



Cannock Chase Council

Council Meeting

Wednesday 16 November 2022 at 6:00pm

Meeting to be held in the Council Chamber, Civic Centre, Cannock

Part 1

Notice is hereby given of the above-mentioned meeting of the Council, which you are summoned to attend for the purpose of transacting the business set out below:

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

To declare any interests in accordance with the Code of Conduct.
Members should refer to the guidance included as part of this agenda.
- 3. Minutes**

To confirm the Minutes of the meeting held on 7 September 2022, Minute Numbers 29 - 37; Page Numbers 17 - 24, and the Extraordinary meeting held on 21 September 2022, Minute Numbers 38 - 40; Page Numbers 25 - 26.
- 4. The Chair's Announcements and Correspondence**

To receive any announcements and correspondence from the Chair of the Council.
- 5. The Leader's Announcements and Correspondence**

To receive any announcements and correspondence from the Leader of the Council.

6. Recommendations Referred from Cabinet, Committees, etc.

Council is requested to consider recommendations from the Cabinet meeting held on 15 September 2022 in respect of the following matters:

(i) Four-Year Delivery Plans 2022-26 (Cabinet 15/09/22, Minute Number 42)

“That Council, at its meeting to be held on 16 November 2022, be recommended to approve the 4-Year Priority Delivery Plans for 2022-26, as set out in Report Appendices 1A to 1D.”

(ii) Proposed Improvements to Laburnum Avenue Public Open Space (Cabinet 15/09/22, Minute Number 43)

“That Council, at its meeting to be held on 16 November 2022, be recommended to include in the 2022-23 Capital Programme the original £121,290 of S106 funds, and grants further funding of £264,189 from S106 funds, to achieve a combined capital project of £385,479.”

(iii) Permission to Spend - New Council Website (Cabinet 15/09/22, Minute Number 46)

“That Council, at its meeting to be held on 16 November 2022, be recommended to approve the transfer of £70,000 from the IT website reserve to the General Fund Capital Programme for 2022/23 to fund the purchase of a new website platform.”

The accompanying reports for the above recommendations can be viewed on the [15 September 2022 Cabinet](#) meeting page on the Council’s website.

7. Comments and Questions on Part 1 Minutes of Cabinet, Committees, Sub-Committees and Panels under Rule 9

To receive any comments or questions submitted under Rule 9 on Part 1 Minutes of meetings of Cabinet, Committees, Sub-Committees or Panels as included in the Minutes Record circulated alongside this agenda.

8. Allocation of Seats to Committees and Other Bodies

Report of the Chief Executive (Item 8. - **TO FOLLOW**).

9. Appointment of Members, Chairs and Vice-Chairs to the Council’s Committees, Sub-Committees and Other Bodies for 2022-23

(Item 9. - **TO FOLLOW**)

10. Treasury Management Mid-Year Report 2022/23

Report of the Interim Head of Finance (Item 10.1 - 10.17).



**T. Clegg
Chief Executive**

8 November 2022

Guidance on Declaring Personal, Pecuniary, and Disclosable Pecuniary Interests at Meetings

Definition of what is a Personal, Pecuniary and Disclosable Pecuniary Interest

A Personal Interest is one where your well-being or financial position, or those of a member of your family or any person with whom you have a close association would be affected to a greater extent than the majority of Council Tax payers, ratepayers, or inhabitants of the electoral ward(s) affected by the decision. You automatically have a personal interest if you have given notice in the Register of Members' Interests, e.g. if you are appointed to an outside body by the Council.

A Pecuniary Interest is a personal interest where the matter

- a) affects your financial position or that of a member of your family or any person with whom you have a close association or a body in which you have registered in the Register of Members Interests or
- b) relates to the determining of any consent, licence, permission or registration in relation to you or any person with whom you have a close association or a body in which you have registered in the Register of Members Interests

and, in either case, where a member of the public knowing the facts would reasonably regard the interest as so significant it is likely to affect your judgement of the public interest

A Disclosable Pecuniary Interest is an interest of yourself or your partner (which means spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners) in respect of employment, office, trade, profession or vocation carried out for profit or gain; sponsorship; contracts; land; licences; corporate tenancies; or securities, as defined with the Localism Act, 2011.

Please make it clear whether it is a Personal, Pecuniary or Disclosable Pecuniary Interest

It would be helpful if, prior to the commencement of the meeting, Members informed the Monitoring Officer of any declarations of interest, of which you are aware. This will help in the recording of the declarations in the Minutes of the meeting.

Declaring Interests at Full Council

The Code of Conduct requires that personal interests where you have a personal interest in any business of the Council, and where you are aware or ought reasonably to be aware of the existence of the personal interest, and you attend a meeting of the Council at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

Some items will be mentioned in the papers for full Council but are not actually being considered by Full Council. In such circumstances the Monitoring Officer's advice to Members is that there is no need to declare an interest unless the particular matter is mentioned or discussed. As a general rule, Members only need to declare an interest at full Council in the following circumstances:

- Where a matter is before the Council for a decision and/or
- Where the matter in which the Member has an interest is specifically mentioned or discussed at the Council meeting.

Cannock Chase Council
Minutes of the Meeting of the Council
Held in the Council Chamber, Civic Centre, Cannock
On Wednesday 7 September 2022 at 6:00 p.m.

Part 1

Present: Councillors:

| | |
|------------------|-----------------------------------|
| | Buttery, M.S. (Chair) |
| | Jones, P.G.C. (Vice-Chair) |
| Arduino, L. | Jones, P.T. |
| Bancroft, J.T. | Jones, V. |
| Beach, A. | Kraujalis, J.T. |
| Boucker, A.S. | Kruskonjic, P. |
| Cartwright, S.M. | Lyons, N. |
| Crabtree, S.K. | Lyons, O. (Leader) |
| Dunnett, A.J. | McMahon, J.B. |
| Elson, J.S. | Molineux, G.N. |
| Fitzgerald, A.A. | Muckley, A.M. |
| Fletcher, J. | Newbury, J.A.A. |
| Frew, C.L. | Preece, J.P.T.L. |
| Haden, P.K. | Prestwood, J. (arrived at 6:22pm) |
| Hoare, M.W.A. | Sutherland, M. |
| Hughes, R.J. | Theodorou, P.C. |
| Johnson, J.P. | Thompson, S.L. |
| Johnson, T.B. | Wilson, L.J. |
| Jones, B. | Woodhead, P.E. |

29. Apologies

Apologies were submitted for Councillors P.A. Fisher, A.R. Pearson, and S.J. Thornley.

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

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

31. Minutes

Resolved:

That the Minutes of the meeting held on 20 July 2022 be approved as a correct record.

32. The Chair's Announcements and Correspondence

(i) Fundraising Donations

To date, £682 in donations had been received from Members toward the Chair's fundraising for the year. Those who had so far contributed were thanked for their generous donations.

Any Members who had not yet donated and wished to do so were asked to contact the Democratic & Resilience Services Manager. All monies raised would be distributed at the end of the Chair's term of office between Help A Squaddie and Heath Hayes Community Table.

(ii) Chair's Civic Service

On Sunday 7 August, the Chair's Civic Service was held at St. John's Church, Heath Hayes. It was an enjoyable occasion and thanks were given to those Members and guests that attended. The Burgermeister of Datteln and his daughter were also present, having travelled by car to visit Cannock Chase and attend the event. It was an honour for the Chair to be able to host them.

