Cannock Chase Council

Please ask for: Matt Berry

Extension No: 4589

E-Mail: mattberry@cannockchasedc.gov.uk

20 January 2021

Dear Councillor,

Cabinet
4:00pm on Thursday 28 January 2021
Meeting to be held via Remote Access

You are invited to attend this meeting for consideration of the matters itemised in the following Agenda.

Yours sincerely,

Tony McGovern

T. McGovern,
Managing Director

To: Councillors:

Adamson, G.	Leader of the Council
Alcott, G.	Deputy Leader of the Council and Town Centre Regeneration Portfolio Leader
Preece, J.P.T.L.	Corporate Improvement Portfolio Leader
Pearson, A.R.	Community Safety and Partnerships Portfolio Leader
Mitchell, Mrs. C.	Culture and Sport Portfolio Leader
Johnson, T.B.	Economic Development and Planning Portfolio Leader
Newbury, J.A.A.	Environment and Climate Change Portfolio Leader
Martin, Mrs. C.E.	Health and Wellbeing Portfolio Leader
Kraujalis, J.T.	Housing Portfolio Leader

Agenda

Part 1

1. **Apologies**

2. **Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members**

   To declare any personal, pecuniary or disclosable pecuniary interests in accordance with the Code of Conduct and any possible contraventions under Section 106 of the Local Government Finance Act 1992.

3. **Updates from Portfolio Leaders**

   To receive and consider oral updates (if any), from the Leader of the Council, the Deputy Leader, and Portfolio Leaders.

4. **Minutes**

   To approve the Minutes of the meeting held on 10 December 2020 (enclosed).

5. **Forward Plan**

   Forward Plan of Decisions to be taken by the Cabinet: January to March 2021 (Item 5.1 – 5.2).

6. **Car Parking Charges – Rugeley**

   Report of the Head of Environment and Healthy Lifestyles (Item 6.1 – 6.6).

7. **General Fund Budget and Capital Programme 2020-21 to 2023-24**

   Report of the Head of Finance (Item 7.1 – 7.71).

8. **Rent Setting Policy 2021**

   Report of the Head of Housing and Partnerships (Item 8.1 – 8.9).

9. **Housing Revenue Account Budgets 2020-21 to 2023-24**

   Joint Report of the Head of Finance and the Head of Housing and Partnerships (Item 9.1 – 9.8).

10. **Housing Revenue Account Capital Programmes 2020-21 to 2023-24**

    Joint Report of the Head of Finance and the Head of Housing and Partnerships (Item 10.1 – 10.7).

11. **Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy 2021-2022**

    Report of the Head of Finance (Item 11.1 – 11.38).

12. **Corporate Plan 2021-2024**

    Report of the Head of Governance and Corporate Services (Item 12.1 – 12.35).

13. Housing Ombudsman Complaint Handling Code and Self Assessment Form

Report of the Head of Housing and Partnerships (Item 13.1 – 13.31).

14. Cannock Railway Station

Report of the Head of Economic Prosperity (Item 14.1 – 14.109).

15. Exclusion of the Public

The Leader to move:

That the public be excluded from the remainder of the meeting because of the likely disclosure of exempt information as defined in Paragraph 3, Part 1, Schedule 12A of the Local Government Act 1972 (as amended).

Part 2

16. Land at Church Street, Chadsmoor

Not for Publication Report of the Head of Economic Prosperity (Item 16.1 – 16.32).

The Report is confidential due to the inclusion of information relating to the financial or business affairs of any particular person (including the Council).

No Representations have been received in respect of this matter.

17. Rugeley Leisure Centre Swimming Pool

Not for Publication Report of the Head of Environment and Healthy Lifestyles (Item 17.1 – 17.5).

The Report is confidential due to the inclusion of information relating to the financial or business affairs of any particular person (including the Council).

No Representations have been received in respect of this matter.

PAGE INTENTIONALLY BLANK

Minutes Published:	15 December 2020
Call-In Expires:	22 December 2020

Cannock Chase Council

Minutes of the Meeting of the

Cabinet

Held on Thursday 10 December 2020 at 4:00 p.m.

Via Remote Access

Part 1

PRESENT: Councillors:

Adamson, G.	Leader of the Council
Alcott, G.	Deputy Leader of the Council and Town Centre Regeneration Portfolio Leader
Pearson, A.R.	Community Safety and Partnerships Portfolio Leader
Preece, J.P.T.L.	Corporate Improvement Portfolio Leader
Mitchell, Mrs. C.	Culture and Sport Portfolio Leader
Johnson, T.B.	Economic Development and Planning Portfolio Leader
Newbury, J.A.A.	Environment and Climate Change Portfolio Leader
Martin, Mrs. C.E.	Health and Wellbeing Portfolio Leader
Kraujalis, J.T.	Housing Portfolio Leader

52. Apologies

None received.

53. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

No other Declarations of Interest were made in addition to those already confirmed by Members in the Register of Members' Interests.

54. Updates from Portfolio Leaders

Housing

- **Hawks Green Depot Housing Scheme:** The Portfolio Leader provided a progress update on the scheme, reminding Members than 44 homes were being built on the site, of which 22 would be Council housing. Two photographs were displayed that showed some of the house builds in the latter stages of completion. There would be a phased handover of the Council properties starting in Spring 2021 and due to finish by October 2021.

(Councillor Mrs. C.E. Martin joined the meeting during this update.)

Town Centre Regeneration

- **Cannock Street Market:** The Portfolio Leader advised that the relaunched street market under new operator Bescot Promotions had got off to a successful start on Friday 4 December.

A total of 86 stalls, the layout of which had been specifically designed to adhere to social distancing guidelines, offered a wide variety of goods including locally sourced food; crafts and gifts as well Christmas related items and more traditional retail market goods.

26 existing Cannock street market traders were in attendance and they were joined by a further 12 traders that were new to Cannock. The market was very busy for most of the day, though the afternoon rain did cause it to become a littler quieter later on. However, the street market remained open until 4:00pm on every trading day.

Aisles between stalls were wide and clear signage was on display at frequent intervals to remind everyone to maintain their social distance. Hand sanitiser stations were situated around the market for use by the public and traders in addition to hand sanitiser being available on individual stalls.

The newer Tuesday street market also took place earlier this week. It was a smaller market, amounting to 32 stalls, but still offered shoppers a wide variety of goods including fresh food and seasonal items. Bescot Promotions were working hard to develop the Tuesday street market and were confident that they would build on their existing regular traders to reach a point where the Tuesday market was as large and popular as the Friday street market. In addition, more traders were expected to join the street market once the Government had confirmed that existing social distancing guidelines could been relaxed.

Finally, the Council's Street Cleansing Supervisor had confirmed that, following both Friday's and Tuesday's street markets, the new operator left the town centre in a clean and tidy condition.

Culture and Sport

The Portfolio Leader updated on the following matters:

- **ITV Central interview:** ITV Central news would be interviewing the Countryside Services Supervisor on 11 December to help promote a new 'countryside' GCSE. The interview would be broadcast later that same day.
- **Stadium site damage:** Disappointingly, young trees planted at the site had been purposely damaged a couple of weeks ago. Fortunately, due to the diligence and hard work of the Parks and Open Spaces team, those responsible were picked up by the CCTV staff on the site cameras. The Police had been to visit those identified, and their parents, to speak about the incident. The parents were supportive of the action taken by the police, thanks were given to the CCTV team for their work on this.

Health and Wellbeing

- **Covid-19 Cases:** The Portfolio Leader advised that in terms of the current local / regional picture, Staffordshire (excluding Stoke-on-Trent) now had 821 open Covid-19 incidents.

  Cannock Chase was presently showing the third lowest seven-day rate in Staffordshire, with 175 cases per 100,000 population. The highest areas were East Staffordshire with 219 and Newcastle-under-Lyme with 198. In comparison, the Stoke-on-Trent rate was 325 per 100,000.

  The Staffordshire seven-day average rate was 179 cases per 100,000, the

West Midlands 161 and England 154.

There were currently 99 open incidents in Cannock Chase District, of which 21 were associated with adult care settings, 33 with education, 3 in community healthcare and 42 with workplaces.

As Members were aware, Staffordshire was in 'tier-3' at present, and current case rates suggested this was unlikely to change when the next national review took place on 16 December and tiers were reassessed.

The testing rate in Cannock Chase compared favourably with other Districts in Staffordshire, and the testing facility at the Civic Centre was being well used, though not at full capacity. The positive test rate in the District was 6.4% of those tested, compared with 6.3% for the West Midlands.

Environmental Health continued to respond to ongoing notifications of affected settings and workplaces across the District.

The Council's Covid Support Team was continuing its work during daytimes and evenings / nights and weekends. Some minor non-compliance issued had been identified and addressed.

In respect of an issue that occurred last weekend on Cannock Chase, at Birches Valley, Members were advised that this was caused by misreporting on social media that a Christmas Market was taking place. In fact, only the same refreshment cabins were present as in previous years, and the organisers, Forestry England, had now removed all of these. The organisers were unaware of a viral Facebook post that promoted the cabins as an attraction in their own right, rather than simply to provide refreshment to people buying Christmas trees.

Appointments for testing site can be booked by dialling 119 and asking to book for Cannock, confirm only those showing symptoms.

Economic Development and Planning

The Portfolio Leader updated on the following matters:

- **Business Grants:** Officers continued to pay grants to businesses affected by Covid-19. Up until last Friday (4 December), the Council had paid out nearly £670,000 to 454 businesses that were forced to close during the recent national lockdown.

  Following the end of lockdown, the Council had updated its policy to accommodate payments under the tiered restrictions. In summary:

  - Businesses that could not open at all would receive fortnightly payments of between £667 and £1,500 depending on the rateable value of the property that they were in.
  - Restaurants etc. that operated as takeaway only could also get this amount.
  - Leisure, hospitality and accommodation businesses that could open but had little or no trade would get between £467 and £1,050 per fortnight.
  - A sum of just under £2m was available to allocate by way of fortnightly payments to businesses that did not fit the above categories but could demonstrate a severe loss of income. Whilst priority was given to engineering, manufacturing, construction, transport and vehicle repair

businesses, discretion existed to pay businesses outside of these sectors.

The application process for these discretionary grants opened last weekend and payments would start to be made shortly.

Similarly, the first recurring payments to businesses that were 'locked down' would be paid within the next few days.

The Prime Minster had announced that 'wet-led' pubs would receive a one-off £1,000 grant in recognition of the loss of Christmas trade. The full guidance on this had yet to be provided, but the appropriate measures would be put in place. A 'wet-led' pub was one whose sale of food was less that 50% of its trade. It was hoped to make the process as simple as possible, but the Council would be bound by any conditions included in the guidance.

- **Promotion of businesses in the District:** Following a suggestion made by the Deputy Leader, Officers were looking into the feasibility of an 'expo' / trade fair being held (either online, or physically later in 2021) in order to promote businesses in the District and allow such businesses to come and advertise their goods and services.

Environment and Climate Change

The Portfolio Leader updated on the following matters:

- **Pay and Display machines:** The new contactless payment machines were now in place at all the Council-owned car parks, and card readers were to be added to the machines on the car park at the rear of the Civic Centre. Thanks were given to those staff involved with this work for completion in such a short timeframe (less than two weeks). To date 129 payments had been made by card. Users were asked to report to the Council any teething problems experienced with the new equipment.
- **Fly-tipping campaign 2021:** Following on from the increased incidents of fly tipping during 2020, a new campaign would be launched in the new year to let would be fly-tippers know they were being watched and would be prosecuted. Information would also be provided on how residents could report any incidents.
- **Free car parking offer:** As reported by the Leader at full Council on 25 November, free parking on all Council-owned car parks in the District was available every Saturday in December up to Christmas, and furthermore, free parking was always provided on Sundays.

Leader of the Council

- **Covid-19 funding support:** The Leader advised that the leaders of all local authorities in Staffordshire and Stoke-on-Trent had jointly written to the Prime Minister to ask that more funding support be provided to the hospitality and leisure sectors operating in the area due to being in tier 3 of the Covid-19 restrictions. The letter also requested for an early review of the restrictions so that we could be moved down to tier 2 as soon as possible. The District's case would be strengthened if figures were looked at locally, rather than countywide (with Stoke included). No response had been received as yet, but it was hoped the requests would be viewed favourably.

55. Minutes

RESOLVED:

That the Minutes of the meeting held on 12 November 2020 be approved as a correct record.

56. Forward Plan

The Forward Plan of Decisions for the period December 2020 to February 2021 (Item 5.1 – 5.2 of the Official Minutes of the Council) was considered.

RESOLVED:

That the Forward Plan of Decisions for the period December 2020 to February 2021 be noted.

57. Strategic Risk Register

Consideration was given to the Report of the Head of Governance and Corporate Services (Item 6.1 – 6.28).

RESOLVED:

That the Strategic Risk Register be approved and the progress made in the identification and management of the strategic risks be noted.

Reasons for Decisions

All strategic risks and associated action plans had been reviewed, and the Council risk profile was summarised as below:

Risk Status	Number of Risks at 31 May 2020	Number of Risks at 31 October 2020
Red (High)	4	4
Amber (Medium)	3	3
Green (Low)	0	0
Total	7	7

58. Housing Services 2019/20 Annual Report

Consideration was given to the Report of the Head of Housing and Partnerships (Item 7.1 – 7.18).

RESOLVED:

That:

(A) The draft 2019-20 Housing Services Annual Report be agreed, for circulation to all the Council's Housing tenants.

(B) If required, the Head of Housing and Partnerships, following consultation with the Housing Portfolio Leader, be authorised to make amendments to the draft 2019-20 Housing Services Annual Report prior to circulation.

Reasons for Decisions

The Annual Report must be made available to all tenants, and a copy of the final document would be placed on the Council's website.

Due to the Covid-19 pandemic, the publication and subsequent delivery of the 'Hometalk' magazine to tenants has been paused. When it was safe to resume delivery arrangements a copy of the Annual Report would be circulated to tenants with the next edition of the magazine.

59. Jobs and Skills Opportunities in Cannock Chase to Support Economic Recovery

Consideration was given to the Report of the Head of Economic Prosperity (Item 8.1 – 8.12).

RESOLVED:

That:

(A) The current economic context that had arisen because of the Covid-19 pandemic be noted.

(B) The pipeline of jobs and skills opportunities outlined in the report and set out in detail at Appendix 1 of the report, be noted.

(C) The Economic Prosperity Strategy be refreshed to take account of the changed economic climate and to re-focus on supporting new jobs and skills opportunities, with the aim to present this to Cabinet in 2021.

<u>Reasons for Decisions</u>

To detail a set of jobs and skills opportunities to support the economic recovery of the District.

60. Statement of Community Involvement – Addendum December 2020

Consideration was given to the Report of the Head of Economic Prosperity (Item 9.1 – 9.13).

RESOLVED:

That:

(A) The revisions to the Council's adopted Statement of Community Involvement, required in light of changes to national guidance arising from the Coronavirus pandemic, be authorised on a temporary basis. The temporary revisions would be made by way of an Addendum to the current Statement of Community Involvement, a copy of which was attached at Appendix A of the report.

(B) The Head of Economic Prosperity, in liaison with the Economic Development and Planning Portfolio Leader, be authorised to make any necessary minor changes to the Addendum prior to publication.

(C) The Head of Economic Prosperity, in liaison with the Economic Development and Planning Portfolio Leader, be authorised to determine as a result of Government guidance, when the temporary changes should cease to be required and thereafter remove the Addendum with the effect of re-instating the Council's adopted Statement of Community Involvement.

Reasons for Decision

The Town and Country Planning (Local Planning) (England) (Coronavirus) (Amendment) Regulations 2020 and National Planning Practice Guidance required local authorities to review their Statements of Community Involvement (SCI) in light of the Coronavirus pandemic. SCIs were required to reflect social distancing in any consultation activities to allow plan-making to continue as well as decision making activities.

The SCI had been reviewed, and the Addendum set out the consultation methods that would be temporarily suspended in view of social distancing restrictions. The revised temporary methods were deemed to conform to current guidance and were highlighted and would be prioritised as a means of carrying out consultation until it was safe to reinstate the full range of methods when restrictions were lifted.

The SCI Addendum would be published on the Council's website alongside the current adopted SCI.

61. Recommendations Referred from Council

Consideration was given to the recommendations referred to Cabinet from the full Council meeting held on 25 November 2020, as included at item 10 of the Cabinet agenda.

RESOLVED:

That:

(A) A strategic review of all boardwalks and footbridges in the District be undertaken and the outcome of the review be reported back to Cabinet for consideration.

(B) A feasibility study be undertaken to determine the costs of installing broadcasting equipment in the Council Chamber, and the outcome of the study be reported back to Cabinet for consideration.

Reasons for Decisions

Works to repair / replace boardwalks and footbridges could not be delivered in the current or next financial year as funding was not available. The review would enable the Council to understand all costs involved with any such works and determine whether Staffordshire County Council had responsibility for the upkeep of any of the sites identified.

Provision of broadcasting equipment in the Council Chamber was reviewed in 2016, and cost estimates at the time were between £35,000 to £40,000. The outcome of the study would help Cabinet to determine whether this was a priority need for the Council when considered alongside required service delivery and other identified / requested projects.

The meeting closed at 4:50 p.m.

LEADER

PAGE INTENTIONALLY BLANK

Forward Plan of Decisions to be taken by the Cabinet: January to March 2021

For Cannock Chase Council, a key decision is as an Executive decision that is likely to:

- Result in the Council incurring expenditure or making savings at or above a threshold of 0.5% of the gross turnover of the Council.
- Affect communities living or working in two or more Council Wards.

Further information about key decisions and the Forward Plan can be found in Sections 10 and 28 of the Council's Constitution.

Representations in respect of any of matters detailed below should be sent in writing to the contact officer indicated alongside each item c/o Democratic Services, Cannock Chase Council, Civic Centre, PO Box 28, Beecroft Road, Cannock, Staffordshire, WS11 1BG or via email at membersservices@cannockchasedc.gov.uk

Copies of non-confidential items will be published on the Council's website 5 clear working days prior to the relevant meeting date.

Item	Contact Officer / Cabinet Member	Date of Cabinet	Key Decision	Confidential Item	Reasons for Confidentiality	Representation Received
General Fund Revenue Budget and Capital Programme 2020-21 to 2023-24	Head of Finance / Leader of the Council	28/01/21	No	No		N/A
Rent Setting Policy 2021	Head of Housing & Partnerships / Housing Portfolio Leader	28/01/21	Yes	No		N/A
Housing Revenue Account Budgets 2020-21 to 2023-24	Head of Finance and Head of Housing & Partnerships / Housing Portfolio Leader	28/01/21	No	No		N/A
Housing Revenue Account Capital Programmes 2020-21 to 2023-24	Head of Finance and Head of Housing & Partnerships / Housing Portfolio Leader	28/01/21	No	No		N/A
Treasury Management Strategy, Minimum Revenue Provision Policy. Annual Investment Strategy and Capital Strategy 2021/22	Head of Finance / Leader of the Council	28/01/21	No	No		N/A

Item No. 5.2

Item	Contact Officer / Cabinet Member	Date of Cabinet	Key Decision	Confidential Item	Reasons for Confidentiality	Representation Received
Corporate Plan 2021-2024	Head of Governance and Corporate Services / Leader of the Council	28/01/21	Yes	No		
Housing Ombudsman Complaint Handling Code and Self Assessment Form	Head of Housing & Partnerships / Housing Portfolio Leader	28/01/21	No	No		N/A
Cannock Railway Station	Head of Economic Prosperity / Economic Development and Planning Portfolio Leader	28/01/21	Yes	No		N/A
Land at Church Street, Chadsmoor	Head of Economic Prosperity / Town Centre Regeneration Portfolio Leader	28/01/21	No	Yes	Information relating to the financial or business affairs of any particular person (including the Council)	
Quarter 3 Performance Report 2020/21	Head of Governance and Corporate Services / Corporate Improvement Portfolio Leader	04/03/21	No	No		
Local Development Scheme 2021	Head of Economic Prosperity / Economic Development and Planning Portfolio Leader	04/03/21	Yes	No		N/A
Local Plan Review – Preferred Option	Head of Economic Prosperity / Economic Development and Planning Portfolio Leader	04/03/21	Yes	No		N/A
Dissolution of PSP Cannock Chase Property Partnership	Head of Economic Prosperity / Town Centre Regeneration Portfolio Leader	04/03/21	No	No		
Next Steps Accommodation Programme	Head of Housing and Partnerships / Housing Portfolio Leader	04/03/21	TBC	TBC		

Item No. 6.1

Report of:	**Head of Environment & Healthy Lifestyles**
Contact Officer:	**Mike Edmonds**
Contact Number:	**01543 464416**
Portfolio Leader:	**Environment & Climate Change**
Key Decision:	**No**
Report Track:	**Cabinet: 28/01/21**

Cabinet

28 January 2021

Car Parking Charges - Rugeley

1 Purpose of Report

1.1 To present to Cabinet a request received from Rugeley Town Council on 13 January 2021 to provide free car parking in Rugeley for a 12-month period on the basis set out in the letter, attached as Appendix 1.

1.2 To seek Members' direction with regards to the next steps to be taken in relation to this request.

2 Recommendation(s)

2.1 Cabinet are requested to consider the content of the request received from Rugeley Town Council in light of the information provided in this report and either:

(a) Agree to the request; and the Budget recommended to Council is amended accordingly to reflect a £67,000 shortfall on car parking income and such funding identified to set a Balanced Budget

(b) Reject the request, or

(c) Propose another way forward in respect of the request

3 Key Issues and Reasons for Recommendations

Key Issues

3.1 The economic impact of the Covid-19 pandemic has been significant and there is considerable uncertainty as to how quickly the economy will recover. It is highly likely that the pandemic will have a significant impact on our town centres and high streets within Cannock Chase, but at present it is not fully known if these impacts will be short-term or whether they may lead to longer-term changes. The Council's new Corporate Plan2021-24 identifies that our town centres may need to change and to that end includes a range of objectives aimed at reshaping our town centres. One such objective is to review the Council's car parking strategy over the next 3 years.

3.2 The Council also faces a period of financial uncertainty, with a significant loss of income and the increased costs of the impact of Covid-19.

3.3 The Town Council's proposal to offer free car parking for a 12 month period in Rugeley, would result in a loss of income to the Council of £67k based on the budget provision for Car Parking in 2021-22 In addition, the Council would not be able to reclaim 75% of lost income (pre-covid) as part of the Government's Income Guarantee Scheme(currently available for April to June 21).

3.4 The reduction in income would have to be met from making savings elsewhere, implementing service reductions or use of balances. The Council however has already a forecast deficit of £300K for 2021-22

Reasons for Recommendations

3.5 Information in respect of the request received from Rugeley Town Council to provide free car parking in Rugeley for a 12-month period has been set out in this report for consideration. The options available to Members are included in the recommendations section of this report.

4 Relationship to Corporate Priorities

4.1 Economic Prosperity and supporting the recovery of our town centres are priorities that align with our current and future Corporate Plan for 2021-24.

5 Report Detail

5.1 On 6 November 2020, the Council received a letter from Rugeley Town Council requesting that Cabinet consider providing permanent fee car parking in Rugeley on the same basis as that agreed with Hednesford Town Council. Appendix 2 refers.

5.2 Following discussions with the Leader of the Council and the portfolio Holder for the Environment and Climate Change, the Town Council were informed that whilst Cabinet were likely to be supportive of this request and of its intentions, they could not agree to the offer at that time. The significant financial impact on the Council's future budgets and the fact that the Council had just installed new contactless pay and display ticket machines and a pay by phone option across all of its pay and display car parks in the District were factors..

5.3 On 13 January the Clerk to Rugeley Town Council again wrote to the Head of Environment and Healthy Lifestyles requesting that Cabinet consider its latest proposal; to offer free car parking in Rugeley for a 12 month period, in return for a one-off contribution of circa £25k to £30k from the Town Council. This would provide the Council with some certainty of income at a time when car parking income cannot be assured.

5.4 The Clerk has been advised at Cabinet's request that Members would consider this proposal at Cabinet on 28 January 2021.

5.5 Pre-Covid car parking income for all of the Council's pay and display car parks in 2019-20 amounted to £735,288 of which £129,772 related to income from car parks in Rugeley.

5.6 So far the net car parking income for all of the Council's pay and display car parks in 2020-21 (April 20 – December 20) is £242,205 of which £50,080 relates to income from car parks in Rugeley. The forecast outturn for Rugeley Car Parks assumes income of approximately £67,000 and compensation as part of the Governments Income Guarantee of £49,000

5.7 It is difficult to determine the position for next year. However, if the position remains the same for next financial year, agreeing to the Town Council's proposal based on the income received year to date would result in a loss of income to the Council of circa £37k after the Town Council's contribution of £30k. Agreeing to this proposal would also prevent the Council from reclaiming lost car parking income of circa £13,000 as part of the Governments Income Guarantee scheme (at present only relating to the period April to June 2021).. Obviously if car parking is free no loss of income can be reclaimed under this scheme. The potential full loss, pre COVID, would be in the region of £100,000. The budget for 2021-22 assumes a potential loss in car park income of 25%

5.8 In considering this proposal another factor to take into account is the decision of Cabinet in February 2020 to commit £98k capital expenditure to introduce new contactless car par ticketing machines with an additional pay by phone option in all of the district's pay and display car parks. These were installed in December 2020.

Options open to Cabinet

5.9 To consider the content of the request in light of the information provided in this report and either:

(a) Accept the request and the Budget recommended to Council is amended accordingly and funding identified ,

(b) Reject the request, or

(c) Propose another way forward in respect of the request

6 Implications

6.1 Financial

The budgeted provision for Rugeley car parks for 2021-22 amounts to £97,000

Provision exists within the Environment portfolio for car park income in accordance with the original budget for 2020-21. A separate provision exists for the impact of COVID19 with a 25% reduction in income provided for.

A shortfall of £67,000 would exist if a one off contribution of £30,000 was approved by Cabinet

In considering the proposal Cabinet will need to take into account the financial position of the Council with a deficit of £300,000 existing on the 2021-22 General Fund Budget as included elsewhere on the Agenda

6.2 **Legal**

None.

6.3 **Human Resources**

None.

6.4 **Risk Management**

One of the keys risk facing the Council is that the economic impact of the pandemic on our town centres is far greater than expected requiring a number of measures to be put in place to support local businesses and to reshape our town centres so that they are fit for purpose in the future. Unfortunately, it is still too early to determine exactly what recovery will look like and what is needed to provide support. Offering free car parking in isolation at this time may not be the answer and providing a package of support once the economic landscape is a little clearer is more likely to offer the support needed to support our town centres and high streets across the district.

6.5 **Equality & Diversity**

None.

6.6 **Climate Change**

None.

7 Appendices to the Report

Appendix 1: Letter from Rugeley Town Council – 13 January 2021

Appendix 2: Letter from Rugeley Town Council – 6 November 2020

Previous Consideration

None.

Background Papers

None.

Item No. 6.5

Appendix 1

Rugeley Town Council
Rose Theatre and Community Hall
Taylors Lane
Rugeley
Staffordshire
WS15 2AA

Tel: 01889 574074

Our Ref: RTC.148.21

13th January 2021

Mike Edmonds
Head of Environment and Healthy Lifestyles
Cannock Chase District Council
Civic Centre
Beecroft Road
Cannock
WS11 1BG

Dear Mike

Car Parking Charges in Rugeley

Thank you for your email outlining the response from the Cabinet Briefing meeting.

I took this to the Full Council meeting on 6th January 2021 for Cllrs consideration and the following points were raised:

1) It was never suggested that this arrangement would be the panacea to revitalize the town centre following the pandemic – more a case that it would help to bring shoppers back into the town centre and support local shops.

2) It is acknowledged that during all the periods of lockdown in the past 12 months, parking income will have been severely restricted. Would CCDC be interested in a one-off donation from Rugeley Town Council of around £25,000 - £30,000 which will ensure that car parks are offered FREE to local shoppers and businesses for a 12-month period? This will entice shoppers back and bring in an assured income to CCDC who will otherwise be struggling to receive income from parking fees for the foreseeable future.

3) Cllrs are just looking for Rugeley to be treated the same as Hednesford and therefore will CCDC be reviewing the amount received as a contribution from Hednesford Town Council in order that it more accurately reflects the possible income from CCDC charging for car parking spaces?

I understand that Cabinet will be meeting this Thursday and wonder if you could take this to the meeting for us please?

Yours sincerely

Hilary Goodreid

Hilary Goodreid
Town Clerk
Rugeley Town Council

Rugeley Town Council
Rose Theatre and Community Hall
Taylors Lane
Rugeley
Staffordshire
WS15 2AA

Tel: 01889 574074

Our Ref: RTC.147.20

6th November 2020

Mike Edmonds
Head of Environment and Healthy Lifestyles
Cannock Chase District Council
Civic Centre
Beecroft Road
Cannock
WS11 1BG

Dear Mike

Car Parking Charges in Rugeley

You may be aware that CCDC Cllr Dudson attended a meeting of Rugeley Town Council in October and part of the discussion was around free parking in Rugeley. He suggested that the Town Council may like to offer funding to Cannock Chase in order that town parking spaces are permanently offered free of charge.

To this end, at the Rugeley Town Council meeting last night, it was agreed that we contact yourselves with a request that Rugeley Town Council pay on the same basis as Hednesford Town Council in order that all town centre car parking spaces are offered free of charge to users.

Please can you advise how we can progress this for the town?

Yours sincerely

Hilary Goodreid.

Hilary Goodreid
Town Clerk
Rugeley Town Council

Item No. 7.1

Report of:	**Head of Finance**
Contact Officer:	**Bob Kean**
Contact Number:	**01543 464 334**
Portfolio Leader:	**Leader of the Council**
Key Decision:	**No**
Report Track:	**Cabinet: 28/01/21** **Council: 10/02/21**

Cabinet

28 January 2021

General Fund Budget and Capital Programme 2020-21 to 2023-24

1 Purpose of Report

1.1 To consider the current position of the General Fund Revenue Budget for 2020-21 to 2023-24 and the updated Capital Programme 2020-21 to 2023-24.

2 Recommendation(s)

2.1 That the following be recommended to Council as part of the formal budget setting process: -

(a) the level of net spending for the General Fund Revenue Budget for 2021-22 be set at £14.664 million; with indicative net spending for 2022-23 and 2023-24 of £14.364 million and £14.529 million respectively;

(b) the detailed portfolio budgets as set out in **Appendix 2;**

(c) the forecast outturn net budget of £15.408 million be approved;

(d) the use of Government Grants in 2021-22 of £2.261 million;

(e) To note that although indicative figures exist for the use of Governments Grants for 2022-23 and 2023-24, they cannot be accurately determined at this stage with each element of Government funding being subject to review;

(f) the working balances be set at £0.812 million; £1.147million and £1.176 million for 2021-22 to 2023-24 respectively;

(g) that a Council Tax of £225.64 be recommended to the Council for 2021-22; with indicative increases of 1.95% to the level of Council Tax for 2022-23 and 2023-24;

(h) the Council's Tax base be set at 29,136.82;

(i) the revised capital programme as set out in **Appendices 3 and 4.**

3 Key Issues and Reasons for Recommendations

Key Issues

3.1 The report sets out a draft standstill budget for 2021-22 as well as indicative budgets for 2022-23 and 2023-24 and associated issues and includes current indications of the impact that this will have on Council Tax. It also sets out the updated capital programme, and it sets out the capital resources available to the authority to finance the capital programme.

3.2 Detailed figures are only available for 2021-22 pending the implementation of changes to the local Government funding regimes and material deficits exist in 2022-23 and 2023-24 based upon the implications of such changes.

3.3 The Council have set aside previously earmarked reserves to provide transitional funding pending the development of a sustainable medium-term budget following the outcome of the proposed changes

Reasons for Recommendations

3.4 The Council is required to set a balanced budget for 2021-22 set in the context of a sustainable medium-term financial plan.

4 Relationship to Corporate Priorities

4.1 The revenue budget and capital programme reflect the Council's priorities.

5 Report Detail

5.1 As a precursor to the consideration of the overall General Fund Revenue Budget, Cabinet approved the General Fund Financial Plan for the period 2020-21 to 2023-24 on 12 November 2020.

5.2 The report to Cabinet stated that the Council faced a period of financial uncertainty reflecting the ongoing impact of COVID 19 and fundamental changes to the Local Government Finance Regime. The pandemic has had a major financial impact on the Authority with a loss of income and additional cost pressures and this is likely to continue through 2021-22. Whereas no specific details exist in relation to the levels of funding the Council will receive from the Government for the new funding scheme with effect from 2022-23.

5.3 The General Fund Revenue Budget for the period 2021-22 to 2023-24 has now been compiled following the principles agreed in the Financial Plan and details contained in the Provisional Local Government Settlement.

5.4 Pending the determination of the ongoing impact of COVID 19 in each of these years the budget is being constructed based on the maintenance of existing service provision reflecting the Councils priorities and objectives. A separate Contingency Element in relation to the potential ongoing impact of COVID 19 has been set aside within the Budget Page – Items to be allocated that forms part of the Leader of the Council Portfolio.

5.5 The detailed Portfolio Budgets together with Variation Statements as compared with the Budget Approved by Council last year are attached as **Appendix 2** to the report. The following paragraphs highlight the background to the compilation of the Revenue Budget.

5.6 **Budget issues**

Approved / Committed Variations

5.6.1 Provision exists within the Budget for the running costs of the new cemetery at Norton Canes as detailed in the report to Cabinet on the 21 May 2020. The 2021-22 Budget also reflects the deferment of the District Elections from May 2020 to 2021.

Inflation

5.6.2 The budgets for the three year period have been amended to reflect the ongoing impact of the 2020-21 pay award of 2.75% (as compared to the budget provision of 2%) offset by the proposed freeze on public sector pay (above the £24,000 threshold) for 2021-22 . No material changes have been made to future non pay budgets with the provision for CPI remaining at 2% for the duration of the budget period.

5.6.3 Business Rates income for 2021-22 has been adjusted to reflect details contained in the Provisional Local Government Settlement. Business Rates increase each year in accordance with inflation as determined by the annual increase in CPI as at September 2020. Although this amounted to 0.5% (as compared to the budget increase of 2%) there is no actual increase in business rates chargeable with the Government freezing the NNDR multiplier for 2021-22 (with local government being compensated for the difference via a Section 31 grant).

Spending pressures/ Loss of income

5.6.4 The detailed budgets have been refreshed to reflect the outturn for 2019-20 and the latest non COVID spending/income patterns.

5.6.5 The 2019-20 outturn reflected a reduction in income from Cannock Market shops and this has continued into 2020-21 and is likely to remain in place following the closure of the indoor market with vacant possession being key to the redevelopment proposals of the Town Centre. Budgetary provision therefore exists for the residual mothballing costs to 2022-23 and thereafter falls out following securing of a partner or demolition as appropriate.

5.6.6 The Base Budget also reflects anticipated increased audit fees following the Redmond Review, additional security costs for Rugeley Market Hall and a reduction in income for the Civic Centre following the Clinical Commissioning Group vacating the building. The above costs however been offset by an increase in the income retained by the Council re Housing Benefit Subsidy arrangements.

5.6.7 The impact of COVID 19 has also had an indirect impact on the budget with the rephasing of expenditure for the Economic Prosperity Strategy and the additional project manager to support the Capital /Section 106 programme.

5.6.8 In determining the 2023-24 budget additional provision has been made for; Employer Contributions to increase by a further 2% as a result of the 2019 triennial Actuarial Valuation of the Pension Fund (provision already existing within the indicative budgets for 2021-22 and 2022-23 as determined in 2020-21).; increments for staff as they progress through their grades and additional costs of demographic growth.

5.6.9 Details in relation to the Housing Benefit Administration Subsidy have been received however the amount of grant for and Local Council Tax Support is still awaited. The grants are subject to annual reductions and an earmarked reserve exists to mitigate such reductions in the short term pending the full implementation of Universal Credits.

Impact of COVID 19

5.6.10 Table 1 shows the impact of COVID 19 on service provision (Portfolio Budgets) throughout the Medium-Term Budget period. Separate provision exists within the Portfolio Budget for the potential impact of COVID 19 for 2021-22 to 2023-24 although the impact for 2020-21 is reflected in the forecast outturn of Portfolio Budgets.

Table 1: Impact of COVID19

	2020-21	**2021-22**	**2022-23**	**2023-24**
	£’000	**£’000**	**£’000**	**£’000**
Cost Pressures	863	1,117	559	279
Loss of Income	1,056	330	164	83
Total	**1,919**	**1,447**	**723**	**362**

5.6.11 The ongoing impact fundamentally relates to the loss of income with the cost pressure reflecting an increase in the Management Fee to Inspiring Healthy Lifestyles (IHL) reflecting the impact on their income

5.6.12 Cabinet at its meeting on the 14 January 2021 considered the impact of COVID 19 on IHL and in particular the termination of the Contract by Wigan Metropolitan Borough Council. Cabinet agreed a management fee for 2021-22 based upon a fixed contribution for the management of the contract and a variable budget for the operation of the facilities, as contained in the current contract , reflecting the projected impact of COVID19.

5.6.13 The aftermath of the pandemic is likely to have impacts on the leisure industry post 2021-22 and hence it is likely that the terms and conditions of the previously agreed (in principle) extension of the contract by 10 years from February 2022 will need to be reviewed. A further report will be submitted to Cabinet as more details become available.

Business Rates Income

5.6.14 A key issue in the Risk Analysis of the Budget (Appendix 1) is the Council's exposure to volatility in Business Rates with a reduction in income business rates due to the failure or temporary closure of a key industry and successful appeals against Rateable Values and back dated refunds.

5.6.15 In order to mitigate this risk as much as possible provision is made in both the budget and final accounts for reduction in rates due to appeals with the latter enabling the estimated level of back dated refunds to be catered for. Recent changes to Rateable Values have arisen in relation to Hospitals and Fire stations and it is likely that the impact of COVID may generate appeals based upon material Change in Circumstances

5.7 2020-21 Provisional Outturn

Monitoring of the 2020-21 Revenue Budget

5.7.1 The Budget for 2020-21 is monitored each month against the profiled budget. The position based on the December figures, reflecting the downturn in income and updated for known changes in the forecast outturn is set out in the following table:

Table 2: Budget Monitoring re 2020-21 as at 31 December 2020					
	Approved Budget	**Profiled Budget**	**Actual to date**	**Variance**	**Forecast Outturn**
	£000	£000	£000	£000	£000
Portfolio Budgets	13,178	11,866	12,666	800	14,448
Investment income	(271)	(203)	(112)	91	(141)
Technical Adjs.	569	-	-	-	569
Net Spending	**13,476**	**11,663**	**12,554**	**891**	**14,876**

5.7.2 The monitoring statement includes a projection to the financial year-end of the forecast outturn position. It is currently expected that there will be an overall net increase of £1,714,460 on Portfolio Budgets excluding income grants.

National Leisure Recovery Fund

5.7.3 Sport England on behalf of the Department for Digital, Culture, Media and Sport (DCMS)launched the National Leisure Recovery Fund on the 15 December 2020.

5.7.4 The National Leisure Recovery Fund seeks to support eligible public sector leisure centres to reopen to the public, giving the sport and physical activity sector the best chance of recovery to a position of sustainable operation over the medium term.

5.7.5 A total of £100 million is available as a biddable fund to eligible local authorities in England, which will be allocated in a single funding round covering the period 1 December 2020 to 31 March 2021.

5.7.6 The amount of funding available to IHL was detailed as part of the Expression of Interest process with the Notional Funding Allocation for the district being effectively capped at £0.200 million.

5.7.7 The process was determined pre the national lockdown and although the original objectives of the fund are not applicable DCMS have confirmed that the scheme remains valid. A completed application on behalf of IHL was submitted on the 15 January 2021 . Applicants will be notified of the outcome by late February 2021.

5.7.8 The award if successful is required to be paid to IHL and will form part of determining the level of support required by IHL as a result of COVID 19 for 2020-21

Local Tax Income Guarantee for 2020-21

5.7.9 The Government have also announced further details in relation to compensation in relation to irrecoverable losses in council tax and business rates income in respect of 2020-21.

5.7.10 Compensation will amount to 75% of such losses effectively measured by a comparison of estimates that form the basis of setting Council Tax and Business Rates (as provided to Government in advance of the year) and actual outturn, having taken into account other government support provided via Section 31 grants in relation to additional hardship relief provided (Council Tax) and Business Rate Reliefs/Holidays (NNDR)

5.8 Provisional Local Government Finance Settlement 2021-22

5.8.1 The Provisional Local Government Finance Settlement for 2021-22 was received by the Council on 17 December 2020. The settlement only relates to 2021-22, pending the introduction of 75% Business Rates and a Fair Funding review to determine both core funding and Business Rate Baselines for future years.

5.8.2 In particular the settlement determines both the core funding to the Council and basis of incentive funding for Business Rates. A Baseline Funding Level was determined at the commencement of the current scheme in 2013-14 with a Tariff paid to central government representing the difference between income collected and the Baseline. The Baseline Funding now represents the sole form of core funding following the demise of Revenue Support Grant.

Business Rates Retention

5.8.3 In accordance with the 2020 Spending Review, the Reset of Business Rates growth achieved to date has been deferred and business rates frozen at 2020-21 levels. No changes have been made to the Tariff paid to Central Government, which would have effectively increased to neutralise in whole or part the growth achieved to date.

5.8.4 The Financial Plan as approved by Cabinet in November 2020, assumed a 50% Reset in business rates growth with effect from1 April 2021. The budget for

2021-22 also assumed that the Staffordshire and Stoke-on –Trent Business Rates Pool would remain in place for that year. The Provisional Settlement has confirmed that the pool remains designated for 2021-22 and hence a windfall of £0.65 million will occur in 2021-22 as a result of the Reset not taking place. The government however remain committed to future changes to business rates as part of a revised Local Government Funding regime. **Appendix 5** provides an analysis of Retained Business Rates Income for the Council.

New Homes Bonus

5.8.5 Provisional allocations for the New Homes Bonus Grant (NHB) scheme for 2021-22 were also announced by the Ministry of Housing, Communities and Local Government (MHCLG) on the 17 December 2020.

5.8.6 It was originally announced that 2020-21 would be the last round of the current scheme with a new incentive scheme to be introduced for 2021-22.

5.8.7 The new regime has however been deferred a year and hence the Government is proposing a new round of NHB payments in 2021-22. This will be the final set of allocations under the current approach, and the Government's proposal is that the payment for 2021-22 year will not attract new legacy commitments in future years.

5.8.8 The provisional allocations for 2021-22 therefore includes the two previous legacy payments for 2018-19 and 2019-20 and the new year allocation for 2021-22 (as with 2021-22 allocation the 2020-21 allocation was not subject to the subsequent three year legacy payments).

5.8.9 The draft budget for 2021-22 assumed legacy payments for 2018-19 and 2019-20 with provision being made in 2021-22 for a redistribution of the quantum of new homes, as top sliced from Revenue Support Grant across all authorities, rather than an actual allocation based upon new properties built in the year.

5.8.10 The settlement therefore provides a total allocation for 2021-22 of £1.417 million as compared to the Financial Plan of £1.258 million an increase of £0.159 million

Lower Tier Services Grant

5.8.11 The Government is proposing a new un-ring-fenced Lower Tier Services Grant in 2021-22, which will allocate £111 million to local authorities with responsibility for lower tier services (for example, homelessness, planning, recycling and refuse collection, and leisure services).

5.8.12 The grant is to be distributed based upon the 2013-14 settlement funding assessment with provision also being made to ensure that no authority sees an annual reduction in Core Spending Power when comparing 2020-21 funding to 2021-22 proposed funding. The grant effectively compensating for the reduction in legacy payments in relation to New Homes Bonus.

5.8.13 The allocation for the Council amounts to £0.130 million and solely relates to the 2013-14 distribution.

5.9 **COVID funding for local Government in 2021-22**

5.9.1 In addition to the Provisional Settlement the Government announced an additional un ring fenced funding for COVID-19 expenditure pressures.

5.9.2 This is being distributed using the COVID-19 Relative Needs Formula and has been designed to reflect the underlying drivers of expenditure: population and deprivation, and the varying cost of delivering services across the country.

5.9.3 The allocation for 2021-22 for Cannock Chase Council amounts to £0.540 million

5.10 Proposed Changes to existing Regimes from 2022-23

5.10.1 The Provisional Settlement is for one year only with the changes to the Local Government Finance Regime now set to be introduced in 2022-23. No details are available from 2022-23 onwards with Local Government funding expected to be subject to considerable change, arising from the planed implementation of Fair Funding and a revised 75% Business Rates Retention Scheme in that year.

5.10.2 The settlement stated that once the pandemic is over, the Government will continue to work with local government to understand the lasting impact it has had on both service demands and revenue raising. The priorities for reform of the local government finance system, taking account of wider work on the future of the business rates tax and on the Adult Social Care system will be revisited Final decisions will be taken in the context of next year's Spending Review.

5.10.3 The funding assumptions as contained within the Draft Budget therefore purely reflect the extrapolations as contained in the Financial Plan.

5.10.4 Pending the determination of the basis of the reset and any transitional arrangements a variety of scenarios exist and a middle ground 50% Partial Reset has been assumed in financial projections.

5.10.5 In relation to New Homes Bonus (NHB) the Provisional Settlement reiterates the Government's commitment to reforming the NHB, and this year will be the final year under the current approach. A consultation document on the future of the New Homes Bonus, including options for reform, is to be published early in the 2021 calendar year.

5.10.6 More robust figures will be determined as further details become available from the Government however actual details for this Council for Business rates; Fair Funding and New Homes Bonus will not be known until the late autumn of 2021 at the earliest.

6. General Fund Revenue Draft Budget 2021-22 to 2023-24

6.1 The table below sets out the Council's current draft General Fund Revenue Budget position for 2021-22 and indicative budgets for 2022-23 and 2023-24.

6.2 As stated previously, Government Funding for 2022-23 cannot be determined at this stage with figures representing this Council's interpretation of the new funding regime.

Table 3: General Fund Draft Budget 2021-22 to 2023-24			
	Budget 2021-22	**Budget 2022-23**	**Budget 2023-24**
	£000	**£000**	**£000**
Net Expenditure			
Portfolio budgets	14,917	14,856	14,618
Investment interest	(82)	(166)	(208)
Technical items	(171)	(326)	119
Net Spending	**14,664**	**14,364**	**14,529**
Less: Government Grants			
NNDR Multiplier	(159)	(159)	(159)
Lower Tier Grant	(130)		
COVID Grant	(541)		
Income Guarantee Grant	(14)		
New Homes Bonus	(1,417)	(850)	(316)
Budget Requirement	**12,403**	**13,355**	**14,054**
Financing			
Business Rates – Retained Income	(5,409)	(5,226)	(5,333)
Council Tax Income	(6,574)	(6,770)	(6,971)
Council Tax support Grant	(120)		
Total Financing	**(12,103)**	**(11,996)**	**(12,304**
Less Transfer from Reserves	**(300)**		
Budget Shortfall/ Transfer from Working Balances	**-**	**(1,359)**	**(1,750)**

6.3 A deficit of £300,000 exists in 2021-22 and a balanced budget has been achieved by the use of Earmarked Reserves. In accordance with the financial plan £1.454 million of previously earmarked reserves have been released to partly offset the impact of COVID 19, The use of £0.300 million will leave £1.154 million to support the budget and maintain service provision and potentially offset any deficit in 2022-23.

6.4 It should be noted that the position outlined above for 2021-22 is draft, reflecting a provisional settlement, and could marginally change between now and the Council Tax being set by Council in late February. Costs relating to capital charges and the allocation of departmental and support services recharges have been disregarded as they do not affect the level of expenditure to be met from Council Tax.

6.5 The material changes occurring since the Financial Plan can be summarised as follows: -

Table 4: Revenue Budget (Surplus) / Deficit Reconciliation			
	Budget 2021-22	**Budget 2022-23**	**Budget 2023-24**
	£000	**£000**	**£000**
Financial Plan Original Deficit / (Surplus)	**2,015**	**1,001**	**1,571**
Portfolio Changes			
Pay Award Freeze 2021-22	(108)	(110)	(110)
Inflation/Recharges	13	(4)	28
Increments			22
Markets Shops Income	104	104	104
Market Shops Expenditure			(134)
Utilities	31	8	8
Project Manager – Capital/S106		50	50
MSCP Mothballing	(100)	100	
Rugeley Market Hall	10	10	10
Economic Prosperity Strategy	(67)	45	
Housing Benefits	(150)	(150)	(150)
Audit Fees	8	9	8
Leisure Contract – Pensions		41	41
Leisure Management Fee	(90)		
Rents – Town Centre Mgt. /Civic Centre	37	37	37
Other	34	41	37
RCCO rephasing		(50)	
Members Allowances – Pay Freeze	(7)	(7)	(8)
Provisional Settlement -			
Business Rates Reset	(648)		
CPI	103	103	103
NNDR Multiplier	(62)	(62)	(62)
New Homes Bonus	(159)		
Lower Tier Grant	(130)		
COVID			
Income Guarantee	(14)		
Additional Expenses Grant	(540)		
Council Tax Base			
Local Council Tax Support	100	100	100
Collection Rate	(68)	9	12
LCTS Grant	(120)		
Business Rates			
Provision for Appeals	108	84	83
Revised Deficit / (Surplus)	**300**	**1,359**	**1,750**

7. Council Tax Base and Collection Fund

7.1 The final part of the consideration of the Budget is the Council Tax base. This is the number of properties in the district expressed in terms of Band D equivalents. The amount of money that the Council can raise per £1 charge for a Band D equivalent property can be established from the tax base.

7.2 The Council's Tax Base is now estimated to be 29,136.82 a reduction of 105.72 (0.36%) on 2020-21. The reduction reflects the impact of COVID19 with a reduction in new properties being built in the district (as compared to the projection), combined with an increased cost of the LCTR scheme and a short-term reduction in the collection rate.

7.3 The Council's Tax Base is now calculated on the following basis:

Council Tax base for budget setting purposes	32,742.73
Less: impact of Local Council Tax Reduction Scheme	(3,605.91)
	29,136.82

7.4 The Local Council Tax Discount element of the Council Tax Base shows an increase of 159.58 as compared to 2020-21 and is likely to increase further as a result of COVID 19. The increase amounts to a cost to the Council of £100,000 based upon present numbers as compared to an allocation in the form of a Section 31 grant for the total cost in 2021-22 of £120,000. Details of the tax base, broken down over parishes are set out in **Appendix 7.**

7.5 The Council's Collection Fund has been reviewed as part of the budget process and is expected to break even in 2021-22.

8. Council Tax 2021-22

8.1 In determining the level of Council Tax for 2021-22 Cabinet will need to consider the medium-term financial position and the Council Tax Referendum Thresholds.

8.2 The Localism Act 2011 contains provisions to veto excessive Council Tax increases by means of a referendum. The Council Tax Referendum threshold principles for 2021-22 are in accordance with last year notably increases above 2% or £5 whichever is the greater will be subject to a referendum.

8.3 Authorities planning to set excessive council tax increases would be required to draw up shadow budgets with both budgets being approved as part of the budget process and a referendum held in May. If the rise in Council Tax is rejected the shadow budget would be adopted immediately and refunds made to residents in accordance with a predetermined timetable.

8.4 The Financial Plan as considered by Cabinet in November was based upon the 1.95% increase as assumed as part of the 2020-21 budget. A 1% increase amounts to £64,000 per annum.

8.5 In light of the above considerations Cabinet are proposing that the Band D Council Tax for 2021-22 will increase to £225.64 as proposed last year.

8.6 The final level of Council Tax levied will be determined by Council on 24 February 2021. The figures set out in this report may require minor amendment if any further information emerges before then.

8.7 The total Council Tax for the District will reflect the spending decision made by the County Council, the Office of the Police and Crime Commissioner and the Fire Authority. In addition, in certain areas, parish council precepts are also added to the overall bill.

9. Reserves and Balances

9.1 Reserves and Balances comprise General Reserves, the Working Balance and Earmarked Reserves. The general strategy for using unallocated reserves is that they are used to meet shortfalls in the net budget during the year. This is particularly important in the current economic circumstances when sources of income, at both national and local level, are particularly volatile.

9.2 In accordance with the recommendations contained in the report the level of Working Balances as at 31 March each year is as follows:

Table 5: Level of Working Balances				
	31/03/21	**31/03/22**	**31/03/23**	**31/03/24**
	£000	**£000**	**£000**	**£000**
Balance B/fwd.	1,000	1,294	1,294	(65)
Applied in Year	294		(1,359)	(1,750)
Balance C/fwd.	**1,294**	**1,294**	**(65)**	**(1,815)**
Minimum	**(1,000)**	**(812)**	**(1,147)**	**(1,176)**
Surplus to Support Budget	**294**	**482**	**(1,212)**	**(2,991)**

9.3 The overall General Fund balance at 31 March 1 April 2020 was £2.624 million and consisted of the General Fund balance set at a minimum of £1.0 million, together with an earmarked reserve of £1.624 to support the Capital Programme. In accordance with the Financial Plan the use of the latter reserve is temporarily on hold awaiting the changes arising from the new Local Government Regime and the impact of COVID 19 and hence is not reflected in the above or available capital resources.

9.4 The potential overall cumulative deficit as at 31 March 2024 amounts to £2,991 million and corrective action will be required to address this deficit if the assumptions materialise as part of the 2022-23 settlement.

9.5 The Council holds a number of earmarked reserves for specific purposes. In light of the challenges facing the Council a comprehensive review of all reserves has been undertaken that enabled £1.8 million of reserves to be released consisting of £1.454 million budget support and replenishment of the Building maintenance reserve of £0.346 million. Reserves continue to be reviewed on an annual basis and any, which are identified to be no longer required, are incorporated within the Budget Support working balance.

9.6 A summary of earmarked reserves incorporating their planned use over the next four years is detailed below

Table 6: General Fund Reserves				
	31/03/21	**31/03/22**	**31/03/23**	**31/03/24**
Revenue	**£'000**	**£'000**	**£'000**	**£'000**
Building Maintenance Reserve	346	246	146	46
Bond	267	286	296	307
Budget Support	1,550	1,220	1,207	1,195
Contingency	1,764	1,854	1,454	1,454
Corporate	109	103	97	91
Partner	57	59	62	64
Ring-fenced	62	61	61	61
Service Grant	50	50	50	50
Rollovers	40	40	40	40
Shared Services	408	408	408	408
Pension Reserve				
Other	620	627	611	604
Donations	6	6	6	6
Grants	1,295	1,122	984	910
Trading	38	38	38	38
Section 106	2,024	1,949	1,873	1,855
Sub-Total	**8,636**	**8,069**	**7,333**	**7,129**
Capital				
Capital	1,410	1,269	1,128	1,037
CIL	2,671	2,361	2,151	2,151
RCCO	15	15	15	15
Earmarked	2,521	2,256	2,261	2,261
Sub-Total	**6,617**	**5,901**	**5,555**	**5,464**
Grand Total	**15,253**	**13,970**	**12,888**	**12,593**

9.7 **Appendix 6** sets out the required report on the robustness of the budget estimates and the adequacy of the Council's reserves

10. Capital Programme 2020-21 to 2023-24

10.1 On 12 February 2020, Council approved a capital programme to 2022-23. This programme has been updated to include approved changes, re-profiled to reflect current spend estimates reflecting slippage in schemes and more up to date information on costs.

10.2 The programme includes the additional cost of the cemetery as approved by Cabinet in May 2020, whereas the cost of the new Financial Management System now includes the aggregation of the revenue costs for the replacement of the corporate E-Payments and other finance related systems (jointly funded with Stafford Borough Council). Provision also exists for the cladding work at the Prince of Wales Theatre as part of the Town Centre Environmental Programme.

10.3 Two new schemes have been included in relation to Rugeley Leisure Centre notably repairs to the Swimming Pool and a replacement Boiler, and details are included in a separate report on today's Agenda.

10.4 In addition to the above the programme now includes the rolling programme of expenditure requirements for the new programme year 2023-24 however there are effectively no new schemes with the Council currently evaluating the planned maintenance requirements as part of its Asset Management Strategy.

10.5 The updated programme is attached at **Appendix 3** with anticipated expenditure and resources as reflected by the Capital Budget included at **Appendix 4.**

Table 7: Uncommitted Capital Resources		
	General Fund	**Section 106**
	£000	**£000**
Capital resources brought forward at 1 April 2020	**9,494**	**1,697**
Capital Receipts	711	
Section 106/CIL		970
Capital Grants	4,282	
Joint Investment Fund	214	
Contributions	532	
Revenue contribution to Capital Outlay		
Use of Reserves	222	
Draft Capital Programme 2020-21 to 2023-24	(15,114)	(1,463)
Remaining resources at 31 March 2024	**341**	**1,204**

10.6 The resources position currently identifies a surplus of £0.341 million of General Fund resources. However, it should be noted that this position includes capital receipts forecast from the sale of residual property of £0.711 million which are yet to be received.

11 Implications

11.1 Financial

The potential loss of income in relation to New Homes Bonus; the Fair Funding Review combined with the Reset of business rates growth represents key risks which will undoubtedly impact on the Council's ability to deliver services in the future. The impact can be reduced (or increased) dependent upon the actual schemes introduced as a result of the New Financial Regime and the growth opportunities / risks associated with the Business Rates Retention scheme.

11.2 Legal

The legal implications are set out throughout the report including the statutory requirement for the Council to set a balanced budget.

11.3 Human Resources

None.

11.4 Risk Management

Risk management issues have been covered in the report detail.

11.5 Equality & Diversity

None.

11.6 Climate Change

A costed Climate Change Action Plan is being prepared and will be subject to consideration as part of future year's budget processes. Any interim measures that cannot be contained within existing budgets will be subject to separate reports to Cabinet and Council as appropriate.

12 Appendices to the Report

Appendix 1: Risks considered in determining the Working Balance

Appendix 2: Detailed Portfolio Budgets and Variation Statements

Appendix 3: Capital Programme 2020-21 to 2023-24

Appendix 4: General Fund and Section 106 Capital Budgets 2020-21 to 2023-24

Appendix 5: Business Rates Retention – Retained Income

Appendix 6: Robustness of the Budget Estimates and the Adequacy of the Council's Reserves

Appendix 7: Council Tax Base - Parishes

Previous Consideration

Financial Plan 2020-21 to 2023-24	Cabinet	12 November 2020

Background Papers

None.

Item No. 7.16

Appendix 1

Risks Considered in Determining the Working Balance

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		21-22 **£m**	**22-23** **£m**	**23-24** **£m**	**21-22** **£m**	**22-23** **£m**	**23-24** **£m**	
Resources								
Business Rates Baseline (Revenue Support Grant)	Medium	N/A	+0.300	+0.600		+0.150	+0.300	The Provisional Settlement has been received for 2021-22 and represents the 2020-21 settlement uplifted for inflation. The Council is no longer in receipt of Revenue Support Grant and a new funding regime comes into place from 2022-23 based upon a Fair Funding Assessment. It is likely that the new regime will result in a rebalancing of support to local authorities with social care responsibilities. In accordance with the 75% Business Rates System, any amendment to the Councils overall funding assessment will actioned via a reduction in the Business Rates Baseline. A 10% reduction in core funding amounts to £0.300 million.

Item No. 7.17

Risks Considered in Determining the Working Balance

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		21-22 £m	22-23 £m	23-24 £m	21-22 £m	22-23 £m	23-24 £m	
Resources								
75% Business Rates	Med	N/A	+1.300	+1.300		+0.650	+0.650	A new 75% Business Rates Retention Scheme is to be introduced in 2022-23.The design of a 75% scheme will be subject to detailed consultation and hence at this stage its implications cannot be determined. In reviewing the work undertaken nationally in designing a scheme the following key issues, in addition to the : Core Funding/Fair Funding Baseline have been identified notably; Tier Splits; Transitional Funding and Resets. The latter provides the greatest threat with at present a 5 year rolling programme similar to New Homes Bonus being favoured. Existing growth will therefore be eliminated on a 5 year cycle unless replaced by new growth, Existing growth amounts to £1.3 million and a reduction of £0.650 million is included in the budget from 2022-23..If the existing growth is greater than 5 years old a full reset will occur. In addition to existing growth the Designer Outlet Village is due to open in

Risks Considered in Determining the Working Balance

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		21-22 £m	22-23 £m	23-24 £m	21-22 £m	22-23 £m	23-24 £m	
75% Business Rates (ctd)								February2021. Provision exists for additional part year Growth from MGDOV in 20-21 with a full year effect in 21-22 however it is difficult to determine the exact income in 2021-22 due to the impact of COVID 19 on occupancy and exemption levels. The basis of determining the Business Rates Baseline is still to be determined and hence a major risk exists that this growth effectively is included in the Initial Full reset. The risk of a Full Reset in 22-23 therefore amounts to £0.65 million on existing growth increasing to £1.5 million with Mill Green
- Volatility in Business Rates	High	+0.358	+0.852	+0.852	+0.358			The Council will be exposed to volatility or reduction in its business rates due to the failure or temporary closure of a key industry, delay in the implementation of new schemes (MGDOV; the impact of Appeals against Rateable Values and increased void periods. However material volatility is likely as a result of the impact of COVID 19 on the local economy. Provision exists for such changes in exemptions and collection rates for 2021-22 Government proposals for the new system attempt to mitigate the impact of appeals and a new Safety Net or guarantee of core funding of 95% with an exposure of £0.15 million.

Risks Considered in Determining the Working Balance

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		21-22 £m	**22-23 £m**	**23-24 £m**	**21-22 £m**	**22-23 £m**	**23-24 £m**	
Council Tax Base	Med		+/- 0.063	+/- 0.063		+/- 0.015	+/- 0.015	The Council Tax base for 2021-22 is based upon a cut off point each year and although figures are up to date at November 2020 they will vary as properties become occupied /unoccupied etc. and the impact of new properties coming in line during the next financial year. The Council has seen a marked increase in the amount of Local Council Tax Support provided and this has had a negative impact on Council Tax. The major risk relates to whether the forecast increase in Council Tax base can be achieved after taking into account such changes. The budget assumes a 1.25 % increase in 2022-23 and 2023-24. A 1% variation amounts to approximately £64,700.
Council Tax	Low	0.270						Council Tax increases will be subject to a referendum if considered excessive by the Government. Current assumptions are within the referendum criteria

Risks Considered in Determining the Working Balance

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		21-22 **£m**	**22-23** **£m**	**23-24** **£m**	**21-22** **£m**	**22-23** **£m**	**23-24** **£m**	
New Homes Bonus	Med		+0.6			+0.150		The government have stated for a number of years that they intend to review the current scheme, (reiterated as part of 2021-22 Provisional Settlement Consultation), however details are still awaited. The Budget at this stage post 2021-22 reflects only the continuation of the legacy payment for 2019-20 with legacy payments not applying to the 2020-21 and 2021-22 allocation. A discontinuation of legacy payments in 2022-23 would result in a loss of funding of £0.6 million

Item No. 7.21

Risks Considered in Determining the Working Balance

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		21-22 **£m**	**22-23** **£m**	**23-24** **£m**	**21-22** **£m**	**22-23** **£m**	**23-24** **£m**	
<u>Realism of standstill budget</u>								The budget is based upon realistic estimates with the strategy assuming all budgets will be controlled within agreed levels. However, a number of budgets are not within the control of the Council or involve a risk element.
COVID19								
The budgets for 2021-22 and future years are particularly complicated due to the potential impact of COVID 19. The budget has therefore been constructed based upon the maintenance of existing level of service and is considered to accurately reflect likely expenditure in 2021-22, being based on historic information, experience of expenditure in previous years and latest projections where appropriate. The indicative budgets for 2022-23 and 2023-24 are similarly based upon the best information available at this moment in time. A separate COVID 19 contingency estimate has been provided for each of the three years. This estimate has been based upon three scenarios best, worst case and a middle ground. Separate provision exists within the Leader of the Council portfolio for the mid case scenario with the best and worst case scenarios being reflected in the determination of the Working Balance								
Best /Worst Case Analysis	MED	-1.221/ +1.047	-0.61/ +0.525	-0.305/ +0.260	-0.305/ +0.260	-0.150/ +0.130	-0.076 +0.065	

Risks Considered in Determining the Working Balance

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		21-22 **£m**	**22-23** **£m**	**23-24** **£m**	**21-22** **£m**	**22-23** **£m**	**23-24** **£m**	
<u>Realism of standstill budget</u>								
Staff Turnover	Low	+0.350	+0.360	+0.370		+0.035	+0.035	The budget contains annual savings of approximately £0.350m due to staff turnover. The current economic climate restricts the opportunities for external migration however corporate budgetary control exists to ensure that the employee budget is contained within the overall budget.
Provision for Bad Debts	High	+0.100	+0.100	+0.100	+0.100	+0.050	+0.050	
<u>Customer & Client Receipts</u>								
Car Park Income	Med	+0.090	+0.110	+0.110	+0.020	+0.027	+0.027	Car park income pre COVID was lower than anticipated as the new Civic Centre pay and display car park becomes established. Income could therefore increase however there remains a degree of volatility in demand for use of car parks in general that could impact on income.

Risks Considered in Determining the Working Balance

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		21-22 £m	22-23 £m	23-24 £m	21-22 £m	22-23 £m	23-24 £m	
Planning Fees	Med/ High	+/- 0.055	+/- 0.160	+/- 0.160	+ /- 0.027	+/- 0.080	+/- 0.080	Planning fees income continues to show a downturn with the base budget showing ongoing reductions of £126,000 as compared to five years ago. In particular any downturn in major applications will impact on planning fee income. The Council have elected to increase planning fees by 20% with the additional income to be invested in the planning department. Any downturn in applications will therefore be further enhanced by the additional investment incurred.
Inflation	Low							Annual inflation post 2021-22 of 2% for prices and 2% for pay and 2% income have been included within the standstill budget.
Pay Awards	Low /Med		+0.100/ -0.200	+0.300/ -.0300		+0.050/ -0.100	+0.150/ -0.150	The budget assumes a pay freeze in 2021-22 and a 2% per annum increase thereafter. A 1% variation amounts to £100,000 net of recharges.
Interest Rates	Med	- 0.018	- 0.090	- 0.090		-0.030	-0.030	The amount earned depends on the prevailing interest rates and the level of cash balances held.

