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Fenland CAMBRIDGESHIRE

Fenland District Council

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AGENDA

CABINET

THURSDAY, 24 FEBRUARY 2022

2.00 PM

COUNCIL CHAMBER, FENLAND HALL, COUNTY ROAD, MARCH

Committee Officer: Linda Albon
Tel: 01354 622229
e-mail: memberservices@fenland.gov.uk

Whilst this meeting will be held in public, we encourage members of the public to view the meeting via our You Tube Channel due to the Council still observing Covid 19 restrictions.

This meeting of Cabinet can be viewed via: https://youtu.be/TVUFaDPAm74

1 To receive apologies for absence

2 Previous Minutes (Pages 5 - 6)

To confirm and sign the public minutes of 3 February 2022.

3 To report additional items for consideration which the Chairman deems urgent by virtue of the special circumstances to be now specified

4 To receive members' declaration of any interests under the Local Code of Conduct or any interest under the Code of Conduct on Planning Matters in respect of any item to be discussed at the meeting

5 Business Plan 2022/23 (Pages 7 - 24)

For Cabinet to consider and recommend to Council the approval of the Final Business Plan 2022-2023.

6 Corporate Budget 2022/23 and Medium Term Financial Strategy (Pages 25 - 94)

To consider and approve:

- the revised General Fund Budget and Capital Programme for 2021/22 and;

To consider and recommend to Council:

- the General Fund Budget Estimates 2022/23 and the Medium Term Financial Strategy 2022/23 to 2026/27;
- the Council Tax levels for 2022/23;
- the Capital Programme 2022-2025;
- the Treasury Management Strategy Statement, Capital Strategy and Annual Treasury Investment Strategy for 2022/23.

7 Economic Growth Update (Pages 95 - 138)

This Strategic Refresh document has been created to continue the delivery of the Council's Economic Development Strategy 2012-2031 (EDS). It sets out how the Council's Economic Growth Team, other Council departments and public and private partners will continue to work together to support economic growth in Fenland.

8 Authorisation of External Funding in relation to Energy Efficiency (Pages 139 - 230)

To note the successful allocation of Social Housing Decarbonisation Fund Wave 1 (SHDF) funding from the Department of Business, Energy & Industrial Strategy (BEIS) and to authorise entry into the associated financial and legal agreements necessary to enable its administration.

9 Draft 6 Month Cabinet Forward Plan (Pages 231 - 232)

For information purposes.

10 Items which the Chairman has under item 3 deemed urgent

CONFIDENTIAL - ITEMS COMPRISING EXEMPT INFORMATION

To exclude the public (including the press) from a meeting of a committee it is necessary for the following proposition to be moved and adopted: "that the public be excluded from the meeting for Items which involve the likely disclosure of exempt information as defined in the paragraphs 3 of Part I of Schedule 12A of the Local Government Act 1972 (as amended) as indicated."

11 Previous Minutes (Confidential) (Pages 233 - 238)

To approve and sign the confidential minutes of the meeting held 3 February 2022.

Members: Councillor C Boden (Chairman), Councillor Mrs J French (Vice-Chairman), Councillor I Benney, Councillor S Clark, Councillor Miss S Hoy, Councillor Mrs D Laws, Councillor A Lynn, Councillor P Murphy, Councillor C Seaton and Councillor S Tierney

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CABINET

THURSDAY, 3 FEBRUARY 2022 - 2.00 PM

Fenland
CAMBRIDGESHIRE
Fenland District Council

PRESENT: Councillor C Boden (Chairman), Councillor Mrs J French (Vice-Chairman), Councillor I Benney, Councillor S Clark, Councillor Miss S Hoy, Councillor Mrs D Laws, Councillor A Lynn, Councillor P Murphy, Councillor C Seaton and Councillor S Tierney

CAB41/21 PREVIOUS MINUTES

The minutes of the meeting held 20 January 2022 were agreed and signed.

CAB42/21 LOCAL PLAN UPDATE

Members considered the Local Plan Update report presented by Councillor Mrs Laws.

Councillor Mrs French said she fully supports this but is concerned elements of the timetable clash with Purdah. Councillor Boden agreed it is standard practice not to undertake consultations during Purdah, however the timetable does give a six-week period for the consultation process which would be before Purdah begins. Councillor Boden did acknowledge that it is a tight deadline, and if there is any delay in getting to the stage of being able to get past the first consultation and then the reconsideration of the further draft of the proposed Local Plan, then he fears the timetable will have to be shifted to after the local elections. As it stands, it is just doable but there is no room for any further slippage. Councillor Mrs Laws said it is unfortunate that we have been in the hands of others when we have had to go out to consultation, and it is no fault of officers that there have been delays. It is a tight timeframe, and she hopes it can be done, but all she can do is advise Cabinet as we proceed.

Cabinet AGREED to:

- **Approve the Local Development Scheme (LDS) (Appendix 1) which sets out the revised timetable for production of the Fenland Local Plan.**
- **Delegate to Acting Assistant Director the ability to approve any future changes to the Local Plan timetable (and LDS) in consultation with the Portfolio Holder for Planning.**

CAB43/21 DRAFT 6 MONTH CABINET FORWARD PLAN

Councillor Boden presented the draft six-month Cabinet Forward Plan for information and invited comments. Councillor Mrs French said she had previously asked for an update on Civil Parking Enforcement. Councillor Boden said that would be noted and added to the Plan but that the Chief Executive had reminded him that there is reference to an update on 4th March but it may not be a full report.

