



Budget Council Meeting

Wednesday 21 February 2024 at 6pm

Enclosed are copies of the reports considered by Cabinet on 1 February 2024 in respect of the Housing Revenue Account and General Fund budgets to be determined by Full Council on 21 February.

The reports are enclosed in the order of which the recommendations from Cabinet are to be considered at the Council meeting.

- **Housing Revenue Account Budgets 2023-24 to 2026-27**
(Council Agenda Item 4.(i))

Joint Report of the Deputy Chief Executive-Resources and the Head of Housing & Corporate Assets (Item 10.1 - 10.8).

- **Housing Revenue Account Capital Programmes 2023-24 to 2026-27**
(Council Agenda Item 4.(ii))

Joint Report of the Deputy Chief Executive-Resources and the Head of Housing & Corporate Assets (Item 11.1 - 11.5).

- **General Fund Revenue Budget and Capital Programme 2024-2027**
(Council Agenda Item 5.(i))

Report of the Deputy Chief Executive-Resources (Item 8.1 - 8.66).

- **Treasury Management Strategy, Minimum Revenue Provision Policy, and Annual Investment Strategy 2024-25**
(Council Agenda Item 5.(ii))

Report of the Deputy Chief Executive-Resources (Item 12.1 - 12.34).

Also enclosed is a copy of the following report considered at the joint meeting of the Cabinet and Audit & Governance Committee held on 7 February 2024:

- **Council's Response to the Auditor's Annual Report 2021/22 and 2022/23**
(Council Agenda Item 7.(i))

Report of the Deputy Chief Executive-Resources & S151 Officer (Item 4.1 - 4.17).

Housing Revenue Account Budgets 2023/24 to 2026/27

Committee:	Cabinet
Date of Meeting:	1 February 2024
Joint Report of:	Deputy Chief Executive-Resources (S151) Head of Housing & Corporate Assets
Portfolio:	Housing

1 Purpose of Report

- 1.1 To review the 2023-24 Housing Revenue Account (HRA) Budget.
- 1.2 To propose an HRA Budget for 2024-25 and Indicative Budgets for 2025-26 and 2026-27.
- 1.3 To determine the proposed three-year Housing Revenue Account Budget for consideration by Council on 21 February 2024.

2 Recommendations

- 2.1 That the revised position with regard to estimated income and expenditure for the 2023-24 HRA and budgets for the period 2024-25 to 2026-27 as summarised in **APPENDIX 1** be noted.
- 2.2 That Council on 21 February 2024 be recommended to:-
 - (i) Determine a minimum level of working balances of £2.923 million for 31 March 2025 and indicative working balances of £3.057 million and £3.214 million for 31 March 2026 and 2027 respectively.
 - (ii) Approve the HRA Revenue Budgets for 2024-25, 2025-26 and 2026-27 (and note the forecast outturn for 2023-24) as summarised in **APPENDIX 1** of the report.

Reasons for Recommendations

- 2.3 Cabinet is required to propose a budget in relation to the HRA for submission to Council on the 21 February 2024.

3 Key Issues

- 3.1 This report considers the proposed three-year HRA budgets for 2024-25 to 2026-27.
- 3.2 Projected levels of income and expenditure for 2024-27 are summarised below:

Table 1: HRA Summary Budget 2024-25 to 2026-27

	2024-25 £000's	2025-26 £000's	2026-27 £000's
Income	(24,565)	(25,069)	(25,750)
Expenditure	23,095	22,628	23,192
Revenue Contribution to Capital Outlay	971	2,307	2,401
Working Balances Change	499	134	157

- 3.3 A separate report will be included on the 1 February Cabinet agenda in relation to the rent increase for 2024-25, with the budget assuming a rent increase of 7.7% in line with the proposed rent cap for 2024/25 due to high inflation. This was announced as part of the Autumn Statement.
- 3.4 When reviewing the HRA Revenue position, consideration needs to be given to the HRA Capital Programme and the level of Working Balances, including 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 Historic Business Plan, the RCCO also represents the net surplus on the Revenue Account after determining the level of Working Balances. The RCCO does not include the impact of the item 8 credit determination, as this would cause a feedback loop between the General Fund and the HRA which would not be possible to close.
- 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.

4 Relationship to Corporate Priorities

- 4.1 The proposed HRA budgets will contribute to the delivery of new social housing and the maintenance of housing standards, as reflected in the Council's Corporate Plan.

5 Report Detail

- 5.1 2023-24 has been a challenging year for the HRA. It has been identified that significant work is needed to improve the systems, processes, governance and planning for the maintenance of the stock. This can be seen in the forecast underspend in the capital programme and in the report to tenants where it was highlighted that significantly less capital works than planned took place.
- 5.2 During the year a report was taken to address health and safety needs around fire safety in the HRA stock. This report identified that the stock needed investment in areas such as new fire doors or fire safety compartmentalisation upgrades to meet fire safety standards. These works are currently underway, with a large number having been completed. However, an external audit took place which looked at this area of work which identified that there were weaknesses around record keeping and governance. This report highlighted that whilst the works may well be taking place, the current systems and processes made it difficult to run off a complete record of works for any one specific asset. This in turn made it very

difficult to evidence what works had taken place at each property and to identify what other works may need to be done in the future. Instead, the information was held across several different systems. The risk from this being that a property could be missed from planning for works.

- 5.3 The external audit report also identified that it is essential that a new 30-year HRA Business Plan is implemented as soon as possible in line with statutory requirements. At present the council has been operating on historic information. To remedy this it is proposed that a full stock condition survey is commissioned to inform this business plan.
- 5.4 To enable the stock condition survey to take place and the review of the systems, processes and governance significant funds have been included in the budget for both 2023-24 and 2024-25. This will enable HRA managers to bring in expertise as needed to complete reviews and then action the recommendations. These recommendations may take the form of software investment, changes in reporting or other actions and as such an estimated amount has been included. The level of resources needed will be monitored and reported on as the works are undertaken and commissioned to ensure that they are in line with HRA resource availability and to ensure transparency.
- 5.5 Finally, the report identified that a review of policies in place was needed to ensure that they were up to date and appropriate.
- 5.6 The proposed revenue budgets are therefore in accordance with the prevailing HRA Business Plan but reflect the ongoing effects of the anticipated outturn in respect of 2023-24 (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 2024-25

- 5.7 A review of the 2024-25 Budget is included in **APPENDIX 1**.
- 5.8 The key overarching assumptions on which the revenue budgets are based are set out below:

	2024/25	2025/26	2026/27
Pay award	4%	3%	2%
Dwelling rent increase	7.7%	5%	3%
Anticipated RTBs (previously 26 per annum)	10	10	15

- 5.9 The forecast reflects the latest stock numbers and average rents for both social and affordable properties with changes made to Dwellings Rent, Garage Rents and Repairs Budgets.
- 5.10 The forecast figures include the settlement of the 2023-24 pay award which has been settled at £1,925 increase for each spinal column point.
- 5.11 Estimated expenditure for 2024-25 is now forecast to be £24.066 million (including RCCO contribution) and Income £24.565 million with a forecast transfer to working balances of £0.499 million.

Housing Revenue Account Budgets 2024-25 to 2025-26

- 5.12 The budgets reflect a continuation of current policies and the maintenance of existing service provision throughout the budget period. The historic approved 30-year HRA Business Plan has therefore been used as the basis for preparing the HRA budgets for the period 2024-25 to 2026-27 which are attached as **APPENDIX 1**.
- 5.13 Expenditure budgets reflect anticipated pay awards for 2024-25 to 2026-27.
- 5.14 The budget has been refreshed to reflect the latest stock numbers with changes made to Dwellings Rent, Garage Rents and Repairs Budgets.
- 5.15 Capital Financing Charges have been amended to reflect the revised Depreciation requirement. However, this has no change in relation to the overall level of resources with a compensating adjustment made to the Revenue Contribution to Capital Outlay.
- 5.16 Major changes in the budgets are as below for the period 2023/24 to 2025/26:

	2023/24	2024/25	2025/26
	£000	£000	£000
Opening working balance transfer (26 Jan report)	-73	-56	-58
Pay changes	-34	370	437
Asbestos survey and removal	165	110	110
Stock condition survey	90	475	
Consultant support	43	69	
Housing repairs gas	97	155	170
Fire risk actions (transferred from capital)	450	400	20
Dwelling rent income over amount previously assumed in approved budget (26 Jan report)	-169	-861	-1,112
Revenue Contribution to Capital Outlay (RCCO)	-799	-962	525
Technical financing changes	-130	-368	-131
Other	-82	169	-95
Closing working balance	-442	-499	-134

- 5.17 The proposed budget for 2026/27 is a continuation of the 2025/26 budget with the key changes in relation to:
- Inflation
 - Pay changes
 - Dwelling rents
 - RCCO
 - Technical financing changes
- 5.18 Proposed Housing Revenue Account Budgets for the period 2024-25 to 2026-27 are attached in **APPENDIX 1**.

Effect on Working Balances

- 5.19 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 been assumed throughout the three-year budget period excluding the item 8 credit.

6 Implications

6.1 Financial

The financial implications have been referred to throughout the report.

6.2 Legal

None

6.3 Human Resources

The estimated budgets include provision for employees.

6.4 Risk Management

The risks relate to income as well as expenditure and any change in Government policy will impact upon the balances available to support the Capital Programme.

A number of actions are undertaken to 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.

The implementation of an annual Internal Audit Plan and scrutiny from the External Auditor. A risk register for HRA is attached at **APPENDIX 2**.

6.5 Equalities and Diversity

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

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: HRA Budgets 2023-24 to 2026-27

Appendix 2: HRA working balance risk register

8 Previous Consideration

None

9 Background Papers

None

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Report Track: Cabinet: 17/01/24
Responsible Council Scrutiny Committee: 23/01/24
Cabinet: 01/02/24
Council: 21/02/24

Key Decision: No

HRA Budgets 2023-24 to 2026-27

	Original Budget 2023-24	Revised Budget 2023-24	Variance 2023-24	Budget 2024-25	Budget 2025-26	Budget 2026-27
Income	£	£	£	£	£	£
Dwelling Rent	(21,542,000)	(21,711,000)	(169,000)	(23,785,000)	(24,456,000)	(25,212,000)
Non Dwelling Rent	(359,000)	(365,000)	(6,000)	(377,000)	(382,000)	(386,000)
Interest	-	(259,540)	(259,540)	(354,000)	(181,060)	(100,670)
Other	(12,370)	(12,370)	-	(12,490)	(12,610)	(12,730)
General Fund Contribution	(35,520)	(35,520)	-	(36,590)	(37,690)	(38,440)
Total Income	(21,948,890)	(22,383,430)	(434,540)	(24,565,080)	(25,069,360)	(25,749,840)
Expenditure						
Repairs and Maintenance	6,725,570	7,475,470	749,900	8,196,650	7,296,420	7,488,860
Provision for bad debts	100,000	100,000	-	100,000	100,000	100,000
Supervision and Management						
General	4,695,530	4,642,010	(53,520)	5,061,070	5,109,320	5,203,850
Special	1,042,610	1,082,400	39,790	1,132,940	1,165,540	1,194,280
Total Management	5,738,140	5,724,410	(13,730)	6,194,010	6,274,860	6,398,130
Capital Financing	8,220,510	8,349,770	129,260	8,604,990	8,956,480	9,204,760
RCCO	1,091,270	291,920	(799,350)	970,830	2,307,330	2,401,020
Total Expenditure	21,875,490	21,941,570	66,080	24,066,480	24,935,090	25,592,770
Working Balance transfer	73,400	441,860	368,460	498,600	134,270	157,070
Working Balance						
B/fwd	(2,005,020)	(1,982,650)	22,370	(2,424,510)	(2,923,110)	(3,057,380)
In year	(73,400)	(441,860)	(368,460)	(498,600)	(134,270)	(157,070)
C/fwd	(2,078,420)	(2,424,510)	(346,090)	(2,923,110)	(3,057,380)	(3,214,450)
Minimum	2,078,420	2,424,510		2,923,110	3,057,380	3,214,450

Working Balance - Financial Risks facing the HRA

Risk	Level of risk	Explanation of risk
• Inflation	High	Inflation has been included in the Financial Plan in accordance with Government policy.
• Interest income	Medium	The amount earned depends on the prevailing interest rates and the level of cash balances held. Prudent assumptions have been made.
Major income sources:		
• Rents	Medium	Dependent on successful collection of rents and keeping void levels/turnaround times of changes in tenants low.
• Non dwelling rents	Low	Dependent on maintaining low vacancy rate of garages and shop units as well as maintaining the standard of the assets.
• 1-4-1 receipts	Medium	The sale of council houses results in the council receiving a portion of the sale proceeds to invest in future additions to the stock held.
• Spending pressures:		
• Investment in HRA	High	The HRA has had a number of issues identified around systems, processes and governance which require significant investment to understand and then correct.
• Stock condition survey	High	The HRA does not have an up to date stock condition survey. A full survey is planned to be carried out in 2024/25. This will require significant funds which has been estimated in the budget. The outcome of the survey may also require investment in the stock should any issues be found with the stock.
• 1-4-1 receipts	Medium	Whilst this is an income stream (above) the requirements around these receipts are that only a proportion of any new stock added to the HRA can be funded from them. The balance must be met from the HRA's own resources. Should the monies not be spent by the deadline set out in the guidance then the receipts become repayable in full with a penalty interest amount as well.

Housing Revenue Account Capital Programmes 2023/24 to 2026/27

Committee:	Cabinet
Date of Meeting:	1 February 2024
Joint Report of:	Deputy Chief Executive-Resources (S151) Head of Housing & Corporate Assets
Portfolio:	Housing

1 Purpose of Report

- 1.1 To review the 2023-24 HRA Capital Programme.
- 1.2 To refresh the Housing Revenue Account Capital Programme budgets for the period 2024-25 to 2026-27.
- 1.3 To present an updated four-year Housing Revenue Account Capital Programme for consideration by Council on 21 February 2024.

2 Recommendations

- 2.1 That the estimated availability of Housing Revenue Account capital resources for the period 2023-24 to 2026-27 (as set out in Appendix 1) be noted.
- 2.2 That Council on 21 February 2024 is recommended to approve the Housing Revenue Account Capital Programme for the period 2023-24 to 2026-27 (as set out in Appendix 2).

Reasons for Recommendations

- 2.3 Cabinet is required to propose a budget in relation to the HRA for submission to Council on the 21 February 2024.

3 Key Issues

- 3.1 This report considers the refreshed HRA Capital Programme for the period 2024-25 to 2026-27, together with the forecast outturn for 2023-24, compiled within the financial framework provided by the Approved Historic 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.

4 Relationship to Corporate Priorities

- 4.1 The proposed HRA budgets will contribute to the delivery of new social housing, the maintenance of housing standards, as reflected in the Council's Corporate Plan.

5 Report Detail

- 5.1 The current capital programme is based upon the previously approved 30-year Business Plan, with a new 30-year Business Plan being developed to be informed by a new stock condition survey.
- 5.2 The delay in the commissioning of a stock condition survey has had an impact on the proposed programme with the programme reflecting the current requirements from the existing plan. These documents are key elements to the production of a new 30-year HRA Business Plan.
- 5.3 The current Capital Programme therefore reflects the existing 30-year Business Plan requirements pending an evaluation of the outcome of the Stock Condition Survey and recommendations for the potential to improve aspects of the 4 Sheltered Housing Schemes.

HRA Capital Programme 2023-24 to 2026-27

- 5.4 A proposed HRA Capital Programme for 2024-25 to 2026-27, together with the forecast outturn for 2023-24 is set out in Appendix 2.
- 5.5 The programme reflects the spend on the Aelfgar site which is now programmed to be completed by 2025/26.
- 5.6 The Capital programme includes the following new Schemes:
- Digitalisation of social alarms.

Estimated Availability of HRA Capital Resources

- 5.7 Details of the estimated availability of HRA capital resources for the period 2023-24 to 2026-27 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 2023-24 HRA Capital Programme;
 - (ii) Amendments to the net revenue contribution to capital outlay following the detailed budget formulation work in respect of the Housing Revenue Account.
- 5.8 Unallocated resources at the end of capital programme amount to £10.051m. These funds will be utilised to invest in the stock as appropriate.

6 Implications

6.1 Financial

The financial implications have been referred to throughout the report.

6.2 Legal

None.

6.3 Human Resources

None.

6.4 Risk Management

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

6.5 Equalities and Diversity

None

6.6 Health

None.

6.7 Climate Change

A strategy is currently being developed to reflect the Council's New Build aspiration to increase social housing based upon the housing needs of the district and land availability whilst addressing the impact this will have on climate change.

7 Appendices

Appendix 1: Estimated Housing Revenue Capital Resources 2023-24 to 2026-27

Appendix 2: Housing Revenue Account Capital Programme 2023-24 to 2026-27

8 Previous Consideration

None.

9 Background Papers

None.

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Report Track: Cabinet: 17/01/24
Responsible Council Scrutiny Committee: 23/01/24
Cabinet: 01/02/24
Council: 21/02/24

Key Decision: No

Appendix 1

**Estimated Availability of Housing Revenue Account Capital Resources
2023-24 to 2026-27**

	2023-24	2024-25	2025-26	2026-27	Unallocated
Resource	£000	£000	£000	£000	£000
Brought forward	25,122	23,471	19,150	17,095	16,329
Right to Buy receipts	150	150	150	225	
Homes England Housing Grant	0	0	567	283	
Other capital receipts	24	19	19	29	
Revenue Contributions to Capital	292	971	2,307	2,401	
Major Repairs Allowance	5,101	5,426	5,841	6,189	
Affordable housing receipts	32	32	32	48	
Total new resources	5,599	6,598	8,916	9,175	0
Total Capital resources (b/f + new)	30,721	30,069	28,066	26,270	16,329
Proposed capital expenditure	-7,250	-10,919	-10,971	-9,941	-6,278
Carried forward	23,471	19,150	17,095	16,329	10,051

Housing Revenue Account Capital Programme 2023-24 to 2026-27

	2023-24	2024-25	2025-26	2026-27	Unallocated
Description	£000	£000	£000	£000	£000
Demolition of Garages		16			
Disabled Facilities Works	588	618	1,117	1,080	
Right to Compensation	-	25	25	25	
Replacement of Kitchens	1,636	2,175	3,120	3,124	
Replacement of Bathrooms	2,156	2,064	2,188	2,137	
Replacement of Central Heating	626	896	897	1,307	
External and Environmental Works	600	146	146	146	
Replacement of Social Alarms	13	141			
Upgrading of Electrical Systems	687	557	608	669	
Electrical Inspection Condition Report	224	229	229	94	
Hardstandings	-	-	500	1,232	
Replacement of Vehicles		421			
Contingency for unforeseen works		125	127	127	
Sheltered Scheme Works	390	-			
Replacement of Fire Alarms Sheltered	17				
Sheltered Lift Replacements	20	166			
Hawks Green	5				
Aelfgar site *	78	3,300	2,014		
Stock condition contingency					2,500
New Build *					3,778
Communal Block Door Entry System	210	-			
Sheltered Scheme Door Entry		40			
Totals	7,250	10,919	10,971	9,941	6,278

General Fund Revenue Budget and Capital Programme 2024-2027

Committee:	Cabinet
Date of Meeting:	1 February 2024
Report of:	Deputy Chief Executive-Resources
Portfolio:	Leader of the Council

1 Purpose of Report

- 1.1 To propose to the Council the General Fund Revenue Budget for 2024-25, the updated Capital Programme 2024-27 and indicative budgets for 2025-26 to 2026-27.

2 Recommendations

- 2.1 That the following be recommended to the Council:
- (a) The Budget Requirement for the General Fund Revenue Budget for 2024-25 be set at £15.703 million.
 - (b) The indicative General Fund Revenue Budgets be set at £16.334 million for 2025-26 and £16.793 million for 2026-27.
 - (c) The General Fund working balance be set at a minimum of £1 million.
 - (d) The detailed capital programme as set out in **APPENDIX 2 and APPENDIX 3** be approved along with the Community Infrastructure Levy allocations in **APPENDIX 4**.
 - (e) That the Council Tax for 2024-25 be increased by 2.99% to £244.00.
 - (f) The Council's Tax Base be set at 30,014.76 (as determined by the Deputy Chief Executive (S151) reducing the tax base of 34,356.69 to reflect the collection rate).
 - (g) Note that the inflation parameter for fees and charges for 2024-25 was generally set at 6%.
 - (h) That the detailed portfolio budgets as set out in **APPENDIX 1** be approved.

Reasons for Recommendations

- 2.2 As part of the council's annual budget setting process, it is required to determine its budget requirement and seek approval from full council to approve it. The above recommendations allow the council to set the budget it needs to carry out its functions.

3 Key Issues

- 3.1 This report sets out the current position on the General Fund Revenue Budget for 2023-24 and indicative budgets for 2024-25 to 2026-27. It takes into account the Local Government Finance Settlement 2024-25, New Homes Bonus Grant allocation, the position on the Council's Collection Fund, the Council's Tax Base for 2024-25 and the consequential Council Tax for 2024-25.
- 3.2 The budget for 2024-25 is based on the estimated outturn position for 2023-24, which has been updated to reflect known changes and estimates for 2024-25.
- 3.3 Indicative budgets have been set out for 2025-26 and 2026-27 which include the key issues which it is anticipated will have a potential impact on the Council's finances. However, it should be noted that there are substantial uncertainties regarding the central Government policy for local government finance. There is a significant risk to the council's financial position in 2026-27 should the business rates reset take place. It cannot be assumed that support will be provided to manage this reduction in resources by central government at this time. The council is still operating with a one-year financial settlement.

