after oneself and others and can I just re-iterate that. And with regard to Asylum seekers, I am pleased that the Leader as committed to providing assistance wherever possible. I am sure that the Leader would join with me in agreeing that just because someone is an asylum seeker doesn't automatically make them a criminal, and we should doing everything we can to extend the hand of friendship to people who are very often in difficult circumstances.

Councillor Oates gave the following response

I agree with Councillor Peple that just because someone is an asylum seeker does not automatically make them a criminal or of a criminal persuasion. Very often asylum seekers who arrive on a boat across the Channel are often victims of people trafficking and they have been exploited. It is extremely important that we support people in that journey through the asylum process but we also support local residents in ensuring that we can integrate and perform as communities going forward.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 11

Under Procedure Rule No 11, Councillor Sheree Peple will ask the Leader of the Council, Councillor Jeremy Oates, the following question:-

Would the Leader please update members as to the latest position on the proposed reform to the business rates retention scheme and any anticipated financial implications for the council?

Councillor Oates gave the following answer

As outlined within the Budget and Medium Term Financial Strategy approved by Council in February 2002, the government has only held single-year Spending Reviews over the past 2 years, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year, given the COVID-19 pandemic. However, on 7th September 2021, the Chancellor wrote to Secretaries of State to confirm the government's intention to complete a multi-year Spending Review (SR2021), setting revenue and capital budgets for 2022/23 to 2024/25.

However, as part of the Spending Review carried out in 2021, no announcement was made about the government's plans for funding reform or a reset of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20, but which have been delayed a number of times.

The 2022/23 local government finance settlement was published in December 2021 (& confirmed in February 2022), is for one year only and is based on the Spending Review 2021 (SR21) funding levels. This is the first time since 2015 that, in the context of a multi-year Spending Review, the government has only provided local authorities with a single-year settlement.

No detailed announcements are made on funding reform, though the following statement was made:

Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, dating from 2013-14 to a large degree, and even as far back as 2000.

Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes.

As part of this we will look at options to support local authorities through transitional protection. Councils should note the one-off 2022/23 Services Grant provided in the Local Government Finance Settlement in 2022/23 will be excluded from potential transitional protections.

While this means the Council will be able to retain its business rate growth for 2022/23, it also means that the uncertainty continues and potentially the Council still faces losing this growth from 2023/24 as, over the coming months, the Government have stated that they will work with the sector before consulting on funding reform.

Latest Update

On 28 June 2022, the then Secretary of State for Levelling Up, Housing & Communities gave an address at the Local Government Association conference.

Along with thanking the sector and highlighting various key policies relating to and delivered by local government, the speech confirmed that from next year there will be a two-year settlement (assumed to mean for 2023/24 and 2024/25), **and that a consultation would follow over the summer.** We wait to hear if this will now take place.

There is also an intention to reduce the number of individual and bid based funding streams.

The speech also confirms that further devolution deals will be offered to all parts of England that want them by 2030. These will be under a new "coherent" framework, offering counties and districts a chance to agree a deal, and suggests that these will not necessarily require an elected mayor:

"While I'm an unabashed admirer of the mayoral model, I also recognise it won't be right everywhere."

In addition, the speech announced the creation of a new Office for Local Government. This is intended to "shine a light on how local authorities are performing and delivering", covering key services, progress towards net zero and so on."

Supplementary

It's not surprising given the current state of chaos that the Government finds itself in that we haven't actually got an answer so far, but will the Leader agree with me that this is something that does need to be resolved and will he commit to pushing for answers as soon as possible.

Councillor Oates agreed that Council will commit to pushing for answers

26 NOMINATION TO CONFER THE TITLE OF HONORARY ALDERMAN ON DR SIMON PEAPLE

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his services admit the title of Honorary Alderman of the Borough to Dr. Simon Peaple

(Moved by Councillor R Pritchard and seconded by Councillor S Daniels)

27 NOMINATION TO CONFER THE TITLE OF HONORARY ALDERMAN ON MR KEN NORCHI

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his services admit the title of Honorary Alderman of the Borough to Ken Norchi

(Moved by Councillor R Pritchard and seconded by Councillor S Peaple)

28 PETITION - CASTLE GROUNDS TOILETS

A petition was submitted to the Council on 15th March 2022 seeking that the Borough Council opens the Castle Pleasure Grounds toilets every day.

RESOLVED: That Council

1. Agreed that the Health & Wellbeing Scrutiny Committee, take on the issues included in this petition specific to the castle grounds

2. Agreed that the Health & Wellbeing Committee conduct a wider review of public toilet provision in Tamworth; and
3. Agreed that recommendations are made to Cabinet at an appropriate time to be included in this year's budget cycle

(Moved by Councillor R Claymore and seconded by Councillor D Maycock)

29 DELEGATED POWERS FOR URGENT REVOCATIONS AND SUSPENSIONS FOR TAXI LICENCES

Report of the Assistant Director Growth and Regeneration to in accordance with the proposal received from Licensing Committee recommend that Full Council delegates the power for urgent suspensions and revocations of private hire and hackney carriage driver's licences as set out in this report in order to ensure public safety.

RESOLVED: That Council

1. Authorised the Assistant Director Growth and Regeneration (or Head of Environmental Health) in consultation with the Chair (or vice chair) be delegated to immediately suspend or revoke a Hackney Carriage / Private Hire vehicle driver's licence where it is considered necessary in the interest of public safety; and
2. agreed that a 'fast track' procedure be adopted to re-licence those drivers who have had their licence revoked but have subsequently been found to be fit and proper.

(Moved by Councillor M Summers and seconded by Councillor C Cooke)

The Mayor

Council meeting – 27th September 2022

Motion on Notice – Banning the giving of live animals as prizes

This Council:

1. Update its policy and conditions of land use to outright ban the giving of live animals as prizes, in any form, on Tamworth Borough Council land.
2. Writes to the Government, urging them to consider an outright ban on the giving of live animals as prizes on both public and private land.

Supported by:

Councillors R Pritchard, P Turner, T Clements, J Harper and D Maycock

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27th September 2022**Report of the Chair of the Infrastructure Safety & Growth Scrutiny Committee****Recommendations to Council following consideration of the Petition to stop the Netting of Hedges****Exempt Information**

None

Purpose

To report back to Council following consideration by the Infrastructure Safety & Growth Scrutiny Committee (the "Committee") of the matters referred to it by Council following Council's receipt on 15th March 2022 of the Petition to Stop the Netting of Hedges in Tamworth.