CAB44/21 WISBECH HIGH STREET PROJECT REVIEW

Members considered the Wisbech High Street Project Review report presented by Councillor Seaton.

Cabinet AGREED to:

3.1 Note the positive progress that this project has made both on supporting third party owned property improvements as well as the continuing activity programme.

3.2 Note the current position regarding 11/12 High Street and requests an updated option appraisal for consideration.

3.3 Authorise the continued commitment to develop 24 High Street Wisbech in accordance with current proposals and approves the associated budgetary implications.

3.4 Authorise officers, in consultation with the Portfolio Holder for Social Mobility and Heritage, to put in place all required financial, legal and governance arrangements as required to facilitate the delivery of the best achievable outcomes for both buildings in line with existing delegations.

(Members resolved to exclude the public from the meeting for this item of business on the grounds that it involved the disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

3.02 pm Chairman

Agenda Item No:	5	Fenland CAMBRIDGESHIRE
Committee:	**CABINET**	
Date:	**24th February 2022**	
Report Title:	**FINAL BUSINESS PLAN 2022-23**	

Cover sheet:

1 Purpose / Summary

For Cabinet to consider and recommend to Council the approval of the Final Business Plan 2022-2023.

2 Key Issues

Our Business Plan 2022-23 identifies the key challenges and opportunities for Fenland. Its structure outlines our key Corporate Priorities (Communities, Environment, Economy and Quality Organisation), and an additional cross cutting 'Council for the Future' section. This section outlines transformative projects which aim to tackle areas of need within the district, or to transform services or the wider organisation to be fit for the future.

The impact of Coronavirus has and continues to affect our residents, partners, local businesses and our workforce. Recovering from the impact of Covid-19 and the 'Council for the Future' projects will be crucial in supporting the organisation to adapt and reshape to be able to effectively respond to future needs, aims and challenges.

Despite the challenges posed by Coronavirus and over a decade of continued public sector austerity, the Council remains committed to delivering high-quality services. We are working hard to attract crucial external funding needed to unlock Fenland's potential and bolster its prosperity and resilience in the coming years. Millions of pounds worth of investment is already secured, and projects are underway as part of 'Partnership Investment in Fenland'.

The Draft Business Plan was presented to the Overview and Scrutiny Panel on 17 January 2022. The Panel recommended a change to the working on the 'Promote health and wellbeing for all' priority, which has been updated. There was also a request for a Task and Finish Group to look at Key Performance Indicators, which has been approved.

3 Recommendations

For Cabinet to consider and recommend to Council the approval of the Final Business Plan 2022-2023.

Wards Affected	All
Forward Plan Reference	**KEY/25JAN22/01**
Portfolio Holder(s)	Councillor Chris Boden, Leader of the Council Cabinet Members
Report Originator(s)	Paul Medd, Chief Executive Peter Catchpole, Corporate Director David Wright, Head of Policy & Communications
Contact Officer(s)	Paul Medd, Chief Executive Peter Catchpole, Corporate Director David Wright, Head of Policy & Communications
Background Papers	Budget and Medium Term Financial Strategy Draft Business Plan 2022-23

Report:

1 BACKGROUND AND INTENDED OUTCOMES

1.1 Our Business Plan sets out the priorities we aim to deliver over the next 12 months. These priorities have been developed to address the most important needs of our communities.

1.2 Our priorities are split into three headings: Communities, Environment and Economy. The fourth priority, Quality Organisation, sits alongside everything we do. It aims to ensure that the Council runs effectively, transparently, and sustainably.

1.3 Each priority is underpinned by a series of performance indicators, which are reported to all Members at our Council meetings. These public reports are summarised to provide end of year performance updates in our Annual Report. This explains what the Council has been doing over the previous financial year to achieve its objectives.

1.4 We also have a fifth cross cutting priority: Council for the Future. This priority is formed from a selection of transformative projects which aim to address the future needs of residents and our organisation as a whole.

2 REASONS FOR RECOMMENDATIONS

2.1 Cabinet is being asked to approve the Business Plan 2021-22 because it will provide a structure of proposed aspirations and outcomes which will guide delivery of the council’s core priorities. It will also aim to ensure that the Council runs effectively, transparently, and sustainably.

3 CONSULTATION

3.1 We ran an online public consultation about our Draft Business Plan and Budget 2022-23 between 4 January and 31 January 2022. It was publicised on the front page of our website, our news web page and FDC social media accounts and via press releases and circulated to our news distribution list. 33 people responded to our survey. 73% said that our Draft Business Plan and Budget clearly explained the services we plan to provide and how we will use our resources over the next 12 months. There were a small number of comments in favour or protecting green spaces and increasing council tax.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 No alternative options were considered as the Council has made an ongoing commitment to produce an annual Business Plan.

5 IMPLICATIONS

5.1 Legal Implications

5.1.1 There are no specific legal considerations connected with the content of this report.

5.2 Financial Implications

5.2.1 The Business Plan 2021-22 sets out high level corporate priorities that are reflected in the Council budget.

Fenland District Council

Business Plan 2022/23

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CONTENTS

Introduction by the Leader and Chief Executive

Welcome to Fenland District Council's Business Plan for 2022/23.

Every year we set out our ambitions and priorities for the coming year. We outline what we want to achieve and how we intend to do it – with one thing at the forefront of our minds. People. Residents, visitors, employees, employers, our workforce – people are at the heart of everything we do, no matter how we plan for the years ahead.

The outcomes we focus on, the actions we'll deliver through working collaboratively with our partners and communities are what change people's lives for the better and for the long-term. They help to improve opportunities for everyone and make Fenland an even better place to live, work and raise a family.