During the afternoon, a collection and prize draw was held, with £531.46 being raised for the Chair's fundraising.

33. Leader's Announcements and Correspondence

(i) Commonwealth Games 2022 and Queen's Baton Relay

At the last full Council meeting, Members were looking forward to the Queen's Baton Relay on 23 July. The baton's passage through Rugeley coincided with the opening of Rugeley's new Mindfulness Garden. It was then met in Hednesford, where both town centre and park were a hive of activity before moving on to Cannock town centre.

Thanks were given to all the inspirational baton-bearers nominated by the public, particularly Craig Corrigan from Rugeley, Shaun Middleton from Hednesford, and Councillor Lisa Wilson.

Shortly after, the baton reached Birmingham and what would be an incredible 11 days of sport began. The world was dark at the moment, yet the Commonwealth Games brought 6,500 athletes from 70 countries together in friendship and unity. It had given the nation a reason to celebrate, and locally, the District played its part.

The estimated global audience ran into the hundreds of millions, and it had been reported that nearly half the UK either tuned in or turned up. It was a pleasure to welcome the Sports Minister, Nigel Huddleston, to the Mountain Biking event on 3 August. The sun shone and Cannock Chase was front and centre of the world stage.

Logistics, timeframes, and the sheer scale of hosting and international event was no mean feat. It would not have been possible without the Council's Officers Joss Presland, Head of Environment and Healthy Lifestyles, Paul Atkins, Project Manager, and the Council's leisure partner, Chris Derbyshire, Managing Director of Inspiring Healthy Lifestyles, along with their teams. A heartfelt thank you from Members was given to all involved.

(ii) Support for Ukraine

24 August 2022 marked 31 years since Ukraine achieved independence from the former Soviet Union.

As of 24 August, the District had welcomed 47 refugees. Of those, three were under the age of 4, nine aged between 5 and 10, five between 11 and 17, sixteen between 18 and 35, and the remaining fourteen between 36 to 59.

Members were reminded that Staffordshire County Council had a dedicated webpage for those wishing to help called 'Support for Ukraine'. Furthermore, a range of support was available for refugees through 'Staffordshire Connects'.

(iii) Summer Events

Andy Smith, the Council's Neighbourhood Officer, had arranged a community drop-in event in August at Rugeley Community Centre. It followed a previous, successful event in Hednesford. Attendees were varied, including various Council departments, the NHS, and several community groups. It was not only a great event to provide residents with an opportunity to pop in, raise queries and discuss issues, but also a fantastic networking opportunity to build relations between all different sectors and organisations working within our communities. Future similar events were planned, and Members were asked to promote them to residents accordingly.

Furthermore, the annual Hednesford Festival took place on Saturday 13 August and was well attended with rows of stallholders and hundreds of visitors. Also, in Hednesford Park, the first Chase Pride Festival took place on Saturday 3 September. A huge thank you was given to the organising committees that made such brilliant community events possible.

(iv) Joint Shared Services Workshop

Following the shared services workshop held on 4 July with the LGA, it had been agreed that a further workshop would be beneficial.

To that end, a joint workshop for both Cannock Chase and Stafford Borough Councillors had been arranged for 6:00pm on Tuesday 27 September at the County Buildings in Stafford. This was an opportunity for all Members to help shape the future of the Council and the District, so it was hoped everybody would be fully engaged.

(v) Economic Prosperity Strategy Refresh

Cabinet recently agreed and published the new Economic Prosperity Strategy that sets out the Council's economic vision for the next ten years. This was an incredibly important, exciting, and ambitious document with a number of projects and proposals.

34. Recommendations Referred from Cabinet, Committees etc.

Consideration was given to the following recommendations to Council, made by Cabinet at its meeting held on 25 August 2022, in respect of:

(i) Cannock Chase Local Plan 2018-2039: Regulation 19 Consultation (Cabinet 25/08/22, Draft Minute No. 33)

"That Council, at its meeting to be held on 7 September 2022, be recommended to approve the Cannock Chase Local Plan 2018-2039 document as the Council's policy for planning for the future of the District for the period 2018-2039."

(Councillor Prestwood arrived at the meeting during the debate on this item.)

Resolved:

That the Cannock Chase Local Plan 2018-2039 document be approved as the Council's policy for planning for the future of the District for the period 2018-2039.

(ii) Elmore Park Public Toilets (Cabinet 25/08/22, Draft Minute No. 34)

"That Council, at its meeting to be held on 7 September 2022, be recommended to approve that a sum of £110,000 for the proposed Elmore Park Public Toilets scheme be added to the Council's Capital Programme, and revenue costs would be included within the Elmore Park budget for ongoing maintenance and repairs."

In accordance with Council Procedure Rule 15(4)(a), a named vote was requested and supported by the required number of Members.

(Councillor Haden left the meeting during the debate on this item.)

(Councillor McMahon left the meeting before being able to vote on this item.)

| For | Against | Abstain |
|------------------|----------------|------------------|
| Arduino, L. | Beach, A. | Cartwright, S.M. |
| Bancroft, J.T. | Crabtree, S.K. | Johnson, T.B. |
| Boucker, A.S. | Dunnett, M.J. | Kraujalis, J.T. |
| Buttery, M.S. | Elson, J.S. | Molineux, G.N. |
| Fitzgerald, A.A. | Muckley, A.M. | Newbury, J.A.A. |
| Fletcher, J. | Woodhead, P.E. | Preece, J.P.T.L. |
| Frew, C.L. | | Prestwood, J. |
| Hoare, M.W.A. | | |
| Hughes, R.J. | | |
| Johnson, J.P. | | |
| Jones, B. | | |
| Jones, P.T. | | |
| Jones, P.G.C. | | |
| Jones, V. | | |
| Kruskonjic, P. | | |
| Lyons, N. | | |
| Lyons, O. | | |
| Sutherland, M. | | |

| For | Against | Abstain |
|-----------------|----------------|----------------|
| Theodorou, P.C. | | |
| Thompson, S.L. | | |
| Wilson, L.J. | | |

| | | |
|-----------|----------|----------|
| 21 | 6 | 7 |
|-----------|----------|----------|

Councillors Haden and McMahon were not present in the room during the named vote. In addition, Councillors Fisher, Pearson, and Thornley were absent from the meeting.

Resolved:

That a sum of £110,000 for the proposed Elmore Park Public Toilets scheme be added to the Council's Capital Programme, and revenue costs be included within the Elmore Park budget for ongoing maintenance and repairs.

35. Motions Received under Council Procedure Rule 6

(i) Consideration was given to the following Motion submitted in accordance with Council Procedure Rule 6 by Councillor C.L. Frew, Western Springs ward:

"Proposal to ban the release of sky lanterns and balloons from Council owned land

I, like many councillors, have been contacted by local residents regarding the RSPCA's #EndSkyLitter campaign. The campaign outlines the dangers and risks posed by the use and release of sky lanterns. Moreover, the RSPCA's #EndSkyLitter campaign portrays that the use and release of sky lanterns and balloons endanger animals and negatively impact our local environment.

Considering this from a local perspective, the use and release of sky lanterns threaten the habitats and lives of wildlife and animals, pose risks to the safety of residents, litter open spaces and could significantly damage our local environment, namely Cannock Chase Area of Outstanding Natural Beauty. The use and release of balloons also threaten the habitats and lives of wildlife and animals and can litter open spaces.