Executive Summary

The Committee received a written report and presentation from the Assistant Director Growth & Regeneration at its meeting on 6 July 2022, which is attached for information. The Committee considered and debated the contents of the report which included an overview of the legislation relevant to the protection of nesting birds, the role of the National Wildlife Crime Unit, the Environment Act 2021, including the introduction of the requirement on developers to deliver a mandatory 10% Biodiversity Net Gain ("BNG") and the National Planning Policy Framework 2021.

This BNG requirement had cascaded into the National Planning Policy Framework 2021, and this was being implemented by Borough Council officers. The result of the BNG was expected to encourage developers to consider their approaches which could involve them retaining the existing habitats to achieve the 10% BNG.

The Committee considered the matter further at its meeting on 23 August 2022, and discussed potential proactive steps which the Council could adopt to balance the protection of habitats with the housing needs in the Borough, whilst also complying with existing legislation which allows for the netting of hedges.

The Committee noted the role of the Local Plan, which was currently in development, and also the Validation Criteria used by the Local Planning Authority to check that new planning applications are complete and include all relevant information. It was noted that there was a current Council consultation underway (and open until 20th September 2022) to revise and update the Validation Criteria.

The Committee considered the Royal Society for the Protection of Birds (RSPB) guidance on netting used to stop birds nesting.

[Netting and nature | The RSPB](#)

In summary, including a validation requirement at the start of the planning process which seeks to better understand how an applicant will deal with netting provides a basis upon which the Local Planning Authority can challenge developers when residents complain. With the assistance of the County Council's ecologist the approach to netting in terms of both timing and other considerations such as those in the RSPB guidance can be assessed.

The recommendations to Council from the Committee are set out below.

Recommendations

The Committee recommends to Council that within the Planning Validation Criteria an additional criteria relating to the netting of hedges/trees is included and reference is made to include the RSPB Guidance on hedges and netting in consultation with the County ecologist.

The Assistant Director has agreed to await the recommendation of Full Council prior to closing the consultation on the validation criteria.

Report Author

Councillor Simon Goodall

Chair of Infrastructure Safety & Growth Scrutiny Committee

Appendices

Appendix 1 - Petition to Stop the Netting of Hedges in Tamworth – 15th March 2022

Appendix 2 - Report of the Assistant Director – Regeneration & Growth – 6th July 2022 –
Petition to stop the netting of hedges in Tamworth

Council

15th March 2022

Petition to Stop the Netting of Hedges in Tamworth

The following petition has been received by Tamworth Borough Council, from petition organiser, Mr Richard Kingstone:

“In recent years we have seen several developers in Tamworth use the legal but controversial netting technique to allow them to remove hedges and trees when it suits them rather than in the closed winter season.

The netting of hedges is not something we feel should be permitted in Tamworth. It increases the risk of harming birds and other wildlife and encourages a 'lazy' non environmentally friendly approach by developers.

The best solution is to either remove hedges and trees in the depths of winter or ideally look at alternative ways of planning developments so that hedges and trees can remain in situ.

So we ask Tamworth Borough Council to undertake a review of its planning policies and introduce a policy that forbids the use of netting by any developer within the borough of Tamworth and in any other area where Tamworth Borough Council is involved as a consultee.”

Details of the Petition can be found on Change.org on the following link:

<https://chn.org.uk/rspwRQ98>

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Wednesday 6 July, 2022

Report of the Assistant Director - Growth & Regeneration

Petition to stop the netting of hedges in Tamworth

Not Exempt

Purpose

To provide evidence to the scrutiny committee which will support the preparation of a report from the Committee to Cabinet in the Autumn, in response to a public petition on the netting of hedges.

Recommendations

It is recommended that:

1. The report is endorsed and forms part of the ISaG response to Cabinet, later in the year.

Executive Summary

A petition was submitted to the Council on 1st March 2022 seeking to stop the netting of hedges in Tamworth. The petition contained over 4,600 signatures.

The petition was presented at the Council meeting dated 15 March 2022. The minutes of the meeting are set out as follows:

The Leader of the Council:

1. Noted the petition and shares the sincere concerns of the signatories to protect our local natural wildlife;
2. Noted and that a prima facie review, or initial impression of the issue, suggested that the power to act may lay outside the Council's statutory powers;
3. Agreed that given the importance of this issue, the matter be referred to the Infrastructure, Safety and Growth Scrutiny Committee (ISG) with the brief that they review the relevant sections of the National Planning Policy Framework (NPPF) and new Environmental legislation currently before the Commons, and any other material they believe relevant and;
4. Agreed that the Infrastructure Safety & Growth Committee bring a report to Council by the Autumn so that there would be time to act on the report by the next breeding season.

This issue of netting hedges came to the fore in 2019 when a number of national newspapers and TV programmes reported on the increasing use of netting on hedgerows and trees by developers. The Wildlife and Countryside Act (1981), which is set out below, has resulted in developers using nets to cover hedgerows and trees with netting in and around their sites before any bird nesting activity begins, as this could stop or restrict building during the summer months.

Legislation protecting Nesting Birds

It is an offence under Section 1 of the Wildlife and Countryside Act of 1981 (WCA) to intentionally take, damage or destroy the nest of any wild bird while it is in use or being built, or to intentionally kill, injure or take chicks or adults, or intentionally take or destroy any eggs.

Within the WCA no dates are legally stated between which hedges cannot be trimmed, cut, laid or coppiced, however the main bird breeding season is recognised as being between 1 March and 31 August. The risk of committing any of the above offences is therefore increased between these dates.

If any work is to be undertaken on a hedge (or tree) within these dates it is recommended that the hedge is checked for any signs of breeding activity first, such as observation from a distance using binoculars and direct searching of the hedge for nests.

Developers who are removing a hedgerow or tree as part of a planning consent, net the hedges and trees, so that they do not undertake works illegally should wild birds be present. Netting is therefore mitigation for the developer so that they don't fall foul of the WCA.

If it is suspected that an offence is/has been committed in relation to wild birds then the first point of contact should be with the local Police Force. An investigation will then be held by a Wildlife Crime Officer (101) and there will be an incident number so that you can go back to them if necessary.

Natural England does not regulate the use of netting however developers must look for the most suitable options for complying with the law. For example, as part of the planning process survey reports and mitigation plans will form part of that process for projects that could affect protected species. Mitigation plans need to show how developers will avoid or manage any negative impacts on protected species. In some limited circumstances Natural England acknowledge that netting may have a role to play in avoiding temporary impacts. It is also important to consider the netting mesh size to ensure that it is suitable for the species involved and is properly maintained so that offences against wild birds are not committed.