Item No. 7.24

Risks Considered in Determining the Working Balance

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		21-22 £m	22-23 £m	23-24 £m	21-22 £m	22-23 £m	23-24 £m	
Rates	Low		+0.024	+0.036				Variations to the budget will arise if the NNDR multiplier increases are in excess of the Council inflation assumption. Recent Government announcements suggest that increases will be lower than the September inflation levels.
Energy	Low/ Med							Energy prices are subject to volatility and although a time lag exists between changes in wholesale food and energy costs and actual charges, the budget reflects the latest contracts for energy supply.
General Contingency					+0.200	+0.150	+0.150	Future year's budgets reflect the ongoing aggregate implications of assumptions that have a high risk identified unless separately identified. Provision will however be required for unforeseen events
Maximum					0.965	1.457	1.492	
Minimum					0.346	0.837	0.861	
Average					0.655	**1.147**	**1.176**	
Audit Commission					**0.812**	0.790	0.800	

PAGE INTENTIONALLY BLANK

Corporate Improvement

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
1 Legal Services					
	Third Party Payments	256,040	264,060	273,860	282,470
Total	**Expenditure**	**256,040**	**264,060**	**273,860**	**282,470**
	Income	(169,910)	(176,660)	(183,690)	(191,050)
Total	**Income**	**(169,910)**	**(176,660)**	**(183,690)**	**(191,050)**
Legal Services Net Expenditure		**86,130**	**87,400**	**90,170**	**91,420**
2 Technology					
	Supplies & Services	93,340	123,060	123,770	125,240
	Third Party Payments	743,850	759,200	780,120	800,740
Total	**Expenditure**	**837,190**	**882,260**	**903,890**	**925,980**
	Income	(196,560)	(203,870)	(211,460)	(219,940)
Total	**Income**	**(196,560)**	**(203,870)**	**(211,460)**	**(219,940)**
Technology Net Expenditure		**640,630**	**678,390**	**692,430**	**706,040**
3 Governance					
	Employee Expenses	110,240	109,490	112,900	116,360
	Transport Related Expenditure	1,060	1,070	1,080	1,090
	Supplies & Services	30,720	30,720	30,720	31,020
Total	**Expenditure**	**142,020**	**141,280**	**144,700**	**148,470**
	Income	(34,900)	(29,970)	(30,490)	(30,980)
Total	**Income**	**(34,900)**	**(29,970)**	**(30,490)**	**(30,980)**
Governance Net Expenditure		**107,120**	**111,310**	**114,210**	**117,490**
4 Human Resources					
	Employee Expenses	400	-	-	-
	Third Party Payments	247,530	257,600	266,650	275,550
Total	**Expenditure**	**247,930**	**257,600**	**266,650**	**275,550**
	Income	(144,670)	(149,990)	(155,940)	(162,190)
Total	**Income**	**(144,670)**	**(149,990)**	**(155,940)**	**(162,190)**
Human Resources Net Expenditure		**103,260**	**107,610**	**110,710**	**113,360**
5 Customer Services					
	Employee Expenses	246,600	255,270	264,000	273,010
	Supplies & Services	110,760	105,030	105,890	106,960
	Third Party Payments	7,000	7,000	7,140	7,280
Total	**Expenditure**	**364,360**	**367,300**	**377,030**	**387,250**
	Income	(98,130)	(96,300)	(100,120)	(104,120)
Total	**Income**	**(98,130)**	**(96,300)**	**(100,120)**	**(104,120)**
Customer Services Net Expenditure		**266,230**	**271,000**	**276,910**	**283,130**

Item No. 7.26

Appendix 2

Corporate Improvement

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
6 Corporate Services					
	Employee Expenses	127,520	131,870	136,400	141,010
	Supplies & Services	91,400	98,440	99,310	100,310
Total	**Expenditure**	**218,920**	**230,310**	**235,710**	**241,320**
	Income	(36,880)	(34,630)	(35,960)	(37,310)
Total	**Income**	**(36,880)**	**(34,630)**	**(35,960)**	**(37,310)**
Corporate Services Net Expenditure		**182,040**	**195,680**	**199,750**	**204,010**
7 Communications					
	Employee Expenses	259,290	263,540	273,530	282,250
	Transport Related Expenditure	3,130	3,140	3,170	3,200
	Supplies & Services	33,850	32,130	32,510	32,870
Total	**Expenditure**	**296,270**	**298,810**	**309,210**	**318,320**
	Income	(23,910)	(24,070)	(24,630)	(25,210)
Total	**Income**	**(23,910)**	**(24,070)**	**(24,630)**	**(25,210)**
Communications Net Expenditure		**272,360**	**274,740**	**284,580**	**293,110**
8 Policy & Performance					
	Employee Expenses	108,820	114,090	119,540	125,020
	Transport Related Expenditure	320	320	320	320
	Supplies & Services	11,230	11,010	11,130	11,240
Total	**Expenditure**	**120,370**	**125,420**	**130,990**	**136,580**
Policy & Performance Net Expenditure		**120,370**	**125,420**	**130,990**	**136,580**
9 Land Charges					
	Employee Expenses	35,510	32,330	33,240	34,260
	Supplies & Services	37,650	41,280	41,700	42,120
Total	**Expenditure**	**73,160**	**73,610**	**74,940**	**76,380**
	Income	(74,960)	(73,610)	(74,940)	(76,380)
Total	**Income**	**(74,960)**	**(73,610)**	**(74,940)**	**(76,380)**
Land Charges Net Expenditure		**(1,800)**	**-**	**-**	**-**
10 Audit					
	Employee Expenses	172,280	222,930	233,160	242,270
	Transport Related Expenditure	1,360	1,370	1,380	1,390
	Supplies & Services	78,100	36,700	37,080	37,460
Total	**Expenditure**	**251,740**	**261,000**	**271,620**	**281,120**
	Income	(115,040)	(117,970)	(121,620)	(125,080)
Total	**Income**	**(115,040)**	**(117,970)**	**(121,620)**	**(125,080)**
Audit Net Expenditure		**136,700**	**143,030**	**150,000**	**156,040**

Item No. 7.27

Appendix 2

Corporate Improvement

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
11 Risk					
	Employee Expenses	149,990	161,430	167,920	173,860
	Transport Related Expenditure	4,170	4,210	4,250	4,290
	Supplies & Services	647,310	646,870	653,760	659,760
Total	**Expenditure**	**801,470**	**812,510**	**825,930**	**837,910**
	Income	(720,280)	(730,910)	(754,420)	(778,620)
Total	**Income**	**(720,280)**	**(730,910)**	**(754,420)**	**(778,620)**
Risk Net Expenditure		**81,190**	**81,600**	**71,510**	**59,290**
12 Resilience					
	Employee Expenses	17,280	18,070	18,880	19,700
	Premises Related Expenditure	140	140	140	140
	Supplies & Services	61,810	63,360	63,990	64,630
Total	**Expenditure**	**79,230**	**81,570**	**83,010**	**84,470**
	Income	(51,700)	(53,020)	(54,420)	(55,710)
Total	**Income**	**(51,700)**	**(53,020)**	**(54,420)**	**(55,710)**
Resilience Net Expenditure		**27,530**	**28,550**	**28,590**	**28,760**
13 Customer Serv Mgmt (incl Social Alarms)					
	Employee Expenses	93,640	98,840	104,200	109,570
	Transport Related Expenditure	1,060	1,070	1,080	1,090
	Supplies & Services	10,090	8,140	8,230	8,320
	Third Party Payments	50,950	51,970	53,010	54,070
Total	**Expenditure**	**155,740**	**160,020**	**166,520**	**173,050**
	Income	(104,390)	(105,480)	(109,460)	(113,610)
Total	**Income**	**(104,390)**	**(105,480)**	**(109,460)**	**(113,610)**
Customer Serv Mgmt (incl Social Alarms) Net Expenditure		**51,350**	**54,540**	**57,060**	**59,440**
Corporate Improvement Net Expenditure		**2,073,110**	**2,159,270**	**2,206,910**	**2,248,670**

Corporate Improvement Portfolio

Variation Statement 2021/2022 to 2023/2024

	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	2022/23 Indicative	Real Terms / Efficiency Variations	2022/2023 Budget	Inflation	Real Terms / Efficiency Variations	2023/2024 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	1,399	9	1,408	1,454	10	1,464	25	29	1,518
Transport Related Costs	11	-	11	11	-	11		-	11
Supplies and Services	1,144	53	1,197	1,155	53	1,208	12	-	1,220
Third Party Payments	1,336	4	1,340	1,376	5	1,381	28	11	1,420
Total Expenditure	3,890	66	3,956	3,996	68	4,064	65	40	4,169
Income	- 1,777	- 20	- 1,797	- 1,837	- 20	- 1,857	- 61	- 2	- 1,920
Net Expenditure	2,113	**46**	2,159	2,159	**48**	2,207	4	**38**	2,249

Corporate Improvement Portfolio

Proposed Real Terms / Efficiency Variations

2021/22 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		9
Office 365 licence cost		
Supplies	42	
HRA Recharge	-13	29
Postages		
Supplies	11	
Income	2	13
Shared service costs (reflecting pay award)		
Third Party (payment to SBC)	5	
Income (payment from SBC)	-1	4
Increased hra recharges reflecting pay award		-8
minor variations		-1
		46

2022/23 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		9
Office 365 licence cost		
Supplies	42	
HRA Recharge	-13	29
Postages		
Supplies	11	
Income	2	13
Shared service costs (reflecting pay award)		
Third Party (payment to SBC)	4	
Income (payment from SBC)	-1	3
Increased hra recharges reflecting pay award		-8
minor variations		2
		48

2022/23 to 2023/24 Change

	£'000	£'000
Real Term Variations		
Increase in Superannuation		28
Shared service payments to SBC		12
minor variations		-2
		38

PAGE INTENTIONALLY BLANK

Appendix 2

Crime & Partnerships

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
1 Partnerships					
	Employee Expenses	239,410	202,860	200,160	208,030
	Premises Related Expenditure	17,850	18,210	18,580	18,950
	Transport Related Expenditure	2,390	2,420	2,450	2,480
	Supplies & Services	93,580	8,340	8,430	8,520
Total	**Expenditure**	**353,230**	**231,830**	**229,620**	**237,980**
	Income	(124,940)	(10,420)	-	-
Total	**Income**	**(124,940)**	**(10,420)**	-	**-**
Partnerships Net Expenditure		**228,290**	**221,410**	**229,620**	**237,980**
2 CCTV					
	Employee Expenses	138,560	141,110	146,080	151,150
	Premises Related Expenditure	9,500	9,690	9,880	10,080
	Supplies & Services	83,860	83,520	84,370	85,220
Total	**Expenditure**	**231,920**	**234,320**	**240,330**	**246,450**
	Income	(50,440)	(51,570)	(52,750)	(53,980)
Total	**Income**	**(50,440)**	**(51,570)**	**(52,750)**	**(53,980)**
CCTV Net Expenditure		**181,480**	**182,750**	**187,580**	**192,470**
Crime & Partnerships Net Expenditure		**409,770**	**404,160**	**417,200**	**430,450**

Crime & Partnerships Portfolio

Variation Statement 2021/2022 to 2023/2024

	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	2022/23 Indicative	Real Terms / Efficiency Variations	2022/2023 Budget	Inflation	Real Terms / Efficiency Variations	2023/2024 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	332	12	344	345	1	346	7	6	359
Premises Related Costs	28	-	28	28	1	29	-	-	29
Transport Related Costs	2	-	2	2	-	2	-	-	2
Supplies and Services	93	- 1	92	94	- 1	93	1	-	94
Total Expenditure	455	11	466	469	1	470	8	6	484
Income	- 51	- 11	- 62	- 52	- 1	- 53	- 1	-	- 54
Net Expenditure	404	**-**	404	417	**-**	417	7	**6**	430

Crime & Partnerships Portfolio

Proposed Real Terms / Efficiency Variations

2021/22 Change

	£'000	£'000
Real Term Variations		
Anti Social Behaviour Key worker funded by grant		
Employees	10	
Income	-10	0
Pay award 0.75% increase		2
minor variations		-2
		0

2022/23 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		2
minor variations		-2
		0

2022/23 to 2023/24 Change

	£'000	£'000
Real Term Variations		
Increase in Superannuation		5
minor variations		1
		6

PAGE INTENTIONALLY BLANK

Appendix 2

Culture and Sport

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
1 Parks & Open Spaces					
	Employee Expenses	497,790	513,500	542,520	499,880
	Premises Related Expenditure	416,670	441,890	439,740	451,280
	Transport Related Expenditure	20,420	20,790	18,840	19,140
	Supplies & Services	190,270	173,250	144,760	136,060
	Third Party Payments	181,230	186,070	191,460	196,910
Total	**Expenditure**	**1,306,380**	**1,335,500**	**1,337,320**	**1,303,270**
	Income	(122,000)	(149,280)	(148,950)	(84,060)
Total	**Income**	**(122,000)**	**(149,280)**	**(148,950)**	**(84,060)**
Parks & Open Spaces Net Expenditure		**1,184,380**	**1,186,220**	**1,188,370**	**1,219,210**
2 Stadium					
	Employee Expenses	17,410	42,540	43,290	44,150
	Premises Related Expenditure	49,990	50,030	50,760	51,590
	Supplies & Services	20,730	20,730	20,730	20,730
Total	**Expenditure**	**88,130**	**113,300**	**114,780**	**116,470**
Stadium Net Expenditure		**88,130**	**113,300**	**114,780**	**116,470**
3 Cemeteries					
	Employee Expenses	114,760	138,980	144,390	149,280
	Premises Related Expenditure	65,220	63,640	67,990	69,350
	Transport Related Expenditure	6,350	10,490	10,700	10,420
	Supplies & Services	63,560	23,390	23,680	41,070
Total	**Expenditure**	**249,890**	**236,500**	**246,760**	**270,120**
	Income	(185,640)	(194,390)	(222,010)	(280,500)
Total	**Income**	**(185,640)**	**(194,390)**	**(222,010)**	**(280,500)**
Cemeteries Net Expenditure		**64,250**	**42,110**	**24,750**	**(10,380)**
4 Contract Monitoring					
	Employee Expenses	198,950	205,640	212,520	219,510
	Premises Related Expenditure	10,910	11,020	11,130	11,240
	Transport Related Expenditure	9,920	10,090	10,260	10,430
	Supplies & Services	3,240	2,830	2,850	2,870
Total	**Expenditure**	**223,020**	**229,580**	**236,760**	**244,050**
	Income	(46,840)	(48,700)	(50,640)	(52,670)
Total	**Income**	**(46,840)**	**(48,700)**	**(50,640)**	**(52,670)**
Contract Monitoring Net Expenditure		**176,180**	**180,880**	**186,120**	**191,380**
5 Leisure Management Contract					
	Premises Related Expenditure	179,010	182,590	186,240	189,960
	Supplies & Services	1,763,480	2,260,550	1,803,400	1,839,480
Total	**Expenditure**	**1,942,490**	**2,443,140**	**1,989,640**	**2,029,440**
	Income	(268,960)	(182,420)	(186,050)	(189,750)
Total	**Income**	**(268,960)**	**(182,420)**	**(186,050)**	**(189,750)**
Leisure Management Contract Net Expenditure		**1,673,530**	**2,260,720**	**1,803,590**	**1,839,690**

Culture and Sport

	Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
6 Leisure, Planning & Marketing				
Employee Expenses	152,890	209,840	218,040	170,800
Transport Related Expenditure	2,100	2,110	2,120	2,140
Supplies & Services	27,770	24,870	16,360	16,420
Total Expenditure	**182,760**	**236,820**	**236,520**	**189,360**
Income	(90,530)	(89,920)	(83,420)	(30,230)
Total Income	**(90,530)**	**(89,920)**	**(83,420)**	**(30,230)**
Leisure, Planning & Marketing Net Expenditure	**92,230**	**146,900**	**153,100**	**159,130**
7 Allotments				
Premises Related Expenditure	3,930	4,000	4,070	4,150
Total Expenditure	**3,930**	**4,000**	**4,070**	**4,150**
Income	(4,640)	(4,640)	(4,640)	(4,640)
Total Income	**(4,640)**	**(4,640)**	**(4,640)**	**(4,640)**
Allotments Net Expenditure	**(710)**	**(640)**	**(570)**	**(490)**
Culture and Sport Net Expenditure	**3,277,990**	**3,929,490**	**3,470,140**	**3,515,010**

Culture & Sport Portfolio

Variation Statement 2021/2022 to 2023/2024

	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	2022/23 Indicative	Real Terms / Efficiency Variations	2022/2023 Budget	Inflation	Real Terms / Efficiency Variations	2023/2024 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	1,050	60	1,110	1,019	142	1,161	19	- 96	1,084
Premises Related Costs	729	24	753	732	28	760	14	3	777
Transport Related Costs	39	4	43	37	5	42	1	- 1	42
Supplies and Services	1,904	602	2,506	2,021	- 9	2,012	38	7	2,057
Third Party Payments	186	-	186	192	- 1	191	4	2	197
Total Expenditure	3,908	690	4,598	4,001	165	4,166	76	- 85	4,157
Income	- 629	- 40	- 669	- 657	- 39	- 696	- 10	64	- 642
Net Expenditure	3,279	**650**	3,929	3,344	**126**	3,470	66	**- 21**	3,515

Culture & Sport Portfolio

Proposed Real Terms / Efficiency Variations

2021/22 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		7
HLF Post extended funded by income		
Employees	27	
Income	-27	0
New Cemetery budget		
Employees	25	
Premises	9	
Transport	5	
Supplies	4	
Income	-28	15
Additional grounds recharge		7
Leisure Management contract		
COVID additional support	689	
Reserve contribution removed	-90	599
Additional rates and utilties		8
Cemeteries reduced income		16
minor variations		-2
		650

2022/23 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		7
HLF Post extended funded by income		
Employees	56	
Income	-56	0
HLF Budget realignment		
Supplies	10	
Income	-10	0
New Cemetery budget		
Employees	26	
Premises	12	
Transport	5	
Supplies	4	
Income	-52	-5
Additional grounds recharge		7
Additional rates and utilties		9
Cemeteries reduced income		16
Leisure management contract		
Supplies	-23	
Income	64	41
Project management		52
minor variations		-1
		126

2022/23 to 2023/24 Change

	£'000	£'000
Real Term Variations		
Increase in Superannuation		10
Increased recharges following pay award		
Streetcleansing	2	
Grounds	6	8
Heritage Lottery Fund (HLF) falling out		
Employees	-56	
Supplies	-10	
Income	66	0
New Cemetery budget		
Supplies	17	
Income	-55	-38
Leisure planning & marketing project management post		
Employees	-53	
Income	53	0
minor variations		-1
		-21

PAGE INTENTIONALLY BLANK

Economic Development and Planning

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
1 Economic Development					
	Employee Expenses	205,060	186,470	272,250	279,330
	Transport Related Expenditure	2,710	2,740	2,770	2,800
	Supplies & Services	435,870	139,490	114,670	70,010
Total	**Expenditure**	**643,640**	**328,700**	**389,690**	**352,140**
	Income	(446,670)	(15,530)	-	-
Total	**Income**	**(446,670)**	**(15,530)**	-	-
Economic Development Net Expenditure		**196,970**	**313,170**	**389,690**	**352,140**
2 Management & Support					
	Employee Expenses	433,650	439,680	455,090	471,180
	Transport Related Expenditure	6,090	10,690	10,790	10,900
	Supplies & Services	140,440	101,880	84,070	84,900
Total	**Expenditure**	**580,180**	**552,250**	**549,950**	**566,980**
	Income	(152,050)	(67,210)	(51,510)	(53,650)
Total	**Income**	**(152,050)**	**(67,210)**	**(51,510)**	**(53,650)**
Management & Support Net Expenditure		**428,130**	**485,040**	**498,440**	**513,330**
3 Development Control					
	Employee Expenses	360,110	279,980	290,540	301,260
	Transport Related Expenditure	5,890	5,950	6,010	6,070
	Supplies & Services	130,400	94,030	94,430	94,820
Total	**Expenditure**	**496,400**	**379,960**	**390,980**	**402,150**
	Income	(361,000)	(374,320)	(374,890)	(375,460)
Total	**Income**	**(361,000)**	**(374,320)**	**(374,890)**	**(375,460)**
Development Control Net Expenditure		**135,400**	**5,640**	**16,090**	**26,690**
4 Building Control					
	Employee Expenses	534,550	585,530	605,240	624,930
	Transport Related Expenditure	18,840	21,860	22,080	22,300
	Supplies & Services	75,510	66,190	66,860	67,520
Total	**Expenditure**	**628,900**	**673,580**	**694,180**	**714,750**
	Income	(497,080)	(541,800)	(556,160)	(570,590)
Total	**Income**	**(497,080)**	**(541,800)**	**(556,160)**	**(570,590)**
Building Control Net Expenditure		**131,820**	**131,780**	**138,020**	**144,160**
5 Industrial Sites					
	Premises Related Expenditure	11,150	11,290	11,410	11,600
	Supplies & Services	9,360	-	-	-
	Capital Financing Costs	1,610	1,610	1,610	1,610
Total	**Expenditure**	**22,120**	**12,900**	**13,020**	**13,210**
	Income	(101,000)	(115,000)	(115,000)	(115,000)
Total	**Income**	**(101,000)**	**(115,000)**	**(115,000)**	**(115,000)**
Industrial Sites Net Expenditure		**(78,880)**	**(102,100)**	**(101,980)**	**(101,790)**

Economic Development and Planning

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
6 Public Buildings					
	Employee Expenses	252,190	249,500	257,220	264,430
	Premises Related Expenditure	601,210	527,740	535,090	543,970
	Transport Related Expenditure	3,400	3,430	3,460	3,490
	Supplies & Services	56,980	51,750	52,260	52,740
Total	**Expenditure**	**913,780**	**832,420**	**848,030**	**864,630**
	Income	(395,760)	(366,070)	(371,700)	(379,560)
Total	**Income**	**(395,760)**	**(366,070)**	**(371,700)**	**(379,560)**
Public Buildings Net Expenditure		**518,020**	**466,350**	**476,330**	**485,070**
7 Civic Ballroom					
	Premises Related Expenditure	620	630	640	650
Total	**Expenditure**	**620**	**630**	**640**	**650**
	Income	(13,700)	(13,980)	(14,260)	(14,320)
Total	**Income**	**(13,700)**	**(13,980)**	**(14,260)**	**(14,320)**
Civic Ballroom Net Expenditure		**(13,080)**	**(13,350)**	**(13,620)**	**(13,670)**
8 Caretakers and Cleaners					
	Employee Expenses	246,830	266,680	277,910	287,740
	Premises Related Expenditure	11,760	12,890	13,020	13,150
	Transport Related Expenditure	2,160	2,210	2,260	2,310
	Supplies & Services	3,990	3,560	3,600	3,640
Total	**Expenditure**	**264,740**	**285,340**	**296,790**	**306,840**
	Income	(3,000)	-	-	-
Total	**Income**	**(3,000)**	-	-	**-**
Caretakers and Cleaners Net Expenditure		**261,740**	**285,340**	**296,790**	**306,840**
Economic Development and Planning Net Expenditure		**1,580,120**	**1,571,870**	**1,699,760**	**1,712,770**

Item No. 7.40

Appendix 2

Economic Development Portfolio

Variation Statement 2021/2022 to 2023/2024

	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	2022/23 Indicative	Real Terms / Efficiency Variations	2022/2023 Budget	Inflation	Real Terms / Efficiency Variations	2023/2024 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	2,078	- 70	2,008	2,144	14	2,158	40	31	2,229
Premises Related Costs	554	- 2	552	562	- 2	560	9	-	569
Transport Related Costs	47	-	47	47	-	47	1	-	48
Supplies and Services	420	37	457	359	57	416	3	- 45	374
Capital Financing	2	-	2	2	-	2	-	-	2
Total Expenditure	3,101	- 35	3,066	3,114	69	3,183	53	- 14	3,222
Income	- 1,478	- 16	- 1,494	- 1,477	- 6	- 1,483	- 19	- 7	- 1,509
Net Expenditure	1,623	**- 51**	1,572	1,637	**63**	1,700	34	**- 21**	1,713

Item No. 7.41

Appendix 2

Economic Development Portfolio

Proposed Real Terms / Efficiency Variations

2021/22 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		14
Public buildings additional income		-9
Economic Development - Enterprise Programme		
Supplies	10	
Contribution from Reserves	-10	0
Management & Support subscription and contribution costs		16
Transfer to fund Office 365 licence costs		-5
Economic Prosperity Strategy		
Employees (posts slipped to 22-23)	-83	
Supplies	15	-68
minor variations		1
		-51

2022/23 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		14
Public buildings additional income		-9
Economic Development - Enterprise Programme		
Supplies	10	
Contribution from Reserves	-10	0
Management & Support subscription and contribution costs		16
Transfer to fund Office 365 licence costs		-5
Economic Prosperity Strategy		45
minor variations		2
		63

Appendix 2

2021/22 to 2022/23 Change

	£'000	£'000
Real Term Variations		
Staffing variations (including increments)		5
Increase in Superannuation		30
Economic Prosperity strategy part falling out		-45
Additional shared service contributions		-3
minor variations		-8
		-21

PAGE INTENTIONALLY BLANK

Item No. 7.43

Appendix 2

Environment

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
1 Waste & Recycling					
	Employee Expenses	265,090	278,300	292,730	308,290
	Premises Related Expenditure	20,870	2,900	2,930	2,960
	Transport Related Expenditure	5,810	5,900	5,990	6,080
	Supplies & Services	67,080	53,730	54,580	55,470
	Third Party Payments	2,545,260	2,616,880	2,697,400	2,779,950
Total	**Expenditure**	**2,904,110**	**2,957,710**	**3,053,630**	**3,152,750**
	Income	(1,044,390)	(968,330)	(938,010)	(957,110)
Total	**Income**	**(1,044,390)**	**(968,330)**	**(938,010)**	**(957,110)**
Waste & Recycling Net Expenditure		**1,859,720**	**1,989,380**	**2,115,620**	**2,195,640**
2 Regulatory Services					
	Employee Expenses	422,510	454,200	471,320	488,550
	Premises Related Expenditure	1,020	1,040	1,060	1,080
	Transport Related Expenditure	10,670	16,940	17,110	17,280
	Supplies & Services	38,780	40,640	41,100	41,520
	Third Party Payments	43,100	43,970	44,850	45,750
Total	**Expenditure**	**516,080**	**556,790**	**575,440**	**594,180**
	Income	(33,560)	(21,640)	(22,180)	(22,630)
Total	**Income**	**(33,560)**	**(21,640)**	**(22,180)**	**(22,630)**
Regulatory Services Net Expenditure		**482,520**	**535,150**	**553,260**	**571,550**
3 Cleansing Services					
	Premises Related Expenditure	5,810	5,870	5,930	5,990
	Supplies & Services	5,480	5,530	5,580	5,630
	Third Party Payments	419,590	430,790	443,280	455,860
Total	**Expenditure**	**430,880**	**442,190**	**454,790**	**467,480**
Cleansing Services Net Expenditure		**430,880**	**442,190**	**454,790**	**467,480**
4 Drainage Services					
	Premises Related Expenditure	10,520	8,610	8,700	8,790
Total	**Expenditure**	**10,520**	**8,610**	**8,700**	**8,790**
	Income	(2,000)	-	-	-
Total	**Income**	**(2,000)**	-	-	**-**
Drainage Services Net Expenditure		**8,520**	**8,610**	**8,700**	**8,790**
5 Street Cleansing					
	Employee Expenses	509,610	505,030	522,240	539,610
	Premises Related Expenditure	3,320	3,390	3,460	3,530
	Transport Related Expenditure	145,740	157,650	159,900	162,190
	Supplies & Services	31,730	31,820	32,100	32,370
Total	**Expenditure**	**690,400**	**697,890**	**717,700**	**737,700**
	Income	(681,740)	(697,890)	(717,700)	(737,700)
Total	**Income**	**(681,740)**	**(697,890)**	**(717,700)**	**(737,700)**
Street Cleansing Net Expenditure		**8,660**	**-**	**-**	**-**

Environment

	Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
6 Countryside Management				
Employee Expenses	208,030	171,870	163,670	169,700
Premises Related Expenditure	8,080	8,220	8,360	8,500
Transport Related Expenditure	12,510	12,770	13,030	13,290
Supplies & Services	42,290	29,090	29,390	29,690
Total Expenditure	**270,910**	**221,950**	**214,450**	**221,180**
Income	(67,090)	(26,340)	(13,660)	(13,910)
Total Income	**(67,090)**	**(26,340)**	**(13,660)**	**(13,910)**
Countryside Management Net Expenditure	**203,820**	**195,610**	**200,790**	**207,270**
7 Grounds Maintenance				
Employee Expenses	677,740	703,140	728,860	754,060
Premises Related Expenditure	35,080	35,390	36,010	36,660
Transport Related Expenditure	62,420	63,620	64,860	66,130
Supplies & Services	156,140	159,050	160,610	162,220
Total Expenditure	**931,380**	**961,200**	**990,340**	**1,019,070**
Income	(925,880)	(961,200)	(990,340)	(1,019,070)
Total Income	**(925,880)**	**(961,200)**	**(990,340)**	**(1,019,070)**
Grounds Maintenance Net Expenditure	**5,500**	-	-	-
8 Conservation Areas				
Employee Expenses	135,450	165,510	172,350	179,310
Transport Related Expenditure	5,040	5,090	5,140	5,190
Supplies & Services	2,170	1,970	1,990	2,010
Total Expenditure	**142,660**	**172,570**	**179,480**	**186,510**
Conservation Areas Net Expenditure	**142,660**	**172,570**	**179,480**	**186,510**
9 Public Clocks				
Premises Related Expenditure	5,190	5,360	5,500	5,640
Total Expenditure	**5,190**	**5,360**	**5,500**	**5,640**
Public Clocks Net Expenditure	**5,190**	**5,360**	**5,500**	**5,640**
10 Off Street Parking				
Premises Related Expenditure	345,390	353,110	359,670	366,440
Transport Related Expenditure	10	10	10	10
Supplies & Services	120,370	129,280	132,800	136,420
Third Party Payments	29,320	29,820	30,680	31,560
Total Expenditure	**495,090**	**512,220**	**523,160**	**534,430**
Income	(407,160)	(884,520)	(884,660)	(884,800)
Total Income	**(407,160)**	**(884,520)**	**(884,660)**	**(884,800)**
Off Street Parking Net Expenditure	**87,930**	**(372,300)**	**(361,500)**	**(350,370)**

Appendix 2

Environment

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
11 Hawks Green Depot					
	Employee Expenses	6,290	6,420	6,550	6,680
	Premises Related Expenditure	103,130	99,220	101,080	102,990
	Supplies & Services	15,450	18,280	18,840	19,050
Total	**Expenditure**	**124,870**	**123,920**	**126,470**	**128,720**
	Income	(143,700)	(149,390)	(155,310)	(161,510)
Total	**Income**	**(143,700)**	**(149,390)**	**(155,310)**	**(161,510)**
Hawks Green Depot Net Expenditure		**(18,830)**	**(25,470)**	**(28,840)**	**(32,790)**
12 Bus Shelters					
	Premises Related Expenditure	60,180	34,270	34,940	35,610
Total	**Expenditure**	**60,180**	**34,270**	**34,940**	**35,610**
	Income	(63,640)	(36,120)	(36,840)	(37,580)
Total	**Income**	**(63,640)**	**(36,120)**	**(36,840)**	**(37,580)**
Bus Shelters Net Expenditure		**(3,460)**	**(1,850)**	**(1,900)**	**(1,970)**
13 Vehicles					
	Employee Expenses	152,360	145,020	149,880	154,800
	Premises Related Expenditure	1,070	1,080	1,090	1,100
	Transport Related Expenditure	53,990	54,430	55,170	56,260
	Supplies & Services	11,090	10,880	10,990	11,100
Total	**Expenditure**	**218,510**	**211,410**	**217,130**	**223,260**
	Income	(223,880)	(238,300)	(243,110)	(248,030)
Total	**Income**	**(223,880)**	**(238,300)**	**(243,110)**	**(248,030)**
Vehicles Net Expenditure		**(5,370)**	**(26,890)**	**(25,980)**	**(24,770)**
Environment Net Expenditure		**3,207,740**	**2,922,360**	**3,099,920**	**3,232,980**

Environment Portfolio

Variation Statement 2021/2022 to 2023/2024

	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	2022/23 Indicative	Real Terms / Efficiency Variations	2022/2023 Budget	Inflation	Real Terms / Efficiency Variations	2023/2024 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	2,649	- 219	2,430	2,744	- 236	2,508	45	48	2,601
Premises Related Costs	551	8	559	561	8	569	10	-	579
Transport Related Costs	328	- 12	316	333	- 12	321	5	-	326
Supplies and Services	517	- 37	480	525	- 37	488	7	1	496
Third Party Payments	3,119	2	3,121	3,214	2	3,216	64	33	3,313
Total Expenditure	7,164	- 258	6,906	7,377	- 275	7,102	131	82	7,315
Income	- 4,027	43	- 3,984	- 4,059	57	- 4,002	- 68	- 12	- 4,082
Net Expenditure	3,137	**- 215**	2,922	3,318	**- 218**	3,100	63	**70**	3,233

Environment Portfolio

Proposed Real Terms / Efficiency Variations

2021/22 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		17
Private Sector Housing transferred to Health & Wellbeing portfolio		
Employees	-246	
Transport	-11	
Supplies	-11	
Income	45	-223
Countryside Management apprentice post		
Employees	9	
Income	-9	0
Waste		
Reduced trade waste disposal costs	-20	
Contract costs	5	
Reduced internal recharge	12	-3
Transfer to fund Office 365 licence costs		-4
Increased grounds recharge		-8
Regulatory services reduced income		5
minor variations		1
		-215

2021/22 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		17
Private Sector Housing transferred to Health & Wellbeing portfolio		
Employees	-254	
Transport	-11	
Supplies	-11	
Income	46	-230
Waste		
Reduced trade waste disposal costs	-20	
Contract costs	5	
Reduced internal recharge	12	-3
Transfer to fund Office 365 licence costs		-4
Increased grounds recharge		-8
Regulatory services reduced income		5
minor variations		5
		-218

Item No. 7.48

Appendix 2

2021/22 to 2022/23 Change

	£'000	£'000
Real Term Variations		
Increase in Superannuation		46
Waste contract costs additional properties		28
Street cleansing recharge		
Third Party	4	
Income	-6	-2
Increased Grounds maintenance recharge		-6
minor variations		4
		70

Item No. 7.49

Appendix 2

Health and Wellbeing

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
1 Benefits Payments					
	Transfer Payments	17,022,120	15,643,870	14,375,860	13,209,280
Total	**Expenditure**	**17,022,120**	**15,643,870**	**14,375,860**	**13,209,280**
	Income	(17,253,440)	(15,875,190)	(14,607,180)	(13,440,600)
Total	**Income**	**(17,253,440)**	**(15,875,190)**	**(14,607,180)**	**(13,440,600)**
Benefits Payments Net Expenditure		**(231,320)**	**(231,320)**	**(231,320)**	**(231,320)**
2 Food Safety					
	Employee Expenses	324,830	350,510	362,330	374,260
	Transport Related Expenditure	10,040	10,140	10,240	10,340
	Supplies & Services	60,600	48,070	48,410	48,740
Total	**Expenditure**	**395,470**	**408,720**	**420,980**	**433,340**
	Income	(14,500)	(5,500)	(5,500)	(5,500)
Total	**Income**	**(14,500)**	**(5,500)**	**(5,500)**	**(5,500)**
Food Safety Net Expenditure		**380,970**	**403,220**	**415,480**	**427,840**
3 Management & Administration					
	Employee Expenses	69,500	65,090	67,700	70,360
	Transport Related Expenditure	130	130	130	130
	Supplies & Services	860	650	660	670
Total	**Expenditure**	**70,490**	**65,870**	**68,490**	**71,160**
Management & Administration Net Expenditure		**70,490**	**65,870**	**68,490**	**71,160**
4 Mortuary					
	Employee Expenses	43,970	47,330	48,870	50,420
	Premises Related Expenditure	20,450	20,810	21,190	21,560
	Supplies & Services	20,400	21,380	21,570	21,760
Total	**Expenditure**	**84,820**	**89,520**	**91,630**	**93,740**
	Income	(93,480)	(105,750)	(107,860)	(109,970)
Total	**Income**	**(93,480)**	**(105,750)**	**(107,860)**	**(109,970)**
Mortuary Net Expenditure		**(8,660)**	**(16,230)**	**(16,230)**	**(16,230)**
5 Taxation					
	Employee Expenses	2,608,470	2,569,720	2,538,400	2,627,230
	Transport Related Expenditure	15,150	23,180	23,410	23,640
	Supplies & Services	496,560	457,090	464,080	471,070
	Third Party Payments	14,000	14,000	14,280	14,570
Total	**Expenditure**	**3,134,180**	**3,063,990**	**3,040,170**	**3,136,510**
	Income	(2,116,900)	(2,334,770)	(2,266,880)	(2,316,010)
Total	**Income**	**(2,116,900)**	**(2,334,770)**	**(2,266,880)**	**(2,316,010)**
Taxation Net Expenditure		**1,017,280**	**729,220**	**773,290**	**820,500**

Health and Wellbeing

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
6 Licensing					
	Employee Expenses	159,740	165,540	171,230	176,990
	Transport Related Expenditure	4,630	4,680	4,730	4,780
	Supplies & Services	36,750	36,180	36,560	36,940
Total	**Expenditure**	**201,120**	**206,400**	**212,520**	**218,710**
	Income	(228,100)	(277,200)	(282,640)	(288,190)
Total	**Income**	**(228,100)**	**(277,200)**	**(282,640)**	**(288,190)**
Licensing Net Expenditure		**(26,980)**	**(70,800)**	**(70,120)**	**(69,480)**
7 COVID 19					
	Supplies & Services	183,000	-	-	-
Total	**Expenditure**	**183,000**	-	-	-
COVID 19 Net Expenditure		**183,000**	**-**	**-**	**-**
8 Private Sector Housing					
	Employee Expenses	246,060	247,470	255,420	263,360
	Transport Related Expenditure	11,360	11,480	11,600	11,720
	Supplies & Services	10,660	10,120	10,230	10,330
Total	**Expenditure**	**268,080**	**269,070**	**277,250**	**285,410**
	Income	(44,410)	(45,520)	(46,370)	(47,260)
Total	**Income**	**(44,410)**	**(45,520)**	**(46,370)**	**(47,260)**
Private Sector Housing Net Expenditure		**223,670**	**223,550**	**230,880**	**238,150**
Health and Wellbeing Net Expenditure		**1,608,450**	**1,103,510**	**1,170,470**	**1,240,620**

Health & Wellbeing Portfolio

Variation Statement 2021/2022 to 2023/2024

	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	2022/23 Indicative	Real Terms / Efficiency Variations	2022/2023 Budget	Inflation	Real Terms / Efficiency Variations	2023/2024 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	3,060	386	3,446	3,168	276	3,444	64	55	3,563
Premises Related Costs	21	-	21	21	-	21	-	1	22
Transport Related Costs	38	12	50	39	11	50	1	-	51
Supplies and Services	569	4	573	577	4	581	8	1	590
Third Party	14	-	14	14	-	14	-	-	14
Transfer Payments	16,812	- 1,168	15,644	15,468	- 1,092	14,376	-	- 1,167	13,209
Total Expenditure	20,514	- 766	19,748	19,287	- 801	18,486	73	- 1,110	17,449
Income	- 19,489	845	- 18,644	- 18,202	886	- 17,316	- 42	1,150	- 16,208
Net Expenditure	1,025	**79**	1,104	1,085	**85**	1,170	31	**40**	1,241

Health & Wellbeing Portfolio

Proposed Real Terms / Efficiency Variations

2021/22 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		14
Local Taxation grant funding		
Employees	120	
Income	-120	0
Private Sector Housing transferred from Environment portfolio		
Employees	246	
Transport	11	
Supplies	11	
Income	-45	223
Change in benefit payments (estimated impact of Universal Credit)		
Expenditure	- 946	
Income	946	0
Transfer to fund Office 365 licence costs		-12
Housing benefit subsidy overpayment allowance		-150
Additional shared service contributions		-6
minor variations		10
		79

2022/23 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		14
Private Sector Housing transferred from Environment portfolio		
Employees	254	
Transport	11	
Supplies	11	
Income	-46	230
Change in benefit payments (estimated impact of Universal Credit)		
Expenditure	- 870	
Income	870	0
Transfer to fund Office 365 licence costs		-12
Housing benefit subsidy overpayment allowance		-150
Additional shared service contributions		-6
minor variations		9
		85

2022/23 to 2023/24 Change

		£'000	£'000
Real Term Variations			
	Increase in Superannuation		52
	Increments		3
	Change in benefit payments (estimated impact of Universal Credit)		
	Expenditure	- 1,167	
	Income	1,167	0
	Taxation - additional shared service contributions		-13
	minor variations		-2
			40

PAGE INTENTIONALLY BLANK

Appendix 2

Housing General Fund

		Outturn 2020-2021	Budget 2021-2022	Budget 2022-2023	Budget 2023-2024
		£	£	£	£
1 Circular 8/95					
	Supplies & Services	35,520	35,520	35,520	35,520
Total	**Expenditure**	**35,520**	**35,520**	**35,520**	**35,520**
Circular 8/95 Net Expenditure		**35,520**	**35,520**	**35,520**	**35,520**
2 Housing Services					
	Employee Expenses	432,770	468,010	458,240	474,550
	Premises Related Expenditure	5,670	5,700	5,810	5,920
	Transport Related Expenditure	2,560	2,580	2,600	2,620
	Supplies & Services	444,270	132,460	133,390	134,570
	Third Party Payments	20,000	290	300	310
Total	**Expenditure**	**905,270**	**609,040**	**600,340**	**617,970**
	Income	(451,840)	(214,010)	(193,700)	(199,710)
Total	**Income**	**(451,840)**	**(214,010)**	**(193,700)**	**(199,710)**
Housing Services Net Expenditure		**453,430**	**395,030**	**406,640**	**418,260**
Housing General Fund Net Expenditure		**488,950**	**430,550**	**442,160**	**453,780**

Housing General Fund Portfolio

Variation Statement 2021/2022 to 2023/2024

	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	2022/23 Indicative	Real Terms / Efficiency Variations	2022/2023 Budget	Inflation	Real Terms / Efficiency Variations	2023/2024 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	431	37	468	445	13	458	8	9	475
Premises Related Costs	6	-	6	6	-	6	-	-	6
Transport Related Costs	2	1	3	3	-	3	-	-	3
Supplies and Services	169	- 1	168	170	- 1	169	1	-	170
Total Expenditure	608	37	645	624	12	636	9	9	654
Income	- 190	- 24	- 214	- 194	-	- 194	- 4	- 2	- 200
Net Expenditure	418	**13**	431	430	**12**	442	5	**7**	454

Item No. 7.56

Appendix 2

Housing General Fund Portfolio

Proposed Real Terms / Efficiency Variations

2021/22 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		3
Staffing variations		11
Homelessness Grant funded post		
Employees	23	
Income	-23	0
minor variations		-1
		13

2022/23 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		3
Staffing variations		10
minor variations		-1
		12

2022/23 to 2023/24 Change

	£'000	£'000
Real Term Variations		
Increase in Superannuation		6
minor variations		1
		7

PAGE INTENTIONALLY BLANK

Appendix 2

Leader of the Council

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
1 Democratic Services					
	Employee Expenses	187,830	195,860	203,930	212,380
	Transport Related Expenditure	3,850	3,890	3,930	3,970
	Supplies & Services	394,660	393,320	400,940	408,690
Total	**Expenditure**	**586,340**	**593,070**	**608,800**	**625,040**
Democratic Services Net Expenditure		**586,340**	**593,070**	**608,800**	**625,040**
2 Elections					
	Employee Expenses	108,230	175,310	179,800	185,370
	Premises Related Expenditure	-	4,690	4,690	4,790
	Transport Related Expenditure	150	250	250	250
	Supplies & Services	60,140	101,990	102,410	103,300
Total	**Expenditure**	**168,520**	**282,240**	**287,150**	**293,710**
	Income	(7,700)	(1,190)	(1,210)	(1,230)
Total	**Income**	**(7,700)**	**(1,190)**	**(1,210)**	**(1,230)**
Elections Net Expenditure		**160,820**	**281,050**	**285,940**	**292,480**
3 Executive Management & Support					
	Employee Expenses	264,950	265,910	274,410	270,650
	Transport Related Expenditure	2,590	2,620	2,650	2,680
	Supplies & Services	133,930	84,370	85,200	86,080
Total	**Expenditure**	**401,470**	**352,900**	**362,260**	**359,410**
	Income	(15,000)	(12,360)	(12,360)	-
Total	**Income**	**(15,000)**	**(12,360)**	**(12,360)**	**-**
Executive Management & Support Net Expenditure		**386,470**	**340,540**	**349,900**	**359,410**
5 Grants & Contributions					
	Supplies & Services	154,000	148,640	151,630	153,130
Total	**Expenditure**	**154,000**	**148,640**	**151,630**	**153,130**
Grants & Contributions Net Expenditure		**154,000**	**148,640**	**151,630**	**153,130**
6 Finance					
	Employee Expenses	970,830	1,007,300	1,044,620	1,082,920
	Transport Related Expenditure	3,560	3,600	3,640	3,680
	Supplies & Services	126,050	171,820	138,090	139,470
Total	**Expenditure**	**1,100,440**	**1,182,720**	**1,186,350**	**1,226,070**
	Income	(823,030)	(878,820)	(890,980)	(922,770)
Total	**Income**	**(823,030)**	**(878,820)**	**(890,980)**	**(922,770)**
Finance Net Expenditure		**277,410**	**303,900**	**295,370**	**303,300**
7 Corporate Management					
	Supplies & Services	118,170	133,900	134,990	136,340
Total	**Expenditure**	**118,170**	**133,900**	**134,990**	**136,340**
	Income	(39,530)	(41,100)	(42,730)	(44,440)
Total	**Income**	**(39,530)**	**(41,100)**	**(42,730)**	**(44,440)**
Corporate Management Net Expenditure		**78,640**	**92,800**	**92,260**	**91,900**

Leader of the Council

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
8 Non Distributed Costs					
	Employee Expenses	311,580	321,480	328,110	334,670
Total	**Expenditure**	**311,580**	**321,480**	**328,110**	**334,670**
	Income	(40,000)	(40,800)	(41,620)	(42,450)
Total	**Income**	**(40,000)**	**(40,800)**	**(41,620)**	**(42,450)**
Non Distributed Costs Net Expenditure		**271,580**	**280,680**	**286,490**	**292,220**
9 Excluded Items					
	Employee Expenses	43,500	(103,500)	(102,630)	(101,740)
	Supplies & Services	609,000	427,910	559,000	279,000
Total	**Expenditure**	**652,500**	**324,410**	**456,370**	**177,260**
	Income	(745,490)	(408,410)	(605,200)	(718,440)
Total	**Income**	**(745,490)**	**(408,410)**	**(605,200)**	**(718,440)**
Excluded Items Net Expenditure		**(92,990)**	**(84,000)**	**(148,830)**	**(541,180)**
Leader of the Council Net Expenditure		**1,822,270**	**1,956,680**	**1,921,560**	**1,576,300**

Item No. 7.59

Appendix 2

Leader of the Council Portfolio

Variation Statement 2021/2022 to 2023/2024

	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	2022/23 Indicative	Real Terms / Efficiency Variations	2022/2023 Budget	Inflation	Real Terms / Efficiency Variations	2023/2024 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	1,947	- 85	1,862	2,067	- 139	1,928	38	18	1,984
Premises Related Costs	-	5	5	5	-	5	-	-	5
Transport Related Costs	10	-	10	10	1	11	-	- 1	10
Supplies and Services	920	542	1,462	983	589	1,572	14	- 280	1,306
Total Expenditure	2,877	462	3,339	3,065	451	3,516	52	- 263	3,305
Income	- 1,712	330	- 1,382	- 1,776	182	- 1,594	- 58	- 77	- 1,729
									-
Net Expenditure	1,165	**792**	1,957	1,289	**633**	1,922	- 6	**- 340**	1,576

Leader of the Council Portfolio

Proposed Real Terms / Efficiency Variations

2021/22 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		10
Staffing variations		7
Non distributed reduced pension costs		-10
Pay freeze salary above £24,000		
Employees	-147	
Income (hra recharges)	37	-110
Members allowance pay freeze		-7
District elections rephased from 20-21		
Employees	55	
Premises	5	
Supplies	48	108
Transfer to fund Office 365 licence costs		-5
Finance additional system costs		
Supplies	47	
Income	-30	17
Excluded items - potential Covid impact		
Supplies	428	
Income	330	758
Corporate management		
Bank charges	10	
Audit fees	8	
Asset valuations	8	26
Increased hra recharges		-7
minor variations		5
		792

Item No. 7.61

Appendix 2

2022/23 Change

	£'000	£'000
Real Term Variations		
Pay award 0.75% increase		10
Staffing variations		7
Non distributed reduced pension costs		-10
Pay freeze salary above £24,000		
Employees	-147	
Income (hra recharges)	37	-110
Members allowance pay freeze		-7
Transfer to fund Office 365 licence costs		-5
Finance additional system costs		
Supplies	12	
Income	-12	0
Excluded items - potential Covid impact		
Supplies	559	
Income	164	723
Corporate management		
Bank charges	10	
Audit fees	8	
Asset valuations	8	26
Increased hra recharges		-7
minor variations		6
		633

2022/23 to 2023/24 Change

	£'000	£'000
Real Term Variations		
Increase in Superannuation		27
Increments		3
Executive mangement apprenticeships falling out		
Employees	-12	
Supplies	12	0
Excluded items - potential Covid impact reduction from 2022-23		
Supplies	- 280	
Income	- 81	- 361
Increased shared services contributions		-9
		-340

PAGE INTENTIONALLY BLANK

Item No. 7.62

Appendix 2

Town Centre Regeneration

		Outturn 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £	Budget 2023-2024 £
1 Markets					
	Employee Expenses	131,220	70,580	73,930	77,390
	Premises Related Expenditure	242,800	258,040	237,720	52,950
	Transport Related Expenditure	1,800	1,840	1,880	1,900
	Supplies & Services	79,860	69,740	70,370	25,680
Total	**Expenditure**	**455,680**	**400,200**	**383,900**	**157,920**
	Income	(125,060)	(57,480)	(57,550)	(57,620)
Total	**Income**	**(125,060)**	**(57,480)**	**(57,550)**	**(57,620)**
Markets Net Expenditure		**330,620**	**342,720**	**326,350**	**100,300**
2 Town Centre Management					
	Premises Related Expenditure	246,290	255,990	261,090	266,130
	Supplies & Services	7,210	210	210	210
Total	**Expenditure**	**253,500**	**256,200**	**261,300**	**266,340**
	Income	(152,570)	(152,120)	(152,140)	(151,560)
Total	**Income**	**(152,570)**	**(152,120)**	**(152,140)**	**(151,560)**
Town Centre Management Net Expenditure		**100,930**	**104,080**	**109,160**	**114,780**
3 Miscellaneous Properties					
	Premises Related Expenditure	6,140	6,260	6,370	6,480
Total	**Expenditure**	**6,140**	**6,260**	**6,370**	**6,480**
	Income	(14,150)	(14,170)	(14,190)	(14,210)
Total	**Income**	**(14,150)**	**(14,170)**	**(14,190)**	**(14,210)**
Miscellaneous Properties Net Expenditure		**(8,010)**	**(7,910)**	**(7,820)**	**(7,730)**
Town Centre Regeneration Net Expenditure		**423,540**	**438,890**	**427,690**	**207,350**

Town Centre Regeneration Portfolio

Variation Statement 2021/2022 to 2023/2024

	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	2022/23 Indicative	Real Terms / Efficiency Variations	2022/2023 Budget	Inflation	Real Terms / Efficiency Variations	2023/2024 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	70	1	71	73	1	74	1	2	77
Premises Related Costs	499	21	520	429	76	505	9	- 189	325
Transport Related Costs	2	-	2	2	-	2	-	-	2
Supplies and Services	60	10	70	39	32	71	1	- 46	26
Total Expenditure	631	32	663	543	109	652	11	- 233	430
Income	- 357	133	- 224	- 358	134	- 224	-	1	- 223
Net Expenditure	274	**165**	439	185	**243**	428	11	**- 232**	207

Appendix 2

Town Centre Regeneration Portfolio

Proposed Real Terms / Efficiency Variations

2021/22 Change

	£'000	£'000
Real Term Variations		
Addditional rates and utility costs		29
Reduced income Cannock market shops		104
Rugeley market hall additional security costs		10
Town Centre Management reduced rent payable		
Reduced rent payable	-8	
Reduced rent income receivable	30	22
		165

2022/23 Change

	£'000	£'000
Real Term Variations		
Addditional rates and utility costs		6
Reduced income Cannock market shops		104
Multi Storey car park additional costs		
Premises	78	
Supplies (security)	21	99
Rugeley market hall additional security costs		10
Town Centre Management reduced rent payable		
Reduced rent payable	-8	
Reduced rent income receivable	30	22
minor variations		2
		243

2022/23 to 2023/24 Change

	£'000	£'000
Real Term Variations		
Increase in Superannuation		3
Cannock market shops remove premises costs demolished 22-23		-36
Cannock market hall assume demolished 22-23		
Premises	-74	
Supplies	-24	-98
Multi Storey car park additional costs falling out		
Premises	-78	
Supplies (security)	-21	-99
minor variations		-2
		-232

PAGE INTENTIONALLY BLANK

Item No. 7.65

Appendix 3

Capital Programme 2020-21 to 2023-24

	Total Programme Revised	General Fund	Section 106
HOUSING GF	**£000**	**£000**	**£000**
Disabled Facilities Grants	4,680	4,680	-
Private Sector Decent Homes	27	27	-
Total Housing General Fund	**4,707**	**4,707**	**-**
ENVIRONMENT			
Home Security Grants	37	37	-
Wheelie Bin Replacement	416	416	-
Replacement Vehicles - cleansing	15	15	-
Replacement Vehicles - countryside	68	68	-
Car Park Improvements	292	292	-
Replacement Vehicles - Grounds	77	77	-
Total Environment	**905**	**905**	**-**
CRIME AND PARTNERSHIPS			
CCTV	67	67	-
Total Crime & Partnerships	**67**	**67**	**-**
CULTURE AND SPORT			
Additional Cemetery Provision	1,410	1,410	-
Stile Cop Cemetery Modular build	60	60	-
Hednesford Park Improvements (part s106 funding)	174	155	19
Stadium Development (Phase 2)	401	276	125
Relocation Arthur Street Play Area (s106)	3	-	3
Multi Use Games Area, Laburnum Avenue (s106)	121	-	121
Heath Hayes Park/Pitch Refurbishment	115	-	115
Replacement Vehicles - Cemeteries	51	51	-
Play Area and Open Space Rugeley	48	5	43
Play Area and Open Space Penny Cress Green	186	-	186
Rugeley ATP	844	422	422
Cannock East (CIL)	210	-	210
Commonwealth Games Mountain Bike	50	50	-
Commonwealth Games Legacy	50	50	-
Rugeley Swimming Pool	300	300	-
Rugeley LC Boiler	190	190	-
Total Culture and Sport	**4,213**	**2,969**	**1,244**
ECONOMIC REGENERATION AND PLANNING			
Economic Development & Physical Assets	176	176	-
District Investment	5,645	5,645	-
Lets Grow Grants	38	38	-
Hawks Green Rationalisation	204	204	-
Total Ecomonic Regeneration and Planning	**6,063**	**6,063**	**-**
CORPORATE IMPROVEMENT			
Financial Management System	350	350	-
Total Corporate Improvement	**350**	**350**	**-**
TOWN CENTRE REGENERATION			
Prince of Wales Theatre	53	53	-
Rugeley Pedestrian Cycle Linkage (S106)	219	-	219
Total Town Centre Regeneration	**272**	**53**	**219**
TOTAL CAPITAL PROGRAMME	**16,577**	**15,114**	**1,463**

Item No. 7.66

Appendix 4

General Fund and Section 106 Capital Budgets 2020-21 to 2023-24

	2020/21 Revised	2021/22	2022/23	2023/24	Approved
HOUSING	**£000**	**£000**	**£000**	**£001**	**£000**
Disabled Facilities Grants	500	1,822	926	926	506
Private Sector Decent Homes	7	20	-	-	-
Total Housing General Fund	**507**	**1,842**	**926**	**926**	**506**
ENVIRONMENT					
Home Security Grants	9	28	-	-	-
Wheelie Bin Replacement	126	120	90	80	-
Replacement Vehicles - cleansing	-	-	-	-	15
Replacement Vehicles - countryside	30	-	-	-	38
Car Park Improvements	90	-	-	-	202
Replacement Vehicles - Grounds	86	-	-	-	- 9
Total Environment	**341**	**148**	**90**	**80**	**246**
CRIME AND PARTNERSHIPS					
CCTV	-	-	-	-	67
Total Crime & Partnerships	**-**	**-**	**-**	**-**	**67**
CULTURE AND SPORT					
Additional Cemetery Provision	1,410	-	-	-	-
Stile Cop Cemetery Phase 2	-	-	-	-	-
Stile Cop Cemetery Modular build	-	60	-	-	-
Hednesford Park Improvements (part s106 funding)	-	-	-	-	174
Stadium Development (Phase 2)	20	381	-	-	-
Relocation Arthur Street Play Area (s106)	-	-	-	-	3
Multi Use Games Area, Laburnum Avenue (s106)	-	-	-	-	121
Heath Hayes Park/Pitch Refurbishment	-	-	-	-	115
Replacement Vehicles - Cemeteries	-	-	-	-	51
Play Area and Open Space Rugeley	-	48	-	-	-
Play Area and Open Space Penny Cress Green	-	186	-	-	-
Rugeley ATP	50	794	-	-	-
Cannock East (CIL)	-	-	-	-	210
Commonwealth Games Mountain Bike	-	50	-	-	-
Commonwealth Games Legacy	-	50	-	-	-
Rugeley Swimming Pool	250	50	-	-	-
Rugeley LC Boiler	181	9	-	-	-
Total Culture and Sport	**1,911**	**1,628**	**-**	**-**	**674**
ECONOMIC REGENERATION AND PLANNING					
Economic Development & Physical Assets	-	176	-	-	-
District Investment	-	-	-	-	5,645
Lets Grow Grants	8	30	-	-	-
Hawks Green Rationalisation	204	-	-	-	-
Total Ecomonic Regeneration and Planning	**212**	**206**	**-**	**-**	**5,645**
CORPORATE IMPROVEMENT					
Financial Management System	350	-	-	-	-
Total Corporate Improvement	**350**	**-**	**-**	**-**	**-**
TOWN CENTRE REGENERATION					
Prince of Wales Theatre	2	51	-	-	-
Rugeley Pedestrian Cycle Linkage (S106)	219	-	-	-	-
Total Town Centre Regeneration	**221**	**51**	**-**	**-**	**-**
TOTAL CAPITAL PROGRAMME	**3,542**	**3,875**	**1,016**	**1,006**	**7,138**

Item No. 7.67

Appendix 5

Business Rates Retention – Retained Income

		2021-22 50% £m	2022-23 75% £m	202-24 75% £m
A. Business Rates Collection Fund				
Gross Rates		44.568	46.013	46.934
Less	**Reliefs etc.**			
Mandatory Relief		(5.767)	(5.870)	(5.987)
Discretionary Relief		(0.120)	(0.116)	(0.118)
Exemptions		(1.487)	(0.753)	(0.768)
Cost of Collection		(0.136)	(0.138)	(0.141)
Losses on Collection		(1.647)	(1.150)	(1.169)
Business Rates Collectable		35.411	37.986	38.751
Less	**Amount due to**			
Government		(17.706)	(9.496)	(9.687)
County		(3.187)	(12.916)	(13.176)
Fire		(0.354)	(0.380)	(0.387)
Net Business Rates attributable to CCDC		14.165	15.194	15.501

B. General Fund Determination of Retained Business Rates				
Net Business Rates attributable to CCDC		14.165	15.194	15.501
Less	Tariff	(9.475)	(9.665)	(9.858)
	Reset		(0.935)	(0.954)
	Core Funding	(3.046)	(3.106)	(3.169)
	Growth	1.644	1.488	1.520
Plus	New Burdens funding subject to Levy			
	Small Business Rates Relief	1.425	1.338	1.365
Amount subject to S&SOT Levy		3.069	2.826	2.885
	Levy	(1.534)		
	County Growth		(0.706)	(0.721)
Business Rates Growth		1.535	2.120	2.164
Business Rates Pool Distribution		0.614		
Retained Business Rates				
	Core Funding	3.046	3.106	3.169
	Growth	1.534	2.120	2.164
	Business Rates Pool - Distribution	0.614		
	- Supplement	0.215		
Total Retained		5.409	5.226	5.333

Item No. 7.

Item No. 7.68

Appendix 6

Report of the Chief Finance Officer on the Robustness of the Budget Estimates and the Adequacy of the Council's Reserves

Introduction

Section 25 of the Local Government Act 2003 places a duty on the Chief Financial Officer (Head of Finance) to make a report to the Council on the robustness of budget estimates and the adequacy of the Council's reserves. The Council must have regard to this report when making its decisions about budgets and council tax for the forthcoming year. This is because the Council is setting the council tax before the commencement of the year and cannot increase it during the year. An understanding of the risks of increased expenditure during the year in terms of likelihood and impact is therefore important.

Robustness of Budget Estimates

The Council's budget estimates for 2021-22 to 2023-24 have been prepared by appropriately qualified and experienced staff in consultation with service managers. Budgets have been discussed and fully managed by the Leadership Team. The budgets for 2021-22 are particularly complicated due to the potential impact of COVID 19. The budget has therefore been constructed based upon the maintenance of existing level of service and is considered to accurately reflect likely expenditure in 2021-22, being based on historic information, experience of expenditure in previous years and latest projections where appropriate. The indicative budgets for 2022-23 and 2023-24 are similarly based upon the best information available at this moment in time. A separate COVID 19 contingency estimate has been provided for each of the three years. This estimate has been based upon three scenarios best, worst case and a middle ground. Separate provision exists within the Leader of the Council portfolio for the mid case scenario with the best and worst case scenarios being reflected in the Working Balance Risk Analysis

A full risk assessment of the Council's Budget 2021-22 has been carried out - APPENDIX 1).

Provision for Pay Award Inflation reflects the pay freeze on salaries above £24,000. The impact of the National Living Wage has been incorporated into the budget and allowance has also been made for staff incremental progression. Sufficient provision has been built in for current employer pension contributions, in line with the 2019 actuarial valuation. Different vacancy rates have been assumed for Council services based on past experience.

Inflation on contractor costs has been allowed based on the projected retail / consumer prices index increases and on energy budgets based on anticipated tariff increases.

Inflation has been provided on fees and charges, but excluding Car Parks and Allotments. Given the demand led nature of some of the more significant income budgets, such as for parking, development control and land charges, prudent but realistic assumptions have been made about estimated income. The current economic climate is expected to continue to have a significant impact on fees and charges generally during 2021-22 and this has been reflected in the Covid contingency estimate. Major sources of income will continue to be closely monitored throughout the year with a view to protecting overall income to the Council as far as possible.

Investment income of £81,600 has been included within 2021-22 budgets. This has been based on current projections of bank rate which are anticipated to remain close to 0% as an indirect impact of Covid. Investment income also includes the saving arising from the prepayment of the fixed cash lump sum element of the 2021-22 Employers Superannuation Contribution. Prudent assumptions about cash flow have been made and the advice of the Council's treasury management consultants has been taken into account in determining the average rate of return.

No specific contingency budget is provided in 2021-22 as it is considered that the Council's overall revenue balances are sufficient to act as an overall contingency (see below). However, robust budget monitoring arrangements are in place and will continue throughout the year. These arrangements also include Business Rates Monitoring and the potential new Housing Incentive Scheme (New Homes Bonus) forecasts. In addition to budget monitoring by officers, all Cabinet members will receive a monthly update and there will be quarterly reports to the Cabinet and relevant Scrutiny Committees.

Significant expenditure and income budgets will be monitored closely during the year. Any projected variances will be addressed in a timely manner.

The Council has a Risk Management Strategy and has identified its key corporate risks. Significant financial risks will be managed appropriately. In addition, some financial risks will be mitigated by the Council's insurance arrangements.

I can therefore confirm that the budget estimates as presented are robust.

Adequacy of the Council's Reserves

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance on local authority reserves and balances. It sets out three main purposes for which reserves are held:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;

- A contingency to cushion the impact of unexpected events or emergencies;

- A means of building up funds to meet known or predicted liabilities, known as earmarked reserves.

The Council held General Fund revenue balances of £2.624 million at 31 March 2020 and consisted of the General Fund balance set at a minimum of £1.0 million, together with an earmarked reserve of £1.624 to support the Capital Programme.In addition to this, earmarked revenue general reserves amounting to £5.054million were also held as at 31 March 2020.

The Council also has a planned four year capital programme which is financially sustainable based on current capital resources and a prudent assessment of future capital resources. The financial strategy includes the use of unallocated reserves and a Revenue Contribution to Capital Outlay to supplement capital resources and mitigate any borrowing requirement; nevertheless Prudential Borrowing to finance the Council's capital programme will be used where there is a robust business case.

The Council has set a policy of a minimum level of 5.5% of net expenditure or the amount calculated by the risk analysis. The Budget for 2021-22 has been constructed on the basis that there will be a level of general reserves at 31 March 2020 in excess of the £0.812 million risk analysis requirement.

I can therefore confirm that the Council's reserves are adequate.

Bob Kean

Head of Finance

18 January 2021

Item No. 7.71

Appendix 7

Council Tax Base 2021-22

Parish	**Band D Equivalents**
Brereton and Ravenhill	1,966.87
Bridgtown	632.08
Brindley Heath	248.50
Cannock Wood	403.12
Heath Hayes and Wimblebury	4,029.37
Hednesford	5,571.37
Norton Canes	2,453.60
Rugeley	5,262.09
Unparished	8,569.82
	29,136.82

Item No. 8.1

Report of:	**Head of Housing and Partnerships**
Contact Officer:	**Nirmal Samrai** **Howard Campbell**
Contact Number:	**01543 464210** **01543 464499**
Portfolio Leader:	**Housing**
Key Decision:	**Yes**
Report Track:	**Cabinet: 28/01/21**

Cabinet

28 January 2021

Rent Setting Policy – April 2021

1 Purpose of Report

1.1 To review the Council's Housing Rent Setting Policy following the publication of Rent Standards 2020 and Limit on annual rent increases 2021-22 in accordance with the Government's Policy Statement on Rents for Social Housing 2018. Also seeking approval for the rent increase in 2021.

2 Recommendation(s)

2.1 That the revised Housing Rent Setting Policy as set out in Appendix 1 is agreed and implemented with effect from 1 April, 2021.

2.2 To agree for Housing Service Team to consult with tenants about the rent increases from 2021 until 2025.

3 Key Issues and Reasons for Recommendations

Key Issues

3.1 A revised rent setting policy for social landlords beyond 2020 was announced by Department for Communities and Local Government (DCLG) on 4 October 2017 whereby increases to social housing rents will be limited up to the Consumer Price Index (CPI) plus 1% for 5 years from 2020.

3.2 The Rent Standard forms part of the regulatory framework for social housing and from April 2020 the Council's rent setting is now subject to the regulatory framework.

Reasons for Recommendations

3.3 This report confirms the details provided in Housing Revenue Account Draft Budget 2020/21 to 2023/24 report contained elsewhere on the Agenda which have been formulated within the framework set out in the Government formulated rent policy.

3.4 It is proposed that this report seeks to continue to follow the formulated social rent policy implemented from 1 April, 2020 and to continue with year 2 of the 5 year national rent setting policy.

4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:

(i) The proposed revised rent setting policy would contribute to the service aim to "manage the Council's housing stock" making better use of resources to enable the Council to achieve its strategic objectives "More and Better Housing " Priority Delivery Plan, i.e.

A. Increase the supply of affordable housing.

B. Improving the Council's social housing stock.

5 Report Detail

5.1 Last years report (30 January 2020) provided Cabinet with a summary of the recent history of rent setting in social housing sector from rent restructuring and rent convergence 2002-15, the 10 year rent settlement from 2015, rent freeze from 2016 and the formula rent from 2020.

5.2 The Government confirmed the previous arrangements for limiting the welfare costs associated with local authority rents (the Rent Rebate Subsidy Limitation scheme) will not operate alongside Universal Credit.

5.3 The Regulator for Social Housing (RSH) regulates rents charged by social housing stock-owning local authorities and as aligned the regulation of Local Authority rents with Registered Providers rent. Last year 2019/20 Local authorities were being encouraged to submit data collection on a voluntary basis. From 2020/21 RSH will, collect data directly from stock holding Local Authorities and other social landlords. This information is submitted through Local Authority Data Return (LADR) and involves collecting information on stock information and rents for the purposes of rent regulation.

5.4 Council Tenant's rent is set based on resultant "formula rents" that Government prescribes and for 2021/22 it will increase by CPI September 2020 rate plus 1%. A revised formula rent has therefore been calculated for each of the Council's 5108 properties and has then been compared with the Council's current rents to assess the required increases in accordance with Rent Standard.

5.5 The Council's revised rent setting policy, which has been formulated in accordance with the national rent guidance, is attached as Appendix 1. This proposes that:-

(i) The Council's existing stock is let at social housing rents.

(ii) New build and newly acquired properties are let at affordable housing rents which are equivalent to social housing rents. (As agreed by Cabinet on 17 April, 2014).

(iii) Market rents are not charged for tenants with high income.

(iv) Rents are reviewed annually with any resultant increase not exceeding the government defined formulate of Consumer Price Index plus 1%.

(v) The rents of vacant properties are increased (where necessary) to formula rents on re-letting.

5.6 In particular, it will be noted that it is not proposed to adapt a policy to change market rents for households with incomes over £60,000. It is considered that the cost of implementing any policy does not justify the limited benefits from charging a small number of tenants (higher rents).

5.7 The Council are seeking to charge CPI which is 0.5% plus 1% to tenants in 2021/22 to address some of the financial implications outlined in 2015 report to cabinet and to ensure the HRA operates within its minimum level of working balances of £1.866 million for 2021-22 and delivering its refreshed capital expenditure programme as included on this Agenda. The addition income will be used improve services and the housing stock; make it cheaper and easier to run buildings for our tenants. This will help to overcome some of the problems with the management older housing stock and therefore improving the health of occupants.

5.8 It should be noted that the majority of other social landlord in the local area will be using the CPI plus 1% see appendix 2. Also, Council's average rent is out of kilter to most social landlord that operates in the Cannock area and throughout Staffordshire. If we do not increase the rent in 2021/22 the disparity gap between the rent levels of Council and social landlords will increase.

5.9 It is proposed that the draft policy is approved and implemented from April 2021.

5.10 Tenancy Service is also seeking approval to undertake a brief consultation from October until December each year before annual report to Cabinet seeking the opinion of tenants regarding the potential rent increase and feedback to the report of Cabinet. This is practices used by other RPs who have been subject to previous rent regulatory scrutiny. It is also an ideal opportunity to encourage tenant engagement before the start of the financial year. The outcome of the consultation would form part of the report.

6 Implications

6.1 Financial

The additional income which will be generated from the rent increase had been included within the draft HRA budgets for the period 2021/22 to 2023/24. The indicative budgets agreed were based on an indicative rent increase of 3%. The CPI (Consumer Price Index rate) is based on the September rate from the previous financial year which is 0.5%, which would give a maximum increase of 1.5%. A 1% increase generates approximately £190,000 additional dwelling rent income.

6.2 Legal

Section 24 Housing Act 1985 gives the power for Local Housing Authorities to review its rents, provided due regard is given to any relevant standards set for them under s.193 Housing & Regeneration Act 2008. The Rent Standard applies to low cost rental accommodation as defined by s.69 of the 2008 Act. Registered Providers must set rents from 01/04/20 in accordance with the Government's Policy Statement on Rents for Social Housing 2018.

6.3 Human Resources

The estimated budgets include provision for employees.

6.4 Risk Management

Self-financing increases the risks associated with the management of the HRA and a detailed risk analysis forms part of the 30 Year Business Plan.

The risks relate to income as well as expenditure and any change in Government policy will impact upon the balances available to support the Capital Programme and its minimum level of revenue working balances. The risk has however been reduced because change to social housing rent will provide a degree of certainty regarding potential level of rent income for 2021- 22 and beyond.

6.5 Equality & Diversity

The draft budget reflects a continuation of current policies and the maintenance of existing service provision throughout the budget period.

6.6 Climate Change

The plan capital expenditure programme will help to improve energy efficiency of our housing stock.

7 Appendices to the Report

Appendix 1: Rent Setting Policy 2021

Appendix 2: Local Social Landlords plan rent increases 2021

Previous Consideration

HRA Budgets 2019/20 to 2022/23	Cabinet	30 January 2020
HRA Capital Programmes 2019-20 to 2022-23	Cabinet	30 January 2020
Rent Setting Policy April 2020	Cabinet	19 December 2019

Background Papers

The Direction on the Rent Standard- 2020

Rent Standard - April 2020

Limit on annual rent increases 2021-22

Item No. 8.

Item No. 8.6

Appendix 1

Rent Setting Policy 2021

This policy applies to Cannock Chase Council

Link to other Cannock Policies:
Allocation Policy

Information for tenants:
Offer letters
Tenancy agreements
Annual rent increase

External Information:

- The Direction on the Rent Standard- 2020
- Rent Standard - April 2020
- Limit on annual rent increases 2021-22
- Guidance Local authority guidance for formal applications to disapply government rent policy

<u>Introduction</u>

This policy outlines out how Cannock Chase Council sets its rents as defined by the Rent Standard Guidance. It will include details of the initial rent calculation and how this will be reviewed annually.

The rents charge cover the costs of managing and maintaining homes together with certain categories of repairs that are carried out in a cyclical programme (e.g. gas servicing) and major improvements carried out through long-term programmes to improve its homes.

This policy meets the requirements of the Regulator, set out in the Rent Standard and Rent Standard Guidance that applies from April 2020, updated by the Welfare Reform and Work Act 2016. Information is available through the GOV.UK website: www.gov.uk/government/organisations/regulator-of-social-housing.

Policy statement

Cannock Chase Council charges rents in accordance with the Government's direction to the Regulator, the Rent Standard Guidance.

Social Housing Rents

The Council's existing stock will be let at Social Housing Rents calculated in accordance with the nationally prescribed formula as set out in "Policy statement on rents for social housing".

The basis for formula rents for Cannock Chase Council is:

-Average rent at April 2000 £54.62

-Average earnings in Staffordshire £296.10

-National average earnings £316.40

-Bedroom weight- based on size of property

-National average property value in January 1999 £49,750

Rents are then calculated by:

- 30% of a property's rent is based on relative property values-
- 70% of a property's rent is based on relative local earnings
- a bedroom factor is applied so that, other things being equal, smaller properties have lower rents

Affordable Rents

New build and newly acquired properties will be let at affordable housing rents which are equivalent to Social Housing Rents.

Rents for Social Tenants with High Incomes

Market rents will not be charged for any tenants who have an income of at least £60,000 per year.

Rent Reviews

Rents will be reviewed annually as part of the Housing Revenue Account Budget process. Any resultant rent increase will not exceed the Government Consumer Price Index plus percentage increase and all rent charge will be subject to Rent Standard Guidance.

Rent Year

Rents will be charged over a 52 week rent year.

Vacant Properties

Where the actual rent of a vacant property is below the formula rent, the rent will be increased to the formula rent level when the property is relet.

Property Revaluations

The property value of the rent formula may be reviewed in respect of properties where major improvement works have significantly increased the value.

Equality Impact Assessment

We will ensure that the service is delivered in a fair and accessible way to all our customers regardless of; gender, race, ethnic, religion or sexual orientation, and due regard will be given to the Council's Public Sector Equality Duty. For monitoring purposes the Council includes Income Management within its performance report and monitor the household and rent charge in conduct through the housing management system.

Item No. 8.9

Appendix 2

Local Social Landlords plan rent increases 2021

Landlords	Basis or Proposed Increase / (Decrease) 2021/ 22
Solihull Community Housing	Increase of CPI+1%
	= 1.5% Overall
Midland Heart	Increase of CPI+1%
	= 1.5% Overall
Wolverhampton Homes	Increase of CPI+1%
	= 1.5% Overall
Tamworth	Increase of CPI+1%
	= 1.5% Overall
whg	Increase of CPI+1%
	= 1.5% Overall
Derby Homes	Increase of CPI+1%
	= 1.5% Overall
Birmingham Council	Increase of CPI+1%
	= 1.5% Overall
Sandwell Council	Increase of CPI+1%
	= 1.5% Overall
Dudley Council	Increase of CPI+1%
	= 1.5% Overall

Item No. 9.1

Joint Report of:	**Head of Finance / Head of Housing and Partnerships**
Contact Officer:	**Bob Kean Nirmal Samrai**
Contact Number:	**01543 464334 01543 464210**
Portfolio Leader:	**Housing**
Key Decision:	**No**
Report Track:	**Cabinet: 28/01/21 Council: 10/02/21**

Cabinet

28 January 2021

Housing Revenue Account Budgets 2020/21 to 2023/24

1 Purpose of Report

1.1 To review the 2020-21 Housing Revenue Account Budget.

1.2 To refresh the Housing Revenue Account budgets for the period 2021-22 to 2022-23 and introduce the 2023-24 Draft Budget.

1.3 To determine the proposed three-year Housing Revenue Account Budget for consideration by Council on 10 February 2021.

2 Recommendation(s)

2.1 That the revised position with regard to estimated income and expenditure in respect of the 2020-21 Housing Revenue Account Budget and Housing Revenue Account budgets for the period 2021-22 to 2023-24 as summarised in Appendix 1 be noted.

2.2 That Council on 10 February 2021 be recommended to:-

(i) Determine a minimum level of working balances of £1.866million for 2021-22 and indicative working balances of £1.908 million and £1.970 million for 2022-23 and 2023-24 respectively.

(ii) Approve the HRA Revenue Budgets for 2021-22, 2022-23 and 2023-24 (and note the estimated outturn for 2020-21) as summarised in Appendix 1 of the report.

3 Key Issues and Reasons for Recommendations

Key Issues

3.1 This report considers the proposed three-year HRA budgets for 2021-22, 2022-23 and 2023-24, which have been formulated within the framework provided by the Approved Housing Revenue Account Business Plan.

3.2 A review of the 2020-21 HRA budget, together with base HRA budgets for the period 2021-22 to 2023-24 are attached as Appendix 1. The budgets have been formulated in accordance with the assumptions set out in the HRA Business Plan, with projected levels of income and expenditure as summarised below.

Table 1: HRA Summary Budget 2021-22 to 2023-24			
	2021-22 £000's	**2022-23 £000's**	**2023-24 £000's**
Income	(20,042)	20,298	20,696
Expenditure	18,662	19,086	19,705
Revenue Contribution to Capital Outlay	1,288	1,170	929
Working Balances Change	92	42	62

3.3 A separate report is included as the preceding item on the Agenda in relation to the rent increase for 2021-22, with the budget assuming a rent increase of 1.5% in accordance with the limitations of national policy. A revised rent policy for social landlords beyond 2020 was agreed by the then Department for Communities and Local Government (DCLG) on 4 October 2017, whereby "increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020". Rents had previously been subject to a 1% per annum reduction between 2016-17 to 2019-20.

3.4 In considering the HRA Revenue Account, consideration needs to be given to the HRA Capital Programme and the level of Working Balances. A key consideration of the Capital Programme is the Revenue Contribution to Capital Outlay (RCCO) and Depreciation Charge. Any change in the latter being compensated by an increase or decrease in RCCO. In accordance with the Approved Business Plan, the RCCO also represents the net surplus on the Revenue Account after determining the level of Working Balances.

3.5 In view of the risks associated with the management of the HRA under self-financing, minimum working balances of 10% of net operating expenditure have been assumed throughout the three-year budget period.

Reasons for Recommendations

3.6 Cabinet are required to propose a budget in relation to the HRA for submission to Council on the 10 February 2021.

4 Relationship to Corporate Priorities

4.1 The proposed HRA budgets would contribute to the following strategic objectives, which form part of the Housing Portfolio section within the 2020-21 " More and Better Housing " Priority Delivery Plan, i.e.

