

Please ask for: Matt Berry

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22 January, 2020

Dear Councillor,

CABINET

4:00 PM ON THURSDAY, 30 JANUARY, 2020

ESPERANCE ROOM, CIVIC CENTRE, CANNOCK

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

Yours sincerely,



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
Pearson, A.R.	Corporate Improvement Portfolio Leader
Bennett, C	Crime and Partnerships Portfolio Leader
Mitchell, Mrs. C.	Culture and Sport Portfolio Leader
Johnson, T.B.	Economic Development and Planning Portfolio Leader
Preece, J.P.T.L.	Environment Portfolio Leader
Martin, Mrs. C.E.	Health and Wellbeing Portfolio Leader
Kraujalis, J.T.	Housing Portfolio Leader
Woodhead, P.E.	<i>Invitee (non-voting Observer)</i>

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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 19 December, 2019 (enclosed).

5. Forward Plan

Forward Plan of Decisions to be taken by the Cabinet: January to March 2020 (Item 5.1 – 5.3).

6. General Fund Revenue Budget and Capital Programme 2019/20 to 2022/23

Report of the Head of Finance (Item 6.1 – 6.75).

7. Rent Setting Policy – April 2020

Report of the Head of Housing and Partnerships (Item 7.1 – 7.9).

8. Housing Revenue Account Budgets 2019/20 to 2022/23

Joint Report of the Head of Finance and the Head of Housing & Partnerships (Item 8.1 – 8.8).

9. Housing Revenue Account Capital Programmes 2019/20 to 2022/23

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

10. Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy 2020/21

Report of the Head of Finance (Item 10.1 – 10.35).

11. Local Council Tax Reduction

Report of the Head of Finance (Item 11.1 – 11.6).

12. Feasibility Study and Options Appraisal in Respect of Toilet Facilities Located in Elmore Park, Rugeley

Report of the Head of Environment and Healthy Lifestyles (Item 12.1 – 12.5).

13. Health in All Policies

Report of the Head of Environment and Healthy Lifestyles (Item 13.1 – 13.16).

14. New Health Improvement Programme ‘Cannock Chase Can’

Report of the Head of Economic Prosperity (Item 14.1 – 14.32).

15. Economic Prosperity Strategy

Report of the Head of Economic Prosperity (Item 15.1 – 15.36).

16. Cannock Indoor Market Consultation Results

Report of the Head of Economic Prosperity (Item 16.1 – 16.13 + Not for Publication Appendix 3 (Item 16.14 – 16.19)).

Appendix 3 of the Report is confidential due to the inclusion of information which is likely to reveal the identity of an individual, and information relating to the financial or business affairs of any particular person (including the Council).

17. 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).

A G E N D A

PART 2

18. Housing Investment Fund – Aelfgar Site

Not for Publication Report of the Head of Housing and Partnerships (Item 18.1 – 18.9).

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

No Representations have been received in respect of this matter.

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CANNOCK CHASE COUNCIL
MINUTES OF THE MEETING OF THE
CABINET

HELD ON THURSDAY 19 DECEMBER 2019 AT 4:00 P.M.
IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK

PART 1

PRESENT: Councillors:

Alcott, G.	Deputy Leader of the Council and Town Centre Regeneration Portfolio Leader
Pearson, A.R.	Corporate Improvement Portfolio Leader
Bennett, C.	Crime and Partnerships Portfolio Leader
Mitchell, Mrs. C.	Culture and Sport Portfolio Leader
Johnson, T.B.	Economic Development and Planning Portfolio Leader
Preece, J.P.T.L.	Environment Portfolio Leader
Martin, Mrs. C.E.	Health and Wellbeing Portfolio Leader
Kraujalis, J.T.	Housing Portfolio Leader
Woodhead, P.E.	<i>Invitee (non-voting Observer)</i>

Also in Attendance:

Lyons, Miss O.	Leader of the Opposition (for agenda item 6.)
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73. Apologies

Apologies for absence were submitted for Councillor G. Adamson, Leader of the Council.

In the Leader's absence the meeting was chaired by the Deputy Leader.

74. 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.

75. Updates from Portfolio Leaders

Crime and Partnerships

Staffordshire Fire & Rescue Service and Staffordshire Police Budgets

The Portfolio Leader advised that Staffordshire Fire & Rescue Service and

Staffordshire Police were in the process of developing their respect budget proposals for 2020/21, which would be considered by the Staffordshire Police, Fire and Crime Panel in February 2020.

Environment

Poplars Landfill Site

The Portfolio Leader advised that a number of complaints had been received recently regarding odours emanating from the Poplars Landfill Site in Cannock. As there was an Environmental Permit in place for the site, responsibility for regulation rested with the Environment Agency and the Council had no powers to take enforcement action.

Concerns had been raised that there was insufficient information being provided by the Environment Agency to the public about what was being done to alleviate the issue, and therefore representations had been made to the Agency and Biffa Waste Services Ltd., the site operators to address this.

76. Minutes of Cabinet Meeting of 13 November, 2019

RESOLVED:

That the Minutes of the meeting held on 13 November, 2019, be approved as a correct record and signed.

77. Forward Plan

The Forward Plan of Decisions for the period December 2019 to February 2020 (Item 5.1 – 5.3 of the Official Minutes of the Council) was considered.

RESOLVED:

That the Forward Plan of Decisions for the period December 2019 to February 2020 be noted.

78. Motions Referred from Council

Consideration was given to the Motion submitted to Council on 6 November 2019 by Councillor Miss O. Lyons in respect of Elmore Park, Rugeley (Item 6.1 of the Official Minutes of the Council).

RESOLVED:

That a report be submitted to the next meeting of Cabinet, to be held on 30 January 2020, which sets out the overall costs of carrying out an options appraisal in respect of the existing toilet block in Elmore Park, Rugeley, and a feasibility study to assess the practicalities and costs of the proposals.

Reasons for Decisions

The issues as outlined in the motion were noted, and so it was therefore agreed that Cabinet receive a report setting out relevant costs for undertaking an options appraisal and feasibility study to address the issues raised.

(Councillor T.B. Johnson arrived at the meeting during the presentation of this item.)

79. Recommendations from Scrutiny Committees

Consideration was given to the recommendations agreed by the Community Scrutiny at its meeting held on 26 November 2019 in respect of 'Carbon Literacy' training (Item 7.1 – 7.2 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) The training opportunity as presented be sourced and promoted, with a preference that it be attended by all senior managers and Council Members.
 - (i) Depending on the availability of the free training and the timing, key officers should be prioritised, but in all cases this should be completed urgently.
 - (ii) If the organisational need for the training was greater than the capacity of free training accessible by the Council, the costs and available budget be considered to ensure all appropriate staff, all Members and ongoing induction requirements were fully funded.
- (B) The principles of the training be established within the organisation to ensure institutional memory was preserved and incorporated in to the induction programme for all new staff at senior manager or above, and new Council Members.
- (C) The status of the knowledge and understanding of Climate Literacy be considered of equal importance as equality and diversity training.
- (D) The knowledge acquired from the training be used to introduce an additional parameter in section 6 of Council reports – '6.10 Climate Emergency'.
- (E) The Council uses its resources to promote externally the Climate Literacy of its staff and Members as a positive commitment toward aiding the Council in the challenges ahead.
- (F) Recommendations 5 and 5a. as submitted by the Community Scrutiny Committee be submitted to the Constitution Working Group for further consideration.

Reasons for Decisions

The training would increase the base knowledge within the organisation and underpin future actions and decision making for the Council as it prepared and implemented policy around the impacts of the Climate Emergency.

It was appropriate for the Constitution Working Group to consider recommendations 5 and 5a. as the matters outlined in those recommendations could not be determined by the Cabinet.

80. Empty Dwellings and Council Tax

Consideration was given to the Report of the Head of Finance (Item 8.1 – 8.8 of the Official Minutes of the Council).

RESOLVED:

That Council, at its meeting to be held on 8 January 2020, be recommended to:

- (A) Adopt the schedule of charges and discounts contained within Appendix 1 of the report, with effect from 1 April 2020.
- (B) Adopt the schedule of charges and discounts contained within Appendix 2 of the report, with effect from 1 April 2021.

Reasons for Decisions

Cannock Chase Council's empty property discounts were generous, when compared to other councils, and the changes recommended were intended to be beneficial to both the occupation rate of dwellings and income to the Council.

The reduction of the 'free period' for empty dwellings from 3 months to 28 days was expected to affect around 2,000 properties that were estimated to become vacant whilst awaiting occupation by a new owner or new tenant. Additional charges in the region of £245,000 per annum would be levied if owners did not bring their homes into use more quickly (an average of £123 per bill). Cannock Chase Council would retain £29,000 of the additional yield.

The additional income to the Council would help to facilitate improvements to the Local Council Tax Reduction Scheme that were currently subject to formal consultation.

81. Proposed Improvements to the Play Area and Open Space at Penny Cress Green, Norton Canes

Consideration was given to the Report of the Head of Environment and Healthy Lifestyles (Item 9.1 – 9.7 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) Approval to proceed with the proposed improvements to the play area and open space at Penny Cress Green, Norton Canes (The Cemna), as set out in the report and the indicative plan attached as Appendix 1 to the same report, be granted.
- (B) Council, at its meeting to be held on 8 January 2020, be recommended to include £187,477 from S106 funds into the Capital Programme for 2019-2022.
- (C) Permission to spend up to £120,000 be granted in order to deliver the proposed project as set out in the report, and to use the remaining balance of £67,477 for the improvements to indoor and outdoor sports and recreational activities within the Norton Canes area.
- (D) Authority be delegated to the Head of Environment and Healthy Lifestyles, in consultation with the Culture and Sport Portfolio Leader, to agree the project detail and to take such actions as may be necessary to progress the above decisions within existing approved budgets.

Reasons for Decisions

The site at Penny Cress Green occupied an area of 1.75 hectares and was in need of upgrading, thereby providing an opportunity to not only install new, modern play equipment, but to also enhance and improve the open space, making it a more useable and pleasant site.

Significant housing development had taken place over the last 5 years or so in Norton Canes, and the Parish Council had requested Cannock Chase Council utilise funding identified from the new developments to deliver new and improved sport, recreation and open space facilities within the Parish.

A contribution of £187,477 from the Council's S106 contributions, collected following the housing development situated south of Red Lion Lane, Norton Canes, had been identified and be used "for the improvements to indoor and outdoor sports and recreational activities within the Norton Canes area".

The Council was keen to progress the proposed development and for it to be completed by the second quarter of 2020. In order to achieve this deadline, it would be necessary to include the estimated cost of the proposed scheme in the Council's Capital Programme for 2019-20 and to secure approval to spend the S106 funds to develop and deliver the scheme within the budget approved.

82. Proposed Improvements to Public Open Space and Play Area Adjoining Fortescue Lane, Bonney Drive and Eaton Drive, Rugeley

Consideration was given to the Report of the Head of Environment and Healthy Lifestyles (Item 10.1 – 10.6 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) Council, at its meeting to be held on 8 January 2020, be recommended to include an additional £28,332 in the Capital Programme 2019-2022 to undertake the proposed improvements set out in the report and the plan attached at Appendix 1 to the same report.
- (B) Approval be granted to add this additional amount to the £20,000 already included in the Capital Programme for Wolseley Road.
- (C) Permission to spend up to £48,332 be granted to deliver the proposed improvements to the public open space as set out in the report and the proposals plan attached at Appendix 1 to the same report.
- (D) Authority be delegated to the Head of Environment and Healthy Lifestyles, in consultation with the Culture and Sport Portfolio Leader, to agree the project detail and to take such actions as may be necessary to progress the above decisions within existing approved budgets.

Reasons for Decisions

A sum of £20,000 identified for this scheme, but referred to as Wolseley Road, had been included in the Council's Capital Programme for a number of years, but had been insufficient to deliver the proposed improvements.

However, a subsequent housing development in Stafford Borough, located on the Western Springs Road and close the Wolseley Road, had released some additional S106 funds amounting to £28,332, which, subject to Council approval,

could be added to the initial £20,000, making a total investment of £48,332, which was sufficient to deliver the improvements set out in the report and the plan attached at Appendix 1 to the same report.

Given the previous delays in delivering the scheme, and for it to be delivered in 2020, it would be necessary to include the additional S106 funds, amounting to £28,332, in the Capital Programme, and to secure approval to spend the S106 funds to develop and deliver the scheme within the budget approved.

83. Cannock Chase Community Infrastructure Levy (CIL) Financial Year Report

Consideration was given to the Report of the Head of Economic Prosperity (Item 11.1 – 11.10 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) The Community Infrastructure Levy financial year report be noted.
- (B) The changes to the 'Community Infrastructure Levy – Guidance for Applicants and Developers' be noted.

Reasons for Decisions

The Council approved the Community Infrastructure Levy (CIL) Charging Schedule and Regulation 123 List of infrastructure projects eligible to receive funding at its meeting held on 15 April 2015. CIL came into effect in relation to relevant chargeable development on 1 June 2015.

CIL was intended to provide a funding stream for infrastructure needed to support the policies and proposals in the adopted Local Plan. It would partly replace funding previously obtained via Planning Obligations under Section 106 of the Town and Country Planning Act 1990 (as amended).

The Council was legally required to produce a financial year report on CIL receipts and spend in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) ('CIL Regulations'). This was the fourth financial report since the adoption of CIL, and it provided a summary of CIL receipts and expenditure for the financial year 2018-19. It was noted that the CIL financial report would be replaced by an annual infrastructure funding statement as of 31 December 2020. This statement would have to provide summary details of CIL and S106 receipts and expenditure.

84. Revenues and Benefits Collection Report – Quarter 2

Consideration was given to the Report of the Head of Finance (Item 12.1 – 12.6 + Not for Publication Appendices 1, 2, and 3 (Item 12.7 – 12.17 of the Official Minutes of the Council)).

RESOLVED:

That:

- (A) The information regarding collections be noted.
- (B) The arrears listed in the confidential Appendices to the report be written off.

Reasons for Decisions

Efficient collection of the Council's revenues was of major importance to the funding of Council services and those provided by our preceptors.

Council Tax due for the current year amounted to £52.4m, of which some 55.1% was collected by the end of September 2019.

Business Rates due for the current year amounted to £33.6m, of which some 57.0% was collected by the end of September 2019.

Whilst the Council's collection rates were good, regrettably not all of the monies owed to the Council could be collected, and as such, the report contained a recommendation to write-off bad debts that could not be recovered.

The meeting closed at 4:33 p.m.

LEADER

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FORWARD PLAN OF DECISIONS TO BE TAKEN BY THE CABINET: JANUARY TO MARCH 2020

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
January 2020:						
General Fund Revenue Budget and Capital Programme 2019/20 to 2022/23	Head of Finance / Leader of the Council	30/01/20	No	No		
Rent Setting Policy – April 2020	Head of Housing & Partnerships / Housing Portfolio Leader	30/01/20	Yes	No		
Housing Revenue Account Budgets 2019/20 to 2022/23	Head of Finance and Head of Housing & Partnerships / Housing Portfolio Leader	30/01/20	No	No		
Housing Revenue Account Capital Programmes 2019/20 to 2022/23	Head of Finance and Head of Housing & Partnerships / Housing Portfolio Leader	30/01/20	No	No		
Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy 2020/21	Head of Finance / Leader of the Council	30/01/20	No	No		
Local Council Tax Reduction	Head of Finance / Health & Wellbeing Portfolio Leader	30/01/20	No	No		

Item	Contact Officer / Cabinet Member	Date of Cabinet	Key Decision	Confidential Item	Reasons for Confidentiality	Representation Received
Feasibility Study and Options Appraisal in Respect of the Toilet Facilities Located in Elmore Park, Rugeley	Head of Environment & Healthy Lifestyles / Culture and Sport Portfolio Leader	30/01/20	No	No		
Health In All Policies	Head of Environment and Healthy Lifestyles / Health & Wellbeing Portfolio Leader	30/01/20	Yes	No		
New Health Improvement Programme 'Cannock Chase Can'	Head of Economic Prosperity / Health & Wellbeing Portfolio Leader	30/01/20	Yes	No		
Economic Prosperity Strategy	Head of Economic Prosperity / Economic Development & Planning Portfolio Leader	30/01/20	Yes	No		
Cannock Indoor Market Consultation Results	Head of Economic Prosperity / Town Centre Regeneration Portfolio Leader	30/01/20	Yes	Yes (Appendix 3 only)	Information which is likely to reveal the identity of an individual. Information relating to the financial or business affairs of any particular person (including the Council)	
Housing Investment Fund – Aelfgar Site	Head of Housing & Partnerships / Housing Portfolio Leader	30/01/20	Yes	Yes	Information relating to the financial or business affairs of any particular person (including the Council)	
February 2020:						
Quarter 3 Performance Report 2019/20	Head of Governance and Corporate Services / Corporate Improvement Portfolio Leader	27/02/20	No	No		
Communications Strategy 2020-23	Head of Governance and Corporate Services / Corporate Improvement Portfolio Leader	27/02/20	No	No		

Item	Contact Officer / Cabinet Member	Date of Cabinet	Key Decision	Confidential Item	Reasons for Confidentiality	Representation Received
Social Media Policy for Employees and Members	Head of Governance and Corporate Services / Corporate Improvement Portfolio Leader	27/02/20	No	No		
Proposed Improvements to Play Area and Public Open Space, Green Lane, Rugeley	Head of Environment and Healthy Lifestyles / Culture and Sport Portfolio Leader	27/02/20	No	No		
Cannock Town Centre Environmental Improvements	Head of Economic Prosperity / Town Centre Regeneration Portfolio Leader	27/02/20	No	No		
Cannock Town Centre	Head of Economic Prosperity / Town Centre Regeneration Portfolio Leader	27/02/20	Yes	Yes	Information relating to the financial or business affairs of any particular person (including the Council)	
March 2020:						
Review of Tourism Provision- Twelve Months On	Head of Economic Prosperity / Economic Development and Planning Portfolio Leader	26/03/20	No	No		

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Report of:	Head of Finance
Contact Officer:	Bob Kean
Telephone No:	01543 464 334
Portfolio Leader:	Leader of the Council
Key Decision:	No
Report Track:	Cabinet: 30/01/20 Council: 12/02/20

CABINET
30 JANUARY 2020
GENERAL FUND BUDGET AND CAPITAL PROGRAMME 2019-20 TO 2022-23

1 Purpose of Report

- 1.1 To consider the current position of the General Fund Revenue Budget for 2019-20 to 2022-23 and the updated Capital Programme 2019-20 to 2022-23.

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 2020-21 be set at £13.476 million; with indicative net spending for 2021-22 and 2022-23 of £13.709 million and £13.584 million respectively;
 - (b) the detailed portfolio budgets as set out in **Appendix 2**;
 - (c) the forecast outturn net budget of £13.295 million be approved;
 - (d) the use of Government Grants in 2020-21 of £1.575 million;
 - (e) To note that although indicative figures exist for the use of Governments Grants for 2021-22 and 2022-23 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 £1.0 million; £1.007 million and £1.257 million for 2020-21 to 2022-23 respectively;
 - (g) that a Council Tax of £221.32 be recommended to the Council for 2020-21; with indicative increases of 1.95% to the level of Council Tax for 2021-22 and 2022-23;
 - (h) the Council's Tax base be set at 29,242.54;

- (i) the revised capital programme, including new schemes and CIL Allocations, as set out in **Appendices 3, 4 and 5**.

2.2 To note that the Recommended Budget reflects the Financial Implications arising from other Reports included elsewhere on the agenda and hence may be subject to change subject to Cabinet's recommendation differing from that as included in the report.

3 Key Issues and Reasons for Recommendations

Key Issues

3.1 The report sets out a draft standstill budget for 2020-21 as well as indicative budgets for 2021-22 and 2022-23 and associated issues and also 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.

Reasons for Recommendations

3.2 The Council is required to set a balanced budget for 2020-21 set in the context of a sustainable medium term financial plan. Detailed figures are only available for 2020-21 nevertheless the level of Working Balances maintained by the Council will enable a Balanced Budget to be set for the duration of the 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 2019-20 to 2022-23 on 13 November 2019.

5.2 The General Fund Revenue Budget for the period 2020-21 to 2022-23 has now been compiled following the principles agreed in the Financial Plan.

5.3 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.

5.4 Budget issues

Inflation

5.4.1 No material changes have been made to the inflation assumptions with the provision for CPI and pay awards remaining at 2% for the duration of the budget

period. Business Rates income for 2020-21 has been adjusted to reflect details contained in the Provisional Local Government and in particular the NNDR multiplier based upon CPI as at September 2019

Spending pressures

- 5.4.2 The detailed budgets have been refreshed to reflect the outturn for 2018-19 and latest spending patterns.
- 5.4.3 In determining the 2022-23 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 2020-21 and 2021-22 as determined in 2019-20); the Management Fee profile for the Leisure Management Contract and additional costs of demographic growth.
- 5.4.4 The Leisure Management Contract initial term concludes on the 31 December 2021 and Cabinet at its meeting of the 15 December 2016 agreed in principle to trigger the two five year extensions to the contract subject to the agreement of the Management Fee. Detailed discussions with Inspiring Healthy Lifestyles (IHL) have recently been completed enabling the savings from the initial contract to be sustained and the necessary life time maintenance costs of the Council's assets reflected in this management fee.
- 5.4.5 In addition, following the outcome of the 2019 Actuarial Valuation for IHL and the reduction in their Employers Contribution rate, the Concession Agreement has been amended to reflect a 50/50 risk share agreement in relation to contribution rates. The management fee is based upon the 2019-20 contribution rates with any saving /additional cost from the actual contribution rate being subject to the risk share agreement.
- 5.4.6 The Council has also reviewed its Health & Safety / Maintenance compliance requirements for its assets with additional costs in maintaining the Civic Centre and the continuation of security arrangements and mothballing costs in relation to the town centre Multi Storey Car Park being reflected in the 2020-21 and 2021-22 Budget pending a further report to Cabinet on options for demolition.
- 5.4.7 Provision exists for the adoption of the Cannock Chase Can (Health Improvement Programme) to tackle Obesity; the approved costs of the Climate Emergency Motion and the anticipated increase in the Non-Constituent Member Fee to the West Midlands Combined Authority from 2021-22 (The current fee being frozen at £25,000 for 2020-21).

Main streams of income

- 5.4.8 Income from fees and charges is mainly in line with the overall budget although the Council continues to face income pressures in relation to its Markets. Cannock Market Fees are down by a further £27,000 and Rugeley Market Rents by £3,600. Income from the new Civic Centre car park is reflecting the time a new car park in this vicinity takes to become established.
- 5.4.9 Details of Provisional funding allocations for Housing Benefit Administration Subsidy and Local Council Tax Support are still awaited.

Assumptions have been made in the Budget in relation to such allocations and any variation will be accommodated from an equivalent transfer from the equalisation earmarked reserves for Housing Benefit/LCTS.

5.4.10 The 2022-23 Budget also includes the final year of the reduction in Green Waste Recycling Credits which have been phased in over a four year period

Business Rates Income

5.4.11 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.

5.4.12 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.

5.4.13 There are still a relatively high number of appeals outstanding against the 2010 valuation list and these by their outstanding nature cause concern. As an example the poplars landfill site, subject to an annual assessment rather than periodic revaluations as in the 2005/2010 and 2017 revaluations, has seen a backdated assessment to the 1 April 2013.

5.4.14 The Council has however been subject to the impact of successful appeal(s), full details are still awaited, being made to the Valuation Office Agency in relation to 2010 Rating List for the Warehouse and Premises at Gazeley Park currently occupied by Amazon. The warehouse has the largest Rateable Value in the District at £3.4 million and it is believed is subject to three reductions in relation to original basis (actual rent for building); Mezzanine floors rating (High Court decision – not rateable) and from a survey of building. The Council has been formally notified that actual RV as at 1/4/2010 is to be reduced by 5.7%, the RV from 2011 by 16% and from 2012 by 18%. RV's from October 2014 are however set to reduce by 26%.

5.4.15 The Council had included a prudent provision of 11% for the 2010 valuation nevertheless this still leaves a shortfall of nearly £1 million with £0.367 million to be met by CCDC.

5.4.16 No appeals have been received to date against the 2017 Valuation however the Mezzanine issues will be pass ported through with an unfunded liability arising for the three years 2017/18 to 2019/20. The loss in business rates amounting to £1.3 million with this Council's liability/loss of income amounting to £0.496 million.

5.4.17 The exact impact on the current year and shortfall in relation to backdated refunds is dependant on a review of the overall provision as at 31 March 2020. However the changes to Poplars and Gazeley Park will have material impact on the 2020-21 and 2021-22 budgets, currently estimated to be £0.138 million per annum.

5.5 Monitoring of the 2019-20 Revenue Budget

- 5.5.1 The Budget for 2019-20 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 1: Budget Monitoring re 2019-20 as at 31 December 2019					
	Approved Budget	Profiled Budget	Actual to date	Variance	Forecast Outturn
	£000	£000	£000	£000	£000
Portfolio Budgets	12,254	10,536	10,346	(190)	12,396
Investment income	(177)	(133)	(262)	(129)	(262)
Technical Adjs.	1,015	0	0	0	1,118
Net Spending	13,092	10,403	10,084	(319)	13,252

- 5.5.2 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 £141,000 on Portfolio Budgets,

5.6 Local Government Finance Settlement 2020-21

- 5.6.1 The Provisional Local Government Finance Settlement for 2020-21 was received by the Council on 20 December 2019. The Provisional Settlement is for one year only with the changes to the Local Government Finance Regime now set to be introduced in 2021-22. No details are available from 2021-22 onwards with Local Government funding expected to be subject to considerable change, arising from the planned implementation of Fair Funding and a revised 75% Business Rates Retention Scheme in that year.

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

- 5.6.3 Provision existed within the Financial Plan as approved by Cabinet in November 2019 for Core Government Support to represent the 2019-20 Settlement as uplifted for inflation.

5.7 New Homes Bonus

- 5.7.1 Provisional allocations for the New Homes Bonus Grant for 2020-21 were also announced by the Ministry of Housing, Communities and Local Government on the 20 December 2019.

- 5.7.2 The provisional allocations therefore show an increase in funding resources of £0.123 million for New Homes Bonus for 2020-21 as compared to the original budget and £96,000 to the Financial Plan, with no changes being made to the Deadweight allowance and the funding stream per unit for net new properties increasing by 4.469% compared to the 2% originally budgeted.

- 5.7.3 The New Homes Bonus grant will, in 2020-21, represent the final year of the current four year rolling programme, with no legacy payments arising from the

2020-21 allocation. The cumulative level of grant for the 4 years included in the overall settlement total £1.478 million of which £0.233 million relates to 2020-21 performance.

- 5.7.4 A new housing incentive scheme is due to be implemented in 2021-22 and reference was made in the provisional settlement to “*moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes we need, and which is aligned with other measures around planning performance*”. A 2020 Spring Consultation has been announced in relation to a new scheme with the budget assuming, at this stage, a prudent approach with no additional grant income from the new scheme and that existing legacy payments re the 2017-18 to 2019-20 will fall out at the end of their respective four year entitlement

5.8 Business Rates Retention Scheme

Business Rates Pilot 2019-20 / Business Rates Pool 2020-21

- 5.8.1 The Government’s one year Spending Review in 2019 indicated that Business Rates pilots, other than Devolution areas, would cease as at 31 March 2020 and this was reiterated as part of the Technical Consultation on the 2020-21 Settlement.
- 5.8.2 Representations were made to the Secretary of State for the Staffordshire & Stoke-on-Trent to continue in 2020-21, and to safeguard the non-payment of a Levy to the Government, pilot members have agreed that pooling arrangements will remain in place for 2020-21 even if the request was unsuccessful.
- 5.8.3 The provisional settlement has confirmed that the Staffordshire & Stoke-on-Trent Pilot would terminate on the 31 March 2020 but pooling arrangements would come into effect for 2020-21.

Growth generated

- 5.8.4 2020-21 is therefore the last year of the current 50% Business Rates Retention Scheme with a 75% scheme due for implementation in 2021-22. The funding regime incentivises councils to promote economic growth in their area as they are entitled to retain a share of business rates growth above its baseline.
- 5.8.5 In determining the amount of overall Government funding allocated to the Council, a baseline figure for 2020-21 of £3.054 million has been set which is used in determining the amount of Business Rates to be retained by the Council. The Baseline is updated each year to reflect inflation.
- 5.8.6 The draft budget for 2020-21 assumes that the Council will receive additional funding of £1.541 million from the Business Rates Retention Scheme in respect of “growth” compared with the Government’s baseline.

Proposed Changes to existing Regimes from 2021-22

- 5.8.7 The Business Rates Retention Scheme now represents the core form of Government Support. The scheme incentivises councils to promote economic

growth in their area as they are entitled to retain a share of business rates growth. At present, local government retains 50% retention of growth and a new scheme was intended to be in place for 2020-21. The new scheme, although enabling local government to retain 75% of Business Rates, would be fiscally neutral across the sector. This would be achieved by incorporating existing grants, with Revenue Support Grant and Public Health Grant in particular, to be absorbed within Business Rates funding.

5.8.8 The current Business Rates scheme is particularly complicated and contains a number of individual components such as: Appeals Provision; Tier Splits; Central /Local Rating Lists; Section 31 Grants; Resets and Pooling. Each element of the scheme has been examined, however a proposal exists to completely simplify the system, whereby the income of appeals and other variables would be excluded and core income determined and set in advance of the year with growth being separately determined.

5.8.9 Nevertheless, in reviewing the work undertaken by the Working Groups established to Steer, Design and Implement this scheme, the following key issues have been identified for this Authority:

- Core Funding/Fair Funding Baseline
- Tier Splits
- Transitional Funding
- Resets.

5.8.10 It is, however, envisaged that the latter item of Resets will have the major /material impact on this authority. The forecast growth above baseline for the District for 2020-21 excluding the Mill Green DOV is estimated to be £6.4 million and in accordance with a 50% scheme £3.2 million is retained within Staffordshire. Cannock Chase Council retains £1.783 million (or 28% of overall growth) and the balance is distributed to the County Council and Fire and Recue Service based upon tier splits and Pooling arrangements with the Council receiving an additional £0.215 million from the Business Rates Pool.

5.8.11 The reset is effectively about how much of this £1.783 million growth generated between resets (in this case 2013-14 to 2020-21) is retained by the local authority and how much is redistributed in the sector.

5.8.12 How resets are to be implemented is still to be determined. Consultation documents produced to date indicate that a Full Reset would take place in 2020-21 (now 2021-22) but thereafter a partial or phased reset would take place. Initial feedback from the government suggests that a phased reset, where authorities retain each year's growth (or loss) in rates for a number of years and thereafter that growth is redistributed with a minimum 5 year reset period is the preferred option.

5.8.13 No details are however available for how the Reset at the start of the scheme will be determined and the Consultation document stated that the approach to the reset in 2020-21 and future resets need not be the same.

5.8.14 At worst, a full reset would be implemented with a loss of £1.783 million. The reset is particularly complicated since the Full Reset in 2021-22 will follow the opening of Mill Green Designer Outlet Village in the year before. The Council have sought assurances from the Government, response awaited, that MGDOV is not part of the initial reset. Gross rates for the Outlet Village are estimated to be in the region of £3.3 million and how long the additional net growth of £1-1.2 million can be retained by this Council is key to its Financial Planning.

5.8.15 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.

5.8.16 More robust figures will be determined as further details become available from the Government however actual details for this Council will not be known until the late autumn of 2020.

6. General Fund Revenue Draft Budget 2020-21 to 2022-23

6.1 The table below sets out the Council's current draft General Fund Revenue Budget position for 2020-21 and indicative budgets for 2021-22 and 2022-23.

6.2 As stated previously, Government Funding for 2021-22 cannot be determined at this stage with figures representing this Council's interpretation of the new funding regime.

Table 2: General Fund Draft Budget 2020-21 to 2022-23			
	Budget 2020-21	Budget 2021-22	Budget 2022-23
	£000	£000	£000
Net Expenditure			
Portfolio budgets	13,177	13,437	13,864
Investment interest	(270)	(250)	(249)
Technical items	569	522	(31)
Net Spending	13,476	13,709	13,584
Less: Government Grants			
NNDR Multiplier	(97)	(97)	(97)
New Homes Bonus	(1,478)	(1,090)	(611)
Budget Requirement	11,901	12,522	12,876
Financing			
Business Rates – Contingency		(452)	
Business Rates – Retained Income	(5,430)	(5,295)	(5,413)
Revenue Support Grant			
Council Tax Income	(6,471)	(6,682)	(6,879)
Total Financing	(11,901)	(12,429)	(12,292)
Transfer to Working Balances	-	-	-
Transfer from Working Balances	-	(93)	(584)

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

Table 3: Revenue Budget (Surplus) / Deficit Reconciliation			
	Budget 2020-21	Budget 2021-22	Budget 2022-23
	£000	£000	£000
Financial Plan Original	12	(41)	468
Climate Change	60		
Obesity – Cannock Chase CAN	22	10	10
Combined Authority	(10)		
Business Rates Amazon	138	138	138
Settlement -New Homes Bonus	(96)		
Markets Income	30	30	30
Off Street Car Parking	26	6	8
Waste Contract	(16)	(17)	(19)
Utilities	29	34	32
Leisure Contract	(90)	(90)	(41)
Economic Prosperity Strategy	110	180	135
IT Infrastructure	29	29	29
Floral Decorations	15	15	15
MSCP Mothballing		100	
Cannock Market Provision	10	(19)	(22)
Other	4	13	18
Council Tax Growth			(67)
Budget Support Reserve	(273)	(295)	(150)
Revised (Surplus) / Deficit	-	93	584

6.4 Growth items included in the Draft Budget include the financial implications of the Economic Prosperity Strategy. (Included elsewhere on the Agenda) and the continuation of the enhancement to Floral Decorations provision within the district. Additional costs also arise from the upgrading of IT infrastructure with annual licenses now being required for Office 365 (replacing the Microsoft Office suites)

6.5 The proposed changes to the indoor market service for Cannock Town Centre as detailed in the Cannock Indoor Market Consultation Report have been reflected in the medium term budget.

6.6 The additional costs arising from the mothballing of the MSCP are considered to be short term costs pending the Town Centre Redevelopment. Whereas the funding of the Economic Prosperity Strategy represents interim funding pending the service review outcome and the realignment of resources. The proposed budget therefore utilises the Budget Support Reserves, generated by the policy to reduce dependency on Business Rates and New Homes Bonus, to fund such one off costs.

6.7 A Balanced Budget is in place for 2020-21 with potential deficits existing in 2021-22 (£93,000) and 2022-23 (£584,000) The Financial Position for these two years

is however subject to the caveats that exist in relation to the funding levels for New Homes Bonus and Business Rates Retention.

- 6.8 It should be noted that the position outlined above for 2020-21 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.

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 gross tax base for budget purposes will see an increase of 1.3% in 2020-21 reflecting new properties being built in the district

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

Council Tax base for budget setting purposes	32,688.89
Less: impact of Local Council Tax Reduction Scheme	<u>(3,446.35)</u>
	29,242.54

- 7.4 Council at its meeting on the 8 January 2020 approved amendments to the Schedule of Charges and Discounts arising from the Empty Homes Strategy and at its meeting on the 12 February 2020 will consider a new Banded Local Council Tax Reduction Scheme (LCTR). The overall impact of the changes is financially neutral and no amendments have been made to the Council Tax Base for each parish, with the empty homes strategy aimed at bringing empty homes back into use. Details of the tax base, broken down over parishes are set out in **Appendix 8.**

- 7.5 The Council's Collection Fund has been reviewed as part of the budget process and is expected to break even in 2020-21.

8. Council Tax 2020-21

- 8.1 In determining the level of Council Tax for 2020-21 Cabinet will need to take into account 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 2019-20 were amended as part of the 2019-20 Provisional Settlement to reflect the prevailing level of inflation. The provisional settlement for 2020-21 has been reduced to 2% or £5 whichever is the greater

- 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 2019-20 budget. A 1% increase amounts to £63,000 per annum.
- 8.5 In light of the above considerations Cabinet are proposing that the Band D Council Tax for 2020-21 will increase to £221.32 as proposed last year.
- 8.6 The final level of Council Tax levied will be determined by Council on 20 February 2020. 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 4: Level of Working Balances				
	31/03/20	31/03/21	31/03/22	31/03/23
	£000	£000	£000	£000
Balance B/fwd	2,916	2,689	2,689	2,596
Applied in Year	(227)		(93)	(584)
Balance C/fwd	2,689	2,689	2,596	2,012
Minimum	(1,000)	(1,000)	1,007)	(1,250)
Surplus to Support Budget	1,689	1,689	1,589	762

- 9.3 The Council's General Fund working balance currently stands at £2.916 million and was expected to increase by £0.102 million during 2019-20. The latest forecast indicates a transfer from Working Balances of £0.227 million with a Working Balance of £2.689 million forecast as at 31 March 2020. The prudent level of Working Balance for 2020-21 is recommended to be £1.000 million as set out in **Appendix 1**, but rising to £1.257 million in 2022-23. In light of the great deal of uncertainty that exists thereafter in relation to the proposed changes to the Government's Funding Regime for local government, and in particular Business Rates and New Homes Bonus it is envisaged that only £1.689 million is available to support the budget from 2020-21 onwards

9.4 The Council holds a number of earmarked reserves for specific purposes. In light of the challenges facing the Council last year a comprehensive review of all reserves was undertaken. 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.

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

Table 5: General Fund Reserves				
	31/03/20	31/03/21	31/03/22	31/03/23
Revenue	£'000	£'000	£'000	£'000
Building Maintenance Reserve	-	-	-	-
Bond	246	246	246	246
Budget Support	1,292	1,440	1,642	1,274
Contingency	903	903	903	1,104
Corporate	337	331	325	319
Partner	133	121	123	126
Ring-fenced	48	37	33	29
Service Grant	62	62	62	62
Rollovers	81	81	81	81
Shared Services	512	512	512	512
Pension Reserve	72	72	72	72
Other	1,391	1,318	1,315	1,291
Donations	6	6	6	6
Grants	675	581	500	427
Trading	8	8	8	8
Section 106	1,941	1,813	1,737	1,664
Sub-Total	7,707	7,531	7,565	7,221
Capital				
Capital	761	412	412	412
CIL	1,929	1,564	1,401	1,401
RCCO	207	207	207	5
Reclassified Capital Exp	696	455	364	273
Sub-Total	3,593	2,638	2,384	2,091
Grand Total	11,300	10,169	9,949	9,312

9.6 **Appendix 7** sets out the required report on the robustness of the budget estimates and the adequacy of the Council's reserves

10. Medium Term Outlook

10.1 There is currently great uncertainty over how a Government will fund councils into the future via Business Rates and New Homes Bonus. The Business Rates Scheme in particular carries the greatest uncertainty with a 75% Retention Scheme to be designed; Fair Funding taken into account and a Reset of

baselines all due. In light of the uncertainty as reflected in various sections of this report it is difficult to identify the true overall position going forward.

- 10.2 The forecast deficit in 2022-23, based upon prudent assumptions re the new funding regime, together with the level of Working Balances to support the budget, will enable the Council to adjust to its new funding resource level over the next three years.

11. Capital Programme 2019-20 to 2022-23

- 11.1 On 7 February 2019, Council approved a capital programme to 2021-22. 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. The updated programme is attached at **Appendix 3** with anticipated expenditure and resources as reflected by the Capital Budget included at **Appendix 4**.
- 11.2 In addition to the above the programme now includes the rolling programme of expenditure requirements for the new programme year 2022-23 together with a breakdown of replacement vehicles and equipment over the various services.
- 11.3 New Schemes include
- The replacement of the Finance System
 - Replacement of IT infrastructure
 - CCTV Replacement Programme
 - Modernisation of Car Parking Ticket Machines
 - Rugeley ATP
- 11.4 The Financial Management System forms part of shared services arrangements with Stafford Borough Council and a shared replacement system is now required with software support being withdrawn by the provider for 2021-22. It is not possible to identify at this stage whether an upfront capital cost will be required or whether the system costs are to be recovered as part of an annual license charge. Draft provision for this Council's share of indicative capital costs have been included in the capital programme to be financed from earmarked reserves pending the outcome of the procurement process.
- 11.5 There is also a need to replace IT infrastructure with Windows 7 no longer being supported in 2020. A review of Thin Clients / Personal Computers and Laptops is currently being undertaken to determine the most appropriate device to promote agile and smart working as reflected in the recommendations from the Environmental Services Review.
- 11.6 Provision also exists for the replacement of the remaining CCTV Cameras as part of a programme agreed by Cabinet in October 2018 whereas it is proposed to modernise Car Park Ticket Machines to accept non-cash payments.
- 11.7 The Extension of the ATP at Rugeley Leisure Centre to a full size pitch and lighting upgrade is included in the programme. The project is estimated to cost £844,000 and is dependant upon external funding sources including the Football

foundation; Inspiring Healthy Lifestyles with the Council contribution being funded from the CIL and Section 106 allocations.

- 11.8 Further project support is to be provided to assist with the implementation of the existing programme later and the advancement of new schemes. Provision has therefore been made in the revenue budget for a project / development officer, to be funded from existing reserves, to support their delivery over an initial two year timeframe.

Table 6: Uncommitted Capital Resources		
	General Fund	Section 106
	£000	£000
Capital resources brought forward at 1 April 2019	7,686	1,299
Capital Receipts	2,491	
Section 106/CIL		365
Capital Grants	4,396	
Joint Investment Fund	228	
Revenue contribution to Capital Outlay		
Use of Reserves	452	
Draft Capital Programme 2019-20 to 2022-23	(14,686)	(1,189)
Remaining resources at 31 March 2023	567	475

- 11.6 The resources position currently identifies a surplus of £0.567 million of General Fund resources. However it should be noted that this position includes capital receipts forecast from the sale of residual property of £1.7 million which are yet to be received.

12 Implications

12.1 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) dependant 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.

12.2 Legal

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

12.3 Human Resources

None.

12.4 Section 17 (Crime Prevention)

None.

12.5 Human Rights Act

None.

12.6 Data Protection

None.

12.7 Risk Management

Risk management issues have been covered in the report detail.

12.8 Equality & Diversity

None.

12.9 Best Value

In preparing a balanced budget for consultation Cabinet will need to ensure that due regard is made to Equality and Diversity implications as well as financial considerations. The standstill budget will reflect the Council's current Equality and Diversity policy whereas changes to service provision will need to be addressed as part of the Delivering Change process.

13 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 2019-20 to 2022-23

Appendix 4: General Fund and Section 106 Capital Budgets
2019-20 to 2022-23

Appendix 5: Community Infrastructure Levy (CIL) Allocations Process and
Recommendations 2019

Appendix 6 Business Rates Retention – Retained Income

Appendix 7: Robustness of the Budget Estimates and the Adequacy of the
Council's Reserves

Appendix 8 Council Tax Base – Parishes

Previous Consideration

Financial Plan 2019-20 to 2022-23

Cabinet

13 November, 2019

Background Papers

None.

ITEM NO. 6.

RISKS CONSIDERED IN DETERMINING THE WORKING BALANCE

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		20-21 £m	21-22 £m	22-23 £m	20-21 £m	21-22 £m	22-23 £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 2020-21 and represents the 2019-20 settlement uplifted for inflation. The Council is no longer in receipt of Revenue Support Grant and a new funding regime comes into place from 2021-22 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 be actioned via a reduction in the Business Rates Baseline. A 10% reduction in core funding amounts to £0.300 million.

RISKS CONSIDERED IN DETERMINING THE WORKING BALANCE

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		20-21 £m	21-22 £m	22-23 £m	20-21 £m	21-22 £m	22-23 £m	
Resources								
75% Business Rates	Med	N/A	+1.582	+1.582		+0.700	+0.700	A new 75% Business Rates Retention Scheme is to be introduced in 2021-22. 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 £1.4 million and a reduction of £0.7 million is included in the budget .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 autumn 2020.

RISKS CONSIDERED IN DETERMINING THE WORKING BALANCE

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		20-21 £m	21-22 £m	22-23 £m	20-21 £m	21-22 £m	22-23 £m	
75% Business Rates (ctd)								The Autumn of 2020. Provision exists for additional Growth from MGDOV in 20-21 with a full year effect in 21-22. 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 21-22 therefore amounts to £0.7 million on existing growth increasing to £1.6 million with Mill Green
- Volatility in Business Rates	Med/ Low	+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. 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. A delay in MGDOV is estimated to be £0.07 million per month.