National Wildlife Crime Unit

The National Wildlife Crime Unit (NWCU) is a police led, stand-alone, multi-agency unit with a UK-wide remit for wildlife crime (see [National Wildlife Crime Unit](#)). The NWCU Investigative Support Officers also offer free assistance to police forces. Part of the NWCU strategy is to identify organised crime groups involved in wildlife crime. The priorities for the NWCU include monitoring:

- Badger persecution.
- Bat persecution.
- Illegal trade in endangered species protected under CITES. It includes illegal trade in raptors, ivory, medicinal and health products (including rhino horn), reptiles and timber. For more information on CITES (see [Practice note, Habitats and wildlife: international conventions: UK implementation](#)).
- Poaching.
- Raptor persecution.

The National Police Chiefs' Council, Crown Prosecution Service, Natural England and Natural Resources Wales have signed a memorandum of understanding on the prevention, investigation and enforcement of wildlife crime (see [NWCU: Memorandum of understanding on the prevention, investigation and enforcement of wildlife crime](#)).

Environment Act 2021

Part 6 of the Environment Act deals with nature and biodiversity. Paragraph 98 specifically references Schedule 14 which makes provision for biodiversity gain to be a condition of planning permission in England.

During the netting debate in 2019 the Government's response was twofold; firstly they wrote to developers setting out their responsibilities in relation to netting and secondly they planned to require developers to deliver biodiversity net gain (BNG) which is now incorporated into the Environment Act.

The Act requires all development schemes in England to deliver a mandatory 10% BNG to be maintained for a period of at least 30 years. The concept seeks measurable improvements for biodiversity by creating or enhancing habitats in association with development. Development proposals must "leave biodiversity in a better state than before".

BNG means developers and land owners in England must determine and evidence a project's final BNG value using the specified Defra biodiversity metric if they want their plans to move through the planning process swiftly.

The introduction of the requirement to provide a 10% net gain of biodiversity for all new developments is as a response to the government's goal to leave the environment in England in a better state than it is found over the next 25 years, as set out in their policy paper "*A Green Future: Our 25 Year Plan to Improve the Environment*".

The National Planning Policy Framework 2021

The National Planning Policy Framework expects planning policies and decisions to enhance the natural environment by minimising the impacts of development on, and providing net gains for, biodiversity. The relevant paragraphs from the NPPF are in Appendix 1. There is no direct reference to netting but it does pick up the requirements from the Environment Act around biodiversity net gain or BNG.

Borough Council officers have been implementing BNG and refer applications to the County ecologist to assess and advise. Policy EN4 provides the hook within the local plan which will in due course be reviewed to reflect more recent legislation, as set out in this report.

There are application exemptions and these include applications for development proposals which result in negligible impacts or minimal impacts to low or medium 'distinctiveness' habitats such as agriculturally productive land, householder applications; and change of use applications.

The Government's response to the netting debate in 2019 was with the BNG agenda – which is not about netting hedges but about improving habitats. Biodiversity Net Gain requires developers to either mitigate harm from their proposals by ensuring that more habitats are retained on site and/or that habitats provision is improved post development on or off site.

Conclusion

All wild birds are protected by law and disturbing them and their habitats is a criminal offence; however there is no specific regulation of the use of netting and it does not require planning permission to do it.

Appendix 2 provides an example by Shopshire Council who have dedicated a website page to the issue, which is something that we may wish to consider.

Additionally Shropshire put an information note on their decision notices to outline developer responsibility when it comes to netting hedges. This is also something that we could consider.

We cannot though, as a planning department, enforce against the netting of hedges. We often speak with developers about the issue but ultimately refer concerned residents onto the Wildlife Crime Officer.

We are currently in the process of developing a new local plan for Tamworth which will reflect Government policies and guidance including requirements around BNG which may influence how developers consider existing trees and hedgerows in future.

Options Considered

n/a

Resource Implications

n/a

Legal/Risk Implications Background

The relevant legislation to protect wildlife is set out in this report.

Equalities Implications

n/a

Environment and Sustainability Implications (including climate change)

Netting hedges by developers is their way of protecting birds during the development process. Legislation is recently enacted to enhance and improve biodiversity on development sites which could have a positive impact on the retention of hedges and trees.

Background Information

A petition titled 'Make 'netting' hedgerows to prevent birds from nesting a criminal offence' received 365,508 signatures was submitted to Parliament for consideration. The topic was debated on the 13 May 2019.

On 8 April 2019, in response to public concern about anti-bird netting around permissioned or potential development sites, a letter from the Secretary of State for Housing, Communities and Local Government was forwarded to major house-builders. It reminded them of their legal obligation to consider the impact of any project on local wildlife and take precautionary action to protect habitat. The Government also responded by outlining that Biodiversity Net Gain was an important feature in forthcoming legislation, now the Environment Act.

Report Author

Anna Miller – Assistant Director – Growth & Regeneration

List of Background Papers

None.

Appendices

Appendix 1: Paragraph 179 – 182 of the NPPF 2021.

Appendix 2. Shropshire Council guidance on netting hedges and the planning process

Appendix 1: Relevant Paragraphs from the NPPF 2021

Paragraph 179: To protect and enhance biodiversity and geodiversity, plans should:

- a) Identify, map and safeguard components of local wildlife-rich habitats and wider ecological networks, including the hierarchy of international, national and locally designated sites of importance for biodiversity⁶¹; wildlife corridors and stepping stones that connect them; and areas identified by national and local partnerships for habitat management, enhancement, restoration or creation; and
- b) promote the conservation, restoration and enhancement of priority habitats, ecological networks and the protection and recovery of priority species; and identify and pursue opportunities for securing measurable net gains for biodiversity.

Paragraph 180: When determining planning applications, local planning authorities should apply the following principles:

- a) if significant harm to biodiversity resulting from a development cannot be avoided (through locating on an alternative site with less harmful impacts), adequately mitigated, or, as a last resort, compensated for, then planning permission should be refused;
- b) development on land within or outside a Site of Special Scientific Interest, and which is likely to have an adverse effect on it (either individually or in combination with other developments), should not normally be permitted. The only exception is where the benefits of the development in the location proposed clearly outweigh both its likely impact on the features of the site that make it of special scientific interest, and any broader impacts on the national network of Sites of Special Scientific Interest;
- c) development resulting in the loss or deterioration of irreplaceable habitats (such as ancient woodland and ancient or veteran trees) should be refused, unless there are wholly exceptional reasons and a suitable compensation strategy exists; and
- d) development whose primary objective is to conserve or enhance biodiversity should be supported; while opportunities to improve biodiversity in and around developments should be integrated as part of their design, especially where this can secure measurable net gains for biodiversity or enhance public access to nature where this is appropriate.

Paragraph 181: The following should be given the same protection as habitats sites:

- a) potential Special Protection Areas and possible Special Areas of Conservation;
- b) listed or proposed Ramsar sites⁶⁴; and
- c) sites identified, or required, as compensatory measures for adverse effects on habitats sites, potential Special Protection Areas, possible Special Areas of Conservation, and listed or proposed Ramsar sites.