During the past few years, we have made significant progress towards unlocking Fenland's potential, raising aspirations, improving public services, and securing inward investment to help our communities grow and strengthen.

Looking ahead, we know that the human cost of the Covid-19 pandemic will be felt keenly across the district, both in terms of loss and in the inequalities it has further exposed. Its financial cost is likely to lead to a long and protracted restructuring of the UK economy, the impact of which will be felt for many years to come.

Against this backdrop, Fenland continues to experience deprivation that affects people's quality of life, their health and even their life expectancy.

But if the past 18 months – two years has taught us anything, it's that we work better when we're standing together. The pandemic has shown us what's possible when public bodies, businesses and communities work together with a common aim. That's the spirit we're taking forward with our Business Plan. Through continued collaboration to deliver our ambitions, the greater the likelihood that we can recover, renew, and create firm foundations for a healthier, stronger, and more resilient future.

In this plan you'll see a series of actions that will support this recovery, including progressing key town centre regeneration projects, delivering major transport and connectivity schemes, transforming our council services, protecting our environment, and identifying further investment opportunities.

Alongside the ambitions and priorities which will underpin all the work of our members and senior leadership team, there's lots of opportunities to look forward to. Challenges lie ahead, no doubt about it, but there is much locally to be proud of and we're confident we can deliver for the people of Fenland.

Paul Medd
Chief Executive

Chris Boden
Leader of the Council

Fenland has strong community spirit and pride in its heritage. It is estimated that 102,080 people (ONS:2020) currently live in the Fenland District, which covers 211 square miles within North Cambridgeshire. More than 70% of residents live within our four market towns of Chatteris, March, Whittlesey and Wisbech. Our beautiful rural landscape is home to 29 villages and attracts visitors from nationwide.

Fenland has the lowest house prices in Cambridgeshire, with the average house priced at £182,549 (UK HPI: 2020), along with plentiful availability of commercial land. As a result, our population is growing quickly. By 2036, it is predicted that the population will have increased by 13% to 115,140 (ONS: 2020). As outlined within this plan, we have plans in place to maximise the positive opportunities that growth could bring.

Our population is also getting older. 29% of our population are aged 60 or over; above average compared to Cambridgeshire and the UK (ONS: 2020). Alongside partners, we are working to enable residents to access the support they need to live happily, healthily and independently.

We also face some challenges around deprivation, particularly around education and health. We are the 80th (out of 326) most deprived area in the country (IMD: 2019). Nevertheless, we continue to work closely with other organisations to positively overcome these challenges.

We've come a long way in our battle with coronavirus. At the start of 2021 we were in our second period of national lockdown, with fears about the impact it would have on jobs, businesses, and the economy, as well as people's mental health and wellbeing, at the forefront of our minds.

As a Council, meeting the demands of the Covid-19 pandemic have been vast. Whilst delivering business as usual, we have responded to, and delivered, changes in legislation within days, created new services to respond to residents' needs and communicated the latest guidance effectively with communities, businesses, and our workforce.

At the same time, we've accelerated the pace of our customer services transformation. Work to provide more modern, efficient, and flexible ways to access our services has been a Council priority for some time, but the rapid uptake of digital technologies during the pandemic meant we had to fast-track years of progress in a matter of months.

Not only have we significantly improved our online access, but we have increased the automation of our digital services and developed faster and more streamlined processes to make it even easier for people to interact with us, whilst ensuring that face-to-face services remain available for those that need them.

Meeting the challenges of Covid has also enabled even closer working with our partners, stakeholders and communities, and a greater pooling of our combined resources.

Now, as we continue to recover from the crisis, there is a great deal we can learn from our pandemic response. We have an opportunity to harness the innovation, collaboration and creativity which has flourished so much during the past almost two years and use it to evolve even further.

Our Business Plan sets out the priorities we aim to deliver over the next 12 months. These priorities have been developed to address the most important needs of our communities.

Our priorities are split into three headings: Communities, Environment and Economy. These priorities primarily focus on the statutory and wide variety of core services that we provide day-to-day. In a typical year we empty 3 million bins, clean 210 square miles of town centres and open spaces, answer 78,000 telephone enquiries and determine 1,300 planning applications – and more!

The fourth priority, Quality Organisation, sits alongside everything we do. It aims to ensure that the Council runs effectively, transparently and sustainably. We invest in and support our workforce to ensure they have the skills and resources they need to work to the best of their ability.

Our unique 'one- team' culture enables officers, elected members and partners to work effectively together without the constraints of traditional department silos. This approach results in excellent staff satisfaction, with a record 95% of staff saying they were proud to work for us in our latest Staff Survey (2020).

Each priority is underpinned by a series of performance indicators, which is reported to all Members at our Council meetings. These public reports are summarised to provide end of year performance updates in our Annual Report, which is available to download on our website. This explains what the Council has been doing over the previous financial year to achieve its objectives.

We also have a fifth cross cutting priority: Council for the Future. This priority is formed from a selection of transformative projects which aim to address the future needs of residents and our organisation as a whole.