RISKS CONSIDERED IN DETERMINING THE WORKING BALANCE

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		20-21 £m	21-22 £m	22-23 £m	20-21 £m	21-22 £m	22-23 £m	
Council Tax Base	Med		+/- 0.063	+/- 0.063		+/- 0.015	+/- 0.015	The Council Tax base for 2020-21 is based upon a cut off point each year and although figures are up to date at November 2019 they will vary as properties become occupied /unoccupied etc. and the impact of new properties coming in line during the next financial year. The major risk relates to whether the forecast increase in Council Tax base can be achieved. The budget assumes a 1.25 % increase in 2021-22 and 2022-23. 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
		20-21 £m	21-22 £m	22-23 £m	20-21 £m	21-22 £m	22-23 £m	
New Homes Bonus	Med		+ 1.1/(-0.25)	+0.6/(-0.5)		-0.250	-0.250	<p>The government have stated for a number of years that they intend to review the current scheme, (reiterated as part of 2020-21 Technical Consultation), however details are still awaited.</p> <p>The Budget at this stage post 2020-21 reflects only the continuation of legacy payments for the period 2017-18 to 2019-20 with legacy payments not applying to the 2020-21 allocation.</p> <p>A discontinuation of legacy payments from 2021-22 would result in a loss of funding of £1.1 million in 21-22 and £0.6 million 22-23. Incentives from the new scheme could however amount to £0.250 million</p>

RISKS CONSIDERED IN DETERMINING THE WORKING BALANCE

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		20-21 £m	21-22 £m	22-23 £m	20-21 £m	21-22 £m	22-23 £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.
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	Med	+0.100	+0.100	+0.100	+0.050	+0.050	+0.050	

RISKS CONSIDERED IN DETERMINING THE WORKING BALANCE

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		20-21 £m	21-22 £m	22-23 £m	20-21 £m	21-22 £m	22-23 £m	
<u>Realism of standstill budget</u>								
<u>Customer & Client Receipts</u>								
Car Park Income	Med	+0.090	+0.110	+0.110	+0.020	+0.027	+0.027	Car park income for 2019-20 is forecast to be down by £0.92 million 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.
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.

RISKS CONSIDERED IN DETERMINING THE WORKING BALANCE

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		20-21 £m	21-22 £m	22-23 £m	20-21 £m	21-22 £m	22-23 £m	
<u>Customer & Client Receipts</u>								
<u>Inflation</u>	Low							Annual inflation of 2% for prices and 2% for pay and 2% income have been included within the standstill budget.
Pay Awards	Low /Med		+0.200	+0.300		+0.050	+0.150	The current 2 year pay settlement terminates on 31 March 2020. A 1% variation amounts to £100,000 net of recharges. Provision of 2% has been budgeted for 2020/21 onwards at this stage.
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.
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.

RISKS CONSIDERED IN DETERMINING THE WORKING BALANCE

ASSUMPTION	RISK	MAXIMUM COST			REQUIRED BALANCES			COMMENTS
		20-21 £m	21-22 £m	22-23 £m	20-21 £m	21-22 £m	22-23 £m	
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					0.655	1.227	1.477	
Minimum					0.601	0.787	1.037	
Average					0.628	1.007	1.257	
Audit Commission					0.790	0.800	0.789	

ITEM NO. 6.

Corporate Improvement

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
1 Legal Services				
Third Party Payments	245,770	254,230	263,420	273,270
Total Expenditure	245,770	254,230	263,420	273,270
Income	(162,180)	(168,730)	(175,480)	(182,510)
Total Income	(162,180)	(168,730)	(175,480)	(182,510)
Legal Services Net Expenditure	83,590	85,500	87,940	90,760
2 Technology				
Supplies & Services	67,870	76,940	77,510	78,220
Third Party Payments	725,620	741,030	757,270	777,150
Total Expenditure	793,490	817,970	834,780	855,370
Income	(196,060)	(182,500)	(189,810)	(197,400)
Total Income	(196,060)	(182,500)	(189,810)	(197,400)
Technology Net Expenditure	597,430	635,470	644,970	657,970
3 Governance				
Employee Expenses	104,890	104,600	107,930	111,350
Transport Related Expenditure	1,050	1,060	1,070	1,080
Supplies & Services	31,020	30,720	30,720	30,720
Total Expenditure	136,960	136,380	139,720	143,150
Income	(30,290)	(29,900)	(29,930)	(30,430)
Total Income	(30,290)	(29,900)	(29,930)	(30,430)
Governance Net Expenditure	106,670	106,480	109,790	112,720
4 Human Resources				
Employee Expenses	5,220			-
Third Party Payments	237,890	245,710	255,920	264,960
Total Expenditure	243,110	245,710	255,920	264,960
Income	(142,860)	(143,200)	(148,920)	(154,870)
Total Income	(142,860)	(143,200)	(148,920)	(154,870)
Human Resources Net Expenditure	100,250	102,510	107,000	110,090
5 Customer Services				
Employee Expenses	236,250	244,850	253,550	262,430
Supplies & Services	78,960	105,250	106,320	107,180
Third Party Payments	7,000	7,000	7,000	7,140
Total Expenditure	322,210	357,100	366,870	376,750
Income	(88,410)	(91,970)	(95,650)	(99,470)
Total Income	(88,410)	(91,970)	(95,650)	(99,470)
Customer Services Net Expenditure	233,800	265,130	271,220	277,280

Corporate Improvement

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
6 Corporate Services				
Employee Expenses	122,060	126,630	130,970	135,520
Supplies & Services	105,580	87,100	87,870	88,740
Total Expenditure	227,640	213,730	218,840	224,260
Income	(39,240)	(35,180)	(36,430)	(37,760)
Total Income	(39,240)	(35,180)	(36,430)	(37,760)
Corporate Services Net Expenditure	188,400	178,550	182,410	186,500
7 Communications				
Employee Expenses	250,130	252,150	261,800	271,720
Transport Related Expenditure	3,110	3,130	3,140	3,170
Supplies & Services	37,510	33,850	32,770	33,150
Total Expenditure	290,750	289,130	297,710	308,040
Income	(23,720)	(23,880)	(24,040)	(24,600)
Total Income	(23,720)	(23,880)	(24,040)	(24,600)
Communications Net Expenditure	267,030	265,250	273,670	283,440
8 Policy & Performance				
Employee Expenses	91,100	108,190	113,510	118,960
Transport Related Expenditure	310	320	320	320
Supplies & Services	11,130	11,230	11,330	11,450
Total Expenditure	102,540	119,740	125,160	130,730
Policy & Performance Net Expenditure	102,540	119,740	125,160	130,730
9 Land Charges				
Employee Expenses	31,870	30,810	31,840	32,880
Supplies & Services	41,220	41,080	41,500	41,920
Total Expenditure	73,090	71,890	73,340	74,800
Income	(80,090)	(71,890)	(73,340)	(74,800)
Total Income	(80,090)	(71,890)	(73,340)	(74,800)
Land Charges Net Expenditure	(7,000)	-	-	-
10 Audit				
Employee Expenses	203,330	211,940	221,610	231,770
Transport Related Expenditure	1,340	1,360	1,370	1,380
Supplies & Services	53,980	37,100	37,480	37,860
Total Expenditure	258,650	250,400	260,460	271,010
Income	(128,910)	(114,400)	(117,660)	(121,180)
Total Income	(128,910)	(114,400)	(117,660)	(121,180)
Audit Net Expenditure	129,740	136,000	142,800	149,830

Corporate Improvement

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
11 Risk				
Employee Expenses	146,810	154,400	161,390	167,160
Transport Related Expenditure	4,140	4,170	4,210	4,250
Supplies & Services	636,270	642,210	646,980	653,870
Total Expenditure	787,220	800,780	812,580	825,280
Income	(687,030)	(705,350)	(727,840)	(751,230)
Total Income	(687,030)	(705,350)	(727,840)	(751,230)
Risk Net Expenditure	100,190	95,430	84,740	74,050
12 Resilience				
Employee Expenses	16,510	17,280	18,070	18,880
Premises Related Expenditure	140	140	140	140
Supplies & Services	65,260	61,810	63,360	63,990
Total Expenditure	81,910	79,230	81,570	83,010
Income	(50,710)	(51,700)	(52,930)	(54,260)
Total Income	(50,710)	(51,700)	(52,930)	(54,260)
Resilience Net Expenditure	31,200	27,530	28,640	28,750
13 Customer Serv Mgmt (incl Social Alarms)				
Employee Expenses	88,110	93,190	98,390	103,750
Transport Related Expenditure	1,050	1,060	1,070	1,080
Supplies & Services	8,050	8,090	8,140	8,230
Third Party Payments	49,950	50,950	51,970	53,010
Total Expenditure	147,160	153,290	159,570	166,070
Income	(97,010)	(101,750)	(104,840)	(108,820)
Total Income	(97,010)	(101,750)	(104,840)	(108,820)
Customer Serv Mgmt (incl Social Alarms) Net Expenditure	50,150	51,540	54,730	57,250
Corporate Improvement Net Expenditure	1,983,990	2,069,130	2,113,070	2,159,370

Corporate Improvement Portfolio**Variation Statement 2020/2021 to 2022/2023**

	2020/21 Indicative	Real Terms / Efficiency Variations	2020/2021 Budget	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	Inflation	Real Terms / Efficiency Variations	2022/2023 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	1,368	- 24	1,344	1,421	- 22	1,399	25	30	1,454
Premises Related Costs	-	-	-	-	-	-	-	-	-
Transport Related Costs	11	-	11	11	-	11	-	-	11
Supplies and Services	1,044	91	1,135	1,053	91	1,144	11	-	1,155
Third Party Payments	1,292	7	1,299	1,328	8	1,336	27	13	1,376
Total Expenditure	3,715	74	3,789	3,813	77	3,890	63	43	3,996
Income	- 1,721	1	- 1,720	- 1,777	-	- 1,777	- 58	- 2	- 1,837
Net Expenditure	1,994	75	2,069	2,036	77	2,113	5	41	2,159

Corporate Improvement Portfolio

Proposed Real Terms / Efficiency Variations

2020/21 Change

	£'000	£'000
<u>Real Term Variations</u>		
Civil contingencies - External Provision of function		
Employees	-31	
Supplies	<u>31</u>	0
Customer services - budget transferred from E-government (Leader portfolio)		21
Customer service - additional telephone charges		7
Information governance (budget realignment)		
Employees	4	
Supplies	<u>-4</u>	0
Increased insurance premiums		10
Supplies	7	
Income (recharge)	<u>-5</u>	2
Increased postage costs		9
Technology software licences		29
minor variations		-3
		<u><u>75</u></u>

2021/22 Change

	£'000	£'000
<u>Real Term Variations</u>		
Civil contingencies - External Provision of function		
Employees	-31	
Supplies	<u>31</u>	0
Customer services - budget transferred from E-government (Leader portfolio)		21
Customer service - additional telephone charges		7
Information governance (budget realignment)		
Employees	6	
Supplies	<u>-6</u>	0
Increased insurance premiums		10
Supplies	7	
Income (recharge)	<u>-5</u>	2
Increased postage costs		9
Technology software licences		29
minor variations		-1
		<u><u>77</u></u>

2021/22 to 2022/23 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in Superannuation		28
Shared service payments to SBC		13
		<u><u>41</u></u>

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Crime & Partnerships

	Outturn 2019-2020	Budget 2020-2021	Budget 2021-2022	Budget 2022-2023
	£	£	£	£
1 Partnerships				
Employee Expenses	205,710	192,850	191,890	199,570
Premises Related Expenditure	17,780	17,850	18,210	18,580
Transport Related Expenditure	2,370	2,390	2,420	2,450
Supplies & Services	128,120	8,250	8,340	8,430
Total Expenditure	353,980	221,340	220,860	229,030
Income	(148,650)	(9,890)	.	-
Total Income	(148,650)	(9,890)	.	-
Partnerships Net Expenditure	205,330	211,450	220,860	229,030
2 CCTV				
Employee Expenses	138,210	135,270	140,180	145,000
Premises Related Expenditure	4,700	9,500	9,690	9,880
Supplies & Services	83,000	83,860	84,730	85,580
Total Expenditure	225,910	228,630	234,600	240,460
Income	(49,140)	(50,240)	(51,370)	(52,550)
Total Income	(49,140)	(50,240)	(51,370)	(52,550)
CCTV Net Expenditure	176,770	178,390	183,230	187,910
Crime & Partnerships Net Expenditure	382,100	389,840	404,090	416,940

Crime & Partnerships Portfolio**Variation Statement 2020/2021 to 2022/2023**

	2020/21 Indicative	Real Terms / Efficiency Variations	2020/2021 Budget	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	Inflation	Real Terms / Efficiency Variations	2022/2023 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	322	6	328	334	- 2	332	6	7	345
Premises Related Costs	18	9	27	18	10	28	1	- 1	28
Transport Related Costs	2	-	2	2	-	2		-	2
Supplies and Services	95	- 3	92	97	- 4	93	1	-	94
Total Expenditure	437	12	449	451	4	455	8	6	469
Income	- 50	- 10	- 60	- 51	-	- 51	- 1	-	- 52
Net Expenditure	387	2	389	400	4	404	7	6	417

Crime & Partnerships Portfolio

Proposed Real Terms / Efficiency Variations

2020/21 Change

	£'000	£'000
<u>Real Term Variations</u>		
Anti Social Behaviour Key worker funded by grant		
Employees	9	
Income	<u>-9</u>	0
CCTV additional electricity charges		9
CCTV reduced telephone charges		-3
minor variations		-4
		<u><u>2</u></u>

2021/22 Change

	£'000	£'000
<u>Real Term Variations</u>		
Anti Social Behaviour Key worker funded by grant		
Employees	9	
Income	<u>-9</u>	0
CCTV additional electricity charges		9
CCTV reduced telephone charges		-3
minor variations		-2
		<u><u>4</u></u>

2021/22 to 2022/23 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in Superannuation		5
minor variations		1
		<u><u>6</u></u>

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Culture and Sport

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
1 Parks & Open Spaces				
Employee Expenses	500,390	523,340	483,050	483,530
Premises Related Expenditure	395,330	416,670	430,460	428,190
Transport Related Expenditure	20,110	20,420	20,790	18,840
Supplies & Services	230,000	185,050	173,790	135,300
Third Party Payments	176,210	181,230	186,370	191,770
Total Expenditure	1,322,040	1,326,710	1,294,460	1,257,630
Income	(191,820)	(172,420)	(122,150)	(83,280)
Total Income	(191,820)	(172,420)	(122,150)	(83,280)
Parks & Open Spaces Net Expenditure	1,130,220	1,154,290	1,172,310	1,174,350
2 Stadium				
Employee Expenses	16,990	41,810	42,540	43,290
Premises Related Expenditure	48,470	49,990	50,030	50,760
Supplies & Services	20,730	20,730	20,730	20,730
Total Expenditure	86,190	112,530	113,300	114,780
Stadium Net Expenditure	86,190	112,530	113,300	114,780
3 Cemeteries				
Employee Expenses	104,910	107,880	112,890	117,490
Premises Related Expenditure	52,130	49,010	50,370	51,430
Transport Related Expenditure	19,340	5,460	5,580	5,700
Supplies & Services	58,380	19,190	19,450	19,660
Total Expenditure	234,760	181,540	188,290	194,280
Income	(198,630)	(178,470)	(181,970)	(185,530)
Total Income	(198,630)	(178,470)	(181,970)	(185,530)
Cemeteries Net Expenditure	36,130	3,070	6,320	8,750
4 Contract Monitoring				
Employee Expenses	189,550	197,620	204,310	211,200
Premises Related Expenditure	14,300	10,910	11,020	11,130
Transport Related Expenditure	9,720	9,920	10,090	10,260
Supplies & Services	3,220	3,240	3,260	3,280
Total Expenditure	216,790	221,690	228,680	235,870
Income	(44,710)	(46,510)	(48,370)	(50,310)
Total Income	(44,710)	(46,510)	(48,370)	(50,310)
Contract Monitoring Net Expenditure	172,080	175,180	180,310	185,560
5 Leisure Management Contract				
Premises Related Expenditure	175,490	179,010	182,590	186,240
Supplies & Services	1,727,610	1,766,480	1,661,560	1,826,000
Total Expenditure	1,903,100	1,945,490	1,844,150	2,012,240
Income	(175,370)	(268,960)	(182,420)	(208,650)
Total Income	(175,370)	(268,960)	(182,420)	(208,650)
Leisure Management Contract Net Expenditure	1,727,730	1,676,530	1,661,730	1,803,590

Culture and Sport

	Outturn 2019-2020	Budget 2020-2021	Budget 2021-2022	Budget 2022-2023
	£	£	£	£
6 Leisure, Planning & Marketing				
Employee Expenses	121,570	201,880	207,520	163,330
Transport Related Expenditure	2,090	2,100	2,110	2,120
Supplies & Services	29,150	26,770	25,090	16,580
Total Expenditure	152,810	230,750	234,720	182,030
Income	(61,510)	(88,930)	(89,550)	(124,420)
Total Income	(61,510)	(88,930)	(89,550)	(124,420)
Leisure, Planning & Marketing Net Expenditure	91,300	141,820	145,170	57,610
7 Allotments				
Premises Related Expenditure	2,560	3,930	4,000	4,070
Total Expenditure	2,560	3,930	4,000	4,070
Income	(4,640)	(4,640)	(4,640)	(4,640)
Total Income	(4,640)	(4,640)	(4,640)	(4,640)
Allotments Net Expenditure	(2,080)	(710)	(640)	(570)
Culture and Sport Net Expenditure	3,241,570	3,262,710	3,278,500	3,344,070

Culture & Sport PortfolioVariation Statement 2020/2021 to 2022/2023

	2020/21 Indicative	Real Terms / Efficiency Variations	2020/2021 Budget	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	Inflation	Real Terms / Efficiency Variations	2022/2023 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	971	102	1,073	976	74	1,050	19	- 50	1,019
Premises Related Costs	697	13	710	716	13	729	14	- 11	732
Transport Related Costs	35	3	38	35	4	39	1	- 3	37
Supplies and Services	2,026	- 5	2,021	2,002	- 98	1,904	33	84	2,021
Third Party Payments	181	-	181	186	-	186	4	2	192
Total Expenditure	3,910	113	4,023	3,915	- 7	3,908	71	22	4,001
Income	- 628	- 132	- 760	- 621	- 8	- 629	- 10	- 18	- 657
Net Expenditure	3,282	- 19	3,263	3,294	- 15	3,279	61	4	3,344

Culture & Sport Portfolio

Proposed Real Terms / Efficiency Variations

2020/21 Change

	£'000	£'000
<u>Real Term Variations</u>		
HLF Budget realignment		
Employees	37	
Premises	-21	
Transport	2	
Supplies	3	
Income	-21	0
Leisure management contract		
Inflation	-13	
Equalisation reserve	-90	-103
Stadium (realignment of spend)		
Premises	18	
Supplies	-18	0
In house parks team (new post)		
Employees	10	
Supplies	-10	0
Leisure planning & marketing (equipment and pension bond)		
Supplies	21	
Income	-21	0
Additional grounds recharge		15
Floral displays		15
Project management		50
minor variations		4
		<u>-19</u>

2021/22 Change

	£'000	£'000
<u>Real Term Variations</u>		
HLF Budget realignment		
Employees	6	
Premises	-22	
Transport	2	
Supplies	3	
Income	11	0
Leisure management contract		
Inflation	-13	
Contract cost	-179	
Equalisation reserve	90	-102
Stadium (realignment of spend)		
Premises	18	
Supplies	-18	0
In house parks team (new post)		
Employees	13	
Supplies	-13	0
Leisure planning & marketing (equipment and pension bond)		
Supplies	19	
Income	-19	0
Project management		50
Additional grounds recharge		16
Floral displays		15
minor variations		6
		<u>-15</u>

2021/22 to 2022/23 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in Superannuation		10
Increased recharges following pay award		
Streetcleansing	1	
Grounds	7	8
Leisure Management contract equalisation reserve		110
Project management post falling out		-50
Leisure management contract		-41
Heritage Lottery Fund (HLF) falling out		
Employees	-11	
Premises	-17	
Transport	-2	
Supplies	-40	
Income	40	-30
Leisure planning & marketing pension bond falling out		
Supplies	-9	
Income	9	0
minor variations		-3
		<u>4</u>

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Economic Development and Planning

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
1 Economic Development				
Employee Expenses	221,910	203,600	270,270	272,070
Premises Related Expenditure	860			-
Transport Related Expenditure	2,920	2,710	2,740	2,770
Supplies & Services	482,240	139,870	115,050	70,230
Total Expenditure	707,930	346,180	388,060	345,070
Income	(519,140)	(40,670)	(5,500)	-
Total Income	(519,140)	(40,670)	(5,500)	-
Economic Development Net Expenditure	188,790	305,510	382,560	345,070
2 Management & Support				
Employee Expenses	358,120	420,840	435,460	450,500
Transport Related Expenditure	10,490	10,590	10,690	10,790
Supplies & Services	271,260	110,270	86,460	68,650
Total Expenditure	639,870	541,700	532,610	529,940
Income	(266,230)	(138,280)	(66,020)	(49,980)
Total Income	(266,230)	(138,280)	(66,020)	(49,980)
Management & Support Net Expenditure	373,640	403,420	466,590	479,960
3 Development Control				
Employee Expenses	336,340	266,350	277,810	288,360
Transport Related Expenditure	5,830	5,890	5,950	6,010
Supplies & Services	178,270	94,710	95,050	95,450
Total Expenditure	520,440	366,950	378,810	389,820
Income	(508,550)	(373,610)	(374,140)	(374,680)
Total Income	(508,550)	(373,610)	(374,140)	(374,680)
Development Control Net Expenditure	11,890	(6,660)	4,670	15,140
4 Building Control				
Employee Expenses	505,810	561,640	581,750	601,380
Transport Related Expenditure	24,540	21,640	21,860	22,080
Supplies & Services	66,210	66,810	67,480	68,150
Total Expenditure	596,560	650,090	671,090	691,610
Income	(492,970)	(525,340)	(539,860)	(554,180)
Total Income	(492,970)	(525,340)	(539,860)	(554,180)
Building Control Net Expenditure	103,590	124,750	131,230	137,430
5 Industrial Sites				
Premises Related Expenditure	6,980	7,150	7,260	7,380
Capital Financing Costs	1,610	1,610	1,610	1,610
Total Expenditure	8,590	8,760	8,870	8,990
Income	(122,000)	(122,000)	(122,000)	(122,000)
Total Income	(122,000)	(122,000)	(122,000)	(122,000)
Industrial Sites Net Expenditure	(113,410)	(113,240)	(113,130)	(113,010)

Economic Development and Planning

	Outturn 2019-2020	Budget 2020-2021	Budget 2021-2022	Budget 2022-2023
	£	£	£	£
6 Public Buildings				
Employee Expenses	225,220	240,360	247,800	255,520
Premises Related Expenditure	571,400	594,410	532,910	540,260
Transport Related Expenditure	3,370	3,400	3,430	3,460
Supplies & Services	53,070	51,980	52,290	52,800
Total Expenditure	853,060	890,150	836,430	852,040
Income	(329,110)	(348,510)	(355,920)	(361,970)
Total Income	(329,110)	(348,510)	(355,920)	(361,970)
Public Buildings Net Expenditure	523,950	541,640	480,510	490,070
7 Civic Ballroom				
Premises Related Expenditure	610	620	630	640
Total Expenditure	610	620	630	640
Income	(13,700)	(13,700)	(13,980)	(14,260)
Total Income	(13,700)	(13,700)	(13,980)	(14,260)
Civic Ballroom Net Expenditure	(13,090)	(13,080)	(13,350)	(13,620)
8 Caretakers and Cleaners				
Employee Expenses	236,960	253,960	264,980	276,230
Premises Related Expenditure	12,760	12,760	12,890	13,020
Transport Related Expenditure	2,160	2,160	2,210	2,260
Supplies & Services	3,990	3,990	4,020	4,060
Total Expenditure	255,870	272,870	284,100	295,570
Caretakers and Cleaners Net Expenditure	255,870	272,870	284,100	295,570
Economic Development and Planning Net Expenditure	1,331,230	1,515,210	1,623,180	1,636,610

Economic Development Portfolio**Variation Statement 2020/2021 to 2022/2023**

	2020/21 Indicative	Real Terms / Efficiency Variations	2020/2021 Budget	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	Inflation	Real Terms / Efficiency Variations	2022/2023 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	1,915	31	1,946	1,980	98	2,078	37	29	2,144
Premises Related Costs	546	69	615	555	- 1	554	9	- 1	562
Transport Related Costs	52	- 6	46	53	- 6	47	-	-	47
Supplies and Services	292	176	468	374	46	420	2	- 63	359
Capital Financing	2	-	2	2	-	2	-	-	2
Total Expenditure	2,807	270	3,077	2,964	137	3,101	48	- 35	3,114
Income	- 1,469	- 93	- 1,562	- 1,518	40	- 1,478	- 17	18	- 1,477
Net Expenditure	1,338	177	1,515	1,446	177	1,623	31	- 17	1,637

Economic Development Portfolio

Proposed Real Terms / Efficiency Variations

2020/21 Change

	£'000	£'000
<u>Real Term Variations</u>		
Town Centre partnership post funded from S106		
Employees	25	
Income	-25	0
Landlords increased repair and maintenance		70
Building Control (budget realignment)		
Transport	-6	
Income	6	0
Staffing variations		6
Local Plan Review rephasing		
Expenditure	52	
Contribution from Reserves	-52	0
Economic Development - Enterprise Programme		
Supplies	10	
Contribution from Reserves	-10	0
Economic Prosperity Strategy		110
minor variations		-9
		<u>177</u>

2021/22 Change

	£'000	£'000
<u>Real Term Variations</u>		
Town Centre partnership post funded from S106		
Employees	6	
Income	-6	0
Building Control (budget realignment)		
Transport	-6	
Income	6	0
Staffing variations		7
Local Plan Review rephasing		
Expenditure	52	
Contribution from Reserves	-52	0
Economic Prosperity Strategy		
Employees	85	
Supplies	95	180
minor variations		-10
		<u>177</u>

2021/22 to 2022/23 Change

	£'000	£'000
<u>Real Term Variations</u>		
Staffing variations (including increments)		4
Town Centre partnership post funded from S106 falling out		
Employees	-6	
Income	<u>6</u>	0
Local Plan Review rephasing and additional funding		
Expenditure	-18	
Contribution from Reserves	<u>18</u>	0
Increase in Superannuation		30
Economic Prosperity strategy part falling out		-45
Additional shared service contributions		-4
minor variations		-2
		<u><u>-17</u></u>

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Environment

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
1 Waste & Recycling				
Employee Expenses	251,010	263,710	276,900	290,390
Premises Related Expenditure	2,840	2,870	2,900	2,930
Transport Related Expenditure	5,690	5,810	5,900	5,990
Supplies & Services	71,410	73,530	74,260	74,990
Third Party Payments	2,460,470	2,531,360	2,613,550	2,694,510
Total Expenditure	2,791,420	2,877,280	2,973,510	3,068,810
Income	(1,059,440)	(1,010,640)	(979,880)	(949,630)
Total Income	(1,059,440)	(1,010,640)	(979,880)	(949,630)
Waste & Recycling Net Expenditure	1,731,980	1,866,640	1,993,630	2,119,180
2 Regulatory Services				
Employee Expenses	418,740	434,730	451,550	468,620
Premises Related Expenditure	1,000	1,020	1,040	1,060
Transport Related Expenditure	16,600	16,770	16,940	17,110
Supplies & Services	52,100	44,380	44,830	45,290
Third Party Payments	43,100	43,100	43,970	44,850
Total Expenditure	531,540	540,000	558,330	576,930
Income	(56,910)	(25,960)	(26,490)	(27,030)
Total Income	(56,910)	(25,960)	(26,490)	(27,030)
Regulatory Services Net Expenditure	474,630	514,040	531,840	549,900
3 Cleansing Services				
Premises Related Expenditure	5,750	5,810	5,870	5,930
Supplies & Services	5,430	5,480	5,530	5,580
Third Party Payments	407,970	419,590	431,500	443,970
Total Expenditure	419,150	430,880	442,900	455,480
Cleansing Services Net Expenditure	419,150	430,880	442,900	455,480
4 Drainage Services				
Premises Related Expenditure	8,440	8,520	8,610	8,700
Total Expenditure	8,440	8,520	8,610	8,700
Drainage Services Net Expenditure	8,440	8,520	8,610	8,700
5 Street Cleansing				
Employee Expenses	484,090	484,650	501,630	518,840
Premises Related Expenditure	3,250	3,320	3,390	3,460
Transport Related Expenditure	155,060	156,340	157,650	159,900
Supplies & Services	35,820	36,080	36,340	36,620
Total Expenditure	678,220	680,390	699,010	718,820
Income	(662,220)	(680,390)	(699,010)	(718,820)
Total Income	(662,220)	(680,390)	(699,010)	(718,820)
Street Cleansing Net Expenditure	16,000	-	-	-

Environment

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
6 Countryside Management				
Employee Expenses	188,840	177,640	159,940	162,370
Premises Related Expenditure	8,080	8,080	8,220	8,360
Transport Related Expenditure	12,250	12,510	12,770	13,030
Supplies & Services	93,430	42,290	29,950	30,250
Total Expenditure	302,600	240,520	210,880	214,010
Income	(116,220)	(50,260)	(16,940)	(17,610)
Total Income	(116,220)	(50,260)	(16,940)	(17,610)
Countryside Management Net Expenditure	186,380	190,260	193,940	196,400
7 Grounds Maintenance				
Employee Expenses	657,910	673,660	698,270	723,910
Premises Related Expenditure	35,010	35,080	35,390	36,010
Transport Related Expenditure	76,730	62,420	63,620	64,860
Supplies & Services	165,120	153,140	154,680	156,240
Total Expenditure	934,770	924,300	951,960	981,020
Income	(931,770)	(924,300)	(951,960)	(981,020)
Total Income	(931,770)	(924,300)	(951,960)	(981,020)
Grounds Maintenance Net Expenditure	3,000	-	-	-
8 Conservation Areas				
Employee Expenses	149,940	157,590	164,490	171,290
Transport Related Expenditure	4,990	5,040	5,090	5,140
Supplies & Services	2,150	2,170	2,190	2,210
Total Expenditure	157,080	164,800	171,770	178,640
Conservation Areas Net Expenditure	157,080	164,800	171,770	178,640
9 Public Clocks				
Premises Related Expenditure	4,950	5,190	5,310	5,450
Total Expenditure	4,950	5,190	5,310	5,450
Public Clocks Net Expenditure	4,950	5,190	5,310	5,450
10 Off Street Parking				
Premises Related Expenditure	350,690	340,390	347,940	354,500
Transport Related Expenditure	10	10	10	10
Supplies & Services	137,630	124,870	129,280	132,800
Third Party Payments	28,780	29,320	29,870	30,740
Total Expenditure	517,110	494,590	507,100	518,050
Income	(907,950)	(864,000)	(884,520)	(884,660)
Total Income	(907,950)	(864,000)	(884,520)	(884,660)
Off Street Parking Net Expenditure	(390,840)	(369,410)	(377,420)	(366,610)

Environment

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
11 Hawks Green Depot				
Employee Expenses	6,170	6,290	6,420	6,550
Premises Related Expenditure	93,710	96,330	98,120	99,960
Supplies & Services	16,080	17,750	18,280	18,840
Total Expenditure	115,960	120,370	122,820	125,350
Income	(137,190)	(142,710)	(148,400)	(154,320)
Total Income	(137,190)	(142,710)	(148,400)	(154,320)
Hawks Green Depot Net Expenditure	(21,230)	(22,340)	(25,580)	(28,970)
12 Bus Shelters				
Premises Related Expenditure	32,340	31,940	32,560	33,190
Total Expenditure	32,340	31,940	32,560	33,190
Income	(39,290)	(35,400)	(36,120)	(36,840)
Total Income	(39,290)	(35,400)	(36,120)	(36,840)
Bus Shelters Net Expenditure	(6,950)	(3,460)	(3,560)	(3,650)
13 Private Sector Housing				
Employee Expenses	216,700	238,060	245,800	253,630
Transport Related Expenditure	8,210	11,360	11,480	11,600
Supplies & Services	10,450	10,660	10,770	10,880
Total Expenditure	235,360	260,080	268,050	276,110
Income	(43,530)	(44,410)	(45,250)	(46,100)
Total Income	(43,530)	(44,410)	(45,250)	(46,100)
Private Sector Housing Net Expenditure	191,830	215,670	222,800	230,010
14 Vehicles				
Employee Expenses	142,510	139,470	144,180	149,040
Premises Related Expenditure	1,060	1,070	1,080	1,090
Transport Related Expenditure	53,880	53,990	54,430	55,170
Supplies & Services	10,980	11,090	11,200	11,310
Total Expenditure	208,430	205,620	210,890	216,610
Income	(244,010)	(233,710)	(238,130)	(242,940)
Total Income	(244,010)	(233,710)	(238,130)	(242,940)
Vehicles Net Expenditure	(35,580)	(28,090)	(27,240)	(26,330)
Environment Net Expenditure	2,738,840	2,972,700	3,137,000	3,318,200

Environment PortfolioVariation Statement 2020/2021 to 2022/2023

	2020/21 Indicative	Real Terms / Efficiency Variations	2020/2021 Budget	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	Inflation	Real Terms / Efficiency Variations	2022/2023 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	2,546	30	2,576	2,616	33	2,649	49	46	2,744
Premises Related Costs	509	31	540	518	33	551	10	-	561
Transport Related Costs	309	15	324	313	15	328	5	-	333
Supplies and Services	549	- 27	522	545	- 28	517	5	3	525
Third Party Payments	3,040	- 17	3,023	3,135	- 16	3,119	58	37	3,214
Total Expenditure	6,953	32	6,985	7,127	37	7,164	127	86	7,377
Income	- 4,053	41	- 4,012	- 4,044	17	- 4,027	- 66	34	- 4,059
Net Expenditure	2,900	73	2,973	3,083	54	3,137	61	120	3,318

Environment Portfolio

Proposed Real Terms / Efficiency Variations

2020/21 Change

	£'000	£'000
<u>Real Term Variations</u>		
Waste		
Calendar delivery costs	12	
Reduced advertising	-10	
Contract inflation	-16	-14
Vehicle workshop (budget realignment)		
Employees	7	
Transport	15	
Income	-22	0
Streetcleansing litter picking and opening at Stadium		
Premises	9	
Income	-9	0
Off Street Parking		
Rates	13	
Contract cost	-15	
Income	81	79
Grounds rent of property		16
Increased grounds recharge		-16
Bus Shelters reduced income		5
minor variations		3
		<u>73</u>

2021/22 Change

	£'000	£'000
<u>Real Term Variations</u>		
Waste		
Calendar delivery costs	13	
Reduced advertising	-10	
Contract inflation	-16	-13
Vehicle workshop (budget realignment)		
Employees	7	
Transport	15	
Income	-22	0
Streetcleansing litter picking and opening at Stadium		
Premises	10	
Income	-10	0
Off Street Parking		
Rates	15	
Contract cost	-15	
Income	60	60
Grounds rent of property		16
Increased grounds recharge		-16
Bus Shelters reduced income		5
minor variations		2
		<u>54</u>

2021/22 to 2022/23 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in Superannuation		49
Waste		
Contract costs additional properties	28	
Kerbside gate fees	3	
Green gate fees	2	
Recycling credits	48	81
Street cleansing recharge		
Supplies	4	
Income	-6	-2
Increased Grounds maintenance recharge		-8
		<u>120</u>

Health and Wellbeing

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
1 Benefits Payments				
Transfer Payments	19,940,490	18,272,200	16,811,730	15,468,090
Total Expenditure	19,940,490	18,272,200	16,811,730	15,468,090
Income	(20,021,810)	(18,353,520)	(16,893,050)	(15,549,410)
Total Income	(20,021,810)	(18,353,520)	(16,893,050)	(15,549,410)
Benefits Payments Net Expenditure	(81,320)	(81,320)	(81,320)	(81,320)
2 Food Safety				
Employee Expenses	303,880	336,900	348,410	360,210
Transport Related Expenditure	9,940	10,040	10,140	10,240
Supplies & Services	40,610	55,100	43,440	43,780
Total Expenditure	354,430	402,040	401,990	414,230
Income	(16,000)	.	.	-
Total Income	(16,000)	.	.	-
Food Safety Net Expenditure	338,430	402,040	401,990	414,230
3 Management & Administration				
Employee Expenses	54,980	55,280	57,710	60,190
Transport Related Expenditure	130	130	130	130
Supplies & Services	850	860	870	880
Total Expenditure	55,960	56,270	58,710	61,200
Management & Administration Net Expenditure	55,960	56,270	58,710	61,200
4 Mortuary				
Employee Expenses	42,400	43,690	45,080	46,520
Premises Related Expenditure	63,610	20,450	20,810	21,190
Supplies & Services	38,170	20,400	20,580	20,760
Total Expenditure	144,180	84,540	86,470	88,470
Income	(155,780)	(93,480)	(93,480)	(93,480)
Total Income	(155,780)	(93,480)	(93,480)	(93,480)
Mortuary Net Expenditure	(11,600)	(8,940)	(7,010)	(5,010)
5 Taxation				
Employee Expenses	2,348,040	2,465,150	2,438,040	2,524,440
Transport Related Expenditure	22,720	22,950	23,180	23,410
Supplies & Services	615,010	496,560	467,170	474,160
Third Party Payments	14,000	14,000	14,000	14,280
Total Expenditure	2,999,770	2,998,660	2,942,390	3,036,290
Income	(2,379,180)	(2,323,710)	(2,225,160)	(2,276,050)
Total Income	(2,379,180)	(2,323,710)	(2,225,160)	(2,276,050)
Taxation Net Expenditure	620,590	674,950	717,230	760,240

Health and Wellbeing

	Outturn 2019-2020	Budget 2020-2021	Budget 2021-2022	Budget 2022-2023
	£	£	£	£
6 Licensing				
Employee Expenses	159,420	164,860	170,550	176,360
Transport Related Expenditure	4,580	4,630	4,680	4,730
Supplies & Services	36,500	36,750	37,120	37,500
Total Expenditure	200,500	206,240	212,350	218,590
Income	(267,100)	(271,900)	(277,200)	(282,640)
Total Income	(267,100)	(271,900)	(277,200)	(282,640)
Licensing Net Expenditure	(66,600)	(65,660)	(64,850)	(64,050)
Health and Wellbeing Net Expenditure	855,460	977,340	1,024,750	1,085,290

Health & Wellbeing Portfolio**Variation Statement 2020/2021 to 2022/2023**

	2020/21 Indicative	Real Terms / Efficiency Variations	2020/2021 Budget	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	Inflation	Real Terms / Efficiency Variations	2022/2023 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	2,950	116	3,066	3,058	2	3,060	58	50	3,168
Premises Related Costs	19	1	20	20	1	21	-	-	21
Transport Related Costs	38	-	38	38	-	38	-	1	39
Supplies and Services	588	22	610	559	10	569	8	-	577
Third Party	-	14	14	-	14	14	-	-	14
Transfer Payments	22,403	- 4,131	18,272	20,566	- 3,754	16,812	-	- 1,344	15,468
Total Expenditure	25,998	- 3,978	22,020	24,241	- 3,727	20,514	66	- 1,293	19,287
Income	- 25,056	4,013	- 21,043	- 23,241	3,752	- 19,489	- 40	#VALUE!	
Net Expenditure	942	35	977	1,000	25	1,025	26	#VALUE!	19,287

Health & Wellbeing Portfolio

Proposed Real Terms / Efficiency Variations

2020/21 Change

	£'000	£'000
<u>Real Term Variations</u>		
Local Taxation grant funding		
Employees	116	
Income	-116	0
Change in benefit payments (estimated impact of Universal Credit)		
Expenditure	- 4,131	
Income	4,131	0
Food Safety - Obesity - Cannock Chase CAN		22
Taxation - additional telephone costs		14
minor variations		-1
		<u>35</u>

2021/22 Change

	£'000	£'000
<u>Real Term Variations</u>		
Change in benefit payments (estimated impact of Universal Credit)		
Expenditure	- 3,754	
Income	3,754	0
Food Safety - Obesity - Cannock Chase CAN		10
Taxation - additional telephone costs		14
minor variations		1
		<u>25</u>

2021/22 to 2022/23 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in Superannuation		49
Increments		4
Change in benefit payments (estimated impact of Universal Credit)		
Expenditure	- 1,344	
Income	1,344	0
Taxation - additional shared service contributions		-16
minor variations		-3
		<u>34</u>

Housing General Fund

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
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	435,810	423,230	430,830	445,380
Premises Related Expenditure	5,150	5,670	5,700	5,810
Transport Related Expenditure	2,540	2,560	2,580	2,600
Supplies & Services	293,550	132,460	133,240	134,170
Third Party Payments	20,500		290	300
Total Expenditure	757,550	563,920	572,640	588,260
Income	(388,200)	(189,720)	(190,000)	(194,170)
Total Income	(388,200)	(189,720)	(190,000)	(194,170)
Housing Services Net Expenditure	369,350	374,200	382,640	394,090
Housing General Fund Net Expenditure	404,870	409,720	418,160	429,610

Housing General Fund PortfolioVariation Statement 2020/2021 to 2022/2023

	2020/21 Indicative	Real Terms / Efficiency Variations	2020/2021 Budget	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	Inflation	Real Terms / Efficiency Variations	2022/2023 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	425	- 2	423	434	- 3	431	8	6	445
Premises Related Costs	1	5	6	1	5	6	-	-	6
Transport Related Costs	3	-	3	3	- 1	2	-	1	3
Supplies and Services	129	39	168	129	40	169	1	-	170
Third Party	14	- 14	-	15	- 15	-	-	-	-
Total Expenditure	572	28	600	582	26	608	9	7	624
Income	- 165	- 25	- 190	- 165	- 25	- 190	- 4	-	- 194
Net Expenditure	407	3	410	417	1	418	5	7	430

Leader of the Council

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
1 Democratic Services				
Employee Expenses	177,760	186,730	194,820	202,900
Transport Related Expenditure	3,810	3,850	3,890	3,930
Supplies & Services	388,410	394,660	402,280	410,050
Total Expenditure	569,980	585,240	600,990	616,880
Income	(1,220)	.	.	-
Total Income	(1,220)	.	.	-
Democratic Services Net Expenditure	568,760	585,240	600,990	616,880
2 Elections				
Employee Expenses	175,610	169,100	118,680	178,380
Premises Related Expenditure	7,590	4,690	.	4,690
Transport Related Expenditure	250	250	150	250
Supplies & Services	119,590	101,800	54,020	102,630
Total Expenditure	303,040	275,840	172,850	285,950
Income	(38,820)	(1,170)	(1,190)	(1,210)
Total Income	(38,820)	(1,170)	(1,190)	(1,210)
Elections Net Expenditure	264,220	274,670	171,660	284,740
3 Executive Management & Support				
Employee Expenses	247,290	279,380	260,060	268,560
Transport Related Expenditure	2,540	2,590	2,620	2,650
Supplies & Services	88,310	128,930	79,690	80,520
Total Expenditure	338,140	410,900	342,370	351,730
Income	(8,890)	(39,990)	(12,360)	(12,360)
Total Income	(8,890)	(39,990)	(12,360)	(12,360)
Executive Management & Support Net Expenditure	329,250	370,910	330,010	339,370
4 e-Government				
Supplies & Services	20,310	.	.	-
Total Expenditure	20,310	.	.	-
e-Government Net Expenditure	20,310	-	-	-
5 Grants & Contributions				
Supplies & Services	166,240	154,000	148,640	151,630
Total Expenditure	166,240	154,000	148,640	151,630
Grants & Contributions Net Expenditure	166,240	154,000	148,640	151,630
6 Finance				
Employee Expenses	930,570	964,390	997,900	1,035,030
Transport Related Expenditure	3,520	3,560	3,600	3,640
Supplies & Services	124,790	126,050	127,310	128,580
Total Expenditure	1,058,880	1,094,000	1,128,810	1,167,250
Income	(790,750)	(818,860)	(847,160)	(877,800)
Total Income	(790,750)	(818,860)	(847,160)	(877,800)
Finance Net Expenditure	268,130	275,140	281,650	289,450

Leader of the Council

	Outturn 2019-2020 £	Budget 2020-2021 £	Budget 2021-2022 £	Budget 2022-2023 £
7 Corporate Management				
Supplies & Services	108,520	107,370	108,400	109,490
Total Expenditure	108,520	107,370	108,400	109,490
Income	(37,730)	(39,250)	(40,820)	(42,450)
Total Income	(37,730)	(39,250)	(40,820)	(42,450)
Corporate Management Net Expenditure	70,790	68,120	67,580	67,040
8 Non Distributed Costs				
Employee Expenses	318,290	324,980	331,480	338,110
Total Expenditure	318,290	324,980	331,480	338,110
Income	(40,000)	(40,000)	(40,800)	(41,620)
Total Income	(40,000)	(40,000)	(40,800)	(41,620)
Non Distributed Costs Net Expenditure	278,290	284,980	290,680	296,490
9 Excluded Items				
Employee Expenses	43,500	43,500	43,500	44,370
Supplies & Services	(1,000)			-
Total Expenditure	42,500	43,500	43,500	44,370
Income	(711,590)	(740,270)	(769,880)	(800,670)
Total Income	(711,590)	(740,270)	(769,880)	(800,670)
Excluded Items Net Expenditure	(669,090)	(696,770)	(726,380)	(756,300)
Leader of the Council Net Expenditure	1,296,900	1,316,290	1,164,830	1,289,300