4 Relationship to Corporate Priorities

- 4.1 The revenue budget and the capital programme have been based on the Council's priorities.

5 Report Detail

- 5.1 The respective portfolio budgets will be submitted to responsible council scrutiny committee on the 23 January with it returning to Cabinet on the 1 February 2024 with any feedback as part of the budget consultation process.

Budget Issues and Adjustments 2024-25

Inflation

- 5.2 The budgets for 2024-25 reflect the £1,925 pay award for 2023-24. A provision of 4% has been included for 2024-25; then 3% for 2025-26 and 2% for 2026-27.
- 5.3 Individual calculations have been carried out in respect of the budgets most affected by inflation. Inflation as measured by the Consumer Prices Index (November 2023) is 3.9% and for the Retail Prices Index it is 5.3%. Some contracts, most significantly for Inspiring Healthy Lifestyles (IHL) and the Biffa waste contract, have been individually calculated to reflect high inflation figures. IHL has been particularly affected by a combination of changes in residents' usage of leisure facilities, increased running costs and inflationary pressures.

Spending pressures/Loss of income

- 5.4 The detailed budgets have been refreshed to reflect the forecast for 2023-24. Additional provision has been made within Portfolio budgets for inflation and other general items, including for a pay award and increments.

5.5 The pressures on the 2024-25 Portfolio budgets (recurring in future years) are itemised below:

- Increased investment in the finance team to meet the needs of the authority. It has been highlighted that as the council is embarking on an ambitious work programme, town centre regeneration and a need to provide better support to budget managers and members there needs to be greater support provided by finance. As such an amount of £141k has been included in the base budget to increase staffing and support investment in the team. This has been highlighted by the external auditors as a key area requiring investment.
- The creation of a budget for transformation has been included at £100k. This will enable the council to review its processes and procedures to ensure it is delivering best practice in its service provision.
- The pay award for 2023/24 came in significantly higher than had been estimated. This has a knock-on effect for future years and has been reflected in the base budget.
- Planning is currently forecasting a reduction in income of £143k on an ongoing basis. This is because of reduced applications being anticipated. There is a consequential reducing in building control net income of £46k. This does not take into account the increase in fees from the recent government announcement. It detailed an increase in planning application fees of 35% for major developments and 25% for all other applications. It also specified a reduction in turnaround times for standard applications from 26 to 16 weeks, which will be a challenge for the department to achieve. Should it not achieve this turnaround time the fees will be repayable. These monies are anticipated to be used for investment in the service.

Budget savings proposals

5.6 In 2023/24 the council undertook a review of all the savings which had been approved in previous budgets. This allowed the council to determine which had been achieved, which needed to be updated/revised and which were no longer achievable. Going forwards regular monitoring of the savings programme will take place and be reported on. Of the originally approved savings for 2023/24 of £902k, £585k were achieved in year. The budgeted savings for 2024/25 were £2,099k and have been reprofiled/amended as below. The main change for 24/25 has been the slipping of the shared service saving of £400k into future years, the removal of the saving attached the moving of the museum, and a reduction in the anticipated saving from the estate rationalisation of Rugeley indoor market.

Table 1: Proposed budget savings

Description	2023-24 £	2024-25 £
Increased use of smartphones	0	8,000
Garden waste charges	100,000	600,000
Digital waste calendar	16,000	16,000
Hednesford station car park charging		21,000
Rugeley station car park charging		17,000
Efficiencies pest control service	8,000	8,000
Efficiencies parks and open spaces service	43,500	43,500
Tennis court hire income	0	38,000
Efficiencies Street Cleansing	24,700	126,100
Inspiring Healthy Lifestyles concessions review	0	70,000
Environmental Protection efficiencies	109,000	109,000
Private sector housing capitalisation of post	46,000	46,000
Efficiencies Caretaking and Cleaning	8,230	8,230
Policy and Performance efficiencies	40,170	40,170
Revenues and benefits efficiencies	12,500	12,500
Shared Services savings	44,000	144,000
Food and safety efficiencies	21,000	21,000
Estate rationalisation	30,000	30,000
CCTV conversion to IP connectivity	9,000	9,000
Citizen Advice grant aid support	27,850	57,850
Reductions in consistently-underspending overhead budgets	45,000	45,000
Total	584,950	1,470,350

Business Rates Income

- 5.7 The Council's exposure to volatility in Business Rates is a key risk with a reduction in income from business rates due to the failure or temporary closure of a key industry and successful appeals against Rateable Values and backdated refunds. To mitigate this risk as much as possible, provision is made in both the budget and final accounts for a reduction in income due to appeals.
- 5.8 There have been several challenges for Cannock's business rate income. The relocation of the Amazon distribution centre is likely to reduce business rates income at least in the short term. The delay in phase 2 of West Midlands Designer Village and the redevelopment of Rugeley power station site are also having an impact on anticipated business rates income. It is hoped that these will be completed in the near future but there is uncertainty around the timings.

2023-24 Forecast Outturn

- 5.9 The Budget for 2023-24 is monitored against the profiled budget. The latest portfolio position reflects the inflationary increases in costs and known changes in the forecast and the impact of the savings achieved. The estimated outturn is a £838k deficit.

- 5.10 The £838k deficit is primarily driven by:
- Planning - £480k due to increased use of agency resource and forecast reduced income.
 - Pay award - £217k reflecting the pay award coming in higher than anticipated.
 - Budget savings which were not achieved of £317k as per table 1.
- 5.11 The overall council position reflects a strong performance on investment income in year. This was driven by higher interest rates. It must be noted that the benefits are effectively windfalls as they cannot be guaranteed on an ongoing basis. At present the council is forecasting a £1.1m surplus over the budgeted for position for investment income. This results in an overall forecast outturn for 2023/24 of £778k deficit. This deficit will be funded from a combination of general fund budget support reserve of £400k and £378k from general working balances. This will leave a minimum working balance of greater than £1m at the close of 2023-24.

Local Government Finance Settlement 2024-25 and Autumn Statement

- 5.12 The Local Government Finance Settlement for 2024-25 was received by the Council in December 2023.
- 5.13 In particular the Settlement determines both the core funding to the Council and basis of incentive funding for Business Rates. A Baseline Funding Level was determined at the commencement of the current scheme in 2013-14 with a Tariff paid to central government representing the difference between income collected and the Baseline. The Baseline Funding now represents the sole form of core funding following the demise of Revenue Support Grant.
- 5.14 The settlement confirmed the continuation of the Council Tax referendum rules for lower tier councils from last year. It is still possible to increase Council Tax by the higher of 2.99% or £5 (rather than the higher of 1.99% or £5) without holding a referendum. The Statement also made various updates to policy regarding Business Rates reliefs, New Homes Bonus for one year (2024-25), but did not include statements on New Homes Bonus for the medium term, the Fair Funding Review or a Business Rates reset.
- 5.15 The 2024-25 Settlement included £1.420m for funding guarantee grant. This is a one-off grant designed to maintain a minimum level of core spending power. It is important to note that this spending power guarantee was calculated on the basis that council tax was increased by the maximum 2.99%. If the council were to not increase this by the maximum, it would have a detrimental impact on future years budgets. This detrimental impact would be driven by the grants in future years being less than the "lost" potential income from not increasing council tax.
- 5.16 It is also worth noting that investment income is not taken into account when calculating the base funding position of the council as it cannot be seen as a guaranteed income stream to fund service delivery.

Business Rates Pooling and Retention

- 5.17 There is an assumption that any reset of Business Rates growth achieved to date will be deferred until at least 2026-27.

- 5.18 The Budget assumes that the Staffordshire and Stoke-on-Trent Business Rates Pool will remain in place. It is also likely that even if there is a 50% reset in business rates growth with effect from 1 April 2026, then transitional relief and/or the use of the Council's reserves set aside for smoothing Business Rates fluctuations may well nullify any losses that would otherwise have been incurred in 2026-27.
- 5.19 Business Rates increase each year in line with the prevailing CPI of the preceding September. The freezing of the NNDR multiplier has only been applied to small businesses. This will result in a loss of income to the Council, offset by compensation for this loss via the NNDR Multiplier Section 31 grant. Section 31 Grant will cover the whole loss.
- 5.20 An analysis of the revised Retained Business Rates income for the Council is set out in **APPENDIX 5**.

New Homes Bonus

- 5.21 Allocations for the New Homes Bonus (NHB) scheme for 2024-25 will be £201k. It is assumed that the NHB scheme will continue in some form in future years and as such an amount has been allocated in 2025-26 and 2026-27 of £200k.

Core spending power grant

- 5.22 The core spending power grant of £19k has been allocated for 2024-25. It is assumed that this is a one-off payment and is therefore not reflected in budgets post 2024-25.

Revenue Budget Summary 2024-25

- 5.23 The Portfolio Budget position set out below reflects the forecast outturn position for 2023-24, the proposed budget for 2024-25, and indicative budgets for 2025-26 and 2026-27.

Table 2: Revenue Budget Recommended to Council

	Forecast outturn 2023-24 £000	Budget 2024-25 £000	Indicative Budget 2025-26 £000	Indicative Budget 2026-27 £000
Net Expenditure				
Portfolio budgets	17,289	17,200	17,203	17,762
Investment income and technical financing adjustments	-1,621	-1,137	-510	-610
Net spending	15,668	16,063	16,693	17,152
Less: Government Grants				
NNDR multiplier	-159	-159	-159	-159
New Homes Bonus	-619	-201	-200	-200
Budget Requirement	14,890	15,703	16,334	16,793
Financing				
Business Rates	-5,964	-6,371	-6,499	-5,914
Council Tax Income	-7,072	-7,324	-7,599	-7,885
Funding guarantee grant*	-830	-1,420	-	-
Core spending power grant	-123	-19	-	-
Revenue Support Grant	-123	-131	-	-
Total Financing	-14,112	-15,265	-14,098	-13,799
Transfer from/to (-) balances	778	438	2,236	2,994
Funding guarantee estimate*			-940	-440
Revised transfer from/to (-) balances	778	438	1,296	2,554

- 5.24 The intention is to fund the forecast deficit in 23-24 as per paragraph 5.11 and the deficit in 24-25 from working balances leaving working balances of £1.124m as at the end of 24-25.
- 5.25 The above budgets are in general based upon the maintenance of existing service provision and delivery of the priorities set out in the Corporate Plan. During 2023/24 a zero based budgeting exercise was undertaken. During this exercise budgets were reviewed line by line by the finance team with the budget holders. The results of this exercise have been reflected in the budgets in table 2.
- 5.26 As indicated above details are only currently available for the 2024-25 financial year. Limited amendments have been made to assumptions in relation to the new funding regime for 2025-26 and onwards. The Business Rates Scheme in particular carries the greatest uncertainty, along with any outcome from the Fair Funding Review. In light of the uncertainty as reflected in various sections of this report, it is difficult to project the true overall position over the medium term.

5.27 The major changes in the indicative Budget for 2024-25 when compared to the currently proposed 2024-25 budget are as set out in Table 3.

5.28 Table 3: Changes in 2024-25 budget assumptions

Description	Change £000
Portfolio budgets higher than anticipated	1,765
Investment income and technical changes higher than anticipated	-653
New Homes Bonus higher than anticipated	-1
Business Rates	-241
Council Tax higher than anticipated	-42
Funding guarantee grant (one year only)	-1,420
Revenue Support Grant	-131
Core Spending Power Grant (one year only)	-19
Total	-742

5.29 The primary changes in the table above are the new grants paid to the council as a one off (Funding guarantee grant £1.420m).

5.30 Table 2 identifies a deficit in 2024-25, taking into account the savings detailed in table 1. To date the council has not budgeted for the one-off grants from central government in its budget setting process due to material uncertainty about the amounts. Additional lines have been added to table 2 this year to reflect what the grant amounts in future years may be. They are based on a prudent estimate driven by the amounts awarded for 2024-25. As per the table if they are considered then the deficit reduces to £1.296m in 2025-26 and £2.554m in 2026-27. The deficit in 2026-27 is driven in part by accounting for the business rates reset in year and a consequential reduction in business rates with no compensating funding being assumed. As referred to above, there is still significant uncertainty in relation to the whole of local government funding.

5.31 A Business Rates reset will have a negative impact on the District, as the amount currently received is based on a low baseline - above which the District retains Business Rates income. A Business Rates review is likely to reset this baseline to a higher level for Cannock, which will leave less scope to generate the same level of income as in the past. There is no certainty that this change will happen in 2026-27, but an assumption needed to be made, because the Government has signalled in the past that such a review will be forthcoming. The Council has long anticipated the change and holds a reserve to provide a buffer for significant fluctuations, and this will enable losses of the magnitude set out above, at least in the short term, to have no impact on the revenue budget. It is also likely that such a major change would be accompanied by transitional relief, which will soften the losses resulting from the policy change, albeit for a limited period.

Reserves and Balances

5.32 Reserves and balances comprise general reserves, the Working Balance, and Earmarked Reserves. They help the Council to cope with unpredictable financial pressures and plan for future spending commitments. They are an essential part of good financial management and assist the Section 151 Officer in providing reassurance to Council on the robustness of the estimates and the adequacy of reserves. **(See APPENDIX 7)**

5.33 The Council holds a number of earmarked reserves for specific purposes. Earmarked reserves are itemised in **APPENDIX 6**. Projected reserves at 1/4/24 have increased to £17,910k when compared to the projected level at 1/4/24 of £14,383k when the 2023-24 Budget was set. The major changes (rounded) are:

- As set out in the outturn report for 22/23, there was a planned draw down from reserves of £1.3m and of this amount only £0.361m was used.
- A contribution to working balance of £0.521m was made.
- Grants reserves have increase by £0.443m
- Trading accounts have increased by £0.187m
- S106 have increased by £0.246m
- Capital resources have increased by £0.188m

5.34 The Working Balance - the current policy has for a number of years been to maintain the level of the General Fund balance at a minimum of £1 million. This is maintained over the planning period.

Capital Programme 2023-24 to 2026-27

5.35 The Capital Programme is attached as **APPENDIX 2 and APPENDIX 3**.

5.36 There are very limited unallocated general fund capital resources of £0.329m at the end of the capital programme. This includes a capital receipt of £75k which has not been received yet.

5.37 Unallocated S106 resources are currently £1.361m.

Council Tax Base and Collection Fund

5.38 The final part of the consideration of the Budget is the Council Tax Base. This is the number of properties in the borough expressed in terms of Band D equivalents.

5.39 The Council's Tax Base is now estimated to be 30,014.76 representing an increase of 163.73 on 2023-24. The increase reflects the net increase in new properties built, offset by the cost of the Local Council Tax Reduction scheme.

5.40 The Tax Base has been calculated as below (with further detail broken down in **APPENDIX 8**):

Council Tax base for budget setting purposes	34,356.69
Less: impact of Local Council Tax Reduction Scheme	<u>-4,341.93</u>
	30,014.76

5.41 The Council's Collection Fund has been reviewed as part of the budget process.

Council Tax 2024-25

5.42 In determining the level of Council Tax for 2024-25 Cabinet will need to take into account the medium-term financial position and the Council Tax Referendum Thresholds.

5.43 The proposed increase of 2.99% is within the guidelines for district councils as contained in Government policy.

- 5.44 The proposed level of Cannock District Council's Council Tax for 2024-25 is £244.00 for a Band D property with the overall level of Council Tax subject to final determination by Council. The figures set out in this report may require minor amendment if any further information emerges before then.
- 5.45 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.

Financial Planning

- 5.46 The Government has intended to introduce a new financial regime for local government for a number of years. There was an original delay, then Covid, then the Ukraine war, cost of living crisis and change in Prime Minister and Cabinet. The changes to the local government financial regime potentially include Business Rates Retention and the reset of Business Rates, a replacement for New Homes Bonus and a Fair Funding Review. This uncertainty from central government is making it increasingly difficult for local government to plan in the medium term and can lead to decisions being taken which are more responsive in nature rather than based on strategic planning.
- 5.47 Each of these issues have been discussed in previous years' budget reports, with the conclusion that it was impossible to determine how both Core and Incentive based funding will change under the new regime. Material variances exist between the best/worst case future scenarios, and it is essential that a prudent approach is adopted until further details become available.
- 5.48 The Council has at the present date minimal general fund uncommitted capital resources. Its future programme will be financed by the generation of capital receipts and prudential borrowing subject to its financing being prudent, sustainable, and affordable. Although with the advent of higher interest rates, it is becoming harder to justify borrowing to fund capital spending, especially as there is also an opportunity cost to borrowing, of foregoing an investment return.
- 5.49 The major potential adverse impact over the medium term is regarding Government policy, a Business Rates reset being the most significant. However, any reset is likely to be accompanied by a reasonable lead-in, with transitional relief. The Council also holds a reserve to soften the impact of Business Rates fluctuations, which could support the 2024-25 Budget if needed.

Horizon scanning

- 5.50 There are several areas of uncertainty for the council going forwards and at present no budgetary provision has been made as costings are unclear. Primary amongst these is the introduction of food waste collection. This a new service that central government are legislating for the council to undertake. We are unsure of the arrangements for this or if funding will be provided by central government but if it is not, then this will be a cost pressure for the council.
- 5.51 As inflation is starting to converge with the Bank of England target of 2% it is unlikely that interest rates will remain at their current levels for the entirety of the next financial year. This will mean investment income starting to reduce. As interest rates decrease the amount of contribution to the investment reserve will reduce to compensate to avoid creating a budget deficit.

- 5.52 Central government funding remains a challenge to forecast. With only one-year settlements being provided and the driver for the amounts being awarded subject to change budgeting for them is very difficult. This year we have modelled up what it would look like if they were to be awarded again next year.
- 5.53 As set out above, the council finds itself in a very challenging financial position. There is a planned review of all reserves mid-way through the year to determine if any can be released to support the general fund and invest to save projects. Should savings targets not be achieved or cost pressures increase additional savings will be required to bridge this gap. The council recognises that it has a significant budget gap over the life of the MTFS and that some difficult decisions will be necessary to close this gap. Regular monitoring and reporting will take place going forwards, on both budgets and the savings programme, to help budget managers ensure the council uses its resources as effectively as possible. This will be a key area for the council and as such a robust process will be put in place to monitor savings, develop new ones, and deliver those which are agreed.

6 Implications

6.1 Financial

Contained in the report.

6.2 Legal

Nil

6.3 Human Resources

Nil

6.4 Risk Management

Set out in Appendix 9.

Setting the budget is recognised as a significant risk to the council and included in the strategic risk register. The risks noted are both the setting of the budget within the timescales and the risks around setting a balanced budget. These are referenced throughout the report and the mitigations that have been put in place. For example, the business rates reserve to offset the potential business rates reset.

6.5 Equalities and Diversity

Nil

6.6 Health

Nil

6.7 Climate Change

Nil

7 Appendices

- Appendix 1: Detailed Portfolio Budgets and Variation Statements
- Appendix 2: Capital Programme 2023-24 to 2026-27
- Appendix 3: General Fund and S106 Capital Budgets 2023-24 to 2026-27
- Appendix 4: Community Infrastructure Levy (CIL) Allocations Process and Recommendations
- Appendix 5: Business Rates Retention - Retained Income
- Appendix 6: Other General Fund Earmarked Reserves
- Appendix 7: Report of the Chief Financial Officer on the Robustness of the Budget Estimates and the Adequacy of the Council's Reserves
- Appendix 8: Council Tax Base 2023-24
- Appendix 9: Working Balance - Financial Risks Facing the Authority

8 Previous Consideration

None

9 Background Papers

Files are available in Financial Services.