Summary of our Corporate Priorities structure

Council for the Future

Quality Organisation

Communities

- Support vulnerable members of our community
- Promote health and wellbeing for all
- Work with partners to promote Fenland through Culture and Heritage

Environment

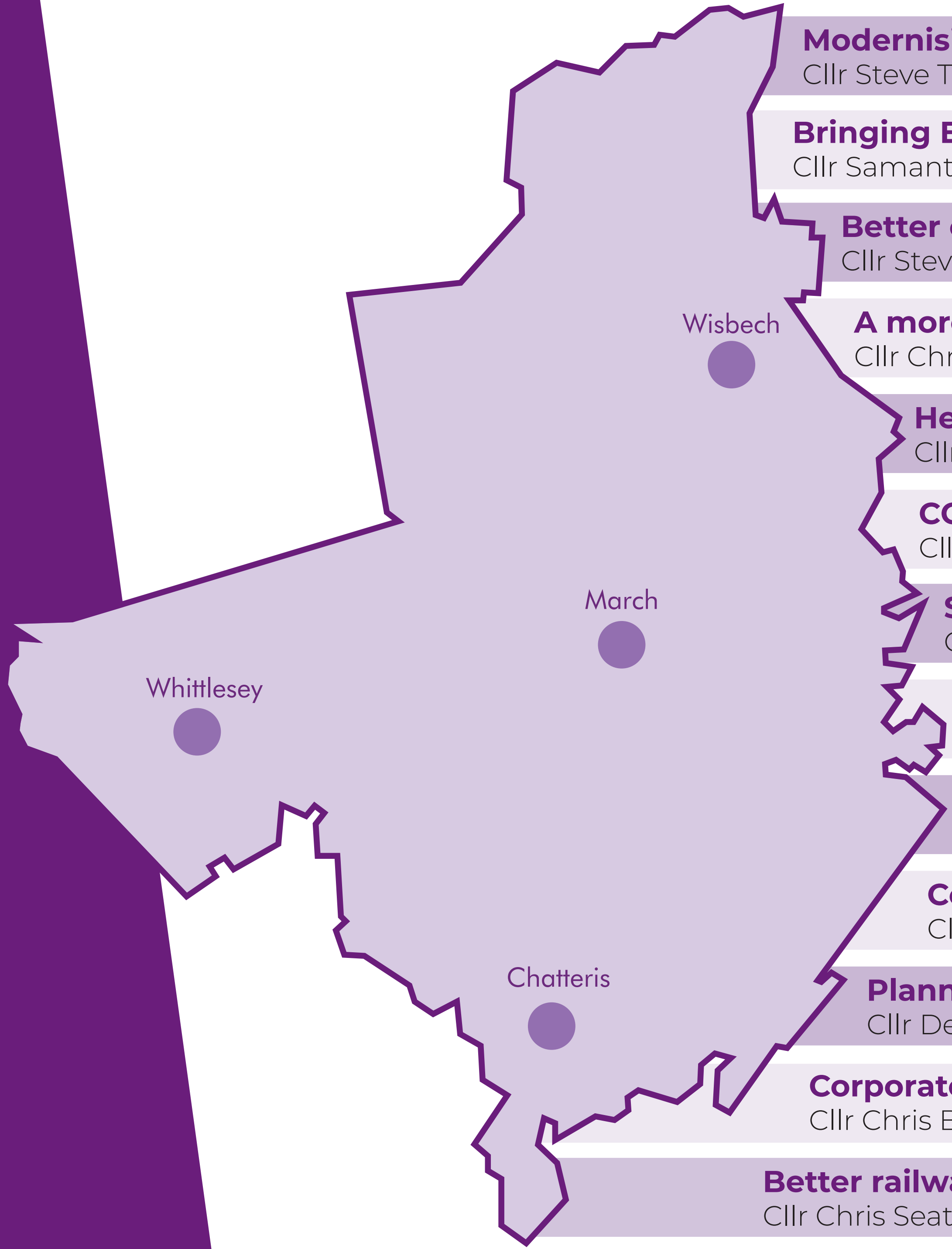
- Deliver a high performing refuse, recycling and street cleansing service
- Work with partners and the community on projects that improve the environment and our street scene
- Work with partners to keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion

Economy

- Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland
- Promote and enable housing growth, economic growth and regeneration across Fenland
- Promote and lobby for infrastructure improvements across the district

Council for the Future

Our Cabinet members have selected a number of projects to contribute towards our 'Council for the Future' agenda. These projects have a variety of aims; from tackling areas of particular need within the district, to transforming services and the wider organisation sustainably to be fit for the future. Although these projects are influenced by external factors, the aim is to have a programme of projects completed by the end of the current Council leadership term.



Modernising Council Services Cllr Steve Tierney	Transforming council services to improve customer experience and make it even easier for people to interact with the Council.
Bringing Empty homes back into use Cllr Samantha Hoy	Working with property owners to bring empty properties back into use as much-needed new homes for the district.
Better online services Cllr Steve Tierney	Developing the Council's website to provide residents and businesses with even better online services.
A more commercial outlook Cllr Chris Boden & Cllr Ian Benney	Identifying external investment opportunities and developing our own sites and assets in order to generate additional income for our services and help deliver our growth and regeneration aspirations.
Healthy You Cllr Sam Clark	Working with partners to provide sports and physical activity sessions in community settings across Fenland and supporting residents to lead more physically active and healthier lifestyles.
CCTV service Cllr Andrew Lynn	Operating a shared CCTV service with Peterborough City Council to help reduce crime and disorder, increase community safety and public reassurance, and assist the police in investigating crime.
Safer homes for tenants Cllr Samantha Hoy	Working with property owners, landlords and letting agents to raise standards within the private rented sector, ensuring that tenants are provided with safe, warm, and healthy homes.
Clamping down on poor parking Cllr Jan French	Developing plans for Civil Parking Enforcement (CPE) in order to assume responsibility from the police and enforce against poor and dangerous parking across the district.
Protecting our environment Cllr Peter Murphy & Cllr Samantha Hoy	Delivering and developing a wide range of environmental services to help protect our open green spaces, tackle environmental nuisances and issues, and improve air quality – ensuring a clean, safe, and healthy environment for all.
Competitive trade waste service Cllr Peter Murphy	Developing services to better support our commercial waste customers.
Planning for the Future Cllr Dee Laws	Developing a new Local Plan for Fenland, which will set out the strategic priorities for development in the future, covering housing, commercial, public and private development, including transport infrastructure, and protection for the local environment.
Corporate Building Review Cllr Chris Boden & Cllr Ian Benney	Undertake a strategic review of the Council's property portfolio to ensure most effective use; adapting, investing in, and reducing the existing estate where a strong and clear business case exists.
Better railways for Fenland Cllr Chris Seaton	Delivering on our Fenland Railway Station Masterplans to upgrade and improve facilities at March, Manea and Whittlesea railway stations, on behalf of the Hereward Community Rail Partnership, and pushing forward ambitions for the March to Wisbech railway line.