With this in mind, I propose that this Council:

1. Adopt a formal policy to ban the release of sky lanterns and balloons from Council owned land; and
2. To launch a District-wide awareness campaign."

(With reference to www.rspca.org.uk/getinvolved/campaign.)

(Councillors Haden and McMahon returned to the room during the presentation of this item.)

Councillor Muckley moved the following Amendments to the Motion that were duly seconded:

- "In bullet point 2, add "including recommending alternative forms of commemoration that are more environmentally friendly."

- Add a new bullet point 3 that reads - “Adopt a formal policy to ban the release of sky lanterns and balloons at any events licensed by Cannock Chase District Council where lawful.”
- That the mover of the original Motion includes a statement at the end of the Motion to state that ‘to the best of their knowledge, the motion was original and comprised of their own work; or the provenance of any borrowed Motion be cited’, as per the Motion agreed by Council on 9 September 2020.”

Councillor Newbury moved a further Amendment to the Motion that was duly seconded:

“That the Council also writes to the relevant Government Minister asking them to consider bringing in a national ban on the sale of sky lanterns.”

The Amendments proposed by Councillors Muckley and Newbury were accepted by Councillor Frew and therefore formed part of the substantive Motion.

A vote was then taken on the Motion as amended, and it was:

Resolved:

That:

- (A) The Council adopts a formal policy to ban the release of sky lanterns and balloons from Council owned land, and any events licensed by Cannock Chase District Council where lawful.
- (B) A District-wide awareness campaign be launched, including recommending alternative forms of commemoration that were more environmentally friendly.
- (C) The Council writes to the relevant Government Minister asking them to consider bringing in a national ban on the sale of sky lanterns.

- (ii) Consideration was given to the following Motion submitted in accordance with Council Procedure Rule 6 by Councillor J.T. Bancroft, Cannock West ward:

“Proposal to Create an LGBT+ Ambassador, who will support LGBT people and events within the District to make Cannock Chase a more tolerant and inclusive community.

As a Council, we are diverse. We represent everyone in our District and our job is to do what we can to make Cannock Chase the best place for them to live, work and visit.

The Council recently appointed an Armed Forces Ambassador - a role which meant one Councillor would be specifically responsible for supporting our community of Veterans, and raising awareness of the issues that they face.

I believe that the LGBT+ community in Cannock Chase would benefit from a similar role being created. The Council proudly flies the Pride Flag for LGBT+ History Month, and last week we witnessed the first ever Chase Pride Event! But there is so much more we can do as a Council - supporting events and initiatives in the District to educate, providing training to Councillors, Officers and Community Groups to improve their awareness and tackle unconscious bias, ensure that the Council is inclusive to all and work with local policing teams to ensure our streets are safe for those within this community. We can utilise the Cannock Chase Can App to engage with the community and work closely with the Police, Fire and Crime Commissioner to reinforce our commitment to safety for all.

Therefore, I move that this Council creates an official role for an ‘LGBT+ Ambassador’, to be chosen by Full Council, to be a champion for the LGBT+ community within the community and within the Council.”

(Councillor Theodorou left the meeting at the start of this item.)

(Councillor Fletcher left the meeting during the debate on this item.)

Councillor Newbury moved the following Amendment to the Motion, which was duly seconded:

“Therefore, this Council resolves to request that the Chase Pride registered charity creates a position of LGBT+ ambassador to be chosen and overseen by Chase Pride. The Council also requests that Cabinet considers providing a grant for the ambassador to fund initiatives and outreach projects which make a tangible difference to LGBT+ people in our district.”

The Amendment was rejected by Councillor Bancroft, and therefore a vote taken on the Amendment, which was lost.

(Councillor Arduino left and returned to the meeting during the debate on the Amendment.)

Councillor Muckley moved the following Amendment to the Motion that was duly seconded:

“That the mover of the original Motion includes a statement at the end of the Motion to state that ‘to the best of their knowledge, the motion was original and comprised of their own work; or the provenance of any borrowed Motion be cited’, as per the Motion agreed by Council on 9 September 2020.”

Councillor Bancroft accepted the Amendment from Councillor Muckley.

A vote was then taken on the Motion as amended, and it was:

Resolved:

That the Council creates an official role of an ‘LGBT+ Ambassador’, to be a champion for the LGBT+ community within the community and within the Council.

As a result of the Motion being approved, nominations were then sought for the role of LGBT+ Ambassador. Councillors Bancroft and Newbury were duly nominated.

A vote was then taken on each of the proposed nominees, with Councillor Bancroft being appointed as the Council’s LGBT+ Ambassador.

36. Comments and Questions on Part 1 Minutes of Cabinet, Committees, Sub-Committees and Panels under Rule 9.

None received.

(Councillor Thompson left the meeting at the start of this item.)

37. Treasury Management Report - Increase in Money Market Funds

Consideration was given to the Report of the Head of Finance (Item 9.1 - 9.4).

(Councillors Fletcher, Theodorou, and Thompson returned to the meeting during the presentation of this item.)

Resolved:

That monetary limits with Money Market Funds be increased from £6m to £9m.

The meeting closed at 8:11 p.m.

Chair

Cannock Chase Council
Minutes of the Extraordinary Meeting of the Council
Held in the Council Chamber, Civic Centre, Cannock
On Wednesday 21 September 2022 at 6:00 p.m.

Part 1

Present: Councillors:

Buttery, M.S. (Chair)

| | |
|------------------|--------------------|
| Arduino, L. | Jones, B. |
| Bancroft, J.T. | Jones, P.T. |
| Beach, A. | Kruskonjic, P. |
| Cartwright, S.M. | Lyons, N. |
| Crabtree, S.K. | Lyons, O. (Leader) |
| Dunnett, A.J. | Newbury, J.A.A. |
| Fletcher, J. | Pearson, A.R. |
| Frew, C.L. | Preece, J.P.T.L. |
| Haden, P.K. | Prestwood, J. |
| Hoare, M.W.A. | Sutherland, M. |
| Hughes, R.J. | Theodorou, P.C. |
| Johnson, J.P. | Thornley, S.J. |
| Johnson, P. | Wilson, L.J. |
| Johnson, T.B. | |

38. Apologies

Apologies were submitted for Councillors P.G.C. Jones, (Vice-Chair), A.S. Boucker, J.S. Elson, P.A. Fisher, A.A. Fitzgerald, V. Jones, J.T. Kraujalis, J.B. McMahon, G.N. Molineux, A.M. Muckley, S.L. Thompson, and P.E. Woodhead.

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

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

40. Motions Received Under Council Procedure Rule 6

Consideration was given to the following Motion submitted in accordance with Council Procedure Rule 6 by Councillor O. Lyons, Leader of the Council:

“That the following Address to His Majesty be adopted, and sealed with the Common Seal of the District Council and forwarded to His Majesty:

Address:

'To His Majesty The King

May it Please Your Majesty.

We, Your Majesty's loyal and faithful subjects, the Chair, Councillors, and Citizens of Cannock Chase, express our profound sympathy on the passing of your beloved mother, Her Majesty Queen Elizabeth II.

Her Majesty The Queen was a wise and constitutional Monarch who earned the admiration and loyal affection of all her subjects. The loss is felt across the District, Country, Commonwealth, and the world.

We express our loyalty to Your Majesty The King, and we hope that, by the Grace of God, your reign is long and happy.'"