Leader of the Council PortfolioVariation Statement 2020/2021 to 2022/2023

	2020/21 Indicative	Real Terms / Efficiency Variations	2020/2021 Budget	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	Inflation	Real Terms / Efficiency Variations	2022/2023 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	1,928	40	1,968	1,932	15	1,947	35	85	2,067
Premises Related Costs	5	-	5	-	-	-	-	5	5
Transport Related Costs	10	-	10	10	-	10	-	-	10
Supplies and Services	978	35	1,013	937	- 17	920	13	50	983
Total Expenditure	2,921	75	2,996	2,879	- 2	2,877	48	140	3,065
Income	- 1,639	- 41	- 1,680	- 1,700	- 12	- 1,712	- 55	- 9	- 1,776
Net Expenditure	1,282	34	1,316	1,179	- 14	1,165	- 7	131	1,289

Leader of the Council Portfolio

Proposed Real Terms / Efficiency Variations

2020/21 Change

	£'000	£'000
<u>Real Term Variations</u>		
Executive management apprenticeships		
Employees	40	
Income	-40	0
Climate change		
Action plan	40	
Citizens assembly	20	60
E-government budget transferred to Customer Services		-21
West Midlands Combined Authority		-10
Corporate management - bank charges		4
Excluded items - apprenticeship levy		-2
minor variations		3
		<u>34</u>

2021/22 Change

	£'000	£'000
<u>Real Term Variations</u>		
Executive management apprenticeships		
Employees	12	
Income	-12	0
E-government budget transferred to Customer Services		-21
Corporate management - bank charges		4
Excluded items - apprenticeship levy		-2
minor variations		5
		<u>-14</u>

2021/22 to 2022/23 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in Superannuation		27
Increments		3
District Elections		
Employees	55	
Premises	5	
Supplies	48	108
Increased shared services contributions		-9
minor variations		2
		<u>131</u>

Town Centre Regeneration

	Outturn 2019-2020	Budget 2020-2021	Budget 2021-2022	Budget 2022-2023
	£	£	£	£
1 Markets				
Employee Expenses	137,650	138,980	69,840	72,900
Premises Related Expenditure	234,190	242,800	232,110	156,450
Transport Related Expenditure	2,920	1,800	1,840	1,880
Supplies & Services	83,290	77,160	59,850	38,980
Total Expenditure	458,050	460,740	363,640	270,210
Income	(337,530)	(265,420)	(160,990)	(161,330)
Total Income	(337,530)	(265,420)	(160,990)	(161,330)
Markets Net Expenditure	120,520	195,320	202,650	108,880
2 Town Centre Management				
Premises Related Expenditure	250,570	255,590	260,710	265,750
Supplies & Services	7,210	210	210	210
Total Expenditure	257,780	255,800	260,920	265,960
Income	(182,360)	(178,570)	(182,120)	(182,140)
Total Income	(182,360)	(178,570)	(182,120)	(182,140)
Town Centre Management Net Expenditure	75,420	77,230	78,800	83,820
3 Miscellaneous Properties				
Premises Related Expenditure	6,650	6,140	6,260	6,370
Supplies & Services	520			
Total Expenditure	7,170	6,140	6,260	6,370
Income	(11,130)	(14,150)	(14,170)	(14,190)
Total Income	(11,130)	(14,150)	(14,170)	(14,190)
Miscellaneous Properties Net Expenditure	(3,960)	(8,010)	(7,910)	(7,820)
Town Centre Regeneration Net Expenditure	191,980	264,540	273,540	184,880

Town Centre Regeneration PortfolioVariation Statement 2020/2021 to 2022/2023

	2020/21 Indicative	Real Terms / Efficiency Variations	2020/2021 Budget	2021/22 Indicative	Real Terms / Efficiency Variations	2021/2022 Budget	Inflation	Real Terms / Efficiency Variations	2022/2023 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	142	- 3	139	149	- 79	70	3	-	73
Premises Related Costs	423	82	505	430	69	499	8	- 78	429
Transport Related Costs	3	- 1	2	3	- 1	2	-	-	2
Supplies and Services	69	8	77	70	- 10	60	1	- 22	39
Total Expenditure	637	86	723	652	- 21	631	12	- 100	543
Income	- 512	54	- 458	- 517	160	- 357	- 1	-	- 358
Net Expenditure	125	140	265	135	139	274	11	- 100	185

Town Centre Regeneration Portfolio

Proposed Real Terms / Efficiency Variations

2020/21 Change

	£'000	£'000
<u>Real Term Variations</u>		
Additional rates and utility costs		21
Reduced markets income		
Cannock Market Hall	34	
Cannock Market Shops	-6	
Prince of Wales Market	3	
Rugeley Market Hall	7	38
Multi Storey car park additional costs		
Premises	78	
Supplies (security)	21	99
Cannock Market Provision		-8
Town Centre Management reduced rent payable		-9
minor variations		-1
		<u>140</u>

2021/22 Change

	£'000	£'000
<u>Real Term Variations</u>		
Additional rates and utility costs		23
Reduced markets income		
Cannock Market Hall	34	
Cannock Market Shops	-6	
Prince of Wales Market	3	
Rugeley Market Hall	7	38
Multi Storey car park additional costs		
Premises	78	
Supplies (security)	21	99
Cannock Market Provision		-14
Town Centre Management reduced rent payable		-9
minor variations		2
		<u>139</u>

2021/22 to 2022/23 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in Superannuation		3
Cannock Market Provision		-3
Multi Storey car park additional costs falling out		
Premises	-78	
Supplies (security)	-21	-99
minor variations		-1
		<u>-100</u>

Capital Programme 2019-20 to 2022-23			
	Total Programme Revised	General Fund	Section 106
	£000	£000	£000
HOUSING GF			
Disabled Facilities Grants	4,000	4,000	-
Private Sector Decent Homes	27	27	-
Total Housing General Fund	4,027	4,027	-
ENVIRONMENT			
Home Security Grants	46	46	-
Wheelie Bin Replacement	478	478	-
Replacement Vehicles - cleansing	108	108	-
Replacement Vehicles - countryside	88	88	-
Car Park Improvements	292	292	-
Replacement Vehicles - Grounds	90	90	-
Total Environment	1,102	1,102	-
CRIME AND PARTNERSHIPS			
CCTV	112	112	-
Total Crime & Partnerships	112	112	-
CULTURE AND SPORT			
Additional Cemetery Provision	1,310	1,310	-
Stile Cop Cemetery Phase 2	3	3	-
Stile Cop Cemetery Modular build	60	60	-
Hednesford Park Improvements (part s106)	174	155	19
Stadium Development (Phase 2)	276	276	-
Relocation Arthur Street Play Area (s106)	3	-	3
Multi Use Games Area, Laburnum Avenue (s106)	121	-	121
Heath Hayes Park/Pitch Refurbishment	115	-	115
Additional Car Park 5's Pavillion	98	98	-
Replacement Vehicles - Cemeteries	51	51	-
Play Area and Open Space Rugeley	48	-	48
Play Area and Open Space Penny Cress Green	187	-	187
Rugeley ATP	844	577	267
Cannock East (CIL)	210	-	210
Total Culture and Sport	3,500	2,530	970
ECONOMIC REGENERATION AND PLANNING			
Economic Development & Physical Assets	176	176	-
District Investment	5,745	5,745	-
Lets Grow Grants	48	48	-
Hawks Green Rationalisation	337	337	-
Total Economic Regeneration and Planning	6,306	6,306	-
CORPORATE IMPROVEMENT			
Financial Management System	250	250	-
IT Infrastructure	202	202	-
Civic Centre Car Park	72	72	-
Total Corporate Improvement	524	524	-
TOWN CENTRE REGENERATION			
Anson Street	85	85	-
Rugeley Pedestrian Cycle Linkage (S106)	219	-	219
Total Town Centre Regeneration	304	85	219
TOTAL CAPITAL PROGRAMME	15,875	14,686	1,189

ITEM NO. 6.

General Fund and Section 106 Capital Budgets 2019/20 TO 2022/23				
	2019/20	2020/21	2021/22	2022/23
	Revised			
	£000	£000	£000	£000
HOUSING				
Disabled Facilities Grants	400	1,452	926	926
Private Sector Decent Homes	27	-	-	-
Total Housing General Fund	427	1,452	926	926
ENVIRONMENT				
Home Security Grants	10	18	18	-
Wheelie Bin Replacement	100	108	100	90
Replacement Vehicles - cleansing	93	-	-	-
Replacement Vehicles - countryside	50	-	-	-
Car Park Improvements	-	-	-	-
Replacement Vehicles - Grounds	109	-	-	-
Total Environment	362	126	118	90
CRIME AND PARTNERSHIPS				
CCTV	45	-	-	-
Total Crime & Partnerships	45	-	-	-
CULTURE AND SPORT				
Additional Cemetery Provision	50	933	-	-
Stile Cop Cemetery Phase 2	3	-	-	-
Stile Cop Cemetery Modular build	5	55	-	-
Hednesford Park Improvements (part s106 funding)	-	-	-	-
Stadium Development (Phase 2)	-	-	-	-
Relocation Arthur Street Play Area (s106)	-	-	-	-
Multi Use Games Area, Laburnum Avenue (s106)	-	-	-	-
Heath Hayes Park/Pitch Refurbishment	-	-	-	-
Additional Car Park 5's Pavillion	98	-	-	-
Replacement Vehicles - Cemeteries	-	-	-	-
Play Area and Open Space Rugeley	-	48	-	-
Play Area and Open Space Penny Cress Green	-	187	-	-
Rugeley ATP	-	-	-	-
Cannock East (CIL)	-	-	-	-
Total Culture and Sport	156	1,223	-	-
ECONOMIC REGENERATION AND PLANNING				
Economic Development & Physical Assets	-	176	-	-
District Investment	-	-	-	-
Lets Grow Grants	20	28	-	-
Hawks Green Rationalisation	298	39	-	-
Total Economic Regeneration and Planning	318	243	-	-
CORPORATE IMPROVEMENT				
Financial Management System	-	-	-	-
IT Infrastructure	-	-	-	-
Civic Centre Car Park	72	-	-	-
Total Corporate Improvement	72	-	-	-
TOWN CENTRE REGENERATION				
Anson Street	85	-	-	-
Rugeley Pedestrian Cycle Linkage (S106)	-	219	-	-
Total Town Centre Regeneration	85	219	-	-
TOTAL CAPITAL PROGRAMME	1,465	3,263	1,044	1,016

ITEM NO. 6.

Community Infrastructure Levy (CIL) Allocations Process and Recommendations 20191. Introduction

- 1.1 The Council approved the Community Infrastructure Levy (CIL Charging Schedule and Regulation 123 List (now CIL Infrastructure List – see Cabinet Report 17/10/19) of infrastructure projects eligible to receive funding at its meeting on 15/04/15.
- 1.2 CIL is intended to provide a funding stream for infrastructure needed to support the policies and proposals in the adopted Local Plan. It will partly replace funding previously obtained via Planning Obligations (Section 106 agreements and Unilateral Undertaking). CIL and Section 106 agreements can now be used to fund the same piece of infrastructure, following amendments made to the CIL Regulations in September 2019.
- 1.3 During the 2018/19 financial year £1,427,487 in CIL receipts were received, this was a substantial increase on the level of CIL receipts for 2017/18, which was £211,434. This reflects the nature of CIL i.e. schemes are only liable to pay on commencement of development; so many sites which have obtained planning permission from 2015 onwards are now being implemented and generating CIL receipts. Over 60% of receipts received for 2018/19 are as a result of the McArthur Glen development.
- 1.4 The total amount of CIL receipts retained and available for expenditure at the end of 2018/19 financial year were £1,386,522 (note this figure was £1,546,433 if neighbourhood funds retained for non parish areas are taken into account). A further £480,264 of CIL receipts were received from 1st April to 31st September 2019. After taking to account neighbourhood funds, administrative expenses and SAC Mitigation payments, this totals £1,718,362 of CIL funds available for allocation.
- 1.5 As set out in previous Cabinet report 23/7/15, the allocation of CIL funds would not begin until a sufficient level of receipts had been received. As reported to Cabinet 12/12/19, given the overall amount of funds retained it was deemed appropriate for the Council to carry out its first CIL allocations process, commencing June 2019.
- 1.6 The protocol for the allocation of CIL funds was approved by Cabinet (23/07/15) sets out the system in which the allocations process must follow. Table 1 shows the approved processes and approximate timescales.

Table 1

Date	Action
By 30 th June	Invite bids from stakeholders for inclusion in the three year CIL Infrastructure Capital Programme
By 1 st September	Deadline for bids for projects submitted to officer
September	Initial assessment of submissions by officers and Cabinet Members
By 30 th September	Consultation event to share and review aspirations/priorities with stakeholders who have submitted bids.
By 31 st October	Prepare draft programme of projects
By 30 th November	Feedback to stakeholders
By 31 st December	Prepare recommendations
February	Report to Cabinet/Council

2. Invitations to Bid

2.1 'Invitation to Bid' letters were emailed to stakeholders who had projects identified in the CIL Infrastructure List (formerly Regulation 123 List) outlining a 9 week consultation period with the deadline for submissions being 30th August 2019. Stakeholders were also invited to make comments on the Councils existing CIL Infrastructure List for any minor amendments i.e. project costs, any alternative funding identified. No new projects were to be included as part of this years update. Accompanying the letter was an 'Expression of Interest' form on which the bids were to be submitted. This letter was emailed to the following stakeholders:

- Staffordshire County Council
- CCDC Head of Environmental and Healthy Lifestyles
- West Midlands Trains
- Environment Agency
- Brereton and Ravenhill Parish Council
- CCDC Waste and Engineering Services Manager

2.2 A 'Community Infrastructure Levy (CIL) Allocations Process Guidance Document' was emailed to stakeholders which was based in the protocol set out in Cabinet Report 23/07/2015.

2.3 Approved protocol outlined that allocation of neighbourhood funds in non-parish areas would be determined via consultation with Ward Members. Members of wards with CIL neighbourhood portions retained were informed that the Council were carrying out their first allocations process. They were made aware of the amount currently retained by Cannock Chase Council for their ward which is demonstrated in Table 2.

Table 2

Ward	CIL Funds Retained
Cannock East	£210,326
Cannock South	£9,400
Cannock West	£771
Rawnsley	£3,365

2.4 The views of Members on how they wished to see their neighbourhood portion of CIL funds to be spent were sought. Meetings were arranged for after the deadline for bids, meaning Members could choose to use their funds to support a bid if they wished. The outcomes of these meetings are detailed under Section 5.

3. Bids Received

The following bids were received:

Rugeley Train Station Cycle/Pedestrian Access from Horsefair

Applicant: Will Spencer, Connectivity Strategy Officer, Transport and the Connected, Staffordshire County Council

Summary: New pedestrian/cycle shared-use access route onto platform 2 at Rugeley Town Train Station from Horsefair. New route will formalise an existing unmade route and open up the access to the station. The surface will be sealed, drained and the route will be appropriately lit with associated CCTV and fencing for improved security.

CIL funds requested: £240,000 (74% of overall costs)

Delivery: By June 2021

Third Parties: West Midlands Trains, Network Rail, CCDC and Lea Hall Miners Welfare Centre and Social Club. .

Rugeley Leisure Centre ATP Extension

Applicant: Mike Edmonds, Environment and Healthy Lifestyles, Cannock Chase District Council

Summary: Development of a fenced full-sized floodlit 3G Artificial Grass Pitch (AGP), plus goal recesses and spectator area. Refresh of changing facilities at Rugeley Leisure Centre, creation of internal and external equipment storage and additional parking provision.

CIL funds requested: £310,000 (40% of overall costs)

Delivery: By Q1 2021/22

Third Parties: Inspiring Healthy Lifestyles & Football Association

Rugeley SuDS Retrofit

Applicant: Jamie Cooper, Staffordshire Country Council as Lead Local Flood Authority

Summary: Retrofitting SuDS to alleviate surface water flooding in Sandy Lane and Rugeley Town Centre. At least 50 properties are affected. Works primarily consists of landscaping with underground pipework and surface water collection infrastructure.

CIL funds requested: £100,000 (50% of overall cost)

Delivery: Started and delivered in 2020/21

Third Parties: Trent Rivers Trust, CCDC, Environment Agency, Highways

Hob Hill Primary School Expansion

Applicant: Andrew Marsden, County Commissioner for Access to Learning, Staffordshire County Council

Summary: Expansion of Hob Hill Primary School to provide an additional 105 school places. This project has already been delivered, meaning this bid is to reimburse funds Staffordshire County Council have front loaded from the 'Additional School Places Programme'.

CIL funds requested: £1,758,047 (66% of overall cost)

Delivery: Already delivered

Third Parties: Entrust, Ben Preston (Head teacher), Mrs A Ely (Chair of Governors), Diocese of Lichfield & the Methodist Church

West Hill Primary School Expansion

Applicant: Andrew Marsden, County Commissioner for Access to Learning, Staffordshire County Council

Summary: Expansion of West Hill Primary School to provide an additional 105 school places. This project has already delivered, meaning this bid is to reimburse funds Staffordshire County Council have front loaded from the 'Additional School Places Programme'.

CIL funds requested: £172,376 (43% of overall cost)

Delivery: Already delivered

Third Parties: Entrust, Miss Bracebridge (Head teacher), Board of Governors

4. Assessment of Bids & Recommendations

4.1 The approved protocol sets out that a group of both officers and members will assess bids received and come to a conclusion as to whether they recommend that CIL funds are allocated to the project or not based on the following criteria:

- The connection to relevant Local Plan (Part 1) policies will be considered together with an overall assessment of the economic, social and environmental benefits of the project.
- The amount of CIL requested and its relationship to other sources of funding will be considered, including potential leverage of match funding and use of Section 106 funds.
- Evidence of deliverability and arrangements for ongoing maintenance/management
- Priority will be given to Capital schemes, although revenue funding via maintenance of associated assets will also be eligible.

4.2 The membership of the CIL Joint Member/Officer Working Group consisted of the following:

- Head of Economic Prosperity – Chair
- Head of Finance
- Cabinet Member Leader for Economic Development and Planning
- Planning Services Manager and/or Planning Policy Manger

4.3 Initial assessments of the bids received were carried out on 12th September 2019. This was an opportunity for the group to highlight any questions they may have for stakeholders or matters they think require further clarification before the consultation meetings that would take place before the end of September 2019.

4.4 The issues raised for further clarification for each bid were emailed to the relevant stakeholder in advance of the consultation meetings arranged. The items set out in these emails were the main basis for the discussion at the meetings.

4.5 Notes from these meetings were taken to present to the CIL Joint Member/Officer Working Group at the final assessment of bids arranged on 18th October 2019, along with any further evidence/information stakeholders had provided after the consultation meetings.

4.6 The outcome and recommendations to Council are set in Table 3. The total amount of CIL monies recommended to be allocated to each project is:

Rugeley Leisure Centre ATP Extension	Maximum of £310,000
Rugeley Town Train Station Access Route	Maximum of £162,500
TOTAL	£472,500

Table 3

Bid	Recommendation	Conditions	Reasons for Recommendations
Rugeley Train Station cycle/pedestrian route from Horsefair	Up to £162,500 of CCDC CIL funds are allocated to this project.	<ul style="list-style-type: none"> ▪ Additional capital funding is sought and secured from an alternative source e.g. Staffordshire County Council. ▪ To consult the intended users of the route to provide evidence the route would be well used if it were to be provided. ▪ To liaise with the Police Services to address potential security and safety issues. 	<ul style="list-style-type: none"> ▪ Strong links to several Local Plan policies – Project is within Rugeley Town Centre Area Action Plan & Infrastructure Delivery Plan. ▪ Some economic, social and environmental benefits demonstrated. Addresses social exclusion and existing antisocial behaviour. Links to town centre and Chase Line electrification. Links to Chase Heritage routes. ▪ Provides some leverage of match funding – 26% from Staffordshire County Council capital funds. ▪ Other sources of funding unlikely to be found within the next 5 years (if CIL funds are not made available). ▪ Constraints identified that appear to be readily overcome, but with some concerns. Letters of support from third parties provided, some land/licence issues.
Rugeley Leisure Centre ATP extension plus goal recesses, a spectator area, refresh of changing facilities and additional parking provision	CIL funds are allocated to this project.	<ul style="list-style-type: none"> ▪ Additional capital funding is sought from CCDC Council for this project. If further funding is provided by Council then the amount of CIL funds allocated will be reduced, dependant on the additional funding approved. 	<ul style="list-style-type: none"> ▪ Moderate links to several Local Plan policies demonstrated – supports Local Plan (Part 1) and Local Plan evidence base. ▪ Strong economic, social and environmental benefits demonstrated. Supports recreation, links to health, antisocial behaviour education. Links to Corporate Plan. ▪ Potentially provides significant leverage of match funding – 50% potentially from Football Association (FA). Letters of support provided from FA. If funding from FA is not secured, there are funds available from Section 106 agreements from Former Ultra Electronics Site and Wharf Road. ▪ Constraints identified that appear to be readily overcome. Planning permission for slightly amended scheme (additional car parking) required. Reliant on FA funding but has a reduced scheme (which would also require an alternative planning permission). ▪ Risks identified that appear to be readily overcome, but with some concerns.
Rugeley SuDS Retrofit	CIL funds are not allocated to this project on this round of allocations.		<ul style="list-style-type: none"> ▪ Moderate links to Local Plan policies in terms of reducing flood risk. Insufficient evidence to demonstrate that the project would have clear benefits for future developments schemes in the town centre, not only existing businesses, therefore encouraging economic growth within the District. The group did not consider the economic, social and environmental benefits to be well demonstrated. ▪ Potential match funding from Local Levy (30%), CIL funding would facilitate the release of this. No funding has been sought or provided from Staffordshire County Council for the project.
Hob Hill Primary School Expansion	Bid considered ineligible.		The bid submitted is to reimburse a project that has already been funded and delivered. The decision has been made not to allocate funding to projects that have already been completed.
West Hill Primary School Expansion	Bid considered ineligible.		The bid submitted is to reimburse a project that has already been funded and delivered. The decision has been made not to allocate funding for projects that have already been completed.

- 4.7 Letters were emailed on 6th November 2019, informing bidders of the outcome of their application. Successful applicants were informed that this was only support in principle and would be subject to Council approval and the conditions outlined in Table 3. If Council approves the recommendations made, successful stakeholders will be asked to enter into a grant agreement, which will stipulate the conditions attached to the grant and how funds are released.
- 4.8 Payment of funding will be in arrears therefore evidence of the projects delivery will need to be provided before funds are released.
- 4.9 It is recommended that delegated authority is given to the Head of Economic Prosperity and the Head of Finance to approve whether the conditions attached to the grant agreement have been met before funds are released.

5. Non-parished Neighbourhood Funds

5.1 In parished areas, 15% of CIL funds (25% when a neighbourhood plan has been made) are transferred to Parish Councils in respect of that area. In areas that are unparished, it was agreed by Council (see Cabinet report 23/7/15) that these funds would be retained by Cannock Chase District Council and spent in consultation with ward members.

5.2 CIL neighbourhood funds can be spent on projects on the CIL Infrastructure List, projects in which bids have been received or local projects that fall within the following definition:

‘The Local Council have a duty to spend CIL income on providing, improving, replacing, operating or maintaining infrastructure that supports the development of the Local Council area or anything else concerned with addressing the demands that development places on the area.’

5.3 Meetings were held with ward members to discuss potential projects in which their funds could be spent on.

5.4 Considering the amount of CIL funds retained for Cannock West (£771), Councillors decided to bank their funds for future projects and discuss projects again when there is a significant amount of funds retained.

5.5 Cannock East ward have £210,326 retained. Ward members wish to spend their funds on local projects. The following projects were raised as a priority and the most suitable for CIL expenditure-

- Improvements to open space between John Street/Cannock Road/Burgoyne Street including clear and re-establish existing pathways, new fencing or removal of fencing, signage – with historic information, maintenance tree works, picnic benches, and junior goalposts.

- Barnard Way open space – upgrade to play equipment.
 - Flower troughs and baskets throughout Chadsmoor high street on Cannock Road, particularly around the war memorial.
- 5.6 Cannock South ward have £9,400 of CIL funds retained. Ward members outlined the following projects as a priority –
- Clean up of Cannock Town Centre war memorial
 - Laburnum Avenue Park – planting wild flowers, replacement of barrier surrounding car park, reinstate allotments.
 - Cannock Park – replace existing and additional benches near play area.
- 5.7 Rawnsley ward has £3,365 funds retained. Members expressed an interest in supporting the Hednesford-Rawnsley mineral line, which is currently on the CIL Infrastructure List. However, considering the funds retained in comparison to the project cost (£100,000) members thought it may be more appropriate to use their funds for the following:
- Hazelslade Nature Reserve – new fishing stations and benches
- 5.8 These projects were passed onto the Parks and Open Spaces team and will be delivered in consultation with Members dependant on team capacity and resources.
- 5.9 In relation to the spend of Cannock South and Rawnsley wards funds, given the value of the funds available further authority to spend will not be required. In relation to Cannock East ward, dependant on the value of the project to be funded, a further report for the authority to spend may be necessary.

Business Rates Retention – Retained Income

		2020-21	2021-22	2022-23
		50% £m	75% £m	75% £m
<u>A. Business Rates Collection Fund</u>				
Gross Rates		43.732	46.817	47.749
Less	<u>Reliefs etc.</u>			
	Mandatory Relief	(5.786)	(5.902)	(6.020)
	Discretionary Relief	(0.118)	(0.121)	(0.123)
	Exemptions	(0.889)	(1.476)	(1.494)
	Cost of Collection	(0.138)	(0.140)	(0.143)
	Losses on Collection	(1.171)	(1.190)	(0.967)
Business Rates Collectable		35.630	37.988	39.002
Less	<u>Amount due to</u>			
	Government	(17.815)	(9.497)	(9.750)
	County	(3.207)	(12.916)	(13.260)
	Fire	(0.356)	(0.380)	(0.390)
Net Business Rates attributable to CCDC		14.252	15.195	15.602

<u>B. General Fund Determination of Retained Business Rates</u>				
Net Business Rates attributable to CCDC		14.252	15.195	15.602
Less	Tariff	(9.495)	(9.685)	(9.879)
	Reset		(0.891)	(0.909)
	Core Funding	(3.054)	(3.116)	(3.178)
	Growth	1.703	1.503	1.636
Plus	New Burdens funding subject to Levy			
	Small Business Rates Relief	1.384	1.364	1.304
Amount subject to S&SOT Levy		3.087	2.867	2.940
	Levy	(1.544)		
	County Growth		(0.688)	(0.705)
Business Rates Growth		1.543	2.179	2.235
Business Rates Pool Distribution		0.617		
Retained Business Rates				
	Core Funding	3.054	3.116	3.178
	Growth	1.543	2.179	2.235
	Business Rates Pool - Distribution	0.617		
	- Supplement	0.216		
Total Retained		5.430	5.295	5.413

ITEM NO. 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 2020-21 to 2022-23 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 are considered to accurately reflect likely expenditure in 2020-21, being based on historic information, experience of expenditure in previous years and latest projections where appropriate. The indicative budgets for 2021-22 and 2022-23 are similarly based upon the best information available at this moment in time.

A full risk assessment of the Council's Budget 2020-21 has been carried out - APPENDIX 1).

Provision for Pay Award Inflation has been made in accordance with the projected level of inflation and affordability reflecting the level of council tax increase for 2020-21. The impact of the National Living Wage has been incorporated into the 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 2020-21. 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 £270,000 has been included within 2020-21 budgets. This has been based on current projections of bank rate increasing to 1% during the second half of 2020-21 from its current rate of 0.75%. Investment income also includes the saving arising from the prepayment of the fixed cash lump sum element of the 2020-21 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 2020-21 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) have 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 £2.916 million at 31 March 2019. In addition to this, earmarked revenue reserves amounting to £6.3million were also held as at 31 March 2019.

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 2020-21 has been constructed on the basis that there will be a level of general reserves at 31 March 2019 in excess of the £0.704 million risk analysis requirement.

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

Bob Kean
Head of Finance
January 2020

Council Tax Base 2020-21

Parish	Band D Equivalents
Brereton and Ravenhill	1,960.09
Bridgtown	592.37
Brindley Heath	250.23
Cannock Wood	393.90
Heath Hayes and Wimblebury	4,047.36
Hednesford	5,502.18
Norton Canes	2,331.18
Rugeley	5,263.66
Unparished	8,901.57
	29,242.54

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Report of:	Head of Housing & Partnerships
Contact Officers:	Nirmal Samrai Howard Campbell
Telephone No:	01543 464334 01543 464499
Portfolio Leader:	Housing
Key Decision:	Yes
Report Track:	Cabinet: 30/01/20

**CABINET
30 JANUARY 2020
RENT SETTING POLICY – APRIL 2020**

1 Purpose of Report

- 1.1 To review the Council's housing rent setting policy following the publication of 'The Direction on the Rent Standard 2019' from Secretary of State for Housing, Communities and Local Government and Policy Statement is publicised by Ministry of Housing, Communities & Local Government in February 2019.

2 Recommendations

- 2.1 That the revised housing rent setting policy as set out in Appendix 1 is agreed and implemented with effect from 1 April, 2020.

3 Key Issues and Reasons for Recommendation

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. The CPI rate used will be the Consumer Price Interest rate for September of the previous financial year as set out in the rent standard.
- 3.2 This report confirms the details provided in Housing Revenue Account report dated 7 February 2019 and three-year Business Plan approval for HRA budgets 2019-20, 2020-21 and 2021-22; which have been formulated within the framework set out in the Government formulated rent policy.
- 3.3 It is proposed that this report seeks approval to follow the formulated social rent policy and is implemented from 1 April, 2020.

- 3.4 The Regulator is proposing to replace the existing 2015 Rent Standard with a new Rent Standard for registered providers of social housing from 1 April 2020 and local authorities will be included. Also from 2020 all Local Authorities with housing stock are required to submit stock and rents information to Regular Social Housing.

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 Since 2001, rent for properties let at social rent has been based on a formula set by government. This creates a 'formula rent' for each property, which is calculated based on regional factors that look at relative value of the property, relative local income levels, and the size of the property. Details of Government rent policy have been cited in reports to cabinet on 21/08/14 and 24/09/15; the below is a summary for the national rent setting policy changes from 2002:

- (a) **Rent restructuring and convergence 2002-15** - In 2002 the Government introduced a rent convergence policy under which, over a 10-year period, rents in social housing (local authority and housing association owned stock) were to be brought into alignment. A rent formula was established with actual rents moving towards a national formula rent which took account of values of properties and local earnings relative to national earnings. A 'bedroom weighting' factor was also applied to try and ensure the resulting rents better reflected the perceived value of the properties being occupied. These formula rents were increased each year by the Retail Prices Index (RPI) + 0.5%. The Coalition Government continued this rent setting process with (initially) a revised target convergence date for local authorities of 2015-16, subject to a maximum annual rent rise for an individual tenant of RPI + 0.5% + £2 per week.
- (b) **A 10-year rent settlement from 2015** - As part of the 2013 Spending Round the Coalition Government announced that "from 2015-16 social rents will rise by the Consumer Price Index (CPI) plus 1 per cent each year for 10 years." Following this announcement, DCLG sent a letter to housing bodies on 2 July 2013 in which plans to cut short the policy of converging council and housing association rents were revealed.

- (c) **Summer Budget 2015** - reducing rents by 1% - The Chancellor announced that rents in social housing would be reduced by 1% a year for four years resulting in a 12% reduction in average rents by 2020-21. The measure was forecast to save £1.4 billion by 2020-21, primarily in reduced Housing Benefit expenditure. Around 1.2m tenants not in receipt of Housing Benefit in the social rented sector were expected to benefit from the reduced rent. This is designed to help put welfare spending on a more sustainable footing, to ensure that the social housing sector plays its part in helping to reduce the deficit and to reduce costs for tenants paying all or part of their rent.
- 5.2 Cabinet on 10 December 2015 approved a revised Housing Revenue Account Business Plan for the continued implementation of the devolved HRA “self financing system”. The revised plan covered the period 2015-16 to 2019/20 and reflected the 1% reduction in rents for 4 years with effect from April 2016, covering the period 2016-17 to 2019-20. This report highlighted the financial implication was a reduction in HRA resources, reduction in rental income, a shortfall in Capital Programme.
- 5.3 The Housing White Paper, Fixing our broken housing market (February 2017), included a commitment to develop a rent policy for social landlords beyond 2020. On 4 October 2017, DCLG announced that “increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020”. This is currently reflected in HRA budgets from 2020-21 onwards.
- 5.4 The government concluded its consultation on rent standard with social landlords July 2019 and we are still waiting the conclusion. However, government intends that the rent standard should apply to local authority and all registered providers from 2020 onwards. The Governments 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. Also, the Regulator for Social Housing (RSH) will now regulate rents charged by social housing stock-owning local authorities and aligning the regulation of council rents with registered providers.
- 5.5 To effective regulation of the Rent Standard, RSH will, in future, collect data directly from stock holding Local Authorities. Whilst RSH will only be responsible for regulating Local Authority rents from April 2020, there was an encouragement for the council to submit data collection on a voluntary basis in 2019/20. The Local Authority Data Return (LADR) involved collecting information on stock and rents for the purposes of rent regulation.
- 5.6 The Council rents is to be set based on resultant “formula rents” that Government prescribes and from 2019/20 it’s increase up to CPI plus 1%. A revised formula rent has therefore been calculated for each of the Council’s 5,145 properties and has then been compared with the Council’s current rents to assess the required increases in accordance with rent the new rent standard.
- 5.7 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 formula of Consumer Price Index plus 1%.
 - V. The rents of vacant properties are increased (where necessary) to formula rents on re-letting.
- 5.8 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).
- 5.9 The Council are seeking to charge CPI plus 1% to address some of the financial implications outlined in 2015 report to cabinet and ensure there is more investment in HRA resources and in housing stock. The additional income will be used to retrofit the Council's older stock to make buildings more thermal efficient and sustainable. This can help cut carbon emissions, make it cheaper and easier to run buildings for our tenants. This will help to overcome poor ventilation and damp problems in older housing stock and therefore improving the health of occupants. Retrofitting will increase our housing stock adaptability, durability and resiliency, helping us to contribute toward climate change agenda and reduce the council's carbon footprint.
- 5.10 It should be noted that Council's average rent is out of kilter to most social landlords that operate in the Cannock area and throughout Staffordshire. If we do not increase the rent in 2019/20 the disparity gap between the rent levels of Council and social landlords will increase. Also, if we do not increase the rent in 2019/20 the disparity gap between the rent levels of Council and social landlords will increase.
- 5.11 It is proposed that the draft policy is approved and implemented from April 2020

6 Implications

6.1 Financial

The additional income which will be generated from the rent increase had been included within the draft budgets proposed Housing Revenue Account in February 2019 for the period 2020/21 to 2021/22. 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 1.7%, which would give a maximum increase of 2.7%. A 1% increase generates approximately £190,000 additional dwelling rent income.

6.2 Legal

The Secretary of State Housing, Communities and Local Government is exercising of the powers conferred by section 197 of the Housing and

Regeneration Act 2008 section 197(4) and (5) of that Act, and the Regulator of Social Housing will regular all social landlord rent charges.

6.3 **Human Resource**

The estimated budgets include provision for employees.

6.4 **Section 17 (Crime Prevention)**

Actions to combat anti-social behaviour on the council's estates funded through the proposed budgets would have positive implications form crime prevention.

6.5 **Human Rights Act**

None

6.6 **Data Protection**

None

6.7 **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. 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 2020- 21 and beyond.

6.8 **Equality & Diversity**

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

6.9 **Best Value**

None.

7 Appendices to the Report

Appendix 1: Rent Setting Policy 2020

Previous Consideration

Budget Presentation	Cabinet	19 December 2019
Interim Review of Housing Revenue Business Plan	Cabinet	10 December, 2015
Rent Restructuring Strategy	Council	6 August 2008

Background Papers

HRA Budgets 2018-19 TO 2021-22	Cabinet	7 February 2019
HRA Budgets 2016-17 TO 2018-19	Cabinet	1 February 2016
Proposed Reduction In Rent	Cabinet	24 September 2015

The Direction on the Rent Standard:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781730/Direction_to_the_regulator.pdf

Rent Policy statement (February 2019):

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf

Consultation on a new Rent Standard from 2020:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/843799/Decision_Statement___Consultation_on_the_Rent_Standard.pdf

Rent Setting Policy 2020

This policy applies to Cannock Chase Council

Link to other Cannock Policies:

Allocation Policy

Information for tenants:

Offer letter

Tenancy agreement

External Information:

The Direction on the Rent Standard

Rent Policy statement (February 2019)

Consultation on a new Rent Standard from 2020

Introduction

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.

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Report of:	Head of Finance / Head of Housing and Partnerships
Contact Officers:	Bob Kean Nirmal Samrai
Telephone No:	01543 464334 01543 464210
Portfolio Leader:	Housing
Key Decision:	No
Report Track:	Cabinet: 30/01/20 Council: 12/02/20

**CABINET
30 JANUARY 2020
HOUSING REVENUE ACCOUNT BUDGETS 2019/20 TO 2022/23**

1 Purpose of Report

- 1.1 To review the 2019-20 Housing Revenue Account Budget.
- 1.2 To refresh the Housing Revenue Account budgets for the period 2020-21 to 2021-22 and introduce the 2022-23 Draft Budget.
- 1.3 To determine the proposed three year Housing Revenue Account Budget for consideration by Council on 12 February 2020.

2 Recommendations

- 2.1 That the revised position with regard to estimated income and expenditure in respect of the 2019-20 Housing Revenue Account Budget and Housing Revenue Account budgets for the period 2020-21 to 2022-23 as summarised in Appendix 1 be noted.
- 2.2 That Council on 12 February 2020 be recommended to:-
 - (i) Determine a minimum level of working balances of £1.796 million for 2020-21 and indicative working balances of £1.817 million and £1.859 million for 2021-22 and 2022-23 respectively.
 - (ii) Approve the HRA Revenue Budgets for 2020-21, 2021-22 and 2022-23 (and note the estimated outturn for 2019-20) as summarised in Appendix 1 of the report.

3 Key Issues and Reasons for Recommendation

Key Issues

- 3.1 This report considers the proposed three-year HRA budgets for 2020-21, 2021-22 and 2022-23, which have been formulated within the framework provided by the Approved Housing Revenue Account Business Plan.
- 3.2 A review of the 2019-20 HRA budget, together with base HRA budgets for the period 2020-21 to 2022-23 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 2020-21 to 2022-23			
	<u>2020-21</u> £000's	<u>2021-22</u> £000's	<u>2022-23</u> £000's
Income	(19,832)	(20,369)	(20,921)
Expenditure	17,963	18,168	18,591
Revenue Contribution to Capital Outlay	1,808	2,180	2,288
Working Balances Change	61	21	42

- 3.3 A separate report is included as the preceding item on the Agenda in relation to the rent increase for 2020-21, with the budget assuming a rent increase of 2.7% 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.

Reason for Recommendations

- 3.6 Cabinet are required to propose a budget in relation to the HRA for submission to Council on the 12 February 2020.

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 2019-20 “ More and Better Housing ” Priority Delivery Plan, i.e.
- (i) Increase the supply of affordable housing.
 - (ii) Improving the Council's social housing stock.

5. Report Detail

- 5.1 Cabinet at its meeting of the 7 February 2019 noted that the Approved HRA Business Plan remained valid but a new 30 Year Plan needed to be developed. Work is ongoing to reflect the full implications of the Governments future Rent policy; a Stock Condition Survey is to be commissioned and a New Build Strategy (including the removal of the borrowing cap on the HRA) is being drafted
- 5.2 The proposed budgets are therefore in accordance with the prevailing HRA Business Plan and reflect ongoing effects of the anticipated outturn in respect of the 2019-20 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 2019-20

- 5.3 A review of the 2019-20 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 The Revenue Budget has also been amended to accurately reflect the revenue/capital classifications with the following schemes transferred to Repairs and Maintenance:
- Void Properties
 - Asbestos Testing and Removal
 - Fire Assessments
- 5.6 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 2019-20 is now forecast to be £19.626 million and Income £19.788 million with a forecast release from working balances of £0.162 million. The estimated outturn represents a reduction in the net Revenue Contribution to Capital Outlay /Depreciation charge of £0.925 million, as compared to the Original Budget however after taking into account the

reclassification of capital expenditure to revenue the change reflects a net £0.070 million reduction.

Housing Revenue Account Budgets 2020-21 to 2022-23

- 5.8 The Approved 30 year HRA Business Plan has been used as the basis for preparing the HRA budgets for the period 2020-21 to 2022-23 which are attached as Appendix 1.
- 5.9 The budgets reflect a continuation of current policies and the maintenance of existing service provision throughout the budget period.
- 5.10 No material changes have been made in relation to inflation and cost pressures, 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 2022-23 following its determination as part of the 2019 Actuarial Revaluation.
- 5.11 Rent income from 2020-21 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”. This has now been reflected in budgets from 2021-22 onwards with an increase of 2.7% in 2020-21 and indicative increases of 3% for the following two years.
- 5.12 A comparison of the latest Revenue Contribution to Capital Outlay (which effectively represents the net income of the HRA account) from the Indicative Budgets set last year to the Draft Budget is reflected in Table below.

Table 2: Reconciliation of RCCO – Indicative to Draft Budget			
	2020-21	2021-22	2022-23
	£000	£000	£000
Indicative Budget	3,707	3,827	3,827
Draft Budget	1,808	2,180	2,288
Variance	(1,899)	(1,647)	(1,539)
Of Which			
Depreciation /MRA Adj	(691)	(691)	(792)
Reclassification Capital	(873)	(803)	(809)
Additional / (Reduced) Resources	(335)	(153)	62

- 5.13 The budget has been refreshed to reflect the latest stock numbers with changes made to Dwellings Rent, Garage Rents and Repairs Budgets.
- 5.14 Capital Financing Charges have been amended to reflect the revised Depreciation requirement however as indicated above this has no change in relation to the overall level of resources with a compensating adjustment made to the Revenue Contribution to Capital Outlay.

- 5.15 The 2020-21 Budget and the Indicative budgets for 2021-22 and 2022-23 have been increased to reflect the reclassification of Capital expenditure to Revenue as per paragraph 5.5

Proposed Housing Revenue Account Budgets 2020-21 to 2022-23

- 5.16 Proposed Housing Revenue Account Budgets for the period 2020-21 to 2022-23 are attached as Appendix 1.

Effect on Working Balances

- 5.17 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 Section 17 (Crime Prevention)

Actions to combat anti-social behaviour on the council's estates funded through the proposed budgets would have positive implications form crime prevention.

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 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. The risk has however been reduced by the decision not to implement the Vacant High Value Housing Payments as originally proposed in the Housing and Planning Act 2016.

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 through regular monitoring of actual and forecast income and expenditure.
- (vi) The implementation of an annual Internal Audit Plan and scrutiny from the External Auditor.

6.8 Equality & Diversity

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

6.9 Best Value

None.

7 Appendices to the Report

Appendix 1: HRA Budgets 2019-20 to 2022-23

Previous Consideration

None.

Background Papers

None.

Appendix 1

	Original Budget	Approved Budget	Variance	Budget	Budget	Budget
	2019-20			2020-21	2021-22	2022-23
Income	£	£	£	£	£	£
Dwelling Rent	(19,487,000)	(19,391,000)	96,000	(19,434,000)	(19,968,000)	(20,516,000)
Non Dwelling Rent	(359,140)	(348,140)	11,000	(349,140)	(352,140)	(356,140)
Interest	(1,500)	(1,500)	-	(1,500)	(1,500)	(1,500)
Other	(11,890)	(11,890)	-	(12,010)	(12,130)	(12,250)
General Fund Contribution	(35,520)	(35,520)	-	(35,520)	(35,520)	(35,520)
Total Income	(19,895,050)	(19,788,050)	107,000	(19,832,170)	(20,369,290)	(20,921,410)
Expenditure						
Repairs and Maintenance	4,752,300	5,690,890	938,590	5,936,300	5,902,920	6,051,470
Bad Debts Provision	100,000	100,000	-	100,000	100,000	100,000
Supervision & Management						
– General	3,705,950	3,611,250	(94,700)	3,765,660	3,893,720	4,024,350
– Special	918,540	796,410	(122,130)	939,710	970,710	1,003,560
Total Management	4,624,490	4,407,660	(216,830)	4,705,370	4,864,430	5,027,910
Capital Financing	6,460,610	7,157,530	696,920	7,221,670	7,301,130	7,411,820
RCCO	3,894,590	2,269,480	(1,625,110)	1,808,110	2,180,290	2,287,940
Total Expenditure	19,831,990	19,625,560	(206,430)	19,771,450	20,348,770	20,879,140
Working Balance transfer	63,060	162,490	99,430	60,720	20,520	42,270

Appendix 1 Cont.