Partnership Investment in Fenland

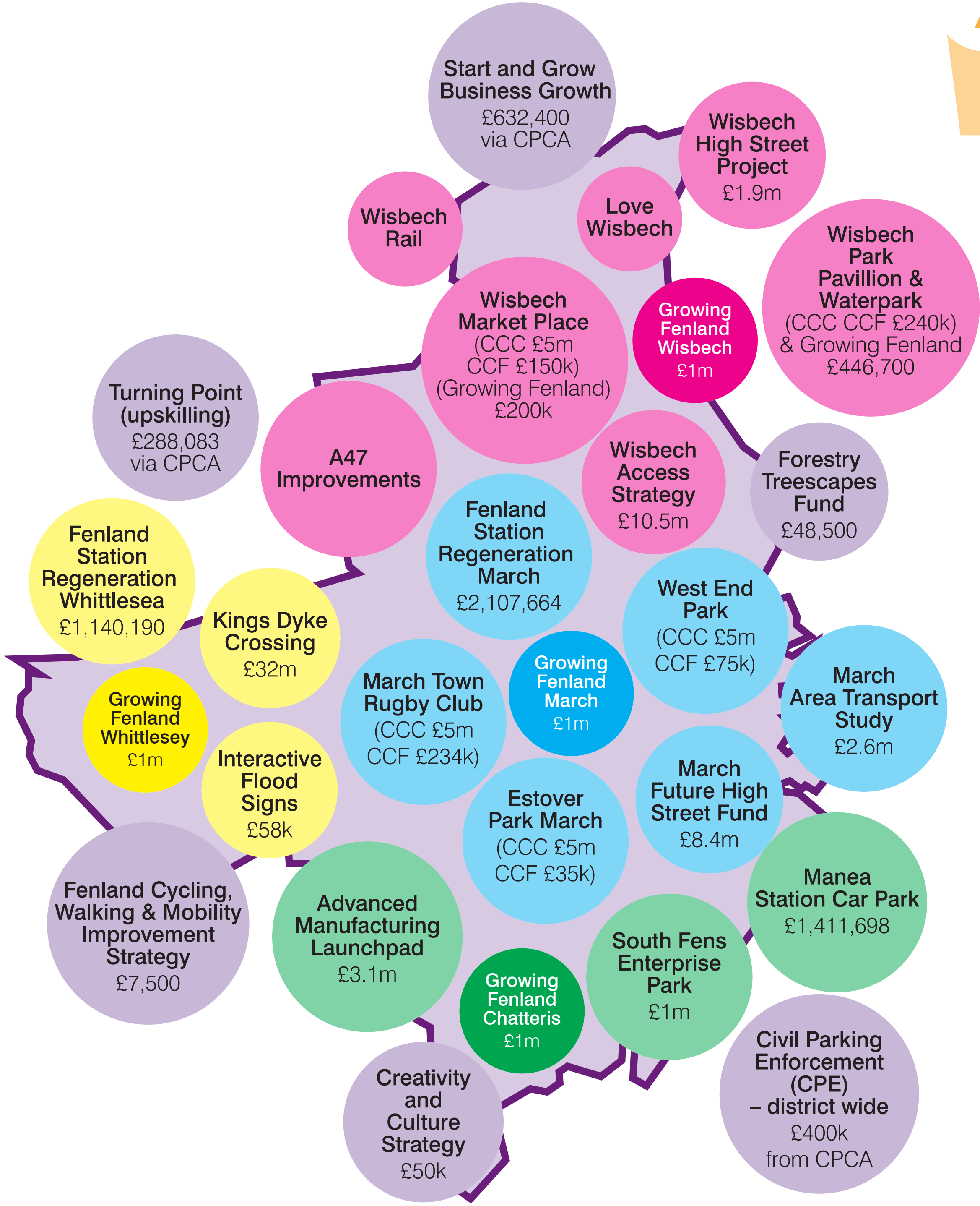
We're working hard to attract the crucial external funding needed to unlock Fenland's potential and bolster its prosperity and resilience in the coming years.

The diagram shows some of the projects currently in progress across the district thanks to millions of pounds worth of inward investment already secured.

The projects include development and regeneration of key sites, investment to improve transport and digital connectivity, and innovation and technology centres.

The opportunities will help to accelerate Fenland's Covid-19 recovery, boost our economy, support new skills opportunities, and create much-needed new jobs.

Although many of these funding schemes are focused on our four market towns, our local villages will also benefit, as will neighbouring communities across Cambridgeshire, Norfolk, and Lincolnshire. Improvements to our rural communities are equally as important and are included in our investment work.