(i) Increase the supply of affordable housing.

(ii) Improving the Council's social housing stock.

4.2 The proposed budgets consider the motion detailed from Council on 17th July 2019, where Council agreed to "the expansion of community energy to keep the benefits of our local energy generation in our local economy", to meet "carbon neutrality by 2030" and to "Continue to work with partners anchored in the area to deliver carbon reductions and grow the local economy".

5 Report Detail

5.1 The impact of COVID 19 in 2020-21 has necessitated that a new 30 year HRA Business Plan be deferred until the Stock Condition Survey is completed: the Climate Change Action Plan is costed; developments in energy efficiency and retrofitting are evaluated, and the ongoing impact of COVID19 determined

5.2 The proposed revenue budgets are therefore in accordance with the prevailing HRA Business Plan, but reflecting the ongoing effects of the anticipated outturn in respect of the 2020-21 HRA budget (which is reviewed as part of this report) and other changes in income and expenditure which are projected as a result of the detailed budget formulation work.

The Housing Revenue Account Budget 2020-21

5.3 A review of the 2020-21 Budget is presented as part of Appendix 1.

5.4 The budget has been refreshed to reflect the latest stock numbers and average rents for both social and affordable properties with changes made to Dwellings Rent, Garage Rents and Repairs Budgets.

5.5 A detailed review of employee budgets has also been undertaken with the latest budgets reflecting the staff turnover experienced in recent years. Supplies and Services budgets have also been refreshed to reflect latest spending patterns.

5.7 Estimated expenditure for 2020-21 is now forecast to be £19.663 million and Income £19.775 million with a forecast transfer to working balances of £0.112 million.

5.8 The outturn reflects a £0.234 million reduction on the gas maintenance contract (Repairs and Maintenance) as indicated in the 2019-20 outturn, partly offset by a reduction in rental income of £0.049 million arising from an increased void period due to the pandemic. The estimated outturn representing an increase in the net Revenue Contribution to Capital Outlay /Depreciation charge of £0.411 million, as compared to the Original Budget.

Housing Revenue Account Budgets 2021-22 to 2023-24

5.9 The budgets reflect a continuation of current policies and the maintenance of existing service provision throughout the budget period .The Approved 30 year HRA Business Plan has therefore been used as the basis for preparing the HRA budgets for the period 2021-22 to 2023-24 which are attached as Appendix 1.

5.10 Rent income from 2021-22 follows Government Rent Policy whereby "increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020". The original estimates for 2021-22 and 2022-23 assumed a 3% increase per annum, in line with projected CPI increases of 2% per annum. The 2021-22 budget (and subsequent year's budgets) have now been reduced to reflect the 0.5% CPI increase prevailing as at September 2020 with a resultant 1.5% increase in rents now being proposed. A similar cautious increase has been included for 2022-23 with an overall 2.5%increase in 2023-24.

5.11 Expenditure budgets for the three year period have been amended to reflect the ongoing impact of the 2020-21 pay award of 2.75% (as compared to the budget provision of 2%) offset by the proposed freeze on public sector pay (above the £24,000 threshold) for 2021-22 . No material changes have been made to future non pay budgets and other assumptions are in line with the indicative budgets set last year with the provision for the 2% per annum increase in employer contributions to the Staffordshire Pension Fund being extended to 2023-24 following its determination as part of the 2019 Actuarial Revaluation.

5.12 The budget has been refreshed to reflect the latest stock numbers with changes made to Dwellings Rent, Garage Rents and Repairs Budgets.

5.13 Provision exists within the budget for the Compliance Officer and Special Complex Case officer as approved by Cabinet on the 16 July 2020. In addition the draft budget also includes provision for 2 Allocations officers in 2021-22.

5.14 Capital Financing Charges have been amended to reflect the revised Depreciation requirement however, this has no change in relation to the overall level of resources with a compensating adjustment made to the Revenue Contribution to Capital Outlay.

Proposed Housing Revenue Account Budgets 2021-22 to 2023-24

5.15 Proposed Housing Revenue Account Budgets for the period 2021-22 to 2023-24 are attached as Appendix 1.

Effect on Working Balances

5.16 The effect of the proposed budgets on the estimated level of working balances is shown as part of Appendix 1. As previously stated a minimum working balance of 10% of net operating expenditure has therefore also been assumed throughout the three-year budget period.

6 Implications

6.1 Financial

The financial implications have been referred to throughout the report.

6.2 Legal

None.

6.3 Human Resources

The estimated budgets include provision for employees.

6.4 Risk Management

Self-financing increases the risks associated with the management of the HRA and a detailed risk analysis forms part of the 30 Year Business Plan.

The risks relate to income as well as expenditure and any change in Government policy will impact upon the balances available to support the Capital Programme. A number of actions are undertaken to further mitigate risks associated with the management of the HRA which include:-

(i) The adoption of a prudent approach to budgeting, particularly rent income

(ii) The maintenance of an adequate level of working balances, comprising a minimum of 10% of net operating expenditure.

(iii) The adoption of a more realistic approach in assessing staff turnover in determining employee budgets.

(iv) Housing Revenue Account Business Plan projections together with associated sensitivity analysis.

(v) Firm budgetary control though regular monitoring of actual and forecast income and expenditure.

(vi) The implementation of an annual Internal Audit Plan and scrutiny from the External Auditor.

6.5 Equality & Diversity

The draft budget reflects a continuation of current policies and the maintenance of existing service provision throughout the budget period.

6.6 Climate Change

A new 30 Year Action Plan and a Strategy, to reflect the Councils New Build requirement to increase social housing based upon the housing needs of the district and land availability; developing zero carbon new homes (passivhaus standard); and a retrofit (carbon zero programme) for existing stock is currently being developed.

7 Appendices to the Report

Appendix 1: HRA Budgets 2020-21 to 2023-24

Previous Consideration

None.

Background Papers

None.

Item No. 9.7

Appendix 1

	Original Budget	Approved Budget	Variance	Budget	Budget	Budget
	2020-21			2021-22	2022-23	2023-24
Income	**£**	**£**	**£**	**£**	**£**	**£**
Dwelling Rent	(19,434,000)	(19,385,000)	49,000	(19,648,000)	(19,900,000)	(20,294,000)
Non Dwelling Rent	(349,140)	(341,000)	8,140	(345,000)	(349,000)	(353,000)
Interest	(1,500)	(1,500)	-	(1,500)	(1,500)	(1,520)
Other	(12,010)	(12,010)	-	(12,130)	(12,250)	(12,370)
General Fund Contribution	(35,520)	(35,520)	-	(35,520)	(35,520)	(35,520)
Total Income	**(19,832,170)**	**(19,775,030)**	**57,140**	**(20,042,150)**	**(20,298,270)**	**(20,696,410)**
Expenditure						
Repairs and Maintenance	5,936,300	5,588,330	(347,970)	5,955,280	5,975,150	6,154,550
Bad Debts Provision	100,000	100,000	-	100,000	100,000	100,000
Supervision & Management						
– General	3,765,660	3,739,870	(25,790)	3,948,430	4,076,600	4,213,470
– Special	939,710	803,230	(136,480)	934,800	965,010	995,980
Total Management	4,705,370	4,543,100	(162,270)	4,883,230	5,041,610	5,209,450
Capital Financing	7,221,670	7,516,920	295,250	7,723,870	7,969,170	8,241,200
RCCO	1,808,110	1,914,350	106,240	1,288,370	1,169,990	929,280
Total Expenditure	**19,771,450**	**19,662,700**	**(108,750)**	**19,950,750**	**20,255,920**	**20,634,480**
Working Balance transfer	**60,720**	**112,330**	**51,610**	**91,400**	**42,350**	**61,930**

Item No. 9.8

	2020-21			2021-22	2022-23	2023-24
Working Balance	**Original Budget**	**Revised Budget**	**Variance**	**Budget**	**Budget**	**Budget**
	£	**£**	**£**	**£**	**£**	**£**
B/fwd.	(1,735,610)	(1,662,510)	73,100	(1,774,840)	(1,866,240)	(1,908,590)
In year	(60,720)	(112,330)	(51,610)	(91,400)	(42,350)	(61,930)
C/fwd.	(1,796,330)	(1,774,840)	21,490	(1,866,240)	(1,908,590)	(1,970,520)
Minimum	1,796,330	1,774,840		1,866,240	1,908,590	1,970,520

Item No. 10.1

Joint Report of:	**Head of Finance / Head of Housing and Partnerships**
Contact Officer:	**Bob Kean** **Nirmal Samrai**
Contact Number:	**01543 464334** **01543 464210**
Portfolio Leader:	**Housing**
Key Decision:	**No**
Report Track:	**Cabinet: 28/01/21** **Council: 10/02/21**

Cabinet

28 January 2021

Housing Revenue Account Capital Programmes 2020-21 to 2023-24

1 Purpose of Report

1.1 To review the 2020-21 HRA Capital Programme.

1.2 To refresh the Housing Revenue Account Capital Programme budgets for the period 2021-22 to 2023-24.

1.3 To present an updated four year Housing Revenue Account Capital Programme for consideration by Council on 10 February 2021.

2 Recommendation(s)

2.1 That the estimated availability of Housing Revenue Account capital resources for the period 2020-21 to 2023-24 (as set out in Appendix 1) be noted.

2.2 To note that a further £12million investment fund is anticipated to be available up to and including 2027-28 with its implementation to be determined in accordance with a revised Housing Investment Strategy for the period 2023-24 to 2027-28.

2.3 That Council, on 10 February 2021, is recommended to approve the Housing Revenue Account Capital Programme for the period 2020-21 to 2023-24 (as set out in Appendix 2).

3 Key Issues and Reasons for Recommendations

Key Issues

3.1 This report considers the refreshed HRA Capital Programme for the period 2021-22 to 2023-24, together with the forecast outturn for 2020-21, compiled within the financial framework provided by the Approved HRA Business Plan.

3.2 Details of the estimated availability of HRA capital resources during the four year period are set out in Appendix 1, whilst the HRA Capital Programme is set out in Appendix 2.

3.3 The Capital Programme identifies that a further potential £12 million investment programme, to supplement the existing £12.9million Housing Investment Programme, will be available up to and including 2027-28.

3.4 A Strategy, to reflect the Councils New Build requirement to increase social housing based upon the housing needs of the district and land availability; developing zero carbon new homes; and a retrofit (carbon zero programme) for existing stock is being developed for the period 2023-24 to 2027-28.

Reasons for Recommendations

3.5 Cabinet are required to propose a budget in relation to the HRA Capital Programme for submission to Council on the 10 February.

4 Relationship to Corporate Priorities

4.1 The proposed HRA budgets would contribute to the following strategic objectives, which form part of the Housing Portfolio section within the 2020-21 “More and Better Housing” Priority Delivery Plan, i.e.

(i) Increase the supply of affordable housing.

(ii) Improving the Council’s social housing stock.

4.2 The proposed budgets consider the motion detailed from Council on 17th July 2019, where Council agreed to “the expansion of community energy to keep the benefits of our local energy generation in our local economy”, to meet “carbon neutrality by 2030” and to “Continue to work with partners anchored in the area to deliver carbon reductions and grow the local economy”.

5 Report Detail

5.1 The current capital programme covers the five year period 2018-19 to 2022-23 and includes a £12.9m Housing Investment Strategy. The programme was based upon the previously approved 30 year Business Plan with a new 30 year Business Plan being developed based upon the full implications of the Governments future Rent policy; a Stock Condition Survey and a New Build Strategy (including the removal of the borrowing cap on the HRA) .In particular the refreshed 30 year Business Plan needed to address the Councils intention to be a Net Zero Carbon District by 2030 following the declaration of a Climate Emergency in Cannock Chase District by Council in 2019.

5.2 Covid 19 has had a detrimental impact on the current years capital programme with a backlog of work arising from lockdown periods and the underlying requirement to socially distance. In particular, in addition to slippage of programmed work from 2020-21 to 2021-22, a Stock Condition Survey is still to be commissioned together with a costed Climate Change Action Plan which is to be developed over the coming years to support key elements of a new 30 year HRA Business Plan.

5.3 The current Capital Programme therefore reflects the existing 30 year Business Plan requirements pending an evaluation of developments in energy efficiency and retrofitting, new build requirements and the ongoing impact of COVID19 on social housing.

5.4 The report therefore identifies the potential scope of resources available post 2022-23 with its implementation to be determined in accordance with the revision of the Housing Investment Strategy, to be developed over the coming years.

HRA Capital Programme 2020-21 to 2023-24

5.5 A proposed HRA Capital Programme for 2021-22 to 2023-24, together with the forecast outturn for 2020-21 is set out in Appendix 2.

5.6 The Programme shows reductions in central heating and electrical upgrades whereas there is an increase in kitchen and bathroom replacements. The major change is in relation to External and Environmental improvements, pending a new contract arising from the Stock Condition Survey, with external doors, fascias and soffits each showing a reduction in requirements.

5.7 The existing Housing Investment Fund Programme is now fully committed with the Aelfgar site acquired subject to contract and a planning application in progress for the Council owned site in Chadsmoor completing this initial £12.9 million programme.

5.8 The Capital programme includes the following new Schemes:

- Sheltered Scheme Fire Safety Works
- HRA vehicles
- Sheltered Scheme Lift replacements
- Improvements to Bin Stores
- Maintenance of External Staircases
- Communal Block Door Entry System

Estimated Availability of HRA Capital Resources

5.9 Details of the estimated availability of HRA capital resources for the period 2020-21 to 2023-24 are set out in Appendix 1. These are in accordance with the assumptions in the Business Plan with subsequent adjustments to reflect:-

(i) The anticipated outturn in respect of the 2020-21 HRA Capital Programme;

(ii) Amendments to the net revenue contribution to capital outlay following the detailed budget formulation work in respect of the Housing Revenue Account.

5.10 New capital resources for the period 2020-21 to 2022-23 show a reduction in resources of £0.577 million as compared to the original estimates for that period, with the net contribution from Revenue (Major Repairs Allowance and RCCO) being down by £0.590 million reflecting in part the reduction in rent increases forecast as a result of Covid 19 and the CPI level at September 2020.

5.11 The Capital Programme however shows a reduction in expenditure of £4.263 million. Available Capital Resources as at 31 March 2023 after taking into account the existing Housing Investment Programmed expenditure of £11.740 million shows uncommitted resources of £6.744 million.5.12 In relation to the new Capital Programme year of 2023-24 new resources amount to £6.394 million as compared to capital programme expenditure of £5.086 million, a net increase in resources of £1.308 million.

5.13 Preliminary projections, in accordance with the existing Business Plan, anticipate a net increase of £4m over the period 2024-25 to 2027-28 resulting in potential available resources of £12million to supplement the existing Housing Investment Programme to support the determination of the Stock Condition Survey, the revised 30 year HRA Business Plan, the Costed Climate Change Action Plan and the Housing Investment Strategy in the years to come.

6 Implications

6.1 Financial

The financial implications have been referred to throughout the report.

6.2 Legal

None.

6.3 Human Resources

None.

6.4 Risk Management

There are a number of risks associated with the inadequate management of the HRA Capital Programme. These risks are minimised by the Council's agreed Capital Expenditure Control Procedures which includes a requirement for regular monitoring including quarterly reports to Cabinet.

6.5 Equality & Diversity

The revised HRA Business Plan has been subject to an Equality Impact Assessment (EIA). As the proposed HRA Capital Programme for the period 2020-21 to 2023-24 has been formulated in accordance with the revised Business Plan, the Business Plan EIA also applies to the proposed four year Capital Programme.

The outcome of the Business Plan EIA is that it would have a positive impact for certain of the protected characteristics with no identified negative implications.

6.6 Climate Change

A Strategy, to reflect the Council's New Build requirement to increase social housing based upon the housing needs of the district and land availability; developing zero carbon new homes; and a retrofit (carbon zero programme) for existing stock is currently being developed. Both the scheme proposals for the Aelfgar Development Scheme and the site in Chadsmoor will be developed using the passivhaus standard.

7 Appendices to the Report

Appendix 1: Estimated Housing Revenue Account Capital Resources 2020-21 to 2023-24

Appendix 2: Housing Revenue Account Capital Programme 2020-21 to 2023-24

Previous Consideration

None.

Background Papers

None.

Item No. 10.

Item No. 10.6

Appendix 1

Estimated Availability of Housing Revenue Account Capital Resources 2020-21 to 2023-24

Resource	2020-21 £000's	2021-22 £000's	2022-23 £000's	2023-24 £000's	Capital Programme
Resources Brought Forward	13,113	16,781	17,517	18,484	19,792
Borrowing		3,022			
RTB Sales (Allowable Attributable Debt)	300	330	390	390	
WMCA – Grant	637	263			
Capital Receipts Other	663	91	91	55	
Revenue Contributions to Capital Outlay	1,914	1,288	1,170	929	
Major Repairs Allowance	4,271	4,417	4,659	4,931	
Transfer from Reserves:					
Affordable Housing Receipts	169	89	89	89	
Total New Resources	7,954	9,500	6,399	6,394	0
Total Capital Resources	21,067	26,281	23,916	24,878	19,792
Less Proposed Expenditure	**(4,286)**	**(8,764)**	**(5,432)**	**(5,086)**	**(11,740)**
Agreed resources carried forward	16,781	17,517	18,484	19,792	8,052

Housing Revenue Account Capital Programme 2020-21 to 2023-24

Scheme	**20-21 £000's**	**21-22 £000's**	**22-23 £000's**	**23-24 £000's**	**Cap Prog**
Demolition of Garages	75	13	-	-	
Environmental Work	-	60	-	-	
Communal Block Door Entry System	-	65	-	-	
Sheltered Lift Replacements	-	132	-	-	
Disabled Facilities Works	661	665	376	377	
Right to Compensation (Tenants Improvements)	5	5	5	5	
Replacement of Kitchens	16	259	1,272	1,276	
Replacement of Bathrooms	42	229	1,187	1,191	
Replacement of Central Heating	701	971	811	787	
External and Environmental Works	38	1,476	644	651	
Provision of Double Glazing	-	13	13	-	
Replacement of Social Alarms	-	2	-	-	
Upgrading of Electrical Systems	479	911	699	563	
Resurfacing of Driveways	-	200	100	100	
Replacement of Housing Service Vehicles	201	201	205	13	
Contingency	-	117	120	123	
Sheltered Scheme	-	474	-	-	
Hillsprings Fire alarm	30	-	-	-	
St Barbara Lift replacement	30	-	-	-	
Hawks Green	1,929	1,450	-	-	
Aelfgar Site	79	1,521	-	-	
New Build	-	-	-	-	9,240
Stock Condition survey	-	-	-	-	2,500
TOTAL:	**4,286**	**8,764**	**5,432**	**5,086**	**11,740**

Item No. 11.1

Report of:	**Head of Finance**
Contact Officer:	**Bob Kean**
Contact Number:	**01543 464 334**
Portfolio Leader:	**Leader of the Council**
Key Decision:	**No**
Report Track:	**Cabinet: 28/01/21** **Council: 10/02/21**

Cabinet

28 January 2021

Treasury Management Strategy, Minimum Revenue Provision Policy, Annual Investment Strategy and Capital Strategy 2021/22

1 Purpose of Report

1.1 This report is presented to obtain the Council's approval to:-

- Prudential and Treasury indicators - setting of indicators to ensure that the capital investment plans of the Council are affordable, prudent and sustainable;
- The Minimum Revenue Provision (MRP) Policy;
- Treasury Management Strategy Statement for 2021/22 - to set treasury limits for 2020/21 to 2022/23 and to provide a background to the latest economic forecasts of interest rates;
- Annual Investment Strategy 2021/22 - to set out the strategy of investment of surplus funds.

2 Recommendation(s)

2.1 To approve:-

(a) The Prudential and Treasury indicators;

(b) The MRP Policy Statement;

(c) The Treasury Management Policy;

(d) The Annual Investment Strategy for 2021/22;

2.2 To note that indicators may change in accordance with the final recommendations from Cabinet to Council in relation to both the General Fund/ Housing Revenue Account Revenue Budgets and Capital Programmes.

3 Key Issues and Reasons for Recommendations

Key Issues

3.1 The Treasury Management Function essentially consists of:

- In the short term ensuring that the cash flow of a Balanced Revenue Budget is adequately planned with surplus monies invested in accordance with the risk appetite of the Council.
- In the long term funding the capital plans of the authority and in particular managing the debt of the Council and any new borrowing requirement.

3.2 The Governance arrangements are detailed in the various policies and strategies as detailed in the report together with the setting of Indicators in accordance with the Capital Financing Prudential Code.

Reasons for Recommendations

3.3 The Council is required to approve its treasury management, investment and capital strategies to ensure that cash flow is adequately planned and that surplus monies are invested appropriately.

4 Relationship to Corporate Priorities

4.1 Treasury management and investment activity links in with all of the Council's priorities and their spending plans.

5 Report Detail

Background

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

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

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

5.4 CIPFA defines treasury management as:

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

5.5 This authority has not engaged in any commercial investments and has no non-treasury investments.

Reporting Requirements

5.6 **Capital Strategy -** The CIPFA 2017 Prudential and Treasury Management Codes required all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

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

5.8 The capital strategy approved on the 7 February 2019 covers the period 2018/22 and is unchanged.

5.9 **Treasury Management reporting -** The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals:-

5.10 **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report covers:-

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an Investment Strategy (the parameters on how investments are to be managed).

5.11 **A mid year treasury management report** - This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

5.12 **An annual treasury report** - This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

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

5.14 The Council has adopted the following reporting arrangements in accordance with the requirements of the CIPFA Code of Practice:-

Area of Responsibility	**Council/Committee**	**Frequency**
Treasury Management Strategy/ Annual Investment Strategy/ MRP policy	Full council	Annually in January/February each year
Treasury Management Strategy/ Annual Investment Strategy/ MRP policy/Monitoring of Prudential Indicators	Full council	Mid year
Treasury Management Strategy/ Annual Investment Strategy/ MRP policy – updates or revisions at other times	Full council	As required
Annual Treasury Outturn Report	Audit and Governance Committee and Council	Annually by 30 September after the end of the year
Scrutiny of treasury management strategy	Cabinet	Annually in January / February before the start of the year

Treasury Management Strategy for 2021/22

5.15 The strategy for 2021/22 covers two main areas:-

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;

- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

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

Training

5.17 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training for members is currently being reviewed and will be arranged as required.

5.18 The training needs of treasury management officers are periodically reviewed.

Treasury Management Consultants

5.19 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

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

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

The Capital Prudential Indicators 2021/22 - 2023/24

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

Capital expenditure

5.22 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts, which include a review of current schemes, but to note these may change as part of the scrutiny process and finalisation of the Budget.

5.23 Any change to the forecast bid will be separately identified in future Budget Reports and reflected in this indicator as reported to full Council.

Capital expenditure	**2019/20 Actual £'000**	**2020/21 Estimate £'000**	**2021/22 Estimate £'000**	**2022/23 Estimate £'000**	**2023/24 Estimate £'000**	**Earmarked £'000**
Corporate Improvement	69	-	-	-	-	-
Environment	198	341	148	90	80	246
Culture & Sport	103	1,911	1,628	-	-	674
Economic Development	141	212	206	-	-	5,645
Housing	457	507	1,842	926	926	506
Health & Wellbeing	-	-	-	-	-	-
Town Centre Regeneration	104	221	51	-	-	-
Leader of the Council	-	350	-	-	-	-
Crime & Partnerships	41	-	-	--	-	67
Non –HRA	1,113	3,542	3,875	1,016	1,006	7,138
Non – HRA programme estimate	-	-	269	3,514	3,355	(7,138)
HRA	2,678	4,286	8,764	5,432	5,086	11,740
HRA programme estimate	-	-	1,500	5,800	4,440	(11,740)
Total	3,791	7,828	14,408	15,762	13,887	

5.24 **Other long term liabilities**. The financing need excludes other long term liabilities, such as leasing arrangements which already include borrowing instruments.

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

Capital expenditure	2019/20 Actual £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	Unallocated £'000
Total Spend	3,791	7,828	14,408	15,762	13,887	
Financed by:						
Capital Receipts	1,314	2,576	2,448	4,527	3,436	
Capital grants/ contributions	616	2,047	3,769	1,522	1,304	
Major Repairs	1,820	2,776	5,113	9,713	5,185	
Revenue	41	429	56	-	3,962	
Total Financing	3,791	7,828	11,386	15,762	13,887	
Net financing need for the year	-	-	3,022	-	-	

5.26 The capital financing of the programme will similarly be reviewed as part of the Budget process and any change will be separately identified in future Budget Reports and reflected in this indicator.

The Council's borrowing need (the Capital Financing Requirement)

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

5.28 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life and so charges the economic consumption of capital assets as they are used.

5.29 The CFR includes any other long-term liabilities (e.g finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £0.674 million of finance leases within the CFR.

5.30 The Council is asked to approve the following CFR projections, subject to any changes arising from the budget process:-

	2019/20 Actual £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Capital Financing Requirement					
CFR – non housing	9,594	9,119	8,650	8,194	7,972
CFR - housing	82,494	82,486	85,499	85,491	85,482
Total CFR	92,088	91,605	94,149	93,685	93,454
Movement in CFR	(1,365)	(483)	2,544	(464)	(231)
Movement in CFR represented by					
Net financing need for the year	-	-	3,022	-	-
Repayment of borrowing	(875)	-	-	-	-
Less MRP and other financing movements	(490)	(483)	(478)	(464)	(231)
Movement in CFR	(1,365)	(483)	(478)	(464)	(231)

Core funds and expected investment balances

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

Year End Resources £m	2019/20 Actual £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Earmarked Fund balances / reserves					
General Fund	15,977	15,253	13,970	12,888	12,593
General Fund working balance	1,099	1,294	1,294	(65)	(1,815)
HRA	8,445	10,389	11,664	12,921	10,133
HRA working balance	1,663	1,775	1,866	1,909	1,970
Sub Total	**27,184**	**28,711**	**28,794**	**27,653**	**22,881**
Capital receipts					
GF	7,408	6,798	6,216	3,208	306
HRA	2,047	2,306	950	1	1
Sub Total	**9,455**	**9,104**	**7,166**	**3,209**	**307**
Provisions	**2,077**	**2,077**	**200**	**200**	**200**
Major Repairs Reserve	**4,509**	**6,004**	**5,308**	**254**	**-**

Year End Resources £m	2019/20 Actual £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Capital Grants Unapplied	**2,181**	**2,312**	**1,030**	**713**	**354**
Other - grants receipts in advance	**1,036**	**1,410**	**1,119**	**1,119**	**1,119**
Total core funds	**46,442**	**49,618**	**43,617**	**33,148**	**24,8691**
Working Cashflow requirement	133	(3,000)	(3,000)	(3,000)	(3,000)
Under/over borrowing	9,809	9,549	9,299	9,058	8,827
Expected investments	36,500	43,069	37,318	27,090	19,034

*Working cashflow requirement shown are estimated year-end.

Minimum revenue provision (MRP) policy statement

5.32 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP).

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

5.34 The Council implemented the new Minimum Revenue Provision (MRP) guidance in 2008/09, and will assess MRP for 2009/10 onwards in accordance with the recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

5.35 Under powers delegated to the Section 151 Officer, the Council's annual MRP provision for expenditure incurred after 1 April 2008 and before 31 March 2017 will be based on the uniform rate of 4% of the Capital Financing Requirement. The Council's annual MRP provision for expenditure incurred on or after 1 April 2017 will be based on the asset life method i.e. the provision will be calculated with reference to the estimated life of the assets acquired, in accordance with the regulations.

5.36 MRP will be applicable from the year following that in which the asset is brought into operation.

5.37 Repayments included in finance leases are applied as MRP.

5.38 The Council are satisfied that the policy for calculating MRP set out in this policy statement will result in the Council continuing to make prudent provision for the repayment of debt, over a period that is on average reasonably commensurate with that over which the expenditure provides benefit.

5.39 The Section 151 Officer will, where it is prudent to do so, use discretion to review the overall financing of the Capital Programme and the opportunities afforded by the regulations, to maximise the benefit to the Council whilst ensuring the Council meets its duty to charge a prudent provision.

5.40 **MRP Overpayments** - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. The Council has previously not made any MRP overpayments.

Affordability prudential indicators

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

Ratio of financing costs to net revenue stream

5.42 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.

%	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Non HRA	1.9	3.6	3.2	2.2	0.1
HRA	16.56	16.74	16.83	16.64	16.32

HRA ratios

	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
HRA debt £'000	81,605	81,605	84,627	84,627	84,627
HRA revenues £'000	19,394	19,385	19,648	19,900	20,294
Ratio of debt to revenues	4.2	4.2	4.3	4.3	4.2
Number of HRA dwellings	5,115	5,095	5,095	5,069	5,043
Debt per dwelling £	15.95	16.02	16.61	16.70	16.78

Borrowing

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

Current portfolio position

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

	2019/20 Actual £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
External Debt					
PWLB debt at 1 April	81,605	81,605	81,605	84,627	84,627
Expected change in Debt	-	-	3,022	-	-
Other long-term liabilities (OLTL)	892	674	451	223	-
Expected change in OLTL	(218)	(223)	(228)	(223)	-
Actual gross debt at 31 March	82,279	82,056	84,850	84,627	84,627
The Capital Financing Requirement	92,088	91,605	94,149	93,685	93,454
Under / (over) borrowing	9,809	9,549	9,299	9,058	8,827

5.45 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

5.46 The Head of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals contained in the Financial Plan for 2020/21 to 2023/24.

Treasury Indicators: limits to borrowing activity

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

Operational boundary £m	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Debt	92,140	94,692	94,237	94,015
Other long term liabilities	451	1,223	1,000	1,000
Total	92,591	95,915	95,237	95,015

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

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

2. The Council is asked to approve the following authorised limit:-

Authorised limit £m	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Debt	103,640	106,192	105,737	105,515
Other long term liabilities	451	1,223	1,000	1,000
Total	104,091	107,415	106,737	106,515

Prospects for interest rates

5.49 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 11.8.20. However, following the conclusion of the review of PWLB margins over gilt yields on 25.11.20, all forecasts below have been reduced by 1%. These are forecasts for certainty rates, gilt yields plus 80bps:

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

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

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

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

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

Investment and borrowing rates

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

- Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 20/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. (Please note that Link has concerns over this approach, as the fundamental principle of local authority borrowing is that borrowing is a treasury management activity and individual sums that are borrowed are not linked to specific capital projects.) It also introduced the following rates for borrowing for different types of capital expenditure: -

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

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

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

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

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

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

Borrowing strategy

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

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

5.56 Any decisions will be reported to members appropriately at the next available opportunity.

Treasury management limits on activity

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

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

Maturity structure of fixed interest rate borrowing 2021/22

	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years and above	0%	100%

Maturity structure of variable interest rate borrowing 2021/22

	Lower	Upper
Under 12 months	0%	75%
12 months to 2 years	0%	75%
2 years to 5 years	0%	75%
5 years to 10 years	0%	75%
10 years and above	0%	75%

Policy on borrowing in advance of need

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

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

Debt rescheduling

5.61 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

New financial institutions as a source of borrowing and / or types of borrowing

5.62 Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following in order to finance capital expenditure for non-HRA and infrastructure purposes:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

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

Annual Investment Strategy

Investment policy – management of risk

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

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

5.65 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious damage or whose activities are inconsistent with the councils' mission and values. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions.

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

(a) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

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

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

5.67 This authority has defined the list of types of investment instruments that the treasury management team are authorised to use, as per **APPENDIX 2**.

- Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.

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

5.68 **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 50% of the total investment portfolio.

5.69 **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in the **APPENDIX 2**.

5.70 **Transaction limits** are set for each type of investment in **APPENDIX 2**.

5.71 This authority will set a limit for the amount of its investments which are invested for longer than 365 days.

5.72 Investments will only be placed with counterparties from countries with a specified minimum sovereign rating.

5.73 This authority has engaged external consultants, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

5.74 All investments will be denominated in sterling.

5.75 However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Creditworthiness policy

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

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

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

- Yellow 5 years

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

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

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

5.80 All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of our creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

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

5.82 The Council has determined that it will only use approved counterparties from the UK and countries with a minimum sovereign credit rating of AA- from Fitch or equivalent. The list of countries that qualify using this credit criteria as at the date of this report are shown in **APPENDIX 3**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Creditworthiness

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

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

CDS Prices

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

Investment Strategy

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

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

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

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

Average earnings in each year	
2020/21	**0.10%**
2021/22	**0.10%**
2022/23	**0.10%**
2023/24	**0.25%**
2024/25	**0.75%**
Long term later years	**2.00%**

5.89 The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus. It may also be affected by what, if any, deal the UK agrees as part of Brexit..

5.90 There is relatively little UK domestic risk of increases or decreases in Bank Rate and shorter term PWLB rates until 2023/24 at the earliest.

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

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

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

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

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

Maximum principal sums invested > 365 days			
	2021/22	**2022/23**	**2023/24**
Principal sums invested > 365 days	£10m	£10m	£10m

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

Investment risk benchmarking

5.96 This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day, 1, 3, 6 or 12 month LIBID uncompounded. The Council is appreciative that the provision of LIBOR and associated LIBID rates is expected to cease at the end of 2021. It will work with its advisors in determining suitable replacement investment benchmark(s) ahead of this cessation and will report back to members accordingly.

End of year investment report

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

6 Implications

6.1 **Financial**

Included in the report.

6.2 **Legal**

None.

6.3 **Human Resources**

None.

6.4 **Risk Management**

The Council regards security of the sums it invests to be the key objective of its treasury management activity. Close management of counterparty risk is therefore a key element of day to day management of treasury activity. The practices designed to ensure that risks are managed effectively are set out in the Treasury Management Practices available on the Council's website.

6.5 Equality & Diversity

The Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

6.6 Climate Change

The Councils investment policy now includes a criteria that the Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious damage or whose activities are inconsistent with the councils' mission and values

7 Appendices to the Report

Appendix 1: Economic Background

Appendix 2: Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

Appendix 3: Approved Countries for Investment

Appendix 4: Treasury Management Scheme of Delegation

Appendix 5: The Treasury Management Role of the Section 151 Officer.

Previous Consideration

None.

Background Papers

None.

Item No. 11.

Item No. 11.24

Appendix 1

Economic Background

- **UK.** The Bank of England's Monetary Policy Committee kept **Bank Rate** unchanged on 5th November. However, it revised its economic forecasts to take account of a second national lockdown from 5th November to 2nd December which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January when the current programme of £300bn of QE announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".
- Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:
  - The economy would recover to reach its pre-pandemic level in Q1 2022
  - The Bank also expects there to be excess demand in the economy by Q4 2022.
  - CPI inflation is therefore projected to be a bit above its 2% target by the start of 2023 and the "inflation risks were judged to be balanced".
- Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.
- One key addition to **the Bank's forward guidance** in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase through to quarter 1 2024 but there could well be no increase during the next five years due to the slow rate of recovery of the economy and the need for the Government to see the burden of the elevated debt to GDP ratio falling significantly. **Inflation** is unlikely to pose a threat requiring increases in Bank Rate during this period as there is likely to be spare capacity in the economy for a considerable time. It is expected to briefly peak at around 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern.
- However, the minutes did contain several references to **downside risks**. The MPC reiterated that the "recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside". It also said "the risk of a more persistent period of elevated unemployment remained material". Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. That could involve some or all of the lockdown being extended beyond 2nd December, a temporary relaxation of restrictions over

Christmas, a resumption of the lockdown in January and lots of regions being subject to Tier 3 restrictions when the lockdown ends. Hopefully, restrictions should progressively ease during the spring. It is only to be expected that some businesses that have barely survived the first lockdown, will fail to survive the second lockdown, especially those businesses that depend on a surge of business in the run up to Christmas each year. This will mean that there will be some level of further permanent loss of economic activity, although the extension of the furlough scheme to the end of 31st March will limit the degree of damage done.

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

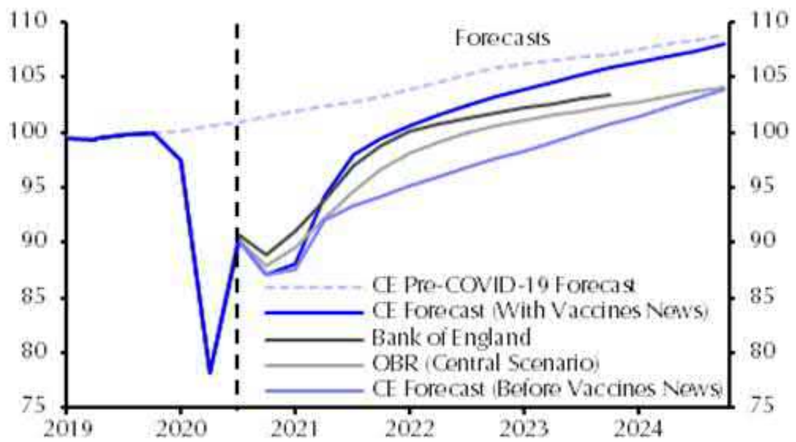
- However, there has been even further encouraging news since then with another two vaccines announcing high success rates. Together, these three announcements have enormously boosted confidence that **life could largely return to normal during the second half of 2021**, with activity in the still-depressed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

- **Public borrowing** is now forecast by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the

Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

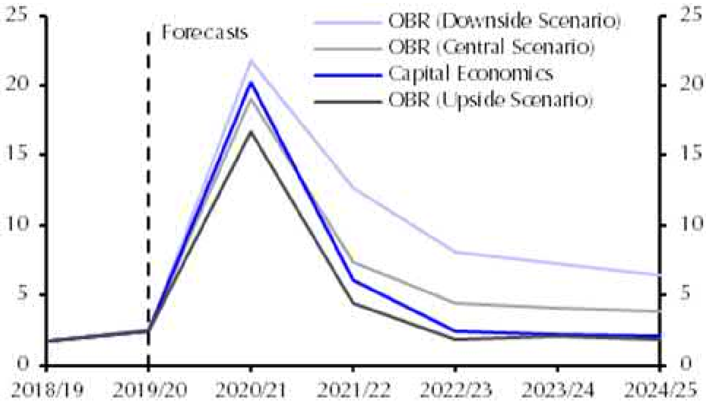
- Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp but after a disappointing increase in GDP of only 2.1% in August, this left the economy still 9.2% smaller than in February; this suggested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

Chart: Level of real GDP (Q4 2019 = 100)



This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade would have major repercussions for public finances as it would be consistent with the government deficit falling to 2% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assume that there is a reasonable Brexit deal and also that politicians do not raise taxes or embark on major austerity measures and so, (perversely!), depress economic growth and recovery.

Chart: Public Sector Net Borrowing (As a % of GDP)



- Capital Economics have not revised their forecasts for Bank Rate or gilt yields after this major revision of their forecasts for the speed of recovery of economic growth, as they are also forecasting that inflation is unlikely to be a significant threat and so gilt yields are unlikely to rise significantly from current levels.

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

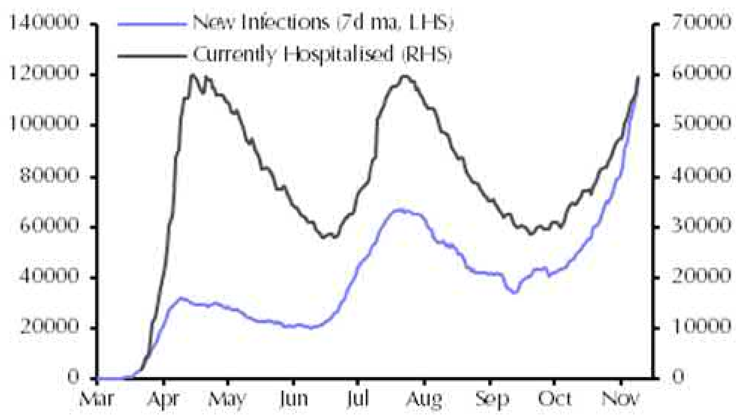
- The **Financial Policy Committee** (FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the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

US. The result of **the November elections** means that while the Democrats have gained the presidency and a majority in the House of Representatives, it looks as if the Republicans will retain their slim majority in the Senate. This means that the Democrats will not be able to do a massive fiscal stimulus, as they had been hoping to do after the elections, as they will have to get agreement from the Republicans. That would have resulted in another surge of debt issuance and could have put particular upward pressure on debt yields – which could then have also put upward pressure on gilt yields. On the other hand, equity prices leapt up on 9th November on the first news of a successful vaccine and have risen further during November as more vaccines announced successful results. This could cause a big shift in investor sentiment i.e. a swing to sell out of government debt to buy into equities which would normally be expected to cause debt prices to fall and yields to rise. However, the rise in yields has been quite muted so far and it is too early to say whether the Fed would feel it necessary to take action to suppress any further rise in debt yields. It is likely that the next two years, and possibly four years in the US, could be a political stalemate where neither party can do anything radical.

The economy had been recovering quite strongly from its contraction in 2020 of 10.2% due to the **pandemic** with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter

4, to the highest level since mid-August, suggests that the US could be in the early stages of a third wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the latest wave has been driven by a growing outbreak in the Midwest. The latest upturn poses a threat that the recovery in the economy could stall. This is **the single biggest downside risk** to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

COVID-19 New infections & hospitalisations



However, with the likelihood that highly effective vaccines are going to become progressively widely administered during 2021, this should mean that life will start to return to normal during quarter 2 of 2021. Consequently, there should be a sharp pick-up in growth during that quarter and a rapid return to the pre-pandemic level of growth by the end of the year.

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

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

However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle during the closing and opening quarters of this year and next year respectively before it finally breaks through into strong growth in quarters 2 and 3. The ECB will now have to review whether more monetary support will be required to help recovery in the shorter term or to help individual countries more badly impacted by the pandemic.

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

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

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

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

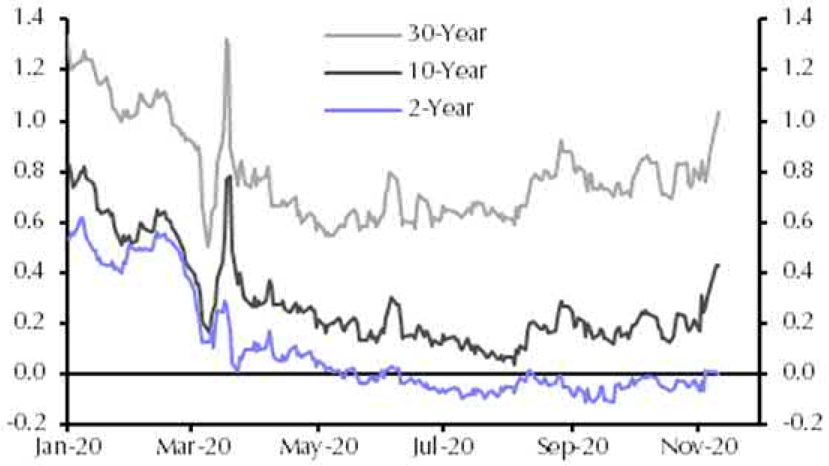
Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering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

Summary

Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand in their economies.

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

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



INTEREST RATE FORECASTS

Brexit. The interest rate forecasts provided by Link in paragraph 3.3 are predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31.12.20. However, as the differences between a Brexit deal and a no deal are not as big as they once were, the economic costs of a no deal have diminished. The bigger risk is that relations between the UK and the EU deteriorate to such an extent that both sides start to unravel the agreements already put in place. So what really matters now is not whether there is a deal or a no deal, but what type of no deal it could be.

The differences between a deal and a no deal were much greater immediately after the EU Referendum in June 2016, and also just before the original Brexit deadline of 29.3.19. That's partly because leaving the EU's Single Market and Customs Union makes this Brexit a relatively "hard" one. But it's mostly because a lot of arrangements have already been put in place. Indeed, since the Withdrawal Agreement laid down the terms of the break-up, both the UK and the EU have made substantial progress in granting financial services equivalence and the UK has replicated the bulk of the trade deals it had with non-EU countries via the EU. In a no deal in these circumstances (a "cooperative no deal"), GDP in 2021 as a whole may be only 1.0% lower than if there were a deal. In this situation, financial services equivalence would probably be granted during 2021 and, if necessary, the UK and the EU would probably rollover any temporary arrangements in the future.

The real risk is if the UK and the EU completely fall out. The UK could override part or all of the Withdrawal Agreement while the EU could respond by starting legal proceedings and few measures could be implemented to mitigate the disruption on 1.1.21. In such an "uncooperative no deal", GDP could be 2.5% lower in 2021 as a whole than if there was a deal. The acrimony would probably continue beyond 2021 too, which may lead to fewer agreements in the future and the expiry of any temporary measures.

Relative to the slump in GDP endured during the COVID crisis, any hit from a no deal would be small. But the pandemic does mean there is less scope for policy to respond. Even so, the Chancellor could loosen fiscal policy by about £10bn (0.5% of GDP) and target it at those sectors hit hardest. The Bank of England could also prop up demand, most likely through more gilt and corporate bond purchases rather than negative interest rates.

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

So in summary there is not likely to be any change in Bank Rate in 20/21 – 21/22 due to whatever outcome there is from the trade negotiations and while there will probably be some movement in gilt yields / PWLB rates after the deadline date, there will probably be minimal enduring impact beyond the initial reaction.

The balance of risks to the UK

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

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

- **UK** - further national lockdowns or severe regional restrictions in major conurbations during 2021.
- **UK / EU trade negotiations** – if they were to cause significant economic disruption and downturn in the rate of growth.
- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.

- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. In November, Hungary and Poland threatened to veto the 7 year EU budget due to the inclusion of a rule of law requirement that poses major challenges to both countries. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

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

- **UK -** a significant rise in inflationary pressures. These could be caused by an uncooperative Brexit deal or by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population which leads to a resumption of normal life and a return to full economic activity across all sectors of the economy.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.
- **Post-Brexit** – if a positive agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.

Item No. 11.34

Appendix 2

Treasury Management Practice (TMP1) - Credit and Counterparty Risk Management

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

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of 50% will be held in aggregate in non-specified investments.

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

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

	Minimum credit criteria / colour band	**Max % of total investments/ £ limit per institution**	**Max. maturity period**
DMADF – UK Government	N/A	100%	6 months
UK Government gilts	UK sovereign rating	£6 million	5 years
UK Government Treasury bills	UK sovereign rating	£6 million	12 months
Bonds issued by multilateral development banks	AAA	£6 million	5 years
Money Market Funds CNAV	AAA	100%	Liquid
Money Market Funds LNVAV	AAA	100%	Liquid
Money Market Funds VNAV	AAA	100%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	100%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	100%	Liquid

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
Local authorities	N/A	100%	12 months
Call Accounts	N/A	£6 million	Liquid
Term deposits with housing associations	Blue Orange Red Green No Colour	£6 million	12 months 12 months 6 months 100 days Not for use
Term deposits with banks and building societies	Blue Orange Red Green No Colour	£6 million	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£6 million	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	£6 million	12 months

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

Item No. 11.36

Appendix 3

Approved Countries for Investment

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

Based on lowest available rating

AAA

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

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

Treasury Management Scheme of Delegation

Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

Committees/Council

- approval of/amendments to the organisation’s adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, and treasury management, with a long term timeframe.

PAGE INTENTIONALLY BLANK

Item No. 12.1

Report of:	**Head of Governance & Corporate Services**
Contact Officer:	**Judith Aupers**
Contact Number:	**01543 464411**
Portfolio Leader:	**Leader of the Council**
Key Decision:	**Yes**
Report Track:	**Cabinet: 28/01/21**

Cabinet

28 January 2021

Corporate Plan 2021-24

1 Purpose of Report

1.1 This report presents the Corporate Plan for 2021-24, developed following stakeholder engagement on the priorities and objectives agreed by Cabinet on 15 October 2020. This Plan will replace the existing Corporate Plan 2018-23.

2 Recommendation(s)

2.1 That Members approve the submission of the Corporate Plan 2021-24 set out at Appendix 1 to Council on 24 February for formal approval and inclusion in the policy framework of the Council.

3 Key Issues and Reasons for Recommendations

Key Issues

3.1 The Council's current Corporate Plan for 2018-23 was developed nearly 3 years ago. Whilst good progress has been made in the delivery of our priorities, the impact of the pandemic in 2020 on the District, the local economy, our community and the Council's finances has been significant.

3.2 A comprehensive Recovery Strategy was agreed in May 2020 and has guided the work of the Council in recent months. One of the key actions set out in this strategy was to review the Council's current priorities to ensure that they take account of the impact that the pandemic has had on the District. Rather than simply refreshing the existing Corporate Plan which is due to run to 2023, a full review was undertaken to produce a new Corporate Plan for 2021-24.

3.3 In October 2020, Cabinet approved public engagement on priorities and objectives for a new Corporate Plan for 2021-24. This allowed the Council to take a strategic look at how the pandemic situation may change life on an ongoing basis for our residents, businesses and the Council as an organisation.

3.4 We used this engagement with the community and our stakeholders to inform and involve them in determining the priorities and objectives of the Corporate Plan. It provided us with the opportunity to explain why we are undertaking the production of a new plan now and what this will aim to do and, importantly, provided an opportunity to actively listen to the views of those we engaged with.

3.5 The Corporate Plan setting out the Council's priorities for 2021-24 is set out at Appendix 1 The emphasis of the new plan is on recovery and rebuilding the District. The good progress made in delivering the priorities set out in the current corporate plan has been affected but the Council has set out a new plan, which seeks to learn from the pandemic and to reshape our aspirations for the future.

3.6 As the pandemic is still ongoing, the full impact on the District and the Community cannot yet be assessed and fully understood. The actions outlined in the Corporate Plan will be kept under review and adjusted as the picture becomes clearer to allow the Council to be responsive and flexible to the evolving situation.

Reasons for Recommendations

3.7 Adopting a new Corporate Plan for 2021-24 allows the Council to focus on actions to deal with the impact that COVID-19 has had on Cannock Chase District and provides a medium-term focus on key areas of recovery. It will lead to a longer-term and ambitious approach to the future of the District following on from this recovery.

4 Relationship to Corporate Priorities

4.1 The Corporate Plan 2021-24 will replace the current plan and establish refreshed priorities.

5 Report Detail

5.1 On 23 May 2018, the Council's Corporate Plan for 2018-23 was approved. Whilst good progress has been made in the delivery of our priorities, the impact of the pandemic in 2020 on the District, the local economy, our community and the Council's finances has been significant.

5.2 A comprehensive Recovery Strategy was agreed in May 2020 and has guided to work of the Council in recent months. One of the key actions set out in this strategy was to review the Council's current priorities to ensure that they take account of the impact that the pandemic has had on the District. Rather than simply refreshing the existing Corporate Plan, which is due to run to 2023, a full review was undertaken to produce a new Corporate Plan for 2021-24.

5.3 Good corporate planning will ensure that the Council has a clear framework within which actions can be taken and which achieve the greatest impact on agreed priorities and objectives within the resources available. This is increasingly important due to the impact of the pandemic on the Council's already challenging financial situation. “Re-setting” our existing Corporate Plan to focus on recovery will help move towards more ambitious plans in the longer term.

5.4 Through workshops with the Cabinet and the Recovery Overview Board, the needs and challenges facing the District were considered and three priorities were agreed. For each of these priorities a set of objectives has been determined setting out what the Council wants to achieve.

Engagement

5.5 The priorities and objectives agreed with Cabinet in October were used as the basis of stakeholder engagement during November and December. The engagement period was from 19 October to 30 November 2020. As part of this process we ran an online survey - with paper copies available on request - and a held a series of online focus groups. The survey received 83 responses and 40 people took part in focus groups. The focus groups were held with a variety of stakeholders including the community, young people, staff, members and the third sector. We also received two additional submissions from the Chase Community Independents and Hednesford Town Council. The survey and Focus Groups were promoted through a press release, the District Round Up, social media posts, emails to contacts and posters in libraries. With the Focus Groups we had difficulties in recruiting people to take part in the community, young people and staff sessions, resulting in some sessions being cancelled. This could have been for a variety of reasons including time, resources, being held online and Covid. This is an area to look at for future Council engagement.

5.6 In summary, respondents to the survey and the focus groups generally agreed with the three proposed priorities. There was broad support for the Environment/Climate Emergency to be considered as a separate priority.

5.7 A series of themes arose from the engagement some covering all the priorities and some specific to an individual priority. These are set out below.

All priorities

- A lot of the objectives interlink with each other across and within the priorities.
- What we engaged on was lacking in detail.
- There was no explanation of what short/medium and long term meant and some felt objectives were given the wrong timescales.
- Voluntary Sector – the importance on working with, supporting, building on relationships and engaging with the voluntary sector was discussed under each priority. There was a focus on the benefits of networking and sharing information and not losing the momentum following Covid.
- Bringing the community back was a concern raised under two of the objectives. This was about how to get people involved in groups and activities following Covid.

Supporting Economic Recovery

- Over 75% of survey respondents tended to agree or strongly agree with the objectives apart from social housing with only 58.5% tending to agree or strongly agree with this objective.

- The need to think about jobs for young people and the quality of jobs available across the district. The impact of Covid is currently unknown.
- The need to adapt and change poor town centres and also consider what the positive and negative impacts of McArthurGlen could be.
- Social housing will be more important following Covid but the quality of the houses and pressures on surrounding infrastructure should be considered.
- Clean and green should be incorporated into all of the objectives.

Supporting Health and Wellbeing

- Over 90% of survey respondents tended to agree or strongly agree with providing opportunities for healthy and active lifestyles and supporting vulnerable people and engaging with our communities. 80.5% tended to agree or strongly agree with creating a greener, sustainable community and environment.
- The importance green open spaces and parks and protecting and maintaining them.
- Physical and mental health.
- Thinking outside the box with regards to obesity levels.
- Importance of partnership working.

Financially Resilient District

- Over 75% of survey respondents tended to agree or strongly agree with the objectives set out under this priority.
- The objectives are common sense, business as usual, the Council is obliged to do this.
- Look local – procuring locally, in house services, using local services.

5.8 The results of the engagement are set out in more detail in Appendix 2.

Changes made to the Priorities and Objectives

5.9 Further consideration has been given to priorities and objectives in light of the engagement feedback and the following changes have been made:

All priorities

(i) A significant part of the engagement response made the case for greater consideration of environmental issues – from parks and open spaces to climate change. This was discussed with the Cabinet and Recovery Overview Board prior to engaging with the public and has been re-visited in light of the comments made during the engagement process.

The importance of the environment and the Council's commitment to becoming carbon neutral by 2030 is recognised and it is considered that this is better approached by embedding it in all of the Council's priorities and actions rather than having it as a standalone priority.

Clear reference has been made to the environment and / or "green recovery" under each of the priorities.

(ii) The references to short, medium and long term have been removed from the objectives. Indications of the timescale for delivery will be set out in supporting actions plans.

(iii) Reference has been made under each priority to the work that the Council does in partnership with other public sector bodies and voluntary organisations

Supporting Economic Recovery

(iv) The reference to Increasing "social housing" has been changed to "affordable housing"

(v) Well designed and connected communities – the reference to connected has been removed

(vi) In relation to specific comments made, the following actions have been added to support delivery of this priority

- Maximising the economic benefits of the opening of McArthurGlen Designer Outlet West Midlands.
- Ensure our Local Plan policies achieve higher design and environmental standards with new housing developments
- Ensure our local communities secure benefits from new developments and investment in local infrastructure

Supporting Health and Wellbeing

(vii) Supporting vulnerable people – the reference to "engaging with our communities" has been removed from the objective description and actions setting out engagement with the voluntary sector have been added. This also addresses the engagement comments made about the need to work with the voluntary sector

(viii) In relation to specific comments made, the following actions have been added to support delivery of this priority

- Encourage and support people of all ages to have active and healthy lifestyles to improve and maintain their physical and mental wellbeing:
- Maintain and improve our parks, green spaces and countryside so that they remain attractive and enhance our quality of life

Financially Resilient District

(ix) The reference to District in the priority has been changed to "Council". This allow this priority to focus on the changes the Council needs to make to the way in which it operates. The financial resilience of the District will be picked up via the work on the priority for "Supporting Economic Recovery".

(x) The following objectives have been removed and embedded into the actions that will support the delivery of the other objectives

- maintaining a robust corporate infrastructure which underpins the delivery of critical services

- To realign and attract resources that enables the Council to facilitate an economy, community and environment that is more resilient in the future

5.10 During the engagement period, work has been ongoing to develop the Corporate Plan for 2021-24. A key part of this work has been the development of actions to support the delivery of the priorities and objectives and performance measures. The high level actions are set out in the Corporate Plan and help to explain in more detail what the Council intends to do over the next 3 years. This addresses the general comments made during the engagement about the lack of detail; reference has been made to some of these in the points above where they relate to comments made through the engagement process.

5.11 The full Corporate Plan for 2021-24 is set out in Appendix 1.

5.12 Detailed delivery plans to support each of the priorities and objectives, setting out the timeline for implementation are now being developed and the intention is to bring these to Cabinet for consideration in March and to Council for approval in April.

5.13 As the pandemic is still ongoing, the full impact on the District and the Community cannot yet be assessed and fully understood. The actions outlined in the plan will be kept under review and adjusted as the picture becomes clearer to allow the Council to be responsive and flexible to the evolving situation.

6 Implications

6.1 Financial

Due regard will be given to the Council's financial position when determining the actions to deliver on the priorities and objectives for the new Corporate Plan.

Production of the plan will be met through existing resources including design and publication of the plan.

6.2 Legal

The Corporate Plan forms part of the Policy Framework within the Council's Constitution. The new Corporate Plan will replace the existing plan.

6.3 Human Resources

A key action in the Corporate Plan is the development of an Organisational Development Strategy. The purpose of the Strategy will be to review the existing skills and resources of the Council's workforce and to use this data to determine what additional skills and resources are required to support delivery of the Council's services and the projects set out in the Corporate Plan.

6.4 Risk Management

The Council's Strategic Risk Register sets out the risks the Council faces in delivering its priorities. This has been updated to reflect the impact of the pandemic and continues to be monitored. It will be reviewed alongside the development of a new Corporate Plan.

6.5 Equality & Diversity

An Equality Impact Assessment has been undertaken as part of the development of the Corporate Plan and engagement has l formed a key part of this.

6.6 Climate Change

The Corporate Plan outlines the way in which commitments to addressing Climate Change are being addressed through the Priorities and Objectives of the Council. This will be supported by a 10 year costed action plan, developed with a Citizen's Assembly, which was agreed in principle in October 2019 following the declaration of a Climate Emergency by the Council in July 2019. This will provide a broad framework for the Council, other partners, stakeholders and local people to take a range of actions to address the challenge of achieving carbon net zero by 2030.

7 Appendices to the Report

Appendix 1: Corporate Plan 2021-24

Appendix 2: Results of engagement

Previous Consideration

None

Background Papers

Report to Cabinet 21 May 2020 – Approach to Recovery Planning from the Impact of Covid-19

Report to Cabinet 15 October 2020 – New Corporate Plan 2021-24

Item No. 12.

Item No. 12.8

Appendix 1

Cannock Chase Council Our Corporate Plan 2021-24

Foreword

COVID-19 has had a devastating impact on our community and the Council itself. A Recovery Strategy was put in place in May 2020 to respond to the pandemic, plan for the restoration of services and to look ahead to reshape our services in the future.

As part of our recovery planning, it was agreed to bring forward work on reviewing our priorities and set out a new Corporate Plan for 2021-24 to replace our existing Corporate Plan. This will allow us to take a strategic look at how the pandemic has affected our residents, businesses and the Council as an organisation. We have reset the Council's priorities and objectives and look forward to planning for long term and ambitious improvements for the District.

The impact of the pandemic has been overwhelming as people's daily lives have been restricted, loved ones have been lost, businesses have had to close with some not re-opening and jobs have gone. However, more positively the pandemic saw the emergence of a tangible community spirit and volunteers willing to help those in need with food and pharmacy deliveries and other support.

The economic impact of the COVID-19 pandemic has, nevertheless, been significant and it is uncertain how quickly the economy will recover. It is highly likely that the pandemic will have a significant impact on key sectors within Cannock Chase, but at present it is not fully known if these impacts will be short-term or whether they may lead to longer term structural change. Sectors particularly affected include retail, wholesale, tourism, hospitality, transportation and storage, construction and manufacturing.

COVID-19 had an impact on how the Council worked too. Many of our employees quickly switched to working from home and Council meetings moved online. We continued to provide essential services throughout. New services and support were set up to co-ordinate support for our vulnerable residents and local businesses. Financial support has also been provided to businesses that had to close during the national lockdowns and advice was given as they re-opened, helping them be Covid secure.

We need to consider what sort of future we want for the District and how the pandemic might affect our daily lives for some time to come. It is likely that a `new normal` will emerge rather than just reverting to life as it was before and it is essential that we learn the lessons from the pandemic in order to address the fragility of the District and ensure that we can be more resilient.

This Corporate Plan is an opportunity to look differently at the future. We will consider our priorities for supporting our community, building on the volunteering and community spirit that has been evident. We will take the opportunities that have arisen as our community, businesses and the Council have found new ways of working together.

The lack of a financial settlement from the Government beyond 2021-22 creates a period of financial uncertainty for the Council. The significant loss of income and the increased costs of the impact of COVID-19 has put pressure on financial reserves, with deficits forecast for 2022-23 and 2023-24. To meet these, the Council will need to develop savings options over the next 12 months.

In light of the effects of the pandemic, our Corporate Plan for 2021-24 is therefore focussed on recovery and building resilience. This plan is about getting the District back on track, revisiting our plans and reshaping the future. We want to realign the resources we have and attract new resources to enable the Council to facilitate an economy, community and environment that is more resilient in the future and maximises the opportunities available to it.

Three priorities have emerged from our planning and our engagement with the community. They are:

- Supporting Economic Recovery
- Supporting Health and Wellbeing
- Financially Resilient Council

In 2020 the Council made a commitment to becoming net carbon neutral by 2030. Rather than adopting this as a standalone priority, it will be at the heart of all three of our priorities and will be embedded into our objectives and action plans for the future.

Above all we want our District to be an attractive place to live and visit; we want it to be economically successful and environmentally sustainable; we want local people to have a healthy and active lives.

Clearly we cannot achieve this on our own; we will be working closely with partners from the public sector, private sector and voluntary organisations in delivering the priorities and this is reflected in the actions set out in the detailed plan that follows..

This document sets out these priorities in more detail, explains why they are important, what we want to achieve, the actions we will take, and how we will measure our success. With so much uncertainty about the long-term effects and impact of the pandemic this plan will provide a clear framework to develop our actions to achieve the greatest impact on agreed priorities and objectives within the resources available.

Councillor George Adamson, Leader of Cannock Chase Council (photo)

and

Tony McGovern, Managing Director of Cannock Chase Council (photo)

Item No. 12.10

Cannock Chase in numbers

(to display as an infographic)

An estimated 101,594 residents in 2020

An estimated 43,952 households in 2020

An Area of Outstanding Natural Beauty and 2 Special Areas of Conservation

Over 1,000 acres of parks, open spaces, sports, conservation and play areas

3 Town Centres with 347 Town Centre Units

5,118 Council Homes

Unemployment rate of 5.6% below the England average of 6.3%, October 2020

108 new affordable homes built in 2019-20 including 9 Council new builds

1.2million domestic bins emptied in 2020 (based on 70 per cent of bins being put out for collection each week)

3,430 Business Enterprises in 2020

433 planning applications April 2019 - March 2020

95 CCTV Cameras Monitored in 2019-20

96% of food premises rated 3 stars or better 2019-20

32 Public car parks across Cannock Chase, 12 of which are pay and display
(add in map / key infrastructure here)

What we have achieved in the last three years

In the last Corporate Plan (2018-23) we set ourselves two priorities; set out below are the key achievements made in the last three years under those priorities.

Promoting Economic Prosperity

- In October 2018 construction work started on the £160m McArthurGlen Designer Outlet in Cannock. The first retail units are due to open in February 2021. **(photo)**
- In January 2019 Cannock Chase achieved the highest economic growth within the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) area.
- Cannock Chase is named a Commonwealth Games venue for the mountain biking event at Birmingham 2022. **(photo)**
- The Council paved the way for the return of further education to the District with a new Cannock Chase Skills and Innovation Hub at the Cannock Campus of South Staffordshire College.
- The Council helped to secure £500,000 for a new Cannock Chase Engineering Academy for South Staffordshire College in Cannock.
- The Council helped South Staffordshire College secure Government funding for a new Digital Skills Academy, from Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP).
- Walkers, cyclists and canal users benefit from improved links into Rugeley town centre thanks to £218,960 funding allocated from a remaining Section 106 agreement with Tesco.
- The Council agreed to spend £200,000 to improve its car parks.
- A Cannock Town Centre Development Prospectus was approved to highlight opportunities for potential developers. **(photo)**
- Approval was given to spend £94,000 on environmental improvements for Cannock town centre.
- The shutters of empty shop units in Cannock town centre received a makeover.
- Pay by phone service and contactless ticketing machines introduced in car parks.
- Work got underway to build 44 new homes on former Council depot land in Hawks Green. **(photo)**
- A £211,000 grant from the West Midlands Combined Authority (WMCA) was received to support employment and skills in Cannock North Ward. **(photo)**

- Outline planning permission was given to ENGIE, the Rugeley Power Station site developers, in January 2020 for mixed-use redevelopment of the site. **(photo)**

Improving Community Wellbeing

- Phase 1 of £1.3m Stadium Park opened in September 2018 with adventure play area, BMX pump track, footpaths, running routes, green gym equipment, new entrance gates and fencing, CCTV cameras, and community allotments with an allotment building. **(photo)**

- Community Safety Partnership launches `Say Something, See Something` campaign to tackle adult and child abuse. **(photo)**

- £1m development of Chase Leisure Centre for brand new, multi-use functional spaces and a state-of-the art cycle studio.

- Six Green Flag Awards for parks. **(photo)**

- Proposed play area and open space improvements to the Cema in Norton Canes approved.

- Council funding approved towards new mountain bike trail at Birches Valley as legacy project for Commonwealth Games.

- Football Foundation grant announced to help cover costs of providing new artificial grass pitch in Rugeley.

- In xxxx, work started on a new cemetery in the District. **(photo)**

Our Priorities for 2021-24

In this section we outline our three priorities for 2021-24.

Priority 1 - Supporting Economic Recovery

Why this is important:

The District is facing an unprecedented challenge in dealing with and recovering from the economic recession caused by COVID-19. The recession is highly likely to lead to increased levels of unemployment within the District at a level which has not been seen for decades. Key sectors in the District such as retail, leisure and hospitality are particularly vulnerable to the ongoing effects of the pandemic and are likely to be adversely impacted.

The Council has a key role to play in supporting the economic recovery of the District and to enable the creation of new job opportunities, help existing businesses to survive and grow, new businesses to start-up, and to attract new investment.

The Council has an important part to play in its role as a place shaper in planning for future growth and opportunities to create new jobs, affordable new homes and re-purpose our town centres.

Major investments such as the McArthurGlen Designer Outlet West Midlands and Rugeley Power Station continue to be critical in supporting the economic recovery of the District.

Access to affordable housing is key to creating sustainable, prosperous communities. A lack of affordable housing affects household budgets, health and education and the ability to gain and sustain employment. The Council wants to provide housing options to meet our residents' needs. Genuinely affordable housing is needed for those on different incomes. Rented accommodation is in high demand in the District and intermediate housing has a role to play for those who do not have access to social housing and cannot afford the private market.

The result will be:

- The District's economy will recover from the effects of the pandemic and capitalise upon opportunities to create green new jobs.
- Our residents will be able to access new employment and skills opportunities.
- Our town centres will be re-shaped and existing sites will be re-purposed.
- There will be an increase in affordable housing for our residents.
- There will be increased business confidence and investment.

Objective 1.1 - Supporting jobs, enterprise and skills

How we will deliver this:

(i) Maximise the economic benefits of the opening of McArthurGlen Designer Outlet West Midlands

(ii) Provide advice and support to local businesses to help them grow and new businesses to start-up

(iii) Work with partners to put in place responsive employment support for newly unemployed residents

(iv) Work to increase skills levels of residents and improve access to employment opportunities
(v) Ensure Cannock Chase District has a sufficient supply of employment land and workspace for small businesses

Measures:

- Unemployment rate
- Youth unemployment
- NVQ 3 / 4 attainment rates
- Number of businesses supported
- Number of enrolments on Digital Academy and Engineering Academy at Cannock Campus of South Staffordshire College

Objective 1.2 - Reshaping our town centres

How we will deliver this:

(i) Promote key Council owned sites in the Cannock Town Centre Development Prospectus
(ii) Develop a Cannock Masterplan to identify wider opportunities for reshaping the town centre
(iii) Progress plans for the regeneration of the former Multi-Storey Car Park / Indoor Market site
(iv) Identify opportunities to reshape Rugeley Town Centre – capitalising upon the re-development of Rugeley Power Station
(v) Review the Council's car parking strategy

Measures:

- Town Centre vacancy rates
- Number of residential units consented / completed in Town Centre
- Commercial and non-retail floorspace consented / completed

Objective 1.3 - Increasing affordable housing

How we will deliver this:

(i) The £12m Housing Investment Fund will enable the Council to deliver in the region of 100 new Council properties for rent
(ii) Work with Planning Services to ensure the Local Plan includes the necessary provisions for affordable housing contributions as part of the planning process

Measures:

- Number of Council homes delivered
- Number of Affordable Housing units delivered per annum
- Updated Local Plan policies for affordable housing

Objective 1.4 Well-designed communities

How we will deliver this:

(i) Adoption of a new Local Plan for the District by the end of 2023
(ii) Ensure our Local Plan policies achieve higher design and environmental standards with new housing developments
(iii) Support our towns and parishes to plan their neighbourhoods
(iv) Ensure our local communities secure benefits from new developments and investment in local infrastructure

Measures:

- Housing completions
- Employment land developed
- Neighbourhood Plans adopted
- Amount of CIL / S106 funds secured / allocated

Objective 1.5 Clean and green recovery

How we will deliver this:

(i) Support our clean growth ambition by identifying and supporting businesses and sectors that can deliver green jobs and investment
(ii) Work with public bodies and site owner to regenerate the Rugeley Power Station site and deliver ‘zero carbon’ ambitions
(iii) Promotion of clean growth initiatives delivered by partners to local businesses
(iv) Work towards developing zero carbon homes (passivhaus standard) on Council housing developments
(v) Produce a funded retrofit (carbon zero) programme for the Council’s housing stock and commence implementation

Measures:

- Reduction in carbon emissions
- Green businesses supported / ‘green jobs’ created
- Number of passivhaus homes delivered
- Energy efficiency levels achieved in new Council housing developments
- Number of retro fit completions

Priority 2 - Supporting Health and Wellbeing

Why this is important:

We want our residents to have the opportunity to live as healthy lives as possible for as long as possible and to live comfortably and safely in their communities. We recognise the significant effect that health and wellbeing have on happiness and life chances and that this varies considerably in Cannock Chase District.

Life expectancy at birth and at age 65 was below the national average during 2017-19, with inequalities in health and life expectancy related to deprivation across the District. The most recent Active Lives Survey data covering the period May 2019 to May 2020 estimates that around 27.8% of adults aged 16+ are physically inactive in the District, taking part in less than 30 minutes per week of physical activity. This was above the England average of 25.5%.

The restrictions that COVID-19 has placed on us has had a profound effect on the way we behave – including how people play, exercise, travel and work. Exercise and physical activity will play a key role in recovering from the pandemic. The continued provision of affordable and accessible leisure and culture facilities is an important aspect of this, so we will continue to invest in our culture and leisure facilities, parks and open spaces or through providing more online exercise opportunities and encourage greater use of our fantastic natural assets - Cannock Chase, Hednesford Hills and other open spaces, parks, green gyms and play areas. Our parks and open spaces are some of the best in the country and we are incredibly proud that six have received the accolade of Green Flag status.

The Council is committed to safeguarding all children, young people and vulnerable adults and protect them from abuse. The Council recognises that there are a number of individuals who have no fixed abode and are not necessarily street homeless. It is essential that these individuals have access to safe and secure accommodation, and homelessness reduction remains a top priority of the Council. Early prevention activities have been heavily invested in.

In 2019 the Council declared a Climate Emergency in Cannock Chase District and has set the ambitious target of creating a Net Zero Carbon District by 2030. This will and must be at the heart of everything we do going forward. To achieve our net-zero carbon ambitions we must seek new ways of doing things and seek out new approaches to delivering services and accessing investment. We must work more closely together, across the public, business and community sectors; to find solutions for the challenges we are all facing.