	2019-20			2020-21	2021-22	2022-23
Working Balance	Original Budget	Revised Budget	Variance	Budget	Budget	Budget
	£	£	£	£	£	£
B/fwd.	(1,530,680)	(1,573,120)	(42,440)	(1,735,610)	(1,796,330)	(1,816,850)
In year	(63,060)	(162,490)	(99,430)	(60,720)	(20,520)	(42,270)
C/fwd.	(1,593,740)	(1,735,610)	(141,870)	(1,796,330)	(1,816,850)	(1,859,120)
Minimum	1,593,740	1,735,610		1,796,330	1,816,850	1,859,120

Report of:	Head of Finance and Head of Housing and Partnerships
Contact Officer:	Bob Kean Nirmal Samrai
Telephone No:	01543 464334 01543 464210
Portfolio Leader:	Housing
Key Decision:	No
Report Track:	Cabinet: 30/01/20 Council: 12/02/20

**CABINET
30 JANUARY 2020
HOUSING REVENUE ACCOUNT CAPITAL PROGRAMMES 2019-20 TO 2022-23**

1 Purpose of Report

- 1.1 To review the 2019-20 HRA Capital Programme.
- 1.2 To refresh the Housing Revenue Account Capital Programme budgets for the period 2020-21 to 2022-23.
- 1.3 To present an updated four year Housing Revenue Account Capital Programme for consideration by Council on 12 February 2020.

2 Recommendations

- 2.1 That the estimated availability of Housing Revenue Account capital resources for the period 2019-20 to 2022-23 (as set out in Appendix 1) be noted.
- 2.2 That Council, on 12 February 2020, is recommended to approve the Housing Revenue Account Capital Programme for the period 2019-20 to 2022-23 (as set out in Appendix 2).

3 Key Issues and Reasons for Recommendation

Key Issues

- 3.1 This report considers the refreshed HRA Capital Programme for the period 2020-21 to 2022-23, together with the forecast outturn for 2019-20, 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 is an interim programme awaiting the revision of the 30 Year Housing Revenue Account Business Plan and associated Housing Investment Strategy. The programme, as approved in 2018-19, includes an allocation of £12.929 million for new social housing.
- 3.4 A Strategy, based upon an options appraisal, to increase social housing based upon the housing needs of the district and land availability is currently being developed. In addition to the current Housing Investment Fund for social housing the Strategy will reflect the opportunities arising from the removal of the borrowing cap for the HRA.

Reasons for recommendation

- 3.5 That Cabinet are required to propose a budget in relation to the HRA Capital Programme for submission to Council on the 12 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 2019-20 "More and Better Housing" Priority Delivery Plan, i.e.
- (i) Increase the supply of affordable housing.
 - (ii) Improving the Council's social housing stock.

5 Report Detail

- 5.1 Cabinet at its meeting of the 7 February 2019 noted that the Approved HRA Business Plan remained valid but a new 30 Year Plan needed to be developed Work is ongoing to reflect the full implications of the Governments future Rent policy; a Stock Condition Survey is to be commissioned and a New Build Strategy (including the removal of the borrowing cap on the HRA) is being drafted
- 5.2 A medium term (5 year) capital programme was approved as part of the 2018-19 budget enabling an Interim Investment Strategy to be put in place. The Strategy enabled a £12 million (now at £12.9 million) Housing Investment Fund for the delivery of new social housing to be created based upon a prudent Balanced Revenue Budget.
- 5.3 The new build strategy had been limited by a cap on borrowing as determined by debt arising from the 2012 Self Financing Settlement, as amended by supported borrowing permissions from the Government. However the Government removed this cap on the 29 October 2018 via "The Limits on Indebtedness (Revocation) Determination 2018 ".Borrowing is however restricted in

accordance with the Prudential Code for Capital Finance whereby borrowing needs to be prudent, affordable and sustainable.

- 5.4 The development of a new 30 Year Business will determine the scope for new social housing in addition to the £12.9 million investment fund.
- 5.5 This report therefore provides only a refresh of the existing HRA Capital Programme as approved by Council on 7 February 2019.

HRA Capital Programme 2019-20 to 2022-23

- 5.6 A proposed HRA Capital Programme for 2020-21 to 2022-23, together with the forecast outturn for 2019-20 is set out in Appendix 2. This is in accordance with the capital expenditure programme within the revised Business Plan with subsequent adjustments to account for the anticipated outturn in respect of, the 2019-20 HRA Capital Programme.
- 5.7 A number of new contracts have been / are to be procured on an interim basis pending the outcome of the stock condition survey The proposed programme will deliver:-
- (i) The continuation of the following planned maintenance programmes:-
 - * External and Environmental Works
 - * Kitchen and bathroom replacement.
 - * Electrical upgrading.
 - * Central heating upgrading.
 - * Window refurbishment
 - (ii) The provision of Council houses.
- 5.8 Expenditure on kitchens and central heating is lower than anticipated over the next few years whereas expenditure on bathrooms and electrical systems shows an increase. The provision of Council Houses is advancing with start on site on the Hawks Green Depot site commencing in the new year. The Council are in the process of acquiring the Aelfgar site from Staffordshire County council with a further Council owned site in Chads Moor completing this initial £12.9 million programme
- 5.9 In addition to the specific new build sites the Capital programme includes the following new Schemes :
- Sheltered Scheme Works - Major improvements to Communal Areas
 - Hillsprings Fire Alarm - Installation of Fire Alarm
 - St Barbara Lift Replacement - Complete Lift replacement
- 5.10 The Capital programme has also been amended to accurately reflect the revenue/capital classifications with the following schemes transferred to revenue:
- Void Properties
 - Asbestos Testing and Removal
 - Fire Assessments

Estimated Availability of HRA Capital Resources

- 5.11 Details of the estimated availability of HRA capital resources for the period 2019-20 to 2022-23 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 2019-20 HRA Capital Programme;
 - (ii) The reclassification of void and other expenditure as revenue items
 - (iii) Amendments to the net revenue contribution to capital outlay reflecting both the above and following the detailed budget formulation work in respect of the Housing Revenue Account.
- 5.12 Capital resources show an increase of £1.450 million reflecting the grant from the West Midlands Combined Authority (£0.900 million) and the development of Hawks Green site (£0.550) million. The receipts increasing the New Build gross costs. In addition 1-4-1 capital receipts and affordable housing receipts are forecast to increase by £0.283 million and £0.134 million respectively as compared to the original estimates
- 5.13 Available Capital resources as at 31 March 2023 are now anticipated to be £1.390 million, an increase of £0.518 million as compared to the 2019/20 budget position.

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 Section 17 (Crime Prevention)

The proposed four year HRA Capital Programme 2019-20 to 2022-23 includes a number of schemes to reduce anti-social behaviour, including environmental and fencing improvements as part of the proposed External and Environmental Works Programme.

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 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.

6.8 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 2019-20 to 2022-23 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.

6.9 Best Value

None

7 Appendices to the Report

Appendix 1: Estimated Housing Revenue Capital Resources 2019-20 to 2022-23

Appendix 2: Housing Revenue Account Capital Programme 2019-20 to 2022-23

Previous Consideration

None.

Background Papers

None.

ESTIMATED AVAILABILITY OF HOUSING REVENUE ACCOUNT CAPITAL RESOURCES 2019-20 TO 2022-23

<u>Resource</u>	<u>2019-20</u> £000's	<u>2020-21</u> £000's	<u>2021-22</u> £000's	<u>2022-23</u> £000's	<u>Capital</u> <u>Programme</u>
Resources Brought Forward	6,914	10,302	12,365	12,537	13,130
Borrowing		3,022			
RTB Sales (Allowable Attributable Debt)	405	390	390	390	
WMCA – Grant		450	450		
Capital Receipts Other	593	157	727	144	
Revenue Contributions to Capital Outlay	2,269	1,808	2,180	2,288	
Major Repairs Allowance	3,878	3,932	4,001	4,101	
GBS LEP	105				
Transfer from Reserves:					
Affordable Housing Grant	40				
Total New Resources	<u>7,290</u>	<u>9,759</u>	<u>7,748</u>	<u>6,923</u>	<u>0</u>
Total Capital Resources	<u>14,204</u>	<u>20,061</u>	<u>20,113</u>	<u>19,460</u>	<u>13,130</u>
<u>Less Proposed Expenditure</u>	<u>(3,902)</u>	<u>(7,696)</u>	<u>(7,576)</u>	<u>(6,330)</u>	<u>(11,740)</u>
Agreed resources carried forward	<u>10,302</u>	<u>12,365</u>	<u>12,537</u>	<u>13,130</u>	<u>1,390</u>

APPENDIX 2**HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME**
2019-20 TO 2022-23

Scheme	<u>19-20</u> <u>£000's</u>	<u>20-21</u> <u>£000's</u>	<u>21-22</u> <u>£000's</u>	<u>22-23</u> <u>£000's</u>	<u>Cap</u> <u>Prog</u>
Demolition of Garages	90				
Moss Road	15				
Development of Former Garage Sites	177				
Disabled Facilities Works	200	1,020	685	689	
Right to Compensation (Tenants Improvements)	5	5	5	5	
Replacement of Kitchens	55	95	238	713	
Replacement of Bathrooms	150	148	1,037	887	
Replacement of Central Heating	960	883	878	866	
External and Environmental Works	605	983	2,180	2,207	
Provision of Double Glazing	10	13	13	13	
Replacement of Social Alarms	1	1	1	1	
Upgrading of Electrical Systems	510	851	725	729	
Provision of Proposed Kerbs	2				
Resurfacing of Driveways		100	100	100	
Replacement of Housing Service Vehicles	335	162	147		
Contingency	60	115	117	120	
Sheltered Scheme		280			
Hillsprings Fire alarm		30			
St Barbara Lift replacement		30			
Hawks Green	727	1,380	1,450		
Aelfgar Site		1,600			
New Build					9,240
Stock Condition survey					2,500
TOTAL:	3,902	7,696	7,576	6,330	11,740

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Report of:	Head of Finance
Contact Officer:	Bob Kean
Telephone No:	01543 464334
Portfolio Leader:	Leader of the Council
Key Decision:	No
Report Track:	Cabinet: 30/01/20 Council: 12/02/20

CABINET
30 JANUARY 2020
**TREASURY MANAGEMENT STRATEGY, MINIMUM REVENUE PROVISION
POLICY, ANNUAL INVESTMENT STRATEGY AND CAPITAL STRATEGY
2020/21**

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 2020/21 - 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 2020/21 - to set out the strategy of investment of surplus funds.

2 Recommendations

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 2020/21;

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 link 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 2020/21

- 5.15 The strategy for 2020/21 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 2020/21 - 2022/23

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 together with for growth bids, but to note these may change as part of the scrutiny process and finalisation of the Budget.

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

Capital expenditure	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	Earmarked £'000
Corporate Improvement	438	72				452
Environment	391	362	126	118	90	406
Culture & Sport	450	156	1,223			2,121
Economic Development	526	318	243			5,745
Housing	661	427	1,452	926	926	296
Health & Wellbeing						
Town Centre Regeneration	441	85	219			
Leader of the Council						
Crime & Partnerships		45				67
Non –HRA	2,907	1,465	3,263	1,044	1,016	9,087
Non – HRA programme estimate			1,298	4,364	3,425	(9,087)
HRA	6,349	3,902	7,696	7,576	6,330	11,740
HRA programme estimate			293	5,800	5,647	(11,740)
Total	9,256	5,367	12,550	18,784	16,418	0

5.24 **Other long term liabilities.** The financing need excludes other long term liabilities, such 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	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	Unallocated £'000
Total Spend	9,256	5,367	12,550	18,784	16,418	
Financed by:						
Capital Receipts	2,180	1,408	1,965	5,978	3,576	
Capital grants/ contributions	1,468	592	2,546	2,506	1,849	
Major Repairs	2,273	3,319	4,491	6,433	4,101	

Revenue	763	48	526	3,867	6,892	
Total Financing	6,684	5,367	9,528	18,784	16,418	
Net financing need for the year	2,571	0	3,022	0	0	

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. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £0.892 million of such schemes within the CFR.

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

	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Capital Financing Requirement					
CFR – non housing	10,949	9,594	9,119	8,650	8,194
CFR - housing	82,504	82,496	85,509	85,501	85,492
Total CFR	93,453	92,090	94,628	94,151	93,686
Movement in CFR	(3,027)	(1,363)	2,538	(477)	(465)
Movement in CFR represented by					
Net financing need for the year	2,571	-	3,022	-	-
LAMS receipt	(2,000)	-	-	-	-
Repayment of borrowing	(1,500)	(875)	-	-	-

Less MRP and other financing movements	(2,098)	(488)	(484)	(477)	(465)
Movement in CFR	(3,027)	(1,363)	2,538	(477)	(465)

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	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Earmarked Fund balances / reserves					
General Fund	10,835	11,300	10,169	9,949	9,312
General Fund working balance	2,916	2,689	2,689	2,596	2,012
HRA	5,225	7,578	9,297	7,898	3,382
HRA working balance	1,573	1,736	1,796	1,817	1,859
Sub Total	20,549	23,303	23,951	22,260	16,565
Capital receipts					
GF	7,371	6,232	6,454	3,304	262
HRA	1,006	1,567	1,711		
Sub Total	8,377	7,799	8,165	3,304	262
Provisions	3,238	3,238	1,500	200	200
Major Repairs Reserve	2,433	2,992	2,433		
Other - grants receipts in advance	664	780	1,105	1,105	1,105
Total core funds	35,261	38,112	37,154	26,869	18,132
Working Cashflow requirement	(2,717)	(3,000)	(3,000)	(3,000)	(3,000)
Under/over borrowing	10,956	9,811	10,425	10,176	9,934
Expected investments	27,022	31,301	29,729	19,693	11,198

*Working cashflow requirement shown are estimated year-end; based on previous year outturn.

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 annual PFI or 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.

%	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Non HRA	2.8%	2.2%	1.9%	1.9%	1.6%
HRA	16.74%	16.92%	16.93%	16.53%	16.14%

HRA ratios

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
HRA debt £'000	81,605	81,605	83,752	83,752	83,752
HRA revenues £'000	19,282	19,391	19,434	19,968	20,516
Ratio of debt to revenues	4.2	4.2	4.3	4.2	4.1
Number of HRA dwellings	5,146	5,129	5,103	5,099	5,073
Debt per dwelling £	15.86	15.91	16.41	16.43	16.51

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.

	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
External Debt					
PWLB debt at 1 April	81,605	81,605	81,605	83,752	83,752
Expected change in Debt			2,147		
Other long- term liabilities (OLTL)	1,105	892	674	451	223
Expected change in OLTL	(213)	(218)	(223)	(228)	(223)
Actual gross debt at 31 March	82,497	82,279	84,203	83,975	83,752
The Capital Financing Requirement	93,453	92,090	94,628	94,151	93,686
Under / (over) borrowing	10,956	9,811	10,425	10,176	9,934

- 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 2019/20 to 2022/23.

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. The operational boundary includes as in previous years a contingency borrowing provision of £2 million for future years.

Operational boundary £m	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Debt	95,638	95,163	94,694	94,238
Other long term liabilities	674	1,451	1,223	1,000
Total	96,312	96,614	95,917	95,238

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	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Debt	107,138	106,663	106,194	105,738
Other long term liabilities	674	1,451	1,223	1,000
Total	107,812	108,114	107,417	106,738

Prospects for interest rates

5.49 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

5.50 The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

- 5.51 It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.
- 5.52 **Bond yields / PWLB rates.** There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for 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. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-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. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.
- 5.53 During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

- 5.54 One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.
- 5.55 Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.
- 5.56 The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. 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. Such volatility could occur at any time during the forecast period.
- 5.57 In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.
- 5.58 Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between

longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%.

- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

Borrowing strategy

- 5.59 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.
- 5.60 Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- 5.61 Any decisions will be reported to members appropriately at the next available opportunity.

Treasury management limits on activity

- 5.62 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance.

The indicators are:-

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- 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.

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

£m	2020/21	2021/22	2022/23
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	75%	75%	75%
Maturity structure of fixed interest rate borrowing 2020/21			
	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 2020/21			
	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

- 5.64 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.
- 5.65 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

- 5.66 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

- 5.67 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:

- 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)

5.68 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

5.69 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

5.70 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

5.71 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: -

5.72 In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

5.73 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.

5.74 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.

5.75 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. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.

- 5.76 **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.
- 5.77 **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in the appendix 2.
- 5.78 **Transaction limits** are set for each type of investment in appendix 2.
- 5.79 This authority will set a limit for the amount of its investments which are invested for longer than 365 days.
- 5.80 Investments will only be placed with counterparties from countries with a specified minimum sovereign rating.
- 5.81 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.
- 5.82 All investments will be denominated in sterling.
- 5.83 As a result of the change in accounting standards for 2019/20 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)
- 5.84 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

- 5.85 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.
- 5.86 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
- 5.87 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.
- 5.88 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-. 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.
- 5.89 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.
- 5.90 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.
- 5.91 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.

UK banks – ring fencing

- 5.92 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.
- 5.93 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.
- 5.94 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

Investment Strategy

- 5.95 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.
- 5.96 **Investment returns expectations.** On the assumption that the UK and EU agree a Brexit deal by the end of 2019 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.25% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%

5.97 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:

2019/20	0.75%
2020/21	1.00%
2021/22	1.00%
2022/23	1.50%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

5.98 The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture. The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside. In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

5.99 **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			
	2020/21	2021/22	2022/23
Principal sums invested > 365 days	£10m	£10m	£10m

5.100 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

5.101 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 un compounded.

End of year investment report

5.102 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 Section 17 (Crime Prevention)

None.

6.5 Human Rights Act

None.

6.6 Data Protection

None.

6.7 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.

6.8 Equality and 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.

6.9 Best Value

None.

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 –

Available in Financial Services

ITEM NO. 10.

Economic Background

UK. Brexit. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the **general election** on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

GDP growth has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another **quarterly Inflation Report**, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The **MPC meeting of 19 December** repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that "domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However, CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen

as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However, the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels "at least through the end of 2019", but that was of little help to boosting growth in the near term. Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**. At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have

much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by 'growth friendly' fiscal policy.

There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. 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. **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.**

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although

central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **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**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government**. 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 recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments**. Austria, Finland, Sweden, Spain, Portugal, Netherlands 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. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.

- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

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

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

ITEM NO. 10.

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: 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 LNAV	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.

Approved Countries for Investment

AAA

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

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- U.K.

AA-

- Belgium
- Qatar

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.

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Report of:	Head of Finance
Contact Officer:	Rob Wolfe
Telephone No:	01543 46 4397
Portfolio Leader:	Health & Wellbeing
Key Decision:	No
Report Track:	Cabinet: 30/01/20 Council: 12/02/20

**CABINET
30 JANUARY 2020
LOCAL COUNCIL TAX REDUCTION**

1 Purpose of Report

- 1.1 To explain the need for changes to the Council's current Local Council Tax Reduction Scheme.
- 1.2 To seek Council approval to adopt the new 'Banded Reduction Scheme' for all claims for local council tax reduction in respect of periods from 1 April 2020 onwards, from claimants of working age.

2 Recommendation(s)

- 2.1 That at its meeting on 12 February 2020, Council formally approves the 'Banded Reduction Scheme' which is available in full on the Council's website and summarised in this report.

3 Key Issues and Reasons for Recommendations

Key Issues

- 3.1 Council Tax Reductions for claimants who have reached pension age are prescribed by the Government and cannot be varied. The rules for those claimants are included in the Council's scheme document and have not changed.
- 3.2 The Council was required to create a local scheme in respect of working aged claimants from 2013. Significant reductions in Government funding of the schemes were introduced at that time.
- 3.3 The features of the new scheme are:
 - To simplify the application process for claimants.
 - To simplify the assessment process for the Council, thereby reducing administration costs.

- To be consistent with the operation of the Universal Credit system.
- To increase the levels of support given to the more vulnerable and disabled claimants.
- To increase the levels of support given to families with dependant children.
- To continue to provide an incentive for claimants to work or for those who do work to increase their earnings, so as to not rely on the benefit system, where possible.

3.4 The anticipated total amount of Council Tax Reduction to be awarded in the year 2020-21 is 6% more than would be the case if our current scheme is retained. This confirms the Council's commitment to providing additional support where it is needed.

Reasons for Recommendations

3.5 The scheme that was adopted in 2013 has worked well, and has remained largely unchanged. However it was always accepted that changes may be needed to it, particularly as Universal Credit rules were clarified and the number of residents claiming it increased.

3.6 The Full Universal Credit system was introduced in the Cannock Chase area, in November 2018 and numbers of residents moving onto that system are increasing.

4 Relationship to Corporate Priorities

4.1 The proposals support the Council's objectives by simplifying and increasing the support offered to low income households and vulnerable residents.

5 Report Detail

5.1 In 2013 Council Tax Benefit, which was a national scheme, was removed for all working aged claimants and replaced by a localised Council Tax Reduction Scheme. All Staffordshire authorities worked jointly to produce a framework scheme, based on the same set of principles but which contains some variances for each authority depending on their demographics and local priorities. The scheme has not been substantially changed since its inception.

5.2 The scheme is means tested and all claimants are required to complete an application form and provide considerable evidence and information within a specific timescale in order for an assessment to be completed, enabling a reduction in the amount of council tax payable. Whilst this process sits well alongside the Housing Benefit scheme, it is onerous for claimants who only wish to claim LCTR from the Council.

5.3 The current scheme is "penny specific". We make an award based on exact income and capital of the claimant. Any change must be reported and will require a re-assessment. This in turn generates a revised Council Tax bill. This is often cumbersome and frustrating for customers, benefit staff and council tax staff, particularly when changes are small. Furthermore, the repeated re-issue

of bills, delays the recovery of unpaid council tax, which obviously contributes to non-payment issues.

- 5.4 UC payments in particular would be problematic if not addressed. For many claimants, UC payments can change on monthly basis. This could mean that an individual might receive twelve council tax bills during the year with payment schedules being re-profiled each time. This makes it very difficult for claimants to manage their money or understand how changes to their income might affect them, often leading to arrears and debt. This will become more of an issue as more residents are required to claim UC.
- 5.5 The Council Tax arrears amongst LCTR recipients are proportionately much higher than arrears amongst those not reliant on benefit. Whereas in 2018-19 we collected 97.4% of our overall Council Tax within the financial year, the collection rate amongst LCTR recipients was 82%. The current scheme needs to be addressed, without losing the fairness and equality contained within the scheme.
- 5.6 Better use of technology can be adopted in order to simplify the process of claiming, assessing and notifying LCTR, to the benefit of both the claimants and the council.
- 5.7 The proposed scheme, will be a 'Banded Discount Scheme' which would remove much of the complexity associated with the current scheme, whilst at the same time maintaining fairness and equality in the way in which awards are distributed amongst Council Tax payers. According to their household and financial circumstances, claimants will be placed into bands and an appropriate percentage reduction made from their bill.
- 5.8 The bands proposed for 2020-21 are shown at **APPENDIX 1** to this report. These values will be reviewed annually and updated in line with prevailing benefit rates.
- 5.9 The Banded Discount Scheme is much easier for people to understand and for the Council to administer. Claimants will easily be able to establish if they will qualify and the amounts involved. The claim will be a short, online process, with support available for residents who find it difficult to claim online.
- 5.10 The new income band system would enable people to increase their working hours or get a better paid job knowing in advance how much support we will give them to pay their council tax. They will also get fewer council tax bills, even if their Universal Credit changes, provided their income remains within a particular band.
- 5.11 The simplified scheme will result in reduced administration and significant reduction in costs to the Council.
- 5.12 Awards of LCTR are relatively low (an average of £15.35 per week in 2019/20) and do not result in a physical payment being made, but rather a reduction applied to our bill. It is therefore expected that some of the current onerous evidence requirements can be reduced, with our officers' time being more targeted to compliance checks using data access and data matching facilities available to us.

5.13 In addition to the simplification of the administrative operation of the scheme, the following changes are made to the detail of the scheme:

- Child benefit will not be included in income meaning that families with children will get more support.
- No non dependant charges will be made in respect of adults, other than the claimant and partner, living in a property.
- All working aged claimants with more than £6,000 in savings will be excluded.
- Claimants will only need to report changes of income which are sufficient to take them into the next income band.
- Better use of technology, with the development of an on-line /self assessment process.
- Self employed claimants will be assessed according to their HMRC self-assessed earnings, subject to a minimum of the National Minimum Wage level.
- A contingency fund will be included in the scheme, as now, to address unforeseen circumstances and exceptional hardship.

5.14 Under the proposed scheme, it is expected that around 61% of claimants will receive the same level of discount as they currently do. A further 34% will receive increased entitlement. The remaining 5% (around 182 claimants) will need to be considered individually. The unique circumstances of some families, for example very large families, may not fit well with the simplistic banding model. Individual assessments of their needs will be undertaken and the appropriate level of support given. This will often involve increased awards, over and above the standard percentage discount.

6 Implications

6.1 Financial

The Council's Local Council Tax Reduction Scheme impacts on the council taxbase for the District and its preceptors. Major preceptors were consulted on the proposed changes and have supported them.

As stated in the report, the proposed scheme is expected to increase the amount of council tax reduction awarded by 6%. The cost of this to Cannock Chase DC is expected to be around £45,000.

6.2 Legal

Section 13A of Local Government Finance Act 1992 requires the Council, as a billing authority, to adopt a Local Council Tax Reduction Scheme and to review it each year. Any changes to a scheme must be approved no later than the date that the Council sets its council tax and are implemented from the start of a financial year.

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

The implementation of the changes will be carefully monitored to ensure that we avoid unintended consequences to claimants and compliance with the scheme and budget.

6.8 Equality & Diversity

A full Equality and Diversity Impact Assessment was carried out, with significant no negative impacts being established.

6.9 Best Value

None

7 Appendices to the Report

Appendix 1: Income Bands from 1 April 2020

Previous Consideration

Consultation on Local Council Tax Reduction Scheme Cabinet 8 August 2019

Background Papers

Full scheme documentation available on website.

Income Bands – April 2020

Families with Children Under 5

Single person with one child under 5		Single person with two or more children (at least 1 under 5)		Couple with one child Under 5		Couple with two or more children (at least 1 under 5)	
Income up to	Discount	Income up to	Discount	Income up to	Discount	Income up to	Discount
£159.00	100%	£226.00	100%	£201.00	100%	£268.00	100%
£189.00	80%	£256.00	80%	£231.00	80%	£298.00	80%
£219.00	60%	£286.00	60%	£261.00	60%	£328.00	60%
£249.00	40%	£316.00	40%	£291.00	40%	£358.00	40%
£279.00	20%	£346.00	20%	£321.00	20%	£388.00	20%

Claimants without Children Under 5

Single person		Single person with one child		Single person with two or more children		Couple		Couple with one child		Couple with two or more children	
Income up to	Disc.	Income up to	Disc.	Income up to	Disc.	Income up to	Disc.	Income up to	Disc.	Income up to	Disc.
£75.00	80%	£159.00	80%	£226.00	80%	£117.00	80%	£201.00	80%	£268.00	80%
£105.00	60%	£189.00	60%	£256.00	60%	£147.00	60%	£231.00	60%	£298.00	60%
£135.00	40%	£219.00	40%	£286.00	40%	£177.00	40%	£261.00	40%	£328.00	40%
£165.00	20%	£249.00	20%	£316.00	20%	£207.00	20%	£291.00	20%	£358.00	20%
Over £165.00	0	Over £249.00	0	Over £316.00	0	Over £207.00	0	Over £291.00	0	Over £358.00	0

Report of:	Head of Environment and Healthy Lifestyles
Contact Officer:	Mike Edmonds
Telephone No:	01543 464520
Portfolio Leader:	Culture and Sport
Key Decision:	No
Report Track:	Cabinet: 30/01/20

CABINET
30 JANUARY 2020
FEASIBILITY STUDY AND OPTIONS APPRAISAL IN RESPECT OF THE TOILET FACILITIES LOCATED IN ELMORE PARK, RUGELEY

1 Purpose of Report

- 1.1 The purpose of the report is to inform Cabinet of the costs and processes associated with undertaking a feasibility study and options appraisal in respect of the toilet facilities located in Elmore Park, Rugeley.
- 1.2 To seek Members' direction with regards to the next steps to be taken in relation to the motion and petition received by Council on 6th November 2019.

2 Recommendations

- 2.1 Cabinet are requested to consider the content of the Motion and Petition in light of the information provided in this report and either:
- (a) Accept the Motion and Petition; the cost of which is to be met from existing budgets,
 - (b) Reject the Motion and Petition, or
 - (c) Propose another way forward in respect of the Motion and Petition

3 Key Issues and Reasons for Recommendation

- 3.1 On 6th November 2019, Council received a motion, proposed by Councillor Lyons requesting that the Council commits to undertake an options appraisal in relation to the existing toilet block and a feasibility study to assess the practicalities and costs of the proposals, with a view to identifying a toilet refurbishment scheme within this Council's capital programme.
- 3.2 Council referred the motion without debate to Cabinet for consideration.

- 3.3 At the same Council meeting, a petition, bearing over 850 signatures, was presented by Councillor Lyons. The petition highlighted the poor condition and accessibility of the current toilet provision in Elmore Park and made the same request as the Motion.
- 3.4 At its meeting on 19 December 2019 Cabinet agreed to defer consideration of the motion and to await a report from officers at the next available meeting of Cabinet on the costs and implications to the Council of accepting the Motion.
- 3.5 Cabinet are requested to consider the content of the Motion and Petition in light of the information provided in this report and either:
- (a) Accept the Motion; the cost of which is to be met from existing budgets,
 - (b) Reject the Motion, or
 - (c) Propose another way forward in respect of the Motion
- 3.6 The estimated £10,000 cost for the study, options appraisal and surveys identified in this report can be met from existing budgets.

4 Relationship to Corporate Priorities

- 4.1 The Council's Priorities are "Promoting Prosperity" and "Community Wellbeing" and these two priorities interlink and reinforce each other to improve the opportunities, wellbeing and quality of life for our communities.
- 4.2 The provision of safe, welcoming and clean spaces for people to use and visit and that offer opportunities to participate in physical activity and recreation contribute to both of the Council's priorities.

5 Report Detail

5.1 Background

- 5.1.1 On 6th November 2019, Council received a motion, proposed by Councillor Lyons as follows:

"Elmore Park is a beautiful space and has been consistently awarded the prestigious Green Flag Award since 2010. It is a stone's throw from Rugeley Town Centre and sits at the heart of our local community. A space to create memories.

Now more than ever, we must cherish parks and green spaces. As a Council, we must do all we can to promote them with pride and ensure that they are welcoming for local families. Elmore Park is an asset for several reasons – exposure to nature greatly benefits mental health, it provides a place for recreational and physical activity, it is a community hub for families to enjoy and,

more than that, the trees are crucial in helping to remove pollutants and clean the air.

Despite the positives – the pet’s corner, space to play, the picnic area and lake - the Park is let down by its toilet provision. The toilets do not cater for disabled users, they do not have baby changing facilities or running water for visitors to wash their hands. The Council have installed waterless hand sanitisers and replaced the urinal in the gents, but they remain outdated, unhygienic and do little to contribute to the Park being a destination site.

Over 850 individuals signed my petition, the large majority being local residents. It has identified a local need. A need to modernise the Park ensuring that it is accessible and suitable for all residents. With better toilets, more residents have said that they would use the park. That is more children being active, more residents spending time outdoors and more local communities spending more time together. As a Council, let’s listen to what our local residents are telling us and let’s prioritise their need.

I ask that the Council commits to undertake an options appraisal in relation to the existing toilet block and a feasibility study to assess the practicalities and costs of the proposals, with a view to identifying a toilet refurbishment scheme within this Council’s capital programme.”

5.1.2 Council referred the motion without debate to Cabinet for consideration.

5.1.3 At the same Council meeting, a petition, bearing over 850 signatures, was presented by Councillor Lyons. The petition highlighted the poor condition and accessibility of the current toilet provision in Elmore Park and requested that the Council undertakes an option appraisal and a feasibility study to assess the practicalities and cost of proposals to improve the toilets with the aim of including a toilet refurbishment scheme in the Council’s Capital Programme.

5.2 The Current Situation

5.2.1 At its meeting on 19 December 2019, Councillor Lyons addressed the Cabinet on the motion referred from the meeting of Council on 6th November 2019, after which Cabinet agreed to defer consideration of the motion and to await a report from officers at the next available meeting of Cabinet on the costs and implications to the Council of accepting the Motion.

5.2.2 Given that the Motion and the Petition received by Council on the 6th November 2019 make the same request the implications contained within this report cover both requests.

5.2.3 Elmore Park is and has been accredited with a Green Flag award since 2009. The award scheme which was established in 1996 recognises and rewards well managed parks and green spaces, setting the benchmark standard for the management of recreational outdoor spaces across the United Kingdom and around the world.

5.2.4 That said, the existing toilet facilities servicing the park are very old and do not have running water, adequate cleansing or baby changing facilities and are not accessible to less mobile users.

5.2.5 As Members are aware Property Services are committed to undertaking and completing an Asset Management Strategy in 2020/21 and this work will, as a matter of course, include proposals for Elmore Park and the condition and state of the current toilet provision and future proposals. Consequently, there is an option when considering this Motion and petition, to await the outcome of this Strategy and its assessment findings and then to consider proposals and suggestions in respect of all of the Council's assets before making a decision on this asset in isolation.

5.3 Costs and Implications of undertaking a feasibility study and options appraisal

5.3.1 The Motion and Petition requests that an options appraisal in relation to the existing toilet block and a feasibility study to assess the practicalities and costs of the proposals be carried out, with a view to identifying a toilet refurbishment scheme within this Council's capital programme

5.3.2 In order to do this a number of site specific surveys, together with an options appraisal would need to be carried out. This would include looking at all the possible costed options for the building including demolition, rebuilding, relocating and refurbishment.

5.3.3 Council's Property Services have indicated that the likely cost of such surveys and study would be in the region of circa £10,000, based on previous estimates for similar work.

5.3.4 The estimated cost for the study, options appraisal and surveys identified in this report can be met from existing budgets.

5.4 Options open to Cabinet

5.4.1 To consider the content of the Motion in light of the information provided in this report and either:

(a) Accept the Motion; the cost of which is to be met from existing budgets,

(b) Reject the Motion, or

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

6 Implications

6.1 Financial

The estimated £10,000 cost for the study, options appraisal and surveys identified in this report can be met from existing budgets.

6.2 Legal

Procurement of any survey should be conducted in accordance with the Council's Procurement Regulations.

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

There are no direct implications in respect of the Human Rights Act 1998 arising from this report.

6.6 Data Protection

There are no identified implications in respect of the Data Protection Act.

6.7 Risk Management

None

6.8 Equality & Diversity

None

6.9 Best Value

Competitive quotes would be obtained to ensure best value.

7 Appendices to the Report

None.

Previous Consideration

Motion Referred from 06/11/19 Council – Elmore Park Toilets	Cabinet	19 December 2019
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Motion to Council 06/11/19 – Elmore Park Toilets	Council	06 November 2019
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Background Papers

None.

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Report of:	Head of Environment and Healthy Lifestyles
Contact Officer:	David Prosser-Davies
Telephone No:	01543 464202
Portfolio Leader:	Health & Wellbeing
Key Decision:	No
Report Track:	Cabinet: 30/01/20

CABINET
30 JANUARY 2020
HEALTH IN ALL POLICIES

1 Purpose of Report

- 1.1 To set out issues for consideration following the motion approved at Council on 6 November 2019 on the introduction of a 'Health in All Policies' (HiAP) approach.
- 1.2 For members to determine whether they wish to pursue the introduction of a HiAP approach.

2 Recommendation(s)

- 2.1 That Cabinet determines whether or not to introduce a HiAP approach in line with the suggestions in this report.
- 2.2 That, should Cabinet decide to formally adopt a HiAP approach, this be taken forward within the relevant Priority Delivery Plan and authority is delegated to the Head of Environment & Healthy Lifestyles in consultation with the Health and Wellbeing Portfolio Leader to implement all necessary actions.

3 Key Issues and Reasons for Recommendations

- 3.1 At the Council meeting on 6 November 2019, the Leader of the Council moved a motion to support the Government's Child Obesity Action Plan, which aims to halve childhood obesity in the UK by 2030. The motion was unanimously supported by those members present.
- 3.2 The motion included a commitment to consider the introduction of a 'Health in All Policies' (HiAP) approach to decision making, targeting the social determinants of health to improve the health of the local population.

- 3.3 Though District councils are not formally responsible for public health, as detailed in the Health and Social Care Act 2012, they still have a huge contribution to make. Districts are providers of key services which have a direct impact on the social, or wider, determinants of health, such as housing, spatial planning, economic growth, leisure, recreation, green spaces, environmental health and licensing. Appendix 1 illustrates ways in which District Councils impact on these determinants.
- 3.4 In September 2016, the Local Government Association published “Health in All Policies – a manual for local government”. The document sets out key considerations for local authorities in tackling these wider determinants.
- 3.5 A HiAP approach focuses on collaboration in policy and decision making so would be a consideration in many areas of service delivery, including: helping people find good jobs and stay in work; active and safe travel; warmer and safer homes; access to green and open spaces; spatial planning; provision of leisure and culture facilities; safe and strong communities, wellbeing and resilience; public protection and regulatory services.
- 3.6 The Staffordshire Health and Wellbeing Board, at its meeting on 05 September 2019, considered a report on “Reinvigorating Health in All Policies”. The report recognises that implementation of Health in All Policies within Staffordshire Districts is in need of support and commits to providing this. There is now, therefore, an opportunity to collaborate with both Staffordshire Public Health and other Districts to take this forward. The report also points to a range of resources from the King’s Fund, Public Health England and the LGA, to assist Councils.
- 3.7 Whilst adopting a HiAP approach is not a current corporate objective, this sits within, and is compatible with, the broader priority of Improving Community Wellbeing. In particular, the corporate strategic objectives of “promoting attractive and healthy environments” and “opportunities for healthy and active lifestyles” and “sustaining safe and secure communities”.
- 3.8 At present there is no resource allocated to this agenda, and limited capacity and expertise to undertake this work. However, it is proposed to realign resources from within the Environmental Health team, using budget from a current vacant post to lead in this area for an initial 12 month period. Support will also be provided by the wider Environmental Health Service, and input from the Policy and Communications team.
- 3.9 Adopting a HiAP approach will help the Council to identify how best to tackle the health inequalities in our District and will ensure all our policies and services include consideration of the health impact that can be made.

4 Relationship to Corporate Priorities

- 4.1 Whilst adopting a HiAP approach is not a current corporate objective, this sits within, and is compatible with, the broader priority of Improving Community Wellbeing. In particular, the corporate strategic objectives of “promoting

attractive and healthy environments”, “opportunities for healthy and active lifestyles” and “sustaining safe and secure communities”.

5 Report Detail

Background

- 5.1 At the Council meeting on 6 November 2019, the Leader of the Council moved a motion to support the Government’s Child Obesity Action Plan, which aims to halve childhood obesity in the UK by 2030. The motion was unanimously supported by those members present and in summary stated:

In light of the above, I move that the Council resolves to support the Government’s Child Obesity Action Plan which aims to halve childhood obesity in the UK by 2030. This will be supported locally by:

1. Considering the introduction of a ‘Health in All Policies’ approach to the decisions we make, targeting the social determinants of health to improve the health of the local population;
2. Implementing a district-wide Health Improvement Programme, ‘Cannock Chase Can’, aimed at focussing local efforts on supporting the Government’s Action Plan;

(Item 2 is subject to a separate report to Cabinet)

Since the Council meeting, the data supporting the Motion has been updated and the Council’s Policy team has used this to produce the ‘Spotlight on Local Health Inequalities in Cannock Chase’ at Appendix 2.

- 5.2 Health challenges such as poor mental health, diabetes and obesity are problems with numerous, interlinking causes and no easy solutions, and they affect certain sectors of the population more than others. Evidence shows that these health inequalities are largely determined by living conditions and wider social, economic, environmental, cultural and political factors, collectively referred to as ‘wider social determinants of health’, (Appendix 3 shows a graphic illustration of how wider determinants influence, and impact on, people’s health).
- 5.3 These inequalities in life expectancy and health arise out of inequalities in society – they are not inevitable – and there are ethical, social and economic reasons why they should be prevented. As well as improving health outcomes, reducing inequality in society has been shown to lead to improvements in wellbeing, better mental health, enhanced community and social relations, reduced levels of violence and improved educational attainment.
- 5.4 If the effect of genetics is taken away, a person’s health is affected by four main factors:
- i. Social and economic factors: 40%
 - ii. Health behaviours: 30%
 - iii. Clinical care: 20%
 - iv. The physical / built environment: 10%

The infographic at Appendix 4, prepared by the Council's Policy Team, shows the extent to which these factors impact on health and relative position of the District when compared to national averages.

Introducing a 'Health in All Policies' approach

- 5.5 According to Health in All Policies (2016), the best way to maximise beneficial impact on the social determinants of health is to make this a declared objective of the whole council and its local partners. This is what 'Health in All Policies (HiAP)' is about. It is an approach to policies that systematically and explicitly takes into account the health implications of the decisions we make; targets the key social determinants of health; looks for synergies between health and other core objectives and the work we do with partners; and tries to avoid causing harm with the aim of improving the health of the population and reducing inequity
- 5.6 There is no single recommended method of adopting a HiAP approach; each District must consider its own needs and the most suitable way forward. There are, however, three broad suggested approaches:
- focus on specific public health issues (e.g. obesity) and identify policies with major impact;
 - focus on a key policy area with significant health impacts (e.g. housing, including private sector housing) and work with relevant service;
 - focus on windows of opportunity (service reviews and budget opportunities, for example) that can potentially provide success;
- 5.7 There are also a number of questions to be asked when implementing a HiAP approach:
- i. How can a Health in All Policies approach help deliver our strategic priorities?
 - ii. How can we incorporate health, health equity and sustainability into services, programmes, policies and processes?
 - iii. What evidence do we need to determine where to focus our resources for the most effective impact?
 - iv. Which stakeholders can we collaborate with to tackle them?
 - v. How can we maximise common themes and balance conflicting interests to achieve both our and others' goals?
 - vi. How can we embed health, health equity and sustainability considerations into decision making processes for the long term?
- 5.8 In order to both identify the most appropriate approach (or combination of approaches) from 5.6 above, and to answer the questions posed in 5.7, it is suggested that a mapping exercise be carried out to look at both internal areas (for example the wellbeing work undertaken by our Human Resources team, our corporate approach to Mental Health) and the policies and services which impact in our communities (leisure, planning, housing, parks and open spaces, environmental health, economic growth etc.).

- 5.9 On completion of the mapping exercise, and using the extensive guidance in 'Health in All Policies (2016)' and associated supporting materials, an implementation plan can then be drawn up showing where the Council can most effectively target its efforts to achieve the most impact on local health inequalities.
- 5.10 In order to establish the capacity to undertake this exercise, and to take forward any actions arising from this, it is proposed to realign resources from within the Environmental Health team, using budget from a current vacant post.

6 Implications

6.1 Financial

None. The proposed realignment of resource is met from existing budgets

6.2 Legal

None

6.3 Human Resources

The proposed temporary resource (vacant post) is initially indicated as a 12 month fixed term post. It should be noted that future extensions beyond a 2 year term may incur redundancy costs subject to legislative requirements.

6.4 Section 17 (Crime Prevention)

None.

6.5 Human Rights Act

None.

6.6 Data Protection

None.

6.7 Risk Management

None

6.8 Equality & Diversity

Adoption of a Health in All Policies approach will assist in tackling health inequalities, which are often linked to those with protected characteristics under the Equality Act 2010. As further progress is made Equality Impact Assessment work will be undertaken to monitor this.

6.9 Best Value

None

7 Appendices to the Report

Appendix 1: District impact on social determinants

Appendix 2: Spotlight on local health inequalities in Cannock Chase

Appendix 3: Wider determinants of health – Dahlgren and Whitehead

Appendix 4: Infographic showing relative impacts of wider determinants

Previous Consideration

Motion to Council 06/11/19 – Obesity / Health in All Council 6 November 2019
Policies

Background Papers

None

Districts' Impacts on Social Determinants

HOW DISTRICTS IMPACT THE SOCIAL DETERMINANTS OF HEALTH AND WELLBEING



People

Sheltered housing, homelessness advice, debt advice, benefits advice.