Support vulnerable members of our community

- Enable residents to claim the Housing Benefit and Council Tax Support they are entitled to through our shared service (Anglia Revenues Partnership; ARP)
- Support residents to manage the effects of welfare reform changes and Universal Credit
- Use our housing powers to prevent homelessness, reduce rough sleeping, meet housing needs, improve housing conditions and keep homes safe and accessible
- Help residents to build capacity and resilience so that they can support themselves and their community
- Encourage a range of partners to support the delivery of the Golden Age programme to support older people

Promote health and wellbeing for all

- Update the Council’s Leisure Strategy in 2022 and work collaboratively with Freedom Leisure and other partners to deliver the Strategy
- Work collaboratively with partners to deliver our Health and Wellbeing Strategy in order to tackle local health priorities and help people to be healthier
- Create healthier communities through activities developed by Active Fenland and community partners

Work with partners to promote Fenland through Culture and Heritage

- Work with local stakeholders to deliver an action plan to support the aims of the Creativity and Culture Strategy
- Support community groups to hold safe and successful public events

Performance Indicators

- Days taken to process new claims to changes for Council Tax Support
- Days taken to process new claims and changes for Housing Benefit
- Total number of private rented homes where positive action has been taken to address safety issues
- The proportion of households presenting to the Council as homeless whose housing circumstances were resolved through housing options work
- Number of empty properties brought back into use
- Number of Active Fenland sessions delivered per year
- Customer satisfaction: Net promoter score for Freedom Leisure Centres

Deliver a high performing refuse, recycling and street cleansing service

- Work with partners, the community and volunteers to divert at least 50% of Cambridgeshire's household waste from landfill
- Maximise the value of materials collected for recycling, including through Getting It Sorted Recycling Champions
- Deliver our effective, self-funding Garden Waste collection service
- Deliver clean streets and public spaces as set out in the national code of practice
- Work with key stakeholders to deliver an effective waste partnership and update the Cambridgeshire and Peterborough Waste Strategy

Work with partners and the community on projects to improve the environment and streetscene

- Use education, guidance and Council powers to fairly enforce environmental standards and tackle issues such as fly tipping, illegal parking, dog fouling, littering and antisocial behaviour
- Ensure well maintained open spaces by working with our grounds maintenance contractor and through supporting community groups such as Street Pride, In Bloom, Green Dog Walkers and Friends of Groups
- Work with Town Councils and the community to provide local markets, market town events and Four Seasons events
- Support the Combined Authority in developing and delivering a people focussed Climate Action Plan
- The Council will comply with all Government requirements to help meet their 2050 net carbon zero target

Work with partners to keep people safe in their neighbourhoods by reducing crime & antisocial behaviour and promoting social cohesion

- Deliver projects through the Community Safety Partnership to reduce crime, hate crime and anti-social behaviour
- Support the Fenland Diverse Communities Forum to deliver the Fenland-wide Community Cohesion Action Plan

Performance Indicators

- Rapid or Village response requests actioned the same or next day
- % of inspected streets meeting our cleansing standards
- % of household waste recycled through the blue bin service
- Customer satisfaction with our Refuse and Recycling services
- Customer satisfaction with our Garden Waste service
- Number of Street Pride, Green Dog Walkers and Friends of Community Environmental Events supported
- % of those asked satisfied with events

Attract new businesses, jobs and opportunities whilst supporting our existing businesses

- Work with external stakeholders , local businesses and the Combined Authority to attract inward investment and establish new business opportunities
- Provide responsive business support to encourage business growth, job diversity, skills development and increased grant applications
- Promote and develop our Business Premises at South Fens, The Boathouse and Light Industrial Estates to encourage investment, business development, job creation and skills diversification

Promote and enable housing growth, economic growth and regeneration

- Enable appropriate growth, development and infrastructure through delivering a proactive and effective Planning service
- Drive forward the development and delivery of new homes and commercial space by using our surplus property and land assets to deliver sustainable economic and residential growth
- Identify and bid for external funding that aligns with and supports our housing, economic and growth objectives

Promote and lobby for infrastructure improvements

- Promote sustainable road, rail and concessionary transport initiatives to improve access to employment and local services
- Engage with the Combined Authority and Cambridgeshire County Council on the feasibility and delivery of major road and rail infrastructure projects
- Work with the Combined Authority to influence how housing and infrastructure funding is used to stimulate housing development and economic growth in the district

Performance Indicators

- % of major planning applications determined in 13 weeks
- % of minor applications determined in 8 weeks
- % of other applications determined in 8 weeks
- % occupancy of Business Premises estates
- % occupancy of our Wisbech Yacht Harbour
- Local businesses supported and treated fairly

Our Priorities - Quality Organisation

Governance, Financial Control and Risk Management

- Maintain robust and effective financial standards, internal controls and organisational management
- Comply with data protection and General Data Protection Regulation requirements

Transformation and Efficiency

- Sustainably deliver required savings whilst pursuing transformation and commercialisation opportunities to ensure the organisation is fit for the future
- Engage with the Combined Authority's Public Service Reform agenda

Performance Management

- Set relevant and robust performance targets to ensure the effective delivery of Business Plan priorities
- Report regularly on service performance to the Corporate Management Team, Councillors and the public

Consultation and Engagement

- Appropriately consult with residents about our service and proposals as outlined in our Consultation Strategy

Excellent Customer Service

- Maintain our Customer Service Excellence accreditation to ensure we continue to deliver the most effective service to our communities
- Help residents to self-serve and access our services digitally to allow us to provide greater support for vulnerable customers and complex queries