Resolved:

That the following Address to His Majesty be adopted, and sealed with the Common Seal of the District Council and forwarded to His Majesty:

Address:

'To His Majesty The King

May it Please Your Majesty.

We, Your Majesty's loyal and faithful subjects, the Chair, Councillors, and Citizens of Cannock Chase, express our profound sympathy on the passing of your beloved mother, Her Majesty Queen Elizabeth II.

Her Majesty The Queen was a wise and constitutional Monarch who earned the admiration and loyal affection of all her subjects. The loss is felt across the District, Country, Commonwealth, and the world.

We express our loyalty to Your Majesty The King, and we hope that, by the Grace of God, your reign is long and happy.'

(Copies of tributes read out by Members during the debate are attached as an Appendix to these Minutes.)

The meeting closed at 6:40 p.m.

Chair

Councillor Olivia Lyons (Leader)

“Thursday 8th September marked the darkest of days with the passing of Her Majesty Queen Elizabeth II.

I have reflected and contemplated the right words to say – when writing a note of Condolence, when laying flowers and when paying tribute before Cabinet. It is difficult to conceive the future. Words suddenly seem so insignificant. Although nothing feels quite right, it has struck me just how much there is to say, how vibrant a life Her Majesty lived and how indebted we are.

As has been said by many over the past week, the late Queen was a constant during my lifetime – I warmly remember the Golden Jubilee celebrations whilst a teenager. I find it amazing how somebody whom many never had the privilege to meet, feels so familiar and so reassuring. How a loss can be felt so deeply. To me, it illustrates how devoted our Queen was to those she served.

Images of Her Majesty and the Royal Cypher are familiar - her portrait is depicted on countless bank notes and over 300 billion postage stamps. But there is so much behind the portrait – an adored mother, a doting grandparent, a beloved Monarch.

During the past 11 days, we have watched, listened, laughed, and cried as we fondly remember our Queen. Anecdotes have enabled a rare glimpse of a private monarch, portraying love, warmth personality and wit.

- Her love of marmalade – not just on sandwiches “*for later*” but Royal staffers have confirmed that toast and marmalade regularly featured on the Royal Breakfast Menu alongside cereal in her own yellow Tupperware.
- Her belief that she must be seen to be believed which over time resulted in a wardrobe full of carefully selected outfits in an array of rainbow colours.
- Her love of dark chocolate, given up only for lent, and her resentment of garlic.
- The fact she was a successful pigeon fancier with over 200 racing pigeons
- Her beloved Corgis – The first being ‘Susan’ who she received for her 18th birthday; and of course...
- Her love of horses which developed after she was gifted a Shetland Pony called ‘Peggy’ from her grandfather King George V. This was indeed a love that would last a lifetime as we witnessed when her last pony ‘Emma’ was brought to the Long Walk at Windsor on Monday to say a final farewell.

Memories from individuals from around the world have been affectionately shared –

- From America, the note to President Eisenhower which stated “*seeing a picture of you in today’s paper reminded me that I never sent you the recipe of scones which I promised to you at Balmoral. I now hasten to do so*”
- Confirmation that an intervention from Her Majesty saved Britain’s oldest breed of indigenous horse, The Cleveland Bay; and

Appendix - Tributes from Members of the Council

- The recollection that she immediately accepted Danny Boyles invitation to be rescued by Daniel Craig as 007 ahead of the Olympic Ceremony. It is said that when asked if she would to take a speaking role, she replied 'Of course I must say something, after all, he is coming to rescue me and she decided herself upon *'Good Evening, Mr Bond'*.

I want to finish by paying tribute to a lifetime of unrelenting service - On 21st April 1947 at the age of only 21 Her Majesty declared: *"I declare before you all that my whole life, whether it be long or short, shall be devoted to service"*. There was never a truer word spoken, as was illustrated only two weeks ago when she invited her 15th Prime Minister, Liz Truss, to form a government. May we take strength and inspiration from her unwavering dedication, an entire lifetime of service.

As constant as she may have been, she presided over a country that profoundly changed during her reign. Our Queen was the beacon of courage that shaped our nation, leading us through dark and difficult times whilst bringing communities together in times of celebration. Whilst we collectively mourn her loss – we must take comfort that her legacy, love and kindness will continue to warm each corner of our nations. We are blessed that you were our Queen and if I may echo the words of Paddington Bear *"Thank you Ma'am, for everything"*

I would like to finish by rejoicing our new King, His Majesty King Charles III, who has now taken on the heavy responsibility, bestowed upon him, and dedicated himself to follow his mother's example of selfless devotion. As well look ahead to the Carolean era, may we express our loyalty and hope that, by the Grace of God, his reign be long and happy.

God Save the King".

Councillor Charlie Frew

"I wholeheartedly support this motion.

This past week has been a moment of deep reflection for the nation and wider world as we mourn the loss of Her Majesty Queen Elizabeth II. Queen Elizabeth reigned for 70 years and 214 days and is the longest reigning British Monarch in history. Her Majesty is also the longest reigning female Head of State in History and was a mother, grandmother, and great-grandmother. During her time as Sovereign, she oversaw fifteen Prime Ministers from Winston Churchill to Liz Truss and met with 13 out of the 14 previous sitting U.S Presidents. She was a true international ambassador for democracy and offered a first-class example in leadership.

Over her seventy years reign Her Majesty continued to inspire the whole nation, and people of all generations. Last week, I sat down with my Grandad and we both talked about the life and reign of Queen Elizabeth. My Grandad shared with me one of his most profound memoirs of Queen Elizabeth and this was a quote she shared in her 2008 Christmas Broadcast.

In this address her majesty said that:" When life seems hard, the courageous do not lie down and accept defeat; instead, they are all the more determined to struggle for a better future."

Appendix - Tributes from Members of the Council

Even now, after her passing, Her Late Majesty Queen Elizabeth is bringing people of all generations together and continues to inspire people with her words and actions. She truly is a role model for us all.

On Sunday, I attended A Special Commemorative Service Marking the Death of Her Late Majesty the Queen, at St Augustine's Church in Rugeley. The sermon that the Reverend delivered at the service was extremely thought provoking and it was based around the outstanding character of Queen Elizabeth. When I left the service, I reflected upon the core principles that Her Majesty continual evoked during her reign. At all times Her Majesty demonstrated integrity, kindness, courage, and honesty.

Over the past week, we have witnessed her first-born son and our new King, His Majesty Charles III demonstrate these core principles as he comforts the nation. I have no doubt he will continue his mother's legacy and shall serve the nation and the Commonwealth both diligently and selflessly.

Her Majesty Queen Elizabeth's lifelong dedication and service to the United Kingdom and the Commonwealth will never be forgotten. Her Majesty's legacy shall always remain, and I am sure that she will remain in the thoughts and hearts of residents throughout the District and the entire nation.

Thank you, Your Majesty, for all you have done, may you rest in eternal peace".

Councillor Paul Jones

"Thank you, Chairman, – I deeply support this motion.

Thank you all today for being here at this time of mourning. I would like to speak about the profound loss felt by many people across the district of Cannock Chase and across the world. The Queen had an impact on people of all ages, on our public consciousness unlike anything we have seen in our lifetimes. Her legacy will live on forever in the story of our nation and the story in our hearts.