Social and community environment

Social cohesion, community activation and hubs, support for voluntary groups, neighbourhood wardens, social prescribing services, community safety, environmental health, food safety, pest control, noise control, health and safety, licensing pubs and clubs, leisure centres, physical activity promotion, play provision, sports development.



Local economy

Regeneration, economic development, local employers, local government jobs, commissioning services, grants, business grants, tourism, marketing.



Built environment

Housing, strategic housing, home adaptations, handyman services, planning, building control, creating green spaces, parks and playing fields, play spaces, healthy infrastructure, cycle routes, car parking, CCTV.



Natural environment

Sustainable development, home insulation, planning and development control, biodiversity, climate change strategies, air quality monitoring, waste and recycling collections, conservation areas, conservation officers, arboriculture, allotments, cemeteries.

ITEM NO. 13.

Spotlight on Health Inequalities in Cannock Chase

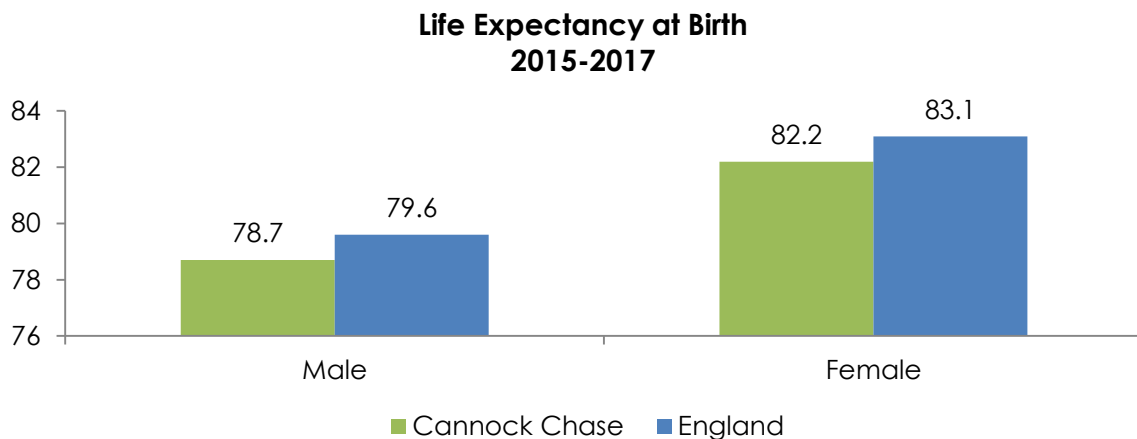


Introduction

Cannock Chase experiences a range of health inequalities which impact on the welfare of the District and its residents. Life expectancy is below the national average, with inequalities in life expectancy related to deprivation across the District. Rates of excess weight and physical inactivity continue to exceed the England average and labour market data indicates that long-term sickness poses a barrier to employment for a proportion of Cannock Chase residents. The Indices of Deprivation 2019 illustrates that health deprivation and disability exists across the District, reflecting evidence from the 2011 Census of long-term health issues and caring responsibilities for a significant proportion of residents in Cannock Chase.

Life Expectancy

Life expectancy at birth in Cannock Chase was below the England average for both men and women between 2015 and 2017.

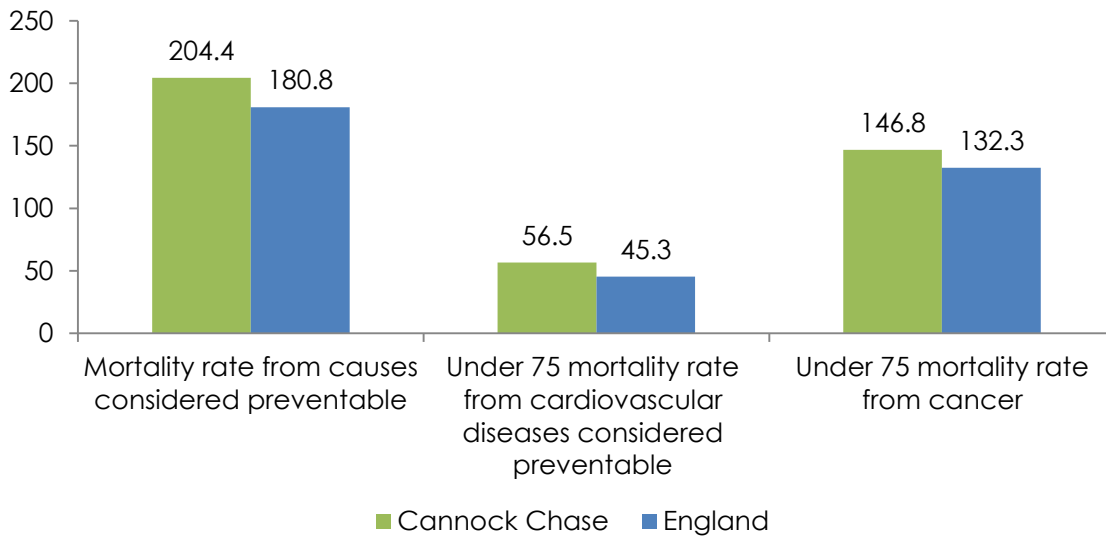


Source: Public Health Outcomes Framework Tool, Public Health England
<https://fingertips.phe.org.uk/profile/public-health-outcomes-framework>

Mortality rates from illness were worse than the England average in Cannock Chase during 2016-2018. The mortality rate from cancer among under 75s was worse than the England average at a local value of 146.8 compared to an England value of 132.3.¹ Mortality rates for cardiovascular disease and causes considered preventable were also higher, as the chart below illustrates:

¹ Public Health England, Cannock Chase Local Authority Health Profile, 2019.

**Mortality Rates
2016-2018**



Men living in the most deprived areas of Cannock Chase had a life expectancy 6.9 years below that of their peers living in the least deprived areas of the District during 2015-2017. This was similar for women in Cannock Chase with those living in the most deprived areas of the District estimated to have a life expectancy shorter by 6.8 years.²

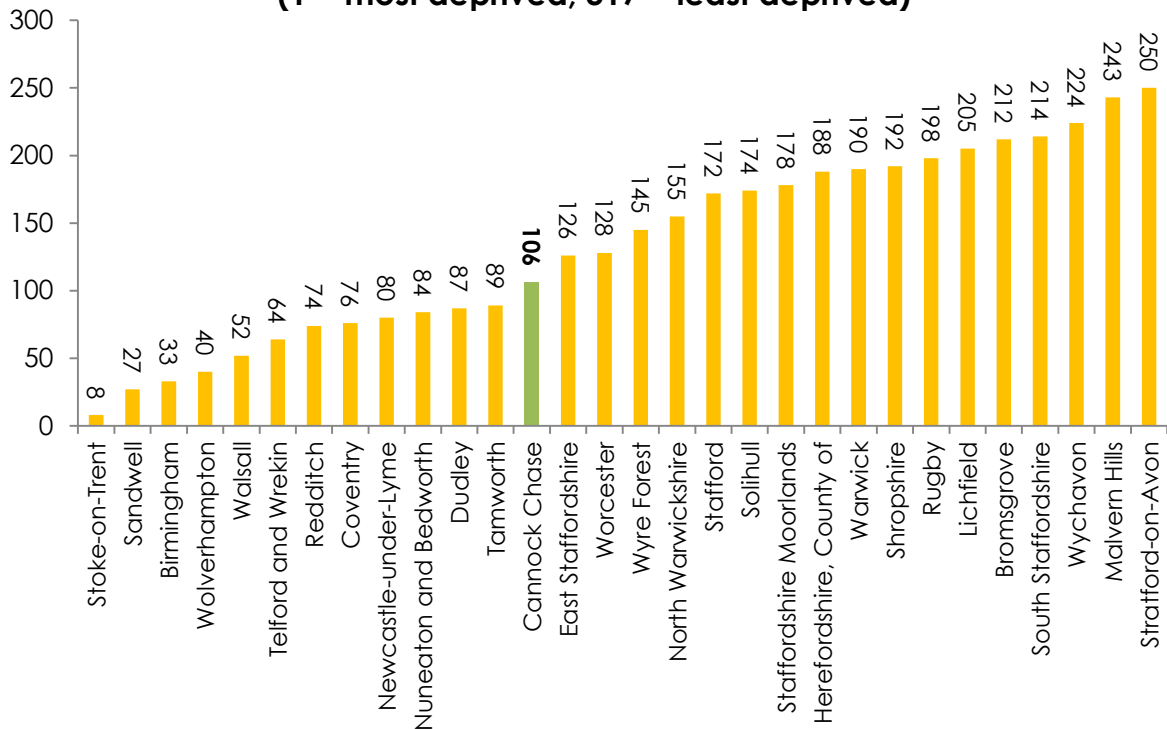
Health Deprivation

The IoD 2019 ranks Cannock Chase 106 out of the 317 local authority districts in England for health deprivation and disability where 1 is the most deprived and 317 the least deprived. The District is within the more deprived 50% of local authority districts for this domain which measures the risk of premature death and the impairment of quality of life through poor physical or mental health.³ The chart below illustrates where Cannock Chase ranks in relation to the other Districts and Boroughs in the West Midlands:

² Public Health England, Cannock Chase Local Authority Health Profile, 2019.

³ Ministry of Housing, Communities & Local Government, The English Indices of Deprivation 2019 (IoD2019) (September 2019).

**Indices of Deprivation 2019: Health Deprivation and Disability
Rank of Average Rank, West Midlands
(1 = most deprived, 317 = least deprived)**



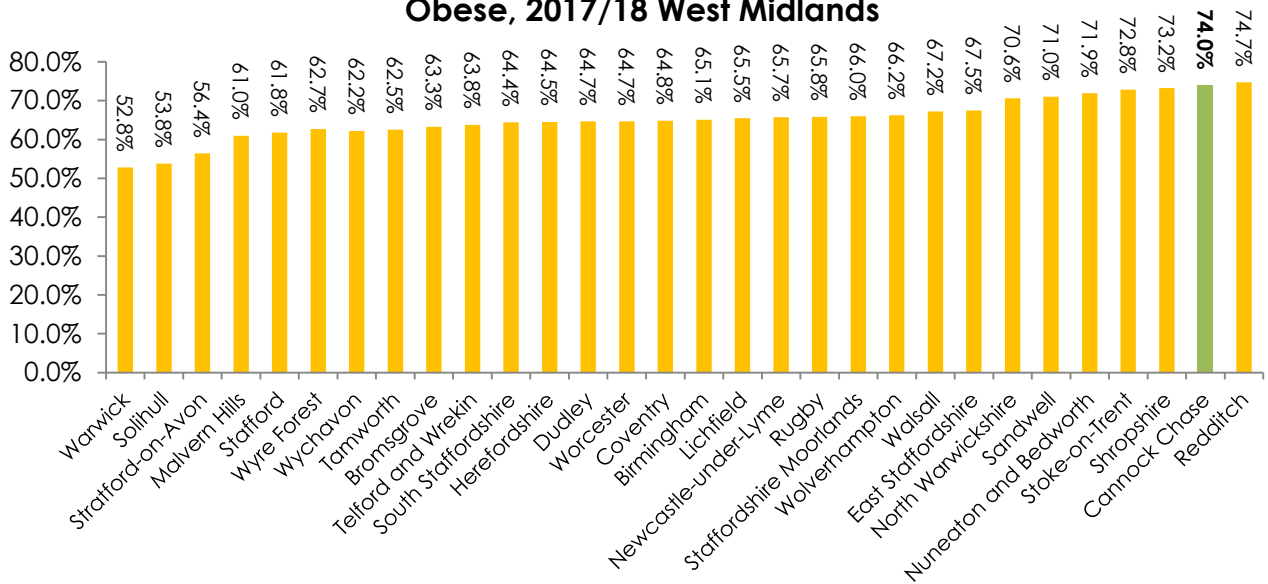
Some areas across Cannock Chase experience particular deprivation in relation to health, with one lower super output area in Cannock East ranked within the most deprived 10% of LSOAs nationally. Ten other LSOAs within Brereton and Ravenhill, Cannock East, Cannock North, Cannock South, Etching Hill and The Heath, Hednesford North and Western Springs are ranked within the most deprived 20% of LSOAs nationally for health deprivation.

Obesity

Obesity in both children and adults is linked to serious health conditions such as diabetes, hypertension, coronary heart disease, cancer and stroke as well as mental health issues ranging from low self-esteem to depression which can have a detrimental impact on educational attainment and employment. Obesity has been linked to environmental factors including access to fast food and wider socioeconomic factors, particularly deprivation.

74% of adults aged 18+ in Cannock Chase were classified as overweight or obese in 2017/18. This was the second highest proportion across the West Midlands after Redditch (74.7%) and above the England average of 62%.

Percentage of Adults (Aged 18+) classified as Overweight or Obese, 2017/18 West Midlands



The prevalence of overweight and obesity among children in the District was also above the national average in 2017/18. 26.4% of Reception (Age 4-5) children in Cannock Chase were overweight or obese compared to the England average of 22.4%. This saw a decrease to 24.9% in 2018/19 but remained above the England average of 22.6%. The proportion of overweight and obese children of reception age in the District was the 4th highest in the West Midlands in 2018/19.⁴

Among Year 6 (Age 10-11) children, 37.1% were overweight or obese compared to an England average of 34.3% in 2017/2018. This proportion decreased slightly in 2018/19 to 36.9% but similarly remained above the England average of 34.3% and was the second highest across the West Midlands local authority districts/boroughs.⁵

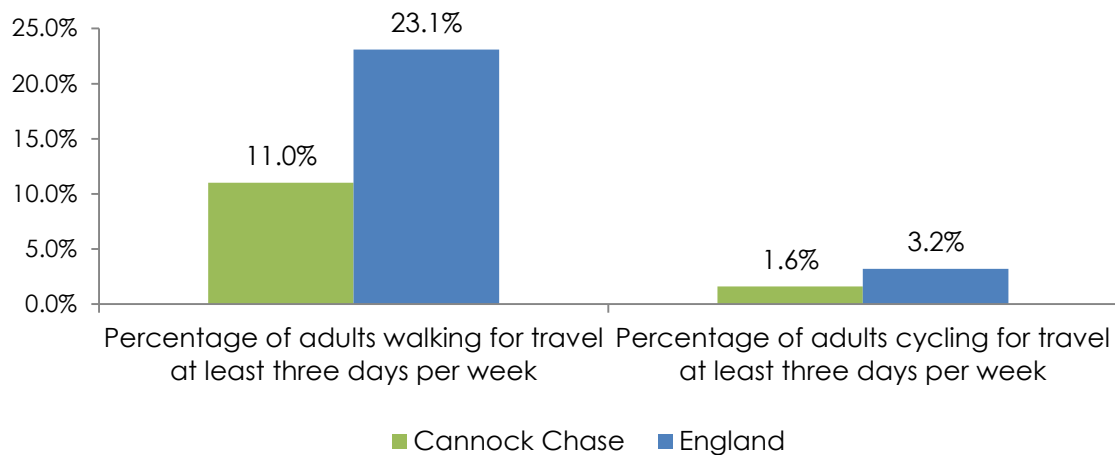
Physical Inactivity

Data from Sport England’s *Active Lives* survey indicate that levels of physical inactivity among adults aged 16+ in Cannock Chase have fallen during 2017-2018 to 26.6% of respondents which is a positive trend for the District. However, levels of inactivity remain above the England average of 24.8%. The percentage of adults walking or cycling for travel at least three days per week was below England average in 2017/18.

⁴ National Child Measurement Programme Data for Local Authority Districts via LG Inform.

⁵ National Child Measurement Programme Data for Local Authority Districts via LG Inform.

Walking and Cycling for Travel, 2017/18



Alcohol

The rate of hospital admission episodes for alcohol-related conditions in the District was 812 per 100,000 persons in 2017-2018, considerably higher than the England rate of 632.

Long-Term Limiting Illness

Economic inactivity due to long-term sickness was above Regional and National averages in Cannock Chase during 2017-2018.⁶ However, the gap in the employment rate between those with a long-term health condition and the overall employment rate was 10.7% in Cannock Chase during 2018-2019, below the England rate of 11.5%.

Research has identified 'a distinctly higher incidence of ill health in the former coalfields' including Cannock Chase, with a higher proportion of residents in these areas self-reporting long-term health problems which limit their daily activities.⁷ Data from the 2011 Census revealed that Cannock Chase reported the highest percentage proportion of residents who described their day-to-day activities as being limited 'a lot' through illness or disability of all the Staffordshire Districts at 10.4%. This was above the West Midlands (9.1%) proportion and the England (8.3%) proportion. In 2017/18 21.6% of people in Cannock Chase reported a long-term musculoskeletal (MSK) problem compared to an England average of 17%.

Ageing Population

The proportion of the Cannock Chase population aged 65+ is forecast to increase by nearly a fifth by 2027 (19.8%), with a rise of 37.7% estimated in

⁶ Office for National Statistics, Annual Population Survey via NOMIS Local Authority Profile for Cannock Chase.

⁷ Christina Beatty, Steve Fothergill and Tony Gore, *The State of the Coalfields 2019: Economic and Social Conditions in the Former Coalfields of England, Scotland and Wales* (Centre for Regional Economic and Social Research CRESR, July 2019).

residents aged 85+.⁸ The 2011 Census illustrated that ill health and caring responsibilities were more prevalent among older residents.

A larger proportion of usual residents in older age groups, particularly those aged 65 and over, reported 'bad or very bad health' at the time of the 2011 Census. Of the 15, 144 usual residents in households aged 65 and over, almost a fifth (19.3%, 2919 residents) described their health as 'bad or very bad'. The 2011 Census showed that people in older age groups are more likely to provide higher levels of unpaid care, with 44% usual residents in households aged 65 and over providing 50 or more hours of unpaid care in Cannock Chase.

⁸ Staffordshire County Council, Cannock Chase Locality Profile Data Pack (September 2018).

ITEM NO. 13.

Wider Determinants of Health

The determinants of health

The broad determinants of health, Dahlgren and Whitehead (1991)

The familiar diagram below was proposed by Goran Dahlgren and Margaret Whitehead in 1991 to illustrate the layers of influence of the social determinants of health.






Wider Determinants of Health in Cannock Chase

(Percentages illustrate relative contribution of determinant factors to impact on health)

Health Behaviours 30%

Smoking 10%




16.1%
Adults 18+ current smokers 2018/19. Above England avg. 14.5%

13.8% Smoking at time of delivery 2018/19 – above England avg. 10.6%

Source: Public Health England GP Patient Survey & NHS Digital Return on SATOD

Diet/Exercise 10%




74%
Adults 18+ overweight or obese 2017/18. Above England avg. 62%

26.6%
Active Lives May 2018-2019 estimates doing less than 30 minutes physical activity per week –above England avg. 24.8%


Source: Public Health England & Sport England Active Lives

Drug & Alcohol Use 5%

812 (rate per 100,000)
Hospital admissions for alcohol-related conditions. Above England avg. 632, 2017/18




Poor Sexual Health 5%
Aged 15-24 screening rates for chlamydia and other sexually transmitted infections below national averages in 2018



Source: Public Health England

Socio-economic Factors 40%

Education 10%




Cannock Chase within the 20% most deprived local authorities nationally for education, skills and training – 37th most deprived of 317 local authority districts in the Indices of Deprivation 2019

30% Pupils GCSE Grade 9-5 English and Maths - lowest GCSE attainment across West Midlands 2017/18 – below England avg. 43.3%


Source: MHCLG Indices of Deprivation 2019; Department for Education

Employment 10%



75.7% aged 16-64 in employment April 2018-March 2019. Above Great Britain avg. 75.4%

Rate of claims for unemployment benefit below national average July 2019



Highest proportion of workforce jobs in Wholesale and Transport 2018

Source: ONS NOMIS Labour Market Profile; Cannock Chase Council EDNA, April 2019

Income 10%



£530

Gross weekly full-time pay, 2018. Below Great Britain avg. £571.10

Proportion 16+ in occupations associated with higher skills and earnings estimated below national average


Source: ONS NOMIS Labour Market Profile

Community Safety 5%



86% Respondents to *Feeling the Difference* felt safe outside in their local area after dark – 49% satisfied with local visible police presence 2017-2018

Family/Social Support 5%




Highest health related quality of life among carers in Staffordshire 2016/17, with 62.2% of carers having as much social contact as they would like

Source: Staffordshire County Council, Cannock Chase Locality Profile 2018

Clinical Care 20%

Access to Care 10%




Data relating to Cannock Chase CCG, 2018/19

- ✗ Percentage of patients referred for treatment within 18 weeks and diagnosed within 6 weeks below target
- ✓ Patients accessing psychological therapies and completing treatment above target
- ✓ Dementia diagnosis rate above target

Quality of Care 10%

Relating to Cannock Chase CCG, 2017/18

During 2017/18 the majority of GP Practices in Cannock Chase CCG rated as 'good overall' by the Care Quality Commission (CQC)




Source: NHS Cannock Chase Clinical Commissioning Group, Annual Report and Accounts 2017/18 (May 2018)

Built Environment 10%


Environmental Quality 5%

Cannock Chase ranked positively for living environment at 200 out of 317 local authority districts in England in the Indices of Deprivation 2019 where 1 is the most deprived and 317 the least deprived



Source: MHCLG Indices of Deprivation 2019

Travel & Built Environment 5%



Average house price more affordable in Cannock Chase than County, Regional or National affordability ratios indicate in 2018

Median private rent in Cannock Chase was £550 per month between September 2017 and September 2018 - below the England average of £690 per month

Cannock Chase ranked just outside the least deprived 10% of local authority districts in England for the physical and financial accessibility of housing and local services

Source: Cannock Chase Council District Needs Analysis 2019-2020; MHCLG Indices of Deprivation 2019

23,534
Residents commuted out of Cannock Chase to work elsewhere at the time of the 2011 Census, 699 by train

Source: ONS 2011 Census

Based on Robert Wood Johnson Foundation and University of Wisconsin Population Health Institute cited in Local Government Association (LGA), *Health in All Policies: A Manual for Local Government* (2016).

Report of:	Head of Economic Prosperity
Contact Officer:	David Prosser-Davies
Telephone No:	01543 464202
Portfolio Leader:	Health & Wellbeing
Key Decision:	Yes
Report Track:	Cabinet: 30/01/20

CABINET
30 JANUARY 2020
NEW HEALTH IMPROVEMENT PROGRAMME
'CANNOCK CHASE CAN'

1 Purpose of Report

- 1.1 To consider the implications of the motion approved at Council on 6 November 2019, on the implementation of a district-wide Health Improvement Programme, 'Cannock Chase Can', aimed at focussing local efforts on supporting the Government's Child Obesity Action Plan.

2 Recommendation(s)

- 2.1 That Cabinet approves the implementation of a district-wide Health Improvement Programme, 'Cannock Chase Can'.
- 2.2 To note the resource implications that will be submitted to Cabinet for consideration as part of the 2020/21 budget process.

3 Key Issues and Reasons for Recommendations

- 3.1 At the Council meeting on 6 November 2019, the Leader of the Council moved a motion to support the Government's Child Obesity Action Plan, which aims to halve childhood obesity in the UK by 2030. The motion was unanimously supported by those Members present.
- 3.2 In support of this locally, the motion included a commitment to implement a district-wide Health Improvement Programme, 'Cannock Chase Can', aimed at focussing local efforts on supporting the Government's Child Obesity Action Plan.
- 3.3 In 2007 the Foresight Report 'Tackling Obesities' estimated that half of the UK population could be obese by 2050. Seven years later in 2014, the National Obesity Forum suggested that this estimate was optimistic (See:

<https://www.rcn.org.uk/clinical-topics/public-health/obesity>, accessed November 2018). NHS executives, public health nutritionists and celebrity chefs have promoted campaigns to encourage healthier eating habits and increase physical activity aimed at tackling the rise of obesity and the projected major impact of this condition on public health resources.

- 3.4 Public Health England (PHE) data indicates that 74% of adults in Cannock Chase aged 18+ were overweight or obese in 2017/2018. This was close to the highest rate of excess weight across the West Midlands in 2017/18 and above the England average (62%). The prevalence of excess weight (overweight and obesity) among children in Reception school year (aged 4-5) saw a fall in 2017/18 but remained above the England average of 22.6% with 26.4% of Reception age children overweight or obese in the District. The prevalence of overweight and obesity increased among Year 6 children aged 10-11 during the same period to 37.1% during 2017-2018. Whilst this is not the highest in the West Midlands, it is again above the England average of 34.3%.
- 3.5 A district-wide Health Improvement Programme, 'Cannock Chase Can' will focus local efforts on supporting the Government's Action Plan. By working collaboratively with the Community Wellbeing team at Inspiring healthy lifestyles and supporting partners to develop a 5 year health improvement/prevention plan. The plan will include various methods of promotion and engagement to encourage participation and behaviour change.
- 3.6 There will be no costs incurred in the first year (2019/20) as this will be a planning and developmental period. Estimated costs for Year 2 will reach £21,500 with a further annual commitment of £10,000 for four consecutive years, equating to a total financial commitment over five years of £61,500.

4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's Community Wellbeing priorities as it will provide opportunities for healthy and active lifestyles; promote attractive and healthy environments and will support vulnerable people.

5 Report Detail

THE MOTION:

- 5.1 At the Council meeting on 6 November 2019, the Leader of the Council moved a motion to support the Government's Child Obesity Action Plan, which aims to halve childhood obesity in the UK by 2030. The motion was unanimously supported by those Members present.
- 5.2 The motion stated:

That the Council resolves to support the Government's Child Obesity Action Plan which aims to halve childhood obesity in the UK by 2030. This will be supported locally by:

1. *Considering the introduction of a 'Health in All Policies' approach to the decisions we make, targeting the social determinants of health to improve the health of the local population;*
2. *Implementing a district-wide Health Improvement Programme, 'Cannock Chase Can', aimed at focussing local efforts on supporting the Government's Action Plan.*

(Item 1 is the subject of a separate Cabinet report)

SETTING THE SCENE:

- 5.3 The relatively high prevalence of overweight and obesity in Cannock Chase's adult and child populations indicates that the District could be more susceptible to socioeconomic disadvantages associated with obesity.
- 5.4 Appendix 1 provides an overview of the latest data associated with obesity in Cannock Chase and considers the socioeconomic impact of obesity in the District, produced in August 2019.
- 5.5 The mapping data in Appendix 2 illustrates how different localities across Cannock Chase are affected by factors associated with obesity including access to fast food and socioeconomic deprivation.
- 5.6 A detailed analysis of these maps will be undertaken as part of the project development stage to ensure the programme targets areas of the District where levels of obesity and deprivation are at their highest. They will also help to identify whether there are any correlations between the locations of fast food takeaways/outlets, deprivation (income and health), excess weight and accessibility to leisure facilities and green spaces.
- 5.7 The NHS identifies that obesity is generally caused by lifestyle or environmental factors. The causes of obesity are complex and comprise of many variables from the combination of low levels and low impact physical activity and poor diet, to move complicated underlying issues such as emotional wellbeing and lack of knowledge and know how.
- 5.8 Negative life events, lack of skills on how to live a healthy lifestyle on a low income, not engaging with our green spaces, easy access to fast food establishments, through to not feeling safe to walk to school, and wider socioeconomic factors, particularly deprivation can all contribute.
- 5.9 Obesity not only presents restrictions on a person's quality of life and increased risk to additional long-term health conditions such as diabetes; it challenges public services and local infrastructure in far reaching ways. It places exponential demands on health and social care and affects our local economic wellbeing.

IMPLEMENTING CANNOCK CHASE CAN:

- 5.10 As suggested by the LGA's 'Health in All Policies' document, a collaborative approach is needed to improving the health of all people.

- 5.11 The Environmental Health and Communications teams have been in discussions with the Community Wellbeing team at Inspiring healthy lifestyles (IHL) with a view to developing a new Health Improvement Programme – ‘Cannock Chase Can’. The aim will be to help reduce obesity by changing behaviours and attitudes towards healthy eating and physical activity.
- 5.12 The ethos of ‘Cannock Chase Can’ is based on a programme developed in Newcastle in 2017.
- 5.13 In January 2017, Newcastle City Council launched a new campaign to tackle health and obesity – ‘Newcastle Can’. This was a ground-breaking social project encouraging communities throughout the city to work together to get healthier and fitter.
- 5.14 With support from the TV chef and campaigner Hugh Fernley-Whittingstall, the project aimed to encourage communities throughout the city to work together on one common goal: to see if Newcastle could lose 100,000lbs in weight. Due to the impact of this project, Newcastle City Council has decided to continue with the Newcastle Can brand and to badge their adult obesity prevention programme under the Newcastle Can banner.
- 5.15 Appendix 3 provides a full brief detailing the ‘Newcastle Can’ campaign.
- 5.16 A pilot was launched by Brereton Million – ‘Brereton Can’ in September 2019 with the support of the Council and Inspiring healthy lifestyles. Brereton Million has created a website and set a challenge of losing 20,000lbs worth of weight amongst the residents living in the Brereton area. Since the launch, a number of initiatives have been undertaken including the installation of a new outdoor gym in Ravenhill Park along with a Health and Fitness event. Brereton Can will feature within the district-wide project and will help sustain it at a local level.
- 5.17 Due to the success of the ‘CAN’ campaign, it is being recommended that the Council develops a district-wide version – ‘Cannock Chase Can’ which will focus local efforts and support the Government’s Child Obesity Action Plan. This will involve the development of a 5-year district-wide Health Improvement Programme which will focus methods of promotion and engagement to encourage participation and behaviour change. Appendix 4 provides an overview of the next steps for project delivery for Year 1.
- 5.18 The focal point for the programme will be the ‘Cannock Chase Can’ online portal which will enable residents to sign up to the programme and create personal profiles including target weight based on the NHS healthy weight BMI tool. It will also provide information about healthy eating, physical activity and advice about how to make healthier lifestyle choices. Appendix 5 shows a visual concept for the online portal. Please note; this is in its draft form, so will be subject to changes.

6 Implications**6.1 Financial**

Appendix 6 shows the breakdown of costs for this 5-year Health Improvement Programme. Provision exists within the Draft General Fund Revenue Budget (considered elsewhere on the Agenda) for the costs of the Health Improvement Programme.

6.2 Legal

If the Health Improvement Programme requires the Council to enter into contracts or agreements with third parties, then the Council must comply with the Procurement Regulations as regards tender procedures and awarding of contracts or purchase of goods and services.

The Council should carry out an equalities impact assessment prior to starting the Health Improvement Programme in order to evidence that the Council has due regard for the public sector equality duty as per section 149 of the Equality Act 2010.

6.3 Human Resources

An evaluation of the proposed duties of this role has been undertaken in line with the Council's Job Evaluation Scheme and the role has been graded within G of the Council's payscale. On this basis assuming a whole-time salary of £28,785 per annum (top of G) then 18.5 hours per week would equate to £14,392 gross (£18,710 approximately including on costs). If appointing at 22.20 hours per week then gross salary would equate to £17,270 gross per annum (approximately £22,452 per annum including on costs).

The proposed Health Improvement Officer is initially indicated as a 12 month fixed term post. It should be noted that future extensions beyond a 2 year term may incur redundancy costs subject to legislative requirements.

The breakdown of costs at Appendix 6 also includes a further 12 months funding for ad hoc additional hours to be provided by the Marketing and Campaigns Officer who will lead on the development and implementation of the initial concept.

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

As this project is still in its developmental stage, specific data protection implications cannot be detailed here.

However, in order to ensure compliance with data protection legislation a privacy impact assessment will be carried out prior to the start of the project. From this, recommendations will be given around all aspects of data protection such as, but not limited to, ensuring relevant privacy notices are in place, ensuring only relevant information is collected, security of and access to data is applied and that procedures for administration of the project are documented including any proposed sharing with other organisations such as Inspiring healthy lifestyles.

Particular consideration and scrutiny will be given to the collection of any medical data and the security and administration of the proposed online portal.

6.7 Risk Management

There are no strategic risk management implications associated with this project.

6.8 Equality & Diversity

As further progress is made with this programme, Equality Impact Assessment work will be undertaken to identify whether obesity might be having a differential impact on people with protected characteristics, consider how services might respond and monitor the impact of this.

6.9 Best Value

None

7 Appendices to the Report

- Appendix 1: Overview of data associated with obesity in Cannock Chase District
- Appendix 2: Mapping data
- Appendix 3: Newcastle Can
- Appendix 4: Overview of the next steps – Year 1
- Appendix 5: Visual concept of Cannock Chase Council online portal
- Appendix 6: Breakdown of costs

Previous Consideration

Motion on Obesity	Council	6 November, 2019
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Background Papers

None

Obesity in Cannock Chase, 2019

Public Health England identifies that the NHS spent an estimated £6.1 billion on overweight and obesity-related illness in 2014-15 although this figure has been contested with an estimate of £5.1 million for NHS spend on obesity related disease.¹ The estimated annual social care costs of obesity to local authorities was identified as £352 million in 2018.² Recent research has identified that 'estimates of the economic cost of obesity vary and are inherently uncertain'.³ However, regardless of the accuracy of estimated spend, the Obesity Health Alliance identifies 'academic evidence is unanimous that the high prevalence of overweight and obesity in the UK is causing substantial costs to the NHS and wider society'.⁴

How do we define overweight and obesity?

Obesity in adults is typically defined in terms of Body Mass Index:

A BMI of between 25 and 29.9 is defined as overweight.

A BMI of 30 or over is classed as obese, with a BMI of 40 and above classed as severely obese.

It is important to note that BMI is just a guide and doesn't account for muscle mass or the distribution of body fat which can vary between individuals.)

In children, weight is classified with reference to the British 1990 Growth Reference Charts as BMI varies between children depending on their age and gender.

It is important to note that being overweight or obese can be the result of health conditions and not down to lifestyle or environmental factors. However, the NHS identifies that obesity is generally caused by eating large amounts of processed or fast food high in fat and sugar combined with low levels of physical activity creates body fat which leads to being overweight or obese.

¹Public Health England, Health Matters: Obesity and the Food Environment (31st March 2017)

<https://www.gov.uk/government/publications/health-matters-obesity-and-the-food-environment>; Obesity Health Alliance, The Costs of Obesity, 2017
<http://obesityhealthalliance.org.uk/wp-content/uploads/2017/10/OHA-briefing-paper-Costs-of-Obesity-.pdf>

² NHS England, Tackling Obesity is Everybody's Business, September 2018

<https://www.england.nhs.uk/expo/wp-content/uploads/sites/18/2018/09/14.00-Tackling-obesity-is-everybodys-business.pdf>

³Obesity Statistics, House of Commons Library Briefing Paper No. 3336, 20 March 2018

⁴Obesity Health Alliance, The Costs of Obesity, 2017 <http://obesityhealthalliance.org.uk/wp-content/uploads/2017/10/OHA-briefing-paper-Costs-of-Obesity-.pdf>

Obesity in both children and adults is linked to serious health conditions such as diabetes, hypertension, coronary heart disease, cancer and stroke as well as low self-esteem and depression which can have a detrimental impact on educational attainment and employment. Obesity has also been linked to environmental factors including access to fast food and wider socioeconomic factors particularly deprivation.⁵

Being overweight or obese has links to a range serious long-term health conditions, increasing risk of Type 2 diabetes, heart disease, cancer and stroke.⁶ The cost of treating these conditions puts a significant burden on the NHS ranging from the time demands on General Practitioners to the cost of treating these conditions in hospitals. In 2015/16 the NHS carried out 6,483 bariatric surgery procedures which are estimated to have cost in the region of £36.6 million.⁷ Being overweight and obese is also linked to mental health problems ranging from low self-esteem to depression which has significant socioeconomic implications. Beyond the cost of treating health conditions, physical and mental illness resulting from obesity may affect people's participation in the labour market, reducing productivity and having a detrimental impact on local economies.⁸

Public Health England identify that obesity costs wider society around £27 billion and, unless there is a decline in the prevalence of obesity, the UK-wide NHS costs attributable to overweight and obesity are projected to reach £9.7 billion by 2050, with wider costs to society estimated to reach £49.9 billion per year.⁹ It is evident that local authorities and Clinical Commissioning Groups with a higher density of people experiencing obesity could face disproportionate costs and challenges to their local economy within these estimates and projections. This is concerning for Cannock Chase, given that levels of excess weight (overweight and obesity) were close to the highest across the West Midlands in 2017/18. Levels of excess weight in the District rose by 4.1% between 2016/17 and 2017/18.

⁵ <https://www.nhs.uk/conditions/obesity/>

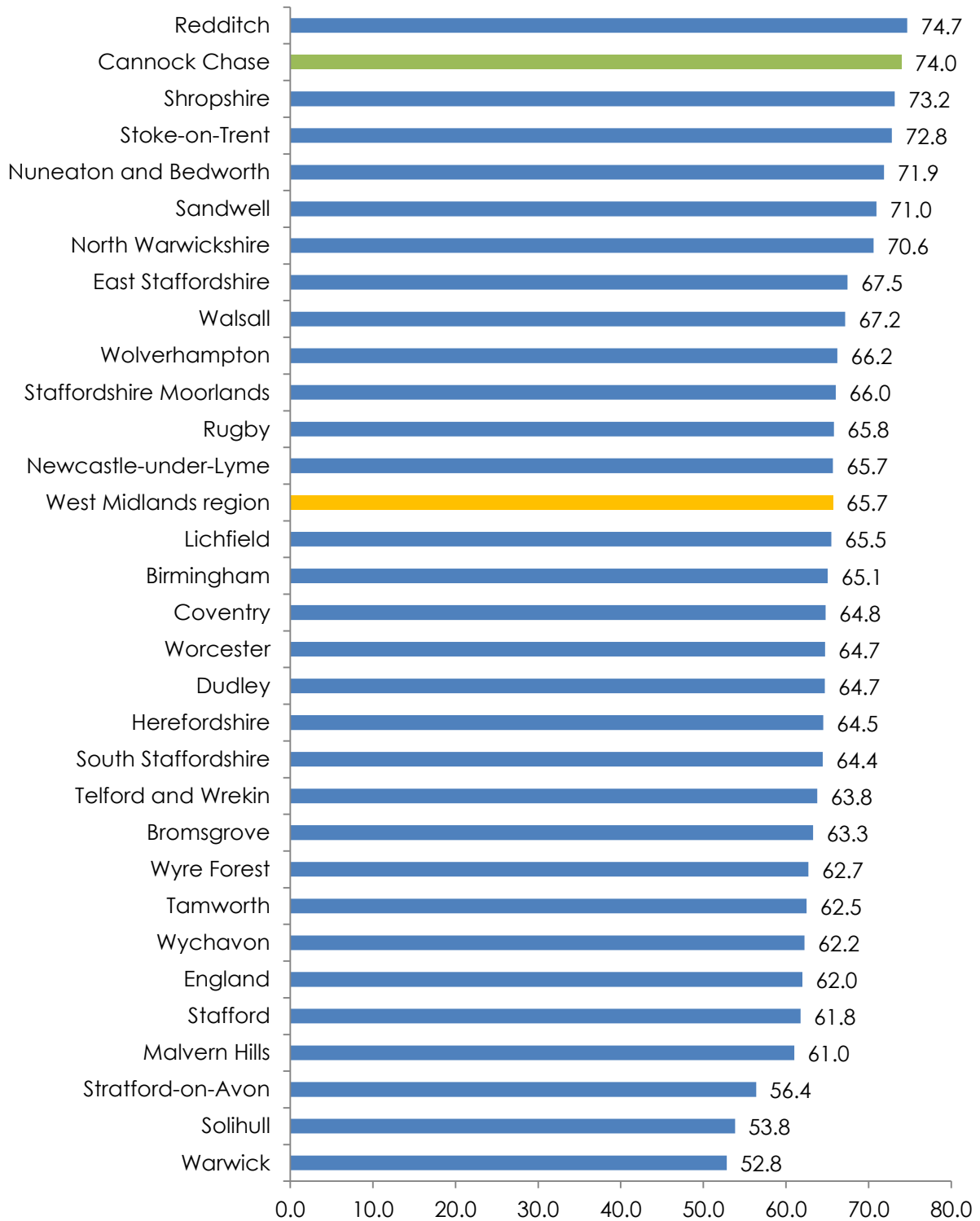
⁶ NHS Overview Obesity <https://www.nhs.uk/conditions/obesity/>

⁷ Obesity Health Alliance, The Costs of Obesity, 2017 <http://obesityhealthalliance.org.uk/wp-content/uploads/2017/10/OHA-briefing-paper-Costs-of-Obesity-.pdf>

⁸ Public Health England, Health Matters: Obesity and the Food Environment (31st March 2017) <https://www.gov.uk/government/publications/health-matters-obesity-and-the-food-environment>; Obesity Health Alliance, The Costs of Obesity, 2017 <http://obesityhealthalliance.org.uk/wp-content/uploads/2017/10/OHA-briefing-paper-Costs-of-Obesity-.pdf>

⁹ Public Health England, Health Matters: Obesity and the Food Environment (31st March 2017) <https://www.gov.uk/government/publications/health-matters-obesity-and-the-food-environment>; Obesity Health Alliance, The Costs of Obesity, 2017 <http://obesityhealthalliance.org.uk/wp-content/uploads/2017/10/OHA-briefing-paper-Costs-of-Obesity-.pdf>

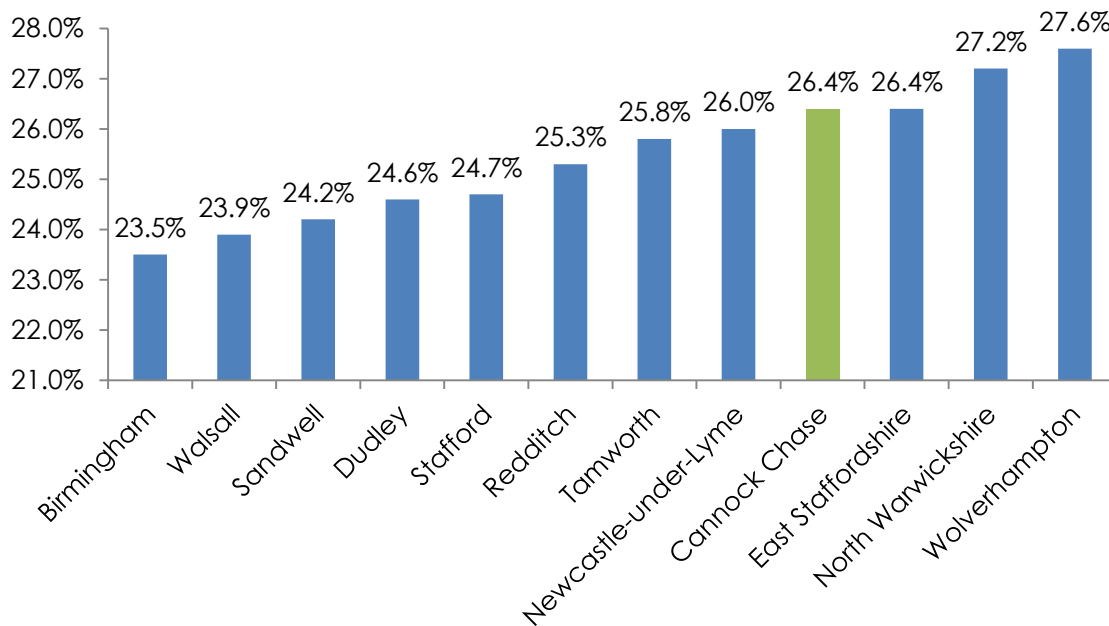
Percentage of Adults (aged 18+) Classified as Overweight or Obese, 2017/18



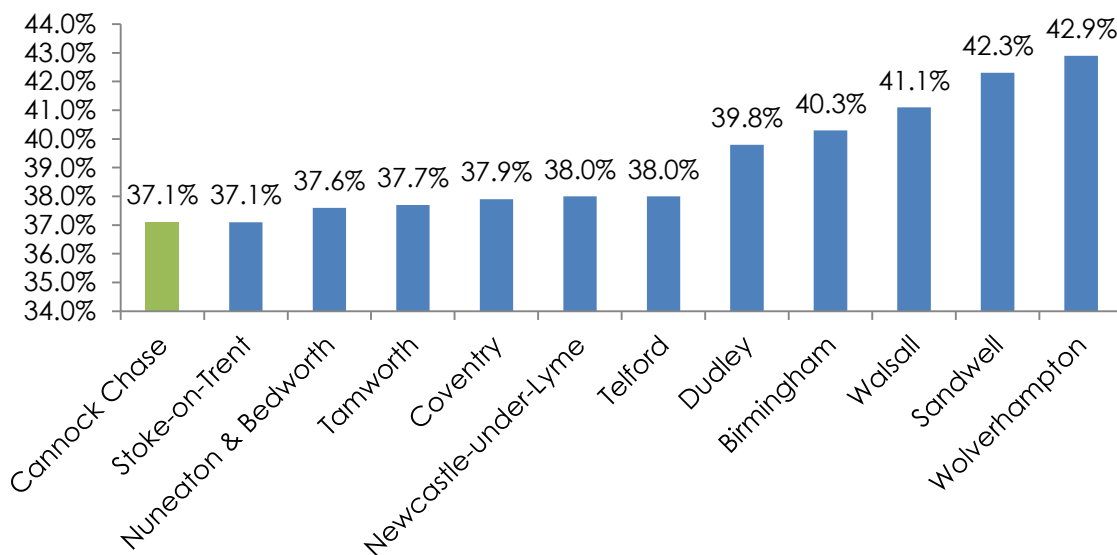
Source: Public Health England, Public Health Outcomes Framework (August 2019)

Whilst the prevalence of overweight and obesity among Reception children aged 4-5 saw a fall in 2017/18, it remains above the England average of 22.6% with 26.4% of Reception age children overweight or obese in the District. The prevalence of overweight and obesity increased among Year 6 children aged 10-11 to 37.1% during 2017-2018. Whilst this is not the highest in the West Midlands, it is again above the England average of 34.3%.