Equalities

- Meet our Public Sector Equality duty by delivering the requirements of the 2010 Equality Act and 1998 Human Rights Act through our core service delivery and publication of a statutory Annual Equality Report

Asset Management and Commercialisation

- Ensure our asset base is sustainable, suitable and fully utilised to maximise income opportunities and financial efficiencies
- Deliver our adopted Capital Programme in line with our Corporate Asset Management Plan to maintain the integrity and safety of our assets
- Work jointly with public, private and third sector partners to improve access to our services, including from co-located facilities
- Continue with our Commercial Investment Strategy to make informed decisions about the purchase and management of property assets through Fenland Futures Limited

Workforce Development

- Equip our workforce with the right skills to effectively deliver our priorities
- Support and empower our staff to make effective decisions

Enforcement

- Use a fair and proportionate approach to improve living, working and environmental standards as set out in our Enforcement Policies

Health and Safety

- Maintain effective Health and Safety systems to comply with relevant legislation and local requirements
- Deliver all aspects of the Council's Health and Safety action plan to ensure the safety and wellbeing of our workforce, partners and wider community

Performance indicators

- % of customer queries resolved at first point of contact
- Contact Centre calls answered within 20 seconds
- Contact Centre calls handled
- Council Tax collected
- Council Tax net collection fund receipts
- NNDR collected
- NNDR net collection fund receipts
- Number of visits to our website

Fenland District Council
Fenland Hall
County Road
March
Cambridgeshire
PE15 8NQ

T: 01354 654321
E: info@fenland.gov.uk
W: fenland.gov.uk

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Agenda Item No:	6	
Committee:	Cabinet	
Date:	24 February 2022	
Report Title:	Revised General Fund Budget and Capital Programme 2021/22; General Fund Budget Estimates 2022/23 and Medium Term Financial Strategy (MTFS) 2022/23 to 2026/27; Capital Programme 2022 - 2025	

Cover sheet:

1 Purpose / Summary

To consider and approve:

- the revised General Fund Budget and Capital Programme for 2021/22 and;

To consider and recommend to Council:

- the General Fund Budget Estimates 2022/23 and the Medium Term Financial Strategy 2022/23 to 2026/27;
- the Council Tax levels for 2022/23;
- the Capital Programme 2022-2025;
- the Treasury Management Strategy Statement, Capital Strategy and Annual Treasury Investment Strategy for 2022/23.

2 Key issues

- The Final Local Government Finance Settlement was announced on 7 February 2022 and the only change to the provisional settlement figures is a slight increase of £3,295 in the Lower Tier Services Grant allocation. Business Rates Baseline Funding (Settlement Funding Assessment) Levels will be frozen in 2022-23 due to the business rate multiplier being frozen in 2022-23.
- In accordance with the motion adopted by Council in July 2019, a 0% Council Tax increase has been included in the MTFS for 2022/23 and over the medium term.
- Council Tax Referendum limits for 2022/23 have been set at an increase of 2% or £5 whichever is the higher.
- Projections for 2021/22, including the Cambridgeshire Horizons money, are showing a surplus of £2.391m. However, assuming the current balance of the Cambridgeshire Horizons money is set aside for future use, the projections would show a shortfall of £243k at the end of the financial year. This does not include for the possibility of further expenditure being identified as being appropriate to be funded from the Cambridgeshire Horizons money.
- Current forecasts for 2022/23 show a shortfall of £203k based on the assumptions detailed in Appendix C. It is proposed that a contribution of £203k from the Budget Equalisation Reserve be made to achieve a balanced budget. This shortfall increases year on year, reaching £973k in 2026/27.
- Although there are currently many uncertainties regarding the budget for 2022/23 and the MTFS, there remains a significant structural deficit which the Council will need to address.

- The final deficits for 2021/22 and 2022/23 will have to be funded from Council reserves (current balances shown in Appendix G).
- An updated Capital Programme for 2021/22 and for the medium term 2022-25 is proposed.

3 Recommendations

- It is recommended that:
  - (i) the revised estimates for 2021/22 as set out in Section 8 and Appendix A showing an estimated shortfall at outturn in the region of £243,000, be approved;
- It is recommended to Council that:
  - (ii) the General Fund revenue budget for 2022/23 as set out in Section 9 and Appendix A be approved;
  - (iii) the Medium Term Financial Strategy as outlined in this report and Appendix B be adopted;
  - (iv) the Capital Programme and funding statement as set out in Appendix D be approved;
  - (v) the adoption of the additional Business Rates Relief measures as detailed in Section 6 and Appendix H using Discretionary Relief Powers be approved;
  - (vi) the expenses detailed in Section 12 be approved to be treated as general expenses for 2022/23;
  - (vii) the Port Health levy for 2022/23 be set as shown in Section 13;
  - (viii) the Treasury Management Strategy Statement, Minimum Revenue Provision, Treasury Investment Strategy, Prudential and Treasury Indicators for 2022/23 and Capital Strategy 2022/23 as set out in Section 15 and Appendix E be approved;
  - (ix) the Band D Council Tax level for Fenland District Council Services for 2022/23 be set at £260.46, no increase on the current year.

Wards Affected	All
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder, Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer (S.151 Officer) Mark Saunders, Chief Accountant
Contact Officer(s)	Paul Medd, Chief Executive Peter Catchpole, Corporate Director and Chief Finance Officer (S.151 Officer) Mark Saunders, Chief Accountant
Background Paper(s)	Final Finance settlement – Department for Levelling Up, Housing & Communities (DLUHC). Spending Round 2021 (HM Treasury) Medium Term Financial Strategy working papers. Government announcements since February 2021.