The result will be:

- Our leisure and cultural facilities will be fit for purpose
- A District where our residents will have the opportunity to enjoy a healthy and active lifestyle
- A healthier and more physically active population
- A District where our residents will live full, active and independent lives
- A Safer and Stronger District where crime, criminality and emerging trends are tackled, and vulnerable individuals and places are safeguarded.
- There is increased awareness of the support available to homeless applicants
- We work towards eliminating street homelessness

- A green sustainable District that cares about the environment and tackling climate change

Objective 2.1 - Providing opportunities for healthy and active lifestyles

How we will deliver this:

(i) Continue to invest in our facilities, parks and play areas:
(ii) Work to secure external funding to support investment in our leisure facilities
(iii) Assess the impact of COVID-19 on the Council's leisure and culture services to help transform and shape those services going forward
(iv) Develop and deliver the Council's Health, Wellbeing and Physical Activity Strategy
(v) Continue to provide affordable, varied and locally accessible facilities for sport and leisure:
(vi) Encourage and support people of all ages to have active and healthy lifestyles to improve and maintain their physical and mental wellbeing:
(vii) Work with partners to help and support our residents to adopt a healthy and active lifestyle
(viii) Promote the use of green open spaces and our parks for exercise and activity
(ix) Help and facilitate the delivery of a successful Commonwealth Games event in our District and to maximise the opportunities for local enterprise, culture, tourism and to raise awareness of the benefits of an active lifestyle
(x) Maximise the physical opportunities and legacy for our residents from our investment in the Commonwealth Games 2022 Mountain Biking Event

Measures:

- Increase in physical activity in adults (%)
- Reduction in inactivity levels (%)
- Number of visits to leisure centres
- Number of memberships
- Uptake on GP referrals
- Number of leisure concessions

Objective 2.2 Supporting Vulnerable Residents

How we will deliver this:

(i) Monitor the impact and effectiveness of our new Housing Assistance Policy - Independent Living 2020 on helping older residents and those living with disabilities, to live healthier and more independent lives
(ii) Continue to focus on prevention of homelessness in accordance with the Homelessness Reduction Act
(iii) Develop the provision of homelessness services through maximisation of homelessness grant funding and other resources
(iv) Provide funding to voluntary organisations – Citizens Advice -Staffordshire South West and Chase Advice to provide free independent, impartial and confidential advice to our residents who are facing pressing issues in their lives, whether that be general advice or debt management

(v) Provide increased support for high risk victims of domestic abuse in partnership via the weekly local Multi Agency Risk Assessment Conference (MARAC)
(vi) Raise and increase awareness of the risk of harm of alcohol and substance misuse
(vii) Provide needs-led, person centred support to those young people engaging in Anti-Social Behaviour (ASB) and at risk of school exclusion
(viii) Work with agencies to develop a programme of engaging with the voluntary sector and community groups to provide advice, support and signposting for vulnerable residents

Measures:

- Numbers of Disabled Facilities Grant (DFG) applications and completions
- Amount of DFG assistance provided
- Numbers of homelessness preventions and cases
- Rough Sleeping and Homelessness Pathway (Housing First) Project – continued provision to Project provider (5 flats)

Objective 2.3 - Creating a greener, sustainable community and environment

How we will deliver this:

(i) Develop an Environmental Strategy setting out how we will protect the local environment and implement our Climate Change Action Plan to reduce our impact on climate change and work towards the Council's aim of becoming carbon neutral by 2030
(ii) Work collaboratively to find solutions to tackling the impact of climate change
(iii) Maintain and improve our parks, green spaces and countryside so that they remain attractive and enhance our quality of life
(iv) Work and empower local communities to support local projects and sustain local facilities such as play areas, parks and open spaces
(v) Develop our Open Spaces Strategy to support the adoption of the Local Plan by the end of 2023 - delivering green spaces as part of new residential and business developments
(vi) Protect and enhance our high quality and unique natural environment including our green belt, SSSIs and Area of Outstanding Natural Beauty (AONB)
(vii) Keep our District clean
(viii) Promote and raise awareness to support our residents in reducing residual waste and increase recycling
(ix) Tackle waste crime such as fly-tipping, dog fouling, littering and increase recycling
(x) Complete and open our new Cannock Chase Cemetery in 2021 to meet the demand for burial space in the south of the District

Measures:

- Reduction in carbon emissions from baseline – aiming for net zero in 2030
- Retention of six Green Flag Awards
- Recycling rate
- Reduced waste to landfill
- Reduction in number of Fines, Fixed Penalty Notices and Prosecutions for waste crime

Item No. 12.18(a)

Amendments to the Corporate Plan

Priority 2 - Supporting Health and Wellbeing

The result will be:

- Our leisure and cultural facilities will be fit for purpose
- A District where our residents will have the opportunity to enjoy a healthy and active lifestyle
- A healthier and more physically active population
- A District where our residents will are able to live full, active, healthy and independent lives
- ~~A Safer and Stronger District where crime, criminality and emerging trends are tackled, and~~ V~~v~~ulnerable individuals ~~and places~~ are supported and safeguarded.
- There is increased awareness of the support available to homeless applicants
- We work towards eliminating street homelessness
- A green sustainable District that cares about the environment and tackling climate change

Objective 2.2 Supporting Vulnerable Residents

How we will deliver this:

(i) Poverty Strategy and action plan to be developed.

(ii) Monitor the impact and effectiveness of our new Housing Assistance Policy - Independent Living 2020 on helping older residents and those living with disabilities, to live healthier and more independent lives

(iii) Continue to focus on prevention of homelessness in accordance with the Homelessness Reduction Act

(iv) Develop the provision of homelessness services through maximisation of homelessness grant funding and other resources

(v) Provide funding to voluntary organisations ~~– Citizens Advice -Staffordshire South West and Chase Advice~~ to provide free independent, impartial and confidential advice to our residents who are facing pressing issues in their lives, whether that be general advice or debt management

(vi) Provide increased support for high risk victims of domestic abuse in partnership via the weekly local Multi Agency Risk Assessment Conference (MARAC)

(vii) Raise and increase awareness of the risk of harm of alcohol and substance misuse

(viii) Provide needs-led, person centred support to those young people engaging in Anti-Social Behaviour (ASB) and at risk of school exclusion

(ix) Work with agencies to develop a programme of engaging with the voluntary sector and community groups to provide advice, support and signposting for vulnerable residents

Measures:*

- Numbers of Disabled Facilities Grant (DFG) applications and completions
- Amount of DFG assistance provided
- Numbers of homelessness preventions and cases
- Rough Sleeping and Homelessness Pathway (Housing First) Project – continued provision to Project provider (5 flats)

* Measures re poverty will be developed as part of the work on the action plan

Priority 3 - Financially Resilient Council

Why this is important:

The Council has been facing increasing challenges over the last few years in balancing its budget. The Council has seen its core funding from Government fall by 30% over the last four years and the loss of significant business rates income from the closure of Rugeley Power station. While the opening of the McArthurGlen Designer Outlet West Midlands will offset some of this reduction, the Government's funding regime only enables us to retain this income for five years. The Council prior to the pandemic was still estimating a shortfall of approximately £0.58 million in 2022/23 due to the reduction in Government funding.

The pandemic has had a considerable impact on the Council's finances and while the Council has received some additional funding from the Government that has helped to cover the additional costs incurred, the Council has lost income from car parking and other sources.

The Council has also helped to support its key contractor, Inspiring Healthy Lifestyles (IHL), which runs the Council's leisure and culture facilities. The overall impact of COVID-19 is likely to last for a number of years. The Council is facing uncertainty as to future funding and in the short term we are balancing the budget by using the Council's reserves. If the additional business rates achieved to date is withdrawn by Government, it is estimated that the Council will face a further reduction in funding of 18% by 2023-24 and will need to find a saving of a minimum of £1m in 2022/23 and onwards.

The Council has been under financial pressure for a number of years and efficiency savings have been delivered by providing services in partnership with not for profit organisations such as IHL and the sharing of back office services with Stafford Borough Council. The Business Rates Pool for Staffordshire has enabled additional income to be retained by this Council of £0.8 million in 2019/20.

Prudent financial management has meant there has been no service reductions for a number of years, but this is now looking impossible to maintain. We will continue look to deliver efficiency savings by doing things differently wherever we can, but this alone will not be enough. We will also need to look at reducing or stopping some services. The Council is committed to maintaining the services that matter the most to the public and those we have a statutory duty to provide. We will look to protect the services as much as we can and make savings from non-essential services or by increasing the income we collect.

The result will be:

- Continued delivery of those services that matter the most to the public

Objective 3.1 To make the best use of limited resources – managing our people, money and assets

How we will deliver this:

We will make effective use of the Council's assets by acting in a manner that ensures the long-term financial viability for the benefit of our residents and the environment. In particular we will:

(i) Review our services to ensure that they are cost-effective and efficient

(ii) Increase our use of digital solutions in delivering services to:
- maximise the efficiencies arising from the change to working practices presented by the pandemic
- provide residents with greater access to online services and assistance for those that don't have such access; and
- encourage electronic payments or direct debits

(iii) Develop an asset management strategy and maintenance plan.

(iv) Identify opportunities to enhance, redevelop and transfer the Council's assets to maximise income and / or benefit to the District.

(v) Develop an Organisational Development Strategy and action plan to provide an effective workforce

Measures:

- Use of online forms
- Reducing the number of cheque payments
- Workforce diversity statistics

Objective 3.2 Being a financially sustainable Council that lives within its means

How we will deliver this:

We will explore and actively consider all avenues to deliver financial stability, including maximising income available to the Council. In particular we will:

(i) Continue to manage our finances prudently, identify new sources of revenue to balance our budgets and maximise local revenue streams including council tax and business rates collection to fund services
(ii) Apply for all relevant grants
(iii) Set a Medium Term Financial Strategy (MTFS) to fund Council services by a prudent mix of investment, services and tax income, while maintaining adequate reserves
(iv) Identify opportunities to generate additional income from our services and assets and review these annually as part of the budget setting process
(v) Review the schedule of existing contracts to identify opportunities for rationalisation and savings

(vi) Lobby for a fairer distribution of Government funding to sustain essential local services

Measures:

- Level of council tax collected annually
- National non-domestic rates (NNDR) collected
- Value of successful grant applications, investment secured for the District
- Delivery of the Council's cost savings and income targets
- Total income from service fees and charges
- Income from new sources
- Amount of external funding secured to support the delivery of projects and programmes

Objective 3.3 Consider the impact on the environment in managing our assets and use of resources

How we will deliver this:

We will encourage our employees to think about our use of resources throughout the operations of the Council and in delivering services. In particular we will:

(i) Undertake an assessment of our current carbon footprint and develop an action plan to reduce this.
(ii) Develop a management plan to inform how our buildings may be most efficiently maintained and reduce our carbon consumption;
(iii) Identify opportunities for funding for green initiatives

Measures:

- Carbon emissions baseline
- Reduction in utilities usage

Engagement carried out to inform our priorities and objectives

We engaged with various audiences as part of the process of agreeing our priorities and objectives for 2021 to 2024.

As part of this process we ran a survey and held a series of online focus groups. Respondents to the survey and the focus groups generally agreed with the three proposed priorities.

The survey results can be found on the Council's website (link to be inserted here).

The Council's budget and available funding

(to include)

PAGE INTENTIONALLY BLANK

Item No. 12.22

Appendix 2

Corporate Plan 2021-2024

The Corporate Plan engagement period on the proposed priorities and objectives ran from 19 October to 30 November 2020. As part of this process we had a survey and held a series of online Focus Groups. The survey received 83 responses. Eight Focus Groups were held with a variety of stakeholders including the community, young people, staff, members and the third sector. We also received two additional submissions from Chase Community Independents and Hednesford Town Council. The survey results and some themes from the Focus Groups are set out below:

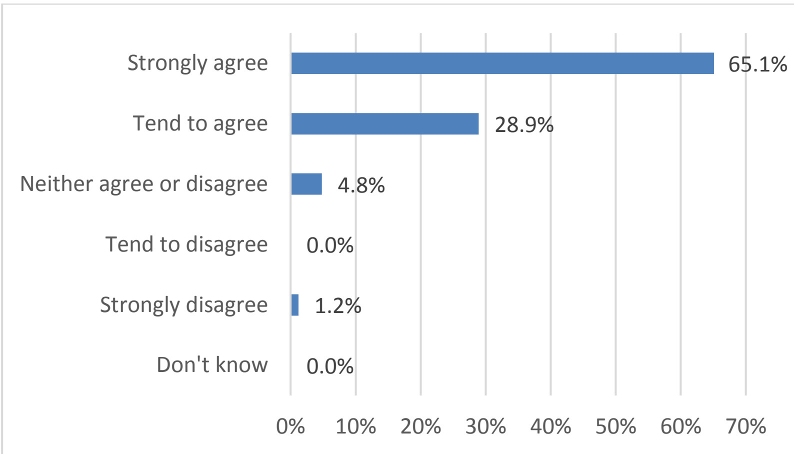
Survey Results

The survey was available online and paper copies were available on request. 83 responses were received in total and were all completed online. The results are set out below:

1) How strongly do you agree or disagree that the three priorities set below are the right ones?

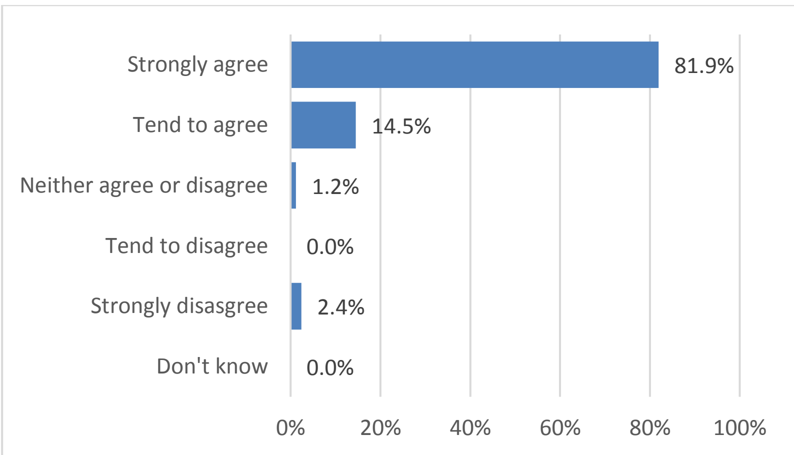
Supporting Economic Recovery

Strongly agree	54
Tend to agree	24
Neither agree nor disagree	4
Tend to disagree	0
Strongly disagree	1
Don't know	0



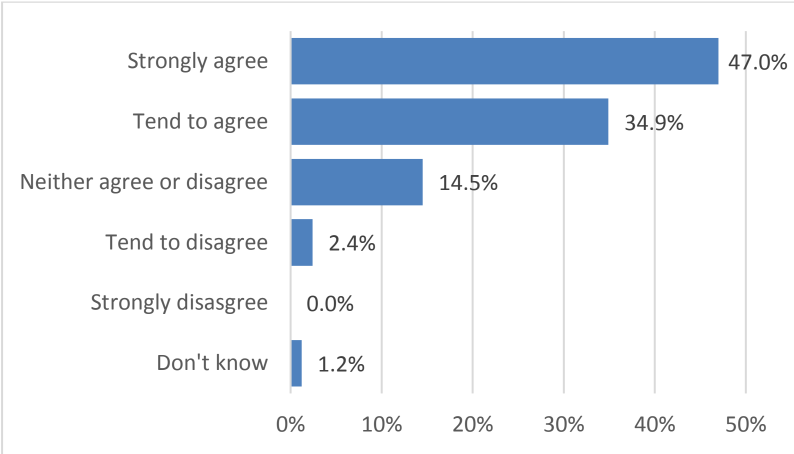
Supporting Health and Wellbeing

Strongly agree	68
Tend to agree	29
Neither agree nor disagree	12
Tend to disagree	0
Strongly disagree	2
Don't know	0



Financially Resilient District

Strongly agree	39
Tend to agree	29
Neither agree nor disagree	12
Tend to disagree	2
Strongly disagree	0
Don't know	1



2) If you wish please provide reasons for your answer

There were 24 varied responses to this question. Themes that arose were:

- Good health and wellbeing support the other two priorities
- Economy should be the top priority as that supports the other two priorities
- All three priorities are critical and logical

3) Are there any priorities you feel are missing?

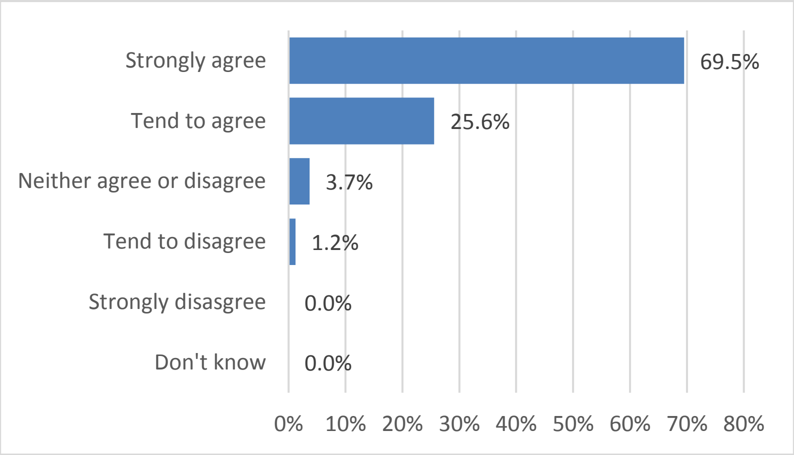
35 responses were received to this question, with 6 answering no/unsure. The main theme emerging was the environment. This was expressed in a variety of ways:

- "Environmental protection and air services"
- "Green and environmental policies are needed to make economic growth sustainable as well as a strong factor in the health and wellbeing of residents"
- "Protecting the natural environment and AONB including surrounding villages"
- "Environmental"
- "None, I don't want them to overly focus on environmental or other 'soft' issues"
- "I believe that the climate emergency should be a fourth priority. It permeates the three chosen, but I think it is important in its own right. The council have declared a climate emergency and will be carbon neutral by 2030; we can only make it happen if we prioritise it"
- "The recovery should bin low carbon, sustainable and contribute the UN sustainable development goals. Growth cannot follow the BAU path. There will be choices to be made but a BAU path will be unsustainable path and it will not deliver, wellbeing or protect resources and environmental resources/ecosystems"

4) How strongly do you agree/disagree with our proposed objectives for the Supporting Economic Recovery priority?

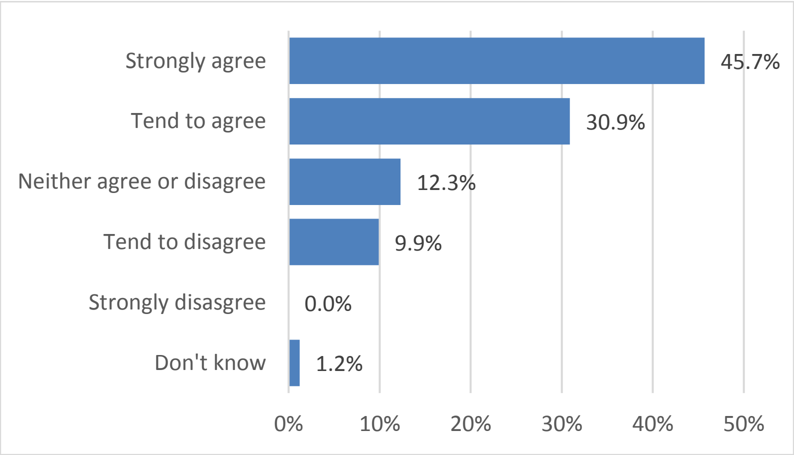
Supporting jobs, enterprise and skill

Strongly agree	57
Tend to agree	21
Neither agree nor disagree	3
Tend to disagree	1
Strongly disagree	0
Don't know	0



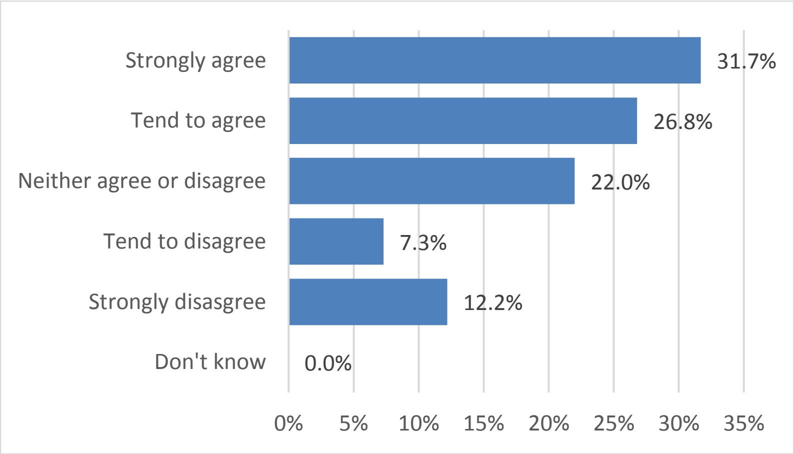
Reshaping our town centres

Strongly agree	37
Tend to agree	25
Neither agree nor disagree	10
Tend to disagree	8
Strongly disagree	0
Don't know	1



Increasing social housing

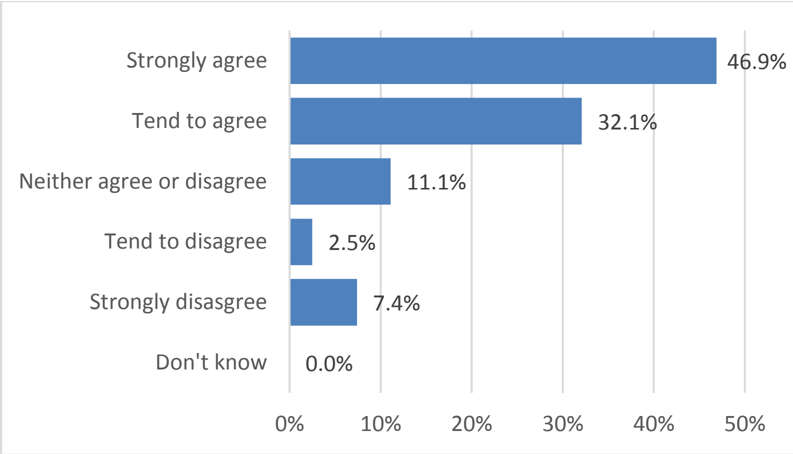
Strongly agree	26
Tend to agree	22
Neither agree nor disagree	18
Tend to disagree	6
Strongly disagree	10
Don't know	0



10 respondents strongly disagreed with increased social housing. Only 2 left comments; these were “social housing is not increasing the tax base or jobs” and the other talked about “over development”.

Clean and green recovery

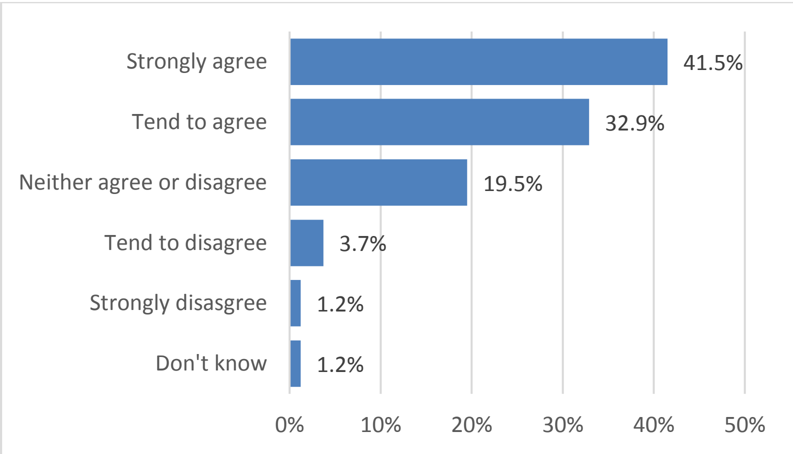
Strongly agree	38
Tend to agree	26
Neither agree nor disagree	9
Tend to disagree	2
Strongly disagree	6
Don’t know	0



All respondents that strongly disagreed to this objective also strongly or tended to disagree with creating a greener, sustainable community and environment objective under the Supporting health and wellbeing priority.

Well designed and connected communities

Strongly agree	34
Tend to agree	27
Neither agree nor disagree	16
Tend to disagree	3
Strongly disagree	1
Don’t know	1



5) If you wish, please provide reasons for your answer

25 responses were received to this question. Themes arising were:

- What is meant by short/medium/long term? Short term objectives needing to be long term commitments.
- Poor town centres
- Interlinking clean and green into other objectives
- Recover/promote green spaces
- Supporting jobs – needs to be long term, quality jobs, think about young people

6) Are there any objectives you feel are missing?

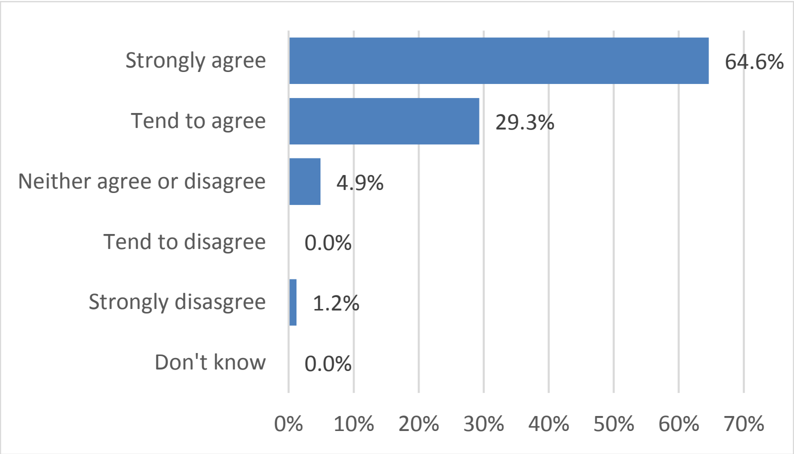
13 responses were received to this question and no themes arose.

7) How strongly do you agree/disagree with our proposed objectives for the Supporting Health and Wellbeing priority?

One person strongly disagreed with Supporting Health and Wellbeing as a priority. They also strongly disagreed with all the objectives under this priority.

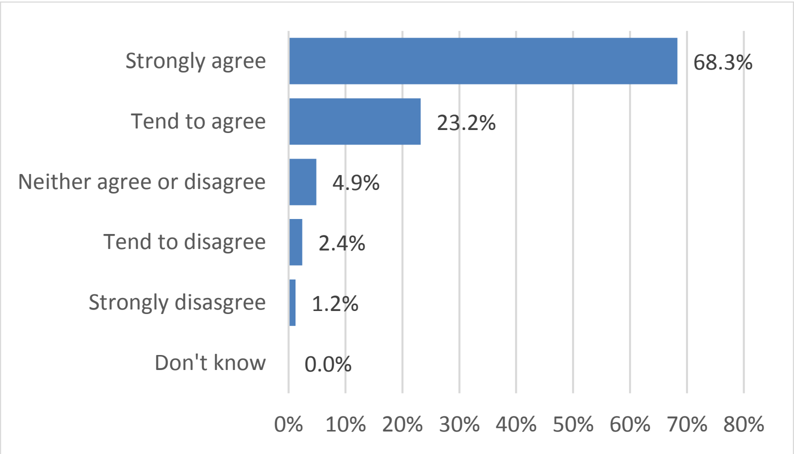
Providing opportunities for healthy and active lifestyles

Strongly agree	53
Tend to agree	24
Neither agree nor disagree	4
Tend to disagree	0
Strongly disagree	1
Don't know	0



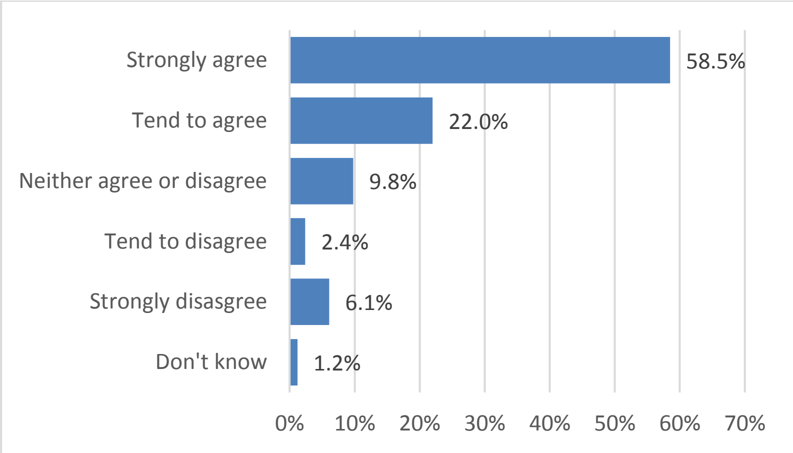
Supporting vulnerable people and engaging with our communities

Strongly agree	56
Tend to agree	19
Neither agree nor disagree	4
Tend to disagree	2
Strongly disagree	1
Don't know	0



Creating a greener, sustainable community and environment

Strongly agree	48
Tend to agree	18
Neither agree nor disagree	8
Tend to disagree	2
Strongly disagree	5
Don’t know	1



8) If you wish please provide reasons for your answer

19 responses were received to this question. The main theme was the importance of green open spaces/parks (4)

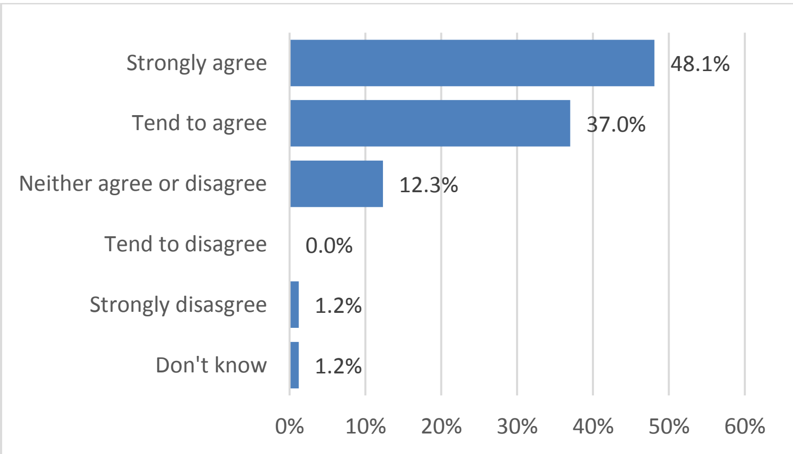
9) Are there any objectives you feel are missing?

14 responses were received and the main theme was the importance of open spaces (3)

10) How strongly do you agree/disagree with our proposed objectives for the Financially Resilient District Priority?

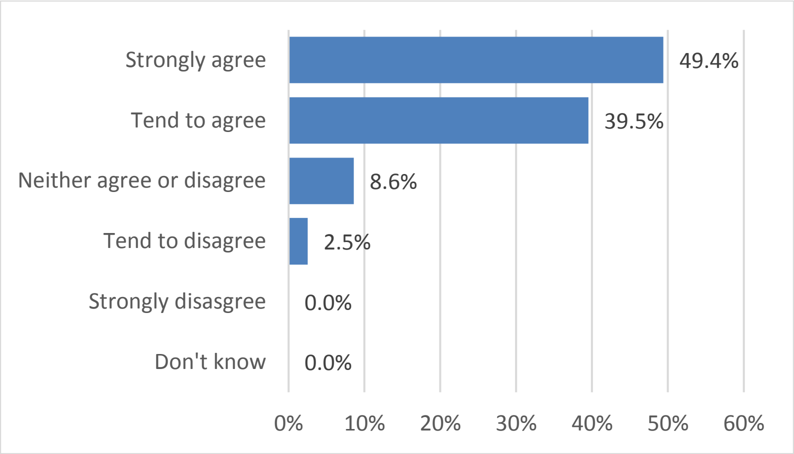
To protect frontline services by: being a financially sustainable council that lives within its means

Strongly agree	39
Tend to agree	30
Neither agree or disagree	10
Tend to disagree	0
Strongly disagree	1
Don’t know	1



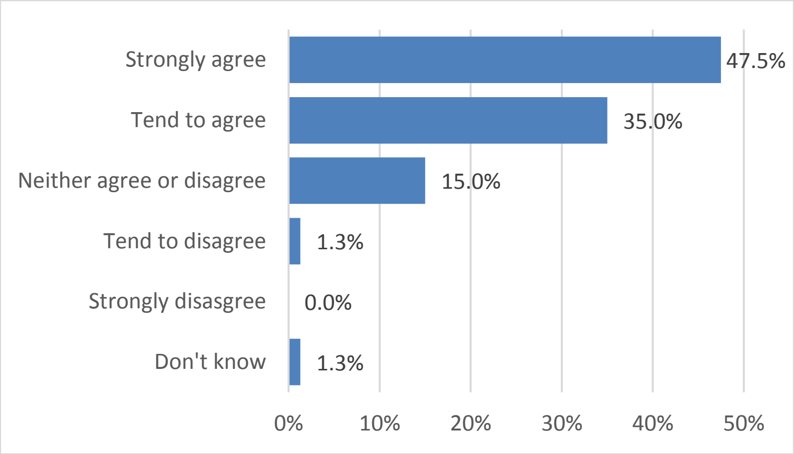
To protect frontline services by: making the best use of limited resources – managing our people, money and assets

Strongly agree	40
Tend to agree	32
Neither agree nor disagree	7
Tend to disagree	2
Strongly disagree	0
Don't know	0



To protect frontline services by: maintaining a robust corporate infrastructure which underpins the delivery of critical services

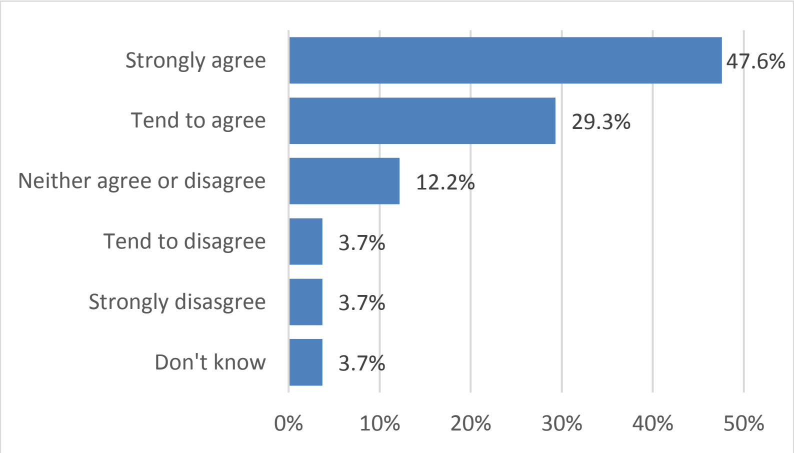
Strongly agree	38
Tend to agree	28
Neither agree nor disagree	12
Tend to disagree	1
Strongly disagree	0
Don't know	1



The respondent that strongly disagreed left no explanation as to why they answered this way.

To realign and attract resources that enables the Council to facilitate an economy, community and environment that is more resilient in the future

Strongly agree	39
Tend to agree	24
Neither agree nor disagree	10
Tend to disagree	3
Strongly disagree	3
Don't know	3



Of those that strongly disagreed, 2 gave no explanation. The third said "Support the VCS sector to do what it does best and allow movement of resources to where its most needed. Don't inflate salaries of council staff over activities and crucial support which directly benefits the community"

11) If you wish please provide reasons for your answer

13 responses were received. The main theme arising was that the first three objectives are common sense and should be expected (4). 2 respondents said that they did not understand the last objective.

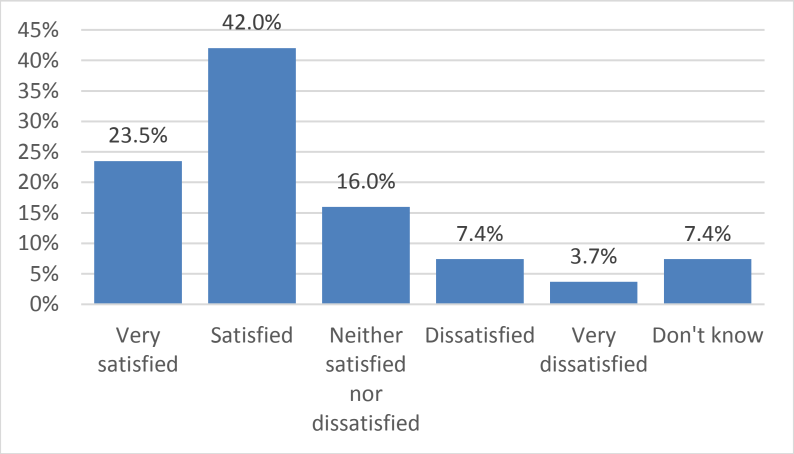
12) Are there any objectives you feel are missing?

Only 4 responses were received and they all varied.

13) Overall, how satisfied are you with the District of Cannock Chase as a place to live, visit or work?

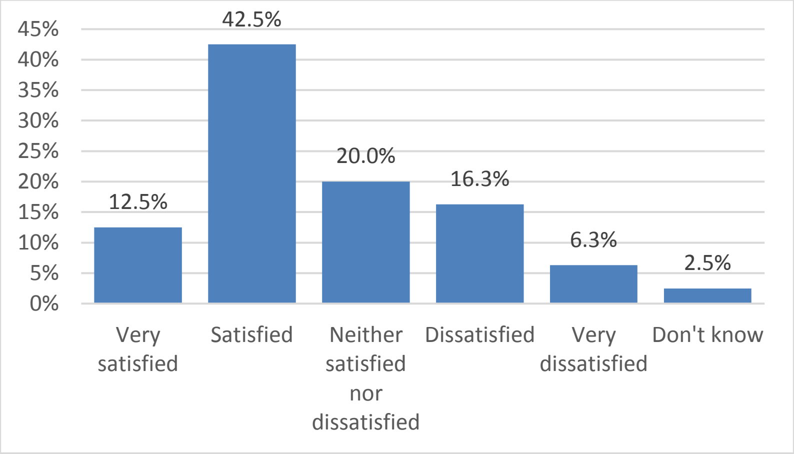
Live

Very satisfied	19
Satisfied	34
Neither satisfied nor dissatisfied	13
Dissatisfied	6
Very dissatisfied	3
Don't know	6



Visit

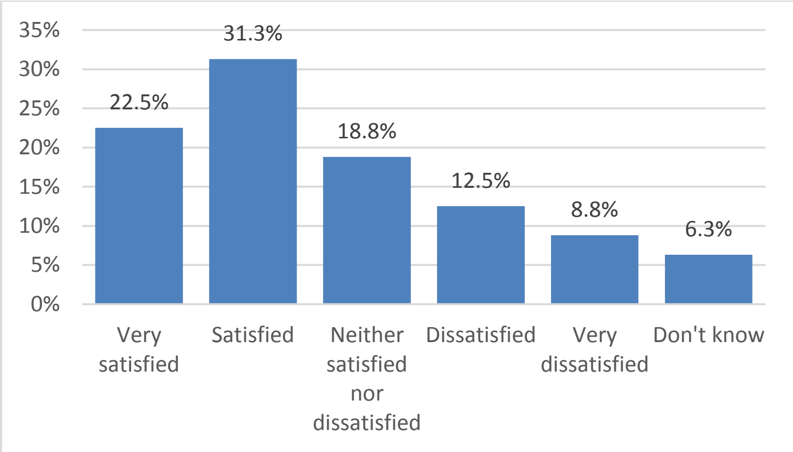
Very satisfied	10
Satisfied	34
Neither satisfied nor dissatisfied	16
Dissatisfied	13
Very dissatisfied	5
Don't know	2



Of the 5 that were very dissatisfied with the district as a place to visit, 3 mentioned town centres as an area of concern.

Work

Very satisfied	18
Satisfied	25
Neither satisfied nor dissatisfied	15
Dissatisfied	10
Very dissatisfied	7
Don't know	5



14) What words would you choose to describe how you would want Cannock Chase District to be in three years time?

61 responses were received to this question. Some chose to write paragraphs about how they would choose to describe the District in three years time whilst others picked words. The most popular words used were:

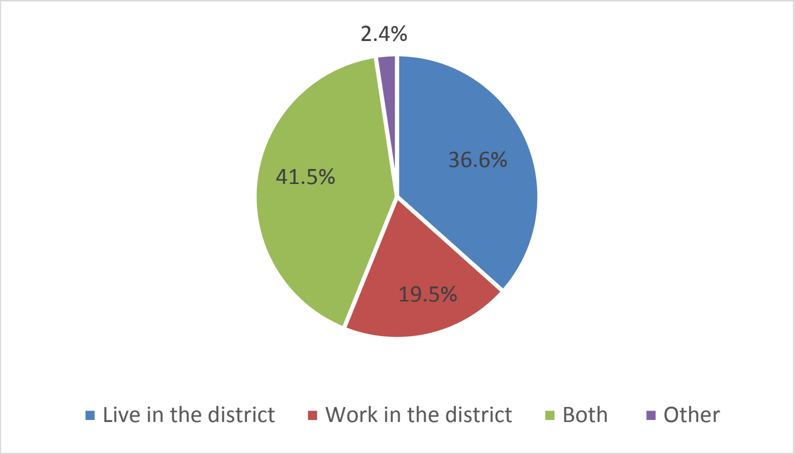
- Green/greener (7)
- Clean/tidy (7)
- Vibrant (6)
- Prosperous (5)
- Welcoming/inviting (4)
- Sustainable (3)
- Job opportunities (3)

15) Do you have any further comments/suggestions on the priorities and objectives?

25 responses were received. Responses varied with a theme focusing on town centres (4). 2 respondents felt that the language used in this survey is hard to understand.

16) Do you

Live in the district	30
Work in the district	16
Both	34
Other	2



Item No. 12.32

Focus Groups feedback – Corporate Plan

Below is a snippet of some of the discussions from these groups. The full notes are available.

A few general points were raised throughout the process:

- Lack of detail in the objectives
- What is meant by short/medium and long term?
- A lot of these objectives are interlinked and tie in with each other e.g. When supporting jobs, enterprise and skills tie this in with clean and green recovery and consider clean and green when increasing social housing.

Supporting Economic Recovery

Supporting jobs, enterprise and skills

- No true picture yet of what the impact of Covid will be
- Need to think about young people and what will be available for them– encourage more volunteer placements to allow them to get experience
- Don't just focus on digital skills
- Face to face support for those not online or who can't afford to be online
- Focus on good quality jobs with less zero hours contracts
- Council and College need to engage better with employers, especially small ones (meet them)
- What skills do people need to meet these objectives?

Reshaping our town centres

- Time for a rethink – town centres are changing and won't return to how they were previously. This is not just because of Covid. What can the Council do differently?
- More cafes and restaurants
- Think about the impact of MacArthur Glen– how to utilise it to support town centres?
- Think of alternative use for vacant lots i.e. sports clubs, drama
- Have a one stop shop including VCS support in town centres
- Transport links and bringing the three towns together
- Safe and inviting

Increasing Social Housing

- What is the long term vision and how many?
- There have been delays on building and supplies due to Covid
- Social housing is going to be more important than ever post-Covid (job losses)
- Make them quality with the same look and feel of private housing
- Focus on homelessness
- Consider fuel poverty – make eco houses where tenants can afford to pay their bills and could encourage investment in to the district

- Consider pressure on infrastructure when building new properties
- Growth in communities brings in new ideas

Clean and green recovery

- This should be a focus in all that the Council does
- This is a big opportunity
- To be considered when thinking about jobs, enterprise and skills
- Link it in to all objectives

Well designed and connected communities

- What does it mean? Infrastructure or neighbourhoods?
- Build on and capitalize on relationships built with VCS during Covid
- What is the councils role within the VCS sector?
- Benefits of networking, sharing knowledge and supporting local
- Benefits of engaging with young people in community activities
- Think about digital connectivity
- How to bring community 'buzz' back post Covid

Supporting Health and Wellbeing

Providing opportunities for healthy and active lifestyles

- This is difficult within Covid restrictions. Must think outside the box, promote individual activities
- Encouraging more people to get involved with mentor-led sports. Working and supporting school clubs
- Having a sports directory so people know what is available across the district. It would support teams and help the council
- Mental health is a big issue and will be bigger due to Covid
- Council stepped back on its dementia work
- Young people activity levels when they have learnt to drive
- Encourage competitions e.g. steps completed
- Obesity levels – think outside the box with projects, growing areas, growing and cooking projects with schools.
- Planning – could there be restrictions on fast food outlets?

Supporting vulnerable people and engaging with our communities

- Important to encourage people out and mixing again post – Covid. Loneliness is a bigger issue now.

- Think about support for groups and their facilities who due to Covid may need help getting up and running again. Work to make use of the volunteers now available after Covid.
- Greater focus on partnership working with VCS
- Support VCS where required i.e. skills development, signposting
- Think about effective signposting and networking. Directories date quickly. Where do people turn to in need? Do people look online or ask the council. Good communication and knowledge are essential
- Don't forget those not classed as vulnerable – a lot of projects focus on vulnerable but what about those classed as JAMS (just about managing)?
- Recognition of what has been achieved during Covid – sharing good news

Creating a greener, sustainable community and environment

- Covid highlighted the importance of parks and opens spaces, more people were out walking and using the spaces.
- Quality and maintenance is required.
- Lack of funding and resources to the parks and open space teams
- Spaces need to be kept safe
- Encourage people to look after spaces i.e. incentivised community litter picks

Financially Resilient District

- Protecting frontline services -avoids cost pressures being put elsewhere. Does it mean other services have to go in order to protect them?
- Both 'front line' and 'back office' are required to deliver services
- Objectives look like they are defending how the Council works now
- Should the objectives be focused on delivering key priorities?
- Think about keeping Cannock pound in Cannock i.e. procuring local, using local businesses
- Bring externally contracted work "in house" where possible
- Using local college to train new recruits
- The objectives are not ambitious
- May have difficult decision ahead – think about the need for change. Living in unprecedented times. What does the Council need to do?
- Think about opportunities to save on fixed costs i.e. council building
- The top three objectives should be embedded anyway
- Consider alternative funding sources i.e. private sector
- Value for money
- Invest and save
- What does objective 4 mean?
- Not detailed enough

Priorities

- Financial Resilience is too narrow – what about social, environmental and economic resilience?
- Community Safety priority
- Climate Change and Green agenda as a priority in its own right
- Such broad priorities they don't miss anything.

Staff feedback

- Consider internal partnerships and addressing internal politics
- Less risk averse
- Information sharing e.g. information to those in direct contact with people about support options available
- Internal workforce development – specific or universal. Can also help with staff retention

Commonwealth Games

- Fantastic opportunity for the district
- Need to focus on the legacy and physical and mental health implications
- The impression made could bring people back in to the district
- Be mindful of the potential impact on the Chase

Item No. 13.1

Report of:	**Head of Housing and Partnerships**
Contact Officer:	**James Morgan**
Contact Number:	**01543 464381**
Portfolio Leader:	**Housing**
Key Decision:	**No**
Report Track:	**Cabinet: 28/01/21**

Cabinet

28 January 2021

Housing Ombudsman Complaint Handling Code and Self Assessment Form

1 Purpose of Report

1.1 To note the contents of the Housing Ombudsman Complaint Handling Code and the requirement to complete a self assessment against the code.

1.2 To note the contents of the self assessment form and its publication on the Council's website.

2 Recommendation(s)

2.1 That Cabinet note:

i) the implications of the Housing Ombudsman Complaint Handling Code and the outcomes from the self assessment form; and

ii) the self assessment form is published on the Council's website.

3 Key Issues and Reasons for Recommendations

Key Issues

3.1 The Council is required to comply with the Housing Ombudsman's new Complaint Handling Code published in July 2020. The Code is attached as Appendix 1.

3.2 One of the implications is the completion of a self assessment form against the new Code. This self assessment is attached as Appendix 2. The Ombudsman expects landlords to report the outcome of their self-assessment to their board members or, in the case of local authorities, elected members.

3.3 The Ombudsman expects landlords to carry out regular self-assessment against the Code and take appropriate action to ensure their complaint handling is in line with the Code. The initial assessment needs to be completed by 31 December 2020.

3.4 The self assessment finds that Housing Services already adheres to the vast majority of the requirements in the Code as a result of the provisions set out in the corporate Customer Feedback and Complaints Policy.

Reasons for Recommendations

3.5 To adhere to membership requirements of the Housing Ombudsman and it's Complaint Handling Code by reporting the outcome of the self-assessment to Cabinet and also that the self assessment is published on the Council's website.

4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:

(i) Adhering to the Complaint Handling Code will assist Housing Services in dealing with complaints and help achieve the Council's 'Corporate' priority by delivering Council services that are customer centred and accessible - giving choice to our customers in how they access our services.

5 Report Detail

5.1 The Housing Ombudsman Service (the Ombudsman) is set up by law to look at complaints about housing organisations that are registered with them. The Ombudsman resolve disputes involving tenants and leaseholders of social landlords (housing associations and local authorities) and voluntary members (private landlords and letting agents). The Council is a registered member.

5.2 The Ombudsman considers complaints using dispute resolution principles, and encourage landlords and residents to use these principles so they can resolve complaints together at the earliest possible opportunity. To better enable this, the Ombudsman recently published their Complaint Handling Code (the Code) in July 2020.

5.3 The purpose of the Code is to enable landlords to resolve complaints raised by their residents quickly and to use the learning from complaints to drive service improvements. It will also help to create a positive complaint handling culture amongst staff and residents.

5.4 The Code (attached as Appendix 1) sets out requirements for member landlords that will allow them to respond to complaints effectively and fairly. While member landlords must comply with some elements of the Code, the Ombudsman recognises that each landlord will need to adapt its complaints policy and processes to meet the needs of its residents. Consequently, there are some areas where a landlord can use its discretion. In dealing with complaints, Housing Services are also required to adhere to the Council's Corporate Customer Feedback and Complaints Policy, so the Code will adhered to wherever possible, unless contradicted by the corporate complaints policy.

5.5 As part of the Code landlords are obligated to undertake a self assessment against the requirements set out. The self assessment form is attached as Appendix 2. For the most part the Council's corporate Customer Feedback and Complaints Policy already makes provision for the requirements set out by the Code.

5.6 As the Code contains a number of requirements and the vast majority of these are already being met as part of the existing corporate policy, the following paragraphs will just detail the requirements that are not being met and how Housing Services plan to address them. These are limited to requirements not dictated by the corporate complaint policy and procedures.

5.7 Whilst details of the corporate Customer Feedback and Complaints Policy is clearly detailed on the Council's website and leaflets in reception areas it is not regularly advertised. Therefore Housing Services will make clearer links to the policy under the Housing Services web pages and also display a poster within the Housing Reception to clearly advertise the routes in which tenants and leaseholders can make a complaint.

5.8 Housing Services aim to resolve all complaints to the satisfaction of tenants and leaseholders, however it is not currently known what proportion of complaints are resolved or dealt with satisfactorily. Housing Services will endeavour to undertake a satisfaction survey with each tenant and leaseholder that makes a formal complaint. The survey will be drafted in early 2021 and rolled out in 2021/22. The satisfaction of complaint handling is measured by HouseMark, therefore Housing Services can benchmark against peer organisations and learn further from any better performing organisations.

5.9 Whilst Housing Services endeavour to learn lessons from the way complaints are handled, this can still be improved. Housing Services were the first department to commit to learning from complaints and designed a learning form that is completed after each complaint is dealt with to determine how it could have been dealt with better or differently. This form was adopted for corporate use across all services. However more can be done to instil a more positive complaint handling culture to be more effective in resolving disputes, the quality of the service provided, the ability to learn and improve, and the relationship with our tenants and leaseholders.

5.10 It should also be noted that the Housing Ombudsman has published an updated 'Scheme' which as members the Council is required to adhere to, and this now includes the Complaint Handling Code. Failure to comply with the conditions of membership may result in an Ombudsman's determination of complaint handling failure and an order to rectify within a given timescale (a complaint handling failure order).

5.11 Failures under the Scheme and Code which would result in a complaint handling failure order include, but are not limited to:

- non-compliance with the Complaint Handling Code;
- failure to accept a formal complaint in a timely manner or to exclude a complaint from the complaints process without good reason;

- inaccessible complaints process and procedure or unreasonable restrictions as to how a complaint can be made;
- not managing complaints from residents in accordance with the complaints policy;
- failure to progress a complaint through the complaints procedure;
- failure to respond to a complaint within the set timescales without good reason;
- failure to keep the resident informed and updated;
- failure to notify the resident of the right to refer the complaint to the Ombudsman;
- failure to provide evidence to support investigation by the Ombudsman.

5.12 The Ombudsman may request evidence of a landlord's self-assessment in order to confirm satisfactory compliance with the Code. Where there have been failures to comply with the Code or in operating an effective complaints procedure, the Ombudsman may issue a complaint handling failure order and ask the landlord to complete the self-assessment as part of the rectification action and to report back to the Ombudsman on its outcome.

5.13 The Ombudsman will publish quarterly the total number of complaint handling failure orders it has issued, along with the names of the landlords and reasons for the orders, and will share this information with the Regulator of Social Housing. The number of complaint handling failure orders issued against a landlord will form part of the Ombudsman's annual landlord performance reports, which will be available on the Ombudsman's website.

5.14 Where the Ombudsman has significant concerns regarding a landlord's compliance with the Code they may escalate these to the landlord's board or equivalent, and may refer the matter to the Regulator of Social Housing.

6 Implications

6.1 Financial

There are no financial implications arising directly from this report.

Any costs arising from introducing measures mentioned in this report can be met from within existing budgets.

6.2 Legal

There are no direct legal implications arising from this report save the Council's statutory duty to adhere to the membership requirements of the Housing Ombudsman.

6.3 Human Resources

None

6.4 **Risk Management**

The Housing Ombudsman requires the Council and Housing Services to undertake and publish a self assessment against the Complaint Handling Code.

6.5 **Equality & Diversity**

Copies of the self assessment can be provided in a variety of formats including audio and large print on request.

6.6 **Climate Change**

None

7 Appendices to the Report

Appendix 1: Housing Ombudsman Complaint Handling Code

Appendix 2: Self Assessment Form

Previous Consideration

None

Background Papers

None

PAGE INTENTIONALLY BLANK

Housing
Ombudsman Service

The Housing Ombudsman's Complaint Handling Code

Published July 2020

Contents

Part A

1. Introduction

Complaint handling performs an important strategic role for an organisation, providing vital intelligence on its health, performance and reputation. Data on complaint handling should be considered alongside other management information to provide assurance and assess risks.

The Ombudsman's Complaint Handling Code promotes the progressive use of complaints, providing a high-level framework to support effective handling and prevention alongside learning and development. The Code ensures complaint handling data is being used consistently across landlord members, promotes engagement at different levels within a landlord and sets out expectations for boards or equivalent governance, senior executives and frontline staff.

For boards or equivalent governance, the Code supports culture setting and intelligence for assurance exercises, using complaint data alongside other management information on stock, services and customer feedback to provide insight into their organisation. It is important for governance to understand the complaints their organisations are receiving and the impact of their complaint handling on residents.

For chief executives and senior managers, the Code supports learning from complaints and promotes the open and transparent use of information to assess performance and risks.

For operational staff, the Code supports excellent complaint handling and engagement with the Ombudsman. If the requirements of the Code cannot be delivered this should prompt discussion about what needs to change.

Information on complaints can provide essential insight for governance and should include, although not necessarily be limited to:

- Regular updates on the volume, category and outcome of complaints, alongside complaint handling performance including timely compliance with the Ombudsman's orders
- Review, at least once a year, of issues and trends arising from complaint handling, including discussion of the Ombudsman's yearly landlord performance report and the inclusion of any organisational learning in the landlord's Annual Report
- Consideration of individual complaint outcomes where necessary, including findings of severe maladministration of the Ombudsman or any referrals by it to regulatory bodies, including scrutiny of any subsequent procedural or organisational changes
- Confirmation that the Complaint Handling Code is being applied.

Compliance with the Code forms part of the membership obligations set out in the Housing Ombudsman Scheme. Landlords should comply with the requirements of the Code. The Code should be read in conjunction with the Scheme.

Landlords are encouraged to promote the Code and to share the outcome of their self-assessment with residents.

2. Purpose

The purpose of the Code is to enable landlords to resolve complaints raised by their residents quickly and to use the learning from complaints to drive service improvements. It will also help to create a positive complaint handling culture amongst staff and residents.

Some landlords see complaints as a form of negative feedback. In fact, there are many benefits to be gained from having an effective, efficient complaints process:

- Complaints allow an issue to be resolved before it becomes worse. Those not resolved quickly can take significant resource and time to remedy
- Involvement in complaint resolution develops staff decision-making and engagement
- Complaints provide senior staff with a window into day-to-day operations allowing them to assess effectiveness
- Good complaint handling promotes a positive landlord and resident relationship.

The Ombudsman's Complaint Handling Code sets out requirements for member landlords that will allow them to respond to complaints effectively and fairly.

While member landlords must comply with some elements of the Code, the Ombudsman recognises that each landlord will need to adapt its complaints policy and processes to meet the needs of its residents. Consequently, there are some areas where a landlord can use its discretion. The Code seeks to be prescriptive only where the Ombudsman believes clear and consistent practice by all landlords is essential. Landlords will be asked to self-assess against the Code on a comply and explain basis. Non-compliance could result in the Ombudsman issuing complaint handling failure orders. Separate guidance on these orders has been published by the Ombudsman.

The Code will act as a guide for residents setting out what they can and should expect from their landlord when they complain. The requirements in the Code also provide residents with information about how to make a complaint and how to progress it through the landlord's internal complaints procedure.

The Code supports the regulatory approach to complaints ensuring that a landlord's approach to complaints is clear simple and accessible and ensures that complaints are resolved promptly, politely and fairly.

Part B

The Code

1. Definition of a complaint
2. Accessibility and awareness
3. Complaint team, procedure, timeliness and responsiveness
4. Fairness in complaint handling
5. Putting things right
6. Continuous learning and improvement

1. Definition of a complaint

1.1. Effective complaint handling should be a resident friendly process that enables residents to be heard and understood. The starting point for this is a mutual understanding of what constitutes a complaint.

1.2. A complaint shall be defined as *an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents*.

1.3. The resident does not have to use the word complaint in order for it to be treated as such. Landlords should recognise the difference between a service request (pre-complaint), survey feedback and a formal complaint and take appropriate steps to resolve the issue for residents as early as possible.

Exclusions

1.4. A landlord shall accept a complaint unless there is a valid reason not to do so.

1.5. A complaints policy shall clearly set out the circumstances in which a matter will not be considered and these circumstances should be fair and reasonable to residents. For example:

- The issue giving rise to the complaint occurred over six months ago. Where the problem is a recurring issue, the landlord should consider any older reports as part of the background to the complaint if this will help to resolve the issue for the resident. (N.B. it may not be appropriate to rely on this exclusion where complaints concern safeguarding or health and safety issues.)
- Legal proceedings have been started. Landlords should take steps to ensure that residents are not left without a response for lengthy periods of time, for example, where a letter before action has been received or issued but no court proceedings are started or settlement agreement reached.

- Matters that have already been considered under the complaints policy.

1.6. If a landlord decides not to accept a complaint a detailed explanation should be provided to the resident setting out the reasons why the matter is not suitable for the complaints process.

1.7. A resident has the right to challenge this decision by bringing their complaint to the Ombudsman. Where appropriate the Ombudsman will instruct the landlord to take on the complaint.

2. Accessibility and awareness

2.1. Landlords shall make it easy for residents to complain, by providing different channels through which residents can make a complaint.

2.2. Where a landlord has set up channels to communicate with its residents via social media, such as Facebook and Twitter, then it should expect to receive complaints via those channels. Policies should contain details of the steps that will be taken when a complaint is received via social media and how confidentiality and privacy will be maintained.

2.3. Landlords shall make their complaint policy available in a clear and accessible format for residents. This will detail the number of stages involved, what will happen at each stage and the timeframes for responding.

2.4. Landlords shall comply with the Equality Act 2010 and may need to adapt normal policies, procedures, or processes to accommodate an individual's needs. Landlords shall have a reasonable adjustments policy in place to address this.

2.5. Landlord websites shall include information on how to raise a complaint. The complaints policy and process shall be easily found and downloadable.

2.6. The complaints policy and process should be publicised in leaflets newsletters, online and as part of regular correspondence with residents. A copy should be provided when requested.

2.7. Landlords shall provide residents with contact information for the Ombudsman as part of its regular correspondence with residents.

2.8. Landlords shall provide early advice to residents regarding their right to access the Housing Ombudsman Service, not only at the point they have exhausted the landlord's complaints process. The Housing Ombudsman Service can assist residents throughout the life of a complaint. This affords the resident the opportunity to engage with the Ombudsman's dispute support advisors.

3. Complaint team, procedure, timeliness and responsiveness

Complaint team

3.1 Landlords should have a person or team assigned to take responsibility for complaint handling. This Code will refer to that person or team as the "complaints officer". For some organisations, particularly smaller landlords, we recognise that this role may not be dedicated to complaint handling.

3.2 Complaints officers are one of the most important factors in ensuring that the complaints handling works well. Complaints officers should:

- be able to act sensitively and fairly
- be trained to receive complaints and deal with distressed and upset residents
- have access to staff at all levels to facilitate quick resolution of complaints
- have the authority and autonomy to act to resolve disputes quickly and fairly.

Residents are more likely to be satisfied with complaint handling if the person dealing with their complaint is competent, empathetic and efficient.

Complaints procedure

3.3 When a complaint is made to the landlord it shall be acknowledged and logged at stage one of the complaints procedure.

3.4 Landlords should confirm their understanding of the complaint and the outcomes being sought with the resident. Clarification should be sought if the complaint is not clear.

3.5 If the complaint is not resolved to the resident's satisfaction it shall be progressed to the next stage in accordance with the landlord's procedure and the timescales set out in this Code.

3.6 A landlord's complaints procedure shall comprise of two stages. This ensures that a resident has the opportunity to challenge any decision by correcting errors or sharing concerns via an appeal process.

3.7 The Ombudsman welcomes involvement by residents or senior executives outside the complaints team as part of the review process.

3.8 The Ombudsman does not believe a third stage is necessary as part of a complaints process but if a landlord believes strongly it requires one, it should set out its reasons as part of the self-assessment. A process with more than three stages is not acceptable under any circumstances in the Ombudsman's view.

3.9 In the final decision the landlord's policy shall include the right to refer the complaint to the Housing Ombudsman Service. This should be through a designated person within eight weeks of the final decision or directly by the resident after eight weeks.

3.10 A full record shall be kept of the complaint, any review and the outcomes at each stage. This should include the original complaint and the date received; all correspondence with the resident, correspondence with other parties and any reports or surveys prepared.

Timeframe for responses

3.11 A landlord's complaints procedure shall include the following maximum timescales for response:

- Logging and acknowledgement of complaint – five working days
- Stage one decision – 10 working days from receipt of complaint – if this is not possible, an explanation and a date by when the stage one response should be received. This should not exceed a further 10 days without good reason
- Stage two response – 20 working days from request to escalate – if this is not possible an explanation and a date when the stage two response will be received. This should not exceed a further 10 working days without good reason
- Stage three response – where a landlord believes this stage is absolutely necessary a response should be sent within 20 working days from request to escalate. Any additional time will only be justified if related to convening a panel. An explanation and a date when the stage three response will be achieved should be provided to the resident.

3.12 A landlord may choose to set shorter response times for each stage of the complaints procedure but response times must not exceed those set out above.

Communication with residents

3.13 When communicating with residents, landlords shall use plain language that is appropriate to the resident.

3.14 Landlords shall address all points raised in the complaint and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.

3.15 At the completion of each stage of the complaints process the landlord should write to the resident advising them of the following:

- the complaint stage
- the outcome of the complaint
- the reasons for any decisions made
- the details of any remedy offered to put things right
- details of any outstanding actions
- details of how to escalate the matter if dissatisfied.

3.16 As part of the complaint policy the resident shall be given a fair opportunity to:

- set out their position
- comment on any adverse findings before a final decision is made.

3.17 Communication with the resident should not generally identify individual members of staff or contractors as their actions are undertaken on behalf of the landlord.

3.18 Landlords should adhere to any arrangements agreed with residents in terms of frequency and method of communication.

3.19 Landlords should keep residents regularly updated and informed even where there is no new information to provide.

Duty to cooperate with the Ombudsman

3.20 When the resident remains dissatisfied at the end of the landlord's complaints process, they may bring their complaint to the Ombudsman. Landlords shall cooperate with the Ombudsman's requests for evidence and provide this within 15 working days. If a response cannot be provided within this timeframe, the landlord shall provide the Ombudsman with an explanation for the delay. If the explanation is reasonable, the Ombudsman will agree a revised date with the landlord.

3.21 Failure to provide evidence to the Ombudsman in a timely manner may result in the Ombudsman issuing a complaint handling failure order.

4. Fairness in complaint handling

4.1. Landlords shall operate a resident-focused complaints process ensuring they are given the opportunity to explain their point of view and the outcome they are seeking before a decision is reached.

4.2. Landlords should manage residents' expectations from the outset, being clear where a desired outcome is unreasonable or unrealistic.

4.3. Landlords should give residents the opportunity to have a representative deal with their complaint on their behalf, and to be represented and/or accompanied at any meeting with the landlord where this has been requested or offered and where this is reasonable.

4.4. Where a key issue of a complaint relates to the parties' legal obligations the landlord should clearly set out its understanding of the obligations of both parties and seek clarification before doing so where this is not initially clear.

4.5. A complaint investigation shall be conducted in an impartial manner, seeking sufficient reliable information from both parties so that fair and appropriate findings and recommendations can be made.

4.6. Any complaint investigation shall be fair. To ensure fairness, processes and procedures shall require the complaints officer to:

- deal with complaints on their merits
- act independently and have an open mind
- take measures to address any actual or perceived conflict of interest
- consider all information and evidence carefully
- keep the complaint confidential as far as possible, with information only disclosed if necessary to properly investigate the matter.

4.7. The landlord's assessment of the issue should include:

- what the complaint is about
- what evidence is needed to fully consider the issues
- what risks the complaint raises for the landlord
- what outcome would resolve the matter for the resident
- any urgent action that it needs to take.

4.8. A complaint should be resolved at the earliest possible opportunity.

4.9. The resident, and if applicable any staff member who is the subject of the complaint, must also be given a fair chance to:

- set out their position
- comment on any adverse findings before a final decision is made.

4.10. Complaint policies and processes should set out the circumstances in which a landlord can exercise discretion in how to respond to a complaint and who has the power to exercise that discretion. Landlords should exercise discretion appropriately and provide clear explanations to residents when doing so.

4.11. Landlords should not unreasonably refuse to escalate a complaint through all stages of the complaints procedure and must have clear and valid reasons for taking that course of action.

4.12. When a resident seeks to escalate a complaint the landlord should consider:

- what the escalation review will be about i.e. why the resident remains dissatisfied, and whether any part of the complaint been resolved
- who will undertake the review
- who needs to be kept informed
- what evidence needs to be gathered i.e. comments from those involved, relevant policies and contemporaneous records, inspections etc
- how long the review will take and when it will be completed.

4.13. Where a landlord decides not to escalate a complaint it should provide an explanation to the resident. It should make clear that its previous response was its final response to the complaint and provide information on referral to the Housing Ombudsman.

4.14. Landlords should have policies and procedures in place for managing unacceptable behaviour from residents and/or their representatives when pursuing a complaint.

4.15. Any restrictions placed on a resident's contact due to unacceptable behaviour should be appropriate to their needs and should demonstrate regard for the provisions of the Equality Act 2010.

5. Putting things right

5.1. Effective dispute resolution requires a process designed to resolve complaints. Where something has gone wrong a landlord should acknowledge this and set out the actions it has already taken, or intends to take, to put things right. Examples of where action to put things right may be required are:

- there was an unreasonable delay
- inaccurate or inadequate advice, explanation or information was provided to the resident
- the landlord's policy or procedure was not followed correctly without good reason
- there was a factual or legal error that impacted on the outcome for the resident
- there was unprofessional behaviour by staff.

5.2. Landlords should acknowledge and apologise for any failure identified, give an explanation and, where possible, inform the resident of the changes made or actions taken to prevent the issue from happening again.

5.3. Landlords should recognise that putting things right is the first step to repairing and rebuilding the landlord and resident relationship.

5.4. When considering what action will put things right landlords should carefully manage the expectations of residents. Landlords should not promise anything that cannot be delivered or would cause unfairness to other residents.

Appropriate remedy

5.5. Complaints can be resolved in a number of ways. A landlord's policy shall require that any remedy offered reflects the extent of any and all service failures, and the level of detriment caused to the resident as a result. These shall include:

- acknowledging where things have gone wrong
- providing an explanation, assistance or reasons
- apologising
- taking action if there has been a delay
- reconsidering or changing a decision
- amending a record
- providing a financial remedy
- changing policies, procedures or practices.

5.6. Any remedy offered must reflect the extent of any service failures and the level of detriment caused to the resident as a result.

5.7. Factors to consider in formulating a remedy can include, but are not limited to the:

- length of time that a situation has been ongoing
- frequency with which something has occurred
- severity of any service failure or omission
- number of different failures
- cumulative impact on the resident
- a resident's particular circumstances or vulnerabilities.

5.8. When offering a remedy, landlords should clearly set out what will happen and by when, in agreement with the resident where appropriate. Any remedy proposed must be followed through to completion.

5.9. In awarding compensation, landlords shall consider whether any statutory payments are due, if any quantifiable losses have been incurred as well as the time and trouble a resident has been put to as well as any distress and inconvenience caused.

Concerns about legal liability

5.10. In some cases a resident may have a legal entitlement to redress. There may be concerns about legal liability in this situation. If so, the landlord should still offer a resolution where possible, as that may remove the need for the resident to pursue legal remedies.

5.11. Landlords have a duty to rectify problems for which they are responsible. However, where necessary a resolution can be offered with an explicit statement that there is no admission of liability. In such a case, legal advice as to how any offer of resolution should be worded should be obtained.

For further information on remedies please see https://www.housing-ombudsman.org.uk/about-us/corporate-information/policies/dispute-resolution/policy-on-remedies/

6. Continuous learning and improvement

6.1. A positive complaint handling culture is integral to the effectiveness with which landlords resolve disputes, the quality of the service provided, the ability to learn and improve, and the relationship with their residents.

6.2. Accountability and transparency should be embedded in a positive complaint handling culture, with landlords providing feedback to residents on failures in complaint handling and the actions taken to learn and improve from this.

6.3. Creating and embedding a culture that values complaints and gives them the appropriate level of priority requires strong leadership and management.

6.4. A good culture should also recognise the importance of resident involvement, through the formation of resident panels, consulting with residents on the formulation of complaints policies and procedures and through including them in panel hearings as part of the dispute resolution process, where appropriate.

6.5. Landlords should look beyond the circumstances of the individual complaint and consider whether anything needs to be 'put right' in terms of process or systems to the benefit of all residents.

6.6. An effective complaints process enables a landlord to learn from the issues that arise for residents and to take steps to improve the services it provides and its internal processes. Landlords should have a system in place to look at the complaints received, their outcome and proposed changes as part of its reporting and planning process.

6.7. Any themes or trends should be assessed by senior management to identify any systemic issues, serious risks or areas for improvement for appropriate action.

6.8. Landlords should proactively use learning from complaints to revise policies and procedures, to train staff and contractors and to improve communication and record-keeping.

6.9. Landlord’s should recognise the impact that being complained about can have on future service delivery. Landlords should ensure that staff are supported and engaged in the complaints process including the learning that can be gained.

6.10. Landlords shall report back on wider learning and improvements from complaints to their residents, managers and staff. Feedback shall be regularly provided to relevant scrutiny panels, committees and boards and be discussed, alongside scrutiny of the Ombudsman’s annual landlord performance report.

6.11. Learning and improvement from complaints should be included in the landlord’s Annual Report.

Part C

1. Compliance

1.1. Under the Housing Ombudsman Scheme a member landlord must:

- agree to be bound by the terms of the Scheme
- establish and maintain a complaints procedure in accordance with any good practice recommended by the Ombudsman
- as part of that procedure, inform residents of their right to bring complaints to the Ombudsman under the Scheme
- publish its complaints procedure and make information about this easily accessible to those entitled to complain on its website and in correspondence with residents
- manage complaints from residents in accordance with its published procedure or, where this is not possible, within a reasonable timescale.
- respond promptly to information requests made by the Housing Ombudsman Service as part of the ongoing investigation into complaints from residents.

1.2. Failure to comply with the conditions of membership may result in an Ombudsman’s determination of complaint handling failure and an order to rectify within a given timescale (paragraphs 13 and 73 of the Housing Ombudsman Scheme).

1.3. Failures under the Scheme and Code which would result in a complaint handling failure order include, but are not limited to:

- non-compliance with the Complaint Handling Code

- failure to accept a formal complaint in a timely manner or to exclude a complaint from the complaints process without good reason
- inaccessible complaints process and procedure or unreasonable restrictions as to how a complaint can be made
- not managing complaints from residents in accordance with the complaints policy
- failure to progress a complaint through the complaints procedure
- failure to respond to a complaint within the set timescales without good reason
- failure to keep the resident informed and updated
- failure to notify the resident of the right to refer the complaint to the Ombudsman
- failure to provide evidence to support investigation by the Ombudsman.

1.4. Where a complaint is still within a landlord's complaints procedure or the Ombudsman has requested evidence for investigation the landlord will be informed of any complaint handling failure. Details of the failure will be provided along with any action required to rectify it. Where no action is taken the Ombudsman will issue a complaint handling failure order.

1.5. Each quarter the Ombudsman will publish the total number of complaint handling failure orders issued, the names of the landlords and reasons for the orders and will share this information with the Regulator of Social Housing. The number of complaint handling failure orders issued against a landlord will form part of the Ombudsman's annual landlord performance reports and will be available on the Ombudsman's website.

1.6. In addition, from time to time the Ombudsman may wish to publish a report detailing the specifics of a complaint handling failure case where this would help highlight the impact of the failure on the resolution of the dispute and delays and/or distress caused to residents.