Reception: Prevalence of overweight (including obesity), 2017/18 - highest rates in the West Midlands



Year 6: Prevalence of overweight (including obesity), 2017/18 - highest rates in the West Midlands



Source: Public Health England, Public Health Outcomes Framework (August 2019)

As the charts above illustrate, Cannock Chase has levels of child obesity which are among the highest in the West Midlands. The relatively high prevalence of overweight and obesity in Cannock Chase's adult and child populations indicates that the District could be more susceptible to the socioeconomic disadvantages associated with obesity.

Alongside statistical evidence of high levels of obesity, Cannock Chase experiences a number of socioeconomic factors which Public Health England have identified as potential contributors to higher levels of obesity. The latest statistics from Sport England indicate that levels of physical inactivity among adults aged 16+ in Cannock Chase have fallen during 2017-2018 to 28.2% of respondents which is a positive trend for the District. However, levels of inactivity remain above the England average of 25.1%.¹⁰

One measurable benchmark for healthy diet is uptake of the recommended 5-a-day fruit and vegetables. Data estimates that 52.3% of Cannock Chase adults were meeting this recommendation in their daily diet during 2017/18 which has increased since 2016/17 (50.4%) but remains below the England average (54.8%).¹¹

The relationship between deprivation and childhood obesity is widely recognised.¹² It is widely recognised that there is 'a strong relationship between deprivation and childhood obesity'. In March 2018 a House of Commons Library Briefing Paper reported that 'Obesity rates are the highest for children from the most deprived areas and this situation is getting worse. Children aged 5 and from the poorest income groups are twice as likely to be obese compared to their most well-off counterparts and by age 11 they are three times as likely'.¹³

The Indices of Multiple Deprivation (IMD) 2015 identified Cannock Chase as the most deprived district in Staffordshire, with a relatively high level of deprivation in relation to the domain of health. Recent analysis by Staffordshire County Council identifies that around 14% of residents (13,600 people) in Cannock Chase live in the most deprived national quintile or 20% of LSOAs.¹⁴ The new edition of the Indices of Multiple Deprivation is due to be published later this year and it will be interesting to see how levels of deprivation in the District have changed.

Cannock Chase also experiences health inequalities. For example, the number of residents who experience premature mortality as a result of causes

¹⁰ Sport England, Active Lives Adult Survey November 17/18 Report (April 2019).

¹¹ Public Health England, Public Health Outcomes Framework (August 2019).

¹² Public Health England, Health Matters: Obesity and the Food Environment (31st March 2017) <https://www.gov.uk/government/publications/health-matters-obesity-and-the-food-environment>

¹³ *Obesity Statistics*, House of Commons Library Briefing Paper No. 3336, 20 March 2018.

¹⁴ Staffordshire County Council, Cannock Chase Locality Profile Data Pack (September 2018).

considered preventable is above the national average. Based on comparison between the IMD 2010 and IMD 2015, Cannock Chase saw a considerable rise in the number of LSOAs falling within the top 20% most deprived nationally for Health Deprivation and Disability.¹⁵

Public Health England identifies that environmental drivers such as the food and drink environment have a significant impact on obesity, particularly the availability of cheap and readily available fast food which contributes to an obesogenic environment.

*More than one quarter (27.1%) of adults and one fifth of children eat food from out-of-home outlets at least once a week. These meals tend to be associated with higher energy intake; higher levels of fat, saturated fats, sugar and salt, and lower levels of micronutrients¹.*¹⁶

Food outlet data from June 2017 indicates that 33.4% of all food outlets in Cannock Chase are takeaways.¹⁷ Whilst the District does not have the highest number of takeaways in the county, takeaways comprised a larger proportion of food outlets in Cannock Chase than in any other Staffordshire district in June 2017. Cannock Chase also has the highest rate of takeaway outlets per resident population based on outlet density data from June 2017 and 2011 Census population data with a rate of 1.19 outlets per 1,000 population (the next nearest was East Staffordshire with a rate of 1.14).¹⁸

The underlying factors contributing to obesity are complex and wide-ranging and those identified here cannot be causally attributed to the prevalence of obesity in Cannock Chase. However, it is evident that Cannock Chase experiences a range of factors linked to obesity and could therefore be susceptible to a higher prevalence of overweight and obesity-related health and socioeconomic issues which could impact on the welfare of the District's population.

**Produced by Policy & Communications, Cannock Chase Council
August 2019**

¹⁵ Staffordshire County Council, Cannock Chase Locality Profile Data Pack (September 2018).

¹⁶ Public Health England, Health Matters: Obesity and the Food Environment (31st March 2017) <https://www.gov.uk/government/publications/health-matters-obesity-and-the-food-environment>

¹⁷ Takeaways are defined in the Food Environment Assessment Tool as fast food and takeaway outlets, fast food delivery services, fish and chip shops and bakeries.

¹⁸ Food Environment Assessment Tool (FEAT) 2017, UKCRC Centre for Diet and Activity Research (CEDAR), University of Cambridge, www.feat-tool.org.uk (October 2017).

Cannock Chase Can – Mapping Resources Technical Document

The following maps illustrate how different localities across Cannock Chase are affected by factors associated with obesity including access to fast food and socioeconomic deprivation.¹⁹

The maps show the District divided into its fifteen electoral wards which are then subdivided into lower super output areas (LSOAs). LSOAs are small areas or neighbourhoods with an average population of around 1,500 people or 650 households.²⁰

Maps relating to obesity data are based on ward-level statistics. Maps relating to the density of takeaway outlets and deprivation are based on LSOA level statistics.

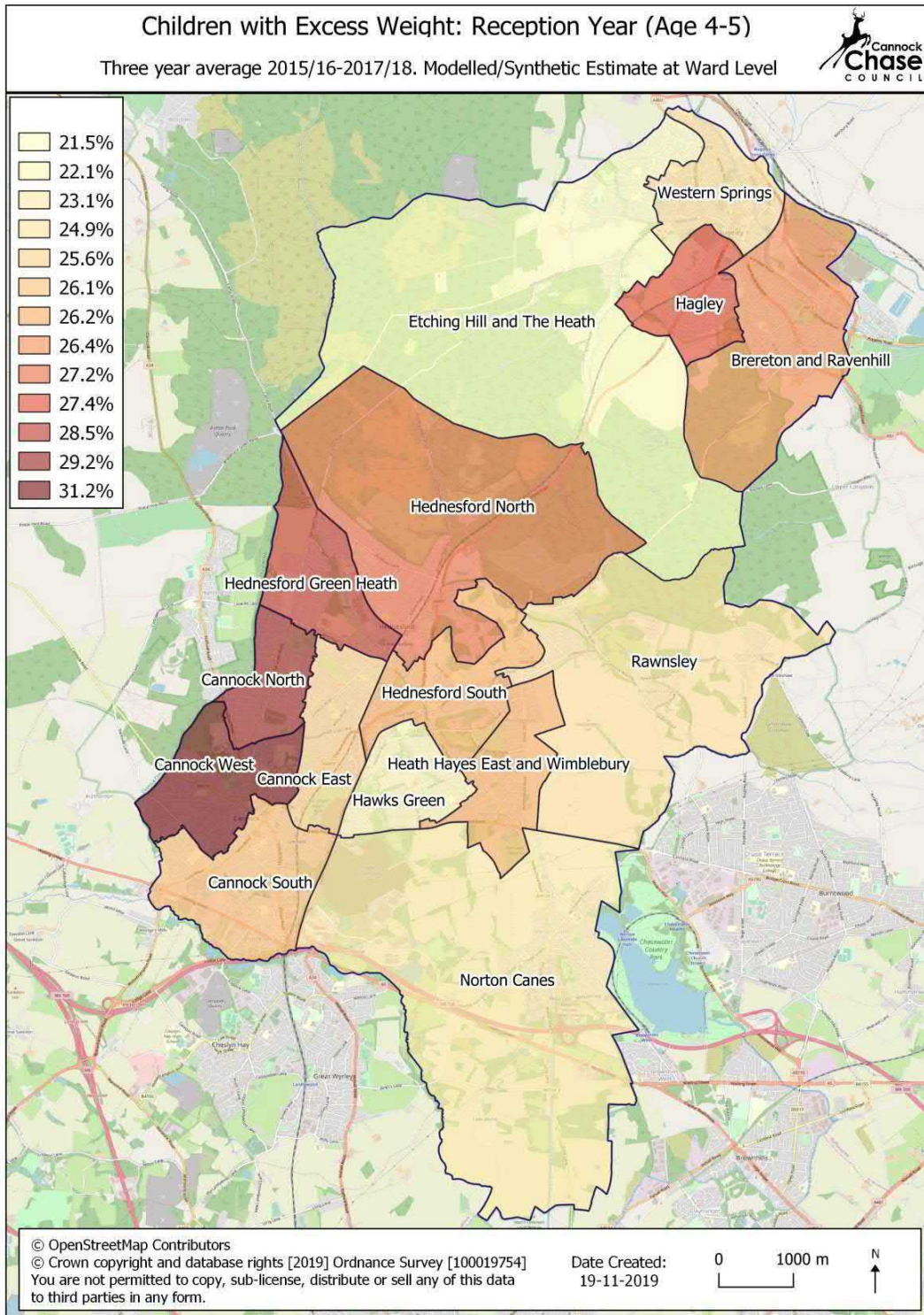
Due to the number of schools and leisure facilities, greenspaces etc. in the District, it is not possible to clearly mark these on the maps. However, postcode-level data for local schools has been collated in relation to the LSOAs in which these schools are located. Therefore identifying schools within specific areas should be a relatively easy task to undertake.

¹⁹ For more information about obesity and associated socioeconomic and environmental factors, see Cannock Chase Council, Obesity in Cannock Chase 2019 (August 2019).

²⁰ For information about Lower Super Output Area geography and its use for socioeconomic analysis, see Ministry of Housing, Communities & Local Government, The English Indices of Deprivation 2019 (IoD 2019) Statistical Release (September 2019)
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835115/IoD2019_Statistical_Release.pdf

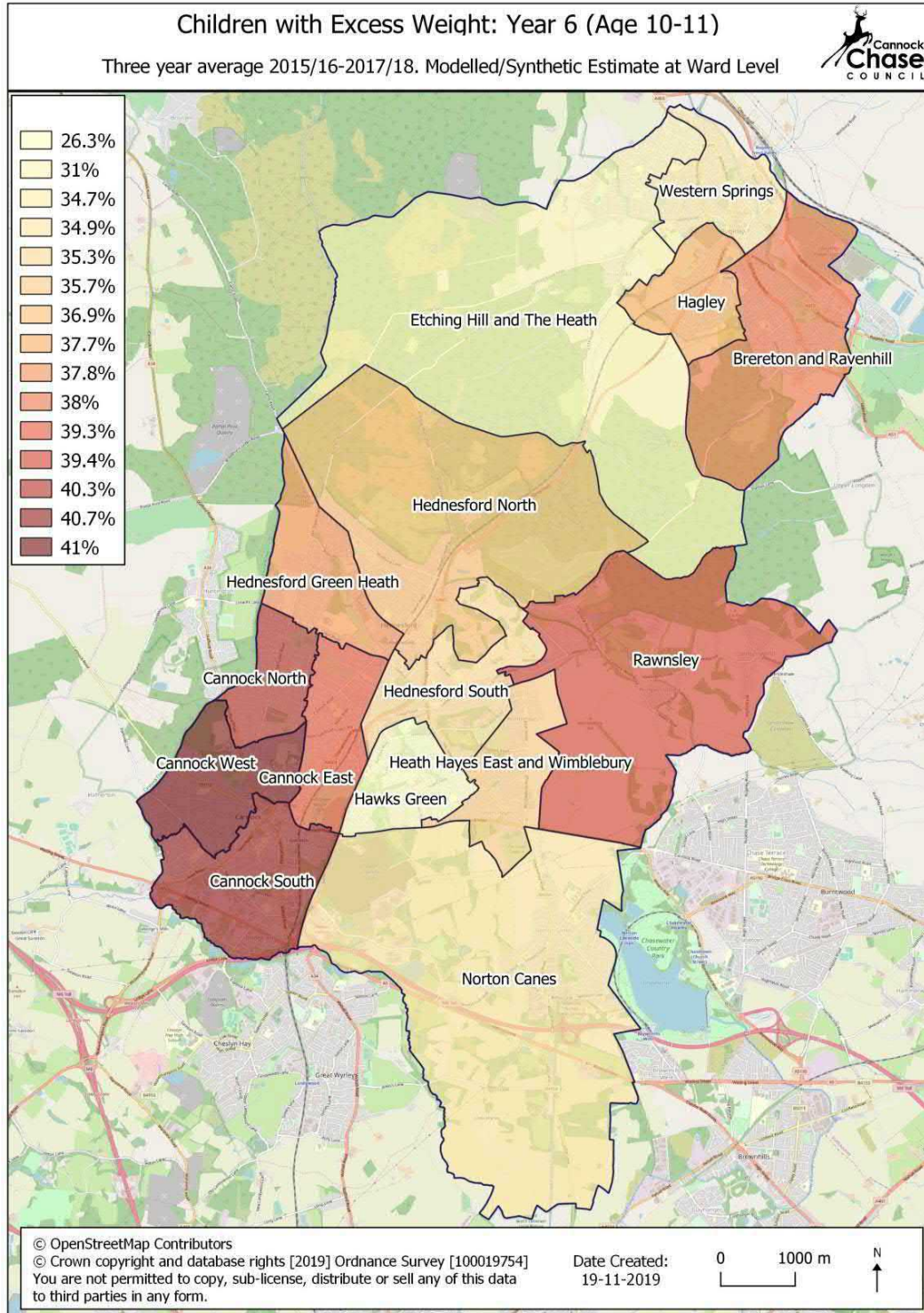
Map 1: Children with Excess Weight: Reception Year (Age 4-5)

This data is sourced from Public Health England via the Public Health Outcomes Framework Tool. It shows a ward-level modelled/synthetic estimate of the proportion of children in Reception year (age 4-5) who have been measured to have excess weight. The data is based on a three year average covering the period 2015/16-2017/18. The legend in the top left corner of the map indicates that wards which are darker red in colour experience the highest proportions of children with excess weight across the District.



Map 2: Children with Excess Weight: Year 6 (Age 10-11)

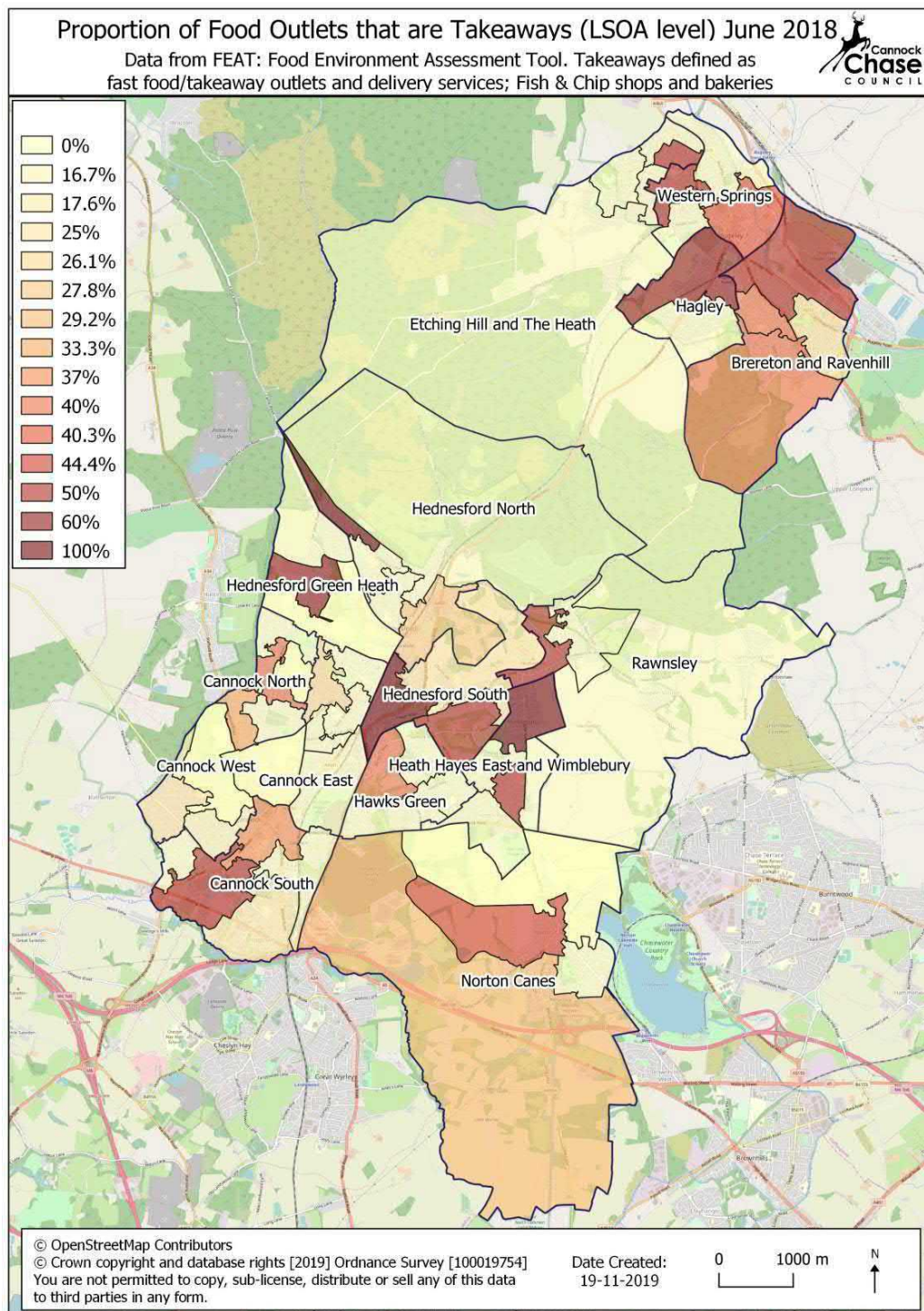
This data is sourced from Public Health England via the Public Health Outcomes Framework Tool. It shows a ward-level modelled/synthetic estimate of the proportion of children in Year 6 (age 10-11) who have been measured to have excess weight. The data is based on a three year average covering the period 2015/16-2017/18. The legend in the top left corner of the map indicates that wards which are darker red in colour experience the highest proportions of children with excess weight across the District.



Map 3: Proportion of Food Outlets that are Takeaways (LSOA level) June 2018

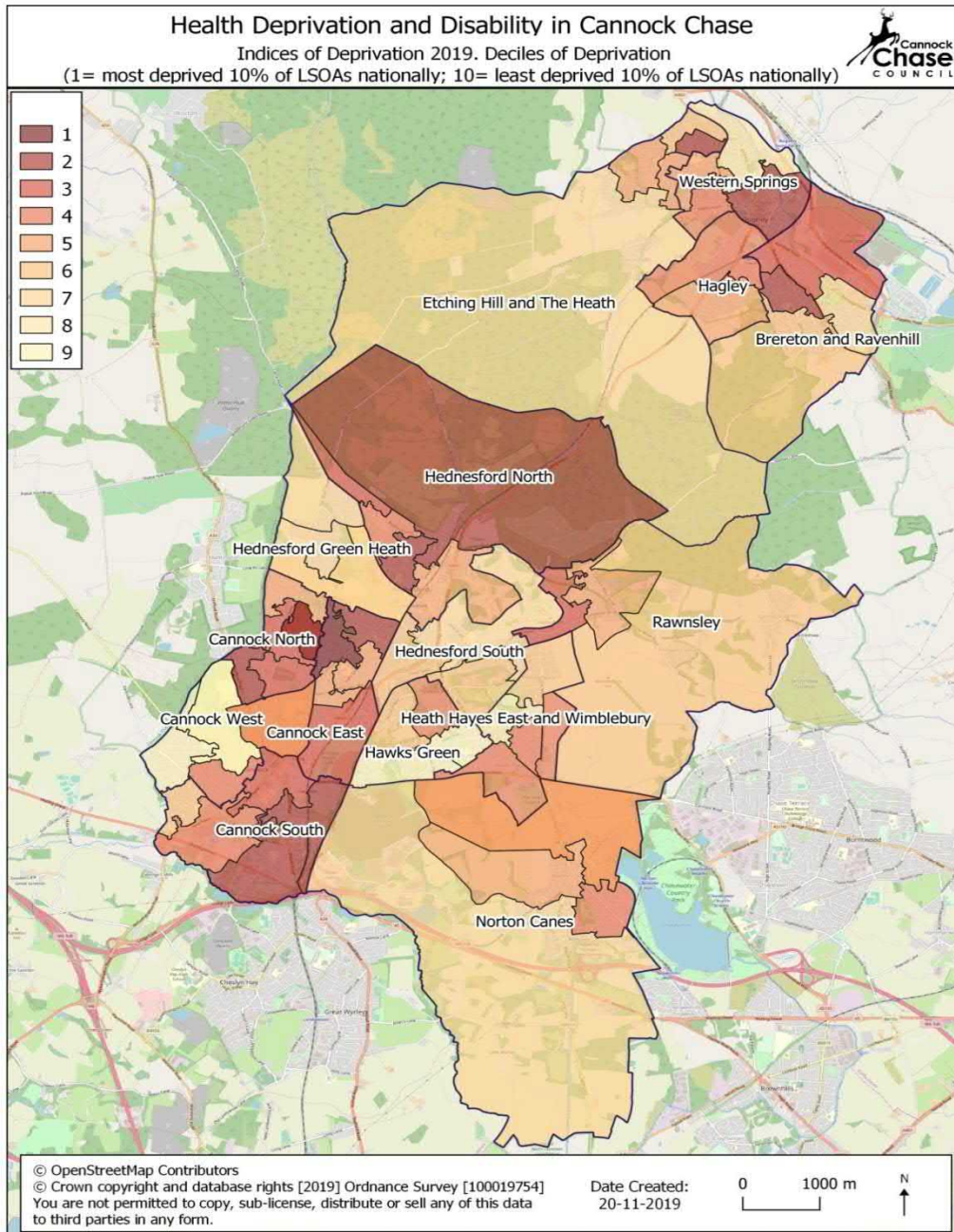
This map is based on data from the Food Environment Assessment Tool from June 2018. It shows the proportion of food outlets which are defined as takeaways across each LSOA across Cannock Chase. The legend in the top left corner illustrates that LSOAs which are darker red in colour have the highest proportion of food outlets that are takeaways.

Please note that the food outlets are spread unevenly across the District. For example, there are 67 food outlets within one LSOA in Western Springs, of which 27 (40.3%) are defined as takeaways, whilst there are 5 food outlets in one LSOA within Hednesford Green Heath, of which 3 (60%) are defined as takeaways. Some LSOAs have no food outlets which are defined as takeaways, whereas others may have only 2 food outlets, both of which are takeaways.



Map 4: Health Deprivation and Disability in Cannock Chase

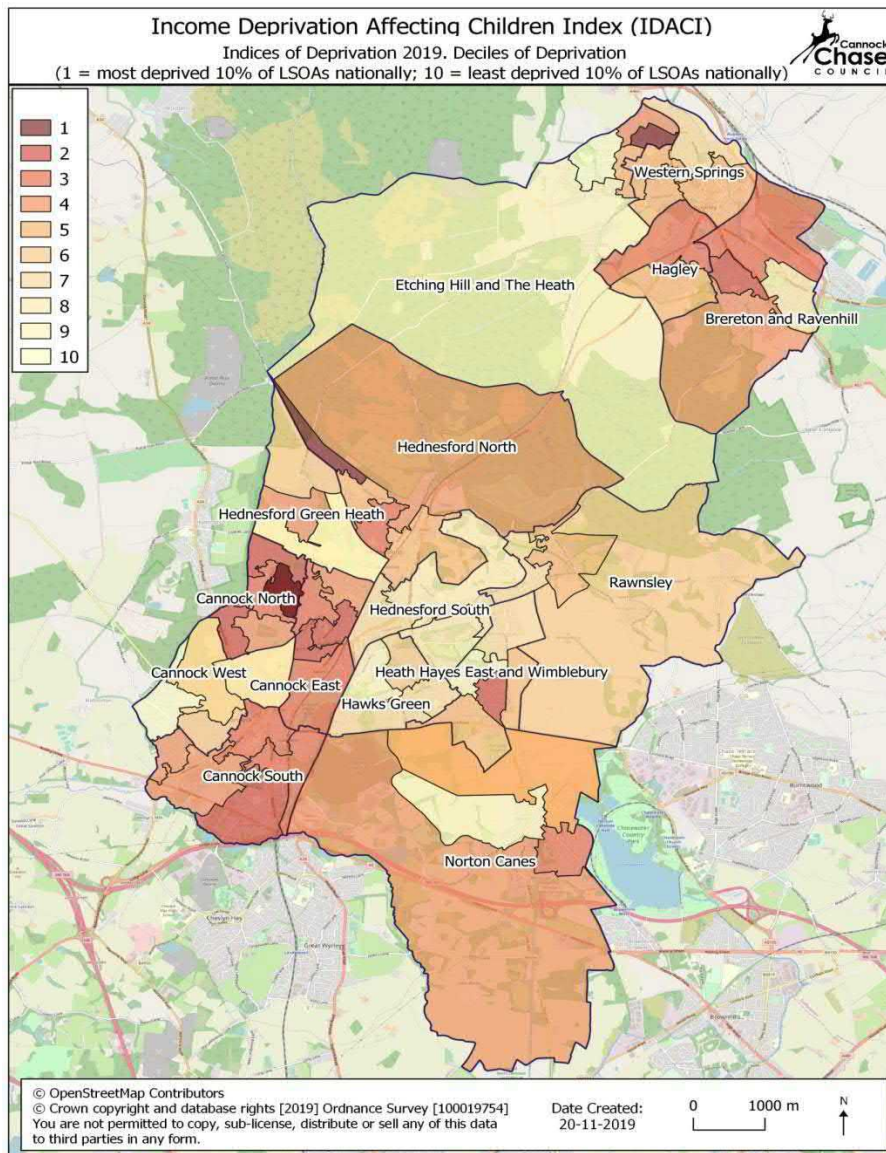
This map is based on data from the Indices of Deprivation 2019. One of the seven domains of deprivation combined to create the Index of Multiple Deprivation is Health Deprivation and Disability. This domain measures the risk of premature death and the impairment of quality of life through poor physical or mental health. The map shows how each LSOA in Cannock Chase is ranked in relation to the ten deciles of deprivation, where 1 represents LSOAs within the 10% most deprived nationally and 10 represents LSOAs within the 10% least deprived nationally.²¹ Areas which are darker in colour represent areas which are defined as more deprived in relation to the health domain.



²¹ MHCLG defines decile ranking as follows: *The deciles are calculated by ranking the 32,844 LSOAs in England from most deprived to least deprived and dividing them into 10 equal groups. LSOAs in decile 1 fall within the most deprived 10% of LSOAs nationally and LSOAs in decile 10 fall within the least deprived 10% of LSOAs nationally. See Ministry of Housing, Communities & Local Government, The English Indices of Deprivation 2019 (IoD 2019) Statistical Release (September 2019)*
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835115/IoD2019_Statistical_Release.pdf

Map 5: Income Deprivation Affecting Children Index (IDACI)

This map is based on data from the Indices of Deprivation 2019. As excess weight data featured here is based on children, deprivation in relation to children and young people has been included as a wider socioeconomic factor potentially influencing excess weight and obesity.²² The Income Deprivation Affecting Children Index (IDACI) measures the proportion of all children aged 0 to 15 living in income deprived families.²³ The map shows how each LSOA in Cannock Chase is ranked in relation to the ten deciles of deprivation, where 1 represents LSOAs within the 10% most deprived nationally and 10 represents LSOAs within the 10% least deprived nationally.²⁴ Areas which are darker in colour represent areas which are defined as more deprived.



²² For more information about obesity and associated socioeconomic and environmental factors, see Cannock Chase Council, Obesity in Cannock Chase 2019 (August 2019).

²³ MHCLG defines the IDACI as follows: It is a subset of the Income Deprivation Domain which measures the proportion of the population in an area experiencing deprivation relating to low income. The definition of low income used includes both those people that are out-of-work, and those that are in work but who have low earnings (and who satisfy the respective means tests). See Ministry of Housing, Communities & Local Government, The English Indices of Deprivation 2019 (IoD 2019) Statistical Release (September 2019) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835115/IoD2019_Statistical_Release.pdf



NEWCASTLE CAN – BRIEFING DOC FOR OTHER CITIES

BACKGROUND

“We all might have a pretty good idea of what we need to do to lose weight and get fit, but doing it alone can sometimes feel like an uphill struggle. So let’s come together to change the way we live, work and play, and help make Newcastle the healthiest, happiest city it can be.”

Newcastle Can is a ground-breaking social experiment encouraging communities throughout the city to work together getting healthier and fitter.

One in three people in Britain are now overweight or obese, and if current trends continue by 2025, Britain is set to become the fattest country in Europe. Newcastle Can set out on a mission to discover if the citizens of one city, acting together and supporting each other, could create a new model for making a real impact on this seemingly intractable problem.

In January 2017, Newcastle Can launched as a new way to tackle health and obesity. With TV chef and campaigner Hugh Fearnley-Whittingstall at the helm, and in collaboration with Newcastle City Council, the experiment aimed to encourage communities throughout the city to work together to get healthier and fitter... and to work towards one common goal: to see if Newcastle could lose 100,000lbs in weight.

The Newcastle Can website was created and launched at www.newcastlecan.com. Residents across the city can create profiles and work through a sign up process to establish a target weight based on the NHS healthy weight BMI tool. Once signed up, each user gets their own personal food intake diary and weight loss dashboard, lots of information about healthy eating and exercise, as well as details of upcoming events and local resources.

Working collaboratively with Newcastle City Council Public Health department, a number of methods were used to encourage sign-ups:

- Hosting a launch event at Grey’s Monument in the city centre;
- Attending local sporting activities, manning stalls at festivals and business fairs;
- Reaching out to local businesses and attending onsite meetings and briefings;
- Promoting Newcastle Can through local community groups;
- Promoting the project through Pharmacies, Dentists and GP practices;
- Promoting the project through all of the City Council’s existing obesity prevention work
- Coordinating with local media – newspapers, radio, magazines and digital channels;
- Creating a social media movement;
- Using city-wide marketing – posters, digital boards, carriage cards on metros, banners over bridges etc. (see images below).

SOCIAL & TRADITIONAL MEDIA

Social media remains a large part of Newcastle Can, with the main platforms being Twitter, Instagram and Facebook, and the team using these to reach new people and share regular updates and information and as well as hints and tips for getting healthy.

Since its launch, Newcastle Can has featured in local media with the Chronicle newspaper, BBC Radio Newcastle, BBC Look North and various other local channels regularly featuring the initiative and following its success and stories of those involved.

Newcastle Can regularly features in City Life, Newcastle's residents' magazine coordinated by the city council and delivered to all homes in Newcastle.

COMMUNICATIONS AND NEWSLETTERS

Each person that signs up to Newcastle Can gets 12 weekly emails to help them start on their health journey – each email provides simple information on different topics, from getting active to looking at portion sizes. The Newcastle Can team also send regular updates via email to the full community, with updates, new content and any upcoming activities.

The Newcastle Can website contains information on healthy eating, getting active, healthy living tips, recipes from Hugh and inspirational stories from the community. This content is mostly open to the public and is sourced from the team, supporters and experts.

WEBSITE

The Newcastle Can website was created with SNEEK digital team and allows anyone with a Newcastle or Tyne and Wear postcode and aged over 18 years to sign up to the initiative.

Participants are required to input data to allow them to have a personalised dashboard, including a target weight loss (if signing up to lose weight) based on the NHS BMI calculator. Participants can then log in to the website to see activities across the city, see posts about the initiative, access a free food intake diary (developed by the University of Newcastle) log weight loss and view and create teams.

Anyone outside of the Tyne and Wear postcode can sign up to get the 12 weekly emails with hints and tips, but is not able to log on to the website and create a profile.

NB: SNEEK digital team are happy to be connected with anyone interested in learning more or creating a similar website.

STAFF

Newcastle Can has a campaign manager who runs the initiative day to day, engaging different groups and businesses, working on city-wide exposure and running the website and social media. Newcastle City Council provide a significant input through the Public Health team and Active Newcastle (sports and leisure) teams. This involves developing work programmes to support the initiative as well as developing and supporting links into the council and to existing networks and community groups.

LOCAL BUSINESSES

Local businesses are key to the success of Newcastle Can, with employers taking on the challenge as part of their wellness at work, and also in conjunction with Newcastle City Council's Better Health At Work Award (BHAWA). A large part of the success at engaging with business has been the strong links made with the Better Health at Work Award which facilitated access to businesses.

As we spend most of our waking hours at work, it's a great place to encourage a healthier lifestyle. Tackling health at work will lead to a healthier, happier and ultimately more productive workforce – Newcastle Can believes that business can and should be at the forefront of the fight to create a healthier nation and pave the way for others to follow.

How Newcastle businesses get involved:

- Set up teams on the website and invite colleagues to get involved;
- Donate time or volunteers to Newcastle Can;
- Spread the word with networks;
- Help reach more people – donate avenues or ideas for city-wide marketing and promotion.

Each interested business gets a business engagement pack which includes information on the project, challenge ideas for businesses, case studies from business across the city, bespoke social media and design assets, posters, email and social content.

The Newcastle Can team visits businesses across the city and has attended numerous health and wellness fairs to promote the campaign and talk to employers.

Local business and employers that have signed up to the initiative include the City Council, the NHS, the police, HMRC, Tesco Bank, Your Homes Newcastle, Space Group, taxi firms, design agencies, and call centres. Each has taken on the Newcastle Can challenge in their own way. There are more details on businesses in the case studies document.

PHARMACIES

Working with the Public Health team at Newcastle City Council, Newcastle Can launched an initiative with all pharmacies across the city. Viewing them as local Health and Wellbeing Hubs where people can get advice and support, each pharmacy across the city was given Newcastle Can information and advice as well as a set of weighing scales.

PRIMARY CARE

The Newcastle CCG shared the Newcastle Can initiative throughout their networks and with all GPs in the city, including sharing a video should GPs want to play in their waiting rooms.

PUBLIC TRANSPORT PROVIDERS

Newcastle Can worked with local transport providers to share the initiative, both with staff and with those using public transport. Stagecoach North East supported by including ads on the side of buses, posters inside buses and sharing across social media. Nexus supported by putting posters in bus and metro stations and interchanges and sharing on social media. Newcastle Can also worked with Exterior Media to place adverts within Metro Carriages and on stations.

COOKING CLASSES

Working with local social enterprise Food Nation, the Newcastle Can Cook cookery course was launched in June 2018, open to those signed up to Newcastle Can.

This cookery course takes participants through the basics of good nutrition and helps them to plan for a healthy lifestyle full of delicious recipes. Each week the course participants learn a selection of recipes, pick up essential cooking skills and build knowledge and understanding of the nutrition principles for a healthy and happy lifestyle.

Food Nation (part funded by Newcastle City Council) been able to reduce the cost of attending this cookery course especially for people involved in Newcastle Can by 50%, to just £5 per class. This £5 simply covers the costs of ingredients and the Food Nation space and equipment (Food Nation make no profit from these classes). More information [here](#).

ACTIVITIES

Newcastle Can has teamed up with many activity providers across the city to put on one-off events and regular activities.

One-off events so far have included hosting yoga in parks during the summer (with local yoga instructor Samantha Coe), running dodgeball and sports day games with businesses at Northumbria Sport Central and turning one of the busiest streets in the city, Northumberland Street, into a gym with free exercise classes. Read more about that event [here](#).

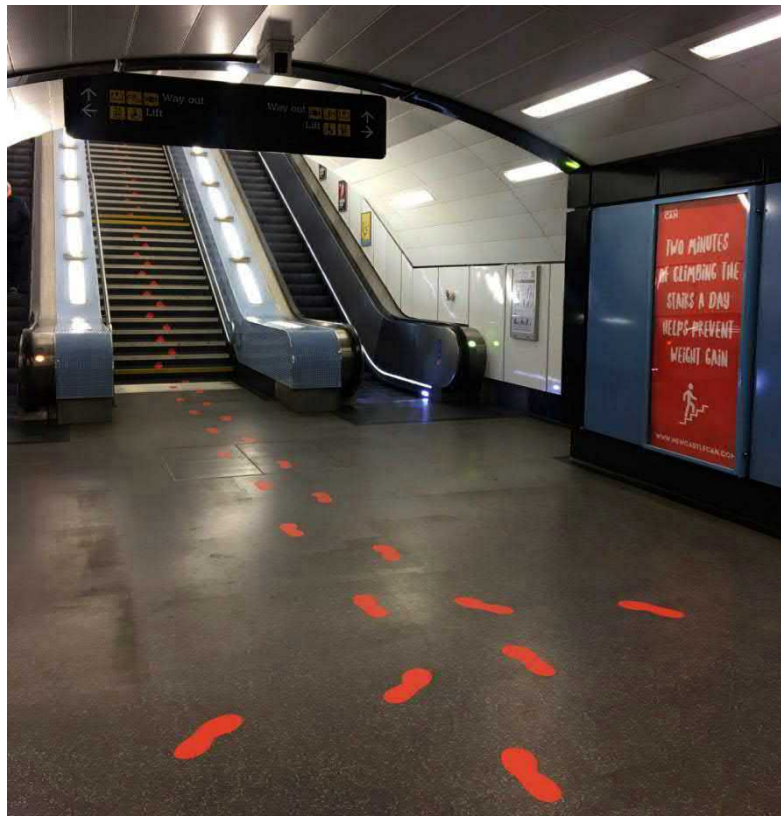
Newcastle Can has also teamed up with Active Newcastle from the City Council to put on regular Newcastle Can activities – these range from bootcamp to tai chi and running groups to Nordic walking and are promoted on the website, on social media and in emails.

Newcastle Can also promotes additional activities run by Active Newcastle and other activity providers across the city on the Newcastle Can website.

STEPS / NUDGES

Newcastle Can looked at simple nudges that could be implemented to prompt people into getting more active. This started with an initiative at Central Station (one of the busiest metro stations in the city) where footsteps were placed up the stairs prompting commuters to use the stairs rather than the lift or escalators. Simple messaging about taking the stairs was reinforced on posters within the station. This resulted in a huge increase in people taking the stairs instead of the escalators. Average stair use before the experiment (peak time) was 20- 26% and after the experiment (peak time) this rose to 28-36% - a third of people using the stairs.

Newcastle Can and Newcastle City Council are now working with Exterior Media to roll this out in numerous locations across the city. It has also been implemented in businesses across the city.



PLAY STREETS

As part of Newcastle Can, residents of Newcastle can now apply to make their street a 'Play Street'. Newcastle Can worked with residents in Jesmond, at the centre of Newcastle, and Newcastle City Council to pilot a play street, to bring back this old tradition which can see children play out where they live in a safe, traffic-free place.

Only 21% of boys and 16% of girls achieve the 60 minutes of physical activity recommended each day. Playing out in the street gives children a chance to get out and get active outside their homes, not far from their families. It's a chance for kids to play out in a safe traffic-free area where they can enjoy games, sports, skipping, cycling, hopscotch, playing tag – you name it! More information [here](#).

GREAT NORTH RUN

Newcastle is home to the Great North Run – one of the UK's biggest sporting events of the year. In honour of this, Newcastle Can teamed up with the Great North Run team to create a 'Newcastle Can wave' for the 2017 5k event which took place the day ahead of the full Great North Run. Over a hundred Newcastle Can participants took part in this 5k, joined by Hugh Fearnley-Whittingstall, local comedian Ross Noble, and running together in bright orange Newcastle Can t-shirts and supporting one another around the course.



SUPPORTERS

<https://www.newcastlecan.com/supporters>

Newcastle Can would not have been possible without the support of many businesses and organisations from across the city, who have provided support in the means of reaching out to, and engaging their networks, hosting free events, providing discounts for activities and health services and helping with marketing across the city.

These include:

- Northumbria University;
- The University of Newcastle;
- Grainger Market: continual promotion of the campaign in the Weigh House;
- Weight Watchers: engaged local coaches;
- Better GLL Leisure Centres & local gyms: provided free and discount classes, loaned out equipment free of charge;
- Local PTs and activity providers: provided free and discount classes;
- Slimming World: engaged local coaches;
- Newcastle Sports Injury Clinic: provided free advice and screening;
- Newcastle Falcons: engaged community and coaches;
- Man V Fat: engaged participants;
- Newcastle Eagles;
- Stagecoach;
- Nexus / Metro.

KEY CONTACTS

- Newcastle City Council:
 - Leader and Leader's office;
 - Chief Executive
 - Public Health Team
 - Active Newcastle (Sport & Leisure)
 - Transport & Planning Teams
- Local Press
- Local organisations, including:
 - Food Newcastle
 - Change 4 Life Newcastle
 - Business networks
 - Local weight loss groups

WHY NEWCASTLE

Newcastle was not selected because it is the “fattest city” in the UK – in fact, Newcastle sits in the middle of the national average for the number of overweight adults at 63.2 percent.

Newcastle City Council viewed the campaign as a unique opportunity to harness the engagement opportunities provided by participation in the programme.

The Public Health Team have a wider determinants approach to obesity prevention and are utilising this to roll out initiatives across the local authority area.

The concept of Newcastle Can is based on the Oklahoma Project which saw changes to the US city which resulted in weight loss among its residents. The Newcastle Can project is an ideal opportunity to engage with residents on the obesity agenda.

NEXT STEPS

Because Newcastle Can has been so successful in engaging with people in the city, Newcastle City Council have decided to continue with the Newcastle Can brand and to badge their adult obesity prevention programme under the Newcastle Can banner. The main reason for doing this is the high level of engagement we currently have with participants in the programme.

Planned activities include:

- Developing a structured approach to supporting residents to set up Play Streets in the city;
- Further links with the Better Health At Work Award to support businesses to encourage their staff to participate;
- Bringing a range of obesity prevention activities under the Newcastle Can banner;
- Bringing some of the environmental activities such as making streets walkable under the Newcastle Can banner;
- Developing stronger links and more activities with the Active Newcastle team, driving participants towards the activity programmes we offer as a council;
- Promotional events and opportunities to support the campaign.

CONTACT

Please contact Jo Murphy jo@newcastlecan.com with any questions.

CITY-WIDE MARKETING

Digital boards



City Life



Stagecoach buses



Metro and bus stations and interchanges



Bridge banners



Metro carriages



Website

NEWCASTLE CAN

ABOUT ARTICLES HUGH'S HEROES HUGH'S LETTER LOGIN

JOIN NEWCASTLE CAN

NEWCASTLE CAN
LOSE 100,000 LBS IN ONE YEAR

102180

POUNDS LOST SO FAR
12,456 ALREADY SIGNED UP

The banner features a photograph of a public event where many people are performing burpees. In the foreground, a police officer in a high-visibility vest is also doing a burpee. The background shows a busy city street with other participants and spectators. The text is overlaid on the image in a clean, white, sans-serif font.