Her majesty the Queen Elizabeth 2nd was one of our greatest monarchs, she reigned for over 70 years and her ongoing sense of duty and love for the nation never wavered.

She was admired and respected throughout the world everywhere her majesty went you could see the heartfelt admiration from people who were in her presence.

This is truly the end of an era and a huge milestone in our history.

As one era comes to an end it is also the start of a new one as we welcome our new King, we have already seen the strength, compassion and dignity of King Charles 3rd and would like to send our condolences to his majesty and his family on behalf of the council.

To that end: We too can try to live up to those standards of duty, service, dignity, and commitment in the way we work. I'm personally very proud to be British, Rest in Peace Ma'am. Your duty is done.

Thank you.

Long Live The King".

Councillor Bryan Jones

"It is right and proper that this Extraordinary Council Meeting has been called today, so that we may pay tribute to our late sovereign, Her Majesty Queen Elizabeth II, and wish his Royal Highness, King Charles III a long, happy and successful reign.

Her Majesty Queen Elizabeth II, was the longest reigning British monarch In our history, and I feel confident in saying our greatest. She navigated her way through 70 years of exemplary duty both here, across the Commonwealth and the wider world.

Since her passing, we have heard countless stories of her wisdom, kindness, and sense of humour. Her diplomatic skills were beyond equal and her contribution to bringing peace to Ireland should never be underestimated.

As a young police officer, I swore an oath of allegiance to Her Majesty, and hope I served her faithfully for thirty years. I feel proud to wear my police medals, two of which are indicative of the length of Her Majesty's reign.

The outpouring of love we have seen for Her Majesty since her passing is testament to the universal esteem in which she was held. She had an enduring sense of sovereignty, and she encapsulated everything that is great about our democracy, and she was rightly revered as the mother of our nation. The world is a poorer place for her passing, God Bless You and Rest in Peace, Your Majesty.

King Charles III has now taken on the mantle of our sovereign. What a tumultuous burden he has endured since Her Majesty's passing. While grieving for his beloved mother he has assumed the role of King along with all the inherent responsibilities. His Majesty could not have conducted himself better, he has simply been magnificent. I have no doubt that his wealth of experience and lifetime of service will ensure a seamless transition, with him proving to be an outstanding monarch in his own right.

God Save and Long Live the King".

Councillor Val Jones and Councillor Phil Jones

"Cllrs Val Jones and Cllr Phil Jones would like to offer their condolences and tribute_on the death of her majesty Queen Elizabeth II.

Having reigned for 70 years she has served loyalty and unstintingly throughout. Her amazing service is an inspiration and an example to us all.

May she rest in peace for she has well earned her rest. Our congratulations to his majesty King Charles III.

God Bless his majesty and may his reign be as successful."

Councillor Paris Theodorou

"Her Majesty by the Grace of G-d, of the United Kingdom of Great Britain and Northern Ireland and of Her other Realms and Territories, Head of the Commonwealth, Defender of the Faith: Queen Elizabeth II.

Appendix - Tributes from Members of the Council

A Woman of Valour, ordained by the Almighty- the Head of this Great Nation. As the wise King Solomon tells us in the Book of Proverbs:

“An accomplished woman who can find? Her value is far beyond rubies.”

Our Community, my Family and I, have always held a deep affection for her Majesty.

As a Greek Orthodox household that moved to the UK from Cyprus, as children of the Commonwealth, as believers in our Lord and Saviour Jesus Christ- We were raised to respect Royalty, to love thy neighbour, to conserve, and to add, to this Great Nation. As her Majesty once proclaimed:

“It has always been easy to hate and destroy. To build and to cherish is much more difficult.”

In an age where algorithms seek to influence us, and cynics try to divide us based on certain characteristics, I am reminded of the Queens speech in 1957, Her Majesty said:

“But it is not the new inventions which are the difficulty. The trouble is caused by unthinking people who carelessly throw away ageless ideals as if they were old and outworn machinery.

They would have religion thrown aside, morality in personal & public life made meaningless, honesty counted as foolishness and self-interest set up in place of self-restraint.”

Her Majesty embodied self-restraint: HM didn't do it for her own personal glory. Queen Elizabeth II always held on to those core Judaeo-Christian beliefs regardless of public opinion, she knew the strength of the word of G-d. The Defender of the Faith declared:

“At this critical moment in our history, we will certainly lose the trust and respect of the world if we just abandon those fundamental principles which guided the men and women who built the greatness of this country and Commonwealth.”

HM was a Great Queen who could foresee the difficulties ahead when she addressed the Nation over half a century ago on Christmas Day, HM said:

“Today we need a special kind of courage, not the kind needed in battle but a kind which makes us stand up for everything that we know is right, everything that is true and honest. We need the kind of courage that can withstand the subtle corruption of the cynics so that we can show the world that we are not afraid of the future.”

May Her Majesty's memory be a blessing.

G-d save the King!”

| | |
|--------------------------|-----------------------------------|
| Report of: | Head of Finance |
| Contact Officer: | Emma Fullagar |
| Telephone No: | 01543 464 334 |
| Portfolio Leader: | Innovation & Resources |
| Report Track: | Council: 16/11/22 |

Council
16 November 2022
Treasury Management - Mid-Year Report 2022/23

1 Purpose of Report

- 1.1 To update Members on treasury management activity and performance during the first half of the 2022/23 financial year.
- 1.2 To provide an economic update and a background to the latest economic forecast of interest rates, both detailed in the Appendix to the report.

2 Recommendation(s)

- 2.1 To note the report, treasury activity and Prudential Indicators for 2022/23.

3 Key Issues and Reasons for Recommendations

- 3.1 To report the treasury management activity and performance during the first-half of the 2022/23 financial year.

4 Relationship to Corporate Priorities

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

5 Report Detail

Background

5.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from

2020/21, all local authorities have been required to prepare a Capital Strategy which is to provide the following:-

- a high-level 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.

5.2 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Accordingly, a significant function of Treasury Management is ensuring that cash flows are adequately planned and controlled to meet this objective. Any surplus monies are invested with low-risk counterparties and managed appropriately so that sufficient levels of liquid cash are available to meet any payment obligations as well as offer headroom for unexpected circumstances. Such considerations underpin the day-to-day operations of Treasury Management when determining investment-related outcomes rather than the sole factor of yield that aims to generate higher return on investments with little or no regards to financial risks.

5.3 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 the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

5.4 Accordingly, 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."

Introduction

5.5 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's Treasury Management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

3. Receipt by the full council of an Annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
 4. Delegation by the Council of responsibilities for implementing and monitoring Treasury Management policies and practices and for the execution and administration of Treasury Management decisions.
 5. Delegation by the Council of the role of scrutiny of Treasury Management strategy and policies to a specific named body. For this Council, the delegated body is the Cabinet.
- 5.6 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
- An economic update for the first part of the 2022/23 financial year;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - The Council's capital expenditure, as set out in the Capital Strategy, and Prudential Indicators;
 - A review of the Council's investment portfolio for 2022/23;
 - A review of the Council's borrowing strategy for 2022/23;
 - A review of any debt rescheduling undertaken during 2022/23;
 - A review of compliance with Treasury and Prudential Limits for 2022/23.