1.7. When carrying out an investigation the Ombudsman will consider whether the landlord dealt with the complaint fairly and will assess this against the requirements of the Code. Any failure identified could result in a finding of service failure or maladministration.

1.8. The Ombudsman will specifically refer to the Code in its findings. Orders and recommendations will be made to put matters right and ensure compliance with the Code.

1.9. The Ombudsman may request evidence of a landlord's self-assessment in order to confirm satisfactory compliance with the Code. Where there have been failures to comply with the Code or in operating an effective complaints procedure, the Ombudsman may issue a complaint handling failure order and ask the landlord to complete the self-assessment as part of the rectification action and to report back to the Ombudsman on its outcome.

1.10. Where there are significant concerns regarding a landlord's compliance with the Code the Ombudsman may escalate these to the landlord's board or equivalent, and may refer the matter to the appropriate regulatory body including the Regulator of Social Housing.

2. Self-assessment

2.1 The Ombudsman expects landlords to carry out regular self-assessment against the Code and take appropriate action to ensure their complaint handling is in line with the Code. This assessment should be completed by 31 December 2020.

2.2. The Ombudsman expects landlords to report the outcome of their self-assessment to their board members. In the case of local authorities, self-assessment outcomes should be reported to elected members.

2.3. The Ombudsman expects landlords to publish the outcome of their assessments. The Ombudsman may request sight of the assessment and evidence in support. The Ombudsman may require landlords to periodically repeat the self-assessment, for example following any amendments to the Code or significant change to the landlord organisational structure.

Self-assessment form

Compliance with the Complaint Handling Code			
1	**Definition of a complaint**	**Yes**	**No**
	Does the complaints process use the following definition of a complaint? *An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents*.		
	Does the policy have exclusions where a complaint will not be considered?		
	Are these exclusions reasonable and fair to residents? Evidence relied upon		
2	**Accessibility**		
	Are multiple accessibility routes available for residents to make a complaint?		
	Is the complaints policy and procedure available online?		
	Do we have a reasonable adjustments policy?		
	Do we regularly advise residents about our complaints process?		
3	**Complaints team and process**		
	Is there a complaint officer or equivalent in post?		
	Does the complaint officer have autonomy to resolve complaints?		
	Does the complaint officer have authority to compel engagement from other departments to resolve disputes?		
	If there is a third stage to the complaints procedure are residents involved in the decision making?		
	Is any third stage optional for residents?		
	Does the final stage response set out residents’ right to refer the matter to the Housing Ombudsman Service?		
	Do we keep a record of complaint correspondence including correspondence from the resident?		
	At what stage are most complaints resolved?		
4	**Communication**		
	Are residents kept informed and updated during the complaints process?		

	Are residents informed of the landlord's position and given a chance to respond and challenge any area of dispute before the final decision?		
	Are all complaints acknowledged and logged within five days?		
	Are residents advised of how to escalate at the end of each stage?		
	What proportion of complaints are resolved at stage one?		
	What proportion of complaints are resolved at stage two?		
	What proportion of complaint responses are sent within Code timescales? • Stage one Stage one (with extension) • Stage two Stage two (with extension)		
	Where timescales have been extended did we have good reason?		
	Where timescales have been extended did we keep the resident informed?		
	What proportion of complaints do we resolve to residents' satisfaction		
5	**Cooperation with Housing Ombudsman Service**		
	Were all requests for evidence responded to within 15 days?		
	Where the timescale was extended did we keep the Ombudsman informed?		
6	**Fairness in complaint handling**		
	Are residents able to complain via a representative throughout?		
	If advice was given, was this accurate and easy to understand?		
	How many cases did we refuse to escalate? What was the reason for the refusal?		
	Did we explain our decision to the resident?		
7	**Outcomes and remedies**		
	Where something has gone wrong are we taking appropriate steps to put things right?		
8	**Continuous learning and improvement**		
	What improvements have we made as a result of learning from complaints?		
	How do we share these lessons with: a) residents?		

	b) the board/governing body? c) In the Annual Report?		
	Has the Code made a difference to how we respond to complaints?		
	What changes have we made?		

PAGE INTENTIONALLY BLANK

Appendix 2

Housing Ombudsman Complaint Handling Code:

Self-assessment form

Based on Cannock Chase Council's Customer Feedback and Complaints Policy – no individual Housing Services Complaint Policy

Compliance with the Complaint Handling Code			
1	**Definition of a complaint**	**Yes**	**No**
	Does the complaints process use the following definition of a complaint? *An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents*.	**Slightly differently, but yes.** **'An expression of dissatisfaction with our service (whether justified or not) which requires a response'.**	
	Does the policy have exclusions where a complaint will not be considered?	**Expressions of dissatisfaction with Government or local policies, as opposed to our failure to meet service standards or individual conduct issues.** • **There are other processes more suitable for dealing with them such as statutory appeal or tribunal process;** • **they are outside of our control e.g. complaints about Social Care services, Highways/roads and Education: these should be**	

		directed in the first instance to Staffordshire County Council (www.staffordshire.gov.uk); • **there are separate legal or regulatory requirements covering these services.**	
	Are these exclusions reasonable and fair to residents? Evidence relied upon	**Yes, there are other routes to complain if unsatisfied.**	
2	**Accessibility**		
	Are multiple accessibility routes available for residents to make a complaint?	**Yes, various written and verbal. Also can be made by representative**	
	Is the complaints policy and procedure available online?	**Yes - https://www.cannockchasedc.gov.uk/sites/default/files/customer_feedback_complaints_policy_-_final.pdf**	
	Do we have a reasonable adjustments policy?		**No policy, but as per the Equality Act 2010 that requires us *to provide reasonable adjustments for disabled people, defined by the Act as those who have a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities,* we would do everything possible to allow a complaint to be made.**
	Do we regularly advise residents about our complaints process?		**Not regularly advertised, but all details are available on the Council's website.**

			Housing Services will endeavour to advertise more clearly on it's webpages and within the Housing Bungalow.
3	**Complaints team and process**		
	Is there a complaint officer or equivalent in post?	**PA to Managing Director and Head of Housing & Partnerships acts as lead officer for corporate complaints process.**	
	Does the complaint officer have autonomy to resolve complaints?		**No. Dependent on Stage complaints passed to senior officer/manager, then Head of Service, then at Stage 3 the Council's Appeals and Complaints Panel.**
	Does the complaint officer have authority to compel engagement from other departments to resolve disputes?		**No, but generally departments adhere to policy to resolve.**
	If there is a third stage to the complaints procedure are residents involved in the decision making?		**No. Councillors only on Panel.**
	Is any third stage optional for residents?	**Yes, can go to Ombudsman if still unsatisfied after Stage 2.**	
	Does the final stage response set out residents' right to refer the matter to the Housing Ombudsman Service?	**Yes**	
	Do we keep a record of complaint correspondence including correspondence from the resident?	**Yes**	
	At what stage are most complaints resolved?	**In 2019/20 the majority of complaints were resolved at Stage 1.**	
4	**Communication**		
	Are residents kept informed and updated during the complaints process?	**Complaint is acknowledge and if complaint response is going to take longer than 10 days at Stage 1 a holding response/update is**	

		sent with expected time. At Stage 2 generally HOS calls complainant and will update. Stage 3 complainant kept informed throughout.	
	Are residents informed of the landlord's position and given a chance to respond and challenge any area of dispute before the final decision?	**Residents can challenge each stage and escalate up to stage 3 where decision is made final.**	
	Are all complaints acknowledged and logged within five days?	**Yes, within 3 days**	
	Are residents advised of how to escalate at the end of each stage?	**Yes**	
	What proportion of complaints are resolved at stage one?	**In 2019/20 14 out of 16 were resolved at Stage 1**	
	What proportion of complaints are resolved at stage two?	**1 out of 2**	
	What proportion of complaint responses are sent within Code timescales? • Stage one Stage one (with extension) • Stage two Stage two (with extension)	 **69%** **100%** **50% (only 2)** **100%**	
	Where timescales have been extended did we have good reason?	**If a response was complex and needed further consideration or input from various teams or partner organisations.**	
	Where timescales have been extended did we keep the resident informed?	**Yes**	
	What proportion of complaints do we resolve to residents' satisfaction		**Unknown.** **Satisfaction survey not currently undertaken. Will look to implement in 2021/22.**
5	**Cooperation with Housing Ombudsman Service**		

	Were all requests for evidence responded to within 15 days?	**Yes**	
	Where the timescale was extended did we keep the Ombudsman informed?	**n/a**	
6	**Fairness in complaint handling**		
	Are residents able to complain via a representative throughout?	**Yes**	
	If advice was given, was this accurate and easy to understand?	**Yes**	
	How many cases did we refuse to escalate? What was the reason for the refusal?	**None** **N/a**	
	Did we explain our decision to the resident?	**n/a**	
7	**Outcomes and remedies**		
	Where something has gone wrong are we taking appropriate steps to put things right?	**Yes**	
8	**Continuous learning and improvement**		
	What improvements have we made as a result of learning from complaints?	**As per SUMMARY OF COMPLAINTS RECEIVED: APRIL 2019 TO MARCH 2020 (ANNUAL REPORT) Cabinet report of 17 SEPTEMBER 2020:** • To complete all void repairs (where possible) before handover. A tenant complained about the condition of property on handover, with further informal complaints received about the condition of properties by other tenants. A Void Improvement Group reviewed this and determined to improve the standard of properties being returned. Staff changes have also now been made.	

		• To ensure better communication with tenants in respect of job times. A tenant complained about not being informed of the length of time it would take to complete a job. There was a breakdown in communication between the Contact Centre and Housing Repairs; this has now been resolved and Teams now have liaison meetings and systems are better updated with information. • Another communication skills improvement was required following a tenant's complaint that they were not treated with much respect or giving sufficient information on their waiting list position. All Housing staff attended a customer services training course during Q1 2019/20 and the Allocations Team staff were trained in how to obtain the waiting list information from Northgate. • Timescales for escalation of a complaint to be incorporated when the Complaints Policy is next reviewed. The current Policy is silent on escalation times. • To ensure that any email/Northgate recording notes are to be non-judgemental and factual.	
	How do we share these lessons with: a) residents?	**Cabinet report is publicly available and now lesson learned included in Annual Report to tenants**	

	b) the board/governing body? c) In the Annual Report?	**Cabinet report** **Placed in Annual Report 2019/20**	
	Has the Code made a difference to how we respond to complaints?	**Yes. More emphasis to be placed on continuous learning and improvement, and to better share lessons learned.**	
	What changes have we made?	**Lessons learned and what we did to improve incorporated in Annual Report to tenants 2019/20.** **Corporate Customer Feedback and Complaints Policy will also be reviewed in early 2021 to see if any improvements could be made and to bring in any other elements of the Code not already addressed.**	

PAGE INTENTIONALLY BLANK

Item No. 14.1

Report of:	**Head of Economic Prosperity**
Contact Officer:	**Dean Piper / Debbie Harris**
Contact Number:	**01543 464223**
Portfolio Leader:	**Economic Development & Planning**
Key Decision:	**Yes**
Report Track:	**Cabinet: 28/01/21**

Cabinet

28 January 2021

Cannock Railway Station

1 Purpose of Report

1.1 The report presents to Cabinet the Strategic Outline Business Case (SOBC) for a transformational upgrade of Cannock Railway Station and sets out the implications and potential next steps.

1.2 The report also provides Cabinet with an update on a set of planned improvements to enhance the Station in the short-term which the Council is implementing in partnership with Staffordshire County Council, West Midlands Rail and West Midlands Trains.

2 Recommendation(s)

2.1 That Cabinet notes the Strategic Outline Business Case (SOBC) for the transformational upgrade of Cannock Railway Station as attached at Appendix 1.

2.2 That Cabinet agrees that Options A and C as set out in the SOBC should be selected as the two shortlisted options to be developed further.

2.3 That Cabinet authorises the Head of Economic Prosperity in consultation with the Portfolio Leader for Economic Development and Planning, to work in partnership with West Midlands Rail Executive and Staffordshire County Council to develop the Outline Business Case and delegate authority to the Head of Economic Prosperity to decide on the timing and procurement strategy for this work.

2.4 That Cabinet authorises the Head of Economic Prosperity in consultation with the Head of Finance and the Portfolio Leader for Economic Development and Planning to submit relevant bids for external funding to secure investment to support the upgrade of the Station.

2.5 That Cabinet notes the package of short-term enhancements to Cannock Railway Station as set out at paragraph 5.15 which will improve the Station environment.

3 Key Issues and Reasons for Recommendations

Key Issues

3.1 In December 2018, Cabinet agreed that the Council should provide funding towards the cost of developing a Strategic Outline Business Case (SOBC) to secure a transformational upgrade of Cannock Railway Station. The case for upgrading the Station is linked to the opening of the McArthurGlen Designer Outlet and the anticipated increase in demand for rail services along the Chase Line.

3.2 The Council has worked with West Midlands Rail Executive (WMRE) and Staffordshire County Council (SCC) to commission consultants to develop and produce the SOBC and the SOBC has been prepared in consultation with West Midlands Trains (the operator) and Network Rail, as well as a range of other key stakeholders. The purpose of the SOBC is to establish the case for change for an upgrade of Cannock Railway Station and is the first stage of the business case process required to secure investment in a transport project.

3.3 In parallel with the development of the SOBC for the wider upgrade of the Station, the Council has worked with WMRE, SCC and West Midlands Trains to identify a package of shorter term enhancements to the Station which will improve the look and feel of the Station environment ahead of the Designer Outlet opening in February 2021. These enhancements are funded principally from Section 106 funds linked to the Mill Green Planning Application. This report updates Cabinet on the progress made to date.

Reasons for Recommendations

3.4 To determine a way forward for the potential transformational upgrade of Cannock Railway Station.

4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:

(i) **Promoting Economic Prosperity -** This report will contribute specifically to 'Promoting Prosperity' by maximising the benefits of the new McArthurGlen Designer Outlet and encouraging further use of sustainable transport, potentially reducing road traffic and providing better accessibility for residents to employment, leisure and cultural activities.

5 Report Detail

Transformation upgrade – Strategic Outline Business Case

5.1 In December 2018, Cabinet agreed that the Council should provide funding towards the cost of developing a business case for the transformational upgrade of Cannock Railway Station and authorised the Head of Economic Prosperity to work with partners to commission consultants to develop the Strategic Outline Business Case (SOBC) and design for a transformed Railway Station at its existing location.

5.2 The Council agreed to work with West Midlands Rail Executive (WMRE) and Staffordshire County Council (SCC) to progress the project and form a client team. The vision for the project agreed by the client team is as follows:

"*To create an exciting and inviting gateway into Cannock securing a transformational upgrade of the Station that provides a positive asset to the local community, whilst transforming the passenger experience, future proofing the Station for growth and significantly improving the access to the Station".*

5.3 WMRE agreed to procure suitable consultants to develop the SOBC which is structured in accordance with the Department for Transport's (DfT) guidance on Transport Business Case and HM Treasury Green Book. In October 2019, SNC-Lavalin Atkins (Atkins) were appointed to develop the SOBC on behalf of the client team.

5.4 The SOBC is the first stage in any transport project and forms part of a three-stage business case decision making process and is used to inform investment decisions by DfT and other public sector funders. The SOBC follows the framework of the HM Treasury Green Book using the Five Case Model to identify the best value for spending public sector money considering the direct and indirect benefits of the proposals. At this stage of the project, the Strategic and Economic Cases are expected to be the most developed. The Strategic Case is used to set out the strategic fit of the project to national, regional and local strategies and policies. The Economic Case presents an initial view of the Value for Money of the project.

5.5 The development of the SOBC has involved an assessment of the current usage of the Station, predicted future demand linked to McArthurGlen and local housing growth and has incorporated specific requirements for an upgrade from the Council, key partners and users of the Station. A long list of design options was developed for consideration and these options were assessed and prioritised by the client team and stakeholders at workshops facilitated by Atkins. Four options have been shortlisted and for each option scheme costs and benefits have been produced. The SOBC also provides an indication of likely funding options and commercial considerations.

5.6 A copy of the final version of the SOBC produced by Atkins is attached at Appendix 1 of this report. The SOBC is a comprehensive document with a lot of technical detail but in summary, the key points identified are as follows:

(i) The facilities at Cannock Station are basic in terms of what could be reasonably expected at a Station of Cannock's size and the usage of the Chase Line however, they are yet to be improved to accommodate current and expected growth.

(ii) The poor Station environment impacts negatively on the passenger experience, safety and security, reducing the attractiveness of the Station, deterring potential rail use and creating an unwelcome gateway into Cannock.

(iii) The opening of the McArthurGlen Designer Outlet and local housing growth up to 2038 will create a significant opportunity to drive the growth of rail passenger numbers (assuming rail demand returns to normal once the COVID-19 pandemic has ended).

(iv) The anticipated growth in demand will have a significant impact on crowding at the Station, with crowding have a negative effect on safety within the next 5 to 10 years.

(v) Without improvement, passengers will continue to experience poor journey quality and safety / security at Cannock Station, and the area would fail to realise the potential of the McArthurGlen Designer Outlet and this in turn would continue to become a car dependent development.

(vi) Addressing the challenges and issues facing Cannock Station will benefit rail users, encourage use of the Station and generate additional environmental benefits to reduce carbon emissions within the District and the wider West Midlands region.

5.7 Within the SOBC, a long list of design options is proposed, all of which incorporate platform widening and broad improvements to station facilities and the car park. Following stakeholder workshops facilitated by Atkins, four options were shortlisted for further consideration by the Client team. The four options are outlined below with a brief description and estimated capital cost:

Option	**Description**	**Estimated Capital cost (2020 prices)**
Option A – Transformational Upgrade max	This option features a new gateway, step-free access and community hub. It provides enhanced capacity and improved passenger experienced and promotes active travel with improved facilities. This option is the most ambitious scheme.	£17.1m
Option C – Transformational Upgrade	This option has the same facilities and provisions as Option A; however, the gateway and community hub elements are less developed. This option is less ambitious than Option A but does provide a significant improvement to the Station.	£15.7m
Option G – Enhanced Upgrade	Similar to Option C, however, the improvement to passenger experience is likely to be limited by lack of shelter and some station facilities, such as WCs. This option provides a moderate impact on the Station and does not provide for platform lengthening which would have capacity and safety benefits.	£12.9m

Option J – Core upgrade	The basic station improvement option will lack a gateway and community hub, and improvements to the passenger experience will be limited by a lack of facilities, such as café, canopy and WCs. This option is unlikely to change the perception of the Station or have any transformative impact.	£10.9m
NB Common to all options: (i) Platform widening, improved audio-visual management systems (including CCTV), improved customer information systems and way finding, improved lighting, ticket machine to the Northbound platform, free wi-fi, improvements to the car park and provision of PRM (persons of reduced mobility) compliant footpath/ramp. (ii) 60-year operational cost of maintaining / renewal of station facilities, equipment etc is estimated at £6.1m (2020 prices).		

5.8 The SOBC considers each of the four options against the 'five-case' criteria. The conclusions for each case are set out below:

- **Strategic case –** overall Option A performs the strongest when assessed against strategic fit with the national, regional and local strategies and plans. Option C performs moderately in terms of strategic fit. Options G and J perform poorly, especially for promoting sustainable transport infrastructure and creating an attractive gateway.

- **Economic case –** each option has been assessed in terms of its performance on value for money, considering monetised and non-monetised impacts and benefits. Options A and C perform the best in terms of the benefit to cost ratio (BCR) indicator with BCRs of 1.42 and 1.54 respectively. The SOBC suggests that there is a reasonable prospect of either of these options delivering a scheme that is value for money whilst delivering a transformative upgrade of the Station and improving passenger experience.

- **Financial case –** a long list of potential funding options has been identified and prioritised as part of the SOBC. It is likely that a mix of funds will need to be secured from public and private sources to fund the scheme, with potential sources including Government funding including DfT Rail Network Enhancement Pipeline, West Midlands Combined Authority and Local Enterprise Partnerships. Local contributions could include an allocation of funding from the Council's Community Infrastructure Levy (CIL) fund.

- **Management case –** As part of the SOBC, a high-level project structure is set out and a project plan prepared. The project would need to comply with the Network Rail Governance for Railway Investment Projects (GRIP) Process.

- **Commercial case –** the SOBC sets out outline details of the potential procurement route for the scheme, which is then subject to further analysis at the Outline Business Case (OBC) stage. It is likely that the procurement route for much of the scheme will be aligned to Network Rail's processes.

5.9 Within the SOBC, Atkins recommend that an upgrade of Cannock Station is required to address the identified challenges and opportunities identified by the Council and key stakeholders and to ensure that it can cope with the expected uplift in rail demand arising from the opening of the McArthurGlen Designer Outlet and future housing growth. Without improvements at Cannock Station, the case is made that in the future there will be capacity and safety concerns, the Station will not fulfil its role as a gateway into Cannock and people will be deterred from using rail services and this will increase the reliance on car use. Whilst it is not possible to fully predict whether rail demand will recover during 2021, it is anticipated that passenger numbers will resume to pre COVID-19 levels and the strategic need for the project will still apply.

5.10 Based on an assessment of the four shortlisted options against the business case criteria – it is recommended by the consultants that Options A and C are progressed to the next stage of the Transport Business Case process as these meet the strategic objectives of the project and provide the highest value for money. Options G and J present a lower value for money and should be discounted.

5.11 In terms of the next steps, Cabinet needs to decide whether it wishes Officers to proceed with the second stage of the Business Case process – the Outline Business Case and GRIP 2 / 3 of the Network Rail governance process. This stage of the process moves towards the selection of a single preferred option which if approved then proceeds to detailed design and implementation.

5.12 There are several considerations for Cabinet in making this decision:

- Impact of COVID-19 on current and future rail demand – whilst it is expected that rail demand will return to pre COVID-19 levels, it is not certain as to how quickly this will happen during 2021.

- Impact of McArthurGlen Designer Outlet on the local economy and infrastructure.

- Funding options – at this stage there are limited funding routes, however during 2021, there is the potential for new Government funding streams to be available i.e. Levelling Up Fund, UK Shared Prosperity Fund.

- Capacity of the Council to support the project financially and with Officer resource – taking the project forward to the next stage will require additional officer input and the Council is highly unlikely to be able to make a direct financial contribution to the total cost of the scheme.

5.13 Although the SOBC identifies that an upgrade to the Station is essential to meet future capacity and safety concerns and desirable in providing facilities to users of the Station, improving the overall experience for passengers and creating an attractive gateway into Cannock – both of the preferred options will require significant levels of investment (£15m plus) and at this stage, there is no certainty of funding from any of the identified sources.

5.14 Whilst it is possible that the project could secure funding, members will need to be aware that assembling a funding package to deliver the scheme in its entirety could take many years and will also require further Officer capacity to be released to support project development. Cabinet should be aware that the scheme is not 'shovel ready' and will need to be viewed as a medium to long term priority for the Council and its partners.

5.15 Taking into account the information and evidence set out in the SOBC and the Council's wider ambition to support the economic recovery of the District, it is recommended that the Council works with WMRE and Staffordshire County Council to move to the second stage of the Business Case process. However, it is requested that Cabinet delegate authority to Officers to determine the timing of commissioning this work and that this is likely to be during summer 2021 at the earliest.

Short term enhancements

5.16 The Section 106 agreement linked to the planning application for the McArthurGlen Designer Outlet provides for £90,000 of funding for station improvements. In parallel with the work on the SOBC, Officers have been progressing work to scope and deliver a package of enhancements that will improve the look and feel of the Station. The timing of these works is designed to coincide with the opening of the Designer Outlet. Whilst the enhancements will improve the Station environment, they are modest in nature and should not be viewed as an alternative to the transformative options outlined in the SOBC. The enhancements are set out as follows:

(i) Installation of 25 metres of DDA compliant handrail on the exit walkway from platform 2 – to address safety of passengers and to avoid a short cut being taken down the existing steep grass verge.

(ii) Provision of two wayfinding monolith totems. To provide directional signage and up to date local maps. Examples shown in Appendix 2.

(iii) Installation of a 2 tier 10 cycle storage facility and 1 additional CCTV camera. To replace an existing unused cycle locker with modern up to date user friendly storage. CCTV dedicated in compliance with security guidelines. Will be connected back into Council's CCTV control room. Examples shown in Appendix 3.

Cost: **£55k** collectively for items 1,2 & 3 to be delivered by Amey (Staffordshire County Council's retained transport contractor).

(iv) Installation of 85 murals to fencing along platforms 1 & 2 and the station access/egress walkways and entrances. Prior to the installation date, wooden fences along the platforms and walkways will be re-painted. Installation to commence mid-January 2021. Installation of 7 lockable display poster cases to be utilised for displaying community artwork.

Cost: **£24k**. Enhancements required to create a more attractive environment for passengers/visitors utilising the station and potentially the Outlet. Examples shown in Appendix 4.

(v) Landscaping and planting of x10 circular planters – Costs to be confirmed – Required to enhance the approaches and visual impact.

Please note a contingency is needed for unforeseen elements /cost over-runs. If not utilised can be redirected towards further cosmetic improvements.

5.17 Separate to the Section 106 monies, the Station car park will be resurfaced through a joint venture between CCDC and Rail Industry Partners. With the CCDC contribution of £12,900 being met from existing car park maintenance budgets. It is proposed that the works will commence in mid-January.

5.18 All improvements are expected to be carried out to coincide with the opening of the McArthurGlen Designer Outlet which is planned for February 2021. On-going Maintenance obligations to be met by either the Council (for the car park) or West Midlands Trains (for the Murals).

6 Implications

6.1 Financial

The Council has committed £231,000 of funding towards the total cost of preparing the Outline Business Case for the upgrade of Cannock Railway Station, with £129,000 of funding committed from Staffordshire County Council (Joint Investment Fund) and £40k from WMRE and West Midlands Trains.

The cost of WMRE commissioning Atkins to undertake the SOBC and GRIP1 work was approximately £200k and there is a balance of £200k available to move to Stage 2 of the Business case process (Outline Business Case and GRIP 2 / 3 report).

To date, the Council has contributed £180,000 (being approximately half of its funding contribution including the Joint Investment Fund) towards the cost of the Atkins commission, with the balance remaining from the £231,000 agreed by Cabinet in December 2018.

The Section 106 funding for rail station enhancements in relation to the Mill Green Planning application for £90,000 has been received by the Council. In relation to the CCDC contribution towards resurfacing costs budgetary provision exists within the car park revenue maintenance budgets for 2020-21.

6.2 Legal

The Council has entered in a Funding Agreement with West Midlands Rail Executive to covers its financial contribution to the cost of developing the Outline Business case for Cannock Railway Station. As part of this agreement, WMRE is responsible for the procurement of consultants to undertake this work in line with EU Procurement Regulations and any procurement must be in accordance with ‘Best Value’ principles.

6.3 Human Resources

There are no human resources implications arising from this report.

6.4 **Risk Management**

The key risks for the Transformational upgrade project at this stage are outlined on Page 97 and 98 of the SOBC report.

6.5 **Equality & Diversity**

The development of the business case and proposed design solution for the station will seek to positively address the needs of the community and station users. The opportunity to positively improve accessibility onto the platforms should provide an enhanced experience for people with mobility issues.

6.6 **Climate Change**

The proposal to develop a transformational upgrade of Cannock Railway Station will have a positive impact on the Council's ambition for the District to be net carbon neutral by 2030. An improved Station will promote sustainable transport infrastructure and encourage a mode shift from use of vehicle to rail, reducing road congestion and carbon emissions.

7 Appendices to the Report

Appendix 1: Cannock Railway Station Re-development – Strategic Outline Business Case Final Report – Atkins (December 2020)

Appendix 2: Example of the wayfinding monolith

Appendix 3: Example of the Apollo 2 tier cycle shelter

Appendix 4: Murals installed at Platform level

Previous Consideration

Cannock Railway Station	Cabinet	13 December 2018

Background Papers

None

PAGE INTENTIONALLY BLANK

Item No. 14.10

Appendix 1

ATKINS
Member of the SNC-Lavalin Group

Cannock Station Redevelopment

Strategic Outline Business Case

23 November 2020
Final Report

Notice

This document and its contents have been prepared and are intended solely as information for and use in relation to the Strategic Outline Business Case for Cannock Station

Atkins Limited assumes no responsibility to any other party in respect of or arising out of or in connection with this document and/or its contents.

This document has 97 pages including the cover.

Document history

Revision	Purpose description	Originated	Checked	Reviewed	Authorised	Date
1.0	Draft SOBC Skeleton	PI	PI			04/12/12
1.1	Draft Report – SC, FC	OR	PI	AT		24/04/20
1.2	Draft Report – SC, FC	OR	PI	AT		22/05/20
1.3	Draft Report - SOBC	various	PI	AT		18/09/20
1.4	Final Report	various	PI	AT		23/11/20
2.0	CLIENT COPY	AP				Jan 2021

Client signoff

Client	
Project	Cannock Station Redevelopment
Job number	5193346-ATK-50.61-00001
Client signature / date	

Contents

Tables

Figures

Executive Summary

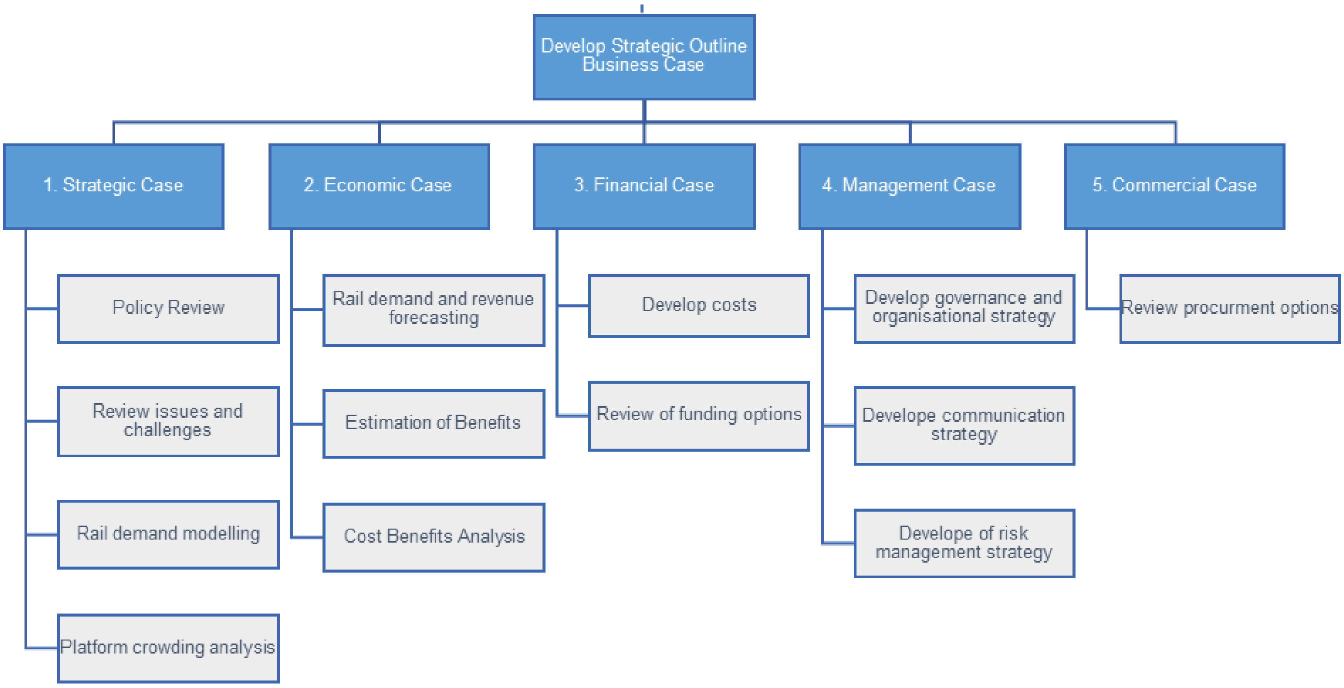
Introduction

Cannock station currently provides basic passenger facilities for train services operating on the Chase Line between Birmingham and Rugeley Trent Valley. The services provide passenger connections to a range of key locations in the West Midlands including Walsall and Birmingham. Planned housing growth coupled with the opening of the £160m McArthurGlen Designer Outlet Village in spring 2021 is expected to have a significant catalytic effect on growth in Cannock Chase District and the wider region. These changes mean Cannock requires a new gateway which will provide a welcoming space for visitors and residents to access both current and new opportunities in the area. A new station would also provide current and future Cannock residents with a station to be proud of whilst offering a safe and pleasant environment to access the wider opportunities of the West Midlands.

Whilst the COVID pandemic has resulted in a decline in train use, the long-term demand for train travel is expected to return. The anticipated growth in demand from the arrival of the McAuthurGlen outlet as well as other developments coming forward in Cannock is expected to have a significant impact on crowding at the station. Train travel will provide a key tool in the battle to reduce carbon emissions from transport in the region. Providing facilities which support economic growth and sustainable access will play an important role in the growth and development of Cannock, the McArthurGlen Designer Outlet and the economic and environmental prosperity of the wider area as the area seeks to level up and build back better as part of a low carbon, green economy.

The purpose of this Strategic Outline Business Case (SOBC) is to establish the case for change and the need for the redevelopment of Cannock station. This SOBC builds on station design work to help establish an evidence led approach to decision making about the preferred proposal and forms the first phase of the decision-making process and outlines the next steps in scheme development.

The SOBC consists of five cases - Strategic, Economic, Financial, Management and Commercial. At this stage of development, the Strategic and Economic cases are expected to be the most developed. The Strategic Case is used to set out the strategic fit of the project including how strategic and policy objectives are to be achieved. The Economic Case presents an initial view of the Value for Money proposition. The figure below summarises the analysis and tasks undertaken as part of the SOBC Stage.



Cannock station and the current situation

Cannock's railway station was reopened in 1989, as a low cost, basic station to serve a new passenger train service on the Chase Line from Walsall to Hednesford. Since reopening, the station has seen a significant increase in passenger numbers to 258,000 in 2019, driven by the improvements in rail services and developments in the town. In 2018 the Chase Line benefitted from a £100m investment to include electrification of the line between Walsall and Rugeley, line speed improvements, re-signalling and new platform extensions to enable 4 car trains to operate at Cannock station. Only small-scale improvements have been made to/planned for the Cannock station since re-opening including upgraded CCTV, new weather shelters, real-time travel information, new wayfinding totems, installation of pedestrian handrails and installation of a cycle storage rack.

The facilities at Cannock Station are basic in terms of what could reasonably be expected at a station of Cannock's size and the usage of the Chase Line however, they are yet to be improved to accommodate current and expected growth. Currently, the station does not provide basic facilities like toilets, waiting room/wind shelter or Wi-Fi. There are no refreshment or retail opportunities in the station. The station does not provide a staffed ticket booth and there is only one ticket machine located on the southbound platform. The lack of ticket machines on the northbound platform means passengers wishing to buy tickets must walk up the ramp to the southbound platform from Lichfield Road (A5190) and then back on themselves, under a bridge along Lichfield Road before returning to the northbound platform. This inevitably leads to ticket evasion and lost revenue and a poor passenger experience. The platforms themselves are narrow and lighting is poor. Access to both platforms are steep and non-DDA compliant which restricts access. There is a lack of clear wayfinding and information to encourage multi-modal transport and sustainable travel. Current unmaintained cycle storage facilities and provision discourage active travel. The poor station facilities impact negatively on the passenger experience, safety and security, reducing the attractiveness of the station, deterring potential rail use, and creating an unattractive and unwelcoming gateway to a rapidly growing town.

The future of Cannock and the need for intervention

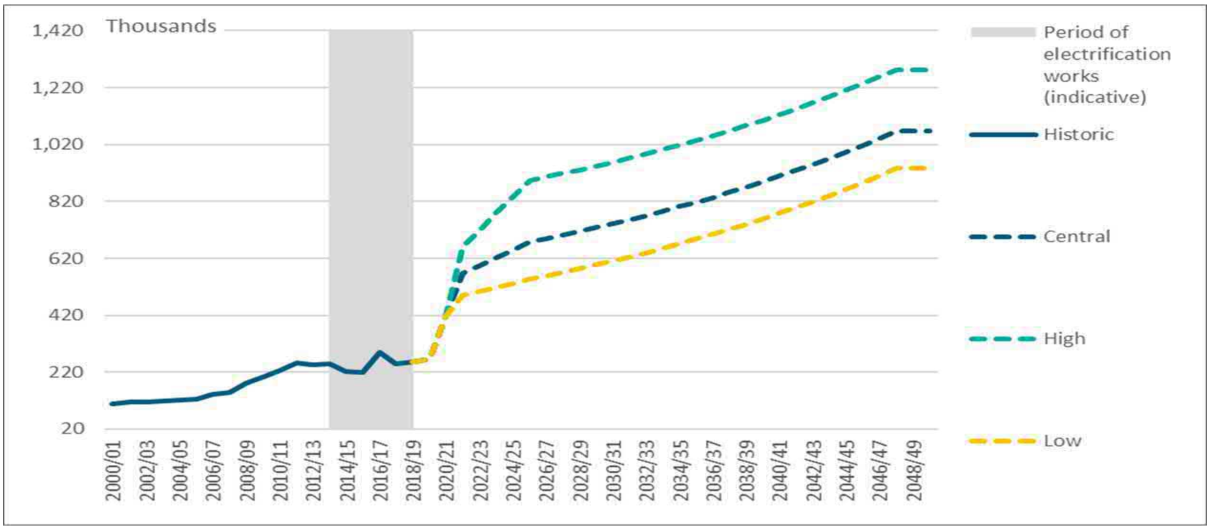
The opening of the £160m McArthurGlen Designer Outlet in spring 2021 will mark a significant opportunity for growth in the leisure and tourism industry and resulting economic prosperity for Cannock Chase District and the wider region. As of summer 2020, Phase 1 of the McArthurGlen Designer Outlet Village (MGDOV) in Cannock is expected to open in early 2021, creating 80 high quality retail units, over 1,000 new jobs and attracting 3.5 million visitors per year to the district.

McArthurGlen Designer Outlet Village (MGDOV) – at a glance

- £160 million designer outlet with 285,000 sq ft of retail, plus leisure and other spaces
- 3.5 million visitors per year
- Good provision of customer parking
- Phase 1 to provide 80 high quality units and over 1,000 new jobs (completion by early 2021)
- Phase 2 to provide 50 additional units and 500 additional new jobs
- Walkable from Cannock station, with shuttlebus connection being planned

Cannock Chase District Council (CCDC) is currently reviewing the Local Plan and is planning for further housing growth up to 2038. Based upon current standard methodology the Districts' local housing growth for the plan period of 2019-2038 would be 5,004 net dwellings (278 net dwellings per annum) – this represents an uplift of 3% on recent housing delivery rates which are anticipated to lead to further demand for rail from Cannock Station.

The arrival of the McArthurGlen outlet, together with the on-going planned development for Cannock is expected to play a significant part in driving the growth in rail passenger numbers and supporting regeneration. Beyond 2019, passenger demand at Cannock station is expected to grow considerably from approximately 215,000 to 569,000 annual entries and exits in 2020/21, after the opening of the MGDOV, as shown in the Figure below. In the Central Scenario, passenger demand is expected to continuing growing, exceeding 1 million entries and exits by 2045/46. There is a strong Strategic Case for Cannock station's redevelopment, with a clear local context and case for change, driven primarily by the existing station's poor facilities and by the need to accommodate growing demand for the station as a result of planned economic regeneration and housing growth around Cannock, and the new Designer Outlet Village.



The anticipated growth in demand from the arrival of the McArthurGlen outlet as well as other developments coming forward in Cannock is expected to have a significant impact on crowding at the station. Platform crowding analysis suggests that the platform area per passenger will reduce quickly to less than the recommended guideline of 0.93sqm[1] in the Worst Case (High) Scenario soon after the opening of the MGDOV in 2021 this will reduce to well below half of the minimum area recommended beyond 2025. Even in the Best Case (Low) scenario the recommended level would be breached in 2030/31. This capacity constraint is expected to raise issues with safety on the platform (especially with visitors carrying luggage/shopping bags), generate poor train performance and poor customer satisfaction. If not addressed, the uplift in demand cannot be accommodated sufficiently and current issues will not be addressed which could bring about the following related outcomes:

- Passengers continue to experience poor journey quality and safety and security at Cannock station, with the possibility of being deterred from using the station altogether due to overcrowding;
- Cannock fails to realise the potential of the MGDOV, with visitors deterred from arriving/leaving at the existing Cannock station. MGDOV becomes a car-dependent development, with total capacity constrained by those unwilling to access via Cannock station and by the capacity of car parking spaces at the development;
- Accessibility, including step-free access, at Cannock station remains poor and deters passengers from using the station despite increased demand from those with mobility constraints, amongst other groups;
- Passengers interchanging continuing their journey after arriving at Cannock station continue to use private car, whilst bus patronage and levels of walking and cycling remain lower than they should be;
- Visitor numbers, especially tourists, to Cannock remain lower than potential; and
- Cannock station cannot be future-proofed, or plan, for changes in demand and investment programmes for further improvements.

Addressing the challenges and issues facing the Cannock Station will benefit rail users, encourage use of the station and generate additional environmental benefits as the West Midlands strives to reduce carbon emissions from transport.

The scheme options

In order to overcome these challenges, the proposed Scheme comprises the redevelopment of existing station facilities at Cannock including platform widening and broad improvements to station facilities and car park. Four options were shortlisted for further consideration. These are outlined and described below:

- **Option A (Transformational Upgrade Max):** This option features a new gateway, step-free access and community hub. It will provide enhanced capacity and improved passenger experience and promote active travel with improved facilities;

[1] Network Rail, Station Capacity Planning Guidance, November 2016

- **Option C (Transformational Upgrade):** This option will have the same facilities and provisions as Option A; however the gateway and community hub elements will be less developed;
- **Option G (Enhanced Upgrade):** Similar to Option C, however the improvement to passenger experience is likely to be limited by lack of shelter and some station facilities such as WCs; and
- **Option J (Core upgrade):** This basic station redevelopment option will lack a gateway and community hub, and improvements to the passenger experience will be limited by a lack of facilities, such as café, canopy and WCs.

Common to all options are platform widening, improved audio- visual management systems (including CCTV), improved customer information systems and wayfinding, improved lighting, ticket machine to the Northbound Platform, free Wi-Fi, improvements to car park and provision of PRM (persons of reduced mobility) compliant footpath/ramp.

Strategic objective and policy alignment

The proposed improvements directly support the delivery of the key existing and emerging Local Plans, the Staffordshire Rail Strategy and the Cannock Chase District Integrated Transport Strategy.

The Staffordshire Rail Strategy (April 2016)

- “Improve general station quality, safety and security with the provision of consistent and high-quality passenger information”
- “To secure the continued development of the Chase Line rail services and infrastructure as the preferred means of transport to Walsall and Birmingham, in the existing and post 2015 franchise”
- to achieve improvements to public transport, walking and cycling, including access for all sections of the community to work, shopping, health, education, leisure, valued environments and other facilities.

Cannock Chase District Council, Integrated Transport Strategy (2013 – 2028)

- “Improve public transport connectivity to the West Midlands conurbation to help provide access to employment and labour market opportunities, reduce potential peak hour inter-urban congestion and carbon emissions”
- “Improve public transport connectivity, infrastructure and quality of life for local communities”

The Strategic Objectives for the project align closely with the established policies and plans of CCDC and Staffordshire County Council (SCC), and have been defined to directly address the challenges and opportunities identified for the station and wider area. These include:

- enhancing journey quality by improving safety, accessibility, reliability and technology for communities in Cannock District;
- future-proof Cannock for further investment and ensure it is fit to accommodate growth;
- promote sustainable transport infrastructure and promote a greener future for Cannock and its environment;
- creating an attractive town centre that encourages a vibrant local economy and workforce; and
- support housing delivery and development in the District.

An assessment of the options against these Strategic objectives suggest that overall, Option A (Transformational Upgrade max) performs the strongest and is expected to have large impacts on the passenger experience and on creating a better gateway for the town. Option C (Transformational Upgrade) performs moderately against the Strategic Objectives across the board but not as strongly as Option A. Option J (Core Upgrade) performs poorly against the Strategic Objectives, especially for promoting sustainable transport infrastructure and creating an attractive gateway. Its lack of notable improvement to the station and its facilities will fail to change its perception and transformative impacts on housing and future-proofing for further change will be negligible.

Scheme costs

Atkins has produced Capital costs (Capex) and Operational Cost (Opex) estimates over a 60-year appraisal period for each of the four short-listed options.

Station Design	Estimated Cost, 2020 prices	
	Capex[2]	Opex
Option A (Transformational upgrade Max) - High Cost option	£17.1m	£6.1m
Option C (Transformational upgrade) - High cost option	£15.7m	£6.1m
Option G (Enhanced upgrade) - Medium cost o	£12.9m	£6.1m
Option J (Core upgrade) - Low cost option	£10.9m	£6.1m

Value for Money (Economic Case)

The ratio of benefits to the impact on the broad transport budget presents an "initial BCR" and associated perspective on VFM.

Option A		Option C		Option G		Option J	
BCR: 1.42	VFM: Low	BCR: 1.54	VFM: Medium	BCR: 1.37	VFM: Low	BCR: 1.38	VFM: Low
Broad Transport Budget (£,000s 2010 prices, discounted)							
Total	**£11,134**	**Total**	**£10,259**	**Total**	**£9,697**	**Total**	**£9,055**
For all options, the Present Value of Costs (PVC) to the public accounts includes the Capex, Opex, Farebox revenue and a small subsidy to the transport operator to cover the small difference between the revenue uplifts and operating costs of the new station.							
Monetised Benefits (£, 000s 2010 prices, discounted)							
Total	£15,795	**Total**	£15,795	**Total**	£13,241	**Total**	£12,492
The analysis of monetised impacts follows WebTAG, with monetised impacts calculated based on a 60-year appraisal period from scheme opening and expressed as discounted 2010 Present Values in market prices. The Economic Appraisal considered a range of scheme impacts including station user impacts from reduced crowding and improved facilities; non-station user impacts from highway decongestion, and operator revenue impacts. The Present Value of Benefits (PVB) is positive across all options ranging from the lowest level of benefits for Option J (£12.5m), to the highest level of benefits for Options A and C (£15.8m). In all options, the bulk of benefits arise from walking-time savings and journey quality benefits, including reductions in platform crowding, due to the station upgrade. The largest differences in PVB elements are in the journey quality, where, as expected, the lowest cost Option J with the lowest provision of station facilities offers the lowest levels of journey quality benefits. This assessment suggests that Options A and C would offer the highest journey quality impacts overall, but the lower capital costs for Option C naturally places it above Option A in terms of Value for Money.							
Other Non-monetised Impacts							
Social and Distributional: The scheme is expected to offer beneficial impacts in terms of personal security, accessibility and potentially also physical activity. As the scheme develops and details of the full package of measures to integrate Cannock Station facilities with active travel opportunities, the scheme's social impacts would be considered further, and impact assessments would be carried out where applicable. **Environmental**: A high-level desktop assessment of the existing environmental baseline to identify environmental constraints and an ecology walk over survey has been undertaken at this stage Further							

2 Estimates based at the 80% confidence level, i.e that there is an 80% probability that the redevelopment option could be provided at or below the stated cost.

Economic Impact assessment (in line with Network Rail's ENVO15 should be undertaken at the next stage of development to understand the scale of impacts.
Next Steps to improve the Value for Money Assessment
The four options considered in this SOBC have been carefully specified to represent a broad range of potential solutions. Options A (Transformational Upgrade max) and C (Transformational Upgrade) present the highest BCRs of **1.42** and **1.54** respectively and provide the relative Value for Money position. These options secure a transformational upgrade of the Station by providing an exciting and inviting gateway into Cannock, whilst transforming the passenger experience, future proofing the Station for growth and significantly improving access to the station. The initial BCRs at this stage represents a conservative view of the Value for Money as it does not include monetised benefits from safety benefits from reduced platform crowding, public realm improvements, wider economic impacts, physical activity or any health benefit. These benefits whilst have not been quantified at this stage should be taken into consideration when deriving the Value for Money presented for the scheme. The combination of the initial BCR and the qualitative non-monetised impacts would suggest that there is a reasonable prospect of the Scheme delivering a **Medium Value for Money.** Potential avenues to be explored to improving the economic Case and VfM performance through the development phase going forward include: • Maintaining a focus in design development on the key benefits driving the scheme and ensuring they are secured. • Adopting appropriate value engineering and value management analysis and challenge in design development to enhance and optimise the cost effectiveness and value delivery of the chosen preferred solution. • Seek to secure and maximise 3rd party private sector contributions to potentially reduce the burden on the broad transport budget. Such as revenue from commercial rental (such as a café) or further contributions from private developers who stand to benefit from this scheme (such as McArthurGlen).

Delivering the scheme (Management Case)

The project is not dependent on any other schemes. An indicative high-level project plan has been prepared in consultation with WMRE, CCDC and SCC. It anticipates commencement of the station construction works in July 2024 and completion in December 2025. Governance for the Cannock Station Redevelopment is provided through the sponsor WMRE and the supporting partners. The project will need to comply with Network Rail Governance for Railway Investment Projects (GRIP) processes.

Financial considerations (Financial Case)

A long list of potential funding sources have been identified and a RAG rating exercise has highlighted the following potentially viable public and private sources of funding. Whilst no funding has been secured at this stage of development, the following options are currently being considered:

- Government funding including Department for Transport's Rail Network Enhancement Pipeline, WMCA/TfWM/WMRE, Local Enterprise Partnership (LEPs) and Towns Fund;
- Station-related funding including station sponsoring/naming rights, in station advertising and rental;
- Rail-related funding including TOC contribution from passenger revenue uplift; and
- Business and property including contribution from developer (such as McArthurGlen Designer Outlet), Retail property sales / rental, Residential property sales / rental and Community Infrastructure Levy apportionment.

In 2020 MGDOV provided £90,000 as part of S106 funding to secure a number of enhancements to Cannock station. This will deliver the installation of surface mounted images from across the Cannock Chase area, installation of two monolith style wayfinding totems, installation of a pedestrian handrail from the Platform 2 exit, installation of a cycle storage rack, and removal of vegetation. However, such improvements are insufficient to addressing all of the challenges faced by Cannock station. For example, these improvements will not materially improve station facilities, deal with passenger crowding at platform level arising from demand uplifts or improve accessibility to the Station. In order to realise the full gateway potential for the scheme and the benefits this will generate, further funding will be needed to realise the vision of project stakeholders.

Commercial considerations (Commercial Case)

The majority of outputs relate to or interface with the operational railway. As such the procurement route for much of the scheme would be aligned to Network Rail's processes, most likely a Design & Build route via existing supply chains which offers a ready-made and competitive route to market with a track record of delivering similar station works.

Recommendations

The redevelopment of Cannock station will address the identified challenges and opportunities raised by stakeholders, and it will also prepare the station for any further challenges and opportunities posed by the project's key 'Driver for Change': the expected uplift in demand from the MGDOV and Cannock's other developments. Without improvements at Cannock station, the identified challenges and opportunities cannot be addressed which will limit the gateway potential of the station, raise safety concerns and constrain the attractiveness of rail for the area. Given the current environmental challenges facing the West Midlands every effort needs to be made to promote the use of rail and reduce reliance on private car use.

The business case has considered each option against the 5 Business Case criteria – Strategic fit, Value for Money, Affordability, commercial viability and achievability. It is recommended that Option A and C are progressed as these meet the strategic objectives and provide the highest value for Money. Option G and J present a lower Value for Money.

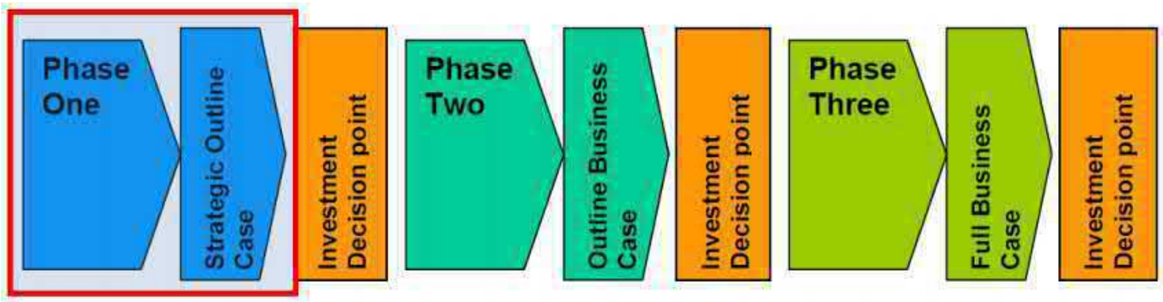
In light of the current pandemic, we are convinced that the scheme will contribute to encouraging the use of rail by providing the added capacity on platform that is needed to accommodate expected demand and encourage social distancing (if required). It is anticipated that in the long term, passenger numbers will resume to pre-COVID-19 levels and so the strategic need for the project will still apply.

1. Introduction

1.1. The Purpose of the SOBC

The purpose of the SOBC is to establish the case for change and the need for the redevelopment of Cannock station, providing a suggested way forward to further develop the case for the scheme. It will provide evidence-based information in relation to decision making about the preferred proposal. This Business Case has been prepared by SNC-Lavalin Atkins, working with Cannock Chase District Council (CCDC), Staffordshire County Council (SCC) and the West Midlands Rail Executive (WMRE). The SOBC forms the first part of the decision-making process, within which there are phases for investment decisions. Figure 1-1 sets out the three phases of investment decisions as part of the business case process.

Figure 1-1 - The Three Stages of Business Case Decision Making



Specifically, the role of the SOBC is to also set out the need for investment for a preferred transport intervention at Cannock station to:

"Create an exciting and inviting gateway into Cannock securing a transformational upgrade of the station that provides a positive asset to the local community, whilst transforming the passenger experience, future proofing the Station for growth and significantly improving the access to the station"

The Strategic Case, as with the other cases, was developed pre Covid-19 pandemic and as such, all forecasts, assumptions and judgements have not considered its impacts.

1.2. Structure of the SOBC

The SOBC is structured in accordance with the Department for Transport's guidance on Transport Business Case and the HMT Green Book. The remainder of the document is structured as follows:

- Chapter 2 - the **Strategic Case**
- Chapter 3 - the **Economic Case**
- Chapter 4 - the **Financial Case**
- Chapter 5 - the **Management Case**
- Chapter 6 - the **Commercial Case**

2. Strategic Case

2.1. Introduction

The Strategic Case is a key focus within the SOBC and is used to set out the strategic fit of the project within achieving strategic and policy objectives, as well as assessing the short list of intervention options against these objectives and Critical Success Factors.

The structure of this Strategic Case is as follows:

- Geographical and strategic Context (Section 2.2)
- Challenges and opportunities Identified - Evidence Base (Section 2.3)
- Strategy and policy alignment (Section 2.4)
- Summary of strategy and policy alignment with challenges and opportunities (Section 2.5)
- The case for intervention (Section 2.6)
- Strategic objectives, Critical Success Factors and desired Outputs and Outcomes (Section 2.7)
- Consideration of options for intervention (Section 2.8)
- Constraints and dependencies (Section 2.9)
- Complementary measures (Section 2.10)
- Strategic Case conclusion (Section 2.11)

This Strategic Case has been prepared and based upon a pre-Covid-19 scenario, and therefore any statements, evidence, forecasts and assessments have not considered potential impacts of the pandemic.

2.2. Geographical and Strategic Context

2.2.1. Cannock

Cannock is a market town with a population of 29,018 (97,462 in the whole district)[3] and it is located 20 miles north-west of Birmingham, 80 miles south-east of Manchester, and 130 miles north-west of London (see Figure 2-1).It is located close to the M6, M6 toll and M54 motorways, lying to the north of the West Midlands conurbation and to the south of the Cannock Chase Area of Outstanding Natural Beauty (AONB). Cannock sits within the southern part of Staffordshire and is part of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) and Greater Birmingham and Solihull LEP (GBSLEP). Furthermore, Cannock Chase District Council is a non-constituent member of the West Midlands Combined Authority. Bus services in Cannock are operated by Arriva Midlands, linking the town with other adjacent towns and villages including Stafford, Penkridge, Lichfield, Walsall, Hednesford and Rugeley.

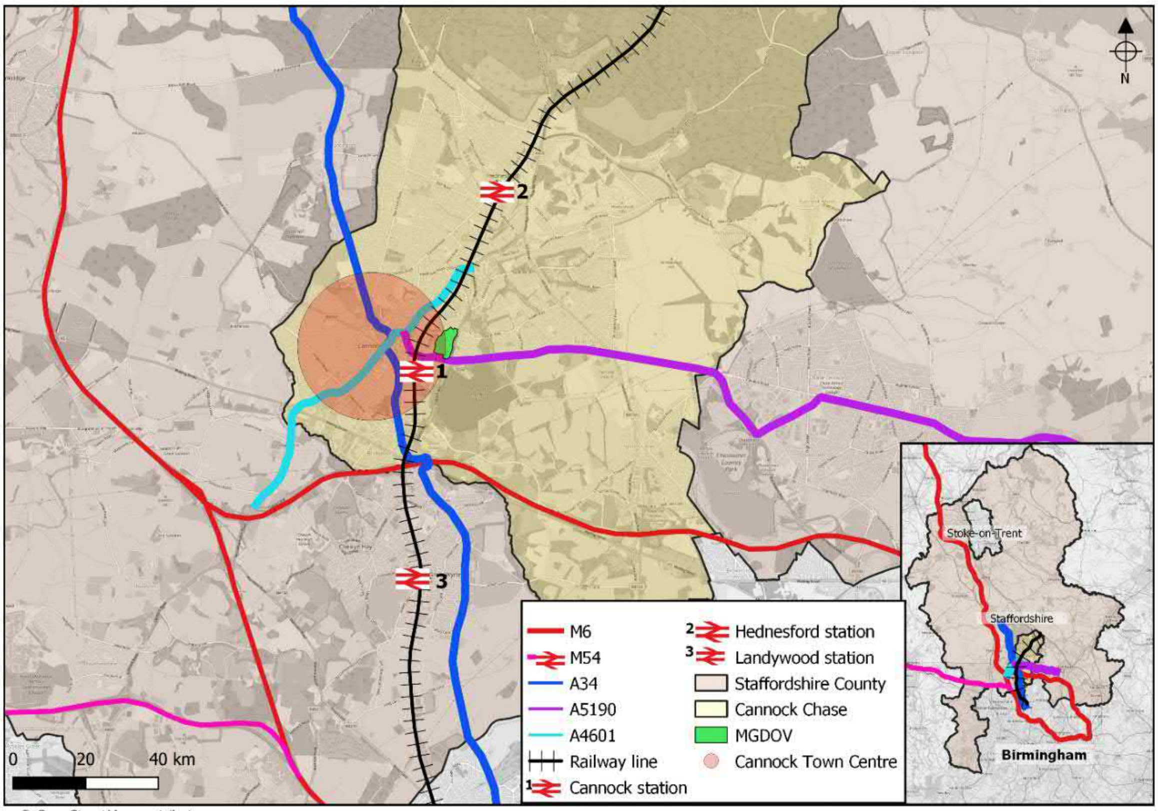
The early development of Cannock was defined around the point where roads from Penkridge, Rugeley, Walsall and Wolverhampton converge, and was used as a stopping town for coaches travelling between London and Liverpool. Significant mining activity took place around the town, providing a source of wealth during the late 19th and 20th Century, although the town changed little in size despite the arrival of the railway in 1858.

Cannock started to expand onto former agricultural fields in the 1950s and an industrial area was developed south-west of the town in 1956. By 1957 Cannock was expanded significantly by suburban residential development to the west and south, and further out Chadsmoor and High Town developed as a mining area. This created a near continuous urban area between Cannock and Hednesford and a greater catchment population for Cannock town centre, establishing a case for improved public transport provision

In the 1970s Cannock changed considerably as the town's bus station was constructed and its Ringway ring road was established around the town centre. In the 1980s the Cannock Shopping Centre and the Forum were constructed within the Ringway, creating a retail centre in Cannock but also creating mobility barriers for neighbourhoods.

[3] Office for National Statistics, Census 2011

Figure 2-1 - Location of Cannock



2.2.1.1. McArthurGlen Designer Outlet Village (MGDOV)

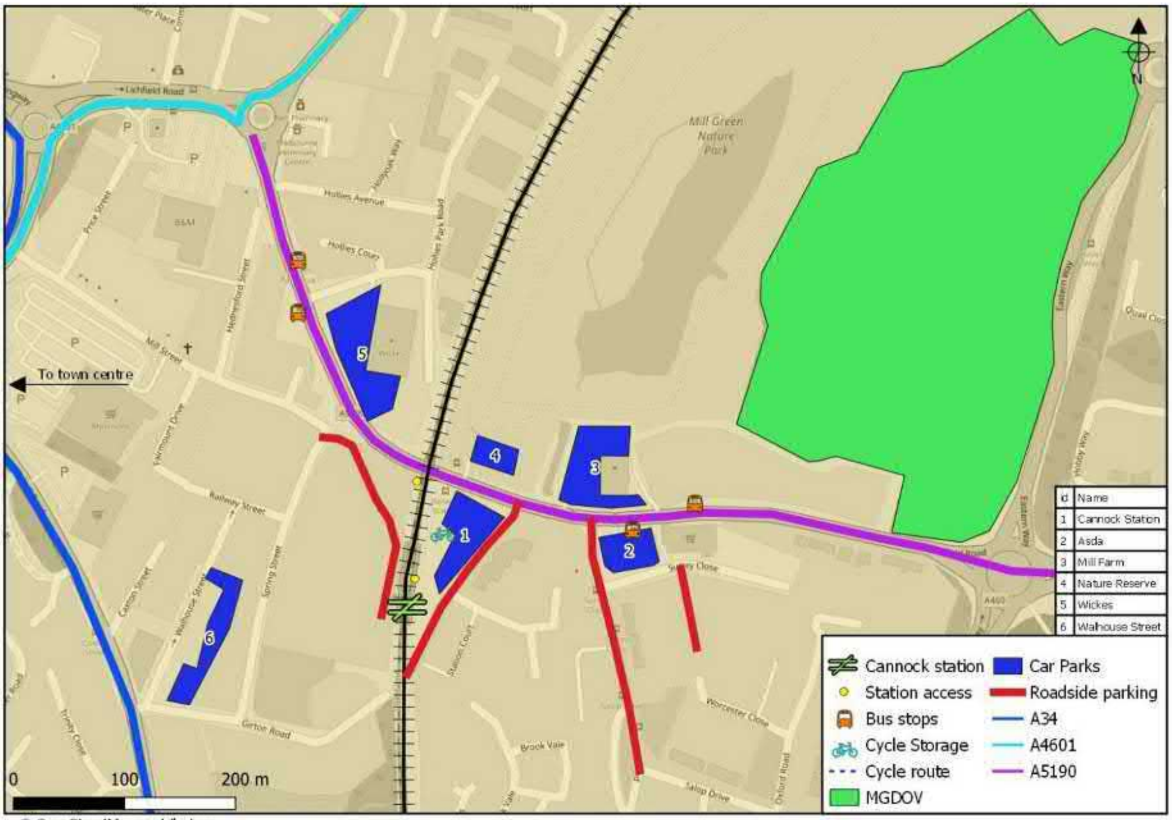
McArthurGlen Designer Outlet Village – at a glance

- £160 million designer outlet with 285,000 sq ft of retail, plus leisure and other spaces
- 3.5 million visitors per year
- Good provision of customer parking
- Phase 1 to provide 80 high quality units and over 1,000 new jobs (completion by early 2021)
- Phase 2 to provide 50 additional units and 500 additional new jobs
- Walkable from Cannock station, with shuttlebus connection in planning

The £160 million designer outlet will feature 285,000 sq. ft of retail space across two phases. Phase 1 of the McArthurGlen Designer Outlet Village (MGDOV) in Cannock is expected to open in early 2021, creating 80 high quality retail units, over 1,000 new jobs (with an additional 500 anticipated in Phase 2) and attracting 3.5 million visitors per year to the district. The MGDOV, shown below in Figure 2-2, is in close proximity to Cannock station and it is forecast that a significant number of visitors to the outlet will travel by train. Key features of MGDOV include:

- Attractive retail and leisure developments;
- Contemporary design applied to traditional architectural forms;
- A high-quality landscaped development;
- A variety of squares and spaces;
- High quality shop fronts and feature buildings;
- Play areas;
- Mainly single storey units with easy accessibility;
- Good provision of customer parking;
- Separate customer and service vehicle access to create a safe, welcoming retail and leisure offer; and
- Excellent links to the wider area

Figure 2-2 - Cannock Station Location with Respect to McArthurGlen Designer Outlet



2.2.1.2. Other developments coming forward in Cannock

Engagement with CCDC has identified a number of opportunity sites in Cannock town. The Council has approved a Development Prospectus for Cannock Town Centre which identifies nine opportunity sites owned by the Council suitable for re-development purposes. Table 2-1, on the page below, summarises the sites their potential uses, including floorspace and number of dwellings.

These developments will all undergo significant changes from their current uses. With them coming forward in the short and medium term, demand for Cannock station would be expected to increase further beyond that expected from the MGDOV and background growth. This is especially true for developments which are likely to attract more people to live in Cannock, such as housing developments, and those which are likely to attract more people to work and visit Cannock, such as mixed-use developments like cinemas, hotels and shops.

The developments and their delivery timescales referred to below reflect discussion with CCDC in early 2020. Whilst they do not reflect the situation having arisen as a result of the Covid-19 pandemic, including potential downturns in demand and appetite for development and investment, CCDC is still working towards its ambition of delivering 2,445 new dwellings between 2012/13 and 2027/28 in Cannock town alone. This includes a net annual need of approximately 200 homes between 2019/20 and 2021/22, and approximately 66 homes per year beyond that to 2027/28. The delivery of additional homes is required throughout the rest of the district over the same period. There are also ambitions to increase job density and provide more jobs in financial, professional and high-quality engineering sectors throughout the district. Delivery of the key development s below is important in achieving this.[4]

CCDC is currently reviewing the Local Plan and is planning for further housing growth up to 2038. Based upon current standard methodology the Districts' local housing growth for the plan period of 2019-2038 would be 5,004 net dwellings (278 net dwellings per annum) – this represents an uplift of 3% of recent housing delivery rates. Therefore, it can be anticipated that the growth of the District will lead to further demand for rail services and Cannock Station. It should be noted that the developments in Table 2-1 below are those considered to be key by CCDC based on discussion in early 2020, and as noted, do not consider the impacts of the Covi-19 pandemic.

[4] Cannock Chase Council, Local Plan (Part 1), 2014

Table 2-1 - Key Developments in Cannock

Site	Description	Uses: Dwellings / Floorspace (sqm) etc
Church Street	**Change of use:** Currently a disused multi-storey car park, and an indoor market hall which is due to close in November 2020, this site along with adjoining retail units has potential to create a new key destination leisure and cultural development. To include leisure use (cinema), food and beverage and some complementary retail. Possible integration of residential apartments, a hotel or office space at upper levels would complete the reinvigoration of the attractive streetscape along Church Street	17,000 sqm floor space plus 5,000 sqm retail space and 5 screen cinema. Options for 40-50 1-3 bedroom homes and 4,000+ sqm office space
Bus Station	**Change of use:** This level site currently operating as a bus station includes vehicular access from the Ringway and direct pedestrian access to Cannock Shopping Centre. The site's accessibility and prominence would be of benefit to hotel and conferencing facilities but there is also potential for a variety of residential uses	1,650+ sqm floor space plus 50+ bedroom hotel (or 15-20 1-3 bedroom homes)
Beecroft Road Car Park	**Change of use:** This surface car park site adjacent to the Ringway and with connectivity to the Town Centre retail area and the proposed Church Street leisure scheme beyond, has the potential to provide a mixed use redevelopment to include residential, retail or commercial office use, and a new decked car park	300+ parking spaces plus 35-40 1-3 bedroom homes (or 3,500 sqm of office space
Allport Road	**Change of use:** A 1-storey former dwelling, the site is accessed off Allport Road and adjoins Site C, Beecroft Road Car Park. The area is characterised predominantly by detached and semi-detached houses and is suited for residential development; a large detached dwelling or two semidetached dwellings	220+ sqm floor space plus 2-3 3-4 bedroom homes
Danilo Road Car Park	**Change of use:** Danilo Road car park is a level site sitting between semi-detached housing and the rear of the leisure uses fronting High Green. Given its proximity to the Conservation Area and the existing residential character of the area to the south, the site is suited to provide a quality infill residential scheme; apartments or senior living	1,900+ sqm floorspace plus 20-30 1-3 bedroom homes
Backcrofts Car Park	**Change of use:** Backcrofts surface level car park to the rear of Market Place and facing Avon Road Park is ideally suited to residential use but could provide for a mix of potential uses including offices, ancillary retail and leisure.	1,900+ sqm floorspace plus 20-30 1-3 bedroom homes
Park Road	**Partial change of use:** This Victorian terrace of six former 2-storey houses now used for offices is located on the northern side of Park Road, beyond which is Cannock Park. The location is predominantly residential in character and the site is suited for infill residential, terraced family housing, retirement living or apartments	2,200+ sqm floorspace plus 25-35 1-3 bedroom homes
Police Station Car Park	**Change of use:** The car park site to the rear of Cannock Police Station which has direct access to High Green and the attractive conservation area has potential for a high-quality apartment or senior living scheme	2,200+ sqm floorspace plus 25-35 1-3 bedroom homes
Avon Road / Hallcourt Lane	**Change of use:** The site currently incorporates a municipal car park; a small area of recently cleared wasteland on the corner of Hallcourt Lane and Hunter Road; Victorian 2-storey and 3-storey buildings fronting the A34 comprising a mix of commercial and retail use. A new development comprising a mixture of residential accommodation with small, specialist leisure facilities, or a retail / F&B led scheme would transform this run-down area into a key Town Centre site	1,800+ sqm of retail and leisure units (or 40-50 1-3 bedrooms or 200-220 bedroom hotel)

2.2.2. Cannock Station

Cannock's railway station was reopened in 1989, as a low cost, basic station to serve a new passenger train service on the Chase Line from Walsall to Hednesford. The previous station was active 1858-1965, closing as a result of the Beeching Reports. The station and all trains serving it are operated by West Midlands Trains, with trains travelling between Birmingham New Street and Rugeley Trent Valley. The station serves the old market town of Cannock, and the station lies just to the east of the town centre which is 10-15 minutes' walk away. Figure 2-3 below outlines the history of Cannock station. This is followed by further detail of the station's history, facilities and passenger demand.

Figure 2-3 History of Cannock Station

1989	• Cannock station re-openend to serve passengers on the Chase Line from Walsall to Hednesford
2010	• National Station Improvement Programme (NSIP) provided funding of £2.1m in low level improvements to the Chase Line stations, including waiting shelters, seating and CCTV cameras
2018	• Chase Line gets £100m investment – electrification, speed improvements, resignalling and platform extensions
2020s	• Funding required to ensure Cannock station future-proofed: McArthurGlen Designer Outlet Village to open – 80 retail units, over 1,000 jobs and 3.5m visitors per year expected – and other developments coming forward

In 2010, the National Station Improvement Programme (NSIP) funded by Network Rail resulted in a number of low-level improvements to the station in terms of CCTV at platform level, new shelters, and customer information systems. The programme also included help points, enhanced lighting, better signage and new ticket machines, with the council listening carefully to the Cannock Chase Rail Promotion Group and to the needs of passengers.

However, the station facilities were and are still basic in terms of what could reasonably be expected at a station of Cannock's size and the usage of the Chase Line. It does not include any toilets or waiting rooms, which the scheme will address, or ATM machines. There is step free access up to the Birmingham Platform via a ramp, which has to be accessed via the 260m route via the street and underneath the road underbridge to Stafford. The station is not staffed, although information is available from staff via help points on both platforms. Passengers wishing to interchange with bus services at Cannock station must take a short walk east or west along Lichfield Road to access bus stops. Those wishing to park bicycles at the station must leave them in the cycle storage area, which is limited in space and is rundown. The car park has space for 90 vehicles and includes two spaces for disabled parking/blue badges, but this is often underutilised as a result of uncontrolled use of adjacent car parks and uncontrolled parking in adjacent residential streets. The facilities and characteristics of Cannock station are discussed in more detail in Section 2.3.