Paragraph 182: The presumption in favour of sustainable development does not apply where the plan or project is likely to have a significant effect on a habitats site (either alone or in combination with other plans or projects), unless an appropriate assessment has concluded that the plan or project will not adversely affect the integrity of the habitats site.

Netting, nesting and the planning process – some guidance

Following national coverage of the issue of netting vegetation to prevent birds from nesting, Shropshire Council has been receiving phone calls from residents. Where planning applications are involved we have been passing on the reports to the developers.

Normally we don't put a condition on planning decisions regarding nesting birds as they have legal protection under the Wildlife and Countryside Act 1981 and, as such, birds are protected whether or not the planning process is involved. But, we do raise awareness of the legal protection of nesting birds by putting information on the planning decision notice. The responsibility therefore rests with the persons authorising and installing the netting, and their ecological advisors, to ensure that an offence is not committed under wildlife legislation.

We would always encourage developers to plan their work to avoid the bird nesting season and hence prevent the need to use other methods such as netting vegetation.

If members of the public see vegetation being cleared, which they know is supporting nesting birds, or birds are being trapped under netting and the owners cannot be contacted, they should call the **Wildlife Crime Officer on 101**.

COUNCIL

TUESDAY 27th SEPTEMBER 2022

REPORT OF THE PORTFOLIO HOLDER FOR FINANCE, RISK AND CUSTOMER SERVICES

ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2021/22

EXEMPT INFORMATION

None

PURPOSE

The Annual Treasury report is a requirement of the Council's reporting procedures. It covers the Treasury activity for 2021/22, and the actual Prudential Indicators for 2021/22.

The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes in accordance with Regulations issued under the Local Government Act 2003. It also provides an opportunity to review the approved Treasury Management Strategy for the current year and enables Members to consider and approve any issues identified that require amendment.

RECOMMENDATIONS

That Council ;

- 1. Approve the actual 2021/22 Prudential and Treasury Indicators within the report and shown at Appendix 1; and**
- 2. Accept the Annual Treasury Management Report for 2021/22.**

EXECUTIVE SUMMARY

This report covers Treasury operations for the year ended 31st March 2022 and summarises:

- the Council's Treasury position as at 31st March 2022; and
- Performance Measurement

The key points raised for 2021/22 are:

1. The Council's Capital Expenditure and Financing 2021/22
2. The Council's Overall Borrowing Need
3. Treasury Position as at 31st March 2022
4. The Strategy for 2021/22
5. Borrowing Outturn for 2021/22

6. Investment Outturn for 2021/22
7. Performance Measurement
8. The Economy and Interest Rates
9. Property Funds
10. Other Issues

The Treasury Function has achieved the following favourable results:

- The Council has complied with the professional codes, statutes and guidance;
- There are no issues to report regarding non-compliance with the approved prudential indicators;
- The Council maintained an average investment balance externally invested of £75.3m and achieved an average return of 0.28% (budgeted at £34.484m and an average return of 0.25%).
- This result compares favourably with the Council's own Benchmarks of the average 7 day and the 3 month SONIA rates for 2021/22 of 0.139% and 0.0617%;
- The closing weighted average internal rate on borrowing is 4.05% (4.05% for 2020/21);
- The Treasury Management Function has achieved an outturn investment income of £212k compared to an original budget of £95k. Investment balances were higher than budgeted throughout the year, however average interest rates started to rise.
- We also received £269k in dividends from our property fund investments (£128k in 2020/21), compared to a budget of £300k. The net value of the investments has risen by £1.132m as at 31st March 2022. At the meeting on 14th December 2021, Members considered the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report 2021/22. In October 2021, an additional £8.1m was invested in Property Funds; £4.05m as a capital fund, and £4.05m as a revenue fund.

During 2021/22 the Council complied with its legislative and regulatory requirements.

The Executive Director Finance confirms that there was no overall increase in borrowing within the year and the Authorised Limit was not breached.

At 31st March 2022, the Council's external debt was £63.060m (£63.060m at 31st March 2021) and its external investments, excluding property funds and bank account, totalled £68.299m (£57.002m at 31st March 2021).

RESOURCE IMPLICATIONS

There are no financial implications or staffing implications arising directly from the report.

LEGAL/RISK IMPLICATIONS BACKGROUND

The Council is aware of the risks of passive management of the Treasury Portfolio and with the support of Link Asset Services, the Council's current Treasury advisers,

has proactively managed its debt and investments during the year.

EQUALITIES IMPLICATIONS

None

SUSTAINABILITY IMPLICATIONS

None

REPORT AUTHOR

If Members would like further information or clarification prior to the meeting please contact Joanne Goodfellow, telephone 01827 709242 or email joanne-goodfellow@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

- Local Government Act 2003;
- Statutory Instruments: 2003 No 3146 & 2007 No 573;
- CIPFA Code of Practice on Treasury Management in Public Services;
- Treasury Management Strategy 2021/22 (Council 23rd February 2021);
- Treasury Management Mid-Year Review 2021/20 (Council 14th December 2021);
- Treasury Outturn Report 2020/21 (Council 21st September 2021).

APPENDICES

Appendix 1 – Prudential and Treasury Indicators

Appendix 2 – Borrowing and Investment Rates

Annual Treasury Management Review 2021/22

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2021/22 the minimum reporting requirements were complied with:

- an annual treasury strategy in advance of the year (Council 23rd February 2021)
- a mid-year (minimum) treasury update report (Council 14th December 2021)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, Cabinet has received quarterly Treasury management updates as part of the Financial Healthcheck Reports.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members. This Council confirms that it has complied with the requirement under the Code to provide scrutiny of all of the above Treasury Management Reports to the Audit and Governance Committee. Member training on Treasury Management issues was provided in February 2022 and further training is planned during 2022/23.

During 2021/22, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows.

Prudential & Treasury Indicators	2020/21 Actual £m	2021/22 Estimate £m	2021/22 Actual £m
Capital Expenditure			
Non HRA	1.133	29.910	7.823
HRA	8.396	14.895	9.993
Total	9.529	44.805	17.816
Capital Financing Requirement			
Non HRA	3.612	4.736	3.937
HRA	69.893	70.396	69.893
Total	73.506	75.132	73.831
Gross Borrowing			
External Debt	63.060	63.060	63.060
Investments			
Longer than 1 year	3.643	-	13.095
Less than 1 year	57.972	27.197	67.215
Total	61.615	27.197	80.310
Net Borrowing	1.445	35.863	-17.250

It should be noted that **£30.5m** of Capital scheme spend has been re-profiled into 2022/23 (also including re-profiling from previous years) which has increased investment balances.