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Report Track:	Cabinet: 17/01/24 Responsible Council Scrutiny Committee: 23/01/24 Cabinet: 01/02/24 Council: 21/02/24
Key Decision:	No

Community Wellbeing

Appendix 1

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
1 CCTV				
Employee Expenses	171,600	178,920	184,680	188,850
Premises Related Expenditure	12,020	12,740	13,500	14,310
Supplies & Services	76,220	77,490	78,240	79,020
Total Expenditure	259,840	269,150	276,420	282,180
Income	(61,530)	(63,880)	(65,230)	(65,970)
Total Income	(61,530)	(63,880)	(65,230)	(65,970)
CCTV Net Expenditure	198,310	205,270	211,190	216,210
2 Grants & Contributions				
Supplies & Services	141,280	114,260	115,380	116,530
Total Expenditure	141,280	114,260	115,380	116,530
Grants & Contributions Net Expenditure	141,280	114,260	115,380	116,530
3 Housing Services				
Employee Expenses	514,480	421,480	434,980	444,460
Premises Related Expenditure	6,630	6,120	6,250	6,390
Transport Related Expenditure	1,530	50	70	70
Supplies & Services	369,350	147,220	118,220	119,230
Third Party Payments	310	320	330	340
Total Expenditure	892,300	575,190	559,850	570,490
Income	(536,790)	(237,240)	(211,540)	(215,080)
Total Income	(536,790)	(237,240)	(211,540)	(215,080)
Housing Services Net Expenditure	355,510	337,950	348,310	355,410
4 Leisure Contract Sports and Management				
Premises Related Expenditure	194,680	198,290	202,390	206,580
Supplies & Services	2,327,160	1,848,260	1,531,120	1,561,720
Total Expenditure	2,521,840	2,046,550	1,733,510	1,768,300
Income	(416,060)	(191,890)	(195,710)	(199,610)
Total Income	(416,060)	(191,890)	(195,710)	(199,610)
Leisure Contract Sports and Management Net Expenditure	2,105,780	1,854,660	1,537,800	1,568,690
5 Partnerships				
Employee Expenses	220,430	229,820	236,970	242,140
Premises Related Expenditure	17,830	17,100	17,520	17,950
Transport Related Expenditure	2,480	1,250	1,280	1,290
Supplies & Services	8,520	7,720	7,810	7,890
Total Expenditure	249,260	255,890	263,580	269,270
Partnerships Net Expenditure	249,260	255,890	263,580	269,270

Community Wellbeing

	Outturn 2023-2024	Budget 2024-2025	Budget 2025-2026	Budget 2026-2027
	£	£	£	£
6 Stadium				
Employee Expenses	7,300	9,380	11,020	12,120
Premises Related Expenditure	56,870	53,830	54,380	54,960
Supplies & Services	20,730	20,730	20,730	20,730
Total Expenditure	84,900	83,940	86,130	87,810
Stadium Net Expenditure	84,900	83,940	86,130	87,810
7 DFG Delivery				
Employee Expenses	44,990	46,820	48,270	49,250
Transport Related Expenditure	1,860	3,600	3,620	3,660
Supplies & Services	5,460	5,520	5,580	5,640
Total Expenditure	52,310	55,940	57,470	58,550
Income	(51,830)	(55,940)	(57,470)	(58,550)
Total Income	(51,830)	(55,940)	(57,470)	(58,550)
DFG Delivery Net Expenditure	480	-	-	-
8 Leisure, Planning and Marketing				
Employee Expenses	77,670	80,070	82,440	84,220
Transport Related Expenditure	2,140	1,530	1,550	1,570
Supplies & Services	16,420	13,600	13,660	13,690
Total Expenditure	96,230	95,200	97,650	99,480
Income	(10,550)	(29,470)	(29,690)	(29,910)
Total Income	(10,550)	(29,470)	(29,690)	(29,910)
Leisure, Planning and Marketing Net Expenditure	85,680	65,730	67,960	69,570
Community Wellbeing Net Expenditure	3,221,200	2,917,700	2,630,350	2,683,490

Community Wellbeing PortfolioVariation Statement 2024/2025 to 2026/2027

	2024/2025 Indicative	Real Terms / Efficiency Variations	2024/2025 Budget	2025/2026 Indicative	Real Terms / Efficiency Variations	2025/2026 Budget	Inflation	Real Terms / Efficiency Variations	2026/2027 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	1,187	- 220	967	1,217	- 219	998	19	4	1,021
Premises Related Costs	301	- 13	288	305	- 11	294	7	- 1	300
Transport Related Costs	9	- 3	6	10	- 3	7	-	-	7
Supplies and Services	1,742	493	2,235	1,794	97	1,891	34	- 1	1,924
Third Party	-	-	-	-	-	-	-	-	-
Total Expenditure	3,239	257	3,496	3,326	- 136	3,190	60	2	3,252
Income	- 633	55	- 578	- 646	86	- 560	- 9	-	- 569
Net Expenditure	2,606	312	2,918	2,680	- 50	2,630	51	2	2,683
Portfolio transferred	2084			2147					
Original Net Expenditure	522			533					

Community Wellbeing Portfolio**Proposed Real Terms / Efficiency Variations****2024/25 Change**

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		32
Leadership team posts transferred to Leader portfolio		-206
Increased hra recharge reflecting pay		-5
Utilities		-12
Reduced car allowances		-3
Reduced audit fees		-4
Leisure management contract sports and management		516
Zero based budget review		-5
Budget savings reinstated		
CCTV conversion to IP connectivity	2	
Citizen Advice grant aid support	2	4
minor variations		-5
		<u>312</u>

2025/26 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		36
Leadership team posts transferred to Leader portfolio		-206
Increased hra recharge reflecting pay		-5
Utilities		-12
Reduced car allowances		-3
Reduced audit fees		-5
Leisure management contract sports and management		151
Zero based budget review		-5
Budget savings reinstated		
CCTV conversion to IP connectivity	2	
Citizen Advice grant aid support	2	4
minor variations		-5
		<u>- 50</u>

2025/26 to 2026/27 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in pension costs		3
minor variations		-1
		<u>2</u>

Environment and Climate Change

Appendix 1

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
1 Waste & Recycling				
Employee Expenses	293,070	366,700	377,440	384,650
Premises Related Expenditure	2,960	3,080	3,110	3,140
Transport Related Expenditure	6,080	6,950	7,040	7,150
Supplies & Services	160,280	56,370	57,050	57,620
Third Party Payments	3,836,490	4,102,690	4,281,790	4,383,260
Total Expenditure	4,298,880	4,535,790	4,726,430	4,835,820
Income	(1,321,850)	(1,534,760)	(1,548,870)	(1,571,110)
Total Income	(1,321,850)	(1,534,760)	(1,548,870)	(1,571,110)
Waste & Recycling Net Expenditure	2,977,030	3,001,030	3,177,560	3,264,710
2 Regulatory Services				
Employee Expenses	368,740	424,490	440,910	451,460
Transport Related Expenditure	8,240	10,700	10,830	10,940
Supplies & Services	34,420	32,390	32,800	33,130
Third Party Payments	45,750	47,580	48,530	49,500
Total Expenditure	457,150	515,160	533,070	545,030
Income	(20,310)	(31,090)	(31,720)	(32,360)
Total Income	(20,310)	(31,090)	(31,720)	(32,360)
Regulatory Services Net Expenditure	436,840	484,070	501,350	512,670
3 Cleansing Services				
Premises Related Expenditure	5,990	6,050	6,110	6,170
Supplies & Services	5,630	5,580	5,640	5,690
Third Party Payments	486,560	438,430	452,870	463,840
Total Expenditure	498,180	450,060	464,620	475,700
Cleansing Services Net Expenditure	498,180	450,060	464,620	475,700
4 Drainage Services				
Premises Related Expenditure	8,790	8,880	9,060	9,240
Total Expenditure	8,790	8,880	9,060	9,240
Drainage Services Net Expenditure	8,790	8,880	9,060	9,240
5 Countryside Management				
Employee Expenses	207,880	260,460	268,910	274,920
Premises Related Expenditure	11,340	10,640	11,100	11,560
Transport Related Expenditure	13,290	13,440	13,710	13,990
Supplies & Services	29,690	29,930	30,230	30,520
Total Expenditure	262,200	314,470	323,950	330,990
Income	(82,660)	(84,610)	(84,870)	(85,330)
Total Income	(82,660)	(84,610)	(84,870)	(85,330)
Countryside Management Net Expenditure	179,540	229,860	239,080	245,660

Environment and Climate Change

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
6 Public Clocks				
Premises Related Expenditure	6,150	6,840	7,100	7,310
Total Expenditure	6,150	6,840	7,100	7,310
Public Clocks Net Expenditure	6,150	6,840	7,100	7,310
7 Off Street Parking				
Premises Related Expenditure	338,190	349,900	359,310	368,750
Transport Related Expenditure	10	210	210	210
Supplies & Services	153,740	171,600	161,900	163,520
Third Party Payments	33,690	30,350	31,350	32,110
Total Expenditure	525,630	552,060	552,770	564,590
Income	(724,930)	(727,760)	(727,770)	(722,980)
Total Income	(724,930)	(727,760)	(727,770)	(722,980)
Off Street Parking Net Expenditure	(199,300)	(175,700)	(175,000)	(158,390)
8 Bus Shelters				
Premises Related Expenditure	38,360	38,990	40,200	41,450
Total Expenditure	38,360	38,990	40,200	41,450
Income	(25,000)	(25,750)	(26,520)	(27,320)
Total Income	(25,000)	(25,750)	(26,520)	(27,320)
Bus Shelters Net Expenditure	13,360	13,240	13,680	14,130
9 Conservation Areas				
Employee Expenses	179,580	195,270	201,300	205,650
Transport Related Expenditure	3,960	3,000	3,050	3,080
Supplies & Services	2,010	2,620	2,640	2,660
Total Expenditure	185,550	200,890	206,990	211,390
Conservation Areas Net Expenditure	185,550	200,890	206,990	211,390
10 Food Safety				
Employee Expenses	374,560	332,770	343,680	351,650
Transport Related Expenditure	8,340	8,200	8,280	8,360
Supplies & Services	46,740	52,460	52,770	53,140
Total Expenditure	429,640	393,430	404,730	413,150
Income	(60,830)	(5,610)	(5,720)	(5,830)
Total Income	(60,830)	(5,610)	(5,720)	(5,830)
Food Safety Net Expenditure	368,810	387,820	399,010	407,320
11 Management & Administration				
Employee Expenses	106,460	82,050	84,980	87,080
Transport Related Expenditure	130	130	130	130
Supplies & Services	670	530	540	550
Total Expenditure	107,260	82,710	85,650	87,760
Management & Administration Net Expenditure	107,260	82,710	85,650	87,760

Environment and Climate Change

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
12 Mortuary				
Employee Expenses	5,100	5,320	5,460	5,600
Premises Related Expenditure	19,730	20,180	20,810	21,470
Supplies & Services	26,500	1,390	1,400	1,410
Total Expenditure	51,330	26,890	27,670	28,480
Income	(25,000)			-
Total Income	(25,000)			-
Mortuary Net Expenditure	26,330	26,890	27,670	28,480
13 Licensing				
Employee Expenses	171,120	200,370	206,870	211,500
Transport Related Expenditure	2,280	2,330	2,350	2,370
Supplies & Services	29,440	29,910	30,230	30,530
Total Expenditure	202,840	232,610	239,450	244,400
Income	(288,190)	(254,300)	(260,090)	(265,180)
Total Income	(288,190)	(254,300)	(260,090)	(265,180)
Licensing Net Expenditure	(85,350)	(21,690)	(20,640)	(20,780)
14 Resilience				
Employee Expenses	18,210	16,420	16,830	17,200
Premises Related Expenditure	140			-
Supplies & Services	64,630	63,170	63,830	64,480
Total Expenditure	82,980	79,590	80,660	81,680
Income	(56,690)	(56,170)	(57,340)	(58,210)
Total Income	(56,690)	(56,170)	(57,340)	(58,210)
Resilience Net Expenditure	26,290	23,420	23,320	23,470
15 Hawks Green Depot				
Employee Expenses	6,680	5,400	5,540	5,650
Premises Related Expenditure	129,570	142,230	147,370	152,730
Supplies & Services	16,800	14,680	14,910	15,090
Total Expenditure	153,050	162,310	167,820	173,470
Income	(173,960)	(182,520)	(186,180)	(189,910)
Total Income	(173,960)	(182,520)	(186,180)	(189,910)
Hawks Green Depot Net Expenditure	(20,910)	(20,210)	(18,360)	(16,440)
Environment and Climate Change Net Expenditure	4,528,570	4,698,110	4,941,090	5,092,230

Environment & Climate Change Portfolio**Variation Statement 2024/2025 to 2026/2027**

	2024/2025 Indicative	Real Terms / Efficiency Variations	2024/2025 Budget	2025/2026 Indicative	Real Terms / Efficiency Variations	2025/2026 Budget	Inflation	Real Terms / Efficiency Variations	2026/2027 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	1,844	45	1,889	1,888	64	1,952	37	6	1,995
Premises Related Costs	560	27	587	574	30	604	18	-	622
Transport Related Costs	48	- 3	45	49	- 3	46	-	-	46
Supplies and Services	459	4	463	452	2	454	4	-	458
Third Party Payments	4,646	- 27	4,619	4,736	78	4,814	96	19	4,929
Total Expenditure	<u>7,557</u>	<u>46</u>	<u>7,603</u>	<u>7,699</u>	<u>171</u>	<u>7,870</u>	<u>155</u>	<u>25</u>	<u>8,050</u>
Income	- 2,989	84	- 2,905	- 3,019	90	- 2,929	- 32	3	- 2,958
Net Expenditure	<u>4,568</u>	<u>130</u>	<u>4,698</u>	<u>4,680</u>	<u>261</u>	<u>4,941</u>	<u>123</u>	<u>28</u>	<u>5,092</u>
portfolios transferred	545			556					
Original Net Expenditure	4,023			4,124					

Environment & Climate Change Portfolio
Proposed Real Terms / Efficiency Variations

2024/25 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		47
HRA recharges reflecting pay		-5
Increased utility costs		35
Reduced rates		-3
Reduced car allowances		-4
Zero based budget review		
Expenditure	-20	
Income	30	10
Waste contract		
Reduced gate fees dry recycling	-40	
Increased gate fees green waste	5	
Additional contract cost contract inflation and properties	76	
Reduced recycling credits	36	
Reduced income from recycling	10	87
Bus Shelters reduced income		13
Reduced parking income		9
Increased bank charges		9
Streetcleansing recharge		-68
Grounds recharge		1
minor variations		-1
		<u>130</u>

2025/26 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		65
HRA recharges reflecting pay		-5
Increased utility costs		38
Reduced rates		-3
Reduced car allowances		-4
Zero based budget review		
Expenditure	-20	
Income	30	10
Waste contract		
Reduced gate fees dry recycling	-32	
Increased gate fees green waste	8	
Additional contract cost contract inflation and properties	166	
Reduced recycling credits	39	
Reduced income from recycling	10	191
Bus Shelters reduced income		13
Reduced parking income		9
Increased bank charges		9
Streetcleansing recharge		-63
Grounds recharge		1
		261

2025/26 to 2026/27 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay and pension changes		6
Waste dual stream and dry recycling contract		
Additional contract cost	16	
Recycling credits	-2	14
Streetcleansing recharge		2
Reduced parking income		5
minor variations		1
		28

Housing

Appendix 1

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
1 Caretakers and Cleaners				
Employee Expenses	305,100	337,790	349,160	357,290
Premises Related Expenditure	13,150	13,280	13,410	13,540
Transport Related Expenditure	2,310	2,270	2,320	2,370
Supplies & Services	3,640	2,100	2,140	2,160
Total Expenditure	324,200	355,440	367,030	375,360
Caretakers and Cleaners Net Expenditure	324,200	355,440	367,030	375,360
2 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
3 Civic Ballroom				
Premises Related Expenditure	650	660	670	680
Total Expenditure	650	660	670	680
Income	(24,540)	(24,540)	(24,600)	(25,090)
Total Income	(24,540)	(24,540)	(24,600)	(25,090)
Civic Ballroom Net Expenditure	(23,890)	(23,880)	(23,930)	(24,410)
4 Housing Act Advances				
Supplies & Services	.	20	20	20
Total Expenditure	.	20	20	20
Housing Act Advances Net Expenditure	-	20	20	20
5 Miscellaneous Properties				
Premises Related Expenditure	7,720	6,720	6,940	7,120
Total Expenditure	7,720	6,720	6,940	7,120
Income	(9,610)	(17,030)	(17,060)	(17,410)
Total Income	(9,610)	(17,030)	(17,060)	(17,410)
Miscellaneous Properties Net Expenditure	(1,890)	(10,310)	(10,120)	(10,290)
6 Private Sector Housing				
Employee Expenses	283,860	297,290	306,730	313,080
Transport Related Expenditure	9,860	5,000	5,100	5,150
Supplies & Services	3,570	2,780	2,820	2,860
Total Expenditure	297,290	305,070	314,650	321,090
Income	(46,000)	(46,000)	(46,920)	(47,860)
Total Income	(46,000)	(46,000)	(46,920)	(47,860)
Private Sector Housing Net Expenditure	251,290	259,070	267,730	273,230

Housing

	Outturn 2023-2024	Budget 2024-2025	Budget 2025-2026	Budget 2026-2027
	£	£	£	£
7 Public Buildings				
Employee Expenses	283,450	295,180	304,460	311,050
Premises Related Expenditure	734,620	721,360	746,040	771,620
Transport Related Expenditure	3,490	4,400	4,440	4,480
Supplies & Services	52,740	44,890	45,380	45,790
Total Expenditure	1,074,300	1,065,830	1,100,320	1,132,940
Income	(459,920)	(398,910)	(401,650)	(409,470)
Total Income	(459,920)	(398,910)	(401,650)	(409,470)
Public Buildings Net Expenditure	614,380	666,920	698,670	723,470
Housing Net Expenditure	1,199,610	1,282,780	1,334,920	1,372,900

Housing PortfolioVariation Statement 2024/2025 to 2026/2027

	2024/2025 Indicative	Real Terms / Efficiency Variations	2024/2025 Budget	2025/2026 Indicative	Real Terms / Efficiency Variations	2025/2026 Budget	Inflation	Real Terms / Efficiency Variations	2026/2027 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	888	42	930	908	52	960	19	3	982
Premises Related Costs	698	44	742	721	46	767	26	-	793
Transport Related Costs	16	- 4	12	15	- 3	12	-	-	12
Supplies and Services	96	- 11	85	98	- 12	86	-	-	86
Total Expenditure	1,698	71	1,769	1,742	83	1,825	45	3	1,873
Income	- 480	- 6	- 486	- 484	- 6	- 490	- 9	- 1	- 500
Net Expenditure	1,218	65	1,283	1,258	77	1,335	36	2	1,373
portfolios transferred	- 3,079			- 3,152					
Original Net Expenditure	4,297			4,410					

Housing Portfolio**Proposed Real Terms / Efficiency Variations****2024/25 Change**

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		40
Increased hra recharge reflecting pay		-4
Increased Utilities		31
Increased Rates		11
Reduced car allowances		-4
Zero based budget review		
Expenditure	-9	
Income	-1	-10
minor variations		1
		<u>65</u>

2025/26 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		50
Increased hra recharge reflecting pay		-4
Increased Utilities		35
Increased Rates		12
Reduced car allowances		-4
Zero based budget review		
Expenditure	-9	
Income	-1	-10
minor variations		-2
		<u>77</u>

2025/26 to 2026/27 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in pension costs		2
		<u>2</u>

Leader

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
1 Members				
Employee Expenses	30,800	28,290	28,920	29,560
Transport Related Expenditure	2,250	400	420	420
Supplies & Services	359,680	360,730	367,840	375,080
Total Expenditure	392,730	389,420	397,180	405,060
Members Net Expenditure	392,730	389,420	397,180	405,060
2 Executive Management & Support				
Employee Expenses	463,320	617,550	638,640	655,240
Transport Related Expenditure			30	30
Supplies & Services	79,790	90,760	91,650	92,540
Third Party Payments	262,320	275,150	285,890	291,650
Total Expenditure	805,430	983,460	1,016,210	1,039,460
Executive Management & Support Net Expenditure	805,430	983,460	1,016,210	1,039,460
Leader Net Expenditure	1,198,160	1,372,880	1,413,390	1,444,520

Leader of the Council PortfolioVariation Statement 2024/2025 to 2026/2027

	2024/2025 Indicative	Real Terms / Efficiency Variations	2024/2025 Budget	2025/2026 Indicative	Real Terms / Efficiency Variations	2025/2026 Budget	Inflation	Real Terms / Efficiency Variations	2026/2027 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	319	327	646	326	342	668	11	6	685
Premises Related Costs	- 1	1	-	-	-	-	-	-	-
Transport Related Costs	5	- 5	-	5	- 5	-	-	-	-
Supplies and Services	459	- 7	452	467	- 8	459	8	1	468
Third Party Payments	-	275	275	-	286	286	6	-	292
Total Expenditure	782	591	1,373	798	615	1,413	25	7	1,445
Income	-	-	-	-	-	-	-	-	-
Net Expenditure	782	591	1,373	798	615	1,413	25	7	1,445
portfolios transferred	- 503			- 512					
Original Net Expenditure	1,285			1,310					

Leader of the Council Portfolio**Proposed Real Terms / Efficiency Variations****2024/25 Change**

	£'000	£'000
<u>Real Term Variations</u>		
Joint leadership team		
Employees (partly transfer from other portfolios)	231	
Transport	-5	
Third Party (payment to Stafford borough council)	<u>275</u>	501
Budget Pressure - Transformation		100
Members allowances		-9
minor variations		-1
		<u><u>591</u></u>

2025/26 Change

	£'000	£'000
<u>Real Term Variations</u>		
Joint leadership team		
Employees (partly transfer from other portfolios)	246	
Transport	-5	
Third Party (payment to Stafford borough council)	<u>286</u>	527
Budget Pressure - Transformation		100
Members allowances		-9
minor variations		-3
		<u><u>615</u></u>

2025/26 to 2026/27 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay and pension charges		6
minor variations		1
		<u><u>7</u></u>