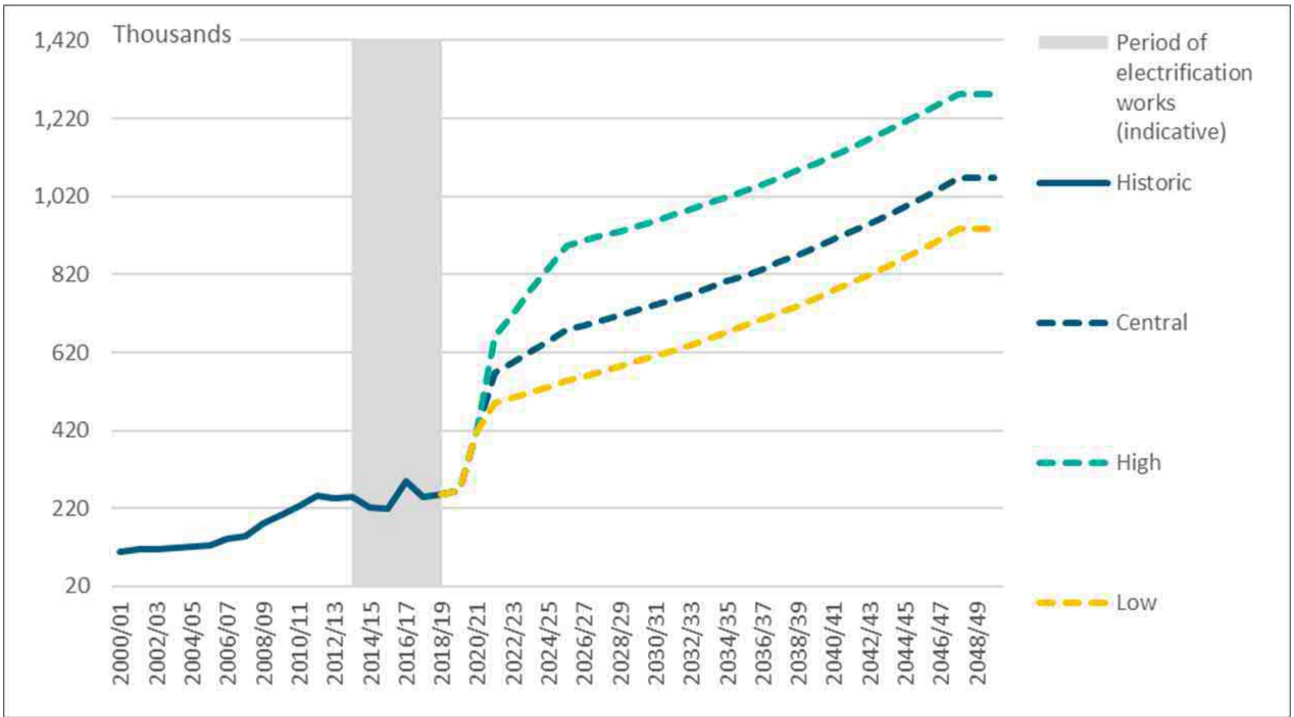
In 2018 the Chase Line benefitted from a £100m investment to include electrification of the line between Walsall and Rugeley, line speed improvements, re-signalling and new platform extensions to enable 4 car trains to operate at Cannock station. Electric trains are quieter and more environmentally friendly and enabling faster and more frequent services to run on the line. The service improvements have included extensions of the half-hourly service beyond Birmingham New Street to Birmingham International (Airport/NEC) and to London Euston via interchange at Birmingham New Street. However, disruptions and early terminations on the line led rail chiefs to pull the plug on the, originally planned, direct trains between London Euston and Rugeley Trent Valley which began after the electrification of the line was completed in May 2019.Train services now include a change at Birmingham to avoid knock-on delays and early terminations, and the direct extended service to London has been lost. This is further evidence that upgrades and improvements at Cannock station have proved insufficient and hence other interventions are required to improve passenger journeys and experience.

In 2020 MGDOV provided £90,000 as part of S106 funding to secure a number of enhancements to Cannock station. This will deliver the installation of surface mounted images from across the Cannock Chase area (to be installed along the entrance and exit of walkways, as well as along the two platform fences), installation of two monolith style wayfinding totems, installation of a pedestrian handrail from the Platform 2 exit, installation of a cycle storage rack, and removal of vegetation. Again, such improvements will be insufficient to addressing all of the challenges faced by Cannock station. For example, these improvements will not materially improve station facilities, deal with passenger crowding at platform level or improve accessibility to the Station.

It is estimated that the economic benefit of the Chase Line electrification project, including platform extensions will be significant, with £113m of Gross Value Added boosting the economy each year and 1,400 new jobs created[5]. However, the Cannock station is a two platform, unstaffed station with basic facilities. It is owned and maintained by Network Rail, and its pay & display car park is owned by the Council.

Since the station opened in 1989 there has been a significant increase in passenger numbers, especially since 2000 from which demand has grown from 110,000 annual passengers to 258,000 in 2019, driven by the improvements in rail services and the developments in the town. There is a potential for this figure to be significantly increased as rail services on the Chase Line improved and the area benefits from faster and more frequent services and improvements to the rolling stock. There is a direct train from Rugeley Town to Cannock station. The number of new dwellings, the ease of travel and the new designer outlet would suggest increased demand on Cannock station. Beyond 2019, passenger demand at Cannock station is expected to grow considerably from approximately 215,000 to 569,000 annual entries and exits in 2020/21, after the opening of the MGDOV, as shown below in **Figure 2-4** (central case).

Figure 2-4 - Cannock Station Passenger Usage Forecast



In the Central Scenario, passenger demand is expected to continuing growing, exceeding 1 million entries and exits by 2045/46.Passenger demand forecasts are based on exogenous factors such as economic activity and population growth, trip generation outputs from the MGDOV Transport Assessment, and demand induced from station improvements, based on rail industry research. Demand for 2018/19 has been presented as forecasted demand as data was not available for 2018/19 at the time of the development of the SOBC. The different scenarios forecast similar gradient increases in demand uplift as they are based on 2% rail mode share of

[5] Economic assessment produced by KPMG on behalf of Centro, 2012

MGDOV demand at Cannock station. More information on the approach to demand forecasting is set out in further detail in the Economic Appraisal Technical Note.

2.3. Challenges and Opportunities

This section outlines the current and anticipated challenges and opportunities posed by Cannock station's characteristics and performance and evidences the need for transport intervention. Section 2.4 sets out the strategic and policy alignment for each of these challenges and opportunities.

The challenges and opportunities have been identified through stakeholder interviews, workshop and independently delivered focus groups, complementing our understanding of the station's physical attributes. Key stakeholders include:

- Cannock Chase District Council;
- Staffordshire County Council;
- West Midlands Rail Executive;
- McArthurGlen;
- Transport for the West Midlands;
- Network Rail;
- West Midland Trains; and
- Arriva UK Bus

These stakeholders have been consulted as part of the scheme's development.

A comprehensive site visit and gap analysis was undertaken in 2018 as part of the West Midlands Station Alliance Pilot Project[6], which outlined station development plans for Chase Line stations. This SOBC has used this study, alongside other key strategies and policies, to inform the identification of key challenges and opportunities. A recent site visit in early 2020 has also supported the analysis.

Following these site visits and stakeholder consultation the following key issues have been identified with the current station facilities.

- Lack of station facilities impacting negatively on passenger experience, safety and security;
- Need to accommodate future demand growth as a result of the improved rail services now operating alongside significant new developments in the town including MGDOV;
- Poor station accessibility, including non-compliant step-free access;
- Poor public transport interchange;
- Unmaintained cycle storage discouraging active travel;
- Unattractive gateway to Cannock Chase District for visitors;
- Underutilised car parking provision; and
- Station not in a position attract further investment in the future

All of these issues are felt to be reducing the attractiveness of the station, deterring potential rail use, and creating an unattractive and unwelcoming gateway to this rapidly growing town.

2.3.1. Lack of station facilities impacting negatively on passenger experience, safety and security

In 2010, small scale improvements were made to the Cannock station platforms including upgraded CCTV, new weather shelters and real-time travel information, however the facilities are still inadequate. Currently, the station does not provide basic facilities including toilets, a waiting room, Wi-Fi or an ATM, most of which the scheme will provide. There are no refreshment or retail opportunities in the station; the closest retail space is ASDA located 350m east of the station. Passengers wanting to cross between platforms have to exit the station and walk under a bridge along Lichfield road A5190, as is shown in Figure 2-5. The platforms themselves are narrow and lighting is poor. Whilst a future upgrade to the station may not directly solve the issue of the walk between platforms, the lack of ticket machines on the northbound platform mean some passengers may have

[6] GHD/Weston Williamson + Partners, West Midlands Station Alliance Pilot Project, March 2018

to undertake the walk just to buy a ticket, and inevitably some will not bother. This leads to ticket evasion and lost revenue, which could be addressed with sufficient facilities on both platforms.

Figure 2-5 - Photos Showing Basic Facilities at Cannock Station.

Cannock station does not provide a staffed ticket booth and there is only one ticket machine located on the southbound platform. This results in a long circuitous route for northbound passengers wishing to buy paper tickets and must walk up the ramp to the Southbound platform from Lichfield road A5190 and then back on themselves, along Lichfield road before returning to the Northbound platform. For less abled persons, this can significantly increase overall journey time. If the ticket machine was out-of-service, which was observed whilst onsite in January 2020 during a one-day site visits, passengers using the station would have no option but to use mobile tickets, whilst some passengers may even attempt to dodge fares altogether. Despite the use of mobile tickets becoming increasingly popular, the uptake in the over 60 population (26.3% in Cannock town[7]) will be slower and inaccessible (with 36%, 4.2 million people, of those aged 65+ in the UK being offline, lapsed or having never used the internet.[8]) Thus, the addition of a second ticket machine on the northbound platform will assist those who use paper tickets and avoid the long, unnecessary routes described above and address ticket evasion and loss of revenue The lack of appropriate weather shelters results in hazardous, slippery platforms in the winter and exposure to intense sun during the summer months.

Figure 2-6 - Additional Photos Showing Basic Facilities at Cannock Station

Figure 2-6 shows additional photos of the basic facilities at Cannock station. As Cannock station is unstaffed, access to facilities that are fit-for-purpose will ensure that passengers travel comfortably and feel safe. The improvements in 2010 and 2018, including platform facilities and extensions have increased safety at the station but further improvements would further enhance passengers' perception of safety and overall experience.

[7] CCC, Cannock Town Centre Vision Area Action Plan, January 2017
[8] Age UK, Digital Inclusion Evidence Review, November 2018

2.3.2. Need to accommodate future demand growth as a result of the McArthurGlen Designer Outlet and rail service improvements

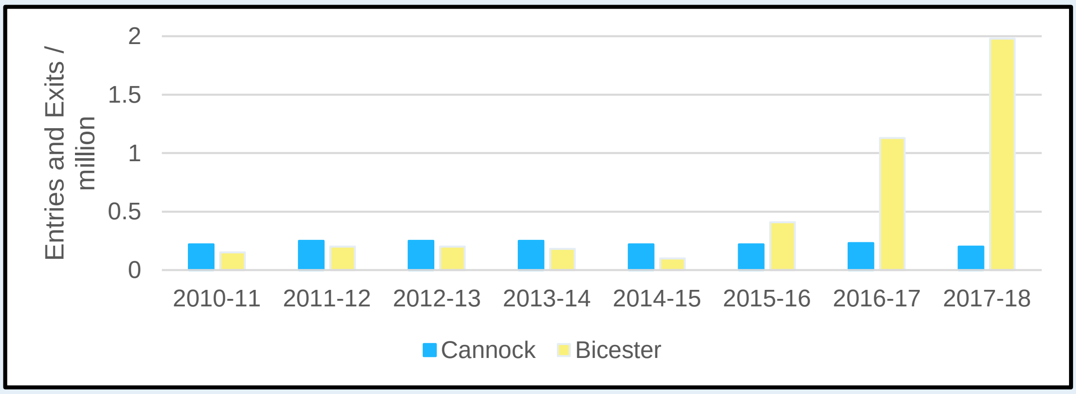
The opening of the £160m McArthurGlen Designer Outlet in spring 2021 will mark a significant opportunity for growth in the tourism industry and resulting economic prosperity for Cannock Chase District and the wider region. A projected 3.5 million annual visitors[9] are expected to shop at the outlet upon completion of the 130 retail spaces after Phase 2 is delivered, with 2% projected to arrive by rail (an additional 60,000 passengers per year [10]). This would follow continuous passenger growth which Cannock station has accommodated since its reopening. As Phase 1 of the Designer Outlet is expected to be complete in spring 2021, Cannock station is likely to see more increase in passenger demand upon its opening. It should be noted here that the demand forecasts have been made without considering the impacts of the Covid-19 pandemic.

As a result, Cannock town centre will also see a boost in visitor numbers who may also link trips to other local attractions whilst shopping at the Designer Outlet. Potential sites of interest include Cannock Chase AONB, the Prince of Wales theatre and Cannock Shopping Centre. With close links to Birmingham and Stafford, the station redevelopment will encourage visitors to travel by rail and spend the entire day visiting the McArthurGlen Designer Outlet and surrounding attractions.

Case Study – Bicester Village

Bicester Village is a Designer Outlet located in Oxfordshire which has recently been refurbished to contain 162 retail spaces, compared to the 130 in the McArthurGlen Designer Outlet in Cannock. From assessing the impacts of the Designer Outlet on Bicester Village train station, it is possible realise the opportunities that could be available to Cannock station as a result of the McArthurGlen Designer Outlet. Both stations have two platforms and are located less than 0.5 miles away from a Designer Outlet. Bicester Village has been particularly successful in attracting customers from London, who can reach the Outlet within an hour. The McArthurGlen Designer Outlet will have 11 million consumers within a 90-minute catchment area, including the 30-minute train to Birmingham, which highlights the potential consumer base for the Outlet Village.

Figure 2-7 - Total Number of Entries and Exits at Cannock Station (Blue) and Bicester Village Station (Yellow)



The period between 2010-15 shows similar levels of demand for both Cannock and Bicester, with a small reduction in demand in Bicester during 2015 when the station was being redeveloped. Upon the opening of station in October 2015 and completion of the Bicester Village refurbishment in October 2017, there has been a significant increase in the demand for rail travel at Bicester Village station. It should be noted that Bicester Village station is immediately adjacent to the Outlet, whilst Cannock station is a short walk or trip from the MGDOV

In addition to the 3.5 million annual visitors which will arrive in mid-2021, the Designer Outlet will also support up to 1,000 new jobs in the local area, with the majority in the retail industry.[11] This is will provide a large boost in local employment rates, particularly for 16-18 year-olds and by attracting specialised retail personnel. The local Walsall college has launched an 'Access to Retail Employability Programme' that is designed to prepare

[9] WYG, Transport Assessment: Mill Green Designer Outlet Village Cannock Chase, January 2015
[10] Mill Green Designer Outlet Village Travel Plan Framework (January 2015)
[11] West Midlands Designer Outlet, available at: https://www.mcarthurglen.com/en/outlets/uk/designer-outlet-west-midlands/news/new-retail-academy-connects-jobseekers-to-opportunities-at-mcarthurglen-designer-outlet/

and connect jobseekers to the opportunities at the McArthurGlen Designer Outlet.[12] Some of those who take up jobs at the MGDOV will arrive in Cannock by train and will require connections to the development (either via bus or by walking), strengthening the argument for the station and its facilities to be improved.

In addition to the Designer Outlet, demand for rail travel is anticipated to continue to grow as a result of the electrification and platform extensions on the Chase Line. The new electric trains introduced in May 2019 have provided increased capacity by offering four-car trains. The new timetable announced in December 2019 saw the frequency of the Monday-Saturday evening service from Birmingham New Street doubled from hourly to half-hourly and new services to economic hubs such as Birmingham International, London Euston (via interchange at Birmingham New Street) and Wolverhampton (via interchange at Birmingham New Street).

The redevelopment of the station will provide modern and accessible facilities that support Cannock's growing tourism industry and anticipated increase in rail demand, particularly as a result of the MGDOV opening. Bicester Village station has recently completed its refurbishment of the station in line with the Bicester Village Designer outlet and has been used in a case study below.[13] It should be noted that the case study is not to be interpreted as a like-for-like comparison with Cannock station and MGDOV. It is outlined below as an example of demand uplift following the opening of a Designer Outlet and an adjacent train station with the capacity to accommodate such uplift.

2.3.3. Poor station accessibility, including step-free access

At present, the northbound station platform is accessible via a sloped footpath from Remington Drive/Lichfield Road with no vehicle access. The southbound platform is accessible via the Cannock station car park off Girton Road with two marked sloped footpaths and an uneven, desired footpath shown in Figure 2-8 A. This shows how the station currently does not support the needs of those who use it frequently. The steep unpaved footpath will frequently become a safety hazard for station users as a result of cold or wet weather conditions.

Figure 2-8 - Poor Station Access to the Southbound Platform

Despite access to both north and southbound platforms being step-free, the pathways are steep and non-DDA compliant resulting in the platforms being inaccessible and unappealing for disabled passengers or those with pushchairs or luggage. The northbound platform entrance route, shown in

Figure **2-9** B, has no handrails to support passengers to the station. Overall, Cannock station is currently inadequate for disabled passengers with a lack of accessible facilities including a toilet, ticket machine, wayfinding signs and shelters in addition to non-compliant access ramps, facilities which will be delivered by some of the scheme's options.

[12] Walsall College, available at: https://www.walsallcollege.ac.uk/news/new-retail-academy-connects-jobseekers-to-opportunities-at-mcarthurglen-designer-outlet/
[13] Office for Road and Rail, Estimates of Station Usage (2017-2018)

Figure 2-9 – Poor Station Access to the Northbound Platform

2.3.4. Poor public transport interchange

Providing a clear and intuitive transport interchange network with clear wayfinding and updated information is the key to encouraging multi-modal transport and sustainable travel, both within Cannock town centre and the wider Staffordshire region. Multi-modal changes from Cannock station is low at 2%[14] however the provision for future modal share is optimistic, particularly with the opening of the McArthurGlen Designer Outlet, which will provide opportunity to walk or interchange to access the development, bringing in visitors from outside Cannock district.[15] As described in section 2.3.1 there is a lack of WI-FI available at the station, which will inhibit some passengers from connecting with other forms of public transport.

Bus – The existing bus services run east-west along Lichfield Road with two bus stops located 2 minutes' walk from the station. Bus service 3/3A runs between Cannock Bus Station and Walsall Bus Station every 30-45 minutes, Monday to Saturday. Bus service 61/61A runs between Lichfield Bus Station and Cannock Bus Station every hour, Monday to Saturday. There are no known buses that run along these routes on a Sunday. At the time of writing, onward travel information from the station does not include times of departure, live or digital information and was last updated in July 2019 (seven months previously). Figure 2-2 shows the location of the bus stops nearest to Cannock station.

Walking – A high proportion of Cannock town centre is within a 10-minute walk from the train station, as shown in Figure 2-2. The lack of wayfinding and onward travel information may discourage station users from using multi-modal forms of transport to reach their destinations, as shown in Figure 2 -10.

Rail – Wayfinding and intuitive signs are not only needed for passengers alighting from trains, but they are also needed to guide visitors to the correct platform on their return journey. Currently, there is a lack clear signage to guide visitors to the correct platforms, as shown in Figure 2 -10, where there are no arrows to indicate which direction is platform 1 or 2.

There will be short-term cosmetic changes at the station to improve its appearance, including the additions of artwork and photographic boards. These will come from the Section 106 funding from MGDOV in 2020.

In addition, modal share for rail also includes commuters using the train to link with the wider strategic rail network including links to Birmingham, Coventry, Stafford and London. Rail modal share is popular for commuter routes into Birmingham (22%) and other long-distance commuting journey's.[15] As commuter trains are becoming more frequent due to the electrification and platform extensions on the Chase Line and its subsequent increased capacity, it is likely that demand of commuter trains will increase too.

[14] Mill Green, Mill Green Designer Outlet Village, Transport Assessment (January 2015)
[15] Chase Line West Midlands, Station Alliance Pilot Project (March 2018)

Within Cannock town, 27.6% of households have no access to a car (national average is 25%) and 26.3% of the population are registered as over 60.[7] National rail infrastructure projects including HS2 and East West Rail, accessible via interchange from Cannock, will open up a wide range of network opportunities, including those to major airports. This presents an excellent opportunity to encourage Cannock residents to use multi-modal transport, particularly those who do not have access to a car.

Figure 2 -10 – Lack of Clear Wayfinding at Cannock Station

With the £1.5 million package the MGDOV has agreed to provide there will be support for local projects within Cannock town centre. £900,000 is expected to be invested into creating a new footpath, cycle course and signs running through the Mill Green Nature Park. As the Nature Park runs adjacent to the station, the additional signs and pathways will benefit passengers of Cannock station as well. This is additional to the MGDOV Section 106 funding which will deliver two monolith style wayfinding Totems, the installation of a pedestrian handrail from platform 2 exit, and the installation of surface mounted images from across the Cannock Chase area. These will be installed along the entrance and exit walkways, as well as along the 2 platform fences.

Cannock station can be accessed by walking, cycling, bus and rail however there is discontinuity between modes of transport and lack of information to passengers. The full benefits of the MGDOV can be realised if the links between the station, the development, the town and tourist attractions can be improved.

2.3.5. Unmaintained cycle storage discouraging active travel

Current cycle storage facilities, as shown in Figure 2-11, are located within the Cannock station car park, adjacent to one of the path entrances to the southbound platforms. There is provision to cater for four individual bicycles if the passengers provide their own padlocks. Existing bicycle parking looks unkept and not well used and lacks CCTV coverage to provide adequate security. Cycle paths to and from the station are clearly marked as part of the Cannock Chase heritage trail however there are no National Cycle networks in the Cannock district. There is currently no provision for bicycle parking near the northbound platform and so cyclists must walk their bicycles around to the southbound platform to park them in the designated storage area.

Aside from the MGDOV Section 106 funding which will deliver a cycle storage rack, the Cannock station redevelopment aims to further improve the facilities for bicycle parking at the station in order to encourage active travel and promote cycling. In addition to health benefits provided by active transport, the movement will reduce the immediate over-crowding of the station car park that is regularly busy.

Figure 2-11 - Existing Cycle Storage at Cannock Station

2.3.6. Unattractive gateway to Cannock Chase District for visitors

Cannock station reopened in 1989 as a low cost station serving the re-opened Chase Line. Since then it has not received the enhancements and maintenance expected for a station of its size, despite minor improvements to the platforms in 2010. As a result, the station and its facilities are uninviting to visitors and are negatively impacting passenger experience. The current station is structurally sound but has been vandalised with graffiti.[15] This portrays the wrong image of the historic town centre and surrounding AONB and could deter future investments. The station lacks an overarching theme resulting in disjointed and dull facilities shown in the photos below. Figure **2-12** shows an uninspiring entrance to the station (A), an example of the unkept plants in the car park (B), an example of the litter piles that are scattered around the station site (C), and an example of graffiti and the underpass (D). In anticipation to growth in passenger demand from the recently completed electrification of the Chase Line and the opening of the MGDOV, Cannock station would benefit from an aesthetic uplift to provide an attractive gateway to Cannock Chase district. Visually appealing facilities and station access routes will provide an enhanced passenger experience for both regular users of the station and visitors. However, these measures are short-term, and are not long-term solutions.

Figure 2-12 - Unattractive Features of the Current Cannock Station.

2.3.7. Enhancing car parking utilisation

Cannock station car park currently offers 90 spaces, including two disabled bays for blue badge holders, on a pay-and-display ticket system. Analysis of historic ticket sales indicates that the car park is utilised below capacity which is likely a result of the availability of free uncontrolled parking on the surrounding residential streets, the adjacent ASDA car park and the council-owned nature reserve car park (see Figure 2-2), meaning the car park's capacity and potential is not fully utilised. This puts unnecessary pressure on the surrounding roads and limits the attractiveness of the station to rail users. There is provision for a small number of drop-offs/pick-ups within the car park, but the drop-off area is not officially designated.

The car park currently lacks adequate CCTV to provide security for both vehicles and bicycles. An online survey raised comments that there is not enough lighting between the station platforms and the car park, resulting in an unsafe and unwelcoming environment.[15]

Better parking provision will encourage Cannock residents to use rail for longer journeys, helping to reduce congestion and enhancing the environment. By boosting the number of commuter journeys made by rail, Cannock residents will have improved access to high-wage and high-skilled jobs in economic hubs such a Birmingham and Stafford.

With the redevelopment of Cannock station and its car park there is also the opportunity to provide electric charging points for passengers to park and charge their electric vehicles.

2.3.8. Station not in a position to attract further investment in the future

The anticipated increase in visitors to Cannock town as a result of the opening of the McArthurGlen Designer Outlet is likely to cause overcrowding on the station platforms. The 2% of visitors to the Designer village equates to an additional 70,000 annual visitors to Cannock station (of 3.5 million annual visitors). As the popularity of the Designer Outlet increases and upon completion of its Phase 2 construction in 2021, there is the potential to increase rail demand. To ensure Cannock station is fit for the future, provision to extend the width or length of the platforms by up to 160m will be needed to ensure all passengers remain a safe distance from the edge of the platform, particularly during peak hours, providing passive provision for further lengthening.

To attract further investment in the future, Cannock station will need to have greatly improved facilities in order to manage increased rail demand and be able to provide an inviting environment for potential investors.

2.4. Strategy and Policy Alignment

The following subsections identify the key local, regional and national policies aligned to addressing the challenges and opportunities set out in Section 2.3 above.

2.4.1. Lack of station facilities impacting negatively on passenger experience, safety and security

The Department for Transport has a clear strategic vision that focuses on providing passengers with excellent customer service and access to digital information and Wi-Fi[16]. Providing additional ticketing machines and Wi-Fi on the platforms will align Cannock station with the Department for Transport's strategic vision for rail and assist with mobile ticketing initiatives.

The Single Network Vision outlined in the West Midlands Rail Executive Strategy focuses on promoting a digital outlook helping customers plan their journey, provide intuitive connections and clear signage to aid multi-modal changes.[17] The collaboration between train operating companies and invested stakeholders aims to provide one network that is characterised by innovation and is resilient to change. The redevelopment of Cannock station aims to provide facilities that supports Cannock town centre and create a modern and inviting gateway to future economic investments.

Staffordshire's Rail Strategy aims to '*improve general station quality, safety and security with the provision of consistent and high quality passenger information*.' [18] The Cannock station redevelopment will align with this policy objective and will help to ensure that the new facilities are modern and fit-for-purpose.

2.4.2. Need to accommodate future demand growth as a result of the McArthurGlen Designer Outlet and rail service improvements

Growth in passenger demand is expected to continue beyond the opening of the MGDOV, with national demand for rail travel set to increase by 40% by 2030.[19] The Department for Transport's Transport Investment Strategy outlines objectives to support the increase in demand by future-proofing infrastructure in a sustainable manner. This will help build a stronger, more balanced economy and will positively impact the daily lives of all those who use the transport network.

Stoke and Staffordshire's strategic economic plan sets ambitious targets to grow the economy by 50%, generating 50,000 new jobs over a 10-year period, the 50:50:10 model.[20] Whilst the McArthurGlen Designer Outlet will help to achieve this target, the importance is focused on how its opening can support the wider Cannock economy. The majority of the 1,000 new high-wage, high-skilled retail jobs are expected to be filled by Cannock residents, supporting around £20 million of additional employment every year.[11] The additional high-skilled jobs will aim to boost the productivity of the Cannock area whilst improving the skills base and allowing local residents to seize these opportunities[21].The MGDOV will also attract highly skilled workers into the region during construction of the Designer Outlet and highway upgrades.

The recently adopted Cannock Chase District Council Economic Prosperity Strategy[22] focuses on capitalises on the MGDOV opening, and Commonwealth Games in 2022 (which will see Cannock host cycling events), to support Cannock Chase taking on a larger share of the region's tourism economy. As part of this ambition, the Council desire to manage the additional visitors in a sustainable way whilst ensuring the railway infrastructure portrays the right first impression for visitors in the area.

[16] Department for Transport – Connecting People: a strategic vision for rail (November 2017)
[17] West Midlands Rail Executive Strategy Single Network Vision (June 2017)
[18] Staffordshire Rail Strategy (April 2016)
[19] Department for Transport, Exogenous Demand Growth Estimator (July 2017)
[20] Stoke-on-Trent and Staffordshire LEP, Strategic Economic Plan (April 2018)
[21] Stoke-on-Trent and Staffordshire Strategic LEP, Economic Plan Delivery Plan (2019-2020)
[22] Cannock Chase District Council, Economic Prosperity Strategy (2020-2030)

2.4.3. Poor station accessibility, including non-compliant step-free access

Ensuring transport infrastructure is designed and constructed to be inclusive for all is a key objective in a wide variety of regional and national strategic documents. The Department for Transport aims to create a '*better connected transport network that works for the users who rely on it'* including those with both visible and non-visible disabilities.[19] The Inclusive Transport Strategy (2018) highlights that while the majority of people travel from between destinations with relative ease, the ageing population and those who identify as having a disability find it considerably more difficult when using public transport.[23] The importance of providing a clear, easy to use, inclusive station, with useful wayfinding, is particularly important for unstaffed stations such as Cannock.[23] Future technology should be designed and implemented with disabilities in mind giving less abled users the confidence to travel further afield. As travelling with a disability becomes easier in the future, further demand is expected on transport networks resulting in a wider consumer base for businesses and supporting economic growth.

Staffordshire County Council hopes that those who live within its communities have safe and easy access to everyday facilities. For those using the rail network as part of a commute, the redevelopment of Cannock station, including installation of accessible toilets in some scheme options, an additional ticket machine and improved access to the station, will result in a substantial increase in journey quality on a daily basis.[18]

2.4.4. Poor public transport interchange

The Cannock Chase Local Plan highlights the use of sustainable transport as one of its key themes to prioritise. Improving the quality of services and information for public transport interchange will help to deliver their objectives of improving access to public transport for all sections of the community to work, shop, for education, leisure and other facilities alongside promoting the continued development of the Chase Line rail services and infrastructure as the preferred means of transport to Birmingham and wider regional destination[24].

The commitment to network upgrades, new connections and extra capacity forms the core of many government strategic policies with HS2 and East West Rail contributing to connectivity and growth for the UK economy. [1916] The Chase Line provides excellent interchange links with Birmingham New Street, Birmingham International and HS2 once completed.

To achieve the Stoke-On-Trent and Staffordshire 50:50:10 target, the right infrastructure is needed to support economic growth where everyone has equal access to jobs, leisure activities and attractive places to live.[20] With improved facilities, it is predicted that more people will be attracted to using public transport, resulting in reduced congestion across the road networks and health benefits from reduced air and noise pollution. [19]

2.4.5. Unmaintained Cycle Storage Discouraging Active Travel

The long-term Government strategy to encourage walking and cycling *for 'short journeys or as part of a longer journey'* by 2040 will be aligned with the Cannock station development plan by providing well maintained, secure cycle parking facilities to encourage active travel. Better safety is a key aim of the strategy which ensures a *'safe and reliable way to travel for short journeys'*. This extends to ensuring peace of mind for passengers who lock their bike away during the working day or at the weekend. Better mobility for those using the network will boost physical and mental wellbeing and allow active travel to *become 'easy, normal and enjoyable'*. [25]

The long-term Cannock Town action plan supports a vibrant town centre that has walking and cycling at their heart. Pedestrians will be prioritised over cars and active travel will be safe for all members of Cannock town.[7] Sustainability is a driving policy for all the action plan policies which aims to avoid contributing to climate change whilst allowing for its impacts. The anticipated movement towards active travel will help achieve local and national objectives.

This is supported by the objectives of the Staffordshire Strategic Plan which aims to ensure that Staffordshire is a '*healthy place to live with an environment that promotes wellbeing for all.'*[26]Incorporating improved cycling facilities within the Cannock station redevelopment will encourage the community to take control of their health and use active travel as a realistic and exciting alternative to private vehicles. The anticipated movement towards active travel will help achieve local and national objectives.

---

[23] Department for Transport, The Inclusive Transport Strategy (2018)
[24] Cannock Chase District Council, Local Plan (2014)
[25] Department for Transport, Cycling and Walking Investment Strategy (April 2017)
[26] Staffordshire County Council, Strategic Plan (2018-2022)

2.4.6. Unattractive gateway to Cannock Chase District for visitors

The draft Cannock Chase Town Centre Area Action Plan (AAP) identifies that the town centre has an *attractive, distinctive environment* demonstrated by the historic buildings and characteristic architecture.[7] Although the redevelopment of Cannock station cannot reproduce the historical building designs, there is an opportunity to incorporate elements into the redevelopment to link the station to the town centre. This will provide a consistent theme and inclusive structure that integrates with Cannock and results in an inviting gateway to visitors. This ambition is also supported by the Cannock Chase District Council Economic Prosperity Strategy which supports the development of the railway and the regeneration of the town centre to ensure Cannock Chase remains vibrant and sustainable, acting as a hub for leisure and cultural uses, residential opportunities and community activities.[27]Enhancing Car Parking Provision

The Cannock station redevelopment is an opportunity to support the objectives of the Single Network Vision[17], where consistent standards of car parking will be expected at each station within the West Midlands rail network. These include comprehensive CCTV coverage, appropriate space provided for disabled parking and an app for real time information on space availability.

Enhancing car parking provision at Cannock station will support the TfWM's and WMCA's Movement for Growth Transport Plan by addressing parking standards in new development in relation to public transport accessibility, as well as to walking and cycling provision. There could also be an opportunity to further support the Plan with additional improvements outside of the scheme to improve electronic displays and traffic information to give advance warnings of car park capacity at Cannock station.[28]

The Cannock Chase District Council area action plan focuses on accessibility through all modes of transport, with a focus on promoting sustainable modes. For those passengers who cannot use sustainable or active modes of transport, they rely on cars to use the rail network. To provide suitable provision within the car park will reduce pressure on the surrounding residential roads and adjacent car parks. This aligns with the Cannock Chase area action plan to *enhance and maintain a high-quality physical environment.*[7]

2.4.7. Station not in a position to attract further transport investment in the future

The National Infrastructure Assessment focuses on digital infrastructure and having the provision for 5G networks across the country. The continuity of Wi-Fi services between the train and platform is becoming increasingly common however Cannock is unable to provide basic Wi-Fi services on the platforms. Real time data from urban centres such as Birmingham, Liverpool and London can be relayed to passengers which will encourage multi-modal transport and reduce the stress that many passengers have when travelling long distances. The use of real time digital information boards will improve the public perception that Staffordshire is prepared for a digital future, using technology to connect, inform and support their citizens. This is one of the key principles outlines in the Staffordshire Strategic Plan[29] and will be supported by the redevelopment of Cannock station.

Over the past five years, significant investment has been made to the Chase Line including line speed upgrades and more frequent services to Birmingham and Coventry. The £100m Network Rail investment to the Chase Line, including electrification, is likely to foresee the increase in demand for rail across Staffordshire in the future. The redevelopment of Cannock station will complement this investment and support Cannock town in attracting further investment. The Cannock Chase District Council Economic Prosperity Strategy aims to support Cannock Chase in becoming one of the best locations in the West Midlands to start and grow a business, which will be reinforced through a strong and resilient transport infrastructure that is fit for purpose.[30]

The Stoke-On-Trent and Staffordshire Strategic Economic Plan has set a target of growing the economy by 50%, generating 50,000 new jobs over the 10 year period 2014 to 2024 (the 50:50:10 model).[31] Transport infrastructure will be at the heart of supporting this thriving economy and skilled workforce in the future whilst accommodating for future growth in rail demand. This is supported by the delivery of c.1264 new dwellings and 88 hectares of new employment land created by 2028.[32] National event and infrastructure projects such as the 2022 Commonwealth Games and HS2 will support the connectivity of Cannock and the increase in rail demand.

---

[27] Cannock Chase District Council, Economic Prosperity Strategy (2020-2030)
[28] Transport for West Midlands/West Midlands Combined Authority, Movement for Growth Transport Plan (2017-2026
[29] Staffordshire County Council Strategic Plan (2018-2022)
[30] Cannock Chase District Council Economic Prosperity Strategy (2020-2030)
[31] Stoke-on-Trent and Staffordshire Strategic Economic Plan (April 2018)
[32] Cannock Chase District Integrated Transport Strategy 2013-2028

2.5. Summary of Strategy and Policy Alignment with Challenges and Opportunities

Table 2-2 below summarises the alignment of the identified challenges and opportunities with the key national, regional and local strategies, showing that a redevelopment of Cannock station would have a strong and far-reaching strategic fit.

Table 2-2 - Summary of Strategy and Policy Alignment with Challenges and Opportunities

Challenges and Opportunities	DfT – Connecting People: a strategic vision for rail (Nov 2017) (Adopted)	DfT Transport Investment Strategy (July 2017) (Adopted)	National Infrastructure Assessment (2018) (Adopted)	DfT Cycling and Walking Investment Strategy (2017) (Adopted)	DfT The Inclusive Transport Strategy (2018) (Adopted)	West Midlands Rail Executive Strategy single network vision (2017) (Emerging)	West Midlands Local Industrial Strategy Plan (2019) (Adopted)	WMCA Transport Plan (2016 - 2026) (Adopted)	Stoke-on-Trent and Staffordshire strategic economic plan (April 2018) (Adopted)	Stoke and Staffordshire LEP delivery plan 2019-2020 and Infrastructure Delivery Plan (Adopted)	Staffordshire Walking and Cycling Strategy (Emerging)	Staffordshire County Council Strategic Plan 2018-2022 (Adopted)	Staffordshire Rail Strategy (April 2016) (Adopted)	Cannock Chase District Integrated Transport Strategy 2013 – 2028 (Adopted)	Cannock Town Centre Area Action Plan (August 2017) (Adopted) and Local Plan (2014) (Adopted)	Cannock Chase District Council Economic Prosperity Strategy (2020 – 2030) (Emerging)
Lack of station facilities impacting negatively on passenger experience, safety and security	✓					✓	✓	✓					✓			
Need to accommodate future demand growth as a result of the McArthurGlen Designer Outlet		✓							✓	✓						✓
Poor station accessibility, including non-compliant step-free access		✓			✓						✓		✓			
Poor public transport interchange	✓	✓	✓								✓				✓	
Unmaintained cycle storage discouraging active travel				✓							✓	✓			✓	
Unattractive gateway to Cannock Chase District for visitors															✓	✓
Underutilised car parking provision						✓									✓	
Station not fit for purpose to attract further transport investment in the future							✓		✓			✓		✓		✓

National Policies | Regional Policies | Local Policies

2.6. The Need for Change

Further improvement of the Chase Line is a strategic priority for both Cannock Chase District Council and Staffordshire County Council, with both authorities strongly supporting the recent enhancements, and recognising the line's potential for increased growth. The redevelopment of Cannock station will address the challenges and opportunities outlined in section 2.3, and it will also prepare the station to accommodate the forecast uplift in demand driven by increased propensity of people to travel by rail, new development in the area (particularly from the outlet village and Cannock's other development) and rail improvements.

In addition to supporting the proposed developments and addressing challenges/opportunities outlined in section 2.3, it is anticipated that the station redevelopment will support mode shift to rail and improve access to high-wage and high-skilled jobs in economic hubs such as Birmingham and Stafford.

2.6.1. Addressing the identified challenges

Currently, Cannock Station is a two platform, unstaffed station on the Chase Line between Birmingham New Street and Rugeley Trent Valley (via Walsall) offering a very basic level of facilities to passengers and presents an unattractive gateway to Cannock Chase district. It is in need of upgrade and investment to provide a modern and inviting facility for rail passengers and visitors, complementing the exciting prospect of the MGDOV development and the development of Cannock, the growing population and making travelling by train to and from Cannock a more attractive experience for everyone. This is the only way to ensure Cannock is well-positioned for further investment in the future. It should be noted that the challenges have not considered the Covid-19 pandemic.

2.6.2. Demand Uplift as the Key 'Driver for Change'

There is a key 'Driver for Change' at play here, with a significant uplift in demand expected from MGDOV (with forecasts assuming a flat 3.5 million visitors a year with a rail mode share of 2%-6%[33]) and other developments coming forward in Cannock which will support demand growth. This would have significant impacts on crowding at the station, as can be seen below in Figure 2-13, which shows the area per passenger reducing quickly to less than one square metre in the Worst Case Scenario soon after the opening of the MGDOV in 2021 and reducing to below half a square metre per passenger beyond 2025, with the recommended Level of Service (LoS) B/C[34] at 0.93 square metres[35]. The crowding analysis below is presented for the busiest hour of a typical week, and it factors in observed station counts captured as part of the survey undertaken on 21st January 2020.

Even in the 'Best Case' scenario the recommended level would be breached in 2030/2031. This would be due to a combination of growing MGDOV demand, at 3.5 million visitors a year, and background growth at 3.6% per annum. These estimates have been based on both of these factors, as well as on recent survey results from 2020[36] which confirm that platforms at Cannock station are currently busy at peak times and can often be overcrowded already at these times. These results further reinforce the need for increase platform capacity to accommodate demand through Cannock station.

---

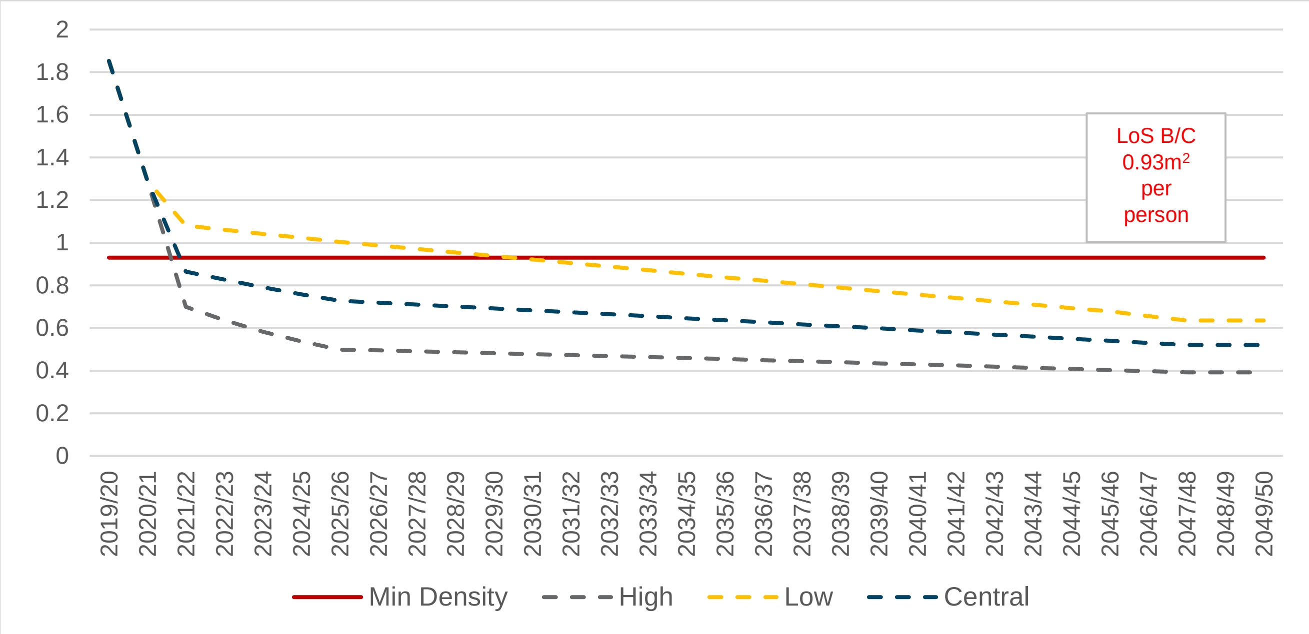
[33] Transport Assessment for Mill Green Designer Outlet Village Cannock Chase. The traffic generation is based on 3.5 million visitors per year

[34] LoS is "Level of Service" and "B/C" relates to Network Rail's aspiration of providing station layouts that offer 'adequate' comfort in terms of crowding, without making stations overly large/expensive. To set the B/C 'adequate' scoring in context, it relates to the Fruin Levels of Service A-F, where A means there's enough space for everyone to move around freely, and F is the other end of the scale of 'crowdedness'.

[35] This situation is worsened with rail passengers carrying travelling or shopping bags as is expected for MGDOV visitors.

[36] Station survey undertaken on the 21st of January 2020, capturing numbers of passengers boarding and alighting at both platforms at Cannock station. A total of 83 passengers were observed to be boarding and alighting the busiest train on this day which translates to a platform density of 1.1m^2 per person. This analysis assumes 83% of passengers boarding and alighting at Cannock station would do so on the southbound platform.

Figure 2-13 - Platform Crowding at Cannock Station



It is clear that if unaccommodated (as part of a 'Do Nothing' case) the uplift in demand cannot be accommodated sufficiently and this could bring about the following related outcomes:

- Passengers continue to experience poor journey quality and safety and security at Cannock station, with the possibility of being deterred from using the station altogether due to overcrowding;
- Cannock fails to realise the potential of the MGDOV, with visitors deterred from arriving/leaving at the existing Cannock station. MGDOV becomes a car-dependent development, with total capacity constrained by those unwilling to access via Cannock station;
- Accessibility, including step-free access, at Cannock station remains poor and deters passengers from using the station despite increased demand from those less-abled, amongst other groups;
- Passengers continuing their journey after arriving at Cannock station continue to use private car, whilst bus patronage and levels of walking and cycling remain lower than they should be;
- Visitor numbers, especially tourists, to Cannock remain lower than potential; and
- Cannock station cannot be future-proofed, or plan, for changes in demand and investment programmes for further improvements.

2.7. Strategic Objectives, Critical Success Factors and Desired Outputs and Outcomes

2.7.1. Strategic Objectives

The strategic objectives have been defined to directly address the challenges and opportunities discussed in Section 2.3 and are focussed on strategic benefits and outcomes for passengers, communities and businesses being sought from the intervention. They align closely with the established policies and plans of CCDC and SCC. Delivery of the scheme's outputs and outcomes, which are outlined in Table 2-3, will meet these strategic objectives.

- **Enhancing journey quality by improving safety, accessibility, reliability and technology for communities in Cannock District;**
- **Future-proof Cannock for further investment and ensure it is fit to accommodate growth**
- **Promote sustainable transport infrastructure and promote a greener future for Cannock and its environment;**
- **Creating an attractive town centre that encourages a vibrant local economy and workforce;** and
- **Support housing delivery and development in the District**

2.7.2. Cannock Station redevelopment Outputs and desired Outcomes

The station redevelopment, complying with current design standards, will deliver the following outputs and outcomes outlined in Table 2-3, helping meet the strategic objectives. These outputs and outcomes correspond with the scheme's core requirements, established by CCDC and SCC as detailed in the Client Requirements document.

Table 2-3 - Cannock station Redevelopment Outputs and Desired Outcomes

Outputs	Core Requirements	Outcomes
Create an exciting and inviting gateway	CRD_27	• Better access to Cannock town centre, Cannock Chase and to the McArthurGlen Designer Outlet Cannock development • Better access to leisure opportunities
Provide enhanced capacity throughout the station from electrified train service and platform extensions, whilst supporting future timetable and providing passive provision for platform extension	CRD_4 CRD_5 CRD_7	• Accommodate future growth and passenger capacity • Future proof for further train service improvements • Support local regeneration initiatives
Deliver and provide safe, secure, accessible, modern station facilities, complying with the standards baseline – including weatherproof platform waiting areas, enhanced ticketing facilities, refreshment/retail facilities, real-time customer information, interchange options, and wayfinding.	CRD_1 CRD_2 CRD_3 CRD_18 CRD_21 CRD_26	• Improved passenger experience for all • Improved passenger safety and security for all • Improved visual environment
The station will be operable and manageable during all hours, even in degraded mode[37], and will be carbon neutral	CRD_8 CRD_9 CRD_10 CRD_14 CRD_25	• Efficient operation and management of the station • Improved local air quality
Provide community hub facilities	CRD_27	• Improved staff support for passenger and visitor requirements • Support delivery of housing and development
Improving car parking provision and improving drop off/pick up facilities	CRD_23	• Encourage growth in Park & Ride
Enhance step-free access facilities	CRD_6	• Improved station accessibility for all
Provide active travel facilities	Aligns with non-core requirements	• Encourage active travel and healthier lifestyles • Improved local air quality
Support interchange with local transportation links	Aligns with non-core requirements	• Better local connections from the rail station to Cannock town centre and the Mill Green outlet

37 Network Rail's COMPASS system, now termed DMWS (Degraded Mode Working System), is a system whereby, in the event of a signalling problem, an instruction can be given to a train driver that it is safe to proceed beyond the failure locality to a distant position determined by the signaller

2.7.3. Critical Success Factors

In addition to the strategic objectives and the scheme's outputs and outcomes which help meet these, a set of critical success factors (CSF) have also been identified that reflect criteria that will also need to be met if successful delivery of an intervention at Cannock station is to be realised. These are presented below in Table 2-4.

Table 2-4 - Critical Success Factors

Critical Success Factor	Description
Value for Money	Intervention must represent satisfactory overall value for money to the UK tax payer
Affordability	Intervention must be affordable and have realistic funding prospects
Infrastructure delivery	Intervention must be considered technically feasible and deliverable at a satisfactory level of risk
Implementation disruption to transport network	Disruption impacts to transport network associated with implementation should be considered acceptable
Operational delivery	Intervention should be operationally feasible and deliverable at a satisfactory level of risk
Resilience to future demand and investment	Intervention should offer reasonable resilience to future demand and future investment
Environmental impact	Intervention must be deliverable at an acceptable level of environmental impact
Land property impacts	Intervention must be deliverable at an acceptable level of land and property impact
Programme	Intervention should be deliverable within a timeframe that aligns to the strategic objectives
Stakeholder acceptability	Intervention should have the support or acceptance of the stakeholders required to facilitate delivery

The combination of strategic objectives and CSFs provides the framework for overall strategic performance assessment of options, presented below in Section 2.8

2.7.4. Logic Map

Figure 2-14 sets out the Logic Map for this SOBC, which links the challenges and opportunities identified to the strategic objectives and the scheme's outputs and outcomes. This has been developed in line with DfT's logic mapping guidance.

Figure 2-14 - Cannock station Redevelopment SOBC Logic Map

Challenges

- Lack of station facilities impacting negatively on passenger experience, safety and security
- Accommodate future demand growth as a result of the McArthurGlen Designer Outlet
- Poor station accessibility, including non-compliant step-free access
- Poor public transport interchange
- Unmaintained cycle storage, discouraging active travel
- Unattractive gateway to Cannock Chase district
- Underutilised car parking provision
- Station not in a position to attract future transport investment

Inputs

- Further development of the scheme's Transport Business Case
- Funding to develop project costs, develop a funding application and identify the scheme's funding source(s)
- Detailed design work to outline plans to upgrade the platform, station and car parking facilities at Cannock station
- Establishing a detailed programme to manage the delivery of the scheme

Outputs

- Create an exciting and inviting gateway (to Cannock town)
- Enhance capacity throughout the station from electrified train service and platform extensions, whilst supporting future timetables
- Provide safe, accessible and modern station facilities, complying with the standards baseline
- Operable and manageable carbon neutral station, during all hours and in degraded mode
- Provide community hub facilities
- Expand car parking capacity and improve drop off/pick up facilities
- Enhance step-free access facilities
- Provide active travel facilities
- Support interchange with local transport links

Outcomes

- Better access to Cannock town centre, Cannock Chase and McArthurGlen Designer Outlet
- Future-proof Cannock station for further train service improvements
- Accommodate future growth and local regeneration initiatives
- Improved passenger experience, accessibility, safety and security for all
- Efficient operation and management of the station
- Better access to leisure opportunities
- Improved staff support for passenger and visitor requirements
- Encourage growth in Park and Ride
- Better local connections from the station
- Promote active travel and healthier lifestyles
- Improved local air quality and visual environment

Impacts

- Enhancing journey quality by improving safety, accessibility, reliability and technology for communities in Cannock District
- Future-proof Cannock for further investment and ensure it is fit to accommodate growth
- Creating an attractive town centre that encourages a vibrant local economy and workforce
- Support housing delivery and development in the District
- Promote sustainable transport infrastructure and promote a greener future for Cannock and its environment

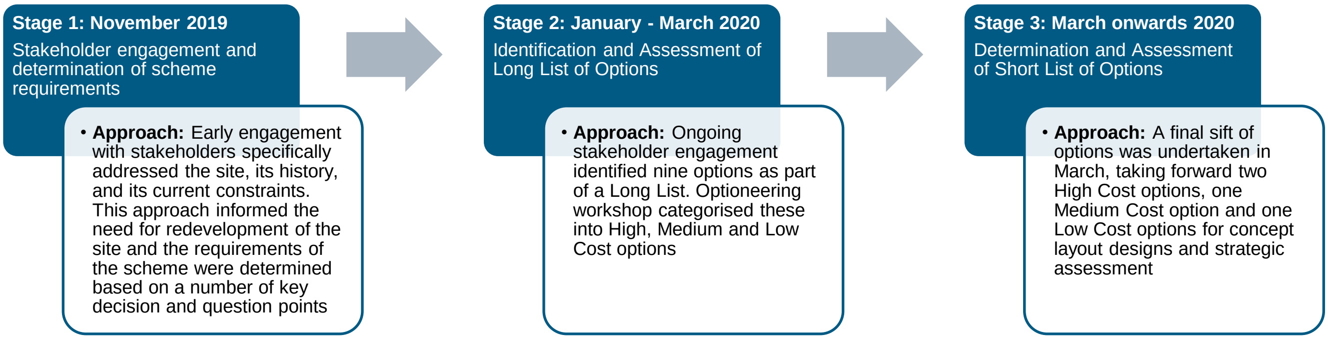
2.8. Consideration of Options for Intervention

This section outlines the stages of consideration of options for intervention at Cannock station, which culminated in the Short List of options for full SOBC appraisal.

2.8.1. Stages of considering and assessing Options

Figure 2-15 below outlines the key three stages to the consideration of options for Cannock Station's redevelopment.

Figure 2-15 - Option Consideration and Assessment Approach



2.8.2. Stage 1 – Stakeholder engagement and determination of Scheme requirements

Stakeholder Meetings

A number of stakeholder meetings were held between October 2019 and March 2020, with CCDC, SCC, WMRE and Network Rail, amongst other stakeholders. The purpose of the earlier meetings, those taking place between October and December, was to discuss the site upon which Cannock station will undergo a redevelopment. Specifically, the site's history and existing constraints, including those referred to in Section 2.2, were carefully considered. This approach informed the specifics of the need for a redeveloped station, and the requirements of the site.

Scheme Requirements Capture Workshop

The discussions based around the site itself progressed to the exploration of a number of question and decision points about the requirements of a redeveloped Cannock station. These were explored in a workshop on 29th January 2020, with CCC, SCC, WMRE and Network Rail. These question and decision points are set out below in Table 2-5.

Table 2-5 - Key Decision Points and Questions to Capture Scheme Requirements

Decision Points	Questions
Is a manned station needed?	Will the Outlet Village have a presence at the station?
Will there be a crossing outside of the station?	What work has already been agreed to start at the station? (i.e. what changes have been agreed?)
How much of an impact should the station make?	How much do CCDC want to provision for future technology and ways of operating?
Is a station building needed?	What is being done by WMRE on "How to make the railway accessible for the last mile?"
Does additional land need to be purchased?	Is the aim for the station to be carbon natural? what is the applicability?
Does Girton Road need to be opened to allow buses to use it?	Is there a need to link to the outlet village for access, e.g. a shuttle?

Is a bus stop needed outside of the station?	How is on street parking affected by parking charges?
Do highways surrounding the station need to be modified?	Who uses the car park?

A list of core and aspirational requirements was then developed by CCDC, SCC, WMRE and Network Rail. These correspond with the outcomes set out in Section 2.7.2. Upon development of the scheme requirements, nine options were established as part of the Long List.

2.8.3. Stage 2 – Identification and assessment of Long List of Options

The Station's Functional Components

Individual components of the station were assessed separately to identify a range of distinct option components as summarised in Table 2-6 below.

Table 2-6 - Cannock Station's Functional Components

Station's Functional Component	Option Components[38]
Platforms	Widen Platforms (WP) New Shelter (NS) Compliant Ramps/Footpath/Lift/Stairs, Person with Reduced Mobility (PRM) Ticket Machine (TM) Elevated Plaza (EP) New Canopy (NC) Platform lengthening and screen (PL) Partial platform widening (PW) Demolish building (CPO)
Car Park	Re-plan exiting car park (CP) Kerb adjustment for set-down (KA) Retaining wall to facilitate new parking layout (RW)
Station Building	New shelter (NS) Ticket machine at platform level with hood (TM) Enclosed pavilion with café serving hatch at ground level (PC) Station building with ticketing facility and café (with toilets and BOH areas at ground level (ST) Mobile catering provision at ground level (MC)

Identification of High, Medium and Low Cost Options

The components were then aggregated to generate nine longlisted options. The nine longlisted options were categorised by 'High Cost, 'Medium Cost' and 'Low Cost', and each assessed against the project outputs outlined in Section 2.7.2. The following categorisation by expected cost was confirmed and presented in an optioneering workshop on 3rd March 2020.

- **High Cost** options – A, B, and C;
- **Medium Cost** options – D, E, and F; and
- **Low Cost** options – G, H, and J

Details of the longlisted options are detailed in the Cannock Station Redevelopment Options document (5193346-ATK-50.51-00001).

[38] Abbreviations correspond with design options in the Cannock Station Redevelopment Options document (5193346-ATK-50.51-00001)

2.8.4. Stage 3 – Determination and assessment of Short List of Options

Final Sifting of Options

The final sifting process, to determine a short list of options, took place between 4th – 20th March 2020. Four options were selected across the expected cost categories to be taken forward, with at least one option being chosen from each category. These are outlined and described below:

- **Option A (Transformational Upgrade Max):** This option features a new gateway, step-free access and community hub. It will provide enhanced capacity and improved passenger experience and promote active travel with improved facilities;
- **Option C (Transformational Upgrade):** This option will have the same facilities and provisions as Option A; however, the gateway and community hub elements will be less developed;
- **Option G (Enhanced Upgrade):** Similar to Option C, however the improvement to passenger experience is likely to be limited by lack of shelter and some station facilities such as WCs; and
- **Option J (Core upgrade):** This basic station redevelopment option will lack a gateway and community hub, and improvement to passenger experience will be limited by lack of facilities, such as café, canopy and WCs.

Common to all options are improved audio- visual management systems (including CCTVs), improved customer information systems and wayfinding, platform widening, improved lighting, ticket machine to the Northbound Platform, free Wi-Fi, improvements to car park and provision of PRM-compliant footpath/ramp.

Assessment of Short List and Identification of Preferred Option

Table 2-7 presents a strategic case overview of the assessment of each option's potential to meet the strategic objectives and outcomes.

Option A is the most ambitious scheme for a new, redeveloped Cannock station. It scores highest for its forecasted impacts on all aspects of journey quality and passenger experience, and highly for future-proofing the station and the town for future investment, for promoting sustainable transport infrastructure and creating an attractive gateway and town centre, and thus scores well for housing delivery. As the most ambitious and expensive option there is understandably greater risk associated with deliverability, disruption, and environmental impact, however these are outweighed by the scheme's forecasted positive impacts for the purposes of this assessment. Impacts on Value for Money and Affordability will be assessed upon completion of the Economic and Financial Cases.

Table 2-7 - Strategic Assessment of Short List of Options against Strategic Objectives and Critical Success Factor

Objectives	Key Outcomes/Benefits Sought	Scoring Framework	Option A	Option C	Option G	Option J
Enhancing journey quality by improving safety, accessibility, reliability and technology for communities in Cannock District	• Improved passenger safety and security for all • Improved station accessibility got all • Improved passenger experience for all • Improved staff support for passenger and visitor requirements	+4 = very large impact forecast +3 = large impact forecast +2 = moderate impact forecast +1 = modest impact forecast 0 = negligible impact forecast	+4	+3	+2	+2
Future-proof Cannock for further investment and ensure it is fit to accommodate growth	• Future proof for further train service improvements • Accommodate future growth and passenger capacity at Cannock station	+4 = very large impact forecast +3 = large impact forecast +2 = moderate impact forecast +1 = modest impact forecast 0 = negligible impact forecast	+3	+2	+2	+2
Promote sustainable transport infrastructure and promote a greener future for Cannock and its environment	• Improved visual environment • Encourage active travel and healthier lifestyles • Better access to leisure opportunities • Improved local air quality • Support Park & Ride	+4 = very large impact forecast +3 = large impact forecast +2 = moderate impact forecast +1 = modest impact forecast 0 = negligible impact forecast	+3	+2	+2	+1
Creating an attractive town centre that encourages a vibrant local economy and workforce	• Better access to Cannock town centre, Cannock Chase and to the McArthurGlen Designer Outlet Cannock development	+4 = very large impact forecast +3 = large impact forecast +2 = moderate impact forecast +1 = modest impact forecast 0 = negligible impact forecast	+3	+2	+2	0
Support housing delivery and development in the District	• Support delivery of housing and development • Support local regeneration initiatives	+4 = very large impact forecast +3 = large impact forecast +2 = moderate impact forecast +1 = modest impact forecast 0 = negligible impact forecast	+2	+2	+2	+1
Critical Success Factors						

Value for Money	Intervention must represent satisfactory overall value for money to the UK tax payer	VfM score reflecting AST: +4 = Very high; +3 = High; +2 = Medium; +1 = Low; -1 = Poor; -2 = Very Poor	-1	1	-1	-1
Affordability	Intervention must be affordable and have realistic funding prospects	Scale of affordability challenge: -3 = High; -2 = Moderate; -1 = Low	-3	-3	-2	-1
Infrastructure delivery	Intervention must be considered technically feasible and deliverable at a satisfactory level of risk	Technical feasibility risk level score: -3 = high; -2 = moderate; -1 = low	-3	-2	-2	-1
Implementation disruption to transport network	Disruption impacts to transport network associated with implementation should be considered acceptable	Disruption risk level score: -3 = high; -2 = moderate; -1 = low	-2	-2	-2	-1
Operational delivery	Intervention should be operationally feasible and deliverable at a satisfactory level of risk	Operational risk level score: -3 = High; -2 = moderate; -1 = low	-3	-2	-2	-1
Resilience to future demands and investment	Intervention should offer reasonable resilience to future demand and future investment	Future resilience score: +3 = High; +2 = Medium; +1 = Low	+3	+3	+2	+1
Environmental impact	Intervention must be deliverable at an acceptable level of environmental impact	Environmental impact risk level score: -3 = high; -2 = moderate; -1 = low	-2	-2	-2	-2
Land property impacts	Intervention must be deliverable at an acceptable level of land and property impact	Land & Property impact risk level score: -3 = high; -2 = moderate; -1 = low	-3	-2	-1	-1
Programme	Intervention should be deliverable within a timeframe that aligns to the strategic objectives	Delivery alignment to strategic need score: +2 = well aligned; +1 = partially aligned; -1 = poorly aligned	+2	+2	+2	+2
Stakeholder support	Intervention should have the support or acceptance of the stakeholders required to facilitate delivery	Support score: +2 = strong; +1 moderate; -1 = poor	+2	+1	+1	-1

The following provides a summary of performance against the Strategic Objectives and the Critical Success Factors:

Strategic Objectives

- **Enhancing journey quality by improving safety, reliability and technology for communities in Cannock District –** Option A performs the highest for this objective with its extensive range of new components and facilities. Specifically, widened platforms, PRM-compliant footpath and ramp, and new ticket machine, canopy, and café will improve safety and technology for communities. Options C and G perform moderately due to limited new station facilities when compared to Option A, however it is Option J that performs the poorest against this objective. This is because it offers no real improvement to station and car park facilities beyond a new ticket machine, basic shelter, footpath/ramp and platform widening;
- **Future-proof Cannock for further investment and ensure it is fit to accommodate growth –** Options C, G and J perform well against this objective as they all provide the opportunity to increase station capacity through platform widening and shelter areas. However, Option A performs stronger as it offers more capacity within an improved station building;
- **Promote sustainable transport infrastructure and promote a greener future for Cannock and its environment –** Whilst all options offer relocated bus stops, Options A and C also relocate the pedestrian crossing and therefore perform stronger than Options G and J. Option A performs the strongest as its waiting areas within the new station building, canopy and café will encourage more passengers to wait within the station not only for rail services but for interchanging bus services;
- **Creating an attractive town centre that encourages a vibrant local economy and workforce –** Option A provides an attractive gateway and introduction to the town with its new station facilities, components and features. Options C and G do this to some extent, whilst Option J provides no improvement to perception of the town with its limited changes and therefore; and
- **Support housing delivery and development in the District –** Options A, C and G are all expected to have a moderate impact on housing delivery and development in the District, closely linked to the improvement of Cannock’s gateway and its perception as a nice place to live and work. Option J, due to not providing an improvement to perception of Cannock, is expected to only have a small impact on housing delivery and development

Critical Success Factors

- **Value for Money –** All Options except option C have a Benefit Cost Ratio (BCR) in the ‘Low’ Value for Money (VfM) category;
- **Affordability –** Options A and C perform poorly with high capital costs, Option G performs moderately for affordability, whilst Option J remains the most affordable option;
- **Infrastructure delivery –** As the most ambitious option, Option A is considered to be more technically challenging to deliver, with greater levels of risk than Option C. Options G and J are considered the most technically feasible to deliver and score strongest for this CSF, mainly due to the lack of platform elevation and new buildings;
- **Implementation disruption to transport network –** Options A and C will require substantial changes to platforms, canopy, bus stops and pedestrian crossings, and are therefore expected to have moderate disruption to the local transport network. Options G and J are expected to have low disruption without such substantial changes;
- **Operational delivery –** Option A is expected to require the most operation and maintenance costs as it is introducing or changing the most components, such as the formal station building and its new facilities. Options C and G are expected to require some operation and maintenance, whilst Option J is expected to require limited additional operation and maintenance;
- **Resilience to future demands and investment –** Options A and C score strongest as the improvements planned for each will accommodate increased capacity and support further plans for increased capacity and investment. Option G will have a medium impact on the ability to offer reasonable resilience whilst Option J will have a low impact;
- **Environmental impact –** All options are expected to have a negative environmental impact; however the scoring will be made upon completion of the environmental assessments;
- **Land property impacts –** Option A scores weakest for this CSF. Option C scores fairly poorly.

- **Programme –** all options are expected to be deliverable within the timeframe at this stage and therefore they all align well with this CSF; and
- **Stakeholder support –** Option A is best aligned to the Strategic Objectives and is likely to have the most support and acceptance from stakeholders. Options C and G would be well-received by stakeholders as notable improvements to the station, and therefore score moderately. Option J is likely to have poor stakeholder support as it does not offer a notable improvement

2.9. Constraints and Dependencies

A number of constraints and dependencies exist for the scheme and these have been considered with planned mitigation throughout the scheme's development.

2.9.1. Constraints

Table 2-8 below outlines the scheme's key constraints. This includes environmental and geographic constraints, as well as those related to utilities, land access, and residential properties.

Table 2-8 - Cannock Station Redevelopment Key Constraints

Constraint	Impact	Timeframe	Planned Mitigation
Gas governor kiosk located north east of the station	Relocating the gas governor kiosk would incur costs on the project	Medium-term	A decision has been made not to seek utility records or contact Cadent Gas about the kiosk at this stage
Station located on historic gas works	A gas main runs beneath the station, and it is likely an easement or a wayleave would be required to check or move the main	Medium-term	CCDC to liaise with Cadent Gas about the nature and timeframes of any easements or wayleaves required
Utilities located near the footway	Potential relocation would be required if the footway was to undergo works	Short-term	CCDC to liaise with utilities companies
Mill Green and Hawks Green Valleys Local Nature Reserve located immediately north of the station	Construction activity could encroach on the nature reserve, and its access for visitors could be restricted	Short-term	Construction plans to consider environmental receptors, minimising or removing impact where possible
Poor condition of culvert under Lichfield Road	Would require remedial works if affected by the scheme	Short-term	Mitigation for this constraint is yet to be determined at this stage
Significant tree coverage on the site	Trees may have to be removed during construction of the scheme	Short-term	None of the trees are noted to be of high value so their removal should not pose significant issues
Site located on an embankment	A large proportion of the site is located on an embankment, so a retaining wall should be considered with the new works	Short-term	Mitigation for this constraint is yet to be determined at this stage
Existing Network Rail assets	Construction works in the car park may disrupt existing Network Rail assets	Short-term	Mitigation for this constraint is yet to be determined at this stage
Electrification Masts – Mid Point Anchor	A mid-point anchor structure is located the north end of the platforms.	Short-term	This substantial structure would require relocation or replacement to enable northbound platform extensions.

Constraint	Impact	Timeframe	Planned Mitigation
Electrification Masts – Other Structures	Other overhead electrification masts are located within the vicinity of the station. These would locally limit any potential platform widening	Short-term	it is envisaged that a compliant platform width could still be achieved at any pinch points
Network Rail Access	An Existing Vehicular Access Point exists at the northern end of the Northbound platform	Short-term	This would require relocation to accommodate platform lengthening of the Northbound Platform
Residential Properties	Residential Properties are located to the North of the Northbound Platform. These limit the land available for development.	Medium-term	Explore whether third party land could be acquired to facilitate transformation option.
Level Difference	A significant level difference exists between the Lichfield Road and Platform Level. The embankment is approximately 6.2m above car park level.	Short-term	Appropriate ramping /step-free access will be required

There are also a number of environmental constraints, all within 2.1km of the scheme, which were identified as part of the Stage 1 High-Level Environmental Review and Preliminary Ecological Appraisal. Further information can be found in the reports:

- **Cultural Heritage**: including two Grade II listed buildings close the scheme;
- **Landscape and Visual**: residential receptors and Public Right of Way routes within 300m of the scheme;
- **Ecology**: priority habitat, Sites of Special Scientific Interest (SSSI), Cannock Town Centre Conservation Area, on-site habitats and invasive species all within close proximity of the scheme;
- **Noise and Vibration**: Noise Important Area (NIA) and line side residential receptors within 300m of the scheme;
- **Water Environment**: Ridings Brook main river, secondary A aquifer underneath the scheme;
- **Geology and Soils**: several mine entries and potential contaminants underneath and in close proximity to the scheme; and
- **Air Quality**: Cannock Chase Air Quality Management Areas (AQMA) and line side residential receptors in close proximity to the scheme

2.9.2. Dependencies

The scheme's success is not dependent on any other known schemes, aside from the MGDOV. It must be noted that many of the issues with the existing station facilities will worsen as demand increased beyond its current levels.

2.10. Complementary Measures

In conjunction with the designer outlet, McArthurGlen are also paying £15 million to improve the highways in the local area, as well as S106 funding to improve bus interchange, cycling, walking and wayfinding. [39] The improvements are designed to improve access to the new retail development. These are focused on the A460 Eastern Way and include:

- "Widening of the eastern and western arms to dual carriageway to provide on and off slip roads to the Outlet Village;

[39] SCC, Highway Improvements, available at: https://www.staffordshire.gov.uk/Newsroom/Articles/2018/11-November/15-million-highway-improvements-programme-set-to-begin-in-Cannock.aspx

- Construction of an underpass and associated retaining walls;
- Improvements to the Lichfield Road roundabout;
- New access off the Hayes Way roundabout;
- A new section of footway/cycleway through the Mill Green Nature Reserve to provide links to the Outlet Village;
- Amendments to road markings, signing, drainage, road lighting; and
- Diversion works associated with statutory undertaker's equipment."

There will also be a number of other general improvements to road infrastructure in the local area, including:

- Upgrade of Eastern Way to dual carriageway (east and westbound);
- Additional toucan crossings installed on Eastern Way;
- Upgrades to Churchbridge North and Lodge Lane roundabouts; and
- Additional right lane onto the roundabout added to Orbital Way.

2.11. Strategic Case Conclusion

There is a strong Strategic Case for Cannock station's redevelopment, with a clear local context and case for change, driven primarily by the existing station's poor facilities and provision and by the arrival of the MGDOV. The logic for the Strategic Case story, from the identification of specific Cannock challenges and opportunities to the delivery of a scheme with targeted impacts, is documented in the Logic Map The key challenges and opportunities are set out further down in this conclusion.

The arrival of the huge development in Cannock will change the look and nature of the town. The £160 million designer outlet will feature 285,000 sq. ft of retail space across two phases, Phase 1 of the MGDOV in Cannock is due to open in spring 2021, creating 80 high quality retail units, over 1,000 new jobs and attracting 3.5 million visitors per year to the district once complete. Phase 2 is set to create an extra 500 jobs and is expected to open in 2021 as well. The MGDOV is in close proximity to Cannock station and it is forecast that a significant number of visitors to the outlet will travel by train. There is a potential for this figure to be significantly increased as rail services on the Chase Line improved and the area benefits from faster and more frequent services and improvements to the rolling stock.

There are also a number of other key housing and mixed-use developments coming forward in Cannock, and demand for Cannock station would be expected to increase further beyond that expected from the MGDOV and background growth. Beyond 2019, passenger demand at Cannock station is expected to grow considerably from approximately 215,000 to 569,000 annual entries and exits in 2020/21 (in the central case), after the opening of the MGDOV. As noted, the demand forecasts and assumptions have not considered the impacts of the Covid-19 pandemic.

The following are Cannock station's key challenges and opportunities. There is a robust evidence base and strong policy and strategic alignment for a scheme to address each challenge and opportunity:

- Lack of station facilities impacting negatively on passenger experience, safety and security;
- Need to accommodate future demand growth as a result of the MGDOV;
- Poor station accessibility, including non-compliant step-free access;
- Poor public transport interchange;
- Unmaintained cycle storage discouraging active travel;
- Unattractive gateway to Cannock Chase District for visitors;
- Enhancing car parking provision; and
- Station not in a position to attract further transport investment in the future

The redevelopment of Cannock station will address the identified challenges and opportunities, and it will also prepare the station for any further challenges and opportunities posed by the project's key 'Driver for Change': the expected the uplift in demand from the MGDOV and Cannock's other developments. Without improvements at Cannock station, the identified challenges and opportunities cannot be addressed. This would have significant impacts on crowding at the station on a regular basis, with the area per passenger reducing quickly to less than the recommended guideline of 0.93sqm [40] in the Worst Case (High Demand) scenario soon after the opening of the MGDOV in 2021 and reducing to well below half of the minimum area recommended beyond 2025. Even in the best case scenario the recommended level would be breached in 2030/31.