Other prudential and treasury indicators are to be found further in this report. The Executive Director Finance confirms that there was no overall increase in borrowing in year and the statutory borrowing limit (the authorised limit) was not breached.

The financial year 2021/22 continued the challenging investment environment of previous years, namely low investment returns.

1. The Council’s Capital Expenditure and Financing 2021/22

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council’s borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply internal funds, the capital expenditure would give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund	2020/21 Actual £m	2021/22 Estimate £m	2021/22 Actual £m
Capital Expenditure	1.133	29.910	7.823
Financed in year	0.933	28.928	7.340
Unfinanced capital expenditure	0.199	0.982	0.483
HRA	2020/21 Actual £m	2021/22 Estimate £m	2021/22 Actual £m
Capital Expenditure	8.396	14.895	9.993
Financed in year	7.035	14.820	9.993
Unfinanced capital expenditure	1.361	0.076	-

2. The Council’s Overall Borrowing Need

The Council’s underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council’s indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2021/22 unfinanced capital expenditure (see above table), and prior years’ net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council’s treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council’s cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public

Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

the application of additional capital financing resources (such as unapplied capital receipts); or

charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2021/22 MRP Policy (as required by DLUHC Guidance) was approved as part of the Treasury Management Strategy Report for 2021/22 on 23rd February 2021.

The Council's CFR for General Fund and the HRA for the year are shown below, and represent a key prudential indicator.

CFR: General Fund	31st March 2021 Actual £m	31st March 2022 Budget £m	31st March 2022 Actual £m
Opening balance	3.523	3.865	3.612
Add unfinanced capital expenditure (as above)	0.199	0.982	0.483
Less MRP/VRP	(0.110)	(0.187)	(0.158)
Less PFI & finance lease repayments	-	-	-
Closing balance	3.612	4.660	3.937

CFR: HRA	31st March 2021 Actual £m	31st March 2022 Budget £m	31st March 2022 Actual £m
Opening balance	68.532	70.396	69.893
Add unfinanced capital expenditure (as above)	1.361	0.076	-
Less MRP/VRP	-	-	-
Less PFI & finance lease repayments	-	-	-
Closing balance	69.893	70.472	69.893

Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2021/22) plus the estimates of any additional capital financing requirement for the current (2022/23) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2021/22. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Gross borrowing and the CFR	31st March 2021 Actual £m	31st March 2022 Budget £m	31st March 2022 Actual £m
Gross borrowing position	63.060	63.060	63.060
CFR	73.506	75.132	73.831
Under / Over funding of CFR	-10.445	-12.072	-10.770

The lower than estimated CFR reflects re-profiling of spend within the capital programme to 2022/23 and lower than forecast borrowing.

The Authorised Limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2021/22 the Council has maintained gross borrowing within its authorised limit.

The Operational Boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual Financing Costs as a Proportion of 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.

Borrowing Limits	GF £m	HRA £m	Total £m
Authorised limit	7.736	79.407	87.143
Maximum gross borrowing position	-	63.060	63.060
Operational boundary	-	63.060	63.060
Average gross borrowing position	-	63.060	63.060
Budgeted financing costs as a proportion of net revenue stream %	(0.17)	28.09	27.91
Actual financing costs as a proportion of net revenue stream %	(6.74)	28.16	21.42

3. Treasury Position as at 31st March 2022

The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2021/22 the Council's treasury (excluding borrowing by finance leases) position was as follows:

General Fund	31st March 2021 Principal £m	Rate/ Return %	Average Life yrs	31st March 2022 Principal £m	Rate/ Return %	Average Life yrs
Total debt	-	-	-	-	-	-
CFR	3.612	-	-	3.937	-	-
Over / (under) borrowing	(3.612)	-	-	(3.937)	-	-
Investments:						
- in house	40.779	0.62	-	45.761	0.54	-
Total investments	40.779	0.62	-	45.761	0.54	-

HRA	31st March 2021 Principal £m	Rate/ Return %	Average Life yrs	31st March 2022 Principal £m	Rate/ Return %	Average Life yrs
Fixed rate funding:						
-PWLB	63.060	4.05	33.73	63.060	4.05	32.73
-Market	-	-	-	-	-	-
Variable rate funding:						
-PWLB	-	-	-	-	-	-
-Market	-	-	-	-	-	-
Total debt	63.060	4.05	33.73	63.060	4.05	32.73
CFR	69.893	-	-	69.893	-	-
Over / (under) borrowing	(6.833)	-	-	(6.833)	-	-
Investments:						
- in house	17.193	0.62	-	21.454	0.54	-
Total investments	17.193	0.68	-	21.454	0.54	-

Maturity Structures

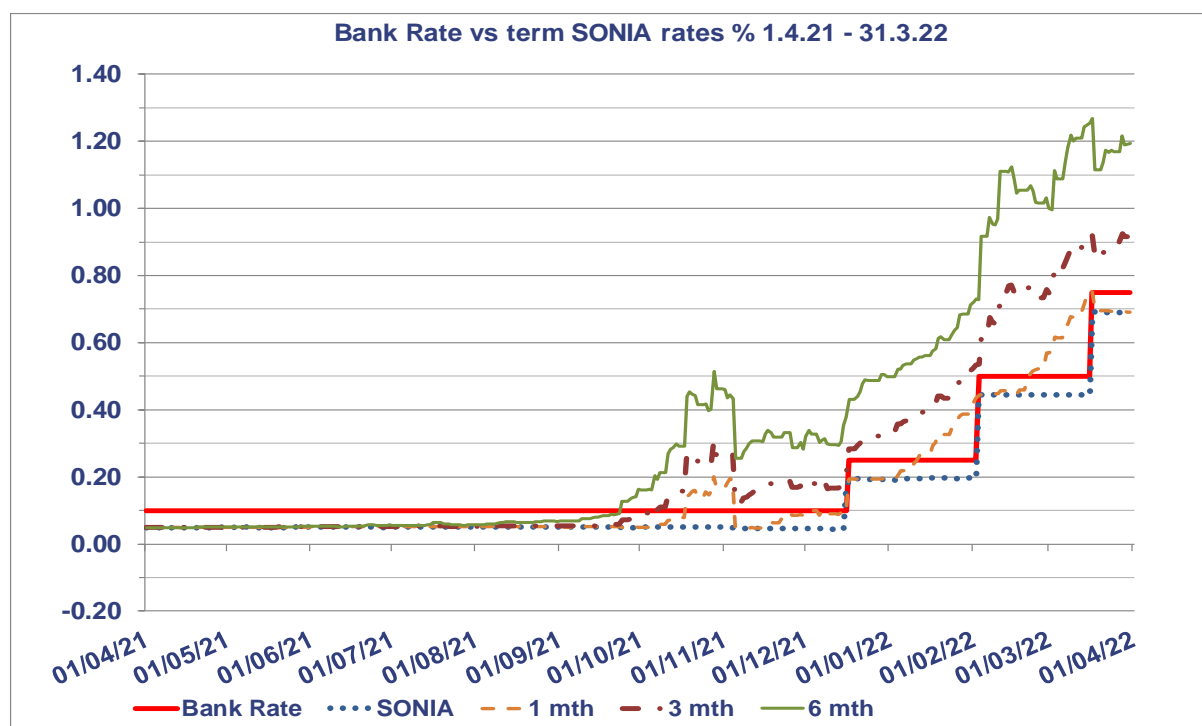
The maturity structure of the debt portfolio was as follows:

Duration	31st March 2021 Actual £m	2021/22 original limits %	31st March 2021 Actual £m
Under 12 months	-	20	-
12 months and within 24 months	-	20	-
24 months and within 5 years	-	25	-
5 years and within 10 years	-	75	1
10 years and within 15 years	5	100	4
15 years and within 50 years	58	100	58

All investments held by the Council were invested for up to one year, with the exception of £11.962m invested in property funds, which are held for the longer-term, 5 – 10 years.

4. The Strategy for 2021/22

4.1 Investment strategy and control of interest rate risk



	Bank Rate	SONIA	1 mth	3 mth	6 mth
High	0.75	0.69	0.75	0.93	1.27
High Date	17/03/2022	18/03/2022	16/03/2022	28/03/2022	17/03/2022
Low	0.10	0.05	0.05	0.05	0.05
Low Date	01/04/2021	15/12/2021	10/11/2021	14/04/2021	09/04/2021
Average	0.19	0.14	0.17	0.24	0.34
Spread	0.65	0.65	0.71	0.88	1.22

Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it

was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.

The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).

While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

4.2 Borrowing strategy and control of interest rate risk

During 2021/22, the Council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.

A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances and incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when the Council may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Executive Director Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks

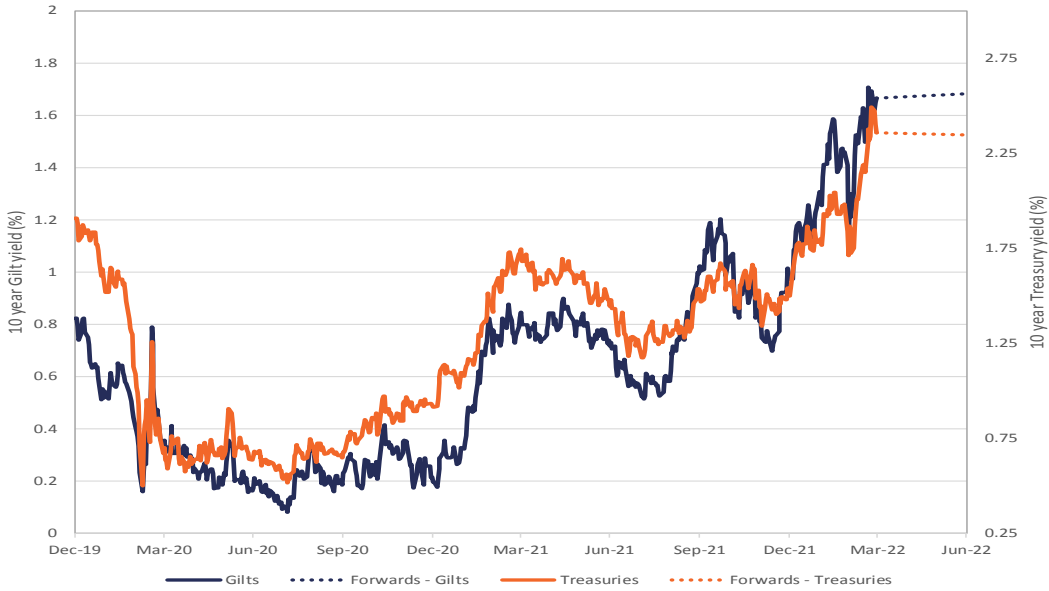
- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and 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 would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2021/22 and the two subsequent financial years until the turn of the year, when inflation concerns increased significantly. Internal, variable, or short-term rates, were expected to be the cheaper form of borrowing until well in to the second half of 2021/22.

PWLB Borrowing Rates

PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and 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. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. 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. Recently, yields have risen since the turn of the year on the back of global inflation concerns.

Graph of UK gilt yields v. US treasury yields



Gilt yields fell sharply from the spring of 2021 through to September and then spiked back up before falling again through December. However, by January sentiment had well and truly changed, as markets became focussed on the embedded nature of inflation, spurred on by a broader opening of economies post the pandemic, and rising commodity and food prices resulting from the Russian invasion of Ukraine.

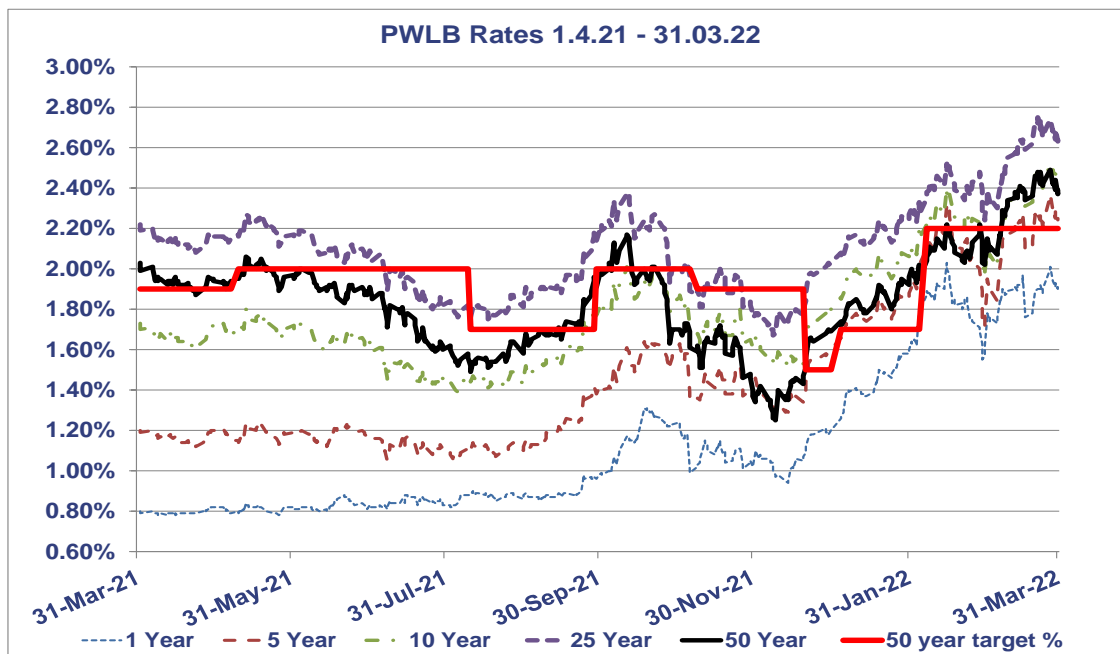
At the close of the day on 31 March 2022, all gilt yields from 1 to 5 years were between 1.11% – 1.45% while the 10-year and 25-year yields were at 1.63% and 1.84%.