Parks, Culture & Heritage

Appendix 1

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
1 Grounds Maintenance				
Employee Expenses	849,570	885,470	914,420	935,620
Premises Related Expenditure	34,050	36,790	37,670	38,570
Transport Related Expenditure	66,130	73,530	74,840	76,290
Supplies & Services	162,220	159,100	160,740	162,350
Total Expenditure	1,111,970	1,154,890	1,187,670	1,212,830
Income	(1,090,210)	(1,154,890)	(1,187,670)	(1,212,830)
Total Income	(1,090,210)	(1,154,890)	(1,187,670)	(1,212,830)
Grounds Maintenance Net Expenditure	21,760	-	-	-
2 Parks & Open Spaces				
Employee Expenses	568,860	589,020	607,220	620,180
Premises Related Expenditure	557,900	609,140	635,270	654,450
Transport Related Expenditure	19,140	21,400	21,740	22,080
Supplies & Services	136,060	151,630	152,940	154,230
Third Party Payments	210,140	189,350	195,620	200,360
Total Expenditure	1,492,100	1,560,540	1,612,790	1,651,300
Income	(84,060)	(129,370)	(130,940)	(132,660)
Total Income	(84,060)	(129,370)	(130,940)	(132,660)
Parks & Open Spaces Net Expenditure	1,408,040	1,431,170	1,481,850	1,518,640
3 Cemeteries				
Employee Expenses	168,460	175,510	181,090	185,100
Premises Related Expenditure	107,270	105,260	108,480	111,340
Transport Related Expenditure	10,420	9,190	9,390	9,580
Supplies & Services	28,920	48,480	49,050	49,530
Total Expenditure	315,070	338,440	348,010	355,550
Income	(226,360)	(227,970)	(234,810)	(239,510)
Total Income	(226,360)	(227,970)	(234,810)	(239,510)
Cemeteries Net Expenditure	88,710	110,470	113,200	116,040
4 Allotments				
Premises Related Expenditure	5,760	5,880	5,990	6,120
Total Expenditure	5,760	5,880	5,990	6,120
Income	(4,640)	(4,640)	(4,640)	(4,640)
Total Income	(4,640)	(4,640)	(4,640)	(4,640)
Allotments Net Expenditure	1,120	1,240	1,350	1,480

Parks, Culture & Heritage

Appendix 1

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
5 Street Cleansing				
Employee Expenses	585,290	540,340	560,940	575,950
Premises Related Expenditure	3,140	3,140	3,200	3,260
Transport Related Expenditure	162,190	133,910	135,930	137,990
Supplies & Services	32,370	32,640	32,910	33,190
Total Expenditure	782,990	710,030	732,980	750,390
Income	(786,400)	(710,030)	(732,980)	(750,390)
Total Income	(786,400)	(710,030)	(732,980)	(750,390)
Street Cleansing Net Expenditure	(3,410)	-	-	-
6 Vehicles				
Employee Expenses	181,800	188,280	193,640	197,610
Premises Related Expenditure	1,100	1,100	1,120	1,140
Transport Related Expenditure	56,260	58,220	59,350	60,530
Supplies & Services	10,430	9,580	9,680	9,780
Total Expenditure	249,590	257,180	263,790	269,060
Income	(252,760)	(274,240)	(278,850)	(283,560)
Total Income	(252,760)	(274,240)	(278,850)	(283,560)
Vehicles Net Expenditure	(3,170)	(17,060)	(15,060)	(14,500)
7 Leisure Contract Heritage and Arts				
Premises Related Expenditure	1,640	1,670	1,700	1,730
Supplies & Services	431,690	309,230	321,600	328,030
Total Expenditure	433,330	310,900	323,300	329,760
Income	(1,600)	(1,630)	(1,660)	(1,690)
Total Income	(1,600)	(1,630)	(1,660)	(1,690)
Leisure Contract Heritage and Arts Net Expenditure	431,730	309,270	321,640	328,070
8 Tourism				
Supplies & Services	9,630	5,990	6,050	6,110
Total Expenditure	9,630	5,990	6,050	6,110
Tourism Net Expenditure	9,630	5,990	6,050	6,110
9 Contract Monitoring				
Employee Expenses	196,830	238,210	245,650	250,990
Premises Related Expenditure	11,240	16,350	16,460	16,630
Transport Related Expenditure	10,430	7,620	7,790	7,940
Supplies & Services	2,870	1,290	1,310	1,320
Total Expenditure	221,370	263,470	271,210	276,880
Income	(56,740)	(59,620)	(60,810)	(62,030)
Total Income	(56,740)	(59,620)	(60,810)	(62,030)
Contract Monitoring Net Expenditure	164,630	203,850	210,400	214,850
Parks, Culture & Heritage Net Expenditure	2,119,040	2,044,930	2,119,430	2,170,690

Parks, Culture and Heritage Portfolio**Variation Statement 2024/2025 to 2026/2027**

	2024/2025 Indicative	Real Terms / Efficiency Variations	2024/2025 Budget	2025/2026 Indicative	Real Terms / Efficiency Variations	2025/2026 Budget	Inflation	Real Terms / Efficiency Variations	2026/2027 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	2,480	137	2,617	2,538	165	2,703	55	7	2,765
Premises Related Costs	737	42	779	758	52	810	19	4	833
Transport Related Costs	300	4	304	305	4	309	5	1	315
Supplies and Services	736	- 18	718	745	- 11	734	10	1	745
Third Party	215	- 26	189	219	- 24	195	4	1	200
Total Expenditure	4,468	139	4,607	4,565	186	4,751	93	14	4,858
Income	- 2,639	77	- 2,562	- 2,691	59	- 2,632	- 48	- 7	- 2,687
Net Expenditure	1,829	216	2,045	1,874	245	2,119	45	7	2,171
portfolios transferred	1,375			1,410					
Original Net Expenditure Neighbourhood Safety	454			464					

Parks, Culture & Heritage Portfolio**Proposed Real Terms / Efficiency Variations****2024/25 Change**

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		124
HRA recharges reflecting pay		-11
Increased utility costs		12
Reduced cemeteries income		38
Leisure management contract arts		-139
Zero based budget review		-10
Streetcleansing recharge		68
Grounds recharge		-2
Tennis courts sinking fund and additional maintenance		18
Budget savings reinstated		
Efficiencies parks and open spaces service	20	
Inspiring Healthy Lifestyles museum location	100	120
minor variations		-2
		<u>216</u>

2025/26 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		152
HRA recharges reflecting pay		-11
Increased utility costs		13
Reduced cemeteries income		36
Leisure management contract arts		-134
Zero based budget review		-10
Streetcleansing recharge		63
Grounds recharge		-2
Tennis courts sinking fund and additional maintenance		18
Budget savings reinstated		
Efficiencies parks and open spaces service	20	
Inspiring Healthy Lifestyles museum location	100	120
		<u>245</u>

2025/26 to 2026/27 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay and pension changes		7
Streetcleansing recharge		-2
Grounds recharge		2
		<u>7</u>

Regeneration and High Streets

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
1 Building Control				
Employee Expenses	600,460	688,980	710,450	725,920
Transport Related Expenditure	15,280	15,280	15,510	15,670
Supplies & Services	53,270	53,280	53,950	54,470
Total Expenditure	669,010	757,540	779,910	796,060
Income	(504,590)	(570,720)	(582,170)	(590,470)
Total Income	(504,590)	(570,720)	(582,170)	(590,470)
Building Control Net Expenditure	164,420	186,820	197,740	205,590
2 Development Control				
Employee Expenses	664,740	395,720	408,560	417,690
Transport Related Expenditure	6,070	6,000	6,060	6,120
Supplies & Services	90,710	91,700	92,070	92,450
Total Expenditure	761,520	493,420	506,690	516,260
Income	(235,170)	(235,820)	(236,530)	(236,560)
Total Income	(235,170)	(235,820)	(236,530)	(236,560)
Development Control Net Expenditure	526,350	257,600	270,160	279,700
3 Economic Development				
Employee Expenses	206,830	215,290	222,070	226,920
Transport Related Expenditure	2,800	1,100	1,130	1,140
Supplies & Services	145,880	11,070	11,140	11,220
Total Expenditure	355,510	227,460	234,340	239,280
Economic Development Net Expenditure	355,510	227,460	234,340	239,280
4 Industrial Sites				
Premises Related Expenditure	11,930	10,820	11,160	11,410
Capital Financing Costs	1,610	1,610	1,610	1,610
Total Expenditure	13,540	12,430	12,770	13,020
Income	(115,000)	(130,000)	(130,000)	(132,600)
Total Income	(115,000)	(130,000)	(130,000)	(132,600)
Industrial Sites Net Expenditure	(101,460)	(117,570)	(117,230)	(119,580)
5 Land Charges				
Employee Expenses	38,450	38,320	39,540	40,390
Supplies & Services	49,280	40,750	41,190	41,610
Total Expenditure	87,730	79,070	80,730	82,000
Income	(86,380)	(77,450)	(79,000)	(80,580)
Total Income	(86,380)	(77,450)	(79,000)	(80,580)
Land Charges Net Expenditure	1,350	1,620	1,730	1,420

Regeneration and High Streets

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
6 Management & Support				
Employee Expenses	414,520	432,490	445,770	455,390
Transport Related Expenditure	1,590	1,610	1,640	1,660
Supplies & Services	77,510	76,730	77,490	78,240
Total Expenditure	493,620	510,830	524,900	535,290
Income	(44,510)	(45,430)	(46,370)	(46,370)
Total Income	(44,510)	(45,430)	(46,370)	(46,370)
Management & Support Net Expenditure	449,110	465,400	478,530	488,920
7 Town Centre Management				
Premises Related Expenditure	260,370	253,460	254,130	254,940
Supplies & Services	210	210	210	210
Total Expenditure	260,580	253,670	254,340	255,150
Income	(142,420)	(142,440)	(142,460)	(145,310)
Total Income	(142,420)	(142,440)	(142,460)	(145,310)
Town Centre Management Net Expenditure	118,160	111,230	111,880	109,840
8 Markets				
Employee Expenses	82,300	85,670	88,680	89,690
Premises Related Expenditure	211,660	213,950	211,880	221,220
Transport Related Expenditure	1,900	1,300	1,320	1,330
Supplies & Services	23,950	29,620	8,420	8,740
Total Expenditure	319,810	330,540	310,300	320,980
Income	(39,230)	(39,070)	(39,080)	(39,860)
Total Income	(39,230)	(39,070)	(39,080)	(39,860)
Markets Net Expenditure	280,580	291,470	271,220	281,120
Regeneration and High Streets Net Expenditure	1,794,020	1,424,030	1,448,370	1,486,290

Regeneration and High Streets Portfolio**Variation Statement 2024/2025 to 2026/2027**

	2024/2025 Indicative	Real Terms / Efficiency Variations	2024/2025 Budget	2025/2026 Indicative	Real Terms / Efficiency Variations	2025/2026 Budget	Inflation	Real Terms / Efficiency Variations	2026/2027 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	1,868	- 11	1,857	1,910	5	1,915	36	5	1,956
Premises Related Costs	469	9	478	476	1	477	9	1	487
Transport Related Costs	36	- 11	25	37	- 11	26	-	-	26
Supplies and Services	258	45	303	260	24	284	3	-	287
Capital Financing Costs	2	-	2	2	-	2	-	-	2
Total Expenditure	2,633	32	2,665	2,685	19	2,704	48	6	2,758
Income	- 1,413	172	- 1,241	- 1,429	173	- 1,256	- 20	4	- 1,272
Net Expenditure	1,220	204	1,424	1,256	192	1,448	28	10	1,486
portfolios transferred	199			206					
Original Net Expenditure	1,021			1,050					

Regeneration and High Streets Portfolio**Proposed Real Terms / Efficiency Variations****2024/25 Change**

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		48
Leadership team posts transferred to Leader portfolio		-103
Reduced utilities		-4
Increased rates		13
Reduced car allowances		-4
Cannock market shops		30
Reduced planning fee income		143
Shared service income		-47
Zero based budget review		
Expenditure	46	
Income	<u>-15</u>	31
Building Control budget review		
Expenditure	-30	
Income	<u>76</u>	46
Budget savings reinstated		
New Planning fees	15	
Rugeley indoor market hall (part)	<u>35</u>	50
minor variations		1
		<u><u>204</u></u>

2025/26 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		64
Leadership team posts transferred to Leader portfolio		-103
Reduced utilities		-4
Increased rates		12
Reduced car allowances		-4
Reduced planning fee income		143
Shared service income		-55
Zero based budget review		
Expenditure	46	
Income	<u>-15</u>	31
Building Control budget review		
Expenditure	-30	
Income	<u>84</u>	54
Budget savings reinstated		
New Planning fees	15	
Rugeley indoor market hall (part)	<u>35</u>	50
minor variations		4
		<u><u>192</u></u>

2025/26 to 2026/27 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in pension costs		6
Increased rates		2
Shared service income		-3
minor variations		5
		<u>10</u>

Resources and Transformation

Appendix 1

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
1 Legal Services				
Third Party Payments	297,820	299,290	308,790	315,890
Total Expenditure	297,820	299,290	308,790	315,890
Income	(205,800)	(216,230)	(220,580)	(224,980)
Total Income	(205,800)	(216,230)	(220,580)	(224,980)
Legal Services Net Expenditure	92,020	83,060	88,210	90,910
2 Technology				
Supplies & Services	180,240	186,330	188,090	190,190
Third Party Payments	837,880	842,220	862,730	876,920
Total Expenditure	1,018,120	1,028,550	1,050,820	1,067,110
Income	(236,950)	(251,350)	(256,360)	(261,440)
Total Income	(236,950)	(251,350)	(256,360)	(261,440)
Technology Net Expenditure	781,170	777,200	794,460	805,670
3 Governance				
Employee Expenses	16,300	15,260	15,690	16,100
Transport Related Expenditure			10	10
Supplies & Services	31,020	30,130	30,440	30,740
Total Expenditure	47,320	45,390	46,140	46,850
Income	(22,350)	(18,860)	(19,310)	(19,640)
Total Income	(22,350)	(18,860)	(19,310)	(19,640)
Governance Net Expenditure	24,970	26,530	26,830	27,210
4 Human Resources				
Third Party Payments	277,280	274,480	284,760	291,930
Total Expenditure	277,280	274,480	284,760	291,930
Income	(174,720)	(183,580)	(187,250)	(190,990)
Total Income	(174,720)	(183,580)	(187,250)	(190,990)
Human Resources Net Expenditure	102,560	90,900	97,510	100,940
5 Customer Services				
Employee Expenses	335,330	319,540	329,950	332,480
Supplies & Services	106,960	104,570	105,650	106,070
Third Party Payments	7,280	7,570	7,570	7,720
Total Expenditure	449,570	431,680	443,170	446,270
Income	(122,270)	(128,140)	(130,700)	(133,310)
Total Income	(122,270)	(128,140)	(130,700)	(133,310)
Customer Services Net Expenditure	327,300	303,540	312,470	312,960

Resources and Transformation

Appendix 1

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
6 Corporate Services				
Employee Expenses	156,190	162,160	167,430	171,180
Supplies & Services	100,310	94,410	95,420	96,370
Total Expenditure	256,500	256,570	262,850	267,550
Income	(39,830)	(41,760)	(42,610)	(43,460)
Total Income	(39,830)	(41,760)	(42,610)	(43,460)
Corporate Services Net Expenditure	216,670	214,810	220,240	224,090
7 Communications				
Employee Expenses	300,630	312,560	322,680	329,860
Transport Related Expenditure	3,200	1,990	2,020	2,040
Supplies & Services	32,870	29,140	29,510	29,850
Total Expenditure	336,700	343,690	354,210	361,750
Income	(25,560)	(26,220)	(26,750)	(27,280)
Total Income	(25,560)	(26,220)	(26,750)	(27,280)
Communications Net Expenditure	311,140	317,470	327,460	334,470
8 Policy & Performance				
Employee Expenses	85,910	90,050	94,150	97,260
Transport Related Expenditure	320			-
Supplies & Services	11,240	7,270	7,380	7,450
Total Expenditure	97,470	97,320	101,530	104,710
Policy & Performance Net Expenditure	97,470	97,320	101,530	104,710
9 Audit				
Employee Expenses	248,300	256,600	264,560	270,340
Transport Related Expenditure	1,390	50	60	60
Supplies & Services	38,340	35,640	36,020	36,370
Total Expenditure	288,030	292,290	300,640	306,770
Income	(128,510)	(128,270)	(131,190)	(133,470)
Total Income	(128,510)	(128,270)	(131,190)	(133,470)
Audit Net Expenditure	159,520	164,020	169,450	173,300
10 Risk				
Employee Expenses	182,460	188,790	194,510	198,630
Transport Related Expenditure	4,290	2,010	2,050	2,070
Supplies & Services	704,760	702,800	709,380	715,930
Total Expenditure	891,510	893,600	905,940	916,630
Income	(786,490)	(814,140)	(830,140)	(845,880)
Total Income	(786,490)	(814,140)	(830,140)	(845,880)
Risk Net Expenditure	105,020	79,460	75,800	70,750

Resources and Transformation

Appendix 1

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
11 Customer Serv Mgmt (incl Social Alarms)				
Employee Expenses	103,370	107,110	110,260	112,740
Transport Related Expenditure	1,090	970	980	990
Supplies & Services	8,320	10,070	10,160	10,270
Third Party Payments	15,400	16,020	16,340	16,670
Total Expenditure	128,180	134,170	137,740	140,670
Income	(29,300)	(30,360)	(30,970)	(31,590)
Total Income	(29,300)	(30,360)	(30,970)	(31,590)
Customer Serv Mgmt (incl Social Alarms) Net Expenditure	98,880	103,810	106,770	109,080
12 Taxation				
Employee Expenses	2,965,730	2,987,870	3,084,980	3,164,970
Transport Related Expenditure	23,640	10,160	10,400	10,500
Supplies & Services	484,320	517,760	525,990	534,140
Third Party Payments	14,570	15,150	15,600	15,910
Total Expenditure	3,488,260	3,530,940	3,636,970	3,725,520
Income	(2,524,060)	(2,485,860)	(2,535,140)	(2,583,280)
Total Income	(2,524,060)	(2,485,860)	(2,535,140)	(2,583,280)
Taxation Net Expenditure	964,200	1,045,080	1,101,830	1,142,240
13 Finance				
Employee Expenses	1,108,500	1,451,480	1,489,000	1,516,600
Transport Related Expenditure	3,680	2,000	2,040	2,060
Supplies & Services	159,980	146,960	148,720	150,180
Total Expenditure	1,272,160	1,600,440	1,639,760	1,668,840
Income	(967,330)	(1,157,640)	(1,184,790)	(1,206,650)
Total Income	(967,330)	(1,157,640)	(1,184,790)	(1,206,650)
Finance Net Expenditure	304,830	442,800	454,970	462,190
14 Corporate Management				
Supplies & Services	273,840	281,410	289,690	297,470
Total Expenditure	273,840	281,410	289,690	297,470
Income	(47,870)	(50,310)	(51,310)	(52,340)
Total Income	(47,870)	(50,310)	(51,310)	(52,340)
Corporate Management Net Expenditure	225,970	231,100	238,380	245,130
15 Non Distributed Costs				
Employee Expenses	307,840	320,150	326,550	333,080
Total Expenditure	307,840	320,150	326,550	333,080
Income	(42,450)	(43,300)	(44,170)	(45,050)
Total Income	(42,450)	(43,300)	(44,170)	(45,050)
Non Distributed Costs Net Expenditure	265,390	276,850	282,380	288,030

Resources and Transformation

Appendix 1

	Outturn 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £	Budget 2026-2027 £
16 Excluded Items				
Employee Expenses	(24,740)	(23,830)	(22,910)	(21,970)
Supplies & Services	(250,000)	(150,000)	(271,000)	(271,000)
Total Expenditure	(274,740)	(173,830)	(293,910)	(292,970)
Income	(902,990)	(948,680)	(967,660)	(987,010)
Total Income	(902,990)	(948,680)	(967,660)	(987,010)
Excluded Items Net Expenditure	(1,177,730)	(1,122,510)	(1,261,570)	(1,279,980)
17 Democratic Services				
Employee Expenses	189,140	195,640	201,860	206,300
Transport Related Expenditure	1,720	1,400	1,420	1,430
Supplies & Services	2,980	1,090	1,110	1,120
Total Expenditure	193,840	198,130	204,390	208,850
Democratic Services Net Expenditure	193,840	198,130	204,390	208,850
18 Elections				
Employee Expenses	204,660	203,090	150,270	211,980
Premises Related Expenditure	9,490	4,410		4,590
Transport Related Expenditure	250	250	150	250
Supplies & Services	140,750	105,150	56,410	107,000
Total Expenditure	355,150	312,900	206,830	323,820
Income	(38,230)	(1,260)	(1,290)	(1,320)
Total Income	(38,230)	(1,260)	(1,290)	(1,320)
Elections Net Expenditure	316,920	311,640	205,540	322,500
19 Benefit Payments				
Transfer Payments	14,335,450	13,403,780	12,286,460	11,260,760
Total Expenditure	14,335,450	13,403,780	12,286,460	11,260,760
Income	(14,516,770)	(13,585,100)	(12,517,780)	(11,492,080)
Total Income	(14,516,770)	(13,585,100)	(12,517,780)	(11,492,080)
Benefit Payments Net Expenditure	(181,320)	(181,320)	(231,320)	(231,320)
Resources and Transformation Net Expenditure	3,228,820	3,459,890	3,315,330	3,511,730

Resources and Transformation Portfolio**Variation Statement 2024/2025 to 2026/2027**