Treasury Management Strategy Statement and Annual Investment Strategy Update

- 5.7 The Treasury Management Strategy Statement, (TMSS), for 2022/23 was approved by this Council on 16/02/22. There has been one policy change. As the cash balances significantly grew during the course of 22/23, a recommendation to increase the investment limits on the Money Market Fund (MMF) counterparties rose from £6m to £9m was made to Council. It was argued that such proposal would facilitate greater control and of the cashflows and management and thus mitigate any breaches the TMSS. Council accepted this recommendation on 7th September 2022.

| Prudential Indicator 2022/23 | Original | Revised Prudential Indicator |
|-------------------------------------|-----------------|-------------------------------------|
| | £'000 | £'000 |
| Authorised Limit | 103,714 | 103,714 |
| Operational Boundary | 92,214 | 92,214 |
| Capital Financing Requirement | 90,662 | 90,662 |

The Council's Capital Position (Prudential Indicators)

- 5.8 This part of the report is structured to update:
- The Council's capital expenditure plans;

- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the Prudential Indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

Prudential Indicator for Capital Expenditure

- 5.9 This table shows the estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

| | 2022/23 Original Estimate £'000 | 2022/23 Estimates £'000 |
|------------------------------|------------------------------------|----------------------------|
| Environment & Climate Change | 90 | 90 |
| Housing, Heritage & Leisure | 2,431 | 2,431 |
| District Development | 90 | 90 |
| Non – HRA | 2,611 | 2,611 |
| Non – HRA programme estimate | 10,779 | 10,779 |
| HRA | 8,790 | 8,790 |
| HRA programme estimate | 1,500 | 1,500 |
| Total | 23,680 | 23,680 |

- 5.10 The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other Treasury requirements.

| Capital Expenditure | 2022/23 Original Estimate £'000 | 2022/23 Estimates £'000 |
|------------------------------|------------------------------------|----------------------------|
| Total Spend | 23,680 | 23,680 |
| Financed by: | | |
| Capital Receipts | 2,346 | 2,346 |
| Capital Grants/contributions | 12,878 | 12,878 |
| Major Repairs | 8,328 | 8,328 |
| Revenue | 128 | 128 |
| Total Financing | 23,680 | 23,680 |
| Borrowing Need | - | - |

Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

- 5.11 The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicators – CFR and Operational Boundary

5.12 We are on target to achieve the original forecast Capital Financing Requirement.

| | 2022/23 Original Estimate £'000 | 2022/23 Estimates £'000 |
|--|------------------------------------|----------------------------|
| Prudential Indicator – Capital Financing Requirement | | |
| CFR – non housing | 8,194 | 8,194 |
| CFR – housing | 82,468 | 82,468 |
| Total CFR | 90,662 | 90,662 |
| Net movement in CFR | (465) | (465) |
| Prudential Indicator – the Operational Boundary for external debt | | |
| Operational Boundary | 92,214 | 92,214 |
| Borrowing | 81,605 | 81,605 |
| Other long-term liabilities* | 0 | 0 |
| Headroom | 10,609 | 10,609 |

* On balance sheet finance leases etc.

Limits to Borrowing Activity

5.13 The first key control over the treasury activity is a Prudential Indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

| | 2022/23 Original Estimate £'000 | 2022/23 Estimates £'000 |
|---------------------------------|------------------------------------|----------------------------|
| Borrowing | 81,605 | 81,605 |
| Other long-term liabilities* | 0 | 0 |
| Total debt | 81,605 | 81,605 |
| CFR* (year-end position) | 90,662 | 90,662 |

* Includes on balance sheet finance leases etc.

5.14 The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

5.15 A further Prudential Indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

| Authorised limit for external debt | 2022/23 Original Estimate £'000 | 2022/23 Estimates £'000 |
|------------------------------------|------------------------------------|----------------------------|
| Authorised Limit | 103,714 | 103,714 |
| Borrowing | 81,605 | 81,605 |
| Other long-term liabilities* | 0 | 0 |
| Headroom | 22,109 | 22,109 |

* Includes on balance sheet finance leases etc.

Annual Investment Strategy 2022/23

- 5.16 In accordance with CIPFA's Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by detailed in Appendix 2 with the accompanying forecast interest rate in near time horizon, Bank rate was 0.1% in December 2021 and increased to 0.5% in February 2022. It should be observed that there is a relationship with inflation and interest rates. Rise in inflation will invariably lead to a rise in interests. The same wisdom holds turn from the opposite situation. Holding true to this relationship, the persistent rise of inflation has correspondingly increased the bank rate: 0.75% in March 2022; 1% in May 2022; 1.25% in June 2022, 1.25% and 2.25% on 22nd September 2022. Based on current market conditions and intelligence, it is projected Bank Rate to year-end is around 3% to 5%.

Accordingly, with some active management of the Council's investment portfolio and a greater diversification of fund types across different time horizon along with other interest-bearing instruments, the Council's surplus cash can be optimally worked in order to higher investments returns that, in turn, can be used to support revenue budgets whilst being consistent with the spirit of CIPFA's requirements (namely, security, liquidity and then yield) and honouring the Council's tolerance to risk.

- 5.17 The Council held £58.5m of investments as at 30th September 2022 (£59.5m at 31st March 2021).
- 5.18 A full list of investments held as at 30th September 2022 is in Appendix 1.

Investment Counterparty criteria

- 5.19 The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the Treasury Management function.

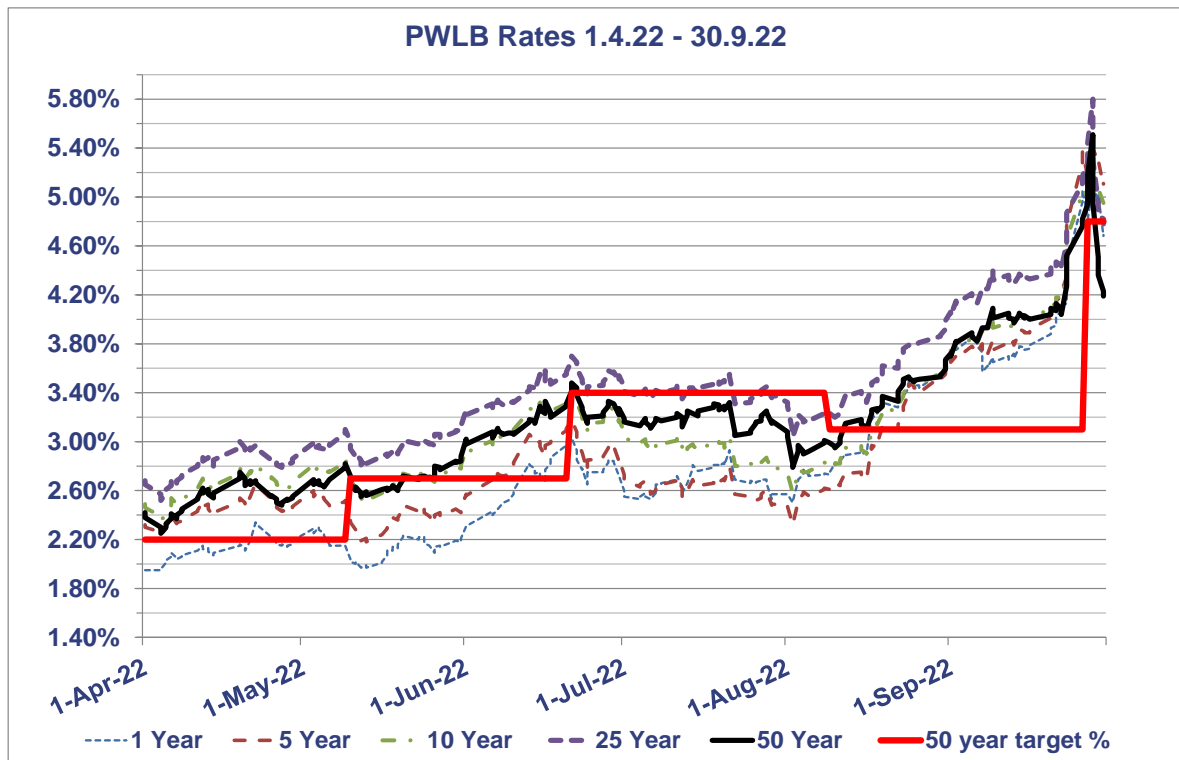
Borrowing

- 5.20 The Council's capital financing requirement (CFR) for 2022/23 is £90.662m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevails.
- 5.21 It is anticipated that borrowing will not be undertaken during this financial year.