Next Steps for Health Improvement Project 'CANNOCK CHASE CAN'

Working collaboratively with supporting partners, a 5 year prevention plan will be developed which will include various methods of engagement to encourage participation. These may include:

- Creating an online platform whereby residents can create profiles and work through a sign up process to establish a target weight based on the NHS healthy weight BMI tool. It will also provide information about healthy eating and physical activity. A social value calculator will also be embedded as part of the above.
- Developing a marketing campaign
- Identifying existing projects that are being delivered/commissioned by partner agencies across the District.
- Hosting a launch event in the local area
- Attending local community events to promote the initiative
- Engaging with local fast food takeaways – (develop healthier choices through local menu competitions)
- Engaging with supermarkets - (promote healthy recipes/ cross market discounts)
- Linking in with existing healthy lifestyle projects - (Chase Up! / Chase Fit / Activity Referral)
- Providing cookery skills to families across the District
- Delivering a marketing campaign which challenges behaviour, attitudes and impact
- Launching 'Health: Everyone's business (HEB)' training with all support agencies, staff and Councillors – (based on Greenwich Council's approach detailed in the 'Health in All Policies' document)
- Inviting local businesses to get on board and introduce the Better Health at Work Award scheme
- Piloting a play street, bringing back the old tradition of seeing children playing out where they live in a safe and traffic free place.
- Establishing an annual community recreational sporting event
- Linking physical activity in with the use of existing assets i.e. Heritage Trail, parks and open spaces.
- Engaging with local primary and secondary schools - (use of social media to showcase cooking items etc.)
- Addressing sugar consumption using a similar approach developed by Liverpool City Council – 'Save kids from sugar'
- Developing a programme of health challenges
- Supporting the introduction of a 'Health in All Policies' approach to the decisions the Council makes, targeting the social determinants of health to improve the health of the local population.

WHAT WE NEED TO DELIVER THIS - RESOURCES & COSTS

In order to develop and deliver a quality programme, the following resources will need to be committed:

- **Operational support** – A part time post (working 2/3 days a week) to coordinate and drive project delivery. This post will be funded via an existing salary budget from Environmental Health and will be managed by the Environmental Health Manager.

In addition to this, Environmental Health will also cover the costs for additional hours for the support of the Marketing and Campaigns Officer who will lead on the development of the initial concept and continually drive delivery.

- **Project delivery** – This will include brand development, web/digital design, publicity/marketing methods, engagement opportunities etc. There will be no costs incurred in the first year (2019/20) as this will be a planning and developmental period. Estimated costs for Year 2 will reach £21,500 with a further annual commitment for four consecutive years, so a total financial commitment over five years of £61,500.
- **Project team** – A Project Group has been set up and will meet on a regular basis. It is being proposed that this could be delivered through the Prevention and Early Help Steering Group.

LEAD PROJECT TEAM:

- David Prosser-Davies, Food and Safety Manager
- Kate McBey, Marketing & Campaigns Officer
- Lisa Shephard, Community Development Manager, IHL

OUTLINE DELIVERY PLAN:

Description of activity	Timescales	Lead	Status
Develop Project Proposal, Campaign Plan, Job Description, Person Specification, establish Project Team and gain approval	End of July	All	Completed
Support the development of 'Brereton Can'	July – September Launch – 29 September	All with Sue Merriman	Completed
Gain support and commitment from PH (Staffs County Council)	August – November 2019	All with Angela Schulp	Ongoing
Attend Brereton Can event and undertake initial health survey	29 September	Kate McBey & Lisa Shephard	Completed – 35 surveys were completed. Waiting on evaluation from Brereton Million
Support from Full Council via the Leader	6 November	All	Completed – unanimously supported
Carry out a mapping exercise to show areas with the highest levels of obesity, fast food outlets and local schools	End of November	Helen Maiden	Completed
Reports to Cabinet on Cannock Chase Can project & Health in All Policies	Prepare by 13 December Submit by 2 January 2020 Discussed at Cabinet meeting on 30 January	David Prosser- Davies & Kate McBey	Completed
<i>Please note, the next actions are subject to Cabinet approval in January 2020...</i>			
Recruitment process for Health Improvement Officer		David Prosser- Davies	
Finalise Project Strategy	End of February 2020	All	
Launch healthy lifestyles survey (same survey as Brereton Can for baseline information)	February onwards	All	
Develop online portal, campaign material and launch event	February – April	Kate McBey & Lisa Shephard	
To identify and establish key performance measures/outcomes	February – April	All	
Initial engagement with local schools	From April onwards	Kate McBey & Lisa Shephard	

Description of activity	Timescales	Lead	Status
To develop a package for local businesses (corporate membership offer and access to wider facilities)	From April onwards	All	
Put together proposed delivery plan of engagement opportunities including new projects (as outlined on page 1)	End of March	All	
Role out District-wide pilot	Launch June – July 2020 Summer challenge...	All with support of wider Project Group	

Cannock Chase **CAN**
Making healthier lifestyle choices

Make healthier lifestyle choices

SIGN UP TODAY 

To receive special discounts

Your Full Name

Your Email

Submit



EXPLORE OUTDOORS

Maecenas condimentum tristique metus non faucibus. Donec volutpat purus a dolor iaculis ullamcorper.

Learn More



EAT HEALTHIER

Maecenas condimentum tristique metus non faucibus. Donec volutpat purus a dolor iaculis ullamcorper.

Learn More



GET MOVING

Maecenas condimentum tristique metus non faucibus. Donec volutpat purus a dolor iaculis ullamcorper.

Learn More



LEARN IN SCHOOLS

Maecenas condimentum tristique metus non faucibus. Donec volutpat purus a dolor iaculis ullamcorper.

Learn More



START COOKING

Maecenas condimentum tristique metus non faucibus. Donec volutpat purus a dolor iaculis ullamcorper.

Learn More



BE INSPIRED

Maecenas condimentum tristique metus non faucibus. Donec volutpat purus a dolor iaculis ullamcorper.

Learn More



SPARE TILE

Maecenas condimentum tristique metus non faucibus. Donec volutpat purus a dolor iaculis ullamcorper.

Learn More



SPARE TILE

Maecenas condimentum tristique metus non faucibus. Donec volutpat purus a dolor iaculis ullamcorper.

Learn More

Cannock Chase Can – Breakdown of costings

(Based on a 5 year commitment)

	Year 1 – 2019/20	Year 2 – 2020/21	Year 3 – 2021/22	Year 4 – 2022/23	Year 5 – 2023/24	Year 6 – 2024/25
Web/digital development	DEVELOPMENT OF PROJECT APPROVAL BY CABINET FUNDING SECURED	£2,500 (creation)	£1,000	£1,000	£1,000	£1,000
Marketing and publicity		£8,000 (initial development and launch)	£2,000	£2,000	£2,000	£2,000
Community engagement projects		£5,000 (to cover 2 projects)	£4,000	£4,000	£4,000	£4,000
Annual event (expo)		£3,000	£2,000	£2,000	£2,000	£2,000
Food for Life initiative (school work)		£3,000	£1,000	£1,000	£1,000	£1,000
TOTAL:	£0	£21,500	£10,000	£10,000	£10,000	£10,000
STAFFING RESOURCES:						
Health Improvement Officer	-	£20K (this will be sourced from within existing budgets by realigning resource)	Subject to service reviews	Subject to service reviews	To be confirmed	To be confirmed
Additional hours for Marketing & Campaigns Officer	£3,300	£3,300 (subject to agreement)	Embed within in mainstream work	Embed within in mainstream work	Embed within in mainstream work	Embed within in mainstream work

Report of:	Head of Economic Prosperity
Contact Officer:	Dean Piper
Telephone No:	01543 464223
Portfolio Leader:	Economic Development & Planning
Key Decision:	Yes
Report Track:	Cabinet 30/1/20

CABINET
30 JANUARY 2020
ECONOMIC PROSPERITY STRATEGY

1 Purpose of Report

- 1.1 To present the Economic Prosperity Strategy for adoption by Cabinet.

2 Recommendation(s)

- 2.1 That Cabinet formally approves the Economic Prosperity Strategy as presented at Appendix 2.
- 2.2 That Cabinet notes that adoption of the Economic Prosperity Strategy represents a significant commitment and notes that the resource implications of implementing the Strategy over the period 2020-21 to 2022-23 will need to be considered as part of the budget setting process.

3 Key Issues and Reasons for Recommendations

- 3.1 The Council has a commitment in its Corporate Plan 2018-2023 to develop a new Economic Prosperity Strategy.
- 3.2 The Council has a key role to play in supporting the economic prosperity of the District and is currently working to deliver a number of high profile projects that will deliver new jobs and investment and increase the skills levels of local residents.
- 3.3 The opening of the McArthurGlen Designer Outlet in Cannock in 2020 is anticipated to have a transformative impact on the District's economy and major projects such as the regeneration of Rugeley Power Station are also in the pipeline. Major events such as the Commonwealth Games 2022, where the District hosts the mountain biking, will increase the District's profile as well as generating economic and sporting benefits. Furthermore, the Council's decision to declare a climate emergency and commit to climate neutrality by 2030, will

mean that the Strategy needs to ensure that the economic development of the District supports a transition towards a low carbon economy.

- 3.4 The Economic Prosperity Strategy sets out an economic vision for the period 2020-2030 and includes a number of projects and activities that are designed to improve the prosperity of local residents, increase economic growth and productivity, whilst supporting the Council's goal to achieve carbon neutrality. The Strategy sets out a number of key economic indicators that will need to be monitored and will identify the District's progress towards achieving the vision.

4 Relationship to Corporate Priorities

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

- (i) **Promoting Prosperity** – production of an Economic Prosperity Strategy is a key project within the 2019-20 Priority Delivery Plan. The priorities and actions contained within the Strategy will support the Council's ambitions to establish the McArthurGlen Designer Outlet as a major visitor attraction, increase the skills levels of residents, create strong and diverse town centres, increase access to employment opportunities, create a positive environment which businesses in the District can thrive, promote the regeneration of Rugeley Power Station and increase housing choice.
- (ii) **Improving community well-being** – increasing the prosperity of the District will support the Council's priorities to sustain safe and secure communities and promote attractive and healthy environments.

5 Report Detail

Background

- 5.1 The Council has a commitment in its Corporate Plan 2018-2023 to develop an Economic Prosperity Strategy. The purpose of the Economic Prosperity Strategy is as follows:
- To clearly set out a vision for the future and a 'direction of travel' for the District's economy;
 - To identify how the District can support / complement emerging Industrial Strategies and town centre strategies and plans;
 - Provide a clear focus for delivery and Council investment in economic development projects/initiatives as well as bids for external funding;
 - To exert influence on the strategies and plans of key stakeholders / partner organisations.
- 5.2 Over the last 12 months, the Head of Economic Prosperity has worked with officers and members to progress work on the development of the Strategy and officers have collated and analysed a significant amount of economic data and indicators which has helped to provide an evidence base for the document.
- 5.3 Nationally, the Government launched its Industrial Strategy in 2017 and regionally, the West Midlands Local Industrial Strategy was launched in May

2019. Both documents provide the strategic context for the Council's Economic Prosperity Strategy and will also provide a framework for future funding streams such as the proposed UK Shared Prosperity Fund, which is anticipated to be in place from 2021.

5.4 The Council has a key role to play in supporting the economic prosperity of the District through a wide range of services and functions including economic development, planning, building control, licensing and other regulatory services. The Council has a very pro-active economic development agenda and is currently working to deliver a number of high profile projects including:

- Establishing a £6m District Investment Fund and £12m Housing Investment Fund;
- Implementation of the Section 106 obligations listed in the McArthurGlen Designer Outlet West Midlands planning agreement, including improvements to Cannock Town Centre and a Retail Skills Academy;
- The regeneration of the Rugeley Power Station site, at 139 hectares, the largest brownfield site in the West Midlands;
- Delivery of a Skills and Innovation Hub in Cannock Town Centre, focused on higher level Apprenticeship opportunities and also incorporating an Engineering Skills Academy;
- Preparation of a Development prospectus for Cannock Town Centre;
- Preparing a business case to help secure a transformational upgrade of Cannock Railway Station;
- Commencing a review of the District's Local Plan to 2037 identifying housing and employment growth but also infrastructure requirements to facilitate/support growth.

Economic context

5.5 Over the last decade, the District's economy has performed well and successfully diversified and re-structured away from its coal mining and industrial legacy towards a more modern and service led business base. The District has withstood the impact of previous recessions and major events such as the closure of the Rugeley Power Station. The District's locational advantages, availability of land and competitive property prices has led to new investment and jobs. A number of high profile businesses have invested in the District including APC, Veolia, First Choice, HellermannTyton and Amazon. The District's economy has benefitted from investment in local infrastructure and the development of new high quality business parks such as Kingswood Lakeside in Cannock. The arrival of the £160m McArthurGlen Designer Outlet in late 2020 is highly anticipated and will create the opportunity to significantly increase the profile of the District and result in a number of economic benefits.

5.6 The District's economy is performing well on a number of fronts. Employment and economic activity rates are high, unemployment is low and annual growth in Gross Value Added (GVA) over the last five years has out-stripped regional performance, which demonstrates that the District's economy is becoming more productive and efficient. The District's job market is increasingly dominated by logistics and warehousing, wholesale and retail trade but is also well supported by manufacturing (particularly automotive and engineering) and construction.

- 5.7 However, there are a number of key challenges that are holding back the performance of the economy and areas where the District could do better. Although productivity / GVA growth has been strong in recent years, 2016 data shows that GVA per head in Cannock Chase is £18,441 which is well below the regional and national figures. Skills continues to be a challenge; the District under-performs in terms of NVQ3 and 4 level attainment and both resident and workplace average earnings fall below the regional and national average. There is a disparity between local resident and workplace earnings, which indicates that some residents have to travel out of the District to find higher paid roles. Finally, whilst the District is performing well in terms of starting up new firms, business survival rates at 5 years perform below the regional and national average.

Economic vision

- 5.8 The development of the Strategy has been informed by input from Council officers, members and key stakeholders. Workshop events were held by officers between May and July 2019 to enable input into the development of a vision and key themes for the Strategy. Further comments were invited from stakeholders during October/November 2019. Overall, the level of engagement with partners has been excellent and generally there has been support for the proposed vision and themes. A summary of the outcome of the workshop sessions is attached at Appendix 1.
- 5.9 The Strategy sets out an ambitious vision for the District to 2030 as follows:
- “By 2030 Cannock Chase will be a leader in the West Midlands in championing clean growth principles to support a highly productive, clean and resilient economy. The District’s outstanding environmental assets, locational advantages and entrepreneurial spirit will define Cannock Chase as a vibrant place to live, work and visit”***
- 5.10 The vision builds upon the District’s existing strengths and unique assets, most notably the Cannock Chase Area of Outstanding Natural Beauty (AONB) and excellent strategic connectivity. It also responds to identified challenges to delivering prosperity including lower than average skills levels, business start-up rates and workforce productivity. The vision is deliberately aspirational and relates specifically to a national and regional priority to re-positioning the economy towards clean growth and low carbon technology. It also strongly supports the recent Council motion to declare a climate emergency and commit the District to achieving carbon neutrality by 2030.
- 5.11 The re-positioning of the District towards ‘clean growth’ will require a step change in the way the Council approaches its prosperity agenda going forward. For instance, the current Local Plan Review is predicated on planning for future housing and employment growth within the District and consideration will need to be given as the impact of future development on the environment and what measures are needed to mitigate this impact. Cabinet should be aware that there will need to be a change of approach to employment land policies in the Local Plan, to ensure that employment land is allocated to support growth sectors and/or industries that adhere to clean growth principles. Furthermore, the design of developments will need to respond to climate change factors and

provide affordable, desirable and energy efficient environments that meet the needs of a range of occupiers. The outcome of this will mean that certain types of inward investment will not be encouraged going forward. For example, further investment in new units for the logistics and warehousing sector is not compatible with the drive to reduce carbon emissions and achieve carbon neutrality by 2030. Further work will need to be undertaken by officers to develop appropriate evidence based policies as part of the next stage of the Local Plan Review.

Key themes and actions

5.12 To support the delivery of the vision, five themes are identified within the Strategy (set out below). For each theme, a set of ambitions have been developed which reflect where the District aims to be by 2030 – a summary of these are included below.

1) Destination Cannock Chase – developing a distinctive and attractive identity for the District, capitalising upon the area’s environmental assets and recognising that the new McArthurGlen Designer Outlet will significantly enhance the District’s reputation and profile.

2) A more productive economy – growing existing high value firms and attracting more high skilled employment to Cannock Chase; further diversification of the local economy – pioneering clean growth technology and principles to drive higher levels of productivity.

3) Boosting resident skills – local residents benefitting from a strong skills base which supports the District’s highly productive clean growth economy.

4) Enterprising Cannock Chase – creating a positive and entrepreneurial environment in which businesses can grow and thrive.

5) Town centres driving change – ensuring that the District’s main towns are more vibrant and sustainable and act as hubs for leisure and culture uses, residential opportunities and community activities.

5.13 Within the Strategy, a range of immediate and short term projects and opportunities are identified, many of which are already being progressed or are in the pipeline. These projects cover a variety of themes including investment in infrastructure, skills development, and town centre regeneration. Major investments such as the McArthurGlen Designer Outlet and Rugeley Power Station re-development are identified in this part of the Strategy document.

5.14 The Strategy also sets out a portfolio of wider opportunities and slightly longer term interventions that could offer the potential to deliver against the economic vision, themes and ambitions. Many of these actions are not currently prioritised within the Council’s Corporate Plan and will require additional resources (officer capacity, funding or both).

Resource implications

5.15 The Economic Prosperity Strategy sets out an economic vision and direction of travel for the District over the next 10 years. The Strategy builds upon existing

activities being taken forward by the Council in relation to economic development; however the adoption of the Strategy will involve both additional ongoing resources and one-off initiatives.

- 5.16 Officers have considered the potential resource implications of implementing the Strategy and its action plan and estimate that additional revenue funding is as detailed in the table below:

Item Of Expenditure	2020-21	2021-22	2022-23
Marketing / Branding Campaign	50,000	50,000	50,000
Tourism / Town Centre Officer Post	0	45,000	45,000
Skills Officer Post	0	40,000	40,000
Growth Opportunities Study	30,000	30,000	0
Visitor Economy Strategy	0	15,000	0
Managed Workspace / Business Hub Feasibility Work	30,000	0	0
TOTALS	110,000	180,000	135,000

This resource ask will need to be considered as part of the budget setting process for 2020-21.

- 5.17 There could potentially be capital investment needed in the future for a number of projects identified in the action plan and these would need to be subject to separate business cases at the appropriate time. The Council would seek to maximise external funding opportunities and build on its successful track record in securing funding from bodies such as the LEPs and West Midlands Combined Authority.

Implementation

- 5.18 It is anticipated that following the adoption of the Strategy that delivery of the Action plans will commence in early 2020. Key actions will be incorporated into the Council's Corporate Plan and the annual Priority Delivery Plans. Performance will be reported to Cabinet on a quarterly basis as part of the established PDP reporting process. The Strategy and action plan will be reviewed by officers on a regular basis and a formal update report will be submitted by the Head of Economic Prosperity to Cabinet outlining progress on at least an annual basis.

6 Implications**6.1 Financial**

There is no provision within existing Revenue Budgets to fund the proposed “Economic Prosperity Strategy” for the financial years 2020-21 to 2022-23; its inclusion will therefore need to be considered by Members as part of the current budget process being undertaken. The proposed budget for each year is shown in the table in para 5.16.

6.2 Legal

There are no legal implications arising from this report.

6.3 Human Resources

None.

6.4 Section 17 (Crime Prevention)

None.

6.5 Human Rights Act

None.

6.6 Data Protection

None.

6.7 Risk Management

The Economic Prosperity Strategy seeks to address the corporate risk ‘There is a reduction in investor confidence in the District’ which is identified on the Council’s Strategic Risk Register. This risk will be mitigated by the Council having a clear economic vision and action plan and set of interventions that aim to create the conditions for investment and improved prosperity for local residents.

6.8 Equality & Diversity

The Economic Prosperity Strategy is a strategic document which sets out priorities for the future and proposed actions/interventions. An Equality Impact Assessment is not required at this stage. Where appropriate, specific projects and proposals would be assessed for their impact in due course.

6.9 Best Value

None.

7 Appendices to the Report

Appendix 1: Outcome of workshop sessions with members and stakeholders

Appendix 2: Economic Prosperity Strategy 2020-2030

Previous Consideration

None

Background Papers

None.

Appendix 1: Workshop Discussion Feedback

What are the key themes around which an economic vision should be framed?

'Destination Cannock Chase'

- We need to better articulate the wider offer to draw people in
- McArthur-Glen Outlet an important part of this
- Lack of promotion currently
- Should we develop a family offer with room for growth?
- What is our core, brand identity? Is it too broad? Have we lost our identity?
- "A healthy place to live"?
- Drawing on key assets and USPs including AONB/Cannock Chase

Expanding our Visitor Economy

- Linked to 'Destination Cannock Chase' – making more of our existing visitor economy
- Existing focus on day only visitors / leisure / winter trade
- How can we add to our offer?
- Currently missing:
 - 'Family' offer
 - Range of good quality accommodation options inc. hotels
 - Evening economy, including facilities like cinemas
- How can we build a legacy from major upcoming events such as Commonwealth Games?
- Can we better link up with partners such as West Midlands Growth Company?
- Need high profile attractions to put us on the map e.g. Forest Live
- How can we better advertise our visitor attractions e.g. on the Railways?
- Need to be aligned with vision/objectives of neighbouring Local Authorities (what do their strategies say?)

Strong Focus on Skills

- This should start at school age and link to building aspirations
- Focus on NEETs and the age group when young people leave school before they go to college/into apprenticeships etc.
- Need to work on developing connections between employers and colleges / schools to address skills gaps
- Opportunity to introduce a more formal mentoring scheme, including pairing volunteers who are retiring to mentor young people and pass on their knowledge (also gives retired community a sense of purpose)

Maximising Benefits and Opportunities associated with McArthurGlen Outlet

- The “McArthurGlen” effect will help put Cannock Chase on the map
- Embed training opportunities via Retail Skills Academy now and once operational
- Need better linkages with town centres, in particular Cannock town centre – linking trips. Also need better links from rail stations to town centres
- The McArthurGlen Outlet needs to maximise its visitor experience (to be successful in the internet era)
- How can we maximise the community benefits from this new development/investment?
- Cannock’s leisure offer is currently poor, and the district is losing spend to adjacent areas

Focus on Town Centres

- Significant scope to make our town centres more leisure focused
- Focus on long term sustainability
- Can we bring more housing into town centres, and in doing so, start to change the demographics (e.g. tapping into a younger market)?
- Ensuring infrastructure is there at the right time is key to success
- As above, need to better integrate our town centres and public transport connections (e.g. local bus and rail linkages)

Enterprise

- Strong feedback from local business community that incubation / Start up units are required, alongside 'grow on' space once incubator units become too small
- How can we be proactively promoting entrepreneurial options rather than employment amongst the younger generation (at school age)?
- Could we introduce more Pop-up Shops in the town centres?
- Strong linkages between social enterprise and community spirit

Do we have all the projects / investments captured? Are there any others to include/refer to?

Key projects and interventions all seem to be broadly captured within the draft ESP

Other projects and investments could potentially include:

- Pentalver (growth expansion opportunities?)
- Commonwealth Games: Birmingham 2022 (mountain biking events to take place in Cannock Chase)
- West Midlands Construction Gateway – an employer-led initiative to support people into jobs and careers in the construction industry, delivered by/via West Midlands Combined Authority
- A5 Corridor investment - A5 corridor study currently underway to make the case for investment on the route between M6 J12 and M1 J18 – an alternative to the M6 for journeys between the Black Country and the East Midlands

Is the draft economic vision aspirational but also achievable?

General agreement that draft economic vision is aspirational and that aspiration is important as an overall driver of economic growth and prosperity going forward

Delivering the vision within 10 years (2020-2030) is likely to be challenging, but if relationships can be built and communication is good then the vision is achievable

General agreement that 'clean growth' represents a relevant and strong area of focus for the vision, and should become embedded within all aspects of the Council's growth agenda. There are a number of potential avenues and ways in which this could be delivered, e.g. through energy production, innovation test beds and modern methods of construction, and transport connectivity

We need to ensure that skilled people are available to support and drive the clean energy businesses – or make it attractive enough for skilled people to move here

Vision should be supported by a strong visual identity – people outside of the area don't know what to expect when they hear 'Cannock Chase'. More promotion of the area required

Should be accompanied by a Short / Medium / Long Term Plan with associated actions

Inclusive Growth should perhaps be included – linking Clean Growth with developing good jobs for young people

What role could you as stakeholders play in delivering the vision?

Members/Councillors can play an important role in lobbying of other organisations:

- Strategic oversights
- Influencing
- Bringing groups together

Engaging with residents to communicate/sell the vision and what this entails. This should be supported by political buy-in across all parties.

Other stakeholders have a key role to play in implementing specific themes and projects within the ESP e.g.:

- 1) Destination Cannock Chase – destination promotion partners e.g. Visit Staffordshire
- 2) A more productive economy – business support providers, LEPs, West Midlands Combined Authority
- 3) Boosting resident skills – education and training providers, e.g. local colleges, schools, West Midlands Combined Authority

- 4) Enterprising Cannock Chase – business support providers e.g. Staffordshire Growth Hub, LEPs
- 5) Maximising the visitor economy – existing visitor economy related operators, destination promotion partners e.g. Visit Staffordshire
- 6) Town Centres driving change – existing town centre operators, town centre partnerships, developers

All stakeholders can ensure that accompanying plans and strategies include key policies to drive clean growth as far as possible.

ITEM NO. 15.



CANNOCK CHASE

Economic Prosperity Strategy

2020-2030



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Foreword

Cannock Chase Council's Economic Prosperity Strategy 2020 – 2030 sets out our vision to develop the District as a better place to live, work, invest and visit and capitalise on clean growth opportunities to positively respond to the climate change emergency.



Over recent years, Cannock Chase has transformed itself into a prosperous economy. Recent achievements are allowing us to reimagine our District as not only a thriving hub for Advanced Manufacturing, but a beacon for emerging sectors including retail, business services, construction and environmental technologies. The District has an excellent recent track record of attracting in new inward investment and developing new and existing businesses to reach their potential. The Council works positively with key strategic partners such as the Local Enterprise Partnerships and the West Midlands Combined Authority and has been able to secure significant investment from these bodies to support the prosperity of the District. Notable projects such as the McArthurGlen Designer Outlet West Midlands and the proposed re-development of Rugeley Power Station allow us to look forward to the future positively but equally, the Council is aware of the challenges that continue to face our community. We must ensure that Cannock Chase's economic development creates inclusive growth for all residents, and that we have a skilled and adaptable workforce to match the shifting needs of tomorrow's businesses. We must also rise to the challenge of addressing climate change and move our economy towards the clean growth agenda, creating opportunities in new sectors and industries that will support our goal of carbon neutrality.

Cannock Chase District Council would like to thank those who were involved in the production of this strategy.

Cllr Tony Johnson

Economic Development & Planning Portfolio Leader



Introduction

Cannock Chase is a place of heritage, strong local identities and vibrant communities. It is a District that is going places and the area is re-defining its purpose and reputation as a place for growth and investment.

The District is presented with a number of huge opportunities over the next 2 to 5 years including:

The Commonwealth Games 2022 with the mountain biking event hosted in Cannock Chase that will attract large domestic and international TV audiences and increase interest in cycling locally;



The ability to make a difference on affordable housing supply in the District with the deployment of the Housing Investment Fund;



The regeneration of the Rugeley Power Station site;



The continued development and investment in the Cannock Campus of South Staffordshire College to expand the skills and learning opportunities on offer including HE level qualifications for the first time in the District;



The opening of the McArthurGlen Outlet in 2020 with 80 new retail units attracting an expected 3 million visitors per annum; plus supporting the development of a further 50 retail units in Phase 2;



Repurposing Cannock Town Centre;



Capitalising upon the opportunities offered by the 'clean growth' sector;



Capitalising on the electrification of the Chase Line including better station facilities.



To capitalise upon these opportunities, the Council's Corporate Plan 2018-2023 sets out a commitment to develop a new Economic Prosperity Strategy (EPS) for the District.

How has the strategy been created?

This new ten year EPS is designed to set out coherently the Council's vision and ambition for the future of the District's economy.

However, the EPS is aimed at any organisation that may be able to make a contribution to the future prosperity of the District. This could include strategic bodies such as Local Enterprise Partnerships, West Midlands Combined Authority, other public sector bodies as well as local businesses, schools, Further/Higher Education bodies, land owners/developers or potential investors.



The EPS proposes a range of priorities and actions to be brought forward and delivered by the Council and its partners between 2020 and 2030.

“The Council is clear that success can only be achieved by effective partnership working and whilst the Council can effect positive change through its own resources, it cannot deliver the Strategy without the buy in of other public sector bodies and the business community.”

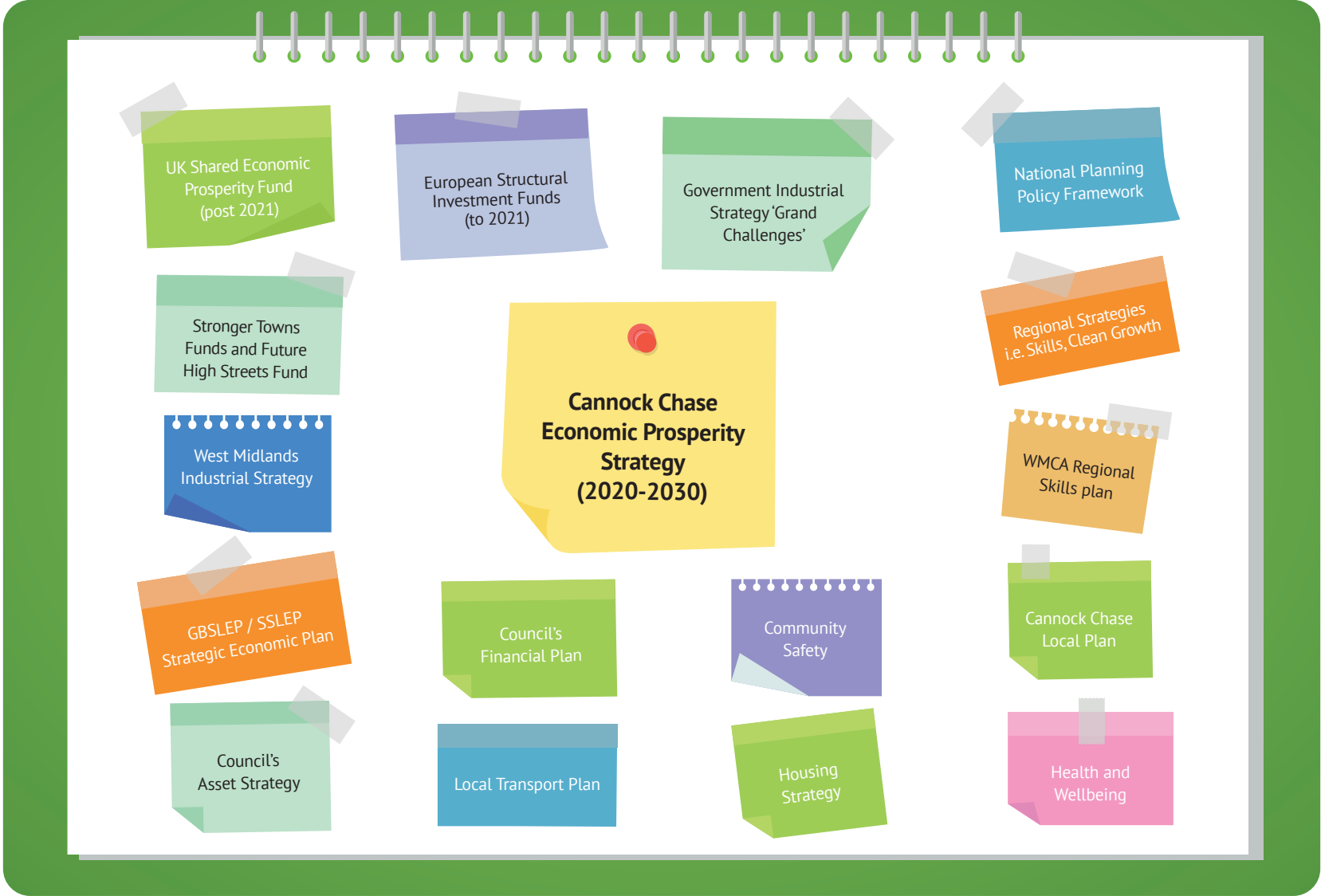
The Council has adopted an inclusive approach to developing the Strategy, engaging with a wide range of organisations and encouraging new ideas to come forward and collaboration to take place. This has involved the organisation of workshops with key stakeholders, elected members and telephone interviews with local businesses to gain a better understanding of business needs, issues and growth opportunities.

Furthermore, the development of the EPS has been built upon a well defined understanding of our local economy and is informed by an assessment of key economic indicators and data.



Fit with national, regional and local strategies

The EPS complements and connects with a number of key national, regional and local strategies (see below).





At national level, the Government's Industrial Strategy (2017) presents four 'grand challenges' which need to be addressed to boost the productivity and prosperity of people living within the UK. The grand challenges represent developments in technology that are set to transform societies and industries around the globe and the Industrial Strategy proposes how the UK can play a leading global role in taking these forward. The Industrial Strategy is a key document and provides a framework for future regional and local economic strategies and also provides a focus for future funding streams such as the proposed UK Shared Prosperity Fund.

The WMLIS presents a number of strategic opportunities that the District should be seeking to capitalise upon to support the prosperity of the area.



At a regional level, the West Midlands Local Industrial Strategy (WMLIS) was published in May 2019. The West Midlands is the first region to agree a Local industrial Strategy with Government and the document sets out a long term vision for the region. The WMLIS focuses on the region harnessing four major new market opportunities; 1) future of mobility, 2) data driven health and life sciences, 3) creative content, techniques and technologies and 4) modern services and identifies a number of key sectors that the region is well placed to grow including **low carbon technology, construction, automotive and tourism.**

These include the following:

- Connecting all communities to High Speed 2;
- Developing a clean integrated transport network;
- Driving the development of electric vehicles and autonomous vehicles;
- Application of new technologies and 5G rollout;
- Delivering new approaches to clean energy generation, storage and distribution;
- Driving business performance across all sectors and strengthening business entrepreneurship and innovation;
- Delivering inclusive growth;
- Accelerating housing delivery;
- Ensuring there is a sufficient supply of good quality employment land;
- Enabling town centres to re-establish themselves as vibrant social and economic hubs.



Local Strategies / Plans

Cannock Chase Council Corporate Plan 2018-23; the Council's Corporate Plan is a key document that sets out what the Council intends to do over the five year period 2018 to 2023. The Corporate Plan focuses on two key priorities 'Promoting Prosperity' and 'Community Wellbeing'. The Corporate Plan identifies a number of strategic objectives, key priorities and actions up to 2023 and the Economic Prosperity Strategy seeks to recognise these and complement them. The Council passed a motion in July 2019, declaring a climate change emergency and committing the Council to a vision of achieving carbon neutrality by 2030. Therefore, achieving carbon neutrality by 2030, has now been adopted by the Council as an objective in the Corporate Plan and it is crucial that the EPS supports the delivery of this objective.

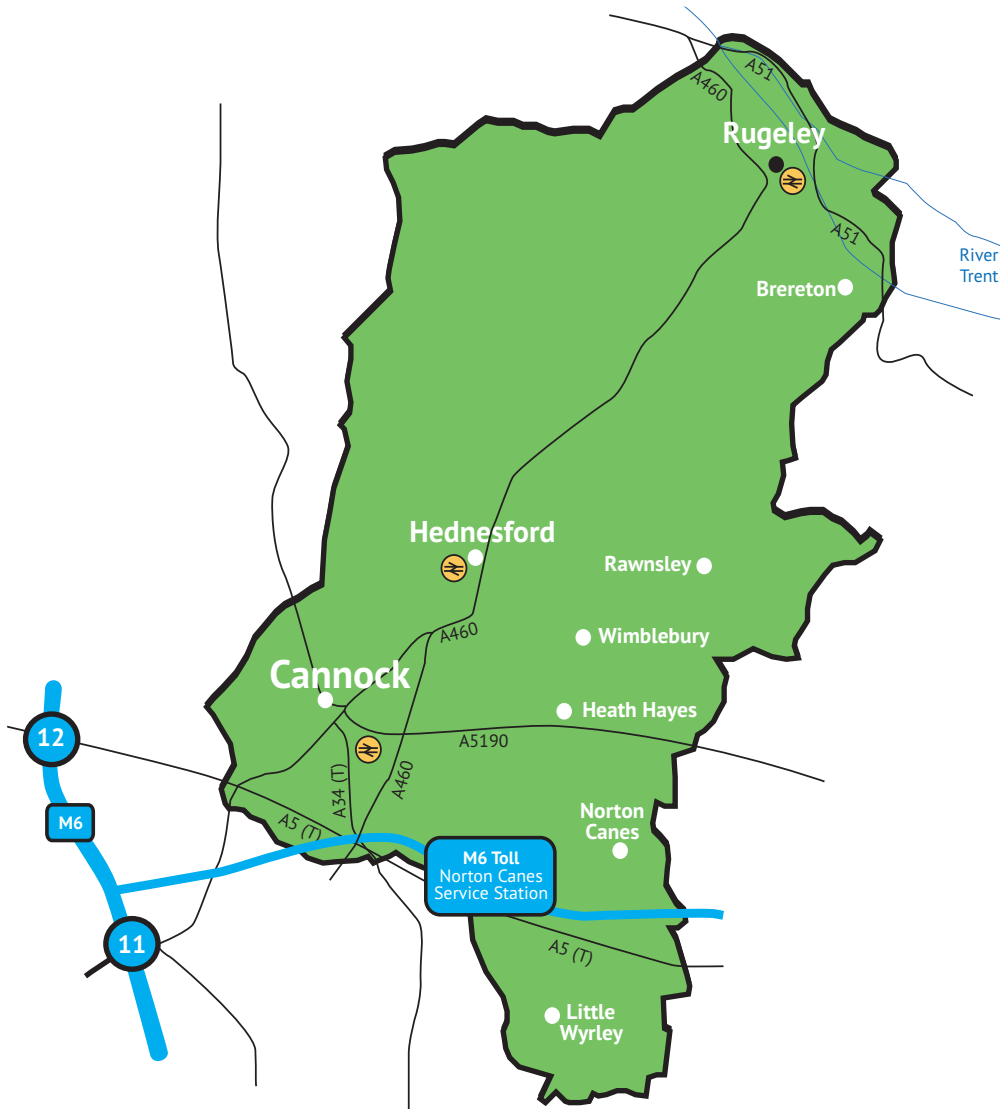
West Midlands Combined Authority (WMCA); the Council is a non-constituent member of the WMCA and has benefitted from significant investment to support housing delivery and employment & skills interventions. The District was selected as one of 13 areas across the WMCA area to participate in a three year employment support programme targeted at both unemployed and low income earners. Furthermore, a grant for £900,000 has been secured by the Council for land remediation purposes to facilitate the delivery of 44 new housing units on half of the Hawks Green depot site. The Council will continue to work pro-actively with the WMCA particularly on housing delivery; skills and town centre regeneration and also explore opportunities to benefit from the roll out of the next generation 5G Digital Infrastructure which the WMCA is leading on.

Local Enterprise Partnership (LEP) strategies / plans; the Council is currently a member of both the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP). The LEPs both have Strategic Economic Plans which set out their key priorities and LEPs are major funders of economic projects through funding allocated to them by Government. A Government review of LEPs was published in July 2018 and one of the key recommendations was for LEPs to revise their geographies including removing situations in which two LEP geographies overlap. The Council unanimously passed a motion on 6th November 2019 committing the Council to writing to Government to confirm that Cannock Chase wishes to remain as a member of GBSLEP and will relinquish its membership of SSLEP.

Local Plan; The Local Plan (Part 1) 2014 was adopted in June 2014 and is a development plan document that shapes the physical, economic, social and environmental characteristics of the District between 2006 and 2028. The Local Plan is currently being reviewed and will need to ensure that sufficient land is allocated to meet needs for housing and employment land as well as creating the right policies for other uses such as retail and leisure. The EPS is a non statutory document to guide the Council's strategic approach to economic prosperity over the 2020-2030 period. The Local Plan is a statutory document and as such decisions on the development and use of land are required to be made in accordance with the Local Plan, until material considerations indicate otherwise.

Cannock Chase economic context

Cannock Chase District lies in the central part of Staffordshire and can be characterised as having three distinct economic sub areas; Cannock, Hednesford and Heath Hayes; Rugeley in the north of the District; and Norton Canes in the south - east. Situated just north of the West Midlands conurbation, the District extends from the A5 in the south, to the River Trent in Rugeley in the north covering approximately 7,800 hectares.



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The population of Cannock Chase has 100,100 residents in 2018 (Source: NOMIS) with 63.3% of residents at working age and 75.7% of these currently in employment, this is higher than the West Midlands average of 73.8% and the Great Britain average of 75.4%. It is anticipated that over the next 18 years, the population is expected to grow by just 4.9% (4,900). This small increase in population could have an impact on the ability of the District to adequately provide the labour force to meet the needs of growing businesses.

Whilst the anticipated population growth is relatively small, the Government's Standard Methodology provides a minimum annual figure of new housing to be built, The District's housing requirement is currently (as at April 2019) set at 277 dwellings per annum, whereas the current adopted plan has an annual requirement to deliver 241 per annum. This increase in housing would create further increases in population.

The District is highly accessible and this is a strength that has helped to stimulate considerable economic growth in recent years. One of the District's major advantages is its connectivity to the strategic road network including the M6 Toll. Consequently, logistics and distribution features strongly in the local economy. Furthermore, the District benefits from a network of bus routes and railway stations at Rugeley, Hednesford and Cannock providing connections to Stafford in the north and Birmingham and Walsall to the south.



The recent £100m electrification of the Chase Line has enabled faster and more frequent services and also led to environmental benefits with the introduction of cleaner electric trains.



For many years, Cannock Chase was closely associated with the coal mining industry. However, in recent times, the District's economy has diversified and is now seen as a modern mixed economy and is home to many significant local, regional, national and international companies which represent a number of key sectors including logistics/distribution, automotive and construction. Examples include; APC, Veolia, HellermannTyton, First Choice and Amazon.

The change in the District's economic base has been reflected in improved performance on productivity over the last few years. This is clearly evidenced by regional Gross Value Added (GVA) data published in 2016 which demonstrated that the District's GVA growth rate (+6.8%) out-performed the Staffordshire, West Midlands and UK rates. However, the District still has productivity challenges to address and 2016 data shows that GVA per head in Cannock Chase was £18,441 which is well below the regional and national figure. It is envisaged that the McArthurGlen Outlet, set to open in 2020, could contribute to further GVA growth.



Skills levels are a challenge for the District. The District under-performs in terms of NVQ Level 3 +, with just over half of the working age population (51.1%) having obtained this qualification and just 26.6% of the working age population qualified to NVQ Level 4 +. These rates are both significantly below the Great Britain averages of 57.8% and 39.3% respectively. Initiatives are being put in place to try to address this issue, for example: the Engineering Academy based at the Cannock College, part of South Staffordshire College. Educational attainments rates for the District are also below the Staffordshire and national average.

Within Cannock Chase, there were 670 Apprenticeships starts in 2017/2018, the majority of these were either at intermediate (280) or advanced (330) levels with only 50 of these starts being at a higher level. (Source: Department for Education).

Due to the District's location and strong accessibility, there is considerable flow of labour between the District and surrounding areas/economies; these principally include South Staffordshire, Lichfield, Walsall, Stafford and the Greater Birmingham and the Black Country areas.





The District has a comparable level of business births to other Local Authorities, however, a significantly lower five year survival rate. In 2012, 350 businesses started in Cannock Chase with only approximately 42.9% surviving the next five years, which is one of the lowest rates in the Staffordshire County (Source: Office for National Statistics). Recent Start up Support Programmes (Enterprise for Success Programme, 2016-2019) have seen 114 Cannock businesses/residents receive 12 hours of support leading to 30 new businesses and 29.5 new jobs created.



Image courtesy of © Margaret Beardsmore Photography



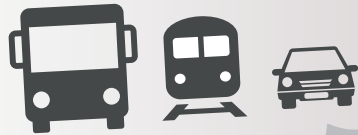
It is reported that the demand for larger scale (10,000sqm+) B8 units has peaked and markets suggest that demand is shifting towards smaller scale, high quality, purpose built industrial units (EDNA Report, 2018, pg. 67). In the foreseeable future, agents consider that further employment land supply is required in Cannock Chase and that there is a general need for smaller scale industrial units.

Going forward, it is expected that there will be a significant change in employment figures from 2018-2038, with accommodation, food services and recreational sectors (Tourism based sectors) projected to increase by 12.5%, Health, residential care and social work increasing by 23.3% and manufacturing expected to decrease significantly by 20% (Economic Development Needs Assessment Report - Lichfield's; 2018, pg. 28).