	2024/2025 Indicative	Real Terms / Efficiency Variations	2024/2025 Budget	2025/2026 Indicative	Real Terms / Efficiency Variations	2025/2026 Budget	Inflation	Real Terms / Efficiency Variations	2026/2027 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employee Costs	6,323	263	6,586	6,467	262	6,729	124	87	6,940
Premises Related Costs	4	-	4	3	- 3	-	-	5	5
Transport Related Costs	41	- 22	19	41	- 22	19	-	-	19
Supplies and Services	1,919	184	2,103	1,944	19	1,963	23	56	2,042
Third Party Payments	1,459	- 4	1,455	1,487	9	1,496	30	- 1	1,525
Transfer Payments	12,755	649	13,404	11,691	595	12,286	-	- 1,025	11,261
Total Expenditure	22,501	1,070	23,571	21,633	860	22,493	177	- 878	21,792
Income	- 19,289	- 822	- 20,111	- 18,336	- 842	- 19,178	- 123	1,021	- 18,280
Net Expenditure	3,212	248	3,460	3,297	18	3,315	54	143	3,512
portfolios transferred	- 621			- 655					
Original Net Expenditure	3,833			3,952					

Resources and Transformation Portfolio**Proposed Real Terms / Efficiency Variations****2024/25 Change**

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		197
Leadership team posts transferred to Leader portfolio		-238
Increased HRA recharge reflecting pay		-78
Shared service leadership team transferred to Leader portfolio		44
Reduced car allowances		-22
Reduced audit fees		-27
Housing benefits review of spend		
Expenditure	728	
Income	-678	50
Rent rebates - review of spend		
Expenditure	-80	
Income	80	-
Shared services		
Expenditure	-23	
Income	15	-8
Budget balances transfer to Leisure management contract		-279
Zero based review		
Expenditure	-47	
Income	-2	-49
Bank charges		27
Telephone costs		37
Budget savings reinstated		
Reduction in printers/colour printing	19	
Revenues and benefits efficiencies	35	
Shared Services savings	400	454
Budget pressures Finance		
Expenditure	300	
Stafford borough contribution	-159	141
minor variations		-1
		<u>248</u>

2025/26 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay award		253
Leadership team posts transferred to Leader portfolio		-238
Increased HRA recharge reflecting pay		-80
Shared service leadership team transferred to Leader portfolio		44
Reduced car allowances		-22
Reduced audit fees		-22
Housing benefits review of spend		
Expenditure	668	
Income	-668	-
Rent rebates - review of spend		
Expenditure	-73	
Income	73	-
Shared services		
Expenditure	-10	
Income	-6	-16
Zero based review		
Expenditure	-47	
Income	-2	-49
Bank charges		28
Telephone costs		37
Budget savings reinstated		
Reduction in printers/colour printing	19	
Revenues and benefits efficiencies	35	54
Budget pressures Finance		
Expenditure	300	
Stafford borough contribution	-159	141
District Election (non election year)		-113
minor variations		1
		18

2025/26 to 2026/27 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay and pension charges		27
Housing benefits review of spend		
Expenditure	-554	
Income	554	-
Rent rebates - review of spend		
Expenditure	-471	
Income	471	-
Shared services		
Expenditure	-1	
Income	-4	-5
Audit fees		6
District Election reinstated		115
		143

Appendix 2

Capital Programme 2023-24 to 2026-27

	Total Programme Revised £000	General Fund £000	Section 106 £000
RESOURCES & TRANSFORMATION			
New Council Website	21	21	-
Total Resources & Transformation	21	21	-
ENVIRONMENT & CLIMATE CHANGE			
Wheelie Bin Replacement	334	334	-
Hawks Green Rationalisation	4	4	-
Total Environment & Climate Change	338	338	-
COMMUNITY WELLBEING			
Disabled Facilities Grants	5,696	5,696	-
CCTV	67	67	-
CCTV Safer Streets 5	160	160	-
Streetlighting Safer Streets 5	35	35	-
Total Community Wellbeing	5,958	5,958	-
HOUSING			
Home Security Grants	30	30	-
Total Housing	30	30	-
PARKS, CULTURE & HERITAGE			
Additional Cemetery Provision	18	18	-
Hednesford Park Improvements (part s106 funding)	174	155	19
Stadium Development (Phase 2)	266	-	266
Relocation Arthur Street Play Area (s106)	3	-	3
Laburnum Avenue MUGA Phase 1	582	-	582
Heath Hayes Park/Pitch Refurbishment	115	-	115
Penny Cress Green Play Area	14	2	12
Rugeley ATP	32	27	5
Cannock East (CIL)	122	-	122
Commonwealth Games Legacy	40	40	-
Play Areas Developments & Refurbishments	102	102	-
Barnard Way Play Area	97	9	88
Infrastructure Fencing Parks and Open Spaces	51	51	-
Replacement Vehicles Parks and Open Spaces	107	107	-
Wellington Drive Park and Open Space	96	-	96
Elmore Park Toilets	110	110	-
Cannock Park Path Works	25	-	25
Stile Cop Cemetery Modular build	60	60	-
Ravenhill Tennis Courts	19	-	19
Cannock Park Tennis Courts	112	112	-
Hednesford Park Tennis Courts	19	19	-
Heath Hayes Park Tennis Courts	76	76	-
Cannock Park Streetlighting Safer Streets 5	160	160	-
Cannock Park Phase 1	465	15	450
Total Parks, Culture & Heritage	2,865	1,063	1,802
REGENERATION & HIGH STREETS			
Levelling Up Fund	43,874	43,874	-
UK Shared Prosperity Fund	775	775	-
Lets Grow Grants	35	35	-
Anglesey Bridge & Rawnsley Woods Bridge	106	26	80
Chadsmoor Infant & Nursery Modular build (CIL)	162	-	162
Five Ways Primary Modular build (CIL)	160	-	160
Etching Hill CE Primary Modular build (CIL)	393	-	393
John Bamford Primary Modular build (CIL)	173	-	173
Rugeley Train Station Access (CIL)	162	-	162
Total Regeneration & High Streets	45,840	44,710	1,130
TOTAL CAPITAL PROGRAMME	55,052	52,120	2,932

Appendix 3

General Fund and Section 106 Capital Budgets 2023-24 to 2026-27

	2023/24 Revised £000	2024/25 £000	2025/26 £000	2026/27 £000	Approved £000
RESOURCES & TRANSFORMATION					
New Council Website	21	-	-	-	-
Total Resources & Transformation	21	-	-	-	-
ENVIRONMENT & CLIMATE CHANGE					
Wheelie Bin Replacement	90	84	80	80	-
Hawks Green Rationalisation	4	-	-	-	-
Total Environment & Climate Change	94	84	80	80	-
COMMUNITY WELLBEING					
Disabled Facilities Grants	2,543	1,051	1,051	1,051	-
CCTV	45	-	-	-	22
CCTV Safer Streets 5	20	140	-	-	-
Streetlighting Safer Streets 5	35	-	-	-	-
Total Community Wellbeing	2,643	1,191	1,051	1,051	22
HOUSING					
Home Security Grants	10	20	-	-	-
Total Housing	10	20	-	-	-
PARKS, CULTURE & HERITAGE					
Additional Cemetery Provision	18	-	-	-	-
Hednesford Park Improvements (part s106 funding)	-	-	-	-	174
Stadium Development (Phase 2)	266	-	-	-	-
Relocation Arthur Street Play Area (s106)	-	-	-	-	3
Laburnum Avenue MUGA Phase 1	582	-	-	-	-
Heath Hayes Park/Pitch Refurbishment	-	-	-	-	115
Penny Cress Green Play Area	14	-	-	-	-
Rugeley ATP	32	-	-	-	-
Cannock East (CIL)	-	-	-	-	122
Commonwealth Games Legacy	40	-	-	-	-
Play Areas Developments & Refurbishments	50	52	-	-	-
Barnard Way Play Area	97	-	-	-	-
Infrastructure Fencing Parks and Open Spaces	51	-	-	-	-
Replacement Vehicles Parks and Open Spaces	45	62	-	-	-
Wellington Drive Park and Open Space	96	-	-	-	-
Elmore Park Toilets	110	-	-	-	-
Cannock Park Path Works	25	-	-	-	-
Stile Cop Cemetery Modular build	-	60	-	-	-
Ravenhill Tennis Courts	19	-	-	-	-
Cannock Park Tennis Courts	112	-	-	-	-
Hednesford Park Tennis Courts	19	-	-	-	-
Heath Hayes Park Tennis Courts	76	-	-	-	-
Cannock Park Streetlighting Safer Streets 5	160	-	-	-	-
Cannock Park Phase 1	-	465	-	-	-
Total Parks, Culture & Heritage	1,812	639	-	-	414
REGENERATION & HIGH STREETS					
Levelling Up Fund	1,109	-	-	-	42,765
UK Shared Prosperity Fund	375	400	-	-	-
Lets Grow Grants	15	20	-	-	-
Anglesey Bridge & Rawnsley Woods Bridge	106	-	-	-	-
Chadsmoor Infant & Nursery Modular build (CIL)	-	-	-	-	162
Five Ways Primary Modular build (CIL)	-	-	-	-	160
Etching Hill CE Primary Modular build (CIL)	-	-	-	-	393
John Bamford Primary Modular build (CIL)	-	-	-	-	173
Rugeley Train Station Access (CIL)	-	-	-	-	162
Total Regeneration & High Streets	1,605	420	-	-	43,815
TOTAL CAPITAL PROGRAMME	6,185	2,354	1,131	1,131	44,251

Community Infrastructure Levy (CIL) Allocations Process and Recommendations



2023/24

Contents

1. Introduction	3
2. Invitations to Bid	3
3. Bids Received	4
4. Assessment of Bids	7
5. Recommendations	8
6. Non-parished Neighbourhood Funds	11

1. 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 Undertakings). CIL and Section 106 agreements can be used to fund the same piece of infrastructure, following amendments made to the CIL Regulations in September 2019.
- 1.3 The total amount of CIL receipts retained and available for expenditure at the end of 2022/23 were £1,068,138.34.
- 1.4 The protocol for the allocation of CIL funds, approved by Cabinet (23/07/15), sets out the system 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
September	Initial assessment of submissions by officers and Cabinet Member
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 an 8-week consultation period with the deadline for submissions being 18 August 2023. 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 year's 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 (Planning, Education & Transport)
- Cannock Chase District Council (Parks & Open Spaces)
- West Midlands Trains
- Environment Agency
- Cannock Chase District Council Waste and Engineering Services

- 2.2 A 'Community Infrastructure Levy (CIL) Allocations Process Guidance Document' was emailed to stakeholders which is based on the protocol set out in Cabinet Report 23/07/2015 and updated 26th March 2020. This update provided clarification on retrospective bids and reflected legislative changes.

3. Bids Received

3.1

Applicant:	Parks & Open Spaces - Cannock Chase DC
Summary:	<p>Cannock Park</p> <p>This project, to redevelopment Cannock Park includes the following elements of work: (All via public consultation and in partnership with other third party organisations) The works will entail the following items:</p> <ul style="list-style-type: none"> • New junior and Toddler play areas • Learn to ride zone • New teenage play area • Skate plaza • Multi sports ball area. • Improvements and refit to existing site buildings. Including changing rooms, and community room (Café and Stores) • Improvements to pathways (New surfacing /Lighting / CCTV / Tree avenues) • Dedicated walking and cycling routes from Cannock through to Shoal Hill Common and further afield. • Boundary security improvements (New fencing, Access barriers , and landscaping to protect the site and its adjacent premises) To park and leisure centre. • Improvements to the football and sports pitches. • Car park realignment • Eco / Arts trails <p>Redevelopment of Cannock Park will be carried out in Partnership with the voluntary and community sectors through joint work practices and creating / defining new groups.</p> <p>Works will be carried out in multiple phases with the initial phase focuses around site security, reducing ASB issues and implementing a new junior and toddler play area.</p> <p>The remainder of the works will be carried out in a later phase</p>
CIL funds requested:	£200,000
Delivery by:	Up to 5 years
Third parties:	Home Office, Football Foundation, Forest of Mercia, Flood Alleviation funding
Declaration of interest:	None

3.2

Applicant:	Parks & Open Spaces - Cannock Chase DC
Summary:	<p>Former Cannock Stadium - Phase 2B works</p> <p>Phase 2B of the Cannock Stadium development will see the culmination of the original masterplan (Approved by Cannock Chase Cabinet in 2014) With Phase 1 being completed in Spring 2022, Phase 2 commenced in Summer 2022. Due to funding requirements and sourcing Phase 2 has been split into 2 parts. Part A - being the design and construction of a wheeled sports street plaza and learn to ride cycle arena. With Phase 2B - being the design and construction of a toilet block and community room.</p> <p>Phase 2B will see the completion of Phase 2 works. With the construction of a much needed toilet block and community room. At present the biggest stumbling block preventing site users from making full use of the site and staying for longer periods is the lack of toilet provision. Lack of toilets generally means site users can only stay within the site for a couple of hours. With the addition of a toilet block site users will be able to spend a much longer portion of their day on site.</p> <p>Lack of toilet provision is also hindering the Friends of Cannock Stadium Site from hosting community participation events. While some events go ahead many of them have to be scaled back and limited in duration. To allow attendees to go home and use their own toilet instead of being able to access a public one on site.</p>
CIL funds requested:	£270,000
Delivery by:	Immediately
Third parties:	Forest of Mercia, Staffordshire CEP
Declaration of interest:	None

3.3

Applicant:	Staffordshire County Council
Summary:	<p>Additional Primary School Places</p> <p>This project will support the provision of additional primary school places at Norton Canes Primary school. There is a currently a shortfall in primary school places in the Norton Canes area and this project will provide additional places and improve the school's physical environment for the delivery of the curriculum offer. This will also result in the provision of high-quality primary school places for the growing number of local children residing within Norton Canes. It may be necessary to deliver the project in phases in line with available funding and if successful with this application for CIL funding, this would deliver phase 1 of the project.</p>
CIL funds requested:	£1,068,138.34
Delivery by:	Up to 5 years
Third parties:	Reach2 Academy Trust, Entrust Support Services
Declaration of interest:	None

3.4

Applicant:	Staffordshire County Council
Summary:	<p>Improved Bus Information and Infrastructure</p> <p>Historically, and due to lack of funding and physical resource, current ownership of bus stop infrastructure, bus stations and interchanges have been the responsibility of the District/Borough Councils and the Parish Councils within Staffordshire.</p> <p>The current infrastructure position in Staffordshire is as follows, accurate as of April 2023: 4,900 bus stops within Staffordshire 1088 shelters in Staffordshire Only 206 shelters are maintained by Staffordshire County Council 6 Bus Stations in Staffordshire currently all maintained by Districts and Borough Councils</p> <p>4 Bus Interchanges in Staffordshire currently all maintained by Districts and Borough Councils 168 RTPI displays (at 152 locations) managed and maintained by Staffordshire CC 180 bus stops have roadside information provided by Staffordshire County Council</p> <p>The current situation has led to a total lack of consistency and mix of different shelters matching the corporate branding of each area, different types of publicity and inconsistent information.</p> <p>All are now in desperate need of either a refresh, refurbishment or replacement in order to maximise attraction and utilise the use of emerging digital technology.</p> <p>Working collaboratively with District/Borough Councils and operator partners, the investment in the refurbishment, upgrading will further demonstrate to Staffordshire's residents that the bus network provides good value and clean (low/zero emission) transport options, with improved infrastructure providing reassurance as to the reliability of bus services</p> <p>The provision of improved safe, clean and attractive waiting facilities provides visual evidence of the stakeholders' belief in bus services as a viable alternative to the private car for many journeys.</p>
CIL funds requested:	£470,590
Delivery by:	Immediately / up to 5 years
Third parties:	JMW Systems Ltd., OmniBUS, EON
Declaration of interest:	None

3.5 - Withdrawn bid

Applicant:	Staffordshire County Council
Summary:	<p>Rugeley and Hednesford town train stations</p> <p>This scheme is included in Staffordshire's Local Cycling and Walking Infrastructure Plan (LCWIP). A plan of the scheme is attached.</p> <p>Hednesford rail station and the town centre are on either side of the proposed junction improvement and provide important destinations for pedestrians and cyclists. Cannock Chase is just 500 metres from the scheme which is a significant destination for walking/cycling leisure trips, with the Cannock Chase Heritage Trail signed through the junction. Bus services that run through the junction will be maintained as part of the scheme.</p> <p>As shown on the drawing, the scheme embraces the Department for Transport Cycle Infrastructure design guidance and includes:</p> <ul style="list-style-type: none"> • On-road segregated cycle track • Zebra pedestrian crossing and parallel cycle crossing on new raised junction • Vehicle turning movement restrictions, • Re-allocation of road space and filtered permeability • 20mph zone and prohibition of goods vehicles • Significant tightening of junction radii to slow vehicles and give space back to pedestrians and cyclists • Cycle parking and wayfinding to create a coherent, comfortable, safe and attractive route.
CIL funds requested:	£665,000
Delivery by:	Immediately
Third parties:	Amey, Sustrans
Declaration of interest:	None

4. Assessment of Bids

4.1 The approved protocol sets out that a group of both officers and members will assess bids received and conclude 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 Development and Planning – Chair
 - S151 Officer and Deputy Chief Executive (Resources)
 - Cabinet Member – Regeneration and High Streets Portfolio Leader
 - Planning Services Manager and/or Planning Policy Manager
- 4.3 Initial assessments of the bids received were carried out on 25 September 2023. This was an opportunity for the group to highlight any questions they may have for stakeholders or matters they think require further clarification.
- 4.4 The issues raised for further clarification for each bid were emailed to the relevant stakeholder to give them the opportunity to provide additional information to inform the final assessment of bids.
- 4.5 Responses from stakeholders were presented to the CIL Joint Member/Officer Working Group at the final assessment of bids arranged on 13 November 2023, along with any further evidence/information stakeholders had provided.

5. Recommendations

- 5.1 The outcome and recommendations to Council are set in Table 4. The total amount of CIL monies recommended to be allocated to each project is outlined in Table 3 below:

Table 3

Cannock Park	Up to £200,000
Cannock Stadium	Up to £270,000
TOTAL	Up to £470,000

Table 4

Bid	Recommendation	Conditions	Reasons for Recommendations
<p>Redevelopment of Cannock Park -</p> <ul style="list-style-type: none"> • New junior and Toddler play areas • Learn to ride zone • New teenage play area • Skate plaza • Multi sports ball area. • Improvements and refit to existing site buildings. Including changing rooms, and community room (Café and Stores) • Improvements to pathways (New surfacing /Lighting / CCTV / Tree avenues) • Dedicated walking and cycling routes from Cannock through to Shoal Hill Common and further afield. • Boundary security improvements (New fencing, Access barriers, and landscaping to protect the site and its adjacent premises) To park and leisure centre. • Improvements to the football and sports pitches. • Car park realignment • Eco / Arts trails 	<p>Up to £200,000 of CIL funds are allocated to this project.</p>	<ul style="list-style-type: none"> - There will be no additional revenue costs implications on Cannock Chase District Council as a result of this project. - The project shall be completed within three years from the date a recommendation was made to approve funding for the project. 	<ul style="list-style-type: none"> - Moderate links to Local Plan Policies demonstrated - Part of the Green Space Network - Policies CP5 and CP12 - Strong economic, social and environmental benefits demonstrated - use of local contractors from Staffordshire County Council procurement frameworks will see inward investment opportunities for local companies, whilst at the same time increased visitor numbers and longer stays will aid with the viability of the local shops and businesses. - Able to support larger events with a wider catchment and increased number of local visitors. The friends of Cannock Park play a vital role in the community and increase health and wellbeing of the local residents through free activities for families held throughout the year. - Public conveniences located centrally within the park will aid in social inclusion and the dedicated Changing place located within Cannock Chase Leisure Centre would become a key part of the site. Increased footfall and visitors numbers will help to reduce the ASB issues currently experienced through natural surveillance and increased reporting of incidents when they do occur. The refurbishment of the play area will be carried out following a full and detailed public consultation. Local residents would get an input into the scheme at the early stages making them feel part of the process and empowered encouraging social cohesion and decision making at a local level. - By retaining play provision for the children of the district and quality outdoor spaces. The council is providing opportunities for residents and members of the public to lead healthy and active lifestyles in an enjoyable manner via sports and recreation, cycling and walking in an area with an identified need. Councils have a major role in the provision of good quality parks, play areas and public open spaces, that are both sustainable and meet the needs of the community. - More community activities and better facilities will encourage more people to visit the site and to the local leisure centre. - Provides 50% leverage of match funding - Home Office, Forest of Mercia and Cannock Chase District Council Section 106 funds, although evidence is required regarding this. - All identified constraints can be readily overcome. - Subject to planning and Cabinet approval. - All identified risks can be readily overcome. - Project partners required by clear role/commitment demonstrated.