5.22 Gilt yields and PWLB rates were on a rising trend between 1st April and 30th September.

The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% before increasing to 4.80% in September.

PWLB RATES 01.04.22 - 30.09.22



HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.22 – 30.09.22

| | 1 Year | 5 Year | 10 Year | 25 Year | 50 Year |
|----------------|------------|------------|------------|------------|------------|
| Low | 1.95% | 2.18% | 2.36% | 2.52% | 2.25% |
| Date | 01/04/2022 | 13/05/2022 | 04/04/2022 | 04/04/2022 | 04/04/2022 |
| High | 5.11% | 5.44% | 5.35% | 5.80% | 5.51% |
| Date | 28/09/2022 | 28/09/2022 | 28/09/2022 | 28/09/2022 | 28/09/2022 |
| Average | 2.81% | 2.92% | 3.13% | 3.44% | 3.17% |
| Spread | 3.16% | 3.26% | 2.99% | 3.28% | 3.26% |

Debt Rescheduling

5.23 Debt rescheduling opportunities have increased significantly in the current quarter where gilt yields, which underpin PWLB rates and market loans, have risen materially. No debt rescheduling has therefore been undertaken to date in the current financial year. Members will be advised if there is value to be had by rescheduling or repaying a part of the debt portfolio.

6 Implications

6.1 Financial

The financial implications have been referred to throughout the report.

6.2 Legal

The legal implications have been referred to throughout the report.

6.3 Human Resources

There are no human resource implications arising from this report.

6.4 Risk Management

The risk management implications have been referred to throughout the report.

6.5 Equality & Diversity

There are no identified implications arising from this report.

6.6 Climate Change

None.

7 Appendices to the Report

Appendix 1: Current Investment List at 30 September 2022.

Appendix 2: Economic Update (provided by Link Asset Services as of 30 September 2022)

Appendix 3: Interest Rate Forecast (provided by Link Asset Services as of 30 September 2022)

Previous Consideration

None.

Background Papers

None.

Current Investment List as at 30th September 2022

| Counterparty | Start Date | Maturity | Value (£) | Rate (%) |
|--|------------|-----------|-------------------|----------|
| Al Rayan Bank Plc | 20-Sep-22 | 19-Dec-22 | 4,000,000 | 1.93 |
| Nationwide B/S | 14-Apr-22 | 14-Oct-22 | 2,500,000 | 0.88 |
| National Bank of Kuwait | 19-Apr-22 | 19-Oct-22 | 2,000,000 | 1.56 |
| Helaba Bank | 19-May-22 | 19-Dec-22 | 2,000,000 | 1.40 |
| Nationwide B/S | 20-Jun-22 | 19-Dec-22 | 2,500,000 | 1.76 |
| Helaba Bank | 20-Jun-22 | 20-Dec-22 | 4,000,000 | 2.02 |
| National Bank of Kuwait | 19-Jul-22 | 19-Jan-23 | 4,000,000 | 2.21 |
| Al Rayan Bank Plc | 15-Aug-22 | 15-Feb-23 | 2,000,000 | 2.30 |
| ***Handelsbanken | | | 6,000,000 | 0.70 |
| *Morgan Stanley GBP Liquidity Institutional Plus | | | 6,000,000 | 2.18 |
| *Deutsche Managed GBP LVNAV Platinum | | | 6,000,000 | 1.78 |
| *Federated Hermes Short-Term GBP Prime Class 3 | | | 4,500,000 | 2.08 |
| *Aberdeen GBP Liquidity Class L1 | | | 500,000 | 2.14 |
| *Invesco Liquidity GBP Institutional | | | 9,000,000 | 2.12 |
| **Santander UK | | | 3,500,000 | 1.21 |
| | | | 58,500,000 | |

*MMF - Money Market Fund (Instant Access)

**Call 180 days' Notice Account

***Call Account (No Notice. Instant Access)

Economics Update

- The second quarter of 2022/23 saw:
 - GDP in Q1 2022/23 revised upwards to 0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
 - Signs of economic activity losing momentum as production fell due to rising energy prices;
 - CPI inflation ease to 9.9% y/y in August but domestic price pressures showing little sign of abating in the near-term;
 - The unemployment rate fell to a 48-year low of 3.6% due to a large shortfall in labour supply;
 - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
 - Gilt yields surge and sterling fall following the “fiscal event” of the former Prime Minister, Liz Truss, and former Chancellor, Kwasi Kwarteng on the 23rd September.
- The UK economy grew by 0.2% in July following an upward revision to Q1’s GDP data (+0.2% q/q), though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households’ bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rise of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward

momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.

- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7ppts to CPI inflation in October when the Ofgem unit price cap increases, typically, to £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level until April 2023 at which time a Treasury-led will be initiated, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- The former Prime Minister and former Chancellor appeared to make a step change in government policy. The government's huge fiscal loosening from its significant tax cuts will add to these domestic inflationary pressures and will leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. Following the resignation of Kwasi however, on 17th October 2022, the new Chancellor, Jeremy Hunt, made a fiscal statement reversing almost all tax measures announced at the Mini-budget on 23rd September 2022, other than those that have already been legislated. Mini-budget measures that have already been legislated for and which have not been reversed include the reversal of the April 2022 increase in National Insurance rates of 1.25% from 6 November 2022; the cancellation of the proposed 1.25% Health and Social Care Levy; and the reductions in Stamp Duty Land Tax (SLDT) thresholds.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the fiscal statement on 17th November. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- Since the fiscal event, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023 (up from our previous forecast peak of 2.75%). The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market

expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% priced into the financial markets at present.