Cannock Chase Key Economic Statistics

14,879
people commute into
Cannock Chase for work,
2011



77.7%
working-age people
(16-64) economically active
in employment 2017-2018



1.3%
working-age people
16-64 claiming out-of-work
benefits, Dec 2018



39%
working-age people
(16-64) employed in
managerial professional
and technical roles, 2017



23,534
people commute out of
Cannock Chase for work,
2011



24.4%
employee jobs in wholesale
and retail; Repair of motor
vehicles and motorcycles,
2017



9.11%
Annual Growth in GVA,
2016-2017



530m
Distribution, Transport,
Accommodation and Food
generated 29.2% of
Total GVA, 2016



42.9%
5 year survival rate for
business enterprises
2012-2017



37,866
private sector jobs in
Cannock Chase, 2017



20.5%
Business enterprises in
construction industry,
2018



51.1%
working-age people (16-64)
qualified to NVQ3+, 2018



STRENGTHS



- Strong employment growth in recent years
- High workforce productivity in some sectors
- Relative housing affordability and pipeline for further housing investment in the District (Housing Investment Fund)
- Attractive physical environment (e.g. Cannock Chase AONB)
- Good transport connectivity and proximity to West Midlands Conurbation
- Proven track record of partnership working

WEAKNESSES



- Low overall productivity, lagging behind other areas
- Ageing working - age population
- Limited Higher Education Offer
- Lack of incubation space/small unit space to meet demand
- Insufficient NVQ level 3 / 4 achievers in District to sustain growth of high value sectors
- Anecdotal evidence of poor digital connectivity that compromises business performance

OPPORTUNITIES



- Local Plan Review – need to plan for more housing and economic growth
- Maximising benefits of investment at the McArthurGlen Outlet
- Potential to exploit the visitor economy offer
- Identified development opportunities in and around Cannock Town Centre
- Availability of major development sites (i.e. Rugeley Power Station) and number of readily available vacant industrial units
- Capitalising on the Commonwealth Games 2022 Mountain Biking Events based on Cannock Chase
- Potential transformation of Cannock Railway Station
- Building upon outstanding environmental assets
- Council's £6m District Investment Fund and £12m Housing Investment Fund

THREATS



- LEP review creating uncertainty and duplication of efforts
- Employment growth expected to slow down significantly going forward
- Future local labour supply is uncertain
- Need to ensure future land supply is sufficient to meet demand
- Higher skilled workforce currently out commuting
- Central Government interventions focused on larger Local Authorities within West Midlands
- Lack of certainty regarding future Government funding for economic development
- Brexit uncertainty
- Increase in Tourism on Cannock Chase may affect or harm the AONB and Special Area of Conservation (SAC) wildlife.

Economic vision Cannock Chase in 2030

By 2030 Cannock Chase will be a leader in the West Midlands in championing clean growth principles to support a highly productive, clean and resilient economy. The District's outstanding environmental assets, locational advantages and entrepreneurial spirit will define Cannock Chase as a vibrant place to live, work and visit.

The vision builds upon existing strengths and unique assets (most notably Cannock Chase Area of Outstanding Natural Beauty and the infrastructure that supports this, and the District's excellent strategic connectivity) where the District already has competitive advantage but also where there is significant scope to use these assets to drive prosperity amongst the District's residents and businesses in the future. It also responds to identified challenges such as below average skills levels, business start-up rates and entrepreneurial activity and workforce productivity.



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It specifically taps into the wider strategic context that the District operates within, in particular the 'Clean Growth' Grand Challenge identified by the Government's national Industrial Strategy which focuses on maximising the advantages for UK industry from the global shift to clean growth – through leading the world in the development, manufacture and use of low carbon technologies, systems and services that cost less than high carbon alternatives. Clean growth and low carbon technology are also showcased as a key sector strength and major new market opportunity within the West Midlands Local Industrial Strategy which seeks to build on the region's strengths in manufacturing, research and technology. The development of the clean growth sector is a crucial element of the Council's commitment to achieving carbon neutrality by 2030 and it will be important to maximise the opportunity to develop new 'green' industries and sectors to improve productivity, create jobs and investment and reduce the impact of business on the District's net carbon emissions.

This new economic vision for Cannock Chase is deliberately aspirational and responds to the growing momentum around an area that is transforming and re-defining its economic purpose, galvanised by the upcoming opening of the McArthurGlen Outlet. It provides a platform and future direction of travel for the Council and its partners to work towards, to allow the District to maximise its contribution to the wider productivity growth agenda in a more meaningful way.

- Recognising the wide-reaching remit of 'clean growth' as a principle and driver of productivity, it is important to understand what it truly means, and how it affects the vision for Cannock Chase.
- Clean Growth is a method of increasing economic activity by using clean technology and sustainable development. It could help to raise the standard of living, boost earning potential with good jobs and help to offer an attractive visitor economy in a way that reduces the environmental impact on the area.
- Since clean growth has been adopted as a priority nationally, regionally and locally, it challenges the Council to ensure clean growth is considered in all future opportunities and projects.
- Through the delivery of the EPS, the Council will aim to maximise the opportunities of sustainable energy production/decarbonisation and embed these principles into new employment and housing development sites (i.e. Rugeley Power Station). The Council will also aim to re-position the District's economy towards clean growth sectors and industries and move away from sectors that contribute towards a net increase in carbon emissions e.g. logistics and warehousing, heavy manufacturing or work with those sectors to improve their resource efficiency and reduce their carbon footprint.

Economic themes

Within the context of this overarching economic vision for Cannock Chase, the EPS identifies a series of five broad themes that have been developed and tested with elected members and local stakeholders through the strategy engagement process to guide activity in support of implementing the EPS over the coming years.

The themes recognise that a ‘step change’ is required in Cannock Chase’s economic performance - the District is on the right track but can do even better. There is a growing need to focus on economic activity that drives improvements in productivity and achieves this without compromising its aspirations to develop an economy driven by ‘clean growth’.



Theme	Rationale	Ambitions
<p>1 Destination Cannock Chase</p> 	<p>The District has an opportunity to redefine its image and identity on the back of the opening of the McArthurGlen Outlet in 2020.</p> <p>The District is not sufficiently promoting itself on a national / regional scale as an attractive place to live, work and visit.</p> <p>With the upcoming opening of the McArthurGlen Outlet, it is expected the District will take a larger share of the regional Tourism economy.</p> <p>The District has insufficient infrastructure to support the expected level of visitors coming to the District after the opening of the McArthurGlen Outlet.</p> <p>Managing visitors in a sustainable way for the upcoming 2022 Commonwealth Games mountain biking events based within the District which will attract global publicity and visitors.</p> <p>To ensure the District maximises its connectivity including the Chase line electrification and HS2.</p>	<p>Developing a distinctive and attractive identity for the District, capitalising in particular on its environmental assets and recognising the new McArthurGlen Outlet will significantly enhance the District’s reputation.</p> <p>By 2030, Cannock Chase will continue to be positioned as a highly desirable and attractive location for business, inward investment and aspirational housing.</p> <p>The District will also be viewed as an excellent place to live, served by high quality facilities and infrastructure (green, digital and transport).</p> <p>Cannock Chase is one of the West Midlands’ leading visitor destinations, for its outstanding natural environment and clean growth credentials (centred on the Cannock Chase Area of Outstanding Natural Beauty) and the first class recreation opportunities this provides.</p> <p>Cannock Chase has grown its visitor economy to become a key driver of growth for the District, underpinned by a portfolio of new, flagship leisure and retail projects, capitalising upon the 3 million visitors per year to the Designer Outlet along with additional visitors for the 2022 Commonwealth Games and global publicity it will generate.</p> <p>To have a railway station infrastructure that portrays the right first impression for visitors to the area.</p>
<p>2 A more productive economy</p> 	<p>The District’s economy is not as productive as other parts of the West Midlands region.</p> <p>The economy is overly reliant on lower value added sectors such as wholesale, retail and logistics / transportation.</p> <p>A high proportion of higher skilled/valued workers are commuting out of the District to find employment.</p> <p>There is limited employment land available for development.</p> <p>The Council has a District Housing Investment Fund capable of making a difference to affordable housing supply.</p>	<p>Cannock Chase has diversified to become a high growth and innovative economy, pioneering clean growth technology and principles to drive higher levels of productivity across its business base.</p> <p>Growing existing high value firms and attracting more high skilled employment to Cannock Chase.</p> <p>The District becomes a location of choice for future industries including advanced manufacturing, digital and environmental technologies with the District contributing towards a successful regional economy.</p> <p>The full deployment of the Housing Investment Fund to support affordable housing supply.</p>

Theme	Rationale	Ambitions
<p>3 Boosting resident skills</p> 	<p>The District has an ageing working population.</p> <p>The District has a smaller proportion of residents working in managerial, professional and technical occupations compared to the West Midlands.</p> <p>The District's workforce lags behind on NVQ3 / NVQ4 + level attainment.</p> <p>Educational attainment of students is generally not as good as other parts of Staffordshire.</p> <p>The College is re-establishing itself and developing its provision locally to better support the local economy.</p>	<p>Cannock Chase's residents benefit from a strong skills base which outperforms the West Midlands average and fuels the District's highly productive clean growth economy.</p> <p>Supporting residents into entry level employment through to equipping them to access higher skilled, higher paid roles.</p> <p>Cannock Chase will become an area where communities and families have high aspirations and everyone has the potential to do well and share in the District's prosperity.</p> <p>Working to reverse the low education attainment trend in conjunction with local schools and academies to raise aspirations.</p> <p>The Cannock Campus of South Staffordshire College is a delivery provider of HE level qualifications and sector specific academies.</p>
<p>4 Enterprising Cannock Chase</p> 	<p>Business births / start up figures for the District are comparable to other Local Authorities within the West Midlands area.</p> <p>However, 5 year survival rates are one of the poorest.</p> <p>The District lacks a sufficient range of managed office/Industrial space all of which is in high demand.</p>	<p>Creating a positive and entrepreneurial environment in which businesses can grow and thrive.</p> <p>By 2030, Cannock Chase will be identified as one of the best locations in the West Midlands to start and grow a business.</p> <p>The District is home to a growing number of environmentally sustainable and responsible small-medium sized businesses.</p>
<p>5 Town Centres driving change</p> 	<p>Cannock Town Centre has high vacancy rates in comparison to other town centres in the District and the West Midlands/UK averages.</p> <p>The way town centres are used by residents/visitors has significantly changed in recent years and the main town centres have been left behind.</p>	<p>Re-purposing the District's town centres through regeneration, providing a focus for future prosperity.</p> <p>By 2030, our main towns will be more vibrant and sustainable and will act as hubs for leisure and cultural uses, residential opportunities and community activities.</p>



These themes provide a set of economic ambitions for Cannock Chase in terms of where we want the District and its economy to be in 10 years time, and where we see most potential for change.

They are intended to be mutually supportive and cross cutting and cover core economic development themes of enterprise, skills and innovation. This is alongside some more outwardly facing ambitions to be more proactive and visible in its promotion of the District.

Actions / priorities

Concerted effort will be required by the Council and its partners in order to realise the economic vision and accompanying ambitions over the lifetime of the EPS, to kick start the next phase in Cannock Chase's economic evolution.

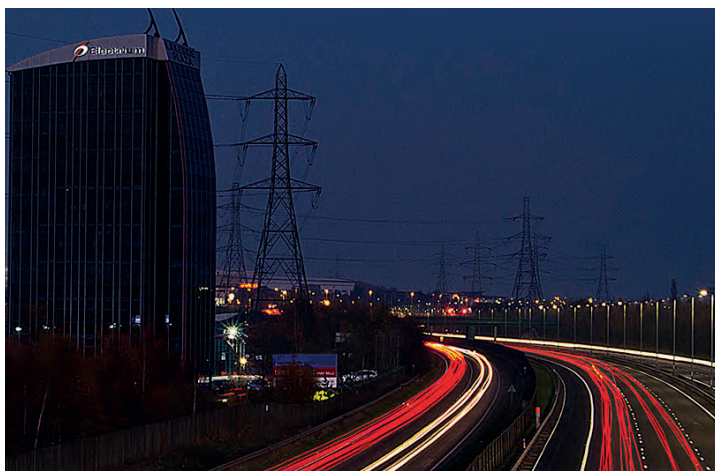
This Strategy identifies a series of actions, priorities and projects that provide a great starting point and momentum upon which to build over the coming years.

Immediate Opportunities and Short-Term Projects

A range of projects and investments are already underway across the District or are in the pipeline to boost economic development and productivity. Some of these form part of wider regeneration and investment programmes, while others form standalone interventions.

These cover a variety of themes and project types, including transport investment to improve and upgrade connectivity and accessibility, skills development projects to boost resident skills and respond to employer skills shortages and interventions to regenerate and revitalise the District's town centres.

These projects have been compiled, tested and added to through stakeholder consultations on the draft EPS.



CCDC District Investment Fund

£6m capital fund to invest in projects that drive economic prosperity.



CCDC Housing Investment Fund

£12m capital fund to build out new social housing across the District.



Cannock Town Centre Regeneration & Prospectus

9 Council owned opportunity sites in the Town Centre; priority to regenerate the former Multi-storey car park site.



McArthurGlen Outlet and Retail Skills Academy

£160 Million Designer Outlet development in Cannock, opening in 2020 with linked Retail Training Academy.



Rugeley Power Station Redevelopment

Significant regeneration opportunity and potential for new exemplar low carbon community.



Skills and Innovation Hub & Engineering Skills Academy

Supporting skills levels within the District.
£1.5m investment in Engineering Academy.



Station Improvements / Upgrades

Long term transformational upgrade of Cannock Railway Station and short term enhancements to Cannock, Hednesford & Rugeley Town.



Pentalver Rail Freight Hub

Investment in a new road-rail interchange facility in Cannock.



A5 Corridor Project (connecting M6 to M1)



Exploring growth opportunities along the strategic A5 corridor and addressing congestion / air quality management issues.



2022 Commonwealth Games

Mountain biking events as part of the Commonwealth Games 2022 in Birmingham and potential to create a legacy for the District, so long as this is managed in a sustainable manner.



These short to medium term projects align well with the five overarching economic ambitions that frame the EPS vision, as illustrated below. They offer real potential to demonstrate early progress and delivery against key strategy themes to boost resident skills, maximise the economic contribution played by the District's visitor economy and to start moving the District's economic and business activity up the value chain.




	Destination Cannock Chase 	A more productive economy 	Boosting resident skills 	Enterprising Cannock Chase 	Town Centres driving change 
Cannock Town Centre Regeneration	✓			✓	✓
McArthurGlen Outlet	✓			✓	
Rugeley Power Station Redevelopment	✓	✓	✓	✓	
Retail Skills Academy		✓	✓		✓
Skills and Innovation Hub & Engineering Skills Academy		✓	✓		
Station Improvements/Upgrades	✓	✓			✓
Pentalver Rail Freight Hub		✓		✓	
A5 Corridor Investment	✓	✓		✓	
2022 Commonwealth Games	✓			✓	

Wider Projects and Opportunities

Alongside these more immediate projects and interventions, this EPS identifies a series of wider opportunities that offer potential to deliver against the economic vision and ambitions, subject to further development over the coming months and years.

Timescale: S: up to 3 years, M: 4 to 6 years, L 7: 10 years


Theme	Potential Actions	Timescale
<p>1 Destination Cannock Chase</p> 	<ul style="list-style-type: none"> i. Develop a coherent offer and brand as a basis for future marketing and promotion activity; promote this brand through targeted marketing campaign(s) and apply this branding to local initiatives & events and consider wider regional marketing opportunities. ii. Identify the potential to develop an investment prospectus to promote Cannock Chase regionally and nationally as an excellent location for inward investment, business expansion and as a place to live whilst being conscious of the clean growth objectives of the Council. iii. Support the successful integration and continuous development of the McArthurGlen Outlet into the wider local economy and one off opportunities such as the Commonwealth Games to ensure a legacy is achieved. iv. Work with Tourism Providers to create opportunities for linked trips and encourage day visitors to stay longer. Develop a Tourism/Visitor Economy Strategy that grows and maximises the visitor economy in the District in a way which is sustainable to the AONB and SAC. 	<p>S/M</p> <p>M</p> <p>S</p> <p>S/M</p>
<p>2 A more productive economy</p> 	<ul style="list-style-type: none"> i. Identify key growth opportunities to inform our investment proposition and identify opportunities to create a clean growth economy. ii. Work with key partners to retain growing existing businesses and promote the District as an inward investment location for the identified key growth industries. iii. Improve our local transport and digital (5G) infrastructure in order to accommodate inward investment and business expansion on key employment sites- ensuring that infrastructure supports our clean growth ambitions. iv. Through our Local Plan, ensure that our planning policies support the growth of high value sectors and where possible limit growth in sectors that do not meet our clean growth ambitions. 	<p>S</p> <p>On-Going</p> <p>M / L</p> <p>M / L</p>


Theme	Potential Actions	Timescale
<p>3 Boosting resident skills</p> 	<ul style="list-style-type: none"> i. Work collaboratively with businesses, education and training providers to identify current and future skills needs and demands - to encourage an increase in higher skilled, better paid jobs and Apprenticeships. ii. Work with Skills Hubs to develop a more proactive approach to maximise alignment between resident skills development and local employer requirements. iii. Make use of local development projects as opportunities for skills development and training through apprenticeships and local labour initiatives including modern methods of construction within the housing sector iv. Look into the potential to continue developing sector specific academies to raise local residents’ skills and aspirations in emerging economic sectors, i.e. Retail, Engineering, Digital. 	<p>On-Going</p> <p>S</p> <p>M / L</p> <p>M / L</p>
<p>4 Enterprising Cannock Chase</p> 	<ul style="list-style-type: none"> i. Identify the feasibility of establishing new Cannock Chase business hubs, providing high quality modern work-space for start-up and growing firms, with access to business coaching and mentoring services and identify those sites that could provide these opportunities. ii. Continue to work with local Growth Hubs, Skills Hubs and other partners to provide business support and funding to our local business community focusing on our key growth sectors and ensuring that future programmes are aligned with our Economic vision and themes. iii. Seek to work with partners to secure funding for initiatives to support local businesses to improve their energy productivity and efficiency. 	<p>M / L</p> <p>On-Going</p> <p>On-Going</p>
<p>5 Town Centres driving change</p> 	<ul style="list-style-type: none"> i. Promote key opportunity sites identified in the Cannock Town Centre Development Prospectus to achieve our vision to repurpose the town as a culture and leisure hub encouraging town centre living and maximise the opportunity to capitalise on visitors to the McArthurGlen Outlet and utilising Heritage assets where possible. ii. Work with local businesses and stakeholders to identify the appetite to establish Business Improvement Districts (BID) for key town centres to oversee/steer improvements to the business environment and public realm. iii. Seek to ensure that the re-development of Rugeley Power Station acts as a catalyst for the regeneration of Rugeley Town Centre and consider the potential to create a Development Prospectus for Rugeley Town Centre. 	<p>L</p> <p>M / L</p> <p>M / L</p>

The EPS will be reviewed on a regular basis. The Council will seek to review and refresh the evidence gathered during the development of the Strategy and consider:

- If the Vision statement and priorities remain relevant or consider whether adjustments are necessary
- Progress on the delivery of the short term and wider projects and opportunities is being made or if adjustment to the projects (including the addition of new opportunities) is required
- Status reports on all expected outcomes and carry out any necessary remedial actions
- New joint working opportunities with partners
- Any lessons learnt / best practice

A number of key performance indicators have been identified which relate directly to the key themes within the EPS. The table below presents these and sets out how the District is faring in comparison to regional and national performance (where data is available). These indicators will be kept under regular review.

Theme	Key Performance Indicator (KPI)	Monitoring period	Cannock Chase	West Midlands	Great Britain (* or UK, ** England)	Cannock Chase 5 years ago	Direction of Travel 5 years on
Destination Cannock Chase 	Employment Land Supply	Not until 2022	N/A	N/A	N/A	N/A	N/A
	Council Housing Completion	2018	28	250	2630**	0	↑
	Housing affordability (median house price vs median gross annual residence based earnings)	2018	6.12	6.8	8.0 **	5.08	↑
	Life satisfaction levels	2017/2018 (out of 10, 0 = poor)	7.87	7.67	7.67*	7.48	↑
	CO2 Emissions Per capita (t)	2017	4.1	5.3	5.3	5.0	↑
	Day trips	2018	1,634,000	121 Million	1.703 Billion	1,404,000 (2014)	↑
	Over night trips	2017	117,700	18.4 Million	1.431 Billion	117,800 (2014)	↓

Theme	Key Performance Indicator (KPI)	Monitoring period	Cannock Chase	West Midlands	Great Britain (* or UK, ** England)	Cannock Chase 5 years ago	Direction of Travel 5 years on
A more productive economy 	GVA per head figure	2016	£18,441	£21,823	£26,621	£14,540	↑
	Annual GVA growth	2016	+6.8%	3.9%	3.7%*	+5.9%	↑
Boosting resident skills 	Employment rate	April 2018 - March 2019	75.7%	73.8%	75.4%	69.2%	↑
	Unemployment figures - Out of work benefits	August 2019	2.2%	3.6%	2.8%	1.6%	↓
	Total number of jobs	2017	41,000	2,558,000	29.3m	38,000 (2015 figure)	↑
	NVQ Level 3 data	Jan – Dec 2018	51.1%	51.9%	57.8%	51.6%	↓
	NVQ Level 4 data	Jan – Dec 2018	26.6%	33.1%	39.3%	23.4%	↑
	Weekly average earnings of full time working residents by residence	2018	£530pw	£536.60pw	£571.10pw	£477.90pw	↑
	Weekly average earnings of full time working residents by workplace	2018	£496pw	£536.60pw	£570.90pw	£463.80pw	↑
Enterprising Cannock Chase 	Number of Business Births	2017	425	30,735	375,030	350	↑
	Business Survival Rates	2012 births. 5 Year survival (2017)	150 of 350 42.9%	8715 of 19,645 44.4%	114,525 of 265,315 43.2%		—
	Growth Hub enquiries (GBSLEP and SSLEP)	2018-2019	132	N/A	N/A		—
	Vacancy Rates - Cannock	2018-2019	10.9%	10.2%	9.2%		↓
	Vacancy Rates - Hednesford	2018-2019	4.6%	10.2%	9.2%		↑
	Vacancy Rates - Rugeley	2018-2019	4.8%	10.2%	9.2%		↑



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Report of:	Head of Economic Prosperity
Contact Officer:	Debbie Harris
Telephone No:	01543 464 490
Portfolio Leader:	Town Centre Regeneration
Key Decision:	Yes
Report Track:	Cabinet: 30/01/20

CABINET
30 JANUARY 2020
CANNOCK INDOOR MARKET CONSULTATION RESULTS

1 Purpose of Report

- 1.1 To update Cabinet on the outcome of the recent public consultation associated with the current Cannock indoor market facility.
- 1.2 To consider the Council's options with regards to the continued provision of a market within Cannock Town Centre (CTC).

2 Reason(s) for Appendix being 'Not for Publication'

- 2.1 In accordance with the provisions of Schedule 12A of the Local Government Act 1972 (as amended), Appendix 3 of this report is considered 'not for publication' under the following categories of exemption:
 - Exempt Paragraph 2 – Information which is likely to reveal the identity of an individual.
 - Exempt Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the Council).

3 Recommendations

- 3.1 That Cabinet approve the Street Markets option and note that a market operator will need to be procured in order to facilitate a street market on Tuesdays and Fridays potentially in Littleton Square and that the existing Prince of Wales market will continue to operate in its current format.
- 3.2 That Cabinet approve proceeding with taking all necessary steps to secure the closure of the current Cannock Indoor Market Hall during November 2020 to
 - (i) coincide with the planned re-tendering of the current street market contract and negate the need for a second market procurement exercise.

The re-tender would be on the basis that the newly appointed market operator will be required to run a street market in Cannock town centre on both Tuesdays and Fridays, and;

- (ii) ensure that the Council is in a position to provide vacant possession of the Market Hall which is included within the footprint of the CTC re-development scheme.
- 3.3 That Cabinet delegate authority to the Head of Economic Prosperity in consultation with the Town Centre Regeneration Portfolio Leader to take all necessary steps to implement the Street Markets option for future delivery.
- 3.4 That Cabinet delegate authority to the Head of Economic Prosperity in order to assist any market traders that wish to relocate to either Rugeley Market Hall, relocation to the Prince of Wales Market in its existing form or the street markets in order to continue to trade.

4 Key Issues and Reasons for Recommendations

- 4.1 The indoor market as it stands is unviable in the long term and will require financial investment in order to continue to be fit for purpose. Therefore, the Council needs to decide on the future market provision for CTC; the Council also decided in taking forward a CTC re-development scheme it should include the footprint of the Indoor Market Hall. This in principle decision was taken by Cabinet in April 2019. The Prince of Wales Market is not required as part of any re-development scheme.
- 4.2 There are various commercial and legal issues that could arise should the Council seek to alter or extinguish the market provision currently enjoyed in any redevelopment of CTC. This report proposes options that meet the Council's legal market obligations and look to maintain some market presence all be it potentially in a different manner.
- 4.3 In September 2019, the Council decided to run a public consultation process to consult with both the indoor market stall holders and members of the public before making any decisions on the future of the market. The Council agreed it would consider the views particularly those directly affected by any proposed changes. A report back to Cabinet following the outcome to the consultation process will follow before any final decisions are taken. This report is the follow up to the consultation process.
- 4.4 The consultation period ran from 3rd Oct to 31st Oct. As part of the consultation a series of options were presented regarding possible future delivery arrangements in order to gauge the public reaction along with affected stall holders. Potential options are set out in Appendix 1.
- 4.5 Consultation letters were hand delivered to all 20 Stall holders which set out potential options and asked for further suggestions from the traders. Of the 20 only 14 responded to their individual letters however one letter duly signed by 16 traders was received (see Confidential Appendix 3). This letter asked the Council to consider running a smaller indoor market in one of the empty shops in the centre of town.

- 4.6 Public consultations were carried out across four dates (8th, 17th, 19th, 25th Oct 10-2pm) with further consultations being received via telephone and email. In total 416 surveys were completed, excluding market traders.
- 4.7 Overall 190 people opted for underneath the Prince of Wales Theatre and 158 people preferred street markets, 39 for a combination of the two, 13 indicating that they would no longer shop at Cannock Market if there were any changes and a further 16 non respondents. It should be noted when asking users of the market only they preferred underneath the Prince of Wales Theatre and non users of the market preferred the Street Market option.

5 Relationship to Corporate Priorities

- 5.1 This report supports the Council's Corporate Priorities as follows:
- (i) Promoting Prosperity – Creating strong and diverse town centres links to the procurement strategy for a potential development partner for CTC.

6 Report Detail

Current Arrangements

- 6.1 The CTC indoor market is operated by the Council and held four times a week in the Indoor Market Hall on Tuesday, Thursday, Friday and Saturday (9am – 5pm) and in the Prince of Wales Market Hall on Tuesday, Friday and Saturday (9am – 4.30pm). The number of trading days increased for the market in the Indoor Market Hall in April 2017 as part of the Financial Recovery Plan for the Council (excluded Prince of Wales Market Hall). This change has not revitalised the indoor market and as a consequence a number of traders have already ceased trading and at present there are 16 traders and 41 vacant stalls. The immediate result of the changes was that 24% of existing traders left the Market Hall at the end of March 2017 which resulted in a 29% drop in the number of open stalls. However some of the stallholders that left were already contemplating retirement prior to the implementation of the Council's decision.
- 6.2 Notwithstanding officers' commitment to marketing and promotion of the indoor Market (both within the Indoor Market Hall and Prince of Wales Market Hall) there has been very little interest from prospective new traders. Where potential new traders have expressed an interest the reasons given for not taking a stall include the number of vacant stalls within the Market Hall and lack of vibrancy / footfall. The proportion of vacant stalls has consistently been greater on a Thursday (the additional trading day) as a number of existing traders declined to attend the Market Hall on the additional day. The additional trading day did not apply to the Prince of Wales Market Hall.
- 6.3 The contract to operate a weekly street market in CTC was awarded in October 2015 to the current operator E G Skett & Co (Sketts). Cabinet resolved at its meeting in April 2019 to extend Sketts contract to run a weekly Friday street market until 31st October 2020 and also for Sketts to operate a trial weekly Tuesday street market during the summer of 2019. This had mixed results although Sketts have indicated that they may consider resurrecting a Tuesday

street market from Easter 2020 until expiry of their existing street market contract however there is no current contractual obligation for them to do so.

- 6.4 CTC footfall figures for 2018 indicate that footfall is higher on a Friday by 27% more than the next highest day of the week (Saturdays).

The existing street market operator Sketts has advised that they consider Cannock's Friday Street Market to be unique in that it has regular repeat customers who are coming specifically to buy rather than just browse the market. The regular traders that attend Cannock Friday street market are higher in number than at any other street market operated by the current operator Sketts.

Redevelopment plans

- 6.5 Cabinet in April 2019 took the decision to focus on bringing forward redevelopment plans in CTC. In making this decision they agreed to the in principle use of the MSCP and the space underneath including the Indoor Market Hall being part of any redevelopment scheme (but subject to further reporting). The area occupied by the Prince of Wales Market hall is excluded from the footprint of the proposed re-development plans.

Consultation results

- 6.6 Stall Holders were asked their preference in relation to moving to underneath the Prince of Wales Theatre in a reconfigured space (operating on Tuesday, Friday and Saturday) or moving to a Street Market (operating on Tuesdays and Fridays, potentially in Littleton Square or any change in current arrangements would result in them deciding to no longer trade in Cannock. Results are as follows:

- 13 opted for the Prince of Wales.
- 0 opted for Street Market.
- 0 opted for no longer trading.
- 1 non respondent.
- 1 includes charity respondent.
- Further suggestions received included; one letter signed by 16 people moving to an empty shop unit in town and Rugeley indoor market (6 interested). A significant amount of commentary received regarding making the Prince of Wales market fit for their needs i.e. heating, lighting, security.
- 3 indicated that they would be interested in another commercial operator.

- 6.7 Members of the public were asked their preference in relation to the future delivery of a CTC market. Options provided were: underneath the Prince of Wales Theatre in a reconfigured space (operating on Tuesday, Friday and Saturday) or a Street Market (operating on Tuesdays and Fridays, potentially in Littleton Square or any change in the current arrangements would result in them deciding to no longer shop at Cannock market. Results are as follows:

- 416 total surveys completed – of these 134 people didn't use the market and 282 did use the market (all be it a proportion (57) stated rarely or sometimes)
- Non users verbatim comments as to why they didn't use the market included;
 - Nothing in there (lack of variety)
 - Smelly, dingy, uninviting
- In total 190 opted for the Prince of Wales.
- 158 opted for Street Markets.
- 39 opted for a combination of Street Markets and Prince of Wales.
- 13 opted for no longer shopping in CTC market.
- 16 non respondents.
- Further suggestions/comments received included;
 - Moving to an empty shop unit in town.
 - A significant amount of commentary received regarding making the Prince of Wales market more inviting.
 - Combining with Inshops (in Cannock Shopping Centre).
 - Reduce rents.
 - The whole town centre needs a revamp.
 - Street markets add vibrancy to a town centre.
 - Regular Themed markets needed.

6.8 Non users of the Market preferred a Street Market (80 people) as opposed to underneath the Prince of Wales Theatre (33 people). However, users of the market preferred underneath the Prince of Wales (157) as opposed to street markets (78) having many comments about the need for the environment to be similar to that of the existing facility for concern regarding the traders.

Summary and conclusions

6.9 The outcome of the consultation has demonstrated that there is no overall clear consensus as to the preferred option. The majority of the existing Indoor Market Hall traders and users of the Indoor Market have signalled a preference for moving into the Prince of Wales Market Hall, subject to the Council undertaking works to improve the environment within the Prince of Wales Market, whilst non users of the Indoor Market prefer Street Markets. Other suggestions have been put forward through the consultation, such as the potential to relocate the traders into an empty vacant unit.

6.10 Cabinet should note that the indoor market is not viable in the long term and there is a clear need to vacate the existing Indoor Market Hall to ensure it can be included in a re-development scheme and any developer will expect that vacant possession can be offered. Equally the market is not financially viable in the short term, but it fulfils the Council's obligation to hold a Tuesday market in the town centre.

- 6.11 Moving traders from Cannock Indoor Market to the Prince of Wales Market would require re-configuration of the existing Prince of Wales Market stall layout to accommodate those traders that wish to move into the Prince of Wales Market. In order to relocate, existing Cannock Indoor Market traders have indicated that they would require the Council to undertake alterations to the current heating and lighting specifications of the Prince of Wales Market. Dependent on the number of Cannock Indoor Market Traders that wish to move, it would also be necessary to reconfigure the current occupancy arrangements of the two existing Prince of Wales Market traders. Officer's advice is that the refurbishment of the building to the extent requested by Cannock Indoor Market Traders could cost the Council up to £100k to implement and potentially have an adverse affect on at least one of the existing businesses operating from the Prince of Wales Market. Consideration needs to be given to whether the proposed alterations to accommodate an, as yet unknown, number of traders from Cannock Indoor Market should outweigh the risk of jeopardising an existing successful business and well established business currently operating from the Prince of Wales Market. Alternatively, if any Cannock Indoor Market Traders were prepared to relocate to the Prince of Wales Market in its existing form there are a small number of currently vacant stalls within the Prince of Wales Market and therefore a limited opportunity for some existing Cannock Indoor Market Traders to relocate to the Prince of Wales Market.
- 6.12 Officers have looked into the potential option put forward by market traders (see Confidential Appendix 3) asking that the Council runs a smaller market in one of the empty shops in the town centre. Whilst there are vacant units currently available for this purpose, none are within the ownership of the Council therefore there would be a cost to the Council in taking on a lease for a unit and fit out costs to enable the unit to be run as an indoor market. Officers do not consider that the operation of a smaller indoor market will be financially viable and this option would not provide a long term sustainable solution. Therefore it is recommended that this option is not taken forward.
- 6.13 The current Street Market is popular and there is the potential to build on the recent Tuesday trial, to establish a regular Tuesday and Friday market offering. The consultation has identified that there is support for a twice weekly Street market offer from shoppers who do not visit the Indoor Market. The current street market contract is due to be re-tendered by the Council during 2020. There is the opportunity to include a requirement to operate a Tuesday street market in addition to a Friday street market in the new contract specification; and subject to a competitive procurement process, this new contract would come into force mid-November 2020. It is considered that the operation of a twice weekly Street market is the most sustainable and financially viable option for a market operation in Cannock Town Centre going forward.
- 6.14 It is proposed therefore that Cannock Indoor Market Hall is scheduled for closure in November 2020, thereby avoiding a period during which there would be no market operating in Cannock town centre on a Tuesday (the charter market day).
- 6.15 Any decision to close the indoor market would require all necessary legal notices to be issued in order to achieve vacant possession of the asset by a target date of November 2020. By vacating the premises by this date gives the Council the

opportunity to include the indoor market hall in the footprint of a re-development scheme but comes with risks associated with security and mothballing the property and securing an operator to run a Tuesday and Friday street market, via a competitive procurement process.

- 6.16 Furthermore, closing the indoor market hall and ceasing the indoor market would result in implications for Council Markets staff as the street market is operated by an external operator. The implications are set out in Confidential Appendix 3.
- 6.17 In summary, Officers are recommending to Cabinet that steps should be taken to close the Indoor Market Hall and establish a Tuesday Street Market, as this is the most viable and sustainable option to secure a market offering in Cannock Town Centre. It also enables the Council to include the Indoor Market Hall in the footprint of a potential re-development scheme and provide certainty to any developer that vacant possession is secured.
- 6.18 Members are asked to note that Cannock Indoor Market Traders will be offered assistance by officers to explore the alternative options available to them such as relocation to the Prince of Wales Market in its existing form; a stall on Cannock Street Market or relocation of their business to Rugeley and the Council owned Indoor Market Hall there.

7 Implications

7.1 Financial

7.2 In 2018/19 the Stall Income achieved was £146,310 against a budget of £172,000 giving a shortfall of £25,690. There was a net loss of £52,050 in 2018-19 compared to a budgeted net loss of £24,720 for controllable costs/income. A shortfall in income has been evidenced year on year since 2015/16. The number of occupied trading stalls is 16 and vacant stalls is 41.

The budgeted controllable cost of operating the Indoor Market for 2020-21 is summarised below:

Cost		2020-21 £
Staffing – trs 0409	99,040	
Premises Related	93,540	
Supplies & Services	49,380	
Total Expenditure		241,960
Less Rents	-120,000	
Less Other Income	-2,400	
Total Income		-122,400
Net Expenditure		119,560

7.3 The costs associated with the Consultation Exercise have been contained within existing budgets.

- 7.4 Once the consultation exercise had been completed and the results considered the Head of Economic Prosperity has recommended that the Council closes the existing Cannock Indoor Market Hall during November 2020 and proceeds with the increased Street Markets option for future Markets delivery.
- 7.5 The Street Market held on Fridays currently generates a rental of £10,000 per annum for the Council, with the only costs being staff time. No information as to the revised level of income has been obtained should the Council add an additional street market on Tuesdays. When the current provider trialed operating a Street Market on Tuesdays it was less popular than Fridays, therefore an estimated additional £5k of income has therefore been included.
- 7.6 As referred to in para 6.3, *“when the street market contract is re-tendered by the Council during 2020 the requirement to operate a Tuesday street market in addition to a Friday street market will be included in the new contract specification”*; at this point in time the revised level of income will be known.
- 7.7 As referred to in para 6.11, the Head of Economic Prosperity does not consider the option to relocate the occupants of Cannock Indoor Market (CIM) into the Prince of Wales Market (PWM), at an estimated £100k, a viable alternative option. There would also be additional ongoing costs for the PWM such as power, heating and security etc., none of these have as yet been quantified. Furthermore, the Head of Economic Prosperity does not consider relocating traders into a vacant retail unit to be financially viable, even if the offering is on a smaller scale.
- 7.8 As referred to in para 6.13, the closure of Cannock Indoor Market would result in considerable residual costs for the Council until the Market is redeveloped i.e. Rates, electricity, security, and Mothballing Costs. These are currently being costed.
- 7.9 As referred to in para 6.14, the closure of Cannock Indoor Market would result in implications for Council Markets staff as the street market is operated by an external operator. The estimated cost of redundancies is £21,160 and actuarial strain is £11,550; there will also be a reduction in the management responsibilities of the remaining post, however the post will be protected at the current level of £26,317 until 3 years after closure.
- 7.10 An estimate of the net financial position for 2020-21 to 2022-23 as a result of closing the Indoor Market and increasing the Street Market Provision is attached on Appendix 3. It is not known at what point the closed market will be redeveloped – the figures assume that this is after 2022-23. The estimated savings to the Council once the site has been redeveloped is also detailed on Appendix 3 and is based on 2022-23 budgets increased by inflation. A summary of the estimated figures is shown in the Table below:

Estimated Position Re Closure Of Cannock Indoor Market & Increase In Street market Provision	2020-21 £	2021-22 £	2022-23 £	Est Savings Post Redevelopment £
Redundancy - Est Costs	21,160	0	0	0
Actuarial Strain - Est Costs	11,550	0	0	0
Est Reduction In Costs Recharged From Markets Staffing - 0409	-32,780	-85,320	-87,780	-88,680
Est Increase In Costs / Reduction In Income Until Indoor Market Redeveloped - 0410	24,300	71,510	71,030	-25,030
Est Additional Income From Street Market	-5,000	-5,000	-5,000	-5,000
Estimated Net Cost / (Savings)	19,230	-18,810	-21,750	-118,710

These figures are currently being reviewed and the costs of Mothballing established and will be available shortly as the majority of the figures are indicative of potential savings / costs that could arise. In accordance with the draft revenue budget report any variations in mothballing costs will be met from the budget support reserve.

7.11 Should Members agree with the recommendation to close Cannock Indoor Market and proceed with an increased Street Market Provision, a further report should be submitted to Members once the costs/income figures have been established / clarified by the Head of Economic Prosperity.

7.12 **Legal**

The Council has legal obligations in relation to holding a market in CTC and Counsel advice has been sought on this matter – please refer to **CONFIDENTIAL APPENDIX 3**.

7.13 **Human Resources**

Please refer to **CONFIDENTIAL APPENDIX 3**.

7.14 **Section 17 (Crime Prevention)**

None.

7.15 **Human Rights Act**

None.

7.16 Data Protection

The **CONFIDENTIAL APPENDIX 3** contains information that could identify an individual and therefore is not published.

7.17 Risk Management

The carrying out of a Consultation Exercise could result in a financial risk for the authority which is not quantifiable. Please refer to **CONFIDENTIAL APPENDIX 3**.

7.18 Equality & Diversity

None.

7.19 Best Value

None.

8 Appendices to the Report

Appendix 1: Market Stall Holder Consultation Letter

Appendix 2: Public Consultation Survey

Appendix 3 (Exempt): Confidential

Previous Consideration

Cannock Indoor Market Consultation	Cabinet	19 September 2019
Cannock Town Centre Development Prospectus	Cabinet	11 July 2019
Cannock & Rugeley Town Centre Redevelopment	Cabinet	18 April 2019
Briefing Note of Working Group to Review Cannock Street Market	Promoting Prosperity Scrutiny Committee	13 March 2019
Cannock Indoor Market Hall	Cabinet	14 December 2017
Cannock Town Centre Redevelopment – Markets	Cabinet	18 September 2008

Background Papers

None.

Dear XXXXXX,

Cannock Town Centre Indoor Market Public Consultation.

The Council is writing to all indoor Market stall holders about *potential* changes to future delivery arrangements for the operation of a market in Cannock Town Centre.

The Council recognises that the indoor market in particular isn't operating successfully and hasn't been for some time now. This is despite efforts to address both its trading format (number of days) and its appearance (investment in improving the market entrance). The indoor market hall building is becoming expensive to maintain and is reaching the end of its economic life.

The Council needs to consider the long term future of the building in the context of any future redevelopment proposals for Cannock, given its connection to the currently closed Multi – Storey Car Park which is also in Council ownership.

We are keen to maintain a Market offer especially given its history in Cannock Town Centre but the format potentially needs to change to make it successful and this is the basis of the consultation.

Please indicate below whether or not you would be interested in continuing to trade if the market was operated on any of the following basis. (Please circle any that would be of interest).

- A Underneath the Prince of Wales Theatre in a reconfigured space (operating on [Tuesday, Friday and Saturday] (and to stop holding an indoor market on Thursday).
- B Street Markets (operating on Tuesdays and Fridays potentially in Littleton Square, but not on Thursdays and Saturdays).
- C Any change to current arrangements would result in you deciding to no longer trade in Cannock.

Do you have any other suggestions for future market provision in Cannock Town Centre?

If so please state below.

Would you be interested if there was another commercial operator able to offer you accommodation, not Council owned but on similar terms, except you would need to trade 6 days per week?

Yes No

If you have any queries, please do not hesitate to contact me on 01543 464490.

This consultation will run from 3rd October to 31st October

Any views expressed after this date may not be taken into consideration.

The Council will report back to Cabinet the outcome of this Consultation exercise. If you would like to be kept informed of the outcome to this process then please provide contact information below:

Name: _____

Business Name: _____

Email: _____

Telephone: _____

Please return this survey in the pre-paid envelope provided or ensure its return to :

Economic Development Service
Cannock Chase Council
Beecroft Road
WS11 1BG.

Closing date 31st October 2019

SAMPLE

At Cannock Chase Council we take your privacy seriously and we are the data controller. We will only use your personal information to communicate with you directly on a specific issue or project (this includes any administration in connection with any meetings or discussions held) and only where you have agreed for us to do so. We will not share your details without prior consent being sort to any third parties. You can find more information about how we handle your personal information by visiting www.cannockchasedc.gov.uk/privacynotices

Appendix 2

The Council are conducting this survey with members of the public who maybe potentially affected by changes to future market facilities in Cannock Town Centre.

The Council recognises that the indoor market in particular isn't operating successfully and hasn't been for some time now. This is despite efforts to address both its trading format (number of days) and its appearance (investment in improving the market entrance). The indoor market hall building is becoming expensive to maintain and is reaching the end of its economic life.

The Council needs to consider the long term future of the building in the context of any future redevelopment proposals for Cannock, given its connection to the currently closed Multi – Storey Car Park which is also in Council ownership.

We are keen to maintain a Market offer especially given its history in Cannock Town Centre but the format potentially needs to change to make it successful and this is the basis of the consultation.

Do you use Cannock indoor market?

Yes No

If not, why not?

How do you think the future market provision should be delivered? (Please circle)

- A Street Markets (operating on Tuesdays and Fridays potentially in Littleton Square) but not on Thursdays and Saturdays.
- B Underneath the Prince of Wales Theatre in a reconfigured space operating on [Tuesday, Friday and Saturday and to stop holding a market on Thursday]
- C Any change to current arrangements would result in you no longer shopping at Cannock market.

Do you have any other suggestions for future market provision in Cannock Town Centre?

If so please state below.