Bid	Recommendation	Conditions	Reasons for Recommendations
Cannock Stadium - Providing changing room, toilet and community room	Up to £270,000 of CIL funds are allocated to this project.	<ul style="list-style-type: none"> - There will be no additional revenue costs implications on Cannock Chase District Council as a result of this project. - The project shall be completed within three years from the date a recommendation was made to approve funding for the project. 	<p style="text-align: right;">Item No. 8.57</p> <ul style="list-style-type: none"> - Some links to Local Plan Policies - CP5 and CP12 - Moderate economic, social and environmental benefits demonstrated - use of local contractors from Staffordshire County Council procurement frameworks will see inward investment opportunities for local companies, whilst at the same time increased visitor numbers and longer stays will aid with the viability of the local shops and businesses. Will be able to support larger events with a wider catchment and increased number of local visitors. The friends of Cannock Stadium play a vital role in the community and increase health and wellbeing of the local residents through free activities for families held throughout the year. Public conveniences located centrally within the park will aid in social inclusion and a dedicated changing place would become a key part of the site. The new building will be constructed to a A /A+ Energy performance standard. Made utilising energy savings methods. Rain and surface water will be harvested for watering of plants and shrubs around the site. - Provides no match funding. Another source of funding needs to be secured. - Other sources of funding unlikely to be found within next 5 years if CIL funding not provided. - All identified constraints can be readily overcome. - Cabinet approval is being sought (November 2023), planning consent has already been given. - Identified risks can be readily overcome. - No project partners.
Funding to provide additional Primary School places in Norton Canes	CIL funds are not allocated to this project as this time	N/A	<ul style="list-style-type: none"> - CIL funding rejected as it is too big a project and more information is needed regarding the preferred option of a rebuild or major refurbishment, - Refurbishment of accommodation could be submitted as a bid next year (costs need to be clarified).
Improved Bus Information and Infrastructure in desperate need of a refresh and upgrade within the District of Cannock Chase.	CIL funds are not allocated to this project as this time	N/A	<ul style="list-style-type: none"> - More detailed information on project required. - Match funding details required.
Rugeley & Hednesford Town Train Stations	Bid was withdrawn	N/A	<ul style="list-style-type: none"> - Not enough certainty on delivery timescales. - Future funding opportunities to be explored.

- 5.2. Letters were emailed on 19 December 2023, 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.
- 5.3. Payment of funding will be in arrears therefore evidence of the projects delivery will need to be provided before funds are released.

6. Non-parished Neighbourhood Funds

- 6.1 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.
- 6.2 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.'
- 6.3 All Members for the relevant Ward must agree on the spend of the CIL funding from their area. A project proposal must then be submitted by the relevant infrastructure provider and approved for spend by Cabinet.

Business Rates Retention – Retained Income

		2024/25	2025/26	2026/27
		50% Scheme	50% Scheme	50% Scheme
		£	£	£
A.Business Rates Collection Fund				
Gross Rates		50,867,114	51,884,460	53,394,492
Less	Reliefs, Exemptions and Provisions			
	Mandatory relief	(6,075,602)	(6,197,110)	(6,321,050)
	Discretionary relief Council funded	(12,190)	(12,430)	(12,680)
	Discretionary relief Government funded	(2,844,405)	(2,901,290)	(2,959,320)
	Exemptions	(2,219,041)	(2,263,420)	(2,308,690)
	Cost Of Collection	(137,938)	(140,670)	(143,460)
	Losses on collection	(1,636,918)	(1,669,660)	(1,703,050)
Non Domestic Rating Income		37,941,020	38,699,880	39,946,242
Less	amount due to			
	Government	(18,970,510)	(19,349,940)	(19,349,940)
	County	(3,414,690)	(3,482,990)	(3,482,990)
	Fire	(379,410)	(387,000)	(387,000)
Net Business attributable to CCDC		15,176,410	15,479,950	16,726,312
General Fund determination of retained Business Rates				
Net Business Rates attributable to CCDC		15,176,410	15,479,940	15,789,540
Less	Tariff	(10,283,275)	(10,488,940)	(10,698,720)
	Reset	-	-	(1,021,045)
Core Funding		(3,291,053)	(3,356,870)	(3,424,010)
Growth		1,602,082	1,634,130	645,765
Plus	Small Business Rates relief & other Government reliefs	2,402,017	2,450,060	2,499,060
Amount subject to Pool Levy		4,004,099	4,084,190	3,144,825
	Pool Levy	(2,002,050)	(2,042,100)	(1,572,410)
Business Rates Growth		2,002,049	2,042,090	1,572,415
Business Rates Pool Distribution		800,820	816,840	628,970
Retained Business Rates				
	Baseline Core Funding	3,291,053	3,356,870	3,424,010
	Growth	2,002,050	2,042,090	1,572,415
	Business Rates Pool Distribution	800,820	816,840	628,970
	Business Rates Pool Agreement	277,353	282,900	288,558
		6,371,276	6,498,700	5,913,953

Other General Fund Earmarked Reserves

	31/03/2024	31/03/2025	31/03/2026	31/03/2027
Revenue	£'000	£'000	£'000	£'000
Building Maintenance Reserve	658	658	658	658
Bond	319	329	340	350
Budget Support	1,643	1,643	1,643	1,643
Contingency	1,529	1,529	1,529	1,529
Corporate	674	509	344	179
Partner	81	81	81	81
Ring fenced	141	141	141	141
Service Grant	92	92	92	92
Rollovers	152	152	152	152
Shared Services	580	580	580	580
Other	2,919	2,900	2,883	2,837
Donations	6	6	6	6
Grants	2,276	2,233	2,188	2,054
Trading	331	269	269	231
Section 106	2,263	2,199	2,182	2,165
Sub Total	13,664	13,321	13,088	12,698
Capital				
Capital	857	766	766	715
CIL	2,235	2,035	2,035	863
RCCO	15	15	15	15
Earmarked	1,139	1,151	1,135	1,182
Sub Total	4,246	3,967	3,951	2,775
Grand Total	17,910	17,288	17,039	15,473

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 (or Section 151 Officer, the 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 2024-25, including the forecast outturn for 2023-24, have been prepared by appropriately qualified and experienced staff in consultation with service managers. Budgets have been discussed and fully managed by the Leadership Team.

The budget for 2024-25 has been constructed based upon the maintenance of existing level of service, adjusted for known changes in 2024-25. It is considered to accurately reflect likely expenditure in 2024-25, being based on historic information, experience of expenditure in previous years and latest projections where appropriate.

The indicative budgets for 2025-26 and 2026-27 are similarly based upon the best information available at this moment in time.

The full risk assessment of the Council's Budget 2024-25 has been carried out and is included in APPENDIX 9.

Allowance has also been made for staff incremental progression. Sufficient provision has been built in for current employer pension contributions, in line with the 2023 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 as well as specific reviews of particularly high value contracts such as the Inspiring Healthy Lifestyles contract. Any differential inflationary uplift as required by contracts has been reflected. No other inflation has been provided for other expenditure budgets.

Some fees and charges will increase from April 2024. 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. 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 £1.6m (net of the item 8 determination) has been included within 2024-25 budgets. This has been based on current projections of bank interest rate. 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 2024-25 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, including Business Rates monitoring, are in place and will continue throughout the year. 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 Scrutiny Committees via "Performance Reports".

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 strategic risks. Significant financial risks will be managed appropriately. In addition, some financial risks will be mitigated by the Council's insurance arrangements.

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

Adequacy of the Council's Reserves

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

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- A contingency to cushion the impact of unexpected events or emergencies.
- A means of building up funds to meet known or predicted liabilities, known as earmarked reserves.

The Council is projected to hold total General Fund reserves of £17.910 million as at 31 March 2024 and £17.288 million at 31 March 2025 (excluding working balance). These reserve balances are predicated on the achievement of the savings programme. It must also be noted that they can only be spent once, so were they to be used to manage the budget deficit in the medium term it would leave the council in an unsustainable position. It would limit investment in council services and projects and increase the risk profile of approved projects as there would be less contingency available.

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 successful Levelling Up Fund bid is currently included in the approved capital programme. There are significant challenges around its delivery which are being monitored and reported on by officers. As the scheme progresses the programme will be updated, subject to approval by members. The quantum of the Levelling Up bid, its financial risks, coupled with the ongoing additional costs of (in particular) inflation represent burdens on the Financial Plan.

When combined with the uncertainty of a fundamental Government review of local government finance, the medium term outlook is very challenging. There is no scope over the Financial Plan period for further discretionary projects or expenditure that could have a negative effect on reserves.

The Council has set a policy of a minimum level of general reserves of £1 million. The Budget for 2024-25 has been constructed on the basis that there will be a level of general reserves in excess of £1 million.

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

Chris Forrester Deputy Chief Executive and S151 Officer

Council Tax Base 2024-25

Parish	Band D Equivalents
Brereton and Ravenhill	1,986.94
Bridgtown	645.94
Brindley Heath	252.98
Cannock Wood	409.04
Heath Hayes and Wimblebury	4,056.73
Hednesford	5,963.16
Norton Canes	2,724.36
Rugeley	5,329.36
Unparished	8,646.25
Total	30,014.76

Working Balance - Financial Risks facing the Authority

Risk	Level of risk	Explanation of risk / justification for cover
Inflation	High	Inflation has been included in the Financial Plan in accordance with Government policy.
Investment interest	High	The amount earned depends on the prevailing interest rates and the level of cash balances held. The budget is dependent on significant investment returns being made in year, prudent assumptions have been made but a significant reduction in returns would lead to savings being required to balance the reduction.
Major income sources:		
• Planning fees	Medium	Dependent on economic conditions.
• Land charges fees	Low	Dependent on the housing market / basis of determining recoverable expenses/ proposed transfer to Land Registry.
• Car parking	Medium	Certain amount of volatility based on demand.
• Markets	High	Dependent on occupancy levels.
• Environmental services	Low	Licensing income dependent on renewals.
• Bereavement services	Medium	Some risk as it is a major source of income.
Spending pressures:		
• Waste and recycling targets	Medium	The Council will need to reach recycling targets in order to maximise income from recycling credits and avoid penalties. Recycling Credit regime operated by County Council. The introduction of food waste collection has a significant potential impact on council budgets which is unclear at present. Estimated costs for dual streaming and the contract extension increase uncertainty.
• Leisure management	High	Difficulties for the service provider due to increased energy costs, changing habits of residents in the area and the need of the council to reduce costs will increase pressure on leisure services.

Risk	Level of risk	Explanation of risk / justification for cover
<ul style="list-style-type: none"> Levelling Up 	High	<p>The Levelling Up programme is a major investment programme over a number of years with substantial Council contributions. It includes obligations to Government, requires engagement of partners and carries high expectations locally. It therefore represents a major financial risk.</p>
Funding Sources:		
<ul style="list-style-type: none"> New Homes Bonus 	High	<p>Although allocations for 2024-25 can be predicted accurately, the future level of funding is now not only dependent upon completions of new properties but what incentive scheme will exist instead of New Homes Bonus.</p>
<ul style="list-style-type: none"> Business Rates Scheme and Resets 	High	<p>A reset of growth achieved under the current system is likely to take place around the end of the current medium term financial plan. How the reset is implemented could have material implications. A reserve has been created to mitigate the risk.</p>
<ul style="list-style-type: none"> Volatility in Business Rates 	High	<p>The Council will be exposed to volatility or reduction in its business rates due to the failure or temporary closure of a key businesses and successful backdated appeals against Rateable Values. Greater control of Business Rates gives councils greater freedoms and removes dependency on central funding, but it passes on a greater risk to core funding if Business Rates income falls.</p>
<ul style="list-style-type: none"> Funding settlements from central government 	High	<p>With central government only awarding one year settlements it makes ongoing funding uncertain for the council. Reserves have been created where appropriate and possible to mitigate potential reductions in central government funding.</p>

Treasury Management Strategy, Minimum Revenue Provision Policy, Annual Investment Strategy 2024/25

Committee:	Cabinet
Date of Meeting:	1 February 2024
Report of:	S151 Officer and Deputy Chief Executive
Portfolio:	Leader of the Council

1 Purpose of Report

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

- 1.1. Prudential and Treasury Indicators - setting of indicators to ensure that the capital investment plans of the Council are affordable, prudent, and sustainable.
- 1.2. The Minimum Revenue Provision (MRP) Policy.
- 1.3. Treasury Management Strategy Statement for 2024/25 - to set treasury limits for 2024/25 to 2025/26 and to provide a background to the latest economic forecasts of interest rates, and
- 1.4. Annual Investment Strategy 2024/25 - to set out the strategy of investment of surplus funds.

2 Recommendations

- 2.1 To note the following to be approved by Council:-
 - (a) The Prudential and Treasury Indicators;
 - (b) The MRP Policy Statement;
 - (c) The Treasury Management Policy;
 - (d) The Annual Investment Strategy for 2024/25.

Reasons for Recommendations

- 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 Revenue Budget and the Capital Programme.
- 2.3 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.

3 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. 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 activities are interwoven with all of the Council's priorities and their spending plans.

5 Report Detail

Background

- 5.1 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.
- 5.2 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 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.
- 5.3 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, including 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 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

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

Reporting Requirements

Capital Strategy

5.6 The CIPFA 2021 Prudential and Treasury Management Codes require all Local Authorities to prepare a Capital Strategy report which will provide the following: -

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

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 is in the process of being updated and will come to the next cabinet and council meeting.

Treasury Management reporting

5.9 The Council is currently required to receive and approve, as a minimum, three main treasury 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 Cabinet and 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 2024/25

- 5.15 The Strategy for 2024/25 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, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Training

5.17 The CIPFA Treasury Management 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.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

- 5.18 Training has been undertaken by members of the Audit and Governance Committee in January 2020 but there has been a gap in training due to the Covid pandemic and lockdown restrictions since. Discussions have been undertaken with our external treasury advisors who will deliver training at an upcoming audit committee once the dates have been finalised.

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 2024/24 - 2026/27

- 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 the continuation of the applicable rolling programme schemes, but to note these may change as part of the scrutiny process and finalisation of the Budget.

Capital expenditure	2022/23	2023/24	2024/25	2025/26	2026/27	Earmarked
	Actual	Estimate	Estimate	Estimate	Estimate	
	£'000	£'000	£'000	£'000	£'000	
Resources & Transformation	-	21	-	-	-	-
Environment & Climate Change	92	94	84	80	80	-
Community Wellbeing	1,517	2,643	1,191	1,051	1,051	22
Housing	-	10	20	-	-	-
Parks, Culture & Heritage	270	1,812	639	-	-	414
Regeneration & High Streets	817	1,605	420	-	-	43,815
Non -HRA	2,696	6,185	2,354	1,131	1,131	44,251
HRA	3,726	7,250	10,919	10,971	9,941	6,278
Total	6,422	13,435	13,273	12,102	11,072	50,529

- 5.23 Any change to the forecast and any new growth bids will be separately identified in future Budget Reports and reflected in this indicator as reported to full Council.
- 5.24 In addition to the above Capital Programme, the expenditure and borrowing of the Council may increase as a result of changes such as match-funding requirements for bids in relation to such initiatives related to Regeneration & High Streets. Such capital schemes and business cases will be subject to reports to Cabinet and Council and their respective approvals. If a borrowing requirement emerges, the Council shall consider the use of the Public Works Loan Board (PWLB) discount rate as well other sources of funding as prescribed under paragraph 5.66. An appraisal will be undertaken to determine and ensure that, amongst other things, any new borrowings are affordable and work within the Prudential Indicators limits before entering into such borrowing facilities.
- 5.25 **Other long-term liabilities.** The financing need excludes other long-term liabilities, such leasing arrangements which already include borrowing instruments.
- 5.26 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	2022/23	2023/24	2024/25	2025/26	2026/27	Unallocated
	Actual	Estimate	Estimate	Estimate	Estimate	
	£'000	£'000	£'000	£'000	£'000	
Total Spend	6,422	13,435	13,273	12,102	11,072	50,529
Financed by:						
Capital Receipts	673	696	908	563	305	10,236
Capital grants/ contributions	2,530	5,166	1,828	1,901	1,051	25,037
Major Repairs	3,195	6,862	10,223	7,845	6,189	0
Revenue	24	711	314	1,793	3,527	7,656
Total Financing	6,422	13,435	13,273	12,102	11,072	42,929
Net financing need for the year	0	0	0	0	0	(7,600)

- 5.27 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)

- 5.28 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.
- 5.29 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.
- 5.30 The CFR includes any other long-term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types

of schemes include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council currently a nil balance on finance leases within the CFR.

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

	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Capital Financing Requirement:					
CFR – non housing	8,100	7,833	7,576	7,330	7,093
CFR - housing	82,475	82,475	82,475	82,475	82,475
Total CFR	90,575	90,308	90,051	89,805	89,568
Movement in CFR	(502)	(267)	(257)	(246)	(237)
Movement in CFR represented by:					
Net financing need for the year	0	0	0	0	0
Less MRP and other financing movements	(502)	(267)	(257)	(246)	(237)
Movement in CFR	(502)	(267)	(257)	(246)	(237)

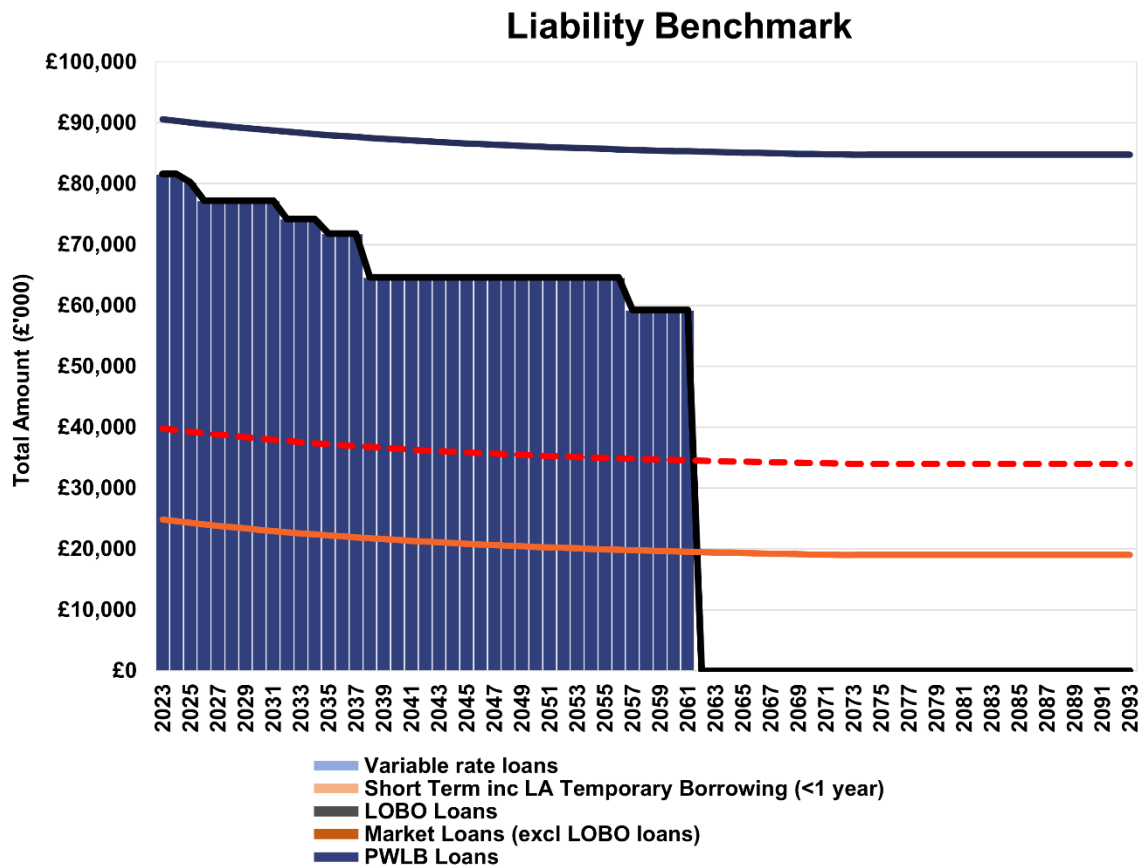
Liability Benchmark

- 5.32 A third and new Prudential Indicator for 2024/25 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB:

- Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
- Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
- Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.



As the Council's Treasury position is debt-free across the entire forecast period, the Council's Liability Benchmark is also negative across the same time horizon. The Graph therefore indicates that there is no present need to borrow given the Council's current resources and capital intentions.

Core funds and expected investment balances

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

Year End Resources	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Earmarked Fund Balances / Reserves:					
General Fund (GF)	18,541	17,910	17,288	17,039	15,473
General Fund's working balance	1,941	1,562	1,124	1,124	1,124
Housing Revenue Account (HRA)	13,191	13,438	14,500	15,105	14,070
HRA's working balance	1,983	2,425	2,923	3,057	3,214
Sub Total	35,656	35,335	35,835	36,325	33,881
Capital receipts:					
GF	6,286	6,739	6,602	6,522	6,442
HRA	5,370	5,058	4,563	4,281	4,358
Sub Total	11,656	11,797	11,165	10,803	10,800
Provisions	2,368	2,368	2,368	199	199
Major Repairs Reserve	8,606	6,801	2,004	0	0
Capital Grants Unapplied GF	3,606	868	854	854	854
Other - Grants Receipts in Advance	2,392	2,011	1,615	1,615	1,615
Total core funds	64,284	59,180	53,841	49,796	47,349
Working Cashflow requirement	(1,486)	5,000	5,000	5,000	5,000
Under/over borrowing	8,970	8,703	9,846	12,600	12,363
Expected investments	56,800	45,447	38,995	32,196	29,986

*Working cashflow requirement shown are estimated year-end; these may be higher mid-year.

The cash balances shown are exclusive of the unallocated capital spend as set out in paragraph 5.23 (with the exception of reserves which are assumed to be used in 2026/27). These show projected spend of £50.529 million financed by receipts if £42.929 million. This leaves a net £7.6m financing which is currently anticipated to come from borrowing post 2026/27.

Minimum revenue provision (MRP) Policy Statement

- 5.34 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (the Minimum Revenue Provision - MRP).
- 5.35 The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The

MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent. The MRP Policy Statement requires Full Council approval in advance of each financial year.