- Gilt yields rose sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.
- The S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

MPC meetings 4th August and 22nd September 2022

- In August, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 1.75%, and on 22nd September moved rates up a further 50 basis points to 2.25%. The increase reflected a split vote – five members voting for a 50 basis points increase, three for 75 basis points and one for 25 basis points. The MPC continues to grapple with getting inflation back on track over a three-year horizon.
- Moreover, the UK now has a new Prime Minister, a new Chancellor and new economic policies that seek to grow the UK economy faster than at any time since the 1980s. The central planks to the government's new policies are tax cuts and regulatory simplification. It is too early to say whether such policies will boost growth in the ways intended, but what is clear at this juncture is that the lack of scrutiny of the various projections, ideally by the Office of Budget Responsibility (OBR), and an emphasis upon borrowing to fund the significant cost of the proposals scared the markets.
- Subsequently, the Government has announced that the OBR will scrutinise their spending plans on 23rd November, after the MPC next meets on 3rd November. Naturally, the Bank Rate forecast set out below will be dependent on a more joined-up set of communications from the Bank of England and the government than that which we have seen or heard so far. In addition, the fiscal governance aspects referred to in the OBR's upcoming review in November will need to be suitably couched in reassuring language and analysis to persuade the markets that fiscal rectitude has not been abandoned.
- Of course, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has led with increases of 300 basis points in the year to date and is expected to increase rates further before the end of the year. Similarly, the ECB has also started to tighten monetary policy, albeit from an ultra-low starting point, as have all the major central banks apart from Japan. Arguably, though, it is US monetary policies that are having the greatest impact on global bond markets.
- What happens in Ukraine will also impact the global economy, but particularly in Europe. The search for alternative providers of energy, other than Russia, will take both time and effort. The weather will also play a large part in how high energy prices stay and for how long.

Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 basis points) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 27th September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices. The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

Our current and previous PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

| Link Group Interest Rate View 27.09.22 | | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 |
| BANK RATE | 4.00 | 5.00 | 5.00 | 5.00 | 4.50 | 4.00 | 3.75 | 3.25 | 3.00 | 2.75 | 2.75 | 2.50 |
| 3 month ave earnings | 4.50 | 5.00 | 5.00 | 5.00 | 4.50 | 4.00 | 3.80 | 3.30 | 3.00 | 2.80 | 2.80 | 2.50 |
| 6 month ave earnings | 4.70 | 5.20 | 5.10 | 5.00 | 4.60 | 4.10 | 3.90 | 3.40 | 3.10 | 3.00 | 2.90 | 2.60 |
| 12 month ave earnings | 5.30 | 5.30 | 5.20 | 5.00 | 4.70 | 4.20 | 4.00 | 3.50 | 3.20 | 3.10 | 3.00 | 2.70 |
| 5 yr PWLB | 5.00 | 4.90 | 4.70 | 4.50 | 4.20 | 3.90 | 3.70 | 3.50 | 3.40 | 3.30 | 3.20 | 3.20 |
| 10 yr PWLB | 4.90 | 4.70 | 4.60 | 4.30 | 4.10 | 3.80 | 3.60 | 3.50 | 3.40 | 3.30 | 3.20 | 3.20 |
| 25 yr PWLB | 5.10 | 4.90 | 4.80 | 4.50 | 4.30 | 4.10 | 3.90 | 3.70 | 3.60 | 3.60 | 3.50 | 3.40 |
| 50 yr PWLB | 4.80 | 4.60 | 4.50 | 4.20 | 4.00 | 3.80 | 3.60 | 3.40 | 3.30 | 3.30 | 3.20 | 3.10 |

| Link Group Interest Rate View 09.08.22 | | | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 |
| BANK RATE | 2.25 | 2.50 | 2.75 | 2.75 | 2.75 | 2.50 | 2.50 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.00 |
| 3 month ave earnings | 2.50 | 2.80 | 3.00 | 2.90 | 2.80 | 2.50 | 2.40 | 2.30 | 2.30 | 2.30 | 2.20 | 2.20 | 2.20 |
| 6 month ave earnings | 2.90 | 3.10 | 3.10 | 3.00 | 2.90 | 2.80 | 2.70 | 2.60 | 2.50 | 2.50 | 2.40 | 2.30 | 2.30 |
| 12 month ave earnings | 3.20 | 3.30 | 3.20 | 3.10 | 3.00 | 2.90 | 2.80 | 2.70 | 2.40 | 2.40 | 2.40 | 2.40 | 2.40 |
| 5 yr PWLB | 2.80 | 3.00 | 3.10 | 3.10 | 3.00 | 3.00 | 2.90 | 2.90 | 2.80 | 2.80 | 2.80 | 2.70 | 2.70 |
| 10 yr PWLB | 3.00 | 3.20 | 3.30 | 3.30 | 3.20 | 3.10 | 3.10 | 3.00 | 3.00 | 3.00 | 2.90 | 2.90 | 2.80 |
| 25 yr PWLB | 3.40 | 3.50 | 3.50 | 3.50 | 3.50 | 3.40 | 3.40 | 3.30 | 3.30 | 3.20 | 3.20 | 3.20 | 3.10 |
| 50 yr PWLB | 3.10 | 3.20 | 3.20 | 3.20 | 3.20 | 3.10 | 3.10 | 3.00 | 3.00 | 2.90 | 2.90 | 2.90 | 2.80 |

| Link Group Interest Rate View 21.06.22 | | | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
| | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | |
| BANK RATE | 1.75 | 2.25 | 2.75 | 2.75 | 2.75 | 2.75 | 2.50 | 2.50 | 2.25 | 2.25 | 2.25 | 2.25 | |
| 3 month ave earnings | 2.00 | 2.50 | 2.80 | 2.80 | 2.80 | 2.80 | 2.60 | 2.50 | 2.30 | 2.30 | 2.20 | 2.20 | |
| 6 month ave earnings | 2.50 | 2.80 | 3.00 | 3.00 | 2.90 | 2.90 | 2.80 | 2.70 | 2.60 | 2.50 | 2.40 | 2.30 | |
| 12 month ave earnings | 3.10 | 3.20 | 3.20 | 3.20 | 3.00 | 2.90 | 2.80 | 2.60 | 2.50 | 2.40 | 2.40 | 2.40 | |
| 5 yr PWLB | 3.20 | 3.30 | 3.30 | 3.30 | 3.30 | 3.20 | 3.10 | 3.00 | 3.00 | 3.00 | 2.90 | 2.90 | |
| 10 yr PWLB | 3.40 | 3.50 | 3.50 | 3.50 | 3.50 | 3.40 | 3.30 | 3.20 | 3.20 | 3.20 | 3.10 | 3.10 | |
| 25 yr PWLB | 3.70 | 3.70 | 3.70 | 3.70 | 3.70 | 3.70 | 3.60 | 3.50 | 3.50 | 3.40 | 3.40 | 3.30 | |
| 50 yr PWLB | 3.40 | 3.40 | 3.50 | 3.50 | 3.40 | 3.40 | 3.30 | 3.20 | 3.20 | 3.10 | 3.10 | 3.00 | |

Item No. 10.15

- LIBOR and LIBID rates ceased at the end of 2021. In a continuation of our previous forecasts, our money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months. Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was previously updated on 9th August and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the “fiscal event” has complicated the picture for the MPC, who will now need to double-down on counteracting inflationary pressures stemming from the government’s widespread fiscal loosening.
- Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- The CPI measure of inflation will peak at close to 10.4% in November 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.
- Regarding the “provisional” plan to sell £10bn of gilts back into the market each quarter, this is still timetabled to take place but not until October at earliest.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)
- On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy, and rent/mortgage payments.

PWLB RATES

- The yield curve has shifted upwards since our August update and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.25% to 5.75%. The yield curve is currently inverted.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further whipsawing of gilt yields across the whole spectrum of the curve is possible.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

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

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).

- **The Bank of England** acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea, and Middle Eastern countries, which could lead to increasing safe-haven flows.

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

- 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 and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in the light of the cost-of-living squeeze.
- **The pound weakens** because of the UK's growing borrowing requirement resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** continue to rise strongly and pull gilt yields up even higher than currently forecast.