The Strategic Objectives have been defined to directly address the challenges and opportunities and they align closely with the established policies and plans of CCDC and SCC. Delivery of the scheme's outputs and outcomes will meet these strategic objectives. These include the specific things the scheme will deliver, such as safe, secure, accessible and modern station facilities, improved car parking provision, compliant step-free access, encouragement of active travel, and creating an exciting and inviting gateway to Cannock, all whilst future-proofing the town and the station for future demand and investment.

- Enhancing journey quality by improving safety, accessibility, reliability and technology for communities in Cannock District;
- Future-proof Cannock for further investment and ensure it is fit to accommodate growth
- Promote sustainable transport infrastructure and promote a greener future for Cannock and its environment;
- Creating an attractive town centre that encourages a vibrant local economy and workforce; and
- Support housing delivery and development in the District

The three-stage approach to option identification and assessment has determined a short list of options, based on stakeholder engagement, optioneering workshops and a final sift of the High, Medium and Low cost options. The final stage assessed has four shortlisted options: Option A, Option C, Option G and Option J. A summary of their performance against the Strategic Objectives and Critical Success Factors is provided below:

Option A (Transformational Upgrade Max)

- As the most ambitious scheme Option A performs the strongest against the Strategic Objectives and is expected to have large impacts on passenger experience and on creating a better gateway and town. It will future-proof the station for further passenger growth and investment in the future; and
- Option A scores the weakest against the CSFs, notably poor against affordability and infrastructure delivery criteria due to the ambition and complexity of the project. Whilst scoring strongly as a scheme which would be resilient to future demand and investment.

Option C (Transformational Upgrade)

- Option C performs moderately against the Strategic Objectives across the board but not as strongly as Option A. This is because it offers less facilities and components but still offers a significant improvement to the station; and
- Against the CSFs Option C performs slightly better than Option A, due mainly to less perceived risk associated with delivery and operation of the scheme.

Option G (Enhanced Upgrade)

- This option performs moderately against the Strategic Objectives but, similar to Option C, not as strongly as Option A. Option G ranks third out of the four options, differentiating itself from Option C because it does not offer platform lengthening and widening which would bring capacity, reliability and safety benefits; and
- Option G is the strongest performing option against the CSFs, notably performing strongly with low affordability, infrastructure delivery and disruption risk.

Option J (Core Upgrade)

- Option J performs poorly against the Strategic Objectives, especially for promoting sustainable transport infrastructure and creating an attractive gateway. Its lack of notable improvement to the station and its facilities will fail to change its perception and transformative impacts on housing and future-proofing for further change will be negligible; and
- Against the CSFs Option J performs moderately mainly due to the perceived low risks around affordability, infrastructure delivery and disruption to the local transport network. Low stakeholder support, due to low ambition and lack of perceived improvement, means this Option ranks below Option G when assessed against the CSFs.

[40] Network Rail, Station Capacity Planning Guidance, November 2016

Overall, Option A scores highest against both the Strategic Objectives and the Critical Success Factors, with Option C scoring slightly lower overall. Option J scores the lowest of all the options against the Strategic Objectives and Critical Success Factors.

The Strategic Case sets out in detail the scheme's constraints, which range from environmental receptors, to the proximity of utilities and residential properties. All of these issues will have to be mitigated before the scheme can be delivered successfully. As for dependencies, the scheme's success is dependent on the delivery of MGDOV and underlying rail growth coming forward, which will determine whether the scheme delivers Value for Money and affordability, as well as meeting all of its wider objectives.

In light of the current pandemic, we are convinced that the scheme will contribute to encouraging the use of rail by providing the added capacity on platform that is needed to accommodate expected demand and encourage social distancing if required. It is anticipated that in the long term, passenger numbers will resume to pre-COVID-19 levels and so the strategic need for the project will still apply.

3. Economic Case

3.1. Introduction

The primary aim of this Economic Case is to set out a robust body of evidence and corresponding case that presents the potential economic, social and environmental impacts of the Cannock redevelopment and the consequent emerging prospects for the investment to offer satisfactory value for money (VFM). The approach taken to developing the Economic Case is consistent with the DfT's TAG and Business Case and Value for Money guidance.

The economic case is set out in the following sections:

- **Section 3.2** summaries the options appraised and detailed in the Strategic Case
- **Section 3.3** discusses the Value for Money approach and assumptions underpinning the Economic Case.
- **Section 3.4** summarises the approach and results from the demand and revenue modelling underpinning the benefit assessment.
- **Section 3.5** summarises the approach and results from the assessment of monetised station user impact
- **Section 3.6** summarises the approach and results from the assessment of monetised non-station user impacts
- **Section 3.7** presents the scheme costs including the Capex and Opex
- **Section 3.8** summarises the approach and results from the Cost Benefit Analysis
- **Section 3.9** discusses the impact of alternative scenarios on the Cost Benefit Analysis
- **Section 3.10** provides a high-level assessment of social and distributional impacts
- **Section 3.11** provides a high-level assessment of environmental impacts
- **Section 3.12** provides the Value for Money statement

3.2. Options Appraised

The assessment considers the relative costs and benefits of a 'Do Something' scenario against a 'Do Minimum' status quo – i.e. no station upgrade. At this stage of scheme development, there are four proposed options, each forming a 'Do Something' scenario. The four 'Do Something' scenario options appraised are summarised as follows and described in more detail in the Strategic Case.

- **Option A (Transformational Upgrade Max):** This option features a new gateway, step-free access and community hub. It will provide enhanced capacity and improved passenger experience and promote active travel with improved facilities.
- **Option C (Transformational Upgrade):** This option will have the same facilities and provisions as Option A; however, the gateway and community hub elements will be less developed.
- **Option G (Enhanced Upgrade):** Like Option C, however the improvement to passenger experience is likely to be limited by lack of shelter and some station facilities such as WCs.
- **Option J (Core upgrade):** This basic station redevelopment option will lack a gateway and community hub, and improvement to passenger experience will be limited by lack of facilities, such as café, canopy and WCs.

All options will include improved audio-visual management systems (including CCTVs), improved customer information systems and wayfinding, improved lighting, ticket machines on both platforms, free Wi-Fi and provision of PRM-compliant footpath/ramp.

3.3. Value for Money (VFM) Approach and Assumptions

The Value for Money assessment has been undertaken in line with DfT TAG which sets out the requirements of HM Treasury's Green Book for transport schemes. The Green Book, especially, is used across Government for investment decisions through the option identification, selection and appraisal processes.

At the heart of the approach to assessing the Value for Money potential of the scheme has been the economic appraisal which consider the benefits and costs of the scheme and enables the quantification of the Benefit to Cost Ratio (BCR). This has firstly been undertaken on a Core Scenario set of assumptions that could be considered to reflect a prudent outcome. This Core Scenario BCR provides an 'initial' perspective on overall VFM performance, using the DfT's VFM framework categories presented in Table 3.1. Further sensitivity tests are then undertaken to consider key areas of uncertainty including alternative demand growth scenarios and how these may impact on the BCR and Value for Money position.

Table 3.1: DfT Value for Money Categories

VfM Category	Implied by
Very High	BCR greater than or equal to 4
High	BCR between 2 and 4
Medium	BCR between 1.5 and 2
Low	BCR between 1 and 1.5
Poor	BCR between 0 and 1
Very Poor	BCR less than or equal to 0

3.3.1. Economic Appraisal overview

The appraisal considers transport user benefits, operator benefits (revenue) and the costs (including capital, operating & maintenance costs). The station user benefits assessment includes journey time savings, benefits from station facility and platform widening improvements. Non station user benefits include highway decongestion impact, revenue generated from the car park and the farebox revenue from on rail services. Benefits from urban realms improvements have not been included at this stage. The appraisal considers the principle of TAG unit A1 - Cost Benefit Analysis and an overview of the process is presented in Figure 3-1.

The Economic Appraisal has been broken down into the following components:

Monetised station user impacts

- **Station access Journey time impacts** – changes in journey time and journey costs attributable to changes in station layout and accessibility.
- **Platform crowding impacts** – elements of journey time and journey cost impacts attributable to increased platform capacity.
- **Journey quality, ambience and Station facilities impacts** – perceived user benefits from improved station facilities.

Monetised non-station user Impacts

- **Highway decongestion impacts** – marginal external impacts of mode shift from car to rail.

Operators revenue impacts

- **Car park revenue** – consideration of potential demand-related changes station car park revenues[41]
- **Rail farebox revenue** – demand-related changes in rail fare revenues

Scheme Costs

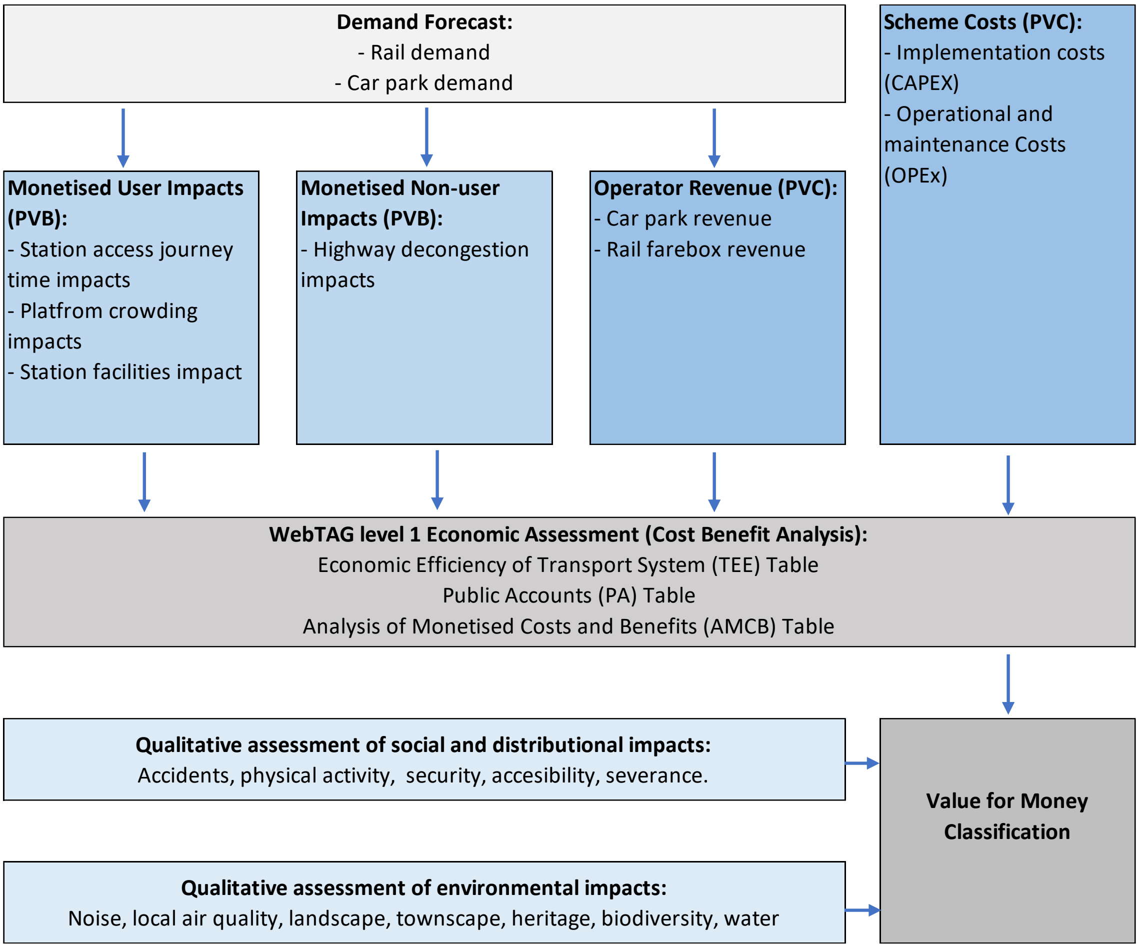
- **Capital costs** (Capex) – costs associated with implementation of the scheme
- **Operational costs** (Opex) – costs associated with operating the station post redevelopment

Finally, high-level consideration of social and distributional impacts and environmental impacts are discussed qualitatively with respect to the scheme options.

The impacts are captured for the four shortlisted options and are assessed compared to a consistent Do Minimum reference case. The benefits and costs are calculated in terms of changes from the Do Minimum reference case.

[41] The potential for car park revenue was considered and assessed at high-level, as part of the demand forecasting and economic appraisal, but ultimately, in economic appraisal terms, there is no net gain in car park revenue attributable to any of the scheme options.

Figure 3-1 – Economic Appraisal



3.3.2. Key assumptions

The analysis of monetised impacts follows WebTAG, with monetised impacts calculated based on a 60-year appraisal period from scheme opening and expressed as discounted 2010 Present Values in market prices.

The derivation of rail demand, revenue and benefits requires a range of assumptions to be made. Table 3.2 summarises the assumptions that underpin the quantification of benefits and costs/revenue.

Table 3.2: Scenario Assumptions

Parameters	Assumptions
Demand growth Scenario	3.6% p.a. rail demand growth[42], capped at 30 years
Capital expenditure inflation	Included in 66% cost contingency at this stage
Operating costs	At this stage there is little to no significant variation in the operating cost requirements between the options, therefore for the purposes of SOBC, the same operating costs have been applied across all options.
Optimism Bias	Capex cost contingency of 66% included cost estimates Opex optimism bias of 41%
Discounting rate and year	2010 base year, discounted 3.5% p.a. up to 30 years from 2020 and 3% thereafter, in line with WebTAG
TAG Databook	July 2020 v1.13.1

[42] 3.6% CAGR based on 2000/01 to 2017/18 data for Cannock station entries and exits.

Period of Construction	Implementation costs are assumed to be incurred between 2021 to 2025
Scheme Opening Year	2025
Appraisal Period	60-year period
Journey Purpose	Non MGDOV: Commute 43.4%, Business 7.8%, Leisure – 48.7% (PDFHv6) MGDOV: Leisure – 3.5m visitors p.a., Commute – 364k employee trips p.a.
Journey Type	Long distance – 15%, Short distance – 85%
Farebox yield	Low scenario - £3.00, Medium scenario - £4.50, High scenario - £6.00[43]
Farebox yield indexation	2.9%
Car park growth factors	usage – 2.5%, revenue – 2.6%, yield – 0.1%[44]
Rail mode share	Low: visitors – 2%, employee – 2% increasing to 6% at end of Y5 Central: visitors – 2% increasing to 3.5% at end of Y5, employee – 2% increasing to 6% at end of Y5 High: Visitors & employee – 2% increasing to 6% at end of Y5

The analysis at this stage has assumed Grant or subsidy only to the extent necessary to zero out transport operators' impacts.

3.4. Overview of Demand and Revenue Modelling

3.4.1. Rail demand

The station usage forecasts consider three layers associated with demand growth which are summarised in the following sub-sections and detailed in the Economic Appraisal Technical Note

- Exogenous / background growth.
- Trip generation from MGDOV.
- Induced demand.

Exogenous / background growth

Analysis of historic ORR station use data indicates an average annual growth rate of 3.6% from 2000/01 to 2017/18[45]. In view of the anticipated trip generation arising from ambitious development and growth plans in and around Cannock, in addition to the committed development growth at MGDOV, this appraisal applies a simplifying assumption that exogenous growth in rail travel demand at Cannock Station would continue to grow, on average, at approximately the same rate in the medium term. Figure 3-2 below shows a plot of the historic entry and exit totals from Cannock Station, with a forecast to the current year.

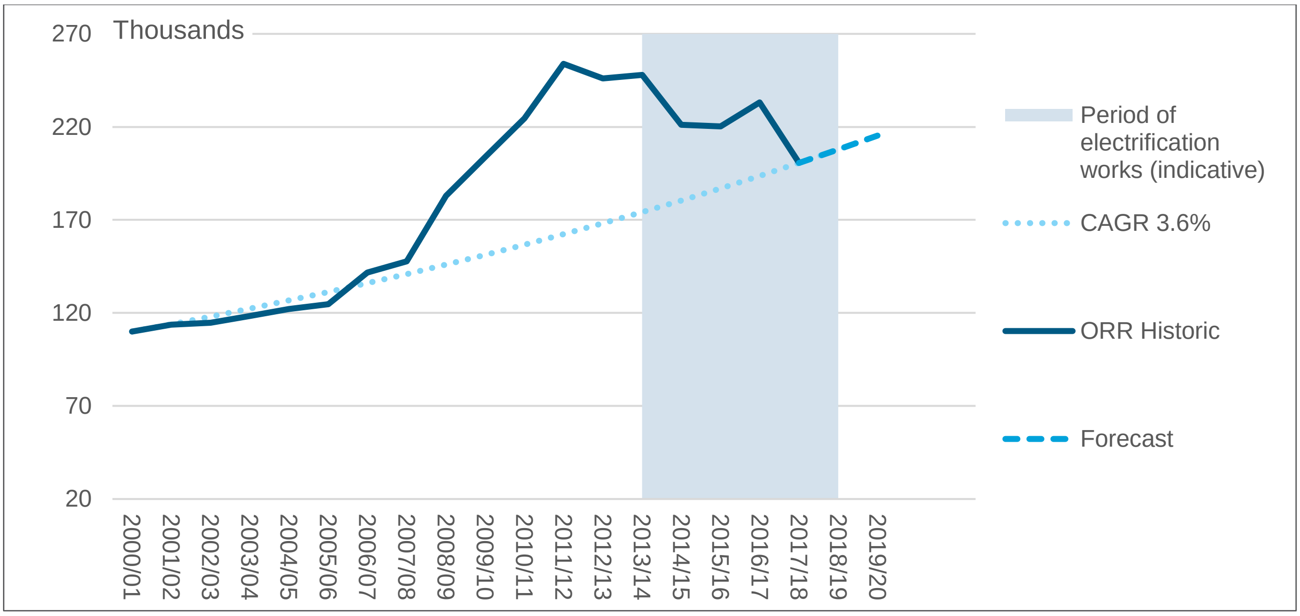
In view of the anticipated trip generation arising from ambitious development and growth plans in and around Cannock, in addition to the committed development growth at MGDOV, this appraisal applies a simplifying assumption that exogenous growth in rail travel demand at Cannock Station would continue to grow, on average, at approximately the same rate in the medium term, extrapolating the 3.6% growth rate for 30 years starting with the 2017/18 level of baseline demand. Zero background growth is assumed thereafter.

It should be noted that this simplified approach is adopted for this SOBC instead of explicitly modelling exogenous growth, which would traditionally be capped at 20 years, followed by background growth in line with population growth only. Considering that baseline demand has started from a relatively low point, and with the assumption of 0% impact from population growth beyond 30 years, the simplified approach to demand forecasting in this SOBC is likely to represent a cautious estimate.

[43] In the absence of LENNON data, yield assumptions have been based on peak and off-peak rail fares from Cannock to Birmingham (Any) - £6 and £2.50, respectively. Average/medium scenario yield assumed as £4.50.
[44] Consideration of car park revenue has been included in anticipation of potential changes to station car parking however at this stage of design the scheme includes only cosmetic changes to the car park. Therefore, in appraisal terms the car park impacts are neutral in this SOBC.
[45] ORR data for 2018/19 was not available in early 2020 when the demand analysis was undertaken, though it is noted that this data has since been published. ORR data for 2019/20 remains unpublished as of September 2020. Any assessments in the next stages of appraisal should consider including any new data.

The rail demand forecasting also considered the potential numbers of ticketless travellers, based on station survey and passenger counts. Note it has been assumed the current levels of ticketless travel at Cannock Station would continue with no change since the station proposals do not include ticket barriers or other revenue protection measures. Therefore, ticketless traveller numbers would inform the assessments of transport user impacts but would not contribute to future changes in fare revenue.

Figure 3-2 – Historic demand at Cannock Station (ORR data and extrapolation)



Trip generation from MGDOV

The rail demand forecasting for MGDOV trips has adopted the outputs of the MGDOV Transport Assessment, undertaken as part of the MGDOV planning process. The key metrics taken directly from the MGDOV Transport Assessment are the total estimated 3.5m visitors per year, 364k employee trips per year, and rail mode share scenarios ranging from 2%-6%.[46]

Induced demand

Given the scheme options will involve a upgrade to the existing station facilities, the demand forecasting includes a high-level estimation of rail travel demand uplifts based on demand elasticities derived from the PDFC research and outlined in the Passenger Demand Forecasting Handbook (PDFH). Table 3-3 presents a high-level summary of the station quality attributes as outlined in PDFH, which are applicable to the proposals for Cannock Station. It should be noted that the assessment of induced demand in this appraisal has not considered the potential demand uplifts from improved accessibility, where further demand growth could potentially be quantified based on reductions in end-to-end generalised journey times.

Table 3-3 – Station facilities summary for demand forecast

	Option A	Option C	Option G	Option J
Shelter				n/a
Waiting facilities, seats				
Retail facilities				n/a
Ticket machines on both platforms				
Information screens				

[46]Transport Assessment for Mill Green Designer Outlet Village Cannock Chase. The traffic generation is based on 3.5 million visitors per year

CCTV upgrades				
Cleanliness				

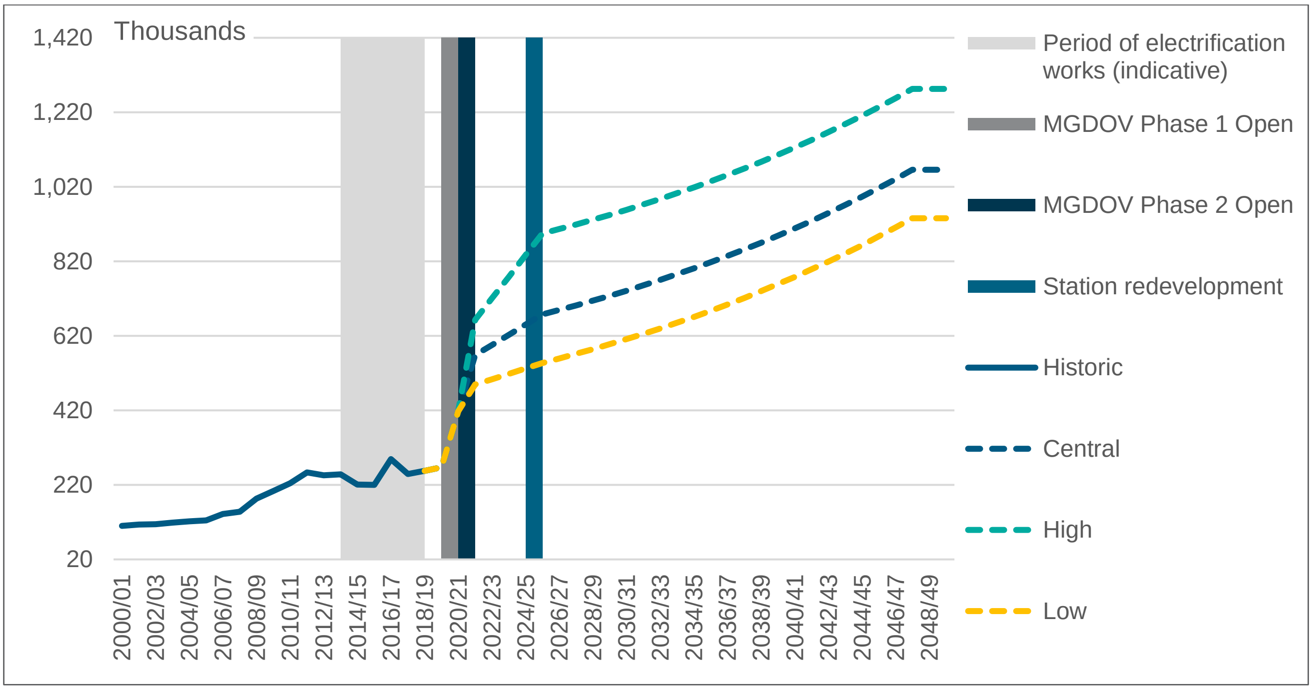
Key: Dark green indicates higher quality of provision. Pale green indicates basic quality of provision

It should be noted that the Do Something options A and C do not differ in terms of demand and farebox revenue as the options regarding station enhancements are modelled in the same way. Do something Option G differs from Options A and C in that the shelter, waiting facilities are slightly more modest, and the potential shop/café opportunity would be smaller in scale. Option J does not provide 'Retail Facilities' and, although seats will be provided, the upgraded station would not provide the same areas protected from weather as the other three options. This results in lower uplifts for demand which causes lower entries and exits and therefore farebox revenue.

Demand summary

Figure 3-3 shows the core scenario demand forecast, including exogenous growth at 3.6% for 30 years, MGDOV mid-level demand growth upon opening in 2020/21, and induced demand from station upgrades in 2025/26.

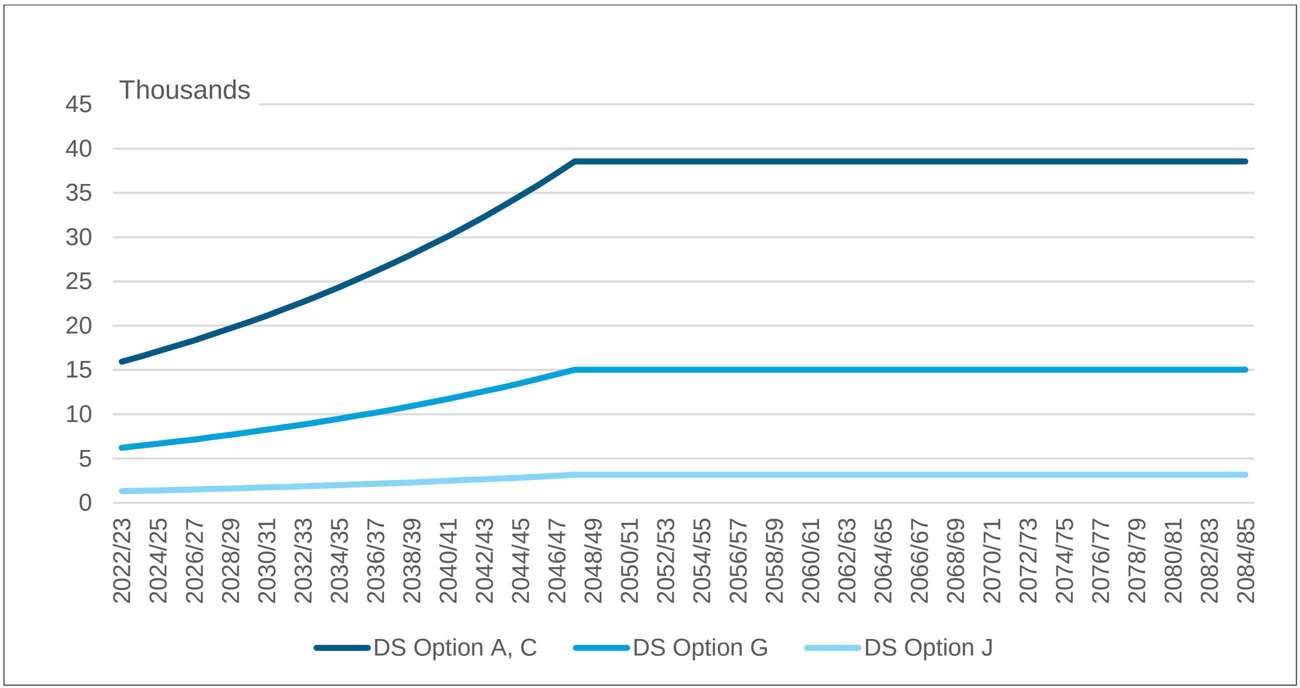
Figure 3-3 – Historic and forecast demand at Cannock Station (annual entries and exits)



Net changes in rail demand

For appraisal purposes, the three elements affecting demand are combined to consider the total rail passenger demands and the net differences between Do Something and Do Minimum demand forecasts. Figure 3-4 presents the profiles of net additional entries and exits by option, with demand growth capped at 30 years from the 2017/18 baseline. Options A and C do not differ in terms of demand as these options have similar quality attributes as summarised in Table 3-3.

Figure 3-4 – Net additional entries and exits by option



It should be noted that this net change in rail demand at Cannock Station largely[47] represents the scale of induced demand due to improved station facilities and amounts to a sizeable uplift on baseline demand by around 10%. It is also important to reiterate that the induced demand has not considered the potential additional demand from marginal reductions in Generalised Journey Times.

3.4.2. Farebox revenue

The farebox revenue for the purposes of this appraisal has assumed a common yield across all journey purposes: Business, Commuter, and Leisure travellers. It is estimated based on forecast entries & exits (discussed in Section 3.4.1) and station farebox yield estimates. Station farebox yield estimates are based on analysis from published fares and historic rail ticket yield. Three yield estimates are provided to forecast low, medium, and high scenarios. No fare demand response is modelled as fare change is nominal only. Table 3-4 summarizes the high-level yield estimates applied to the revenue calculations.

Table 3-4 – High-level yield estimates

Scenario	Estimated Yield (Nominal, all journey purposes)
Low	£3.00
Medium	£4.50
High	£6.00

Farebox revenue is presented in real 2019/20 prices and therefore an indexation is applied to the yield. The indexation is based off an annual fare increase assumption of 2.9%. Figure 3-5 presents the profile of farebox revenue in 2019/20 prices over the appraisal period and Figure 3-6 shows the present values for appraisal.

[47] The calculation of delta from facilities improvements is also very slightly influenced by the volumes of exogenous and development-related demand change.

Figure 3-5 – Net additional farebox revenue by option (2019/20 prices)

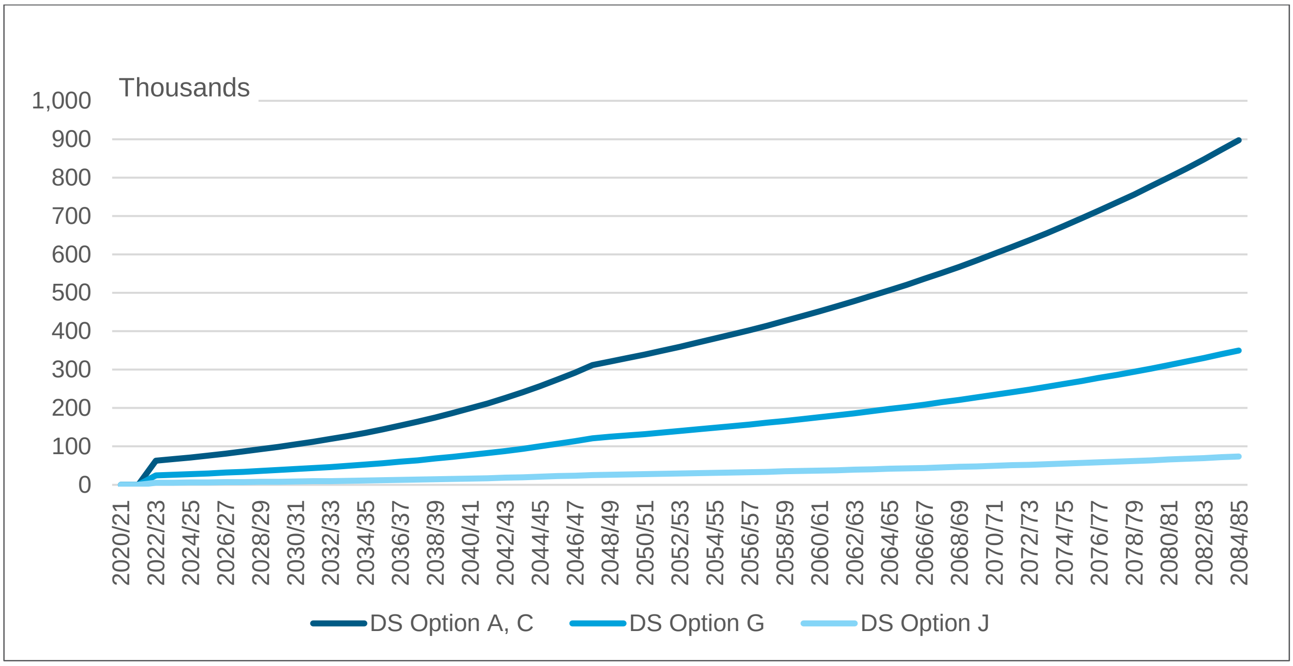


Figure 3-6 – Net additional farebox revenue by option (2010 prices discounted)

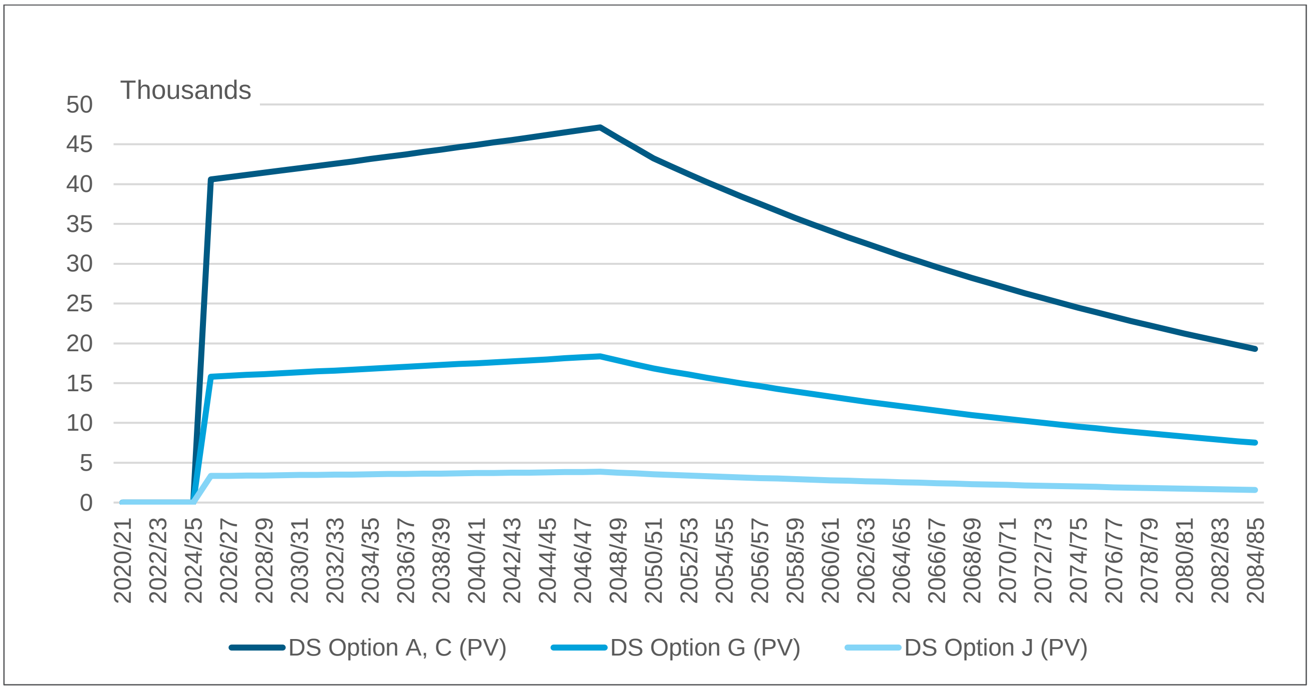


Table 3-5 summarises the present value of revenue over the appraisal period.

Table 3-5 – Revenue impacts (£,000s 2010 prices, discounted)

	Option A	Option C	Option G	Option J
Farebox revenue	£2,127	£2,127	£829	£175

3.4.3. Station car park revenue

The station car park revenue impacts are based on analysis of actual annual car park data, which covered the period between 01/04/2016 to 24/12/2019. This historical data is summarised in Table 3-6.

Table 3-6 – Historic car park usage

Historic Data	2016/17	2017/18	2018/19
Car Park Income	£ 27,410	£ 33,594	£ 34,468
Car Park Sales	12,245	14,561	14,928
Car Park Yield	£ 2.24	£ 2.31	£ 2.31

A simple historic growth analysis is based on the last two full years of this data to extract an expected year-on-year usage increase, which is summarised in Table 3-7. The year-on-year growth rates are applied to the 2018/19 figures and extrapolated over the forecast period to determine overall car park usage (sales) and revenue (income).

Table 3-7 – Growth factors for car park usage

Forecast	Year-on-Year Growth between 2017/18 and 2018/19
Car Park Income	2.6%
Car Park Sales	2.5%
Car Park Yield (implied from delta of sales and income)	0.1%

Considering that the current station options do not envisage changes to the existing car park capacity, for the purposes of this assessment, a conservative assumption that the impacts of induced rail demand arising from the improved station facilities would not have a material impact on station car parking demand is applied[48]. Therefore the forecast for car park usage is not based on the entries and exits data used to calculate the station demand and it is not affected by other demand factors that are apparent in the model, such as induced demand uplifts from Station Facility Enhancement. Consequently, in economic appraisal terms, there is no net gain in car park revenue in any of the Do Something scenarios – a conservative assumption.

At the next stage of development, there may be value in considering the use of TROs to minimise on-street parking, encourage full utilisation of the station car park benefiting from the expected demand uplifts and consequently increase car park revenue.

3.5. Monetised Station User Impacts

A series of assessments have been undertaken to quantify the benefits to station users. The benefits have been calculated based on rail demand forecasts over the appraisal period and the assessments are described in more detail in the following sections.

3.5.1. Station access journey time impacts

The assessment of station access improvements is based on users' free flow journey time benefits within the new station. This benefit is based on changes in walking distances between key station nodes and monetised in terms of values of time. A simple high-level approach to assessment is summarised as follows.

- For baseline and DS options, determine O-D distances between exits/entrance and platforms located in the station (only two platforms) also between the ticket machine(s) and platforms (there is currently only one ticket machine at Platform 1 (southbound to Birmingham and London).
- Estimate walking journey times based on assumed average walking speed of 4.2km/hr[49].

[48] Note: The forecast car parking demand is around 17,000 cars per year in the opening year; and around 29,000 cars per year in the demand-cap year. A very high-level conservative estimate of a theoretical maximum annual car parking capacity amounts to a car park capacity of 32,760 cars parked per year (90 car park spaces x 1 car/day x 364 days). In actuality, it is likely that the 90-space car park could accommodate more than 90 cars per day, given 'churn' or turnover. On this basis it is considered likely that the car park could accommodate this scale of demand growth.
[49] NTS 2016.

- Multiply the changes in walking times by the station demand to obtain total free flow times and monetise against TAG Values of Time.

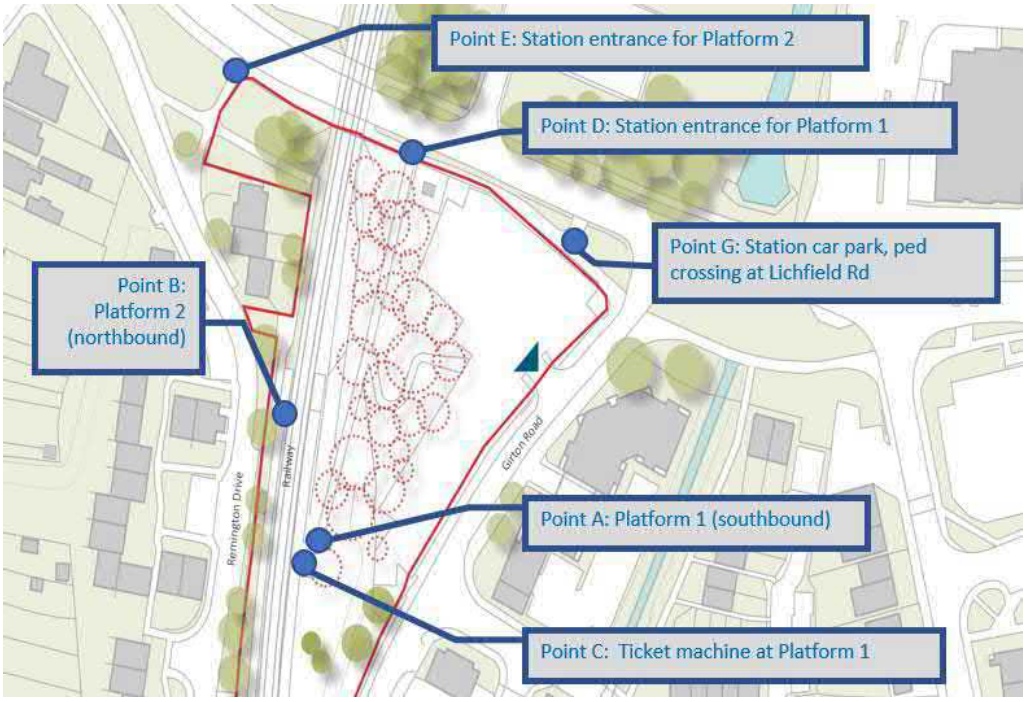
Walking distances

For the purposes of this assessment, walking distances have been measured from architects' plans of the DM and all DS station layouts; and have considered the distances between key nodes representing the two station platforms, ticket machine, and station entrances.

For this high-level assessment, the assumed walking distances have considered the typical movements of a passenger needing to purchase a ticket:

- A northbound passenger's journey would require walking to Point C (ticket machine on platform 1), then walking to Point B (platform 2), via Point E (station entrance);
- A southbound passenger's journey would require walking from Point D (station entrance) to Point C (ticket machine on platform 1).

Figure 3-7 – Walking distance nodes



A schematic diagram of the key nodes considered is presented in Figure 3-7; and summaries of the walking distances are presented in matrix form in Table 3-8.

Table 3-8 – Assumed typical walking distances, by platform

Walking distances (m)	To/from Southbound Platform	To/from Northbound Platform
Do Minimum	98	338
Option A	96	97
Option C	96	97
Option G	96	97
Option J	96	97

Similar to the findings from the demand and revenue assessments that the four station options would not be significantly differentiated simply in terms of their assigned PDFH station quality attributes, it is important to note that the assessment of rail passengers' walking distances through the station have not been significantly differentiated between the four proposed options. Therefore, for the purposes of this high-level assessment, the journey time aspects of station facilities improvements have been based on a simple comparison between the 'Do Minimum' and a generalised 'Do Something', which could be considered to be reasonable representations of each of the individual Options.

Key assumptions behind how these estimated typical walking distances are factored against rail passengers' values of time are summarised as follows.

- 50:50 split has been assumed between passengers using the southbound (Platform 1) or northbound (Platform 2) platforms, daily, on the simplifying assumption that station users will generally be making return trips.
- Rail users' journey purposes (B/C/L) have been based on the demand forecasts; and forecast future purpose splits have incorporated the expected increases in the proportions of leisure trips, based on the 'medium' level expected trip generation associated with the MGDOV.

The monetised values of time spent walking and moving through the station in each option are based on the changes in walking distances between key nodes, and the benefit values over the appraisal period are summarised in Table 3-9.

Table 3-9 – Rail passengers' station access impacts (£,000s 2010 prices, discounted)

	Option A	Option C	Option G	Option J
Business	£413	£413	£405	£401
Commuting	£2,602	£2,602	£2,575	£2,565
Leisure and other purposes	£2,315	£2,315	£2,293	£2,281
Total	**£5,331**	**£5,331**	**£5,273**	**£5,247**

The station access impacts are broadly the same for all options, because the walking distances within each station layout are similar. The user impacts for Option J are very slightly lower than Options A, C and G, based on the slightly lower levels of new rail travel demand that could be 'induced' by the lower quality of station facilities provided in Option J.

3.5.2. Station facilities impacts

Station user benefits related to improvements to station facilities and resulting in an increase of passenger Willingness to Pay (WTP). For the purposes of quantifying the station facilities improvements at SOBC stage the approach considered the PDFH WTP values for station facilities. Table 3-10 summarises the key features and differences between the station options, which have informed the station quality impacts assessment.

Table 3-10 – Station facilities summary

	Option A	Option C	Option G	Option J	Description
Shelter					New Canopy in option A, C & G
Stairs and/or lifts					Lift provided in Options A & C
Seats					Assumed no seat in DM - seats provided in DS
Toilets					w/c provided in options A & C
Shop/café					Café space provided in options A, C & G

Wi-Fi					No Wi-Fi in DM - Free wife provided in DS
Secure cycle storage					No change in existing facilities
Ticket machines on both platforms					Ticket machine assumed to exists in DM - no change in DS
No staff					Assume no staff in DM - Staff & patrol available for option A & C
Security lighting retained/upgraded					Security lighting available in DM - no change in DS
Emergency help points retained/upgraded					CCTV & emergency help point in DM - no change in DS

Key: Dark green indicates higher quality of provision. Pale green indicates basic quality of provision

The colour coding in Table 3-10 suggests that facilities to be offered in Option A and Option C, are broadly similar in scope and quality and this similarity suggest that these two options would offer the greatest beneficial impacts from the point of view of passengers' station experience; and that the two options are broadly indistinguishable from the point of view of journey quality impacts.

Research summarised in PDFH indicates WTP values for rail station attributes and facilities. Table 3-11 lists the 'willingness to pay' values, on a 'per journey' basis which broadly indicate the relative differences in journey quality impacts and suggest that Option A and Option C are likely to offer the greatest values in terms of passenger experience.

Table 3-11 – Summary values of PDFH rail station attributes (£/journey, 2000 prices)

	Do Minimum	Option A	Option C	Option G	Option J
£ per journey	0.30	0.63	0.63	0.50	0.46
Net increase		**0.33**	**0.33**	**0.20**	**0.16**

Factoring the 'willingness to pay' values against the forecast annual station entry and exit totals for each station Option leads to a measure of the quantified station facilities benefits experienced by existing and new users. The benefits for each option are summarised in Table 3-12.

Table 3-12 – Station facilities impacts (£,000s 2010 prices, discounted)

	Option A	Option C	Option G	Option J
Station facilities	£6,012	£6,012	£3,571	£2,876

The station facilities benefits are broadly commensurate with the WTP values, and Options A and C would offer the greatest levels of benefits in terms passengers' experience in using the station. This is due to the extensive upgrade to the station facilities in options A and C. Option J presents the lowest station facilities benefits.

3.5.3. Platform crowding impacts

The assessment of platform crowding benefits is based on an understanding of the severity of platform crowding conditions under the do-minimum scenario versus the do-something scenario and the perceived benefits associated with reduced platform crowding. The assessment approach considers:

- Platform load – based on a set of 'on-site' spot surveys and the station demand forecasts.
- Platform crowding density and factors based on industry research.
- Perceived benefits felt from waiting on a platform in crowded versus less-crowded conditions, monetised for the purposes of this assessment as 'time penalties' perceived while waiting in crowded conditions.

3.5.3.1. Platform load

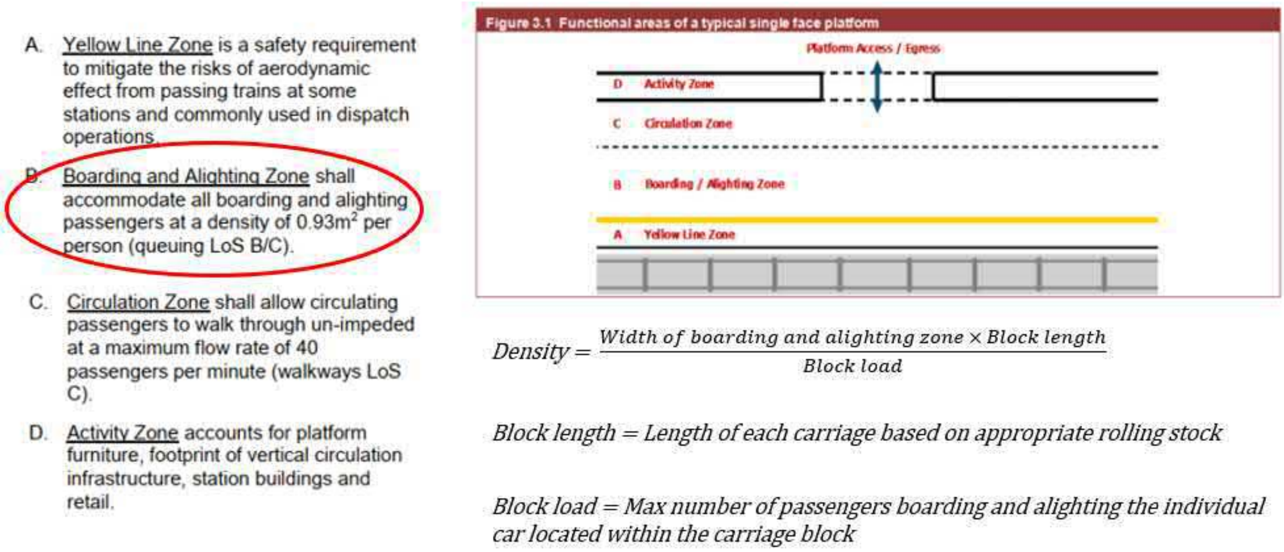
Platform load was assessed based on a station usage survey, which recorded passenger numbers boarding and alighting per train and, wherever possible, passengers' journey purposes, origins/destinations, and trip frequencies.

These surveys provided empirical data to inform directional splits of passenger demands between the two platforms, and further informed the high-level approach to disaggregating annual station entries/exits totals into typical 'per train' passenger loads. Details and analysis of the disaggregation of rail demand data is provided in the Cannock Economic Appraisal Technical Note.

3.5.3.2. Platform crowding density

The estimated peak hourly and peak service passenger numbers are then assessed in terms of the physical platform dimensions in the existing station layout (following the advice set out in Network Rail's Station Capacity Planning Guidance) to determine the platform crowding density. The Network Rail Station Capacity Planning Guidance sets out advice on minimum requirements for platform dimensions in relation to passenger flow volumes and in consideration of any specific activities in a given station. Figure 3-8 shows an excerpt from this guidance.

Figure 3-8 – Extract from Network Rail Station Capacity Planning Guidance


A. Yellow Line Zone is a safety requirement to mitigate the risks of aerodynamic effect from passing trains at some stations and commonly used in dispatch operations.

B. Boarding and Alighting Zone shall accommodate all boarding and alighting passengers at a density of 0.93m² per person (queuing LoS B/C).

C. Circulation Zone shall allow circulating passengers to walk through un-impeded at a maximum flow rate of 40 passengers per minute (walkways LoS C).

D. Activity Zone accounts for platform furniture, footprint of vertical circulation infrastructure, station buildings and retail.

$$Density = \frac{Width\ of\ boarding\ and\ alighting\ zone \times Block\ length}{Block\ load}$$

Block length = Length of each carriage based on appropriate rolling stock

Block load = Max number of passengers boarding and alighting the individual car located within the carriage block

For this assessment of Cannock Station, the 'Circulation' and 'Activity' zones are omitted in order to represent a conservative assessment of platform crowding. Therefore, it is considered that the key parameter for Cannock Station will be the 'Boarding and Alighting Zone', Zone B, which would comprise each platform's typical width, less the minimum 0.5m width allowance for the 'Yellow Line Zone'.

Also based on the guidance excerpted in Figure 3-8, the threshold to be applied in this assessment of platform crowding is 0.93m² per person. For Cannock Station, this space threshold is applied to the peak platform load.

Platform functional loading area

Existing and future operations at Cannock Station will be served by Class 350 trains, which are 4 car sets, each car 20.4m in length. The existing station platforms measure an average of 2m in width (tapers from 2.1m to 1.9m) and approximately 86m in length; and the key parameters for assessing platform crowding are summarised in Table 3-13.

.

Table 3-13 – Assumed platform dimensions for crowding assessment

	DM	A	C1	G	J
Average full width of platform[50]	2m	3m	3m	3m	3m
Platform width for boarding and alighting (zone B)	1.5m	2.5m	2.5m	2.5m	2.5m
Length of busiest 25% of the platform	Class 350 train single car **block length of 20.4m**				
Critical area of the platform for crowding assessment	30.6m²				

Train block load

The Block load represents the maximum number of passengers boarding/alighting the individual car located within the carriage block. Further guidance from the Rail Safety and Standards Board suggests that the platform sizing methodology should recognise that passengers may not be distributed evenly along the platforms, and cites the following assumption:

> *"at the busiest part of the platform, it is assumed that 35% of the platform load occupies 25% of the platform. The formula requires the consideration of the 'average platform load per headway (that is the average number of passengers waiting for a train at the height of the peak, plus the number of passengers alighting from the train)"* [51]

Cannock Station is served by 4-car sets, so 25% of the platform relates to a single car in the carriage block and 35% of the 'per train' passenger load is assumed to board/alight from the busiest car - representing the Block load. Based on a high-level assessment to disaggregate the annual station entries and exits totals into an estimated typical 'per train' passenger load, the block load is calculated as 35% of this.

3.5.3.3. Perceived benefits of reduced crowding

The estimated peak hourly and peak service passenger numbers are assessed in terms of the physical platform dimensions in the existing station layout, and following the advice set out in Network Rail's Station Capacity Planning Guidance as explained in Section 3.5.3.2. The valuation of crowding impacts is based on research undertaken by RailCorp NSW[52] which refined a crowding function based on a combination of stated preference surveys of rail users in Sydney, Australia, together with crowding density measures developed by Fruin (1972), London Underground Limited, and Westin (1993). In summary, the crowding function aims to provide a 'penalty factor' upon typical waiting times in rail stations weighted by the crowding density (in numbers of passengers per square metre).

For the purposes of this appraisal, the valuation of platform crowding applies high-level estimates of typical waiting times on platforms for rail passengers using Cannock Station. These typical waiting times on platforms are factored by the platform crowding factor, based on the typical passenger numbers per service and the existing and proposed new station platform dimensions. The results represent the 'perceived' waiting times on platform as a function of crowding – i.e. the perceived waiting times increase as platform crowding increases. The perceived waiting times are monetised in terms of transport users' values of time, by journey purpose, as set out in TAG Table A1.3.2, Forecast values of time per person; and any reductions in perceived waiting times are treated as a journey quality benefit to station users.

Journey quality benefits associated with platform crowding can be quantified from the monetised values of waiting in varying levels of platform crowdedness. The platform crowding values for each option are summarised in Table 3-14.

Table 3-14 – Platform crowding impacts (£,000s 2010 prices, discounted)

	Option A	Option C	Option G	Option J
Benefits from reduced platform crowding	£4,361	£4,361	£4,361	£4,361

[50] The existing station platforms are effectively the same; and at this stage of concept design, the design provision for both northbound and southbound platforms are also expected to be essentially the same.
[51] Rail Safety and Standards Board Limited. (2010). Guidance on Station Platform Geometry, GN92.
[52] Douglas, N., Karpouzis, G. Estimating the Passenger Cost of Station Crowding.

The platform crowding impacts would be differentiated primarily by the platform dimensions. It is assumed that design could be optimised such that each option would offer similar platform widening,

3.6. Monetised Non-station User Impacts

Any net increases in rail travel demand induced solely by improvements to the station facilities are assumed to represent mode shift in existing travel demand. Some proportion of this new rail demand would represent mode shift from highways to rail (whether as 'main mode' or as part of a 'park & ride' journey), and the consequent impacts such as reduced highways congestion can be assessed as marginal external impacts. The marginal external impacts attributable to this mode shift away from car, or rerouting of car trips due to park & ride are monetised following the principles and guidance set out in DfT WebTAG Unit A5-4 – Marginal External Costs. Table 3-15 presents an overview of each element of the marginal external costs which have been monetised within this economic appraisal.

Table 3-15 – Overview of marginal external impacts from mode shift

Impact	Description
Road decongestion (indirect tax element)	Marginal reductions in indirect tax attributed to reduced highways congestion due to mode shift from road to active modes, i.e. those continuing to travel by road will have slightly lower fuel costs as a result of decongestion
Road decongestion (user element)	Marginal changes in road users travel times due to changes in road congestion
Other infrastructure investment	Reductions (or increases) in local or central government expenditure on highways maintenance, due to reduced (or increased) wear and tear on highways, due to reductions (or increases) in vehicle kilometres travelled
Accidents	Marginal changes in the frequency of road collisions due to changes in vehicle kilometres travelled
Local air quality, Noise, Greenhouse gases	Marginal changes in air quality, noise and greenhouse gas emissions due to changes in vehicle kilometres travelled

The calculations of marginal external costs are based on our estimate of reductions in highway vehicle km, which have been derived from the forecast change in rail demand, as follows:

- 30% of new rail trips have shifted from highways modes[53].
- On average, each highway trip that switches to rail would equate to 8.7 fewer vehicle-miles (or just over 14km) being driven on the road network[54]. Noting that average rail trip distances are longer, this is likely to be a conservative assumption.

3.6.1. Highway decongestion impacts

The impact of the scheme on highway decongestion has been assessed using a spreadsheet model. The results of the assessment indicated that benefits delivered by the scheme are presented in Table 3-16.

Table 3-16 – Marginal External Impact Values (£,000s 2010 prices, discounted)

Marginal External Cost Category	Option A	Option C	Option G	Option J
Infrastructure	£2	£2	£1	£0
Congestion	£79	£79	£31	£6
Accident	£15	£15	£6	£1
Local Air Quality	£2	£2	£1	£0
Noise	£0	£0	£0	£0

[53] Rail flow to car vehicle kilometre diversion factor of 30% for Non-London Inter-Urban trips, TAG Table A5.4.5 Car Diversion Factors by Flow Category; https://www.gov.uk/government/publications/tag-data-book.
[54] Average trip length (miles) for car or van drivers and passengers, in England, in 2019, National Travel Survey Table NTS101; https://www.gov.uk/government/collections/national-travel-survey-statistics

Greenhouse Gases	£13	£13	£5	£1
Total	**£110**	**£110**	**£43**	**£9**

The marginal external impacts are derived solely from the mode shift between highways and rail. For this scheme, the mode shift between highways and rails is driven entirely by the level of provision of station services and facilities. Since the differences in facilities in the Do Something options A and C do not differ in terms of their impact on induced rail demand, the mode shift impacts are effectively the same for options A and C, as expected. The marginal external impacts assessed for Options G and J are in line with the smaller amounts of mode shift induced by the more modest scales of station facilities improvements.

Indirect taxation

Highways decongestion also has indirect impacts on the total fuel duty collected by the treasury. In this case, where mode shift away from highways travel leads to reductions in total vehicle-mileage, the marginal external impacts calculations represent the reductions in fuel consumption and the related reductions in fuel duty. Table 3-17 summarises the estimated reductions in fuel duty over the appraisal period.

Table 3-17 – Indirect taxation element of marginal external impacts (£,000s 2010 prices, discounted)

Marginal External Cost Category	Option A	Option C	Option G	Option J
Indirect Taxation	-£17	-£17	-£7	-£1

Since Options A and C are estimated to induce a similar level of mode shift away from highways, while Options G and J are expected to induce smaller amounts of mode shift; and the scales of these impacts are reflected in the indirect tax impacts.

3.7. Scheme Costs

The appraisal of costs follows the approach set out in TAG Unit A1.2 – Scheme Costs. The treatment of capital and operating expenditure is discussed in the following sections.

3.7.1. Capex

Capital cost estimates for the construction of the station options have been provided by F&G using industry rates and standard GRIP process allowances to build up a base price. The general assumptions relevant for the economic assessments are summarised as follows.

- Base price date is Q1, 2020.
- Costs are provided excluding VAT, i.e. in factor prices.
- Estimated spend profiles have been assumed to span four years, i.e. from 2021/22 to 2024/25.
- A ‘risk adjustment’ of 66% has been applied to account for cost and scope uncertainty at this early design stage.

The anticipated expenditure profiles and total final costs are summarised in Table 3-18.

Table 3-18 – Capital costs (£,000s Q1 2020 prices, including risk)

	2021/22	2022/23	2023/24	2024/25	Total
Spend profile %s	5%	10%	83%	2%	100%
Option A	£854	£1,707	£14,168	£341	**£17,070**
Option C	£786	£1,573	£13,052	£315	**£15,725**
Option G	£643	£1,286	£10,674	£257	**£12,860**
Option J	£543	£1,087	£9,018	£217	**£10,865**

For the purposes of this appraisal, in line with rail network enhancement projects at GRIP Stage 1[55], the cost-estimated risk allowance of 66% has been applied in lieu of optimism bias. The total capital costs are rebased

[55] https://www.gov.uk/government/publications/webtag-tag-unit-a5-3-rail-appraisal-may-2018

to 2010 prices using the GDP deflator, discounted and converted to market prices in line with WebTAG guidance[56]. The capital costs have been rebased to 2010 prices using the GDP deflator, adjusted to market prices and discounted to give Present Value Costs (PVC) as summarised in Table 3-19.

Table 3-19 – Capital costs (£,000s)

	Capital costs (Q1 2020 prices)	Present Value Costs (2010 prices, discounted to 2010)
Option A	£17,070	£11,096
Option C	£15,725	£10,221
Option G	£12,860	£8,359
Option J	£10,865	£7,062

3.7.2. OPEX

High-level operating cost estimates have been prepared by Atkins and have considered the net additional station and facilities operating and renewal costs compared with a 'Do Minimum' cost projection based on the current baseline expenditure, assuming retention of existing facilities and expenditure with no change.

The net additional operating costs estimated for each option accounts for a 4-6-year cycle of renewal and periodic maintenance works for new station elements including CCTV and customer information systems, and other station facilities. The resulting estimates are summarised in Table 4-3, in £k (2020 prices) over a 60 year period. At this stage there is little to no significant variation in the Opex requirements between the options, therefore for the purposes of SOBC, the same operating costs have been considered across all options. The largest cost area would be the maintenance and renewal of the Operational Telecommunications Systems which includes the CCTV systems and Customer Information Systems, which are common to all options.

Table 3-20: Summary of Opex estimates. All values in £,000s (2020 prices)

Cost area	60-year operating costs (2020 prices)
Operational Telecommunication Systems	£3,742
Electrical Systems	£1,261
Specialist Installations	£109
Structures and Fittings	£675
Other Items	£279
Total 60-year operating costs (2020 prices)	**£6,066**

The economic appraisal applies Optimism Bias (41% for operational expenditure, in line with general practice for the net additional operational expenditure, for projects at GRIP Stage 1[57]) before being rebased, discounted and converted to market prices in line with WebTAG guidance[58]. The totals of year-on-year operating costs in current prices and in present value costs over the appraisal period are summarised in Table 3-21.

Table 3-21 – Operating costs £,000s

	Operating costs (2020 prices)	Present Value of Costs (2010 prices, discounted to 2010)
Total 60-year operating costs	£6,066	£2,167

[56] https://www.gov.uk/government/publications/webtag-tag-unit-a1-2-scheme-costs-july-2017
[57] https://www.gov.uk/government/publications/webtag-tag-unit-a5-3-rail-appraisal-may-2018
[58] https://www.gov.uk/government/publications/webtag-tag-unit-a1-2-scheme-costs-july-2017

3.8. Cost Benefit Analysis

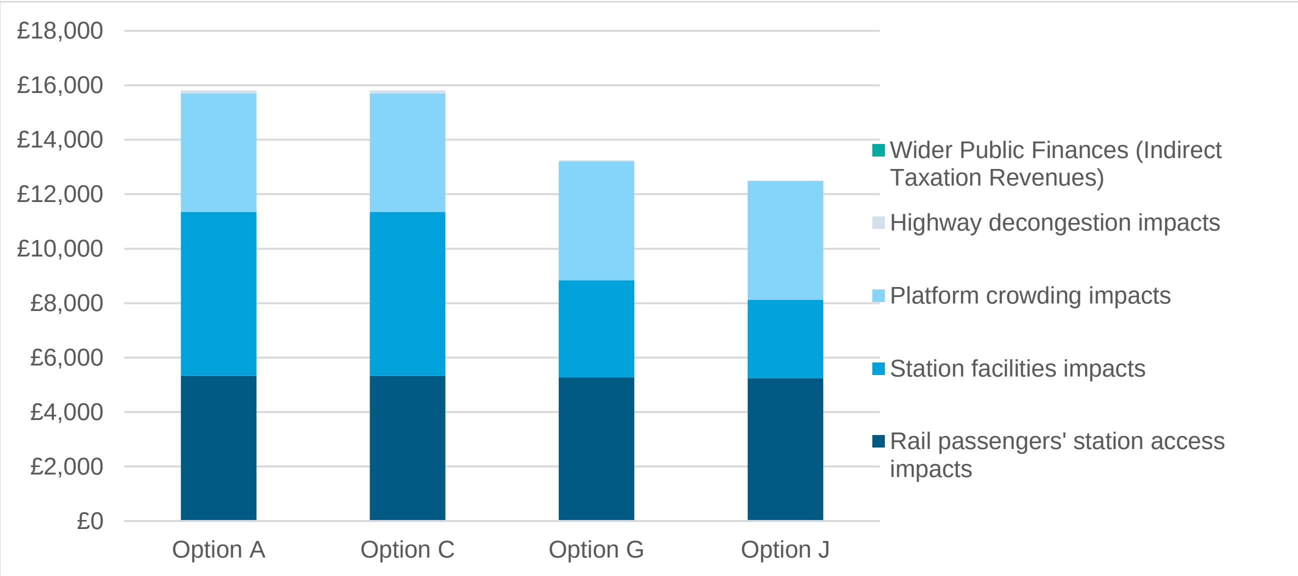
This section presents a comparison of the costs and benefits for each of the Do-Something options compared against the Do-Minimum scenario and summarises the initial BCRs and associated perspectives on the Value for Money category.

3.8.1. Present Value of Benefits

Figure 3-9 provides a summary of the Present Value of Benefits for the four options. The station access journey time (walking-time benefits) and platform crowding impacts are broadly similar for all options. These are linked to the new station layouts, including additional ticketing machines provided on the northbound platform, and platform widening elements that are common to all options.

Station facilities impact vary more significantly between the options and represents the extent to which station users are likely to perceive and experience the upgrade to station facilities. Option A and Option C perform broadly similarly and present the highest station facilities benefit of the four options since they provide the most extensive upgrade to the station facilities including providing shelter, lift, toilets, space for a potential café and staff. Option J performs the worst as it provides no canopy, lifts, toilets, café or staff.

Figure 3-9 – Composition of the Present Value of Benefits

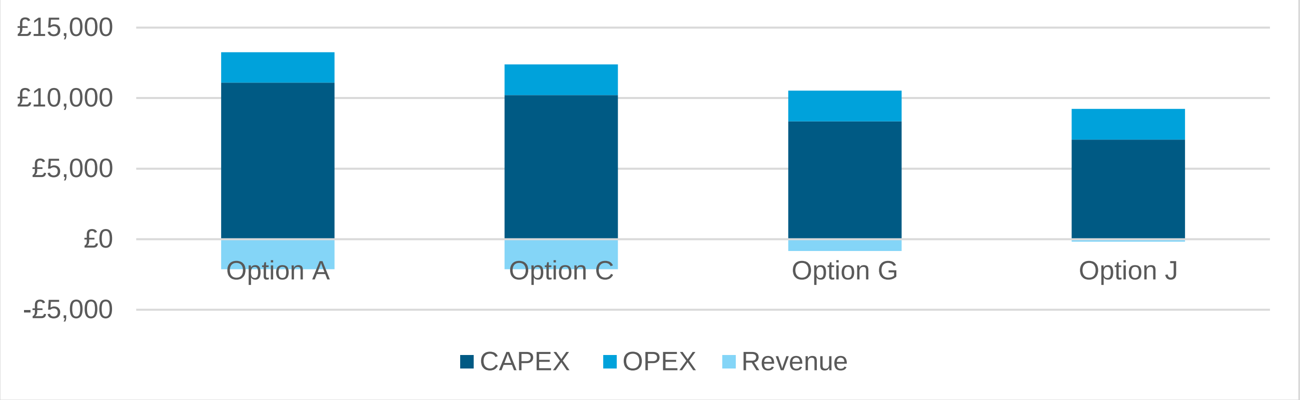


The highway decongestion impacts, including the indirect tax impacts, relate to benefits from the mode shift between highway and rail. These account for a small portion of overall benefits and are broadly similar for all options. Overall, Options A and C present the highest total PVB followed by Option G. Option J presents the lowest PVB of the four options.

3.8.2. Present Value of Costs

The Present Value of Costs directly attributable to the scheme options are summarised in Figure 3-10 below. The operating costs are broadly similar across all options while the Capex (cost of implementation) present the largest variation between the options. Option J the basic station redevelopment option has the lowest Present Value of Costs while Option A the more ambitious/extensive option is the most expensive to implement and has the highest Present Value of Cost. Option J generated the lowest revenue which is inked to the lower level of additional demand induced by its limited improvement to the station facilities.

Figure 3-10 – Present Value of Costs



3.8.3. Initial BCR and NPV

The ratio of benefits to the impact on the broad transport budget presents an "initial BCR" and associated perspective on VFM. Assessments of VFM have been performed for each of the options under consideration.

Table 3-22 presents the summarised cost-benefit analysis for each of the options under the Core Scenario assumptions.

Table 3-22 – Appraisal summary and Value for Money (£,000s 2010 prices, discounted)

	Option A Transformational Upgrade Max	Option C Transformational Upgrade	Option G Enhanced Upgrade	Option J Core upgrade
PVB	£15,795	£15,795	£13,241	£12,492
PVC	£11,134	£10,259	£9,697	£9,054
NPV	£4,662	£5,536	£3,545	£3,437
BCR	**1.42**	**1.54**	**1.37**	**1.38**

The results indicate that the BCRs for Option G and Option J are just below 1.4. This represents a Low value for money (VFM) in DfT VFM category terms. Option J generates the lowest PVB (reflecting the lowest level of facilities upgrade provided) resulting in the lowest NPV. Option C is the best performing option with a BCR just over 1.5 representing a Medium Value for Money (VFM) in DfT VFM category terms, while Option A is the next best performing with a BCR just over 1.4. This is linked to the findings that both Options C and A offer similar benefits, but Option C delivers those impacts at a comparatively lower cost of delivery.

The analysis at this stage represents a conservative view of the Value for Money position as it does not include monetised benefits from any wider economic impacts, public realm improvements, safety benefit from reduced platform crowding, physical activity or any health benefits. It is expected that such benefits would be actualised, and these could be captured at the next stage following further design detail.

Analysis has been undertaken to consider the scale of change that would be required in the key benefit and cost elements associated with the options, under the Core Scenario, to switch the option from its current VFM category to that above. Table 3.23 summarises the percentage scale of change to costs and benefits that would be required to move the Value for Money position. This analysis does not consider how realistic the levels of cost savings are.

Table 3.23: Value for money sensitivity

	Option A	Option C	Option G	Option J
	Low to High	Medium to High	Low to High	Low to High
% Change in Costs	-29%	-23%	-32%	-31%
% Change in Benefits	41%	30%	46%	45%

Option C returns the highest core scenario BCR and its VFM position is most sensitive to variations in costs and benefits as It requires the lowest % change in cost or benefit to increase its VFM position. A decrease of 23% in costs or an increase of 30% in benefits would shift the VFM category to a High. The VFM position of the other option are less sensitive to changes in costs and benefits. Option G and J require the highest change in cost or benefits to increase the VFM category to High.

Capital costs across all options accounts for between 77% and 84% of total PVC and any change in the capital costs will have a proportionate impact on the BCR.

3.9. Alternative scenarios

To test the resilience and sensitivities of the core PVBs and BCRs the following alternative scenarios are considered:

1) Low growth: This test assumes exogenous demand growth of 3.6% per annum would be capped at 20 years, with zero growth (i.e. no impact from population growth) thereafter[59].
2) Low rail mode share: This test assumes that the low baseline rail mode share of 2% will continue with no change despite the rail improvements and travel plan initiatives.
3) Greater highways decongestion from mode shift to rail: noting that the average rail trip distances are longer than average car trip distances, this test considers a larger reduction in vehicle-miles driven per new rail trip. The national average is 32miles[60] per rail trip, however for the purposes of the appraisal for Cannock Station, the sensitivity test has assumed 20 vehicle-miles removed per rail trip based on the typical driving distance between Cannock and Birmingham city centre.
4) High rail mode share: This test assumes that the mode share targets within the MGDOV Transport Assessment and Travel Plan Framework will be met.

The differences between assumptions in these scenarios are summarised in Table 3.24 below.

Table 3.24: Alternative Scenario Assumptions

Parameters	Core scenario	Scenario 1: Low growth	Scenario 2: Low rail mode share	Scenario 3: Greater highways decongestion	Scenario 4: High rail mode share
Average annual growth	3.6% up to 30 years, 0% up to 60 years	**3.6% up to 20 years, 0% up to 60 years**	3.6% up to 30 years, 0% up to 60 years	3.6% up to 30 years, 0% up to 60 years	3.6% up to 30 years, 0% up to 60 years
MGDOV Rail mode share	Visitors 2%, increasing to 3.5% at end of Y5 (assume TA baseline is not met) Employees, as per TA	Visitors 2%, increasing to 3.5% at end of Y5 (assume TA baseline is not met) Employees, as per TA	**Visitors 2% only (assume TA baseline is not met)** **Employees, as per TA**	Visitors 2%, increasing to 3.5% at end of Y5 (assume TA baseline is not met) Employees, as per TA	**Visitors & Employees 2%, increasing to 6% at end of Y5 (assume TA travel plan framework is met)**
Highways impact from mode shift	Road to rail mode shift removes 8.7 vehicle-miles per trip	Road to rail mode shift removes 8.7 vehicle-miles per trip	Road to rail mode shift removes 8.7 vehicle-miles per trip	**Road to rail mode shift removes 20 vehicle-miles per trip**	Road to rail mode shift removes 8.7 vehicle-miles per trip

3.9.1. Scenario 1: Low growth

The core scenario assumed that the historic average annual growth rate of 3.6% would be sustained for 30 years. This sensitivity test assumes exogenous demand growth of 3.6% per annum would be capped at 20

[59] The impact of the COVID pandemic has not been considered within the demand forecast and assumptions made within these scenarios.
[60] Average trip length (miles) for surface rail trips, in England, in 2019, National Travel Survey Table NTS101; https://www.gov.uk/government/collections/national-travel-survey-statisticsv

years, with zero growth (i.e. no impact from population growth) thereafter. Table 3.25 presents the sensitivity test results against the Core scenario BCRs.