5.36 The Authority is recommended to approve the following MRP Statement:

Under powers delegated to the Section 151 Officer, the Council's Annual MRP provision for expenditure incurred after 1 April 2008 which forms part of supported capital expenditure will be based on the uniform rate of 4% of the Capital Financing Requirement (CFR).

The Council's Annual MRP provision for all unsupported capital expenditure incurred on or after 1 April 2008 will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments or as the principal repayment on an annuity with an annual interest rate 4%, starting in the year after the asset becomes operational.

5.37 Capital expenditure incurred during 2024/25 will not be subject to an MRP charge until 2025/26, or in the year after the asset becomes operational.

5.38 The Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

5.39 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

5.40 Repayments included in finance leases are applied as MRP.

5.41 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.

5.42 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.

5.43 For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan.

5.44 **MRP Overpayments** - Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

The Council has previously not made any VRP overpayments.

Affordability Prudential Indicators

- 5.45 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

- 5.46 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. The figures below show a negative ratio due to the investment income being received by the council on its treasury investments.

%	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Non HRA	-4.9%	-11.0%	-7.7%	-3.9%	-4.1%
HRA	15.96%	13.77%	11.88%	12.00%	11.56%

HRA ratios

	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
HRA debt £'000	81,605	81,605	80,205	77,205	77,205
HRA revenues £'000	20,244	21,711	23,785	24,456	25,212
Ratio of debt to revenues	4.0	3.8	3.4	3.2	3.1
Number of HRA dwellings (estimate closing)	5,046	5,036	5,026	5,016	5,030
Debt per dwelling £	16.17	16.20	15.96	15.39	15.35

Borrowing

- 5.47 The capital expenditure plans above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. 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

- 5.48 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.

	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
External Debt					
PWLB debt at 1 April	81,605	81,605	81,605	80,205	77,205
Expected change in Debt			(1,400)	(3,000)	
Other long-term liabilities (OLTL)	223	0	0	0	0
Expected change in OLTL	(223)				
Actual gross debt at 31 March	81,605	81,605	80,205	77,205	77,205
The Capital Financing Requirement	90,575	90,308	90,051	89,805	89,568
Under / (Over) borrowing	8,970	8,703	9,846	12,600	12,363

5.49 Within the range of Prudential Indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority 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 2024/25 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.

5.50 The Director of Finance reports that the Authority complied with this Prudential Indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and the proposals contained in the General Fund and HRA Budgets.

Treasury Indicators: limits to borrowing activity

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

Operational boundary	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Debt	90,575	90,860	90,612	90,375	90,147
Other long-term	-		5,000	5,000	5,000
Total	90,575	90,860	95,612	95,375	95,147

5.52 **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	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Debt	102,075	102,360	102,112	101,875	101,647
Other long-term	-	0	5,000	5,000	5,000
Total	102,075	102,360	107,112	106,875	106,647

Prospects for interest rates

- 5.53 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 7th November 2023. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

- 5.54 Link's central forecast for interest rates was previously updated on 25 September and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least Q2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and that there is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent GDP releases have surprised with their on-going robustness.

Naturally, timing on this matter will remain 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.

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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, as noted previously, most of those excess savings 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.

- 5.55 **PWLB rates.** Gilt yield curve movements have broadened since Link's review. The short part of the curve has not moved far but the longer-end continues to

reflect inflation concerns. At the time of writing, there is 60 basis points difference between the 5 and 50 year parts of the curve.

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, could keep gilt yields high for longer).
- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession 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, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

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

- Despite the recent tightening to 5.25%, the **Bank of England proves too timid** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer-term **US treasury yields** rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher. (We saw some movements of this type through October although generally reversed in the last week or so.)
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

LINK GROUP FORECASTS

Link now expect the MPC will keep Bank Rate at 5.25% for the remainder of 2023 and the first half of 2024 to combat on-going inflationary and wage pressures. They do not think that the MPC will increase Bank Rate above 5.25%, but it is possible.

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, as inflation starts to fall through the remainder of 2023 and into 2024.

Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 06.11.23 p.m.	Target borrowing rate now (end of Q3 2025)	Target borrowing rate previous (end of Q3 2025)
5 years	5.02%	3.80%	3.90%
10 years	5.15%	3.80%	3.80%
25 years	5.61%	4.20%	4.10%
50 years	5.38%	4.00%	3.90%

- 5.56 **Borrowing advice:** Link's Our long-term (beyond 10 years) forecast for Bank Rate has increased from 2.75% to 3% and reflects Capital Economics' research that suggests AI and general improvements in productivity will be supportive of a higher neutral interest rate. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to wait for inflation, and therein gilt yields, to drop back later in 2024.

Link's suggested budgeted earnings rates for investments up to about three months' duration in each financial year are rounded to the nearest 10bps and set out below. You will note that investment earnings have been revised somewhat higher for all years from 2025/26 as Bank Rate remains higher for longer.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.70%	4.70%
2025/26	3.20%	3.00%
2026/27	3.00%	2.80%
2027/28	3.25%	3.05%
Years 6 to 10	3.25%	3.05%
Years 10+	3.25%	3.05%

- 5.57 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Link's interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts

within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

Borrowing Strategy

- 5.58 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 Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.
- 5.59 Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Deputy Chief Executive Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
 - *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*
- 5.60 Any decisions will be reported to Members appropriately at the next available opportunity.

Treasury management limits on activity

- 5.61 **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.
- 5.62 The Council is asked to approve the following treasury indicators and limits:-

Maturity structure of fixed interest rate borrowing 2024/25

	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 2024/25

	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

- 5.63 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.
- 5.64 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.

Rescheduling

- 5.65 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.

If rescheduling is to be undertaken, it will be reported to the Council, at the earliest meeting following its action.

New Financial Institutions as a Source of Borrowing and / or Types of Borrowing

- 5.66 Currently, the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:
- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
 - Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
 - UK Municipal Bonds Agency
 - UK Infrastructure Bank - where the project meets its investment principles (namely, economic regeneration and tackling climate change), the Infrastructure Bank offers loans at the relevant Gilts rate + 60 basis points (20 basis points lower than the PWLB Certainty rate) and can match the length of the loan and repayment profile to needs of the project.

Our treasury advisors will keep us informed as to the relative merits of each of these alternative funding sources.

Annual Investment Strategy

Investment policy – management of risk

- 5.67 The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Authority’s investment policy has regard to the following: -

- DLUHC’s Guidance on Local Government Investments (“the Guidance”)
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
 - CIPFA Treasury Management Guidance Notes 2021
- 5.68 The Council’s investment priorities will be security first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council’s risk appetite. Consistent with the spirit of the Code’s treasury management practices (namely, TMP1 on credit and counterparty risk management), the Council shall be mindful of environmental, social and governance (ESG) considerations in its decision-making outcomes. To that end, the Council will not knowingly invest directly with financial participants whose activities and practices pose a risk of serious damage or whose activities are inconsistent with the Council’s mission and values. In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider “laddering” investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.
- 5.69 The above guidance from the DLUHC and CIPFA places 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:
1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
 2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 5.70 This Council has defined the list of types of investment instruments that the Treasury Management Team are authorised to use, as per **APPENDIX 2**. There are two lists in Appendix 5.4 under the categories of 'specified' and 'non-specified' investments.
- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.
- 5.71 **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.
- 5.72 **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in the **APPENDIX 2**.
- 5.73 **Transaction limits** are set for each type of investment in **APPENDIX 2**.
- 5.74 The Council will set a limit for the amount of its investments which are invested for longer than 365 days.
- 5.75 Investments will only be placed with counterparties from countries with a specified minimum sovereign rating.
- 5.76 The Council 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.
- 5.77 All investments will be denominated in sterling.
- 5.78 As a result of the change in accounting standards for 2023/24 under IFRS 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the 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 ending 31.3.23. More recently, a further extension to the over-ride to 31.3.25 has been agreed by Government.
- 5.79 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 financial year.

Creditworthiness policy

- 5.80 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;
 - Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings;
 - sovereign ratings to select counterparties from only the most creditworthy countries.
- 5.81 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
- 5.82 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.
- 5.83 Typically, the minimum credit ratings criteria the Council uses will be a short-term rating (Fitch or equivalent) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 5.84 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.
- 5.85 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.
- 5.86 The Council has determined that it will only use approved counterparties from the UK and countries with a minimum sovereign credit rating of AA- from Fitch or equivalent. The list of countries that qualify using this credit criteria as at the date of this report are shown in **APPENDIX 3**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Creditworthiness

- 5.87 Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

CDS Prices

- 5.88 Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

Investment Strategy

- 5.89 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. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate having peaked in the second half of 2023 and possibly reducing as early as the second half of 2024 so an agile investment strategy would be appropriate to optimise returns.
- 5.90 Accordingly, while most cash balances are required in order to manage the peaks and troughs of cash flows, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.
- 5.91 **Investment returns expectations.** 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 as seen at the time

of writing this report, has correspondingly increased the Bank Rate. The Bank of England (BoE) has opted to increase Bank Rate on 14 successive occasions, starting around mid-December 2021. At the beginning of April 2022, Bank Rate was set at 0.75% and moved up in stepped increases of either 0.25% or 0.5% thereafter, reaching 4.25% by the end of 2022/23 and to the current 5.25% in October 2023. Based on current modelling, Bank Rate has peaked. Amongst other things, the Bank of England's short-term fiscal strategy and tight monetary mechanisms to control the rampant rise of inflation has had its desired effects. Inflationary pressures are cooling, moving downwards from 40-year highs of around 11% in October 2022 through to 4.6% in November 2023. As with the current trajectory of inflation, it is projected that Bank Rate will gradually decline during 2024/25.

- 5.92 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: -

Average earnings in each year	
2023/24 (residual)	5.30%
2024/25	4.70%
2025/26	3.20%
2026/27	3.00%
2027/28	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

It should be observed, however, that as there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

- 5.93 **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 Authority is asked to approve the Treasury Indicator and limit:-

Maximum principal sums invested > 365 days

	2024/25	2025/26	2026/27
Principal sums invested > 365 days	£10m	£10m	£10m

- 5.94 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 182 days) in order to benefit from the compounding of interest whilst preserving the security of invested funds and liquidity.

Investment risk benchmarking

- 5.95 This Council will use an investment benchmark to assess the investment performance of its investment portfolio of overnight, 7 day, 1, 3, 6 or 12 month compounded / SONIA.

End of year investment report

- 5.96 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 this report.

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

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

6.5 Equalities 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.

6.6 Health

None

6.7 Climate Change

The Council's Investment Policy now includes a criterion that the Council will take into consideration the impact on the environment when making investments to try to align investments with the councils values on climate change where possible.

7 Appendices

Appendix 1: Economic Update (provided by Link Asset Services as of November 2023)

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

8 Previous Consideration

None

9 Background Papers

Available in Financial Services

Contact Officer:	Chris Forrester
Telephone Number:	01543 464 334
Report Track:	1 February 2024 Cabinet 21 February 2024 Council
Key Decision:	No

**ECONOMIC UPDATE
(PROVIDED BY LINK ASSET SERVICES AS OF NOVEMBER 2023)**

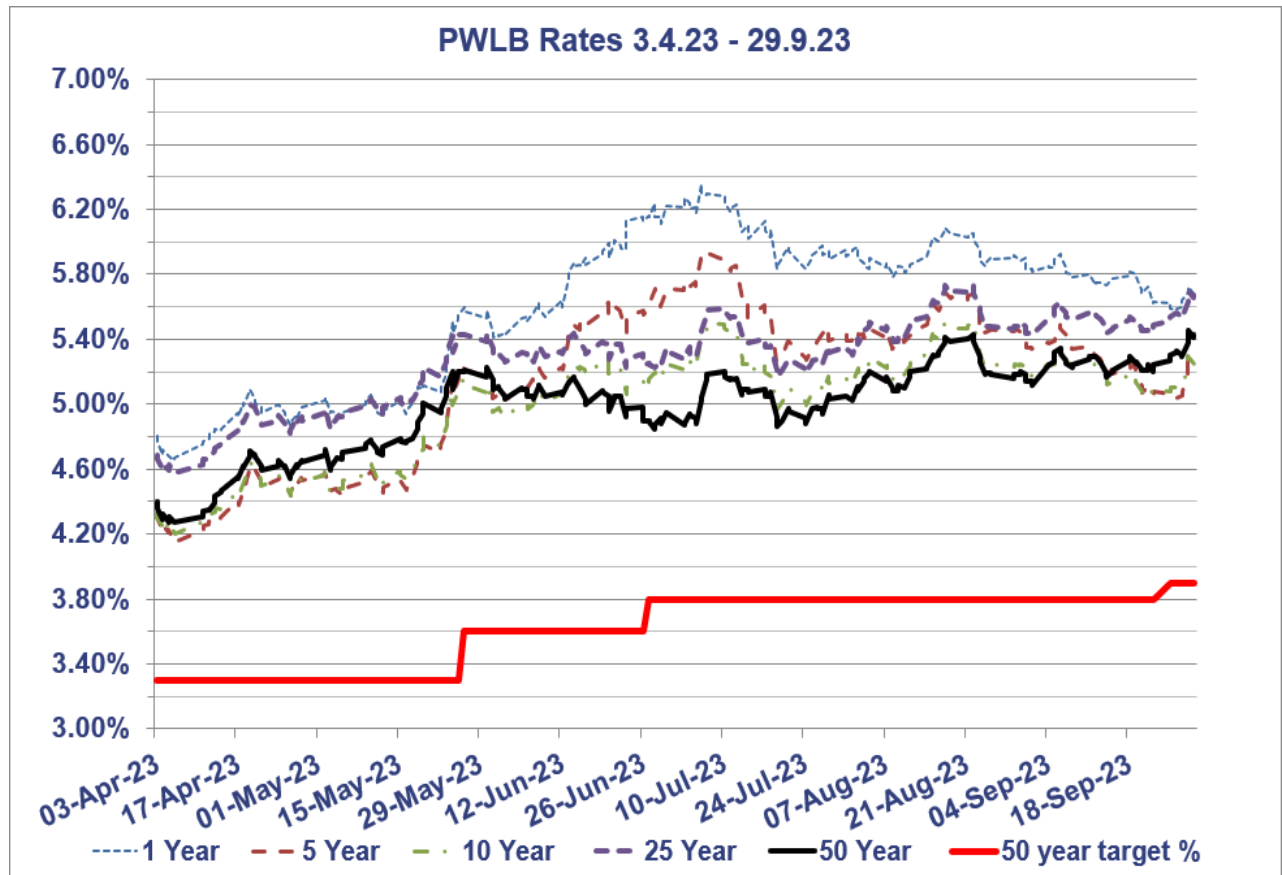
- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).
- The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has

loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

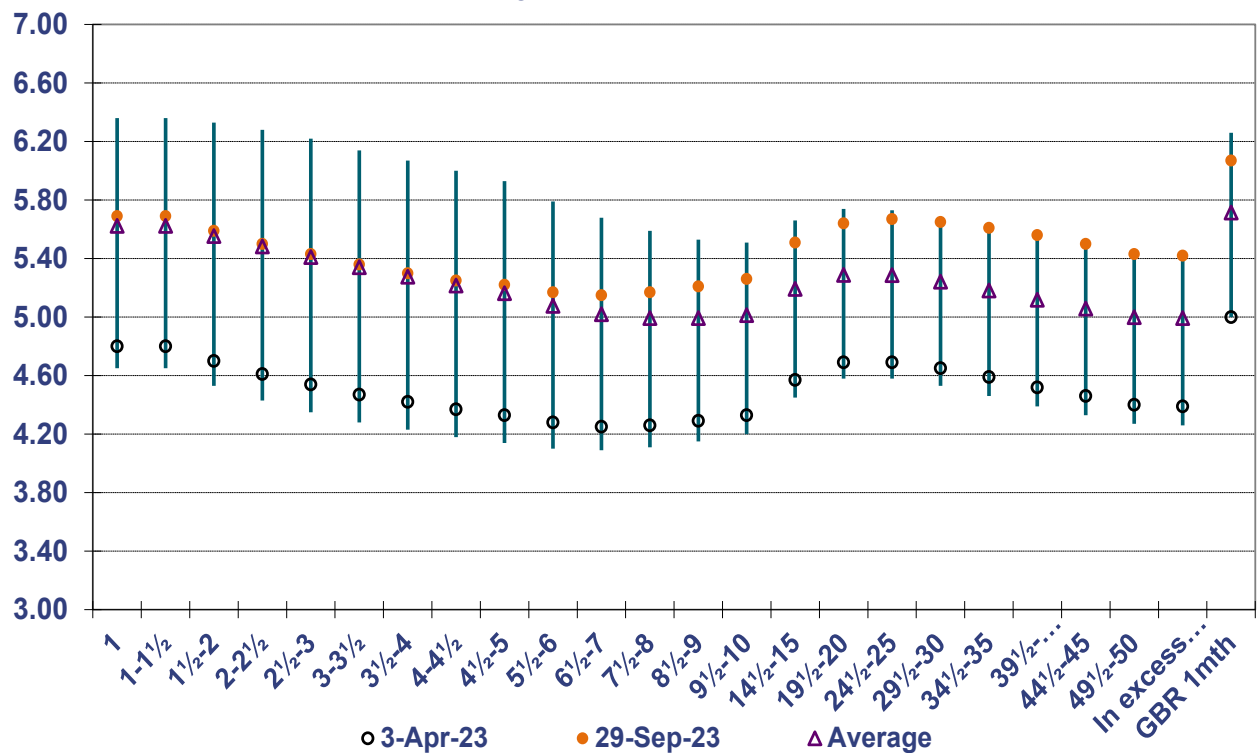
- But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.
- In its latest monetary policy meeting on 06 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.

In the table below, the rise in gilt yields across the curve as a whole in 2023/24, and therein PWLB rates, is clear to see.

PWLB RATES 01.04.23 - 29.09.23



PWLB Certainty Rate Variations 3.4.23 to 29.9.23



HIGH / LOW / AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

The peak in medium to longer dated rates has generally arisen in August and September and has been primarily driven by continuing high UK inflation, concerns that gilt issuance may be too much for the market to absorb comfortably, and unfavourable movements in US Treasuries.

The S&P 500 and FTSE 100 have struggled to make much ground through 2023.

CENTRAL BANK CONCERNS

Currently, the Fed has pushed up US rates to a range of 5.25% to 5.5%, whilst the MPC followed by raising Bank Rate to 5.25%. EZ rates have also increased to 4% with further tightening a possibility.

Ultimately, however, from a UK perspective it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

TREASURY MANAGEMENT PRACTICE (TMP1) - CREDIT AND COUNTERPARTY RISK MANAGEMENT

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

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

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

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

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
DMADF – UK Government	Yellow	100%	6 months (max. is set by the DMO*)
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	£9 million	Liquid
Money Market Funds LNAV	AAA	£9 million	Liquid
Money Market Funds VNAV	AAA	£9 million	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	£6 million	Liquid

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	£6 million	Liquid
Local authorities	N/A	£3 million	12 months
Call Accounts	N/A	£6 million	Liquid
Term deposits with housing associations	Blue Orange Red Green No Colour	£3 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

* DMO – is the Debt Management Office of HM Treasury

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

Approved Countries For Investments

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

Based on lowest available rating**AAA**

Australia
Denmark
Germany
Netherlands
Norway
Singapore
Sweden
Switzerland

AA+

Canada
Finland
U.S.A.

AA

Abu Dhabi (UAE)

AA-

Belgium
France
U.K.

TREASURY MANAGEMENT SCHEME OF DELEGATION

Full Council

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

Committees/Council

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

Body/person(s) with responsibility for scrutiny

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

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The s151 (responsible) officer:

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

Council's Response to the Auditor's Annual Report 2021/22 and 2022/23

Committee:	Audit & Governance Committee / Cabinet
Date of Meeting:	7 February 2024
Report of:	Deputy Chief Executive (Resources) & S151 Officer
Portfolio:	Resources and Transformation

1 Purpose of Report

- 1.1 To set out the Council's response to the External Auditor's Annual Report (AAR) for 2021/22 and 2022/23, and proposed actions.

2 Recommendations

- 2.1 That Members note the findings, recommendations and management comments set out in the AAR for 2021/22 and 2022/23.
- 2.2 That Members recommend to Council accepting the Statutory Recommendations set out in the AAR for 2021/22 and 2022/23.
- 2.3 That Members recommend to Council the approval of the improvement plan attached at Appendix 1 to address the issues identified in the AAR.
- 2.4 That Members note the additional resources required to address the issues identified in the AAR as set out in 5.9, which are provided for in the budget for 2024/25.

Reasons for Recommendations

- 2.5 The AAR has identified several significant issues relating to the Council's financial, governance and asset arrangements which need to be addressed as a priority.

3 Key Issues

- 3.1 The Council's External Auditors, Grant Thornton, have recently concluded their AAR of the Council covering the period 2021/22 and 2022/23. Their report on the outcome of the review is a separate item on the agenda.
- 3.2 The report has highlighted several significant issues relating to the Council's financial, governance and asset arrangements and made recommendations for addressing these. Three of these recommendations are statutory and are being addressed as a priority.
- 3.3 The majority of the financial and governance findings set out in the AAR have already been reported to the Audit & Governance Committee through the quarterly reports from the Chief Internal Auditor & Risk Manager and/or the Annual Governance Statements. However, progress in addressing these issues over the last few years has been hampered by capacity issues and this is acknowledged in the External Auditor's report.