Regarding PWLB borrowing rates, the various margins attributed to their pricing 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)

There is likely to be a further rise in short dated gilt yields and PWLB rates over the next three years as Bank Rate is forecast to rise from 0.75% in March 2022 to 1.25% later this year, with upside risk likely if the economy proves resilient in the light of the cost-of-living squeeze. Medium to long dated yields are driven primarily by inflation concerns but the Bank of England is also embarking on a process of Quantitative Tightening when Bank Rate hits 1%, whereby the Bank’s £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

The graph and tables for PWLB rates below and in Appendix 2 show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



5. Borrowing Outturn for 2021/22

Treasury Borrowing

Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

Borrowing in Advance of Need

The Council has not borrowed more than, or in advance of, its needs, purely in order to profit from the investment of the extra sums borrowed.

Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

6. Investment Outturn for 2021/22

Investment Policy – the Council’s investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the Council on 23rd February 2021. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Resources – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised the following:

Balance Sheet Resources General Fund	31 st March 2021 £m	31 st March 2022 £m
Balances	8.002	9.155
Earmarked Reserves	18.108	15.505
Provisions	2.637	1.916
Usable Capital Receipts	17.307	13.23
Capital Grants Unapplied	0.295	0.420
Total GF	46.349	40.226

Balance Sheet Resources HRA	31 st March 2021 £m	31 st March 2022 £m
Balances	5.611	5.717
Earmarked Reserves	11.251	11.989
Provisions	-	-
Usable Capital Receipts	2.68	1.153
Total HRA	19.542	18.859

Total Authority Resources	65.891	59.085
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Investments held by the Council – the Council maintained an average balance of £75.3m of internally managed funds. The internally managed funds earned an average rate of return of 0.28%. The comparable performance indicator is the average 7-day SONIA rate which was 0.139%. This compared with a budget assumption of £34.484m investment balances earning an average rate of 0.25%.

7. Performance Measurement

One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide (as incorporated in the table in section 3). The Council's performance indicators were set out in the Annual Treasury Management Strategy Statement.

This service has set the following local performance indicator:

➤ *Average external interest receivable in excess of 3 month SONIA rate;*

Whilst the assumed benchmark for local authorities is the 7 day SONIA rate, a higher target is set for internal performance.

The actual return of 0.28% compared to the average 3 month SONIA of 0.0617% (0.218% above target).

8. The Economy and Interest Rates

UK. Economy. Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.

The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

Average inflation targeting. This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 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 mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

USA. The flurry of comments from Fed officials following the mid-March FOMC meeting – including from Chair Jerome Powell himself – hammering home the hawkish message from the mid-March meeting, has had markets pricing in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5%.

In addition, the Fed is expected to start to run down its balance sheet. Powell noted that the rundown could come as soon as the next meeting in May.

The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Q1), but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.

More recently, the inversion of the 10y-2y Treasury yield spread at the end of March led to predictable speculation that the Fed's interest rate hikes would quickly push the US economy into recession. Q1 GDP growth is likely to be only between 1.0%

and 1.5% annualised (down from 7% in Q4 2021). But, on a positive note, the economy created more than 550,000 jobs per month in Q1, a number unchanged from the post-pandemic 2021 average. Unemployment is only 3.8%.

EU. With euro-zone inflation having jumped to 7.5% in March it seems increasingly likely that the ECB will accelerate its plans to tighten monetary policy. It is likely to end net asset purchases in June – i.e., earlier than the Q3 date which the ECB targeted in March. And the market is now anticipating possibly three 25bp rate hikes later this year followed by more in 2023. Policymakers have also hinted strongly that they would re-start asset purchases if required. In a recent speech, Christine Lagarde said “we can design and deploy new instruments to secure monetary policy transmission as we move along the path of policy normalisation.”

While inflation has hit the headlines recently, the risk of recession has also been rising. Among the bigger countries, Germany is most likely to experience a “technical” recession because its GDP contracted in Q4 2021, and its performance has been subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone is expected to be 0.3% q/q with the y/y figure posting a healthy 5.2% gain. Finishing on a bright note, unemployment fell to only 6.8% in February.

China. After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; however, 2021 has seen the economy negatively impacted by political policies that have focussed on constraining digital services, restricting individual freedoms, and re-establishing the power of the One-Party state. With the recent outbreak of Covid-19 in large cities, such as Shanghai, near-term economic performance is likely to be subdued. Official GDP numbers suggest growth of c4% y/y, but other data measures suggest this may be an overstatement.

Japan. The Japanese economic performance through 2021/22 is best described as tepid. With a succession of local lockdowns throughout the course of the year, GDP is expected to have risen only 0.5% y/y with Q4 seeing a minor contraction. The policy rate has remained at -0.1%, unemployment is currently only 2.7% and inflation is sub 1%, although cost pressures are mounting.

World growth. World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

Deglobalisation. 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 30 years, which now accounts for 18% of total world GDP (the USA accounts for 24%), and Russia’s recent invasion of Ukraine, has unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. 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 (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.

Central banks’ monetary policy. During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend

the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

9. Investment in Property Funds

Investment in property funds was included within the Commercial Investment Strategy, with the aim of generating improved returns of c.4-5% p.a. (plus asset growth) being long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs). Utilising the capital receipt proceeds of the sale of the Golf Course, a budget of £12m was allocated to long-term investment in a number of property funds. To date, the Council has invested £1.85m with Schrodgers UK Real Estate Fund, £6.057m with Threadneedle Property Unit Trust, and £4.057 with Hermes Federated Property Unit Trust. Total investment £11.962m.