Table 3.25: Scenario 1 Low growth summary

	Option A	Option C	Option G	Option J
PVB	£14,230	£14,230	£12,105	£11,434
PVC	£11,683	£10,809	£8,946	£8,276
NPV	£2,547	£3,421	£3,159	£3,157
BCR	**1.22**	**1.32**	**1.35**	**1.38**
Core Scenario BCR	**1.42**	**1.54**	**1.37**	**1.38**

As expected, the sensitivity test BCRs are lower than in the core scenario, primarily due to the lower rail demand. The reduced rail demand leads to reductions in user benefits, but also affects the PVC in the form of greater subsidy/grants required to offset lower fare revenues.

3.9.2. Scenario 2: Low rail mode share

The core scenario assumed the mid-range of rail mode share would be achieved in future as a result of the rail improvements and travel planning initiatives. This sensitivity test assumes that the low baseline rail mode share of 2% will continue with no change despite the rail improvements and travel plan initiatives. Table 3.26 presents the sensitivity test results against the Core scenario BCRs.

Table 3.26: Scenario 2 Low rail mode share summary

	Option A	Option C	Option G	Option J
PVB	£14,462	£14,462	£12,244	£11,590
PVC	£11,134	£10,259	£9,697	£9,054
NPV	£3,328	£4,202	£2,547	£2,536
BCR	**1.30**	**1.41**	**1.26**	**1.28**
Core Scenario BCR	**1.42**	**1.54**	**1.37**	**1.38**

Again, as expected, the sensitivity test BCRs are lower than in the core scenario which is linked to the reduced levels of rail demand. However, the scale of change indicates that the demand impacts of encouraging greater mode shift to rail could be significant.

3.9.3. Scenario 3: Greater highways decongestion

The core scenario assumed that each trip that switches mode from road to rail would result in a reduction in vehicle-mileage driven, based on the national average car-based trip distance of 8.7miles. Noting that the average rail trip distances are longer than average car trip distances, this sensitivity test considers a larger reduction in vehicle-miles driven per new rail trip. The national average is 32miles[61] per rail trip, however for the purposes of the appraisal for Cannock Station, the sensitivity test has assumed 20 vehicle-miles removed per rail trip based on the typical driving distance between Cannock and Birmingham city centre. Table 3.27 presents the sensitivity test results against the Core scenario BCRs.

Table 3.27: Scenario 3 Greater highways decongestion summary

	Option A	Option C	Option G	Option J
PVB	£15,914	£15,914	£13,287	£12,501
PVC	£11,131	£10,257	£9,696	£9,054
NPV	£4,783	£5,657	£3,592	£3,447
BCR	**1.43**	**1.55**	**1.37**	**1.38**
Core Scenario BCR	**1.42**	**1.54**	**1.37**	**1.38**

[61] Average trip length (miles) for surface rail trips, in England, in 2019, National Travel Survey Table NTS101; https://www.gov.uk/government/collections/national-travel-survey-statistics

In this test, the highway-mileage impacts are more than doubled, and this has led to slight increases in PVBs and BCRs. Noting that the high-level approach to demand forecasting for this SOBC had not considered the distribution of origins and destinations of travellers who might potentially use Cannock Station, there is reasonable uncertainty in the overall highways impacts that mode shift to rail could have in appraisal terms. However, the relatively small difference between the sensitivity test BCRs and Core scenario BCRs could indicate that this uncertainty may not have a significant impact overall. On the other hand, if average trip distances among potential users of Cannock Station are significantly longer than the assumed 20 miles, then consideration of those highway decongestion impacts could improve the PVBs.

3.9.4. Scenario 4: High rail mode share

The core scenario assumed the mid-range of rail mode share would be achieved in future as a result of the rail improvements and travel planning initiatives. This sensitivity test assumes that the slightly more ambitious mode share targets within the MGDOV Transport Assessment and Travel Plan Framework will be met.

Table 3.28 presents the sensitivity test results against the Core scenario BCRs.

Table 3.28: Scenario 4 High rail mode share summary

	Option A	Option C	Option G	Option J
PVB	£18,018	£18,018	£14,904	£13,994
PVC	£11,134	£10,259	£9,697	£9,054
NPV	£6,884	£7,758	£5,207	£4,940
BCR	**1.62**	**1.76**	**1.54**	**1.55**
Core Scenario BCR	**1.42**	**1.54**	**1.37**	**1.38**

These sensitivity test BCRs are substantially higher than in the core scenario, due to the greater levels of rail demand. The scale of difference in BCRs here could indicate any efforts to ensure that the mode share targets within the MGDOV TA and Travel Plan Framework are achieved could make substantial differences to the value for money position.

3.9.5. Summary of alternative scenario testing.

These tests indicate that minor reductions to the applied exogenous growth rates could have a small effect on the overall BCRs, but it is considered likely that the scale of this effect would be largely offset if the assessment were to include longer term population growth. Similarly, if more detailed forecasting of exogenous growth factors finds that the rates applied to date have underestimated the background growth projections, then this would likely have a commensurate effect on the benefits. In contrast, these tests suggest that the demand effects from modest increases in rail mode share could have a relatively larger effect on benefits that simply the exogenous growth. And finally, these tests demonstrate that the monetisation of highways-related secondary impacts arising from mode shift to rail would have relatively insignificant effects on benefits.

3.10. Assessment of Social and Distributional impacts

3.10.1. Social impacts

Social impacts cover the human experience of the transport system and its impact on social factors. At this stage of scheme development and appraisal, a high-level review is undertaken in line with WebTAG guidance Unit A4.1.

Physical activity

The scheme design at this stage does not detail any changes to the cycle storage facilities or cycle path to or from the station. If the scheme is developed and improved to include better cycling and walking facilities to promote active travel, the impacts on physical activity and health benefits would be revisited.

Security

An online survey suggested that there is currently not enough lighting between the station platforms and the car park, resulting in an unsafe environment. There is limited CCTV coverage over the station car park and entrance to the platforms to ensure security for station users. Furthermore, incidents of antisocial behaviour and vandalism indicates an unsafe environment.

Security will be improved by the provision of CCTVs and lighting. Overall, impact on security is expected to be slight beneficial.

Accessibility

The scheme will provide DDA compliant step free access which will provide accessibility by foot and bicycle and will be beneficial for disabled users, those with buggies or carrying luggage and older people.

The car park and access to the station will be in an improved state and demand for the car park suggest that the number of spaces are adequate. The scheme also includes physical improvements to the station and improved spatial configuration, which will improve transport accessibility to the station itself.

Overall, impact on accessibility is expected to be slight beneficial.

3.10.2. Distributional impacts

Distributional impacts consider the variance of impacts across different social groups. At this stage of scheme development and appraisal, a high-level assessment is undertaken in line with WebTAG guidance A4.2 and a summary of the key findings of socio-economic demographic analysis of the scheme impact area is as follows.

- The scheme impact area has a larger proportion than average of population in the lower quintiles, in the case of quintile 2, this is more than double the English average at 44.8%. Since the lowest two quintiles, 1 and 2, surpass half of the population share in the area, it can be inferred that the scheme will have a larger proportional impact on those from lower income groups.
- There is a lower proportion of 'No Car Households' than average suggesting there could potentially be more reliance on private cars for travel rather than public transport.
- The scheme impact area has a lower proportion of BME group than average of England and Wales.

More details of the assessment are provided in the Economic Appraisal Technical Note.

Noise and air quality

TAG unit A4.2 highlights that noise and air quality have a larger impact on children as a social group. At GRIP Stage 1, traffic analysis has not been carried out as the scheme design is not anticipated to generate any material traffic impacts on the road network. The proportion of children in population in the scheme impact area is marginally lower than the national average and therefore the scheme impacts would be anticipated to be neutral on these groups.

Accidents

The scheme is not anticipated to have material impacts on the road network, so the impacts are considered likely to be neutral. If the scheme is developed to include wider improvements on access routes to and from the station, assessment of the scheme impacts in the next stages of appraisal would be required to understand its impact on accident rates and key risk groups.

Security

The scheme proposes improvements to the public realm of the station where children & young people, older people and women are key groups to consider. The proportions of these social groups in Cannock are broadly in line with national averages, therefore the impacts of improved security would likely not disproportionately benefit any particular social group.

Severance

There is an intention to relocate a crossing on Lichfield road for access to the station where severance could be a key consideration, particularly affecting more vulnerable people in the population such as people without access to a car, older people, people with disabilities, children and people with reduced mobility. Relocating the existing crossing to a new alignment is considered likely to have a neutral impact in this case.

Accessibility

Physical improvements to the station would improve movement within the station but would not be likely to affect transport accessibility to and from the station itself. Moreover, the specification and detail of any upgrade to active mode infrastructure is not available at this stage but is expected to be developed as the project progresses. The scheme will improve accessibility to the station by providing DDA compliant step-free access and an additional ticket machine at the Northbound platform which would improve accessibility for vulnerable groups in the population including disabled users, the elderly and those with buggies.

3.11. Assessment of Environmental Impacts

A high-level desktop assessment of the existing environmental baseline to identify environmental constraints and an ecology walk over survey has been undertaken at this stage. As the design progresses, further impact assessment inline Networks Rail's ENV015 with will be undertaken.

Noise

The proposed scheme is located in a largely urbanised area with surrounding sensitive receptors, such as residential properties located directly opposite the station on Remington Drive. Construction operations would have the potential to give temporary rise to adverse noise and vibration effects to nearby sensitive receptors e.g. residential properties. During operation, the Scheme could also result in altered noise levels at nearby sensitive receptors due to various new and altered activities and changes in traffic flow, which may introduce increased levels of noise within the search area.

Local air quality

The scheme area lies within the wider CCDC Air Quality Management Area (AQMA) which included Cannock Chase AQMA, AQMA 2, AQMA 3 and AQMA 4, all located within approx. 2.1 km of the site. During the construction phase, sensitive receptors have the potential to experience a temporary deterioration in air quality due to nuisance particulates. During the operational phase, vehicle traffic flows and speeds could potentially be altered which may result in long-term permeant changes in local air quality.

Landscape

The area within 300m beyond the scheme boundary is part of the Cannock Chase and Cank Wood Character Area (CA) and has three Public Right of Way (PRoW) footpaths The Scheme is also located within a highly urbanised area which has the potential to cause adverse impacts on nearby residential and business receptors.

There is potential for changes to landscape character and impacts to sensitive visual receptors during the construction and operational phases of the Scheme. During construction, temporary visual effects are likely to occur due to the introduction of construction machinery, compounds, temporary light etc. which may impact Network Rail's social performance requirement of 'Being a Caring Neighbour'.

During the operational phase, the Scheme could introduce substantial new and altered structures and infrastructure, which may improve on the setting of the surrounding area and local views, Significant removal of existing vegetation may give rise to impacts on landscape and visual amenity, particularly for the residential properties which are located immediately adjacent to the proposed Scheme.

Historic environment

The potential impacts on the cultural heritage assets are defined as changes to the historic environment resource caused by the proposed Scheme. This can include direct physical impact (e.g. partial destruction or total loss of a heritage asset), settings impact (non-physical changes to the character and significance of assets arising from works), indirect impacts or secondary impacts. A desk-based study has identified that there are two Grade II Listed Buildings located approx.120 m east and 135 m north-east of the Scheme. There are no Scheduled Monuments, World Heritage Sites, Registered Battlefields or Registered Parks and Gardens within the search area.

Biodiversity/ecology

There are several areas of priority habitat inventory consisting of deciduous broadleaved woodland (located approximately 15m north of the scheme. In addition, scheme is within a priority habitat for Lapwing as well as being within a risk zone for Stowe Pool and Walk Mill Clay Pit Site of Special Scientific Interest (SSSI). Cannock Town Centre Conservation Area is also located 450 m north west of the Scheme.

Although no protected or notable habitats are present within the site, efforts would be made to retain or enhance the existing native habitats of value where possible.

It is considered that any risks to ecology can be mitigated through appropriate construction planning and delivery methods which would be assessed as the scheme design progresses.

Water Environment

The Scheme boundary is located within Flood Zone 1 (as defined by the Environment Agency (EA)), which is categorised as having a low probability of flooding. Additionally, the site is underlain by a Secondary A aquifer and is also within a Nitrate Vulnerable Zone (NVZ).

Potential changes in surface runoff, groundwater flow and flow paths may alter drainage and increase flood risk. The introduction and alternation of new and existing materials may create new pollution pathways and impact water quality surrounding the Scheme. Due to the proximity to the river, there may be potential for direct and indirect physical impacts or morphological changes caused by the movement of material during construction.

3.12. Value for Money (VFM) Statement

This section provides a summary of the key considerations in arriving at Value for Money categories, which have not been adjusted at this stage.

Option A		Option C		Option G		Option J	
BCR: 1.42	**VFM: Low**	**BCR: 1.54**	**VFM: Medium**	**BCR: 1.37**	**VFM: Low**	**BCR: 1.38**	**VFM: Low**
Broad Transport Budget (£,000s 2010 prices, discounted)							
Capex	£11,096	Capex	£10,221	Capex	£8,359	Capex	£7,062
Opex	£2,167	Opex	£2,167	Opex	£2,167	Opex	£2,167
Revenue	£2,127	Revenue	£2,127	Revenue	£829	Revenue	£175
Subsidy	£40	Subsidy	£40	Subsidy	£1,338	Subsidy	£1,992
Total	**£11,134**	**Total**	**£10,259**	**Total**	**£9,697**	**Total**	**£9,055**
For all options, the Present Value of Costs (PVC) to the public accounts include a small subsidy to the transport operator to cover the small difference between the revenue uplifts and operating costs of the new station; and for all options, the Net Present Value (NPV) is positive. Positive NPVs can act as implicit measures of the amount of public value that is expected to be gained by delivering the option.							
Monetised Impacts (£, 000s 2010 prices, discounted)							
Access	£5,331	Access	£5,331	Access	£5,273	Access	£5,247
Facilities	£6,012	Facilities	£6,012	Facilities	£3,571	Facilities	£2,876
Crowding	£4,361	Crowding	£4,361	Crowding	£4,361	Crowding	£4,361
Highways	£108	Highways	£108	Highways	£42	Highways	£9
Ind. Tax	-£17	Ind. Tax	-£17	Ind. Tax	-£7	Ind. Tax	-£1
Total	£15,795	**Total**	£15,795	**Total**	£13,241	**Total**	£12,492
The Present Value of Benefits (PVB) is positive across all options ranging from the lowest level of benefits for Option J (£12.5m), to the highest level of benefits for Options A and C (£15.8m). In all options, the bulk of benefits arise from walking-time savings and journey quality benefits, including reductions in platform crowding, due to the station upgrade. Across all four options, the benefits arising from walking-time savings within the respective proposed station layouts are broadly similar, with all walking-time savings totalling £5.2m for Option J or £5.3m for Options A, C and G. The largest differences in PVB elements are in the journey quality, where, as expected, the lowest cost Option J with the lowest provision of station facilities offers the lowest levels of journey quality benefits. This assessment suggests that Options A and C would offer the highest journey quality							

impacts overall, but the lower capital costs for Option C naturally place it above Option A in terms of VFM.
Social Impacts
The scheme is expected to offer beneficial impacts in terms of personal security, accessibility and potentially also physical activity. As the scheme develops and details of the full package of measures to integrate Cannock Station facilities with active travel opportunities, the scheme's social impacts should be considered further, and impact assessments should be carried out where applicable.
Distributional Impacts
The scheme's impact on all distributional indicators should be explored further at the next stage of development.
Environmental Impacts
Further Economic Impact assessment (in line with Network Rail's ENVO15 should be undertaken at the next stage of development to understand the scale of impacts.
Value for Money (next steps to improve the VFM)
The four options considered in this SOBC have been carefully specified to represent a broad range of potential solutions. Options A (Transformational Upgrade max) and C (Transformational Upgrade) present the highest BCRs of **1.42** and **1.54** respectively and provide the perspective Value for Money position. These options secure a transformational upgrade to the Station by providing an exciting and inviting gateway into Cannock, whilst transforming the passenger experience, future proofing the Station for growth and significantly improving access to the station. The initial BCRs at this stage represents a conservative view of the Value for Money as it does not include monetised benefits from public realm improvements, wider economic impacts, safety benefit from reduced platform crowding, physical activity or any health benefit. These benefits whilst have not been quantified at this stage should be taken into consideration when deriving the Value for Money presented by the scheme. The combination of the initial BCR and the qualitative non-monetised impacts would suggest that there is a reasonable prospect of the scheme delivering a **Medium Value for Money.** Potential avenues to be explored to improving the economic Case and VFM performance through the development phase going forward include: • Maintaining a focus in design development on the key benefit driving elements and ensuring they are secured. • Adopting appropriate value engineering and value management analysis and challenge in design development to enhance and optimise the cost effectiveness and value delivery of the chosen preferred solution • Seek to secure and maximise for 3rd party private sector contributions to potentially reduce the burden on the broad transport budget. Such as revenue from commercial rental (such as a café) or further contributions from private developers who stand to benefit from this scheme (such as McArthurGlen).
Further considerations
The following if considered at the next stage are expected to improve the BCR and the Value for Money position. Additional revenue or contribution from private developer Additional revenue from commercial rental (such as a café) or further contributions from private developers who stand to benefit from this scheme (such as McArthurGlen) would reduce pressure on the public account and improve the BCR. Developers should be encouraged to commit further funds to the scheme. Safety benefits from platform crowding The high-level approach to monetising the impacts from station facilities improvements contained within this appraisal, while appropriate and proportionate for the purposes of SOBC, is likely to have been somewhat limiting in its inability to quantify additional safety impacts (for example from reducing platform crowding). Wider Economic impacts

The appraisal at SOBC stage has also not considered wider impacts, or the potential economic multiplier effects from infrastructure investments which would substantially improve transport accessibility and capacity for travel to and from Cannock.

Rail demand growth assumptions

The rail demand forecasting applies a relatively conservative exogenous growth rate based on historic trends; and the demand itself has started from a low baseline set in 2017/18. Furthermore, the potential additional induced rail demand from improved accessibility within the station has not been included in the demand forecasting. The sensitivity testing has indicated that modest variances in rail mode share or changes in rail demand could translate into sizeable demand effects which would have knock-on impacts on benefits and revenue.

MGDOV assumptions

The quanta of future development-related rail trips are based on mid-level trip generation and mode share forecasts, however the actual trip attraction of the MGDOV could exceed these mid-level estimates. A useful case study is found in Bicester Village designer outlets in Oxfordshire, where a refurbishment programme of the shopping centre in 2016/17 led to an approximate doubling of rail demand at Bicester Station with the reopening of the shopping centre. Cannock and MGDOV is estimated to have 11 million consumers within a 90-minute catchment area, including Birmingham which is within a 30-minute rail journey.

Other benefits

Public realm, physical activity and health benefits could be quantified.

3.13. Conclusion

The analysis suggests the Option C and A are likely to offer the most Value for Money of the options assessed, presenting BCRs of 1.54 and 1.42, respectively. It should be noted that the assessment has been undertaken at high-level, for the purposes of SOBC and the consideration of economic impacts attributable to the scheme at this early stage of scheme development presents a conservative view of the value for Money position. Although the initial BCRs suggest the scheme presents Medium / Low Value for Money, further consideration of other non-monetised impacts is expected to improve the BCR and potentially improve the Value for Money position.

4. Financial Case

4.1. Introduction

The Financial Case assesses the affordability of the scheme by comparing the availability of funds against anticipated expenditure and develops the funding and financing strategy for the scheme. An assessment has been carried out for each of the four short-listed station redevelopment options.

At the SOBC stage our approach is to:

- assess the potential Capex and Opex requirements of the four short-listed options;
- review and sift potential sources of funding;
- make an initial assessment of the funding gap.

The remainder of the Financial Case is structured as follows:

- Section 4.2 provides an overview of the cost implications (Capex and Opex) for the station redevelopment options.
- Section 4.3 provides and review and sift of potential funding sources, including both public sector funding and alternative funding sources.
- Section 4.4 provides an assessment of scheme affordability, based on available funds, Capex, and Opex for each station redevelopment option.
- Section 4.5 concludes and provides recommendations for progressing the Financial Case.

4.2. Emerging Cost Estimates

4.2.1. Capex

Atkins has produced Capex estimates for each of the four short-listed options. These estimates are exclusive of VAT. They are presented at the 80% confidence level, i.e. Atkins estimates that there is an 80% probability that the redevelopment option could be provided at or below the stated cost.

Table 4-1: Summary of station redevelopment Capex estimates (excl. VAT)

Station Design	Description	Anticipated Final Cost at 80% confidence level, 2020 prices
Option A	**Transformational upgrade Max** - High Cost option featuring a platform canopy, a new station building, a café and w/c	£17.1m
Option C1	**Transformational upgrade** - High cost option featuring a platform canopy, platform extension, an enclosed pavilion and a cafe	£15.7m
Option G	**Enhanced upgrade** - Medium cost option featuring a platform canopy, an enclosed pavilion and a cafe	£12.9m
Option J	**Core upgrade** - Low cost option with basic station redevelopment including new platform shelter	£10.9m

The following key cost risks were identified:

- R1: Ground conditions on the site.
- R2: Availability of track possessions.
- R3: The Compulsory Purchase Order required for Option A.

The Capex estimates broken down into high-level costs areas is summarised in Table 4-2.

Table 4-2: breakdown of station redevelopment Capex estimates (excl. VAT) in £k (2020 prices)

	Station Redevelopment Option	A	C1	G	J	(%)
1	**Direct Construction Works**					
1.01	Railway Control Systems	20	20	20	20	-
1.02	Train Power Systems	100	275	100	100	-
1.03	Electric Power & Plant	-	-	-	-	-
1.04	Permanent Way	30	30	30	30	-
1.05	Operational Telecommunications Systems	390	390	400	400	-
1.06	Buildings & Property	1,650	1,650	750	325	-
1.07	Civil Engineering	2,600	2,100	2,300	2,100	-
1.08	Enabling Works	190	90	90	90	-
T1	Total Direct Construction Works	4,980	4,555	3,690	3,065	-
2	**Indirect Construction Works**					
2.01	Main Contractor Preliminaries	1,750	1,600	1,300	1,100	35%
2.02	Main Contractor Overheads & Profit	540	490	400	330	8%
T2	Total Indirect Construction Works	2,290	2,090	1,700	1,430	-
T1+T2	Total Base Construction Works	7,270	6,645	5,390	4,495	-
3	**Project Management, Design & Other Project Costs**					
3.01	Design Team Fees	1,500	1,400	1,200	1,100	18%
3.02	Project Management Teams Fees	930	860	710	590	10%
3.03	Other Project Costs	620	570	460	380	9%
T3	Total Project Management, Design & Other Project Costs	3,050	2,830	2,370	2,070	-
4	**Risk**					
4.01	Risk contingency	6,750	6,250	5,100	4,300	66%
T4	Subtotal	6,750	6,250	5,100	4,300	-
T1+T2+ T3+T4	Anticipated Final Cost (AFC) at 80% confidence level / P80	17,070	15,725	12,860	10,865	-
AFC Range	Anticipated Final Cost (AFC) at 50% confidence level / P50	15,700	14,500	11,800	9,900	-
	Anticipated Final Cost (AFC) at 90% confidence level / P90	18,000	16,600	13,600	11,400	-

4.2.2. OPEX

A high level Opex estimation is undertaken for the four station options for Cannock Station upgrade. Opex estimate is based on a simplistic delta expenditure value from existing station situation. This estimate considers the additional physical design elements added to the station as part of station options and their relevant maintenance/renewal cost. However, in absence of detailed staffing plan for the options, no staff cost has been assumed in the estimate.

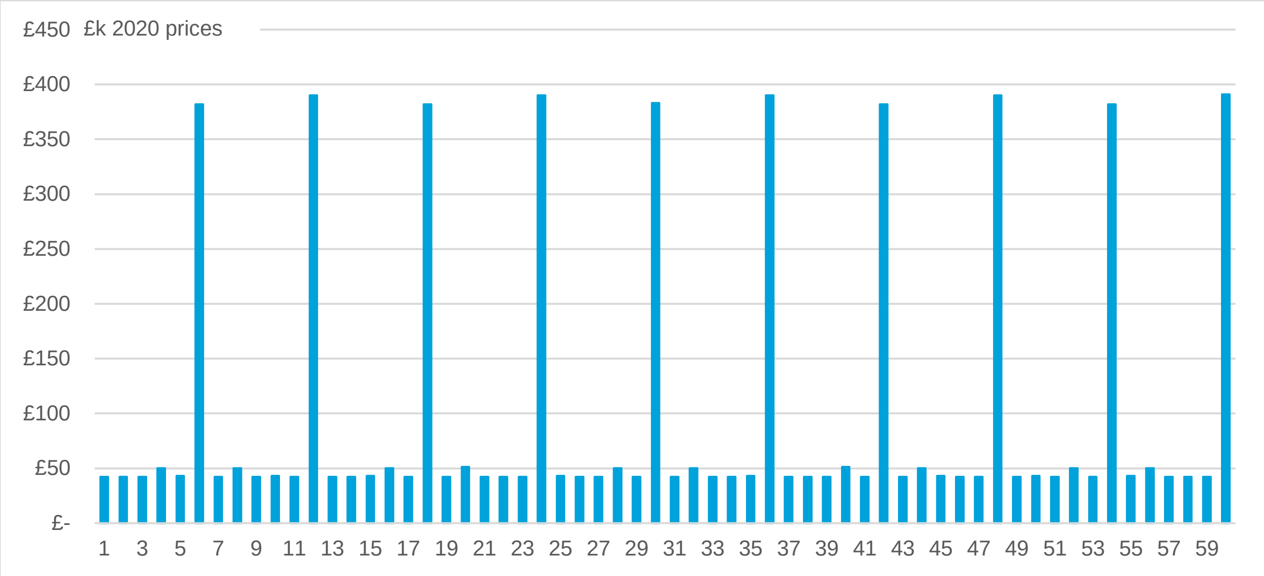
The resulting estimates are summarised in Table 4-3, in £k (2020 prices) over a 60-year period. At this stage there is little to no variation in the Opex requirements between the options and so a single worst case is considered representative of all options. The largest cost area is maintenance and renewal of the Operational Telecommunications Systems which includes the CCTV systems and Customer Information Systems.

Table 4-3: Summary of Opex estimates. All values in £k (2020 prices)

Cost area	Operational Costs
Operational Telecommunication Systems	3,742
Electrical Systems	1,261
Specialist Installations	109
Structures and Fittings	675
Other Items	279
Total (over 60-year period)	**6,066**

The spend profile f is shown in Figure 4-1. The spike in costs in years 6, 12, 18, 24, 30 and so on are primarily driven by renewal of CCTV and Customer Information Systems, which should be carried out every 5-7 years.

Figure 4-1: Annual Opex for 60-year period. All values in £k (2020 prices).



The Opex estimates rely on the following assumptions:

- No cost assumed for vandalism.
- Lifts maintenance is generally undertaken by NR – no cost included at this stage.
- No SQUIRE regime assumed which mean additional maintenance cost.
- No cost of increased maintenance and cleaning due to atypical materials used in design e.g. for aesthetic purposes.
- No Cost for Secure Station Accreditation assumed.
- No Cost for Park Mark Status accreditation for car park assumed.
- No Cost for green credentials assumed.

4.3. Potential Funding

At this stage the funding and financing strategy for the station redevelopment is in development, and the final funding package is not confirmed. Atkins has therefore carried out a long-list and sift assessment of a range of potential funding sources for consideration by the scheme sponsors. The sift assessment is carried out with a Red-Amber-Green (RAG) rating according to the criteria in Table 4-4.

While the majority of rail infrastructure is publicly funded, the DfT's Rail Network Enhancement Pipeline guidance states that exploring alternative sources of funding is encouraged to reduce the burden on the taxpayer.

Table 4-4: Assessment criteria for potential funding sources

Red: Discard	**Amber**: Retain	**Green**: Retain
Likely to be opposed by community or key stakeholder groups, or no realistic mechanism for accessing the funding stream is available. The funding party is not a direct beneficiary of the scheme, or the funding stream incentivises outcomes that are contrary to scheme objectives or wider policy objectives.	Possible to be opposed by community or stakeholder groups, or there are issues to be overcome in accessing the funding steam. The funding stream incentivises outcomes that are not aligned to scheme objectives or wider policy objectives.	Likely to be supported by the community and key stakeholder groups, and there exists realistic mechanisms for accessing the funding stream. The funding party is a direct beneficiary of the scheme, or the funding stream incentivises outcomes that are aligned with scheme objectives or wider policy objectives.

4.3.1. Government funding

The majority of rail infrastructure enhancements in the UK are publicly funded. Three potential routes to obtaining public sector funds for the project have been identified.

#	Government funding	Comment	RAG
1.1	DfT – Rail Network Enhancement Pipeline (RNEP)	All DfT funding for network enhancements is provided through RNEP. Preference is given to schemes that have a strong economic case and make use of innovative funding schemes. This funding source has been rated **green**, as the majority of rail network enhancements are (part) funded through RNEP.	
1.2	WMCA / TfWM / WMRE	Funding could be provided by transport authorities in the West Midlands. This funding source has been rated **green** rating, as WMRE is the sponsor of this project.	
1.3	Staffordshire County Council / CCDC Capital Funds	Funding could be provided by the local authorities. This funding source has been rated **red** rating, as the local authorities do not have spare capital funding.	
1.4	Local Enterprise Partnership (LEPs)	There are examples of LEPs providing funding for railway station redevelopment such as Perry Barr Station redevelopment and Kidderminster Station improvements. This funding source has been rated **amber**. LEPs have funded station refurbishments that generate positive local economic impact in the past via Local Growth Funds (LGF). LGF monies are available until March 2021, but most if not all of their funds are already committed.	
1.5	Towns Fund	The Towns Funds Prospectus, published in November 2019, provides guidance on accessing £3.6bn of funding for investment in towns. This investment may include transport links. The funding is accessed through Town Deals, which will be made available to a group of 101 towns. The prospectus outlined plans to strike the Town Deals over the course of 2020. This funding source has been rated **amber**. Cannock is not listed in the group of 101 towns but may be eligible in potential future funding rounds.	

4.3.2. Station-related funding

Station-related funding streams rely on generating value from, and commercialising the station asset itself, excluding activities directly related to rail operations.

#	Station-related funding	Comment	RAG
2.1	Station sponsoring / naming rights	Station sponsoring or naming rights might be sold to local attractions or brands in order generate a funding stream. Examples include a plan to rename of White Hart Lane Station to Tottenham Hotspur, the temporary renaming of Canada Water to Buxton Water on the day of the 2015 London Marathon, Greenhithe for Bluewater and University Station. This funding source has been rated **amber**, as this form of sponsorship is relatively uncommon and local communities may object to renaming of heritage railway assets.	
2.2	In-station advertising	In-station advertising space or trackside billboards can be rented to provide a funding stream. This funding source has been rated **green** as several of the long-listed station designs include potential space for advertising.	

2.3	In-station retail rental	Rental income from in-station retail offerings represents a potential source of funding. This funding source has been rated **green** as several of the long-listed station designs include new in-station retail space.	
2.4	Station car park revenue apportionment	A portion of additional car park revenue generated from a refurbished car park and greater station patronage could be allocated to the station redevelopment. This funding source has been rated **amber**, as it is an accessible source of funds. However, our initial demand modelling suggests that the potential revenue generated may be small relative to the investment required by the scheme plus any revenue may be offset by operating costs.	

4.3.3. Rail-related funding

Rail-related funding streams aim to access the value generated to the rail industry from increased passenger numbers and from the improved station asset.

#	Rail-related funding	Comment	RAG
3.1	Rail passenger fare uplift	There are examples of station upgrades being funded through a small uplift to fares being added to fares for journeys originating or departing at the station in question. This has been used successfully at several airport railway stations. This funding source has been rated **amber as** this can add to complexity and inconsistencies within the rail fares system. It is also likely that a fare uplift would be unpopular with rail users, and that the increased cost to passengers would reduce the number of people using the station. However, an ongoing review of fares across the region led by the West Midlands Rail Executive suggests that the Chase Line has low fares compared to other routes.	
3.2	TOC contribution from passenger revenue uplift	The Train Operating Company could contribute a portion of the increased farebox revenue that they receive due to the investment in the station. This funding source has been rated green as our initial demand and revenue modelling suggests that the Train Operating Company servicing the station is a beneficiary of the investment.	
3.3	Long-term charge (TOC station access charge)	This involves diverting the station long-term charge - an annual charge currently paid by operators that use the station to Network Rail for the maintenance and renewal of the station – to the redevelopment project (2019/20 onwards). This option does not generate additional value as funding source; simply diverts an existing cost-recovery payment. This established mechanism may however be suitable for delivery models involving a third party maintaining the station, and hence avoiding the need for Network Rail to cover such costs. This funding source has been rated **amber** because although existing mechanisms exist to access it, **its applicability is limited to delivery models where a third party carries out station maintenance.**	

4.3.4. Business and property

#	Business- and property-related funding	Comment	RAG
4.1	Contribution from McArthurGlen Designer Outlet	Station options with enhanced connectivity to the Designer Outlet will increase sales revenue and reduce carbon emissions related to the operation of the outlet. It is potentially in the interests of the developer to contribute to the scheme. This funding source has been rated **amber**, because although the outlet developers may stand to benefit from increased visitors to the outlet if the station facilities are improved, the developers have already made an S106 contribution of £90,000. The developers may still be encouraged to commit further funds.	
4.2	Retail property sales / rental	Station options that include space for retail development could accrue rental revenue or revenue from property sales. This funding source has been rated **green** because the options under consideration include the possibility of retail adjacent retail developments.	
4.3	Residential property sales / rental	Station options that include space for residential development could accrue rental revenue or revenue from property sales. This funding source has been rated **green** because the options under consideration include the possibility of retail adjacent residential developments.	
4.4	Community Infrastructure Levy apportionment	The Community Infrastructure Levy (CIL) is a levy made on developers to fund community infrastructure such as transport infrastructure and including railway station. There is significant home building activities ongoing in Cannock 2020-25, and a portion of the accruing funds could potentially be allocated to the station redevelopment. This funding source has been rated **green** because there is a reasonable case that the station redevelopment is a necessary infrastructure improvement to support increased numbers of residents in the local area.	
4.5	Business rates retention	An uplift to local business rates could provide funds which could be allocated to the scheme. This is likely to be unpopular with local business and may discourage the objective of enabling a thriving Cannock Town Centre area. This funding source has been rated **red** as it runs contrary to the strategic objective of enabling a thriving Cannock Town Centre area.	
4.6	S106 Apportionment	S106 contributions are levied on developers in as part of the process in securing planning permission. This funding source has been rated **red**, as the £90,000 of S106 funding secured from the Designer Outlet has been allocated for minor cosmetic changes and there are no other possible S106 funds available.	

4.4. Affordability

4.4.1. Summary of funding

As of April 2020, at the SOBC / GRIP1 stage, there are no committed sources of funding in place. A more detailed assessment of funding sources, and the potential need for financing arrangements, will be carried out in the GRIP2/SOBC Stage.

4.4.2. Funding gap

The total funding requirement for the four options ranges between £17-£23m at the p80 confidence level. The spend profile over time is visualised in Figure 4-2.

Figure 4-2: Total Expenditure (Capex + Opex) profile for the four short-listed options over a 4-year build and 60-year operational period. All values in £k 2020 prices.

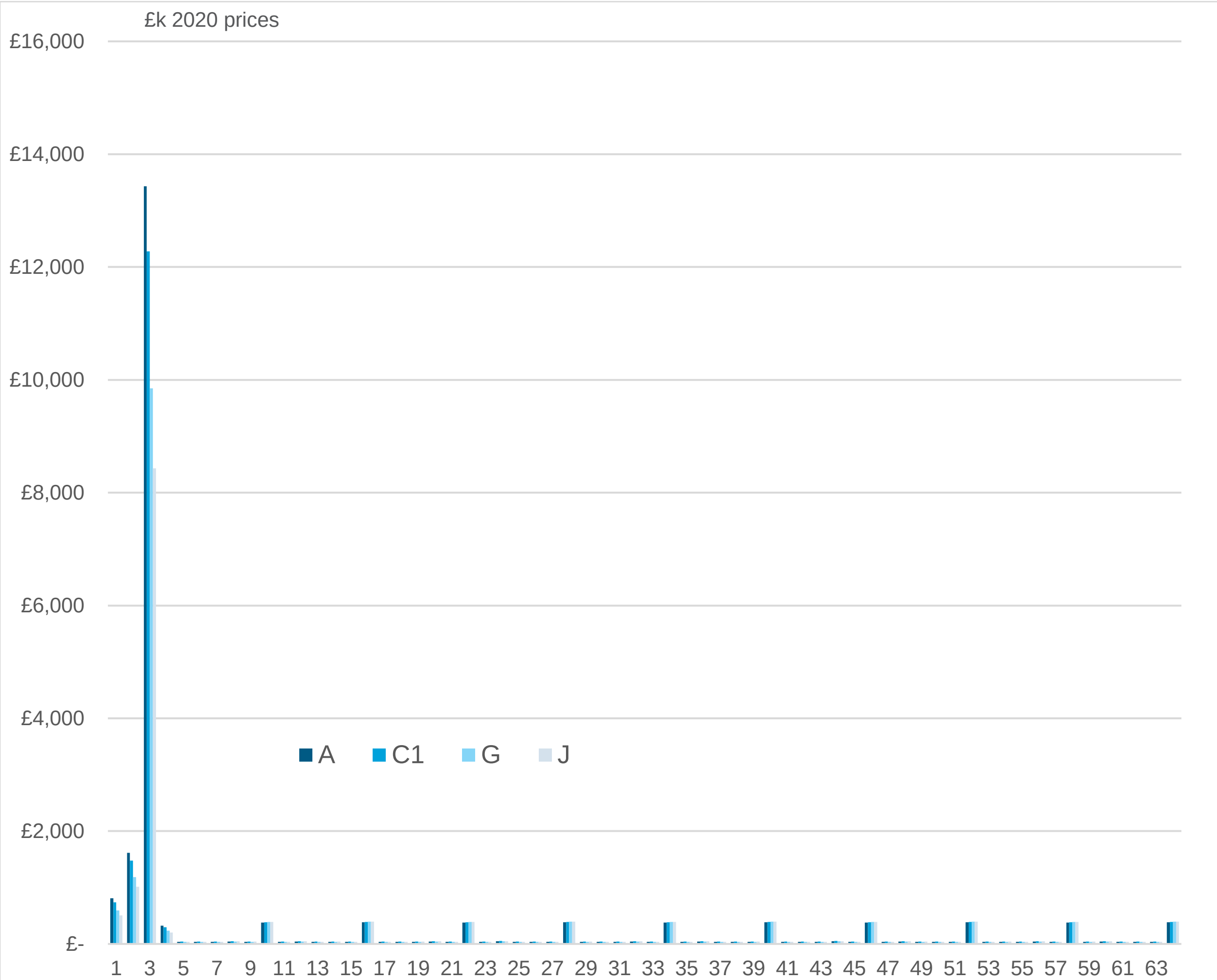


Table 4-5: Summary of Total Expenditure (Capex + Opex) over 4-year build period and 60-year operational period. All values in £k 2020 prices.

Option	A	C1	G	J
Capex Y1-Y4 (4-year build period, p80 confidence)	17,070	15,725	12,860	10,865
Opex Y5-Y34 (60-year operational period)	6,066	6,066	6,066	6,066
Total Y1-Y34	**23,136**	**21,791**	**18,926**	**16,931**

4.5. Conclusion

At the SOBC / GRIP1 stage the following key undertakings for the Financial Case have been completed.

1. Capex requirements and Opex requirements have been estimated for four short-listed station designs. A Total Expenditure (TotEx) profile over a 4-year build and 60-year operational period has been produced.
2. A long-list of potential funding sources have been identified. A RAG rating / sift exercise has highlighted potentially viable public and private sources of funding.
3. As no funding has yet been committed to the project, a funding gap of £16-£22m (exclusive of financing costs and VAT) has been identified, depending on final option selection.

If the development of the project is continued to the OBC / GRIP2 stage (depending on the results of the Economic Case) the Financial Case will be focused on assessing feasible packages of funding and financing arrangements that could close the funding gap.

5. Management Case

5.1. Introduction

The Management Case has been prepared through consultation with representatives from WMRE (West Midlands Rail Executive), SCC (Staffordshire County Council), CCDC (Cannock Chase District Council) and NR (Network Rail).

The Management Case describes how the Cannock Station redevelopment project will be delivered through project management best practice, confirming that timescales are realistic and demonstrating that an appropriate governance structure is in place to oversee the project.

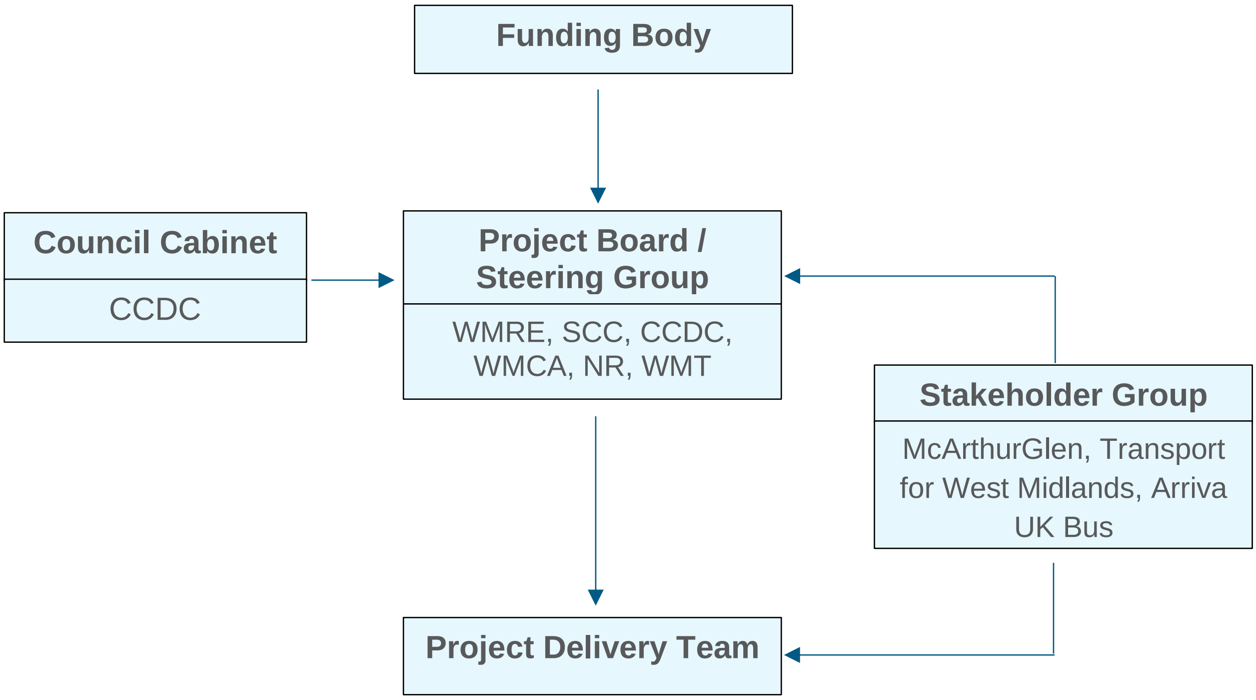
The structure of this case is based on the HMT's Green book guidance and is set out as follows:

- Governance and organisational structures and roles
- Project plan
- Assurance and approvals plan
- Communications and stakeholder management
- Risk management strategy

5.2. Governance and Organisational Structure and Roles

The governance structure in Figure 5-1 shows a clear decision-making line from project delivery team through to the Funding Body.

Figure 5-1 - Governance Structure



5.2.1. Project Board/Steering Group

The Project Board/Steering Group will provide strategic direction and will be responsible for overseeing the development of the scheme to ensure a successful delivery. The Project Board/Steering Group will meet at key milestones in the project and consist of senior representatives from:

- West Midlands Rail Executive (WMRE, the sponsor)
- West Midlands Combined Authority (WMCA, Project Contract lead)

- Cannock Chase District Council (CCDC, Project Partner, the Local Planning Authority)
- Staffordshire County Council (SCC, Project Partner, the Local Transport Authority and Highway Authority)
- West Midlands Trains (WMT, Project Partner, the train operating company)
- Network Rail (NR, owner and manager of the rail infrastructure)

The Project Board/Steering Group will:

- Ensure commitment from the relevant organisations and stakeholders for the overall strategy including the approach to funding.
- Act as a champion for Cannock station and proposed scheme and take a proactive approach to communication and engagement.
- Advice on structure and options for private sector support to deliver the plan including approach to funding.
- Support the project delivery team by providing steering on risks, issues or concerns raised during technical delivery of the scheme to ensure that due process is followed during the scheme development.
- Provide an integrated approach to powers and consents.
- Evaluate progress and keep track of adherence to programme/ budget including approving any significant changes to the delivery programme.
- Report to the council cabinet and funding body.

5.2.2. Stakeholder group

The Stakeholder Group will engage with the project delivery team, providing guidance to ensure that due process is followed during the development of the scheme. These stakeholders are consulted on the project to highlights issues and constraints which influence the option development. Although this group does not have decision making powers, it acts as an advisory board to the Project Board/Steering Group. The Stakeholder Group will consist of senior representatives from key statutory stakeholders including:

- McArthurGlen
- Transport for the West Midlands (TfWM)
- Arriva UK Bus
- Others as identified

5.2.3. Project delivery team

The Project Delivery Team will be accountable to the Project Board/Steering Group and will be responsible for:

- Delivering the scheme while ensuring project timescales and milestones are met.
- Resolving all detailed day-to-day project issues.
- Liaising with stakeholders to ensure due process is followed during the development of the scheme.
- Adopting and implementing appropriate quality control procedures.
- Reporting progress to the Project Board/Steering Group.

5.3. Project Dependencies

The Cannock Station redevelopment is a standalone scheme and not dependent on any other schemes or projects. It can be designed, costed and delivered independently. However, the scheme is dependent on the receipt of funding, support of stakeholders and is subject to risks as set out in the risk register. The scheme is also dependent on a few activities outlined in the project programme including:

- **Planning Consent -** It is expected that planning permission will be required for the scheme. Both WMRE and SCC have previous experience in securing planning permission for transport scheme and are confident in the timely delivery of this task.
- **Land Acquisition -** The feasibility and cost of acquiring any land will be considered during the scheme design. This will include identifying any planning or legal issue that may arise. Following this, a land

acquisition strategy will be agreed by the county council cabinet. Affected land owners will be contacted as part of a consultation process.

5.4. Project Plan

An indicative programme has been prepared in consultation with WMRE, SCC and CCDC. It anticipates commencement of the station construction works in July 2024 and completion in December 2025.

A project programme has been produced. It covers all key stages of the programme from OBC (assuming completion by December 2021) to project delivery. It is anticipated that station construction works will commence in July 2024 for completion in December 2025. More details will be introduced into the programme as the project progresses through Outline Business Case and Full Business Case.

5.5. Assurance and Approvals Plan

The project will need to comply with Network Rail Governance for Railway Investment Projects (GRIP) processes.

The scheme design will need to comply with Network Rail's Governance to Railway Investment Projects guidance process, because of its impact and/or proximity to Network Rail's assets. For elements of the options touching or adjacent to Network Rail's assets, Network Rail would need to manage the design or receive and process compliant designs through GRIP stage 3 through to GRIP stage 8 - Project Close Out. Network Rail is therefore integral to design standards and design assurance.

5.6. Communication and Stakeholder Strategy

The principal stakeholders are discussed in the Governance section of this Management Case. Other important stakeholders include property owners that may be affected by the scheme.

The purpose of the Communications Strategy is to identify who the project's key stakeholders are, what is important to them and what will be done to ensure they are appropriately engaged. The strategy will be guided by Network Rail's 'Our Principles of Good Design' guidance (2019), which specifies exemplary stakeholder engagement and communications principles.

5.6.1. Identified stakeholders

A stakeholder may be defined as anyone with an interest in the programme or project. Stakeholders can be individuals, groups or organisations. The identified stakeholders include the project partners and stakeholders listed in Section 5.2 as well as external stakeholders which include the general public, businesses and residents located around the station, user groups etc.

Table 5-1 summarises the interests/objectives for communication with key stakeholders and the level of engagement proposed. Stakeholders who are directly affected by the scheme and whose agreement is required in order for the scheme to progress are kept involved throughout the design and implementation of the scheme. Stakeholders who are affected by the scheme and can contribute to the successful delivery of the scheme are consulted at key stages of the project development. Stakeholders with general interest in the scheme will be kept informed at appropriate stages.

Table 5-1: Key Stakeholders

Key stakeholders	Interests/ objectives for communication	Level of Engagement	When to Engage
WMRE	Keeping sponsor involved through the design and implementation of the scheme	Involve	Ongoing
CCDC	Keeping the Local Planning Authority involved through the design and implementation of the scheme	involve	Ongoing
SCC	Keeping the Local Transport Authority and Highway Authority involved through the design and implementation of the scheme. To expand awareness and support across the Staffordshire region.	Involve	Ongoing
WMCA	Keeping the project partner involved through the design and implementation of the scheme.	Involve	Ongoing

Network Rail	Ensuring Network Rail is kept involved during the design and implementation of the scheme. To ensure that scheme design meets network Rail compliance and achieve sign0off or the various GRIP stage reports.	Involve	Ongoing
WMT	Keeping the Train Operating Company involved through the design and implementation of the scheme	Involve	Ongoing
TfWM	Keeping TfWM involved through the design and implementation of the scheme. To expand awareness and support across the region	Involve	Ongoing
McArthurGlen	Developing channels for engaging with the stakeholder to obtain inputs on matters impacting the designer outlet.	Consult	Ongoing
Bus Operators	Developing channels for engaging with the stakeholder to obtain inputs on matters impacting buses.	Consult	Ongoing
General Public	Public consultation to obtain input on matters impacting the public and disseminate information on the project development. To improve transparency and public involvement during the scheme development.	Consult	GRIP 3
Landowners/ residents	Negotiation and dialogue with Landowners impacted by scheme	Consult	GRIP 4
Utilities Companies	Developing channels for engaging with the stakeholder to obtain inputs on matters impacting utilities. Consultation will be undertaken during the development of the scheme.	Consult	GRIP 3
Environment Agency	They will be consulted to ensure environmental implication are fully understood during completion of the Environmental Impact Assessment.	Consult	GRIP 2
Businesses	Raise awareness of the ambitious plans for Cannock Station and create regular opportunities for dialogue with the regional business audience	Inform	GRIP 3
Local Councillors	Keeping cabinet members and local councillors informed on progress	Inform	Ongoing
Local MPs	Keep local MPs informed and aware of the Cannock station plans through targeted/tailored regular communications.	Inform	GRIP 3
Funding body	Funding the Design/ implementation of scheme	Inform	GRIP 3/4

5.6.2. Dates and Frequency of Communication

A range of engagement exercises has been undertaken during the production of the SOBC and these are listed in table below. Further engagement exercises will be undertaken as the project progresses to Outline Business Case.

Table 5-2: Previous Engagement Exercises

Engagement Exercises	Dates
Site visit with stakeholders	11/11/19
Progress meeting with Steering Group	5/11/19, 5/12/19, 11/12/19, 18/12/19, 23/01/20, 24/02/20, 19/03/20, 02/04/20, 30/04/20
Stakeholder workshops	29/01/20, 03/03/20, 10/03/20

5.7. Risk Management Strategy

The Risk Management Strategy (RMS) sets out how WMRE will look at risks as a partnership with Cannock Chase District council, Staffordshire County Council (SCC), West Midlands Combined Authority (WMCA) and West Midland Trains (WMT). The Project Board/Steering Group will manage the risks register and the risks are to be managed by risk owners.

The risk management strategy sets out how risk will be managed on the project and identifies the:

- Risk management process
- Roles and responsibilities
- Records
- Timing of risk management activities

5.7.1. Risk management process

A five-step risk management process has been agreed as a mechanism to deliver a simple and effective risk management process.

Figure 5-2 - Five-step Risk Management Process

Further detail on the five-step process is discussed below.

- Step 1: Identify the risk
- Step 2: Assess and evaluate the risk
- Step 3: Plan and Implement response
- Step 4: Monitor and review the risk
- Step 5: Communicate

Through the lifecycle of the project, a risk register will be maintained. The risk register will enable the team to record and manage risks in a consistent way, map risks to objectives and risk types, monitor and review risks and produce management reports.

5.7.1.1. Identify the risks

The project delivery team and Project Board/Steering Group will identify and describe risks that might affect the programme or its outcomes. This stage involves identifying the source of the risk, the threat or opportunity and the impact the risk would have on the project objectives. Once identified all risks will be recorded in a Risk Register. The scheme risks will be grouped into categories such as:

- Risk to programme
- Political risks
- Economical risks
- Financial / Legal risk (including risk to scheme costs or funding)

- Technical risk
- Health and Safety risk
- Organisational / stakeholder risk
- Reputational risk
- Risks to the operation of the transport network

5.7.1.2. Assess and evaluate the risk

Once risks have been identified, the next step is to assess the probability and impact of the risk.

Probability - A risk is an event that "may" occur. The probability of it occurring can range anywhere from just above 0 percent to just below 100 percent. (Note: It can't be exactly 100 percent, because then it would be a certainty, not a risk. And it can't be exactly 0 percent, or it wouldn't be a risk.). This will be mapped to a 5-point scale set out in Figure 5-3 below.

Figure 5-3 - 5-point Probability Scale

Level	Description	Detailed Description
5	Almost Certain	Expected to occur in most circumstances. Greater than 95% probability of occurring and/or has happened on almost all similar projects in the past.
4	Probable	Will probably occur in most circumstances. Between 60% and 90% probability of occurring and/or has happened on many similar projects in the past.
3	Possible	Might occur at some time. Between 20% and 60% probability of occurring and/or has happened on a few similar projects in the past.
2	Unlikely	Unlikely to occur. Between 10% and 20% probability of occurring and/or has rarely happened on similar projects in the past.
1	Rare	May occur only in exceptional circumstances. Less than 10% probability of occurring and/or has never or very rarely happened on similar projects in the past.

Impact - A risk, by its very nature, always has a negative impact. However, the size of the impact varies in terms of cost and impact on health, human life, or some other critical factor. This will be mapped to a 5-point scale set out in Figure 5-4 below.

Figure 5-4 - 5-point Impact Scale

Level	Description	Detailed Description		
		Financial	Time	Reputational
5	Highly Significant	Huge financial loss, >10% of project cost	Major disruption to the project and/or services or major failure to deliver vital services	Serious major reputational damage inflicted, external intervention certain
4	Major	Major financial loss, 5-10% of project cost	Major disruption to the project and/or services or short failure to deliver services	Major reputational damage inflicted, external intervention likely
3	Moderate	Medium financial loss, 2-5% of project cost	Disruption to the project and/or services or short failure to deliver services	Reputation damage inflicted, external intervention possible
2	Minor	Minor financial loss, 1-2% of project cost	Limited disruption to the project and/or services	Could affect reputation
1	Insignificant	Little or no financial loss, >1% of project cost	Inconvenience to the project and/or services	Potential reputation issues

Once the impact and probabilities have the assessed, the risk will be mapped onto a 5-point matrix to generate an overall risk score representing the risk exposure (Figure 5-5).

Figure 5-5 - 5-point Risk Matrix

IMPACT							
	Highly Significant	5	H	H	VH	VH	VH
	Major	4	H	H	H	VH	VH
	Moderate	3	M	M	H	H	H
	Minor	2	L	L	M	M	M
	Insignificant	1	L	L	L	L	L
			1	2	3	4	5
			Rare	Unlikely	Possible	Probable	Almost Certain
			PROBABILITY				

KEY
Very High Risk – Control action must be taken immediately
High Risk – control action must be a priority
Medium Risk – control action to be taken as a matter of routine
Low Risk – No control action required, but will need to be monitored

The risk matrix combines the impact and probability to provides an understanding of the risk profile, clarify thinking on the nature and impact of the risks and helps highlight the risks that need more attention. Looking at impact versus probability is common in order to categorise and prioritise risks as some risks may have a severe impact on projects objectives but only happen on rare occasions, while other have a moderate impact but occur more frequently. The probability impact and risk exposure will be noted in the Risk Register.

5.7.1.3. Plan and implement response

This step involves setting out a risk response plan to modify risks to achieve acceptable risk levels. A risk response will be planned if the risk exposure is greater the risk tolerance set out by the programme board as representing their overall risk appetite. To minimise the probability of the risks as well as enhancing the opportunities, the team will create risk mitigation strategies, preventive plans and contingency plans in this step. The team will also add the risk solution measures for the highest ranking or most serious risks to the Risk Register. The opportunities and threat responses are discussed in the Table below.

Table 5-3: Risk Responses

Opportunities	Threats
Exploit the risk- make possible actions to ensure the opportunities are realised in the Benefits Plan.	**Avoid the risk** - This is where the response to be put in place are intended to prevent the threat from being realised, or to prevent it from having any impact e.g. by adopting an exit strategy
Enhance the risk –taking measures or actions for example, changing the project plan or approach. To increase the probability of the occurrence of opportunities / increase the benefits from the opportunities.	**Reduce the risk –** This were the response taken is not necessarily to avoid the risk but, more likely, to set in place a series of actions to reduce the risk to an acceptable level.
Transfer the risk - This is where the risk is passed to a third party, generally through an insurance policy or penalty clause.	
Share the risk – This is where the risk would be shared between involved parties as pre-agreed at the beginning of the project. For example, if it was possible that the cost plan was to be exceeded the variance could be shared.	

Accept the risk - This is where the Programme Board makes a conscious decision to accept the possibility that the risk may occur, and the risk may create an opportunity or a threat. This may be because they consider that the risk will not actually occur, or because any possible countermeasures are too expensive or unworkable.

Preparing a contingency plan - This involves preparing plans now, but not taking any actions now. This is a fall-back plan identifying what to do if the original response does not work.

It will be critical to ensure that owners and actioner are identified and agreed for each risk.

Risk owner - A risk owner must be allocated and recorded against each risk on the risk register. Such accountability helps to ensure 'ownership' of the risk is documented and recognised. A risk owner is defined as a person with the accountability and authority to effectively manage the risk and ensures that appropriate resources and importance are allocated to manage the risk.

Risk actioner - A risk actioner is a nominated owner of an action to address the risk. The individual will confirm the existence and effectiveness of mitigating actions and responses, ensuring that any further actions are implemented.

5.7.1.4. Monitor and Review the Risk

Risk management should be thought of as an ongoing process and as such risks need to be reviewed regularly to ensure accuracy, quality of data and prompt and appropriate action is taken to reduce their likelihood and/or impact.

5.7.1.5. Communication

Communications will be undertaken through the project lifecycle. This ensure that information relating to the threats and opportunities faced by the project is communicated between the project delivery team and internal stakeholders.

5.7.2. Roles and responsibilities

The key roles and responsibilities are summarised below.

Project Board/Steering Group

- Facilitation of risk reviews involving partner organisations.
- Escalation of risk to the appropriate level of management.
- Reporting of risks to Programme Board.
- Produce risk information in an appropriate format for inclusion within business cases.
- Manage risk in line with industry best practice.

Project Delivery Team

- Facilitation of risk reviews involving partner organisations.
- Escalation of risk to the appropriate level of management.
- Reporting of risks to Project Steering Group.
- Produce risk information in an appropriate format for inclusion within business cases.
- Manage risk in line with industry best practice.

Risk Owner

- Overall responsibility for the risk ensuring that appropriate resources and importance are allocated to manage the risk.
- Provide assurance that the risks for which they are the risk owner are being effectively managed.

Risk Actioner

- Confirm the existence and effectiveness of mitigating actions and countermeasures, ensuring that any further actions are implemented.
- Provide the Project Manager with periodic status updates.

5.7.3. Records

The risk register sets out the extent of the risks and the progression being made to manage them. It provides a record of identified risks relating to the project, including their status and history. It is used to capture and maintain information on all the identified threats and opportunities relating to the project. For each risk entry in the Risk Register, the following should be recorded:

- Risk identifier (reference number)
- Risk category
- Risk description
- Risk probability, Impact and expected value
- Proximity for risk events – less than a year, one – five years, five years plus
- Planned response
- Risk owner
- Risk actioner
- Risk status

The Risk Register is a life document. It should be reviewed and updated periodically through the lifecycle of the project.

5.7.4. Timing of risk management activities

There are a number of activities the team will undertake in communicating risk throughout the programme lifecycle. **Table 5-4** summarises the timing of such activities.

Table 5-4: Timing of Risk Management Activities

List of activities	When
Risk workshop	TBC
Review of risk register	Monthly
Reporting to the Project Board/Steering Group	Monthly

5.7.5. Overview of identified risks

Key technical, organisational, environmental and financial risks identified at this stage are recorded in **Table 5-5** below. The risk register will be maintained and updated during the project steering group meetings. Any high residual impact risks will be identified for discussion at the programme board meetings to determine the appropriate mitigation measures.

Table 5-5: Main Risks at SOBC Stage

Category	Risk	Mitigation
Organisational / Stakeholder	Threat to viability of scheme due to lack of political support for development of station from a national perspective.	Identify a range of options including 'do minimum' to be taken through to OBC stage. Identification of investment opportunities to offset costs.
	Stakeholder engagement relating to bus services (bus stop relocation) may be lengthy causing delays to design and sign-off.	Early engagement with bus operators.
	Planning permission won't be achieved because of a rejection from neighbours or local group.	Early engagement with the public.
	Failure to acquire necessary property interests.	Consent acquisition strategy to be produced.
Technical	Failure to provide a fit for purpose operating solution as a result of inadequate provision for	Study to assess electrification requirements to be undertaken at later

	increased power requirements resulting in reputation damage and cost.	stage to ensure this is accounted for within design.
	Ground conditions and structure below the station may not support the construction proposals for the station development.	Ground condition survey to be undertaken as appropriate.
	Ecological/arboreal mitigation may be required adding project cost and complexity.	Ecological assessment to be undertaken to ensure this is considered during design.
	Station redevelopment may destabilise the existing embankment.	Any design should make allowance as required for suitable retaining structures
	Station won't be integrated with the surrounding area as the master plan for the area hasn't been agreed.	Continued engagement with CCDC to ensure alignment with expectations.
	Station has non-compliances that may be too complex and expensive to rectify.	Early understanding and consideration of station compliance requirements.
Financial / Legal	Risk to affordability of scheme in event of unfavourable economic conditions and absence of lenders in market resulting in the scheme becoming unaffordable.	Continued early market engagement to identify appetite amongst private sector funders and development of an investment strategy.
	Failure to secure funding for scheme	Continued dialogue with potential sponsors to ensure alignment with expectations.
	Impact on design development as a result of changes in regulations (e.g. EU) resulting in increased cost and delays to the programme and phasing of works.	Horizon scanning for early identification of potential change and due consideration of impact on design. May also provide opportunities for innovation.
	Impact on operations as a consequence of extreme weather patterns (force majeure).	Effective contingency planning to account for likely scenarios.
COVID-19 Pandemic	Decrease demand for public transport travel as a result of COVID-19 pandemic.	The scheme will contribute to encouraging the use of rail by providing the added capacity on platform that is needed to accommodate expected demand and encourage social distancing if required. It is anticipated that in the long term, passenger numbers will resume to pre-COVID-19 levels.

5.8. Conclusion

The project is not dependent on any other schemes. Governance for the Cannock Station Redevelopment is provided through the sponsor WMRE and the supporting partners. An indicative high-level project plan has been prepared in consultation with WMRE, CCDC and SCC. It anticipates commencement of the station construction works in July 2024 and completion in December 2025. The project will need to comply with Network Rail Governance for Railway Investment Projects (GRIP) processes. The principal stakeholders are currently represented within the Stakeholder Group as discussed in the Governance section of this Management Case. Other important stakeholders include property owners that may be affected by the scheme and will be engaged with in due course. Technical, Organisational, and Financial risks have been identified in this SOBC. At later stages of business case development, a full quantified risk assessment, contract management, contingency plans and a benefits realisation plan a will be produced.

6. Commercial Case

6.1. Introduction

This section of the Business Case examines the commercial implications, actions and responsibilities associated with the delivery of the proposed way forward for Cannock Station redevelopment. It provides evidence that the proposed investment can be procured, implemented and operated in a viable and sustainable way. At this SOBC stage of development the commercial case is restricted to a summary of potential procurement strategies only. Further detail on procurement for the delivery of the components of this scheme will be included in the next iteration of the Business Case and further refined as work progresses.

The structure of this case is based on the HMT's Green book guidance and is as follows:

- Output-based specification
- Procurement strategy

6.2. Output-based Specification

The Commercial Case format requires an outputs specification for the given programme. In the case of the Cannock Station redevelopment these are the core project requirements set out within the Clients Requirements Document.

The components to be delivered by the station redevelopment are summarised in **Table 6-1**. The full scope of the project is described in the Strategic Case.

Table 6-1: Component Delivered by the Scheme

Components		**Option A**	**Option C**	**Option G**	**Option J**
Platforms	Widening/lengthening	x	x	x	x
	New Canopy	x	x	x	
	New Shelter	x	x	x	x
	PRM-compliant footpath/ramp	x	x	x	x
	Ticket machine at platform	x	x	x	x
Station Building	Station Building	x			
	Enclosed Pavilion		x	x	
	Café	x	x	x	
	WC	x			
	Lift	x	x		
Car Park	Car Park reconfiguration	x	x	x	
	Public realm improvements	x	x	x	x
	Mobile catering provision				x
Operational Telecommunication systems	Audio Visual Management Systems (CCTV)	x	x	x	x
	Customer Information system	x	x	x	x

6.3. Procurement Strategy

Within the Strategic Outline Business Case, the procurement strategy should present outline details of procurement/purchasing options which will be subject to further analysis at the OBC stage. As such, work is ongoing to explore the procurement routes for each scheme components outlined in the table above.

WMRE will decide whether it contracts directly for the design and/or construction works, or whether it contracts a third party to procure works on behalf of the Council, for example Network Rail. This will be decided on agreement of a preferred scheme option, and as such both procurement processes are discussed below. It is likely that a mixture of contracts will be formed, potentially to allow Network Rail, as owner and manager of the rail infrastructure, to procure aspects of the scheme that will directly affect rail infrastructure or operation of the network, whilst WMRE focuses on non-rail operational areas. This will ensure that the procurement processes used will be of suitable standard for both Network Rail and WMRE.

The procurement strategy will be developed in line with Network Rail's commercial guidance on undertaking railway projects and further government procurement policies, in addition to WMRE standard procurement process.

The outline procurement strategy for the four key components, Platforms, Station Building, Car Park and Operational Telecommunication systems, are discussed in further detail below. The information provided within the SOBC Commercial Case is suitable for all four shortlisted options and will be subsequently expanded and defined in further detail at the OBC stage when a preferred option has been confirmed.

6.3.1. Platform components

Platform components make up a key section of the scheme under all four shortlisted options and include the provision to extend the width/length of the platforms and new shelters/canopies for passengers. Potential procurement routes are set out in Figure 6-1 below. Further consideration of the benefits/disbenefits of these routes will be taken at the next stages of business case development.

Figure 6-1 – Procurement routes

WMRE develop design to GRIP 3/4 with NR providing assurance and Approval in Principle at GRIP 4:

- Develop design in house
- Appoint a Network Rail Capital Delivery partner to progress GRIP3/4 and OBC activities
- Appoint other development partner to progress design

Tender through WMRE or Local council supply chain:

- Early Contractor Involvement (ECI) through GRIP3;
- Two-stage tendering process for main contractor at outset of GRIP4;
- Pre-construction services agreement.

Network Rail delivery of works post GRIP 4:

- Network Rail supply chain
- Through an Implementation Agreement with NR

NR Design & Build - appoint Network Rail to develop and deliver the scheme through an Implementation Agreement with NR:

- Development Services Agreement (DSA)
- Implementation Agreement (IA), Fixed Price (FP) below £10m – GRIP 6-8 inclusive
- Implementation Agreement (IA), Emerging Cost– GRIP 5-8 inclusive

6.3.2. Station building components

The Station Building components will follow a similar procurement strategy to the platform components for the delivery of the physical infrastructure, including the Station Building or enclosed Pavilion. At OBC stage, further consideration will be taken to assess the implication of the procurement processes on the operation and maintenance of the Café, WC and station building.

6.3.3. Car park components

As the car park is owned by the Council, the procurement for the delivery and implementation will follow Staffordshire's legislature procurement framework processes that are already in place and may be through a pre-procured panel route or an open/ restricted tender route. At the next stages of business case development, further consideration of the benefits/disbenefits of both routes will be taken

6.3.4. Operational telecommunication systems components:

Similarly, to the Car Park components, the Operational Telecommunication systems components will likely be procured through the council supply chain and following the Staffordshire's legislature procurement framework processes that are already in place.

6.3.5. Conclusion

The majority of outputs relate to or interface with the operational railway. As such the procurement route for much of the scheme would be aligned to Network Rail's processes, most likely a Design & Build route via existing supply chains which offers a ready-made and competitive route to market with a track record of delivering similar station works. The pros and cons of the available procurement routes will be assessed in detail at the next stages of business case development.

.

Precious.ikem@Atkinsglobal.com

Atkins Limited
Northern House
7-9 Rougier Street
York
YO1 6HZ

PAGE INTENTIONALLY BLANK

Item No. 14.107

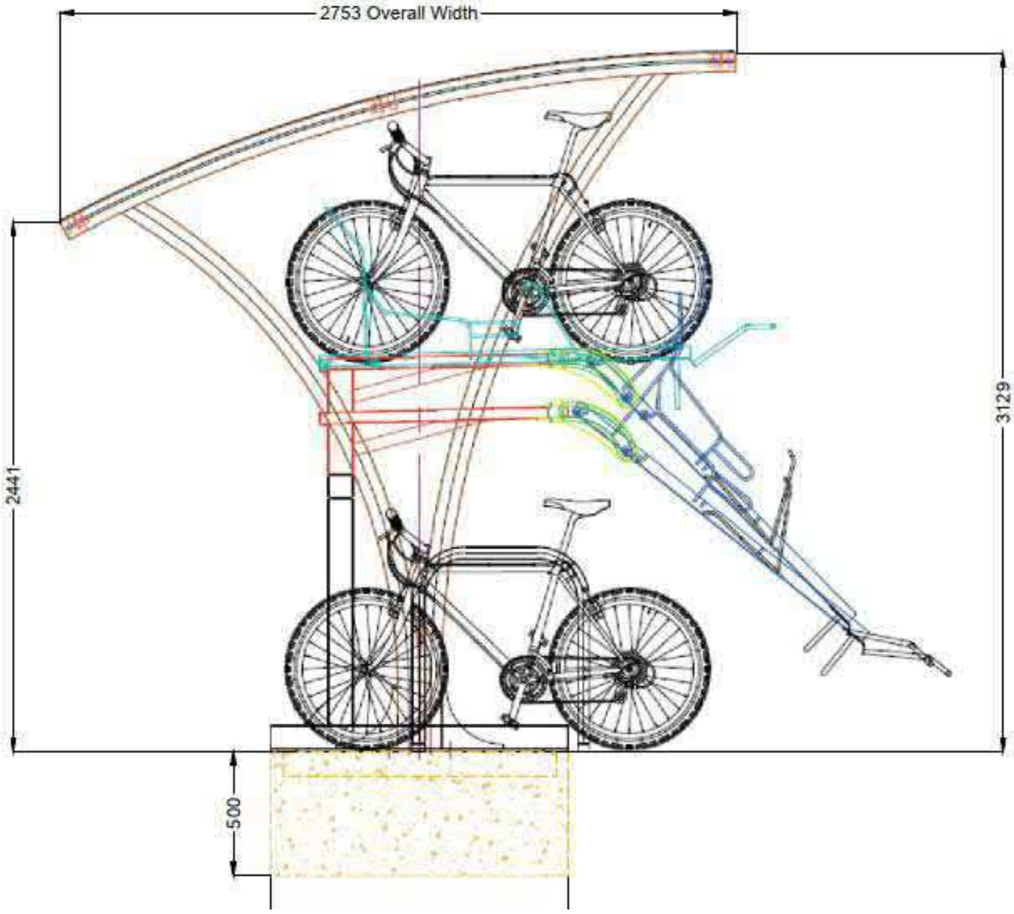
Appendix 2

Example of the wayfinding monolith

Item No. 14.108

Appendix 3

Example of the Apollo 2 tier cycle shelter



Item No. 14.109

Appendix 4

Murals installed at Platform level

Platform 1 -below

Platform 2 - below

Entrances to walkways below