- 3.4 An improvement plan to address the financial, governance and asset issues has been drawn up and is set out at Appendix 1. Additional resources are required to deliver the improvement plan and provision has been made for these in the budget to be approved by Council for 2024/25. The funding for the financial and governance issues will be matched by Stafford Borough Council as appropriate.

4 Relationship to Corporate Priorities

- 4.1 Good governance and financial management specifically links to the Council's priority to be "a modern, forward thinking and responsible Council". It also underpins the delivery of the Council's other corporate priorities and operational services.

5 Report Detail

- 5.1 As part of the work of the External Auditors, they are required to undertake a review of the Council's arrangements for Value for Money. This requirement was re-introduced to their work in 2020/21.
- 5.2 The first review in 2020/21 was relatively light touch but the review covering 2021/22 and 2022/23 has been much more in-depth and the standards expected have increased. This partly reflects a change in financial standards and the environment in which local government is operating with several councils having issued s114 notices.
- 5.3 The AAR covers the years 2021/22 and 2022/23 has identified several areas of concern primarily:
- (i) the delay in preparation of and audit of final accounts and budget monitoring;
 - (ii) the management of our HRA and corporate assets;
 - (iii) weaknesses in our arrangements for our IT systems, fraud, procurement, performance management and managing our workforce.
- 5.4 The External Auditors have acknowledged that there has been a lack of capacity in key service areas to address these issues.
- 5.5 None of the issues themselves are new; they were identified in the previous AAR, have been raised in reports issued by Internal Audit and/or have been raised as significant governance issues in the Annual Governance Statement over the same period.
- 5.6 However, the External Auditors have now raised the profile of these issues and the need to address them to prevent significant governance failings. Three statutory recommendations have been made and these are being progressed as a priority.
- 5.7 Whilst the Council's response to each of the recommendations is set out in the AAR, a separate improvement plan setting out the actions to be undertaken is attached at Appendix 1.

5.8 Progress in delivering the actions set out in the improvement plan will primarily be overseen by:

- The Leadership Team;
- Audit & Governance Committee.

The Audit & Governance Committee will escalate any concerns to Cabinet and the Cabinet will also receive periodic updates.

All actions relating to the Housing Revenue Account (HRA) assets, will also be overseen by a Housing Board which is to be set up. This will comprise:

- Cabinet Member for Housing;
- Shadow Cabinet Member for Housing;
- The Deputy Chief Executive - Place;
- Head of Housing & Corporate Assets;
- Tenant representatives from across the District; and
- Independent person with housing expertise.

5.9 As referred to in 5.4, lack of capacity has been a key factor in the slow progress in addressing the issues. Consequently, to move forward and address the issues identified in the AAR, additional resources are going to be needed in key corporate services, primarily Finance and Transformation & Assurance. The corporate functions have lost considerable capacity over the last 12 years; the effect has been cumulative with savings taken as part of shared services, the outsourcing of leisure services and successive savings as part of the annual budget setting processes. In addition, corporate services have seen an increase in workload as a result of the Council's success in achieving funding from the Levelling Up Fund for the regeneration of Cannock Town Centre, UK Shared Prosperity Funding etc.

5.10 The additional resources needed will be primarily focussed around:

- Finance - increased capacity, development of the finance system, budget monitoring, training for managers and supporting for key projects; and
- Transformation & Assurance - development and maintenance of the contracts register, performance, risk & assurance reporting and project management.

Provision for the additional resources has been included in the budget for 2024/25. £141,000 has been included for Finance and £100,000 for Transformation & Assurance. This funding is to be matched proportionately by Stafford Borough Council as part of the shared services arrangements. The additional resources will be for both staffing and IT systems.

5.11 Additional resources will also be required to address the HRA issues and the initial focus will be to commission an independent review. £35,000 has been set aside for this. Provision has been made in the budget for 2024/25 for undertaking the housing stock condition survey (circa £0.5m) which is essential to the preparation of the 30 Year HRA Business Plan. Budget has been allocated to bring in additional management support to facilitate the delivery of the improvement plan.

6 Implications

6.1 Financial

The financial implications are referred to throughout the report.

6.2 Legal

Under the Local Audit and Accountability Act 2014, statutory recommendations made by a local auditor must be considered at a Council meeting within one month of receipt. The Council must consider whether the recommendation is to be accepted and what, if any, action to take in response. The report will, therefore be considered at the next full Council meeting.

6.3 Human Resources

None

6.4 Risk Management

Failure to address the recommendations set out in the External Auditors' report would put the Council at risk of Judicial Review / Intervention. There is also a risk to the Council's reputation and relationship with partners, ability to attract funding etc. These risks are mitigated by the actions set out in the Improvement Plan.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Improvement Plan

8 Previous Consideration

None

9 Background Papers

AAR for 2020/21 and 2021/22 - 2022/23

Internal Audit Progress Reports and the Annual Audit Report to the Audit Committee for 2020/21, 2021/22 and 2022/23.

Annual Governance Statement 2022/23

Contact Officer: Judith Aupers

Telephone Number: 01543 464411

Report Track: Joint meeting of the Audit & Governance Committee and Cabinet / Council

Key Decision: No

Improvement Plan

Action	Lead Officer	Timescale
Financial Sustainability (Statutory Recommendation 1)		
Restructure of the Finance Team and creation of additional capacity	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2024/25
Commence recruitment to new Finance team structure	Deputy Chief Executive (Resources) & S151 Officer and Deputy S151 Officer	Quarter 2 - 2024/25
Lesson learnt exercise to be undertaken of implementation of the finance system	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2024/25
Implementation of remaining module of the finance system, ongoing development and maximising use of system functionality	Deputy Chief Executive (Resources) & S151 Officer	Quarter 4 - 2024/25
Training of managers in budget management and use of the new finance system.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2024/25
Follow-on zero-based budgeting session with managers to continue work started as part of the 2024/25 budget setting process	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25
Medium Term Financial Strategy for 2024/25 to 2026/27 drafted and approved by Cabinet. Due for approval at Council 21 February 2024. Modelling, assumptions and risk assessment included as part of the budget report. MTFS includes assessment of likely future government funding.	Deputy Chief Executive (Resources) & S151 Officer	Completed
Capital Strategy to be updated in accordance with the revised Prudential Code.	Deputy Chief Executive (Resources) & S151 Officer	Completed

Action	Lead Officer	Timescale
Bring treasury strategy and its reporting to members up to date	Deputy Chief Executive (Resources) & S151 Officer	Completed
Regular performance monitoring to be re-established with budget managers and Leadership Team.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2024/25
Performance reporting for Cabinet and Scrutiny to be developed. This will be done alongside the review and development of performance and risk reporting.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 4 - 2024/25
Reporting on the delivery of savings to be established and discussed at Strategic Leadership Team meetings. Where appropriate, project plans will be developed to support the delivery of significant/complex savings.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2024/25
Produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively. (Decision to be made on outstanding audits as there is a consultation taking place as to how to clear the backlog of audits nationally at present)	Deputy Chief Executive (Resources) & S151 Officer	This is to be discussed with Azets as to approach
Draft accounts published up to 2023/24	Deputy Chief Executive (Resources) & S151 Officer	Quarter 4 - 2023/24
Review of Financial Regulations	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2024/25
Training for managers on Financial Regulations	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2024/25
HRA (Statutory Recommendations 2 & 3)		
Appointment of additional senior resource (HRA Recovery Lead) to support the delivery of the HRA action plan and implement recovery actions (starting 26/2/24)	Deputy Chief Executive (Place)	Completed

Action	Lead Officer	Timescale
<p>Set up the new Housing Board to enhance governance and oversight of delivery of the improvement plan. The Board will comprise:</p> <ul style="list-style-type: none"> • The Deputy Chief Executive - Place; • Head of Housing & Corporate Assets; • Cabinet Member for Housing; • Shadow Cabinet Member for Housing; • Tenant representatives from across the District; and • independent person with housing expertise 	Deputy Chief Executive (Place) Head of Housing and Corporate Assets	Q2 2024/25
Liaise with other HRA providers to determine best practice to aid our work and use this information to undertake appropriate benchmarking.	Head of Housing and Corporate Assets	Ongoing
A review is to be undertaken of existing systems and processes in the HRA and General Fund to align them to ensure that we have a standardised approach to building safety inspections.	Head of Housing and Corporate Assets Housing Property Services Manager Corporate Assets Manager	Q2 2024/25
HRA 30 Year Business Plan (Statutory Recommendation 2)		
A review of the stock condition survey work undertaken to date will be used to help inform investment and the programme of works.	Head of Housing and Corporate Assets Housing Property Services Manager	Q1 2024/25
As stock condition data increases a rolling programme of improvements will be developed and reported on to the Housing Board.	Head of Housing and Corporate Assets Housing Property Services Manager	Ongoing

Action	Lead Officer	Timescale
<p>Provision to be included in the capital programme for 2023/24 and 2024/25 to fund the stock condition survey.</p>	<p>Deputy Chief Executive (Resources) & S151 Officer Head of Housing and Corporate Assets</p>	<p>Completed (Approval of budget will be February 2024)</p>
<p>Procurement of contractor to deliver the stock condition survey. Award notice planned for February 2024 with contractor to start March.</p>	<p>Head of Housing and Corporate Assets Housing Property Services Manager</p>	<p>Q1 2024/25</p>
<p>Undertake a full stock condition survey.</p> <ul style="list-style-type: none"> • An approach to delivering the full stock condition survey has now been developed with the contractor on a phased basis. • Performance and programme delivery to be monitored on monthly and quarterly basis and reported to Housing Board. 	<p>Head of Housing and Corporate Assets Housing Property Services Manager</p>	<p>To be completed by Q4 2024/25</p>
<p>Revision of the 30-year business plan, informed by results of the stock condition survey and housing needs assessment:</p> <ul style="list-style-type: none"> • Business plan to be updated on a rolling basis as stock condition data increases. • Business plan review to be undertaken on a quarterly basis. • HRA recovery lead to develop and roll out training for housing staff on business plan and assumptions. • Develop HRA asset management strategy 	<p>Head of Housing and Corporate Assets HRA recovery lead Deputy Chief Executive (Resources) & S151 Officer Deputy Chief Executive (Place)</p>	<p>Ongoing throughout the year as data is gathered</p>

Action	Lead Officer	Timescale
<p>Development of a place-based housing strategy, working in conjunction with key partners. This will be part of a longer-term project to understand the needs of the area and our tenants. It will also link in with the Local Plan process.</p> <ul style="list-style-type: none"> Housing Needs Assessment completed. SHLAA and Brownfields register completed. Draft Local Plan has well informed evidence base (proposed submission Summer 2024). 	<p>Deputy Chief Executive (Place) Head of Wellbeing Head of Housing and Corporate Assets Head of Economic Development & Planning</p>	Q4 2024/25
<p>Review and update of the Housing Allocations Policy.</p> <ul style="list-style-type: none"> Consultation complete, Policy going to Cabinet in March 2024 with implementation in April 2024. 	<p>Head of Housing and Corporate Assets Tenancy Services Manager</p>	Q1 2024/25
<p>Review of Housing Register to ensure it is maintained up-to-date</p> <ul style="list-style-type: none"> Larger scale review completed in October 2023; and Ongoing monthly review of application forms on the anniversary of the application form date. 	<p>Head of Housing and Corporate Assets Tenancy Services Manager</p>	Ongoing
<p>Comprehensive external HRA review to be undertaken including Health & Safety (Compliance) and HRA Business Plan & Capital Investment.</p>	<p>Head of Housing and Corporate Assets</p>	Q2 2024/25
<p>Review of HRA reserves to fund planned maintenance, compliance and works arising from the stock condition survey.</p>	<p>Deputy Chief Executive (Resources) & S151 Officer</p>	Q3 2024/25 (linked to budget setting process)
HRA Compliance (Statutory Recommendation 3)		
<p>Regular inspections of properties and blocks will continue to be undertaken and will be reported to Housing Board and Cabinet. This includes gas safety, electrical safety, asbestos, water hygiene and fire safety.</p>	<p>Head of Housing and Corporate Assets Housing Property Services Manager</p>	Q1 2024/25

Action	Lead Officer	Timescale
<p>A full review will be undertaken of all records and information held to data cleanse and identify gaps/ weaknesses in the data held. All records will be held electronically so that there is one version of the data record. An on-going reconciliation will be undertaken of the HRA asset register to the health and safety checks completed, compliance data and other inspections. Options for a new single asset register compliance system will be explored.</p>	<p>Head of Housing and Corporate Assets All Housing Service Managers</p>	<p>Q3 2024/25</p>
<p>A review of compliance against the housing consumer standards (July 2023), has been undertaken and an action plan is to be developed from this which will improve tenant engagement. A residents engagement officer post has been established.</p>	<p>Head of Housing and Corporate Assets Strategic Housing Manager</p>	<p>Q2 2024/25</p>
<p>Corporate Savings & Transformation Programme (Key Recommendation 1)</p>		
<p>Process to be established for developing savings options - this will comprise a service reduction programme and a service transformation/efficiency programme.</p> <p>Initial steps for both:</p> <ul style="list-style-type: none"> • a discussion with the Cabinet after the May elections to review priorities and key projects; • engagement with Heads of Service and Service Managers to review current service levels for statutory and discretionary services (to include high level benchmarking) - this will be a pre-cursor to bringing the services together and establish the baseline for service transformation (this will build on the initial work done on SLAs). • Range of options for service reduction and efficiency savings/transformation <p>Service Reduction:</p> <ul style="list-style-type: none"> • Savings options to be assessed for impact and deliverability and discussed with Cabinet. 	<p>Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance</p>	<p>Quarter 3 - 2024/25</p>

Action	Lead Officer	Timescale
<ul style="list-style-type: none"> • Range of options to be refined and consultation exercise to be undertaken with public and partners where relevant; • Outcome of consultation to be used to inform savings options to be progressed as part of development of budget <p>Transformation:</p> <ul style="list-style-type: none"> • Transformation options to be assessed and added to transformation programme for prioritisation. Will need to consider any investment required to deliver savings/service improvements; resourcing to deliver the changes, etc • Project Manager and Project support officer to be recruited to support delivery of transformation programme, funding allocated in budget 2024/25 to fund posts; • Training of managers and key officers in transformation techniques 		
<p>Review current corporate plan and priorities to determine if an update is required and if so, engage with stakeholders as appropriate</p>	<p>Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance</p>	<p>To be done for new Corporate Plan (s) and any savings exercises going forwards</p>
<p>Consultation and engagement to be embedded into the planning for the delivery of key projects where appropriate to ensure schemes meet community needs eg regeneration projects, redevelopment of play areas</p>	<p>Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance</p>	<p>Quarter 3 - 2024/25</p>
<p>Align the MTFs to the corporate priorities in the Council’s Business Plan including the costed climate change actions</p>	<p>Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance</p>	<p>Completed as part of budget setting 2024/25 to be revisited Quarter 2 2024/25</p>

Action	Lead Officer	Timescale
Risk Management (Key Recommendation 2)		
Review of risk management policy and framework - includes review of format of the SRR	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2023/24 (currently in draft to be presented to Leadership Team in February 2024)
Review of guidelines on risk implications for committee reports	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2023/24
Training for Leadership Team, managers, team leaders/principal officers on risk management	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 1 - 2024/25
Develop risk registers for each Directorate, the HRA and ICT	Deputy Chief Executive (Resources), Deputy Chief Executive (Place), Head of Housing & Corporate Assets and Head of Transformation & Assurance	Quarter 2 - 2024/25
Establish escalation process between other risk registers and the SRR eg services, projects	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 2 - 2024/25
Review of risks in annual budget report to be consistent with corporate process	Deputy Chief Executive (Resources) & S151 Officer	Completed

Action	Lead Officer	Timescale
IT (Key Recommendation 3)		
Update IT security policy and adopt a cyber security policy	Head of Transformation & Assurance and Chief Technology Officer	Quarter 1 - 2024/25
Develop assurance reporting for IT eg report on outcome of annual health check / penetration testing to Leadership Team and Audit Committee	Head of Transformation & Assurance and Chief Technology Officer	Quarter 2 - 2024/25
Implement outstanding recommendation from Cyber and Network Security Audit - staff to complete cyber training	Chief Technology Officer and Information Manager	Quarter 4 - 2023/24
Provide refresher training to ensure compliance with process for 3 rd party data transfers and completion of privacy impact assessments	Chief Technology Officer and Information Manager	Quarter 1 - 2024/25
Review of what we include in procurements re ICT controls and information governance	Head of Transformation & Assurance, Chief Technology Officer, Head of Law & Governance and Information Manager	Quarter 2 - 2024/25
Finalise the change management strategy	Chief Technology Officer	Quarter 4 - 2023/24 (currently in draft to be presented to Leadership team in February)
Finalise Information Governance Framework	Head of Law & Governance	Quarter 4 - 2023/24 (Currently in draft)
Complete the IT strategy	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2024/25

Action	Lead Officer	Timescale
Fraud (Key Recommendation 4)		
Review Anti-Fraud & Bribery Policy	Chief Internal Auditor & Risk Manager	Quarter 3 - 2024/25
Review of Confidential Reporting Policy	Chief Internal Auditor & Risk Manager	Quarter 3 - 2024/25
Assess compliance against Cipfa 2014 Code for Fraud and develop an action plan as necessary	Chief Internal Auditor & Risk Manager	Quarter 3 - 2024/25
Assess fraud risks and include in risk registers as appropriate	Chief Internal Auditor & Risk Manager and Leadership Team	Quarter 4 - 2024/25
Review the information we report on fraud work (including data matching) to the Audit Committee.	Chief Internal Auditor & Risk Manager	2025/26
Performance Management (Key Recommendation 5)		
Develop and adopt a performance management framework to establish golden thread from Corporate Plan to service plans through to employee reviews. Framework to include protocols for ensuring data quality	Head of Transformation & Assurance	Quarter 4 - 2024/25
Review our performance report style - delivery plans and KPIs. To consider the development of performance outcome measures	Head of Transformation & Assurance	Quarter 4 - 2024/25
Performance reporting for waste and leisure: <ul style="list-style-type: none"> • review of KPIs for monitoring and reporting on performance; • establish internal validation process of contract performance; and • review information reported to Cabinet / Scrutiny 	Head of Transformation & Assurance, Head of Operations and Head of Wellbeing	Quarter 4 - 2024/25

Action	Lead Officer	Timescale
Establish a Corporate Project Management Methodology. Provide templates, guidelines, and training for key officers (LT, Service Managers and key Principal Officers/Team Leaders).	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 2 - 2024/25
Establish corporate project resources to support transformation work (funding allocated in 2024/25 budget)	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 2 - 2024/25
Review of all projects, the current governance arrangements and establish project reporting to Leadership Team	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 2 - 2024/25
HRA and Corporate Asset Management (Key Recommendation 6)		
A Corporate asset management strategy is in place and an action plan will be developed.	Head of Housing and Corporate Assets Corporate Assets Manager	Q3 2024/25
A full review will be undertaken of all records and information held to data cleanse and identify gaps/ weaknesses in the data held. All records will be held electronically so that there is one version of the data record. An on-going reconciliation will be undertaken of the corporate asset register to the health and safety checks completed, compliance data and other inspections.	Head of Housing and Corporate Assets Corporate Assets Manager	Q3 2024/25
Procurement and Contract Management (Key Recommendation 7)		
Review and update the Procurement Regulations	Deputy Chief Executive (Resources), Head of Transformation & Assurance and Head of Law & Governance	Quarter 2 - 2024/25
The key elements of the procurement strategy will be built into the procurement regulations rather than as a stand-alone document.	Head of Transformation & Assurance	Quarter 2 - 2024/25

Action	Lead Officer	Timescale
Update the contracts register and ensure it is compliant with transparency requirements	Head of Transformation & Assurance and Leadership Team	Quarter 4 - 2023/24 (this will be the first draft to be revisited Quarter 3 2024/25)
Work with managers and the County's Procurement Team to develop a procurements pipeline	Head of Transformation & Assurance and Leadership Team	Quarter 3 - 2024/25
Provide training for managers on procurement and contract management	Head of Transformation & Assurance	Quarter 2 - 2024/25
Process to be established for publication of key data on the Council's website to meet transparency requirements re spend data, contracts register	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 3 - 2024/25
HR related issues (Improvement Recommendations 1 and 2)		
Establish our culture, values and type of organisation we want to be. This work will inform the following actions	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 1 2024/25
Complete review of hybrid working. This will inform the development of the workforce strategy and the review of the Code of Conduct as well as support the development of an asset strategy	Head of Transformation & Assurance and HR Manager	Quarter 1 2024/25
Develop a hybrid working policy and review other related policies and processes.	Head of Transformation & Assurance and HR Manager	Quarter 3 2024/25
Development of a workforce strategy that links to long term transformation / shared services	Head of Transformation & Assurance and HR Manager	2025/26

Action	Lead Officer	Timescale
Review and update the Employee Code of Conduct	Head of Transformation & Assurance and Head of Law & Governance	Quarter 3 2024/25
Other Related Actions		
Review of Code of Governance	Head of Transformation & Assurance	Quarter 4 - 2024/25
Development of Assurance Model	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	2025/26
Review of Audit Reporting to Leadership Team and escalation protocols	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 2023/24 (Coming to leadership team February 2024)
Establish an inventory of key policies and a programme of periodic reviews	Leadership Team	Quarter 3 - 2024/25