Fund Valuations	Investment	Valuation 31/03/2020	Valuation 31/03/2021	Valuation 31/03/2022	Valuation 30/06/2022
Schrodgers UK Real Estate Fund	1,848,933	1,884,412	1,848,933	2,139,618	2,173,484
Valuation Increase / (reduction)		35,479	0	290,685	324,551
Threadneedle Property Unit Trust	2,000,249	1,836,032	1,794,439	2,068,632	2,181,714
Valuation Increase / (reduction)		(164,217)	(205,810)	68,383	181,465
Threadneedle Property Unit Trust	4,056,536	N/A	N/A	4,407,163	4,584,991
Valuation Increase / (reduction)				350,627	528,454
Hermes Federated Property Unit Trust	4,056,536	N/A	N/A	4,450,808	4,651,182
Valuation Increase / (reduction)				394,271	594,645
Total	11,962,255	3,720,444	3,643,372	13,066,221	13,591,371
Valuation Increase / (reduction)		(128,738)	(205,810)	1,103,966	1,629,116

The Council received £269k in dividends from its property fund investments in 2021/22 (£128k in 2020/21), £544k in total since 2018/19, in addition to the valuation increase of £1.104m over the same period.

10. Other Issues

International Financial Reporting Standard (IFRS) 9 – Financial Instruments.

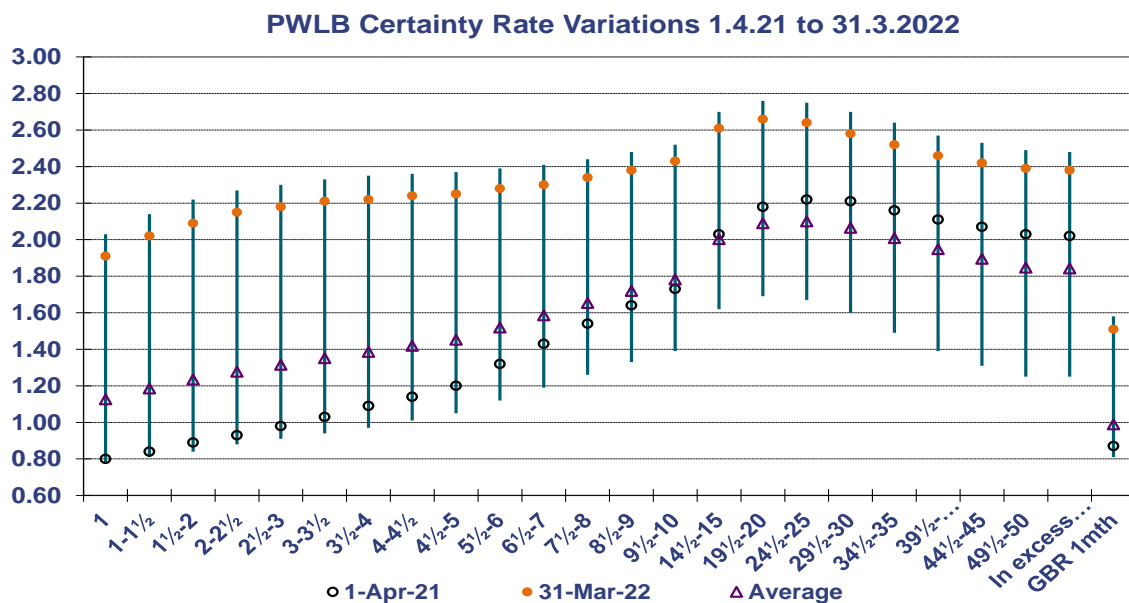
The 2018/19 Accounting Code of Practice introduced changes in way investments are valued and disclosed in the Council's Statement of Accounts. Key considerations are:-

- Expected credit loss model. Whilst not material for vanilla treasury investments such as bank deposits, this does impact our investment in property funds
- The valuation of investments previously valued under the available for sale category e.g. equity related to the “commercialism” agenda, property funds, equity funds and similar, will be changed to **Fair Value through the Profit and Loss (FVPL)**.

Following the consultation undertaken by the Ministry of Housing, Communities and Local Government [MHCLG] on IFRS9, the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This was effective from 1st April 2018, and applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

1. PRUDENTIAL INDICATORS	2020/21	2021/22	2021/22
Extract from budget and rent setting report	Actual	Original	Actual
Capital Expenditure	£m	£m	£m
Non - HRA	1.133	29.910	7.823
HRA	8.396	14.895	9.993
TOTAL	9.529	44.805	17.816
Ratio of financing costs to net revenue stream	%	%	%
Non - HRA	(5.44)	(0.17)	(6.74)
HRA	28.20	28.09	28.16
Gross borrowing requirement General Fund	£m	£m	£m
brought forward 1 April	3.523	3.865	3.612
carried forward 31 March	3.723	4.847	4.095
in year borrowing requirement	0.199	0.982	0.483
Gross borrowing requirement HRA	£m	£m	£m
brought forward 1 April	68.532	70.396	69.893
carried forward 31 March	69.893	70.472	69.893
in year borrowing requirement	1.361	0.076	-
	£m	£m	£m
Gross debt	63.060	63.060	63.060
Capital Financing Requirement	£m	£m	£m
Non – HRA	3.612	4.660	3.937
HRA	69.893	70.472	69.893
TOTAL	73.506	75.132	73.831
Annual change in Capital Financing Requirement	£m	£m	£m
Non – HRA	0.089	0.795	0.325
HRA	1.361	0.076	-
TOTAL	1.450	0.871	0.325

2. TREASURY MANAGEMENT INDICATORS	2020/21	2021/22	2021/22
	Actual	Original	Actual
	£m	£m	£m
Authorised Limit for external debt - General Fund			
borrowing	5.806	7.736	7.736
other long term liabilities	0.000	-	-
TOTAL	5.806	7.736	7.736
Authorised Limit for external debt - HRA			
borrowing	79.407	79.407	79.407
other long term liabilities	-	-	-
TOTAL	79.407	79.407	79.407
Operational Boundary for external debt - General Fund	£m	£m	£m
borrowing	-	-	-
other long term liabilities	-	-	-
TOTAL	-	-	-
Operational Boundary for external debt - HRA	£m	£m	£m
borrowing	63.060	63.060	63.060
other long term liabilities	-	-	-
TOTAL	63.060	63.060	63.060
Actual external debt	£m	£m	£m
	63.060	63.060	63.060



HIGH/LOW/AVERAGE PWLB RATES FOR 2021/22

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2021	0.80%	1.20%	1.73%	2.22%	2.03%
31/03/2022	1.91%	2.25%	2.43%	2.64%	2.39%
Low	0.78%	1.05%	1.39%	1.67%	1.25%
Low date	08/04/2021	08/07/2021	05/08/2021	08/12/2021	09/12/2021
High	2.03%	2.37%	2.52%	2.75%	2.49%
High date	15/02/2022	28/03/2022	28/03/2022	23/03/2022	28/03/2022
Average	1.13%	1.45%	1.78%	2.10%	1.85%
Spread	1.25%	1.32%	1.13%	1.08%	1.24%

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