This report contains the following Appendices:

Appendices

A.	(i) General Fund Revenue Estimates - Summary
	(ii) General Fund Revenue Estimates – Individual Services
B.	Medium Term Financial Strategy (MTFS)
C.	Assumptions built into Budget and Medium Term Strategy
D.	Capital Programme
E.	Treasury Management Strategy Statement, Minimum Revenue Provision Strategy, Annual Treasury Investment Strategy and Prudential Indicators
E. Annex A	Capital Strategy
F.	Parish Precepts
G.	Earmarked Reserves
H.	Business Rates - Covid-19 Additional Relief Fund (CARF) Guidelines

Report:

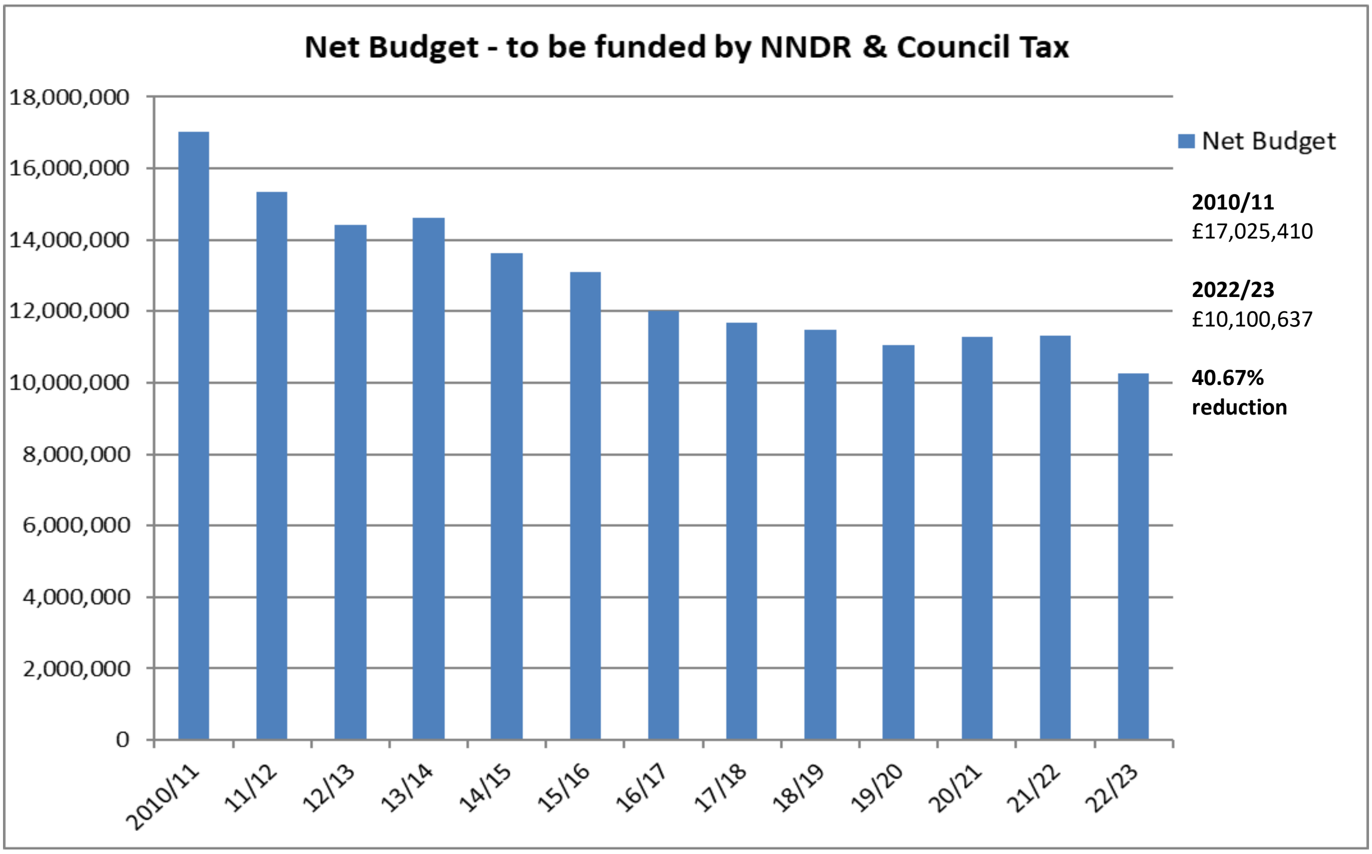
1 INTRODUCTION

1.1 This report sets out the financial implications of the council's priorities described in the Business Plan 2022/23. The Revenue budget estimates and the Capital Programme are final at this stage for approval. The draft Business Plan 2022/23 and draft Budget Estimates 2022/23 considered by Cabinet on 8th December 2021 together were subject to a public and stakeholder consultation from 4th January to 31st January 2022, prior to final budget and council tax setting for 2022/23 on 24th February 2022. The results from the consultation are published on the Council's website. There were a small number of comments in favour of increasing Council Tax.

1.2 The Overview and Scrutiny Panel considered the Draft Budget 2022/23 and MTFS on 17 January 2022 and made its comments to the Cabinet. Members asked questions, made comments and received responses from Officers and Portfolio Holders. The Panel agreed to note the revised General Fund Budget and Capital Programme for 2021/22 and agreed to send the Draft General Fund Budget Estimates 2022/23 and the Draft Medium Term Financial Strategy 2022/23 to 2026/27 for consultation. They also approved the Capital Programme 2022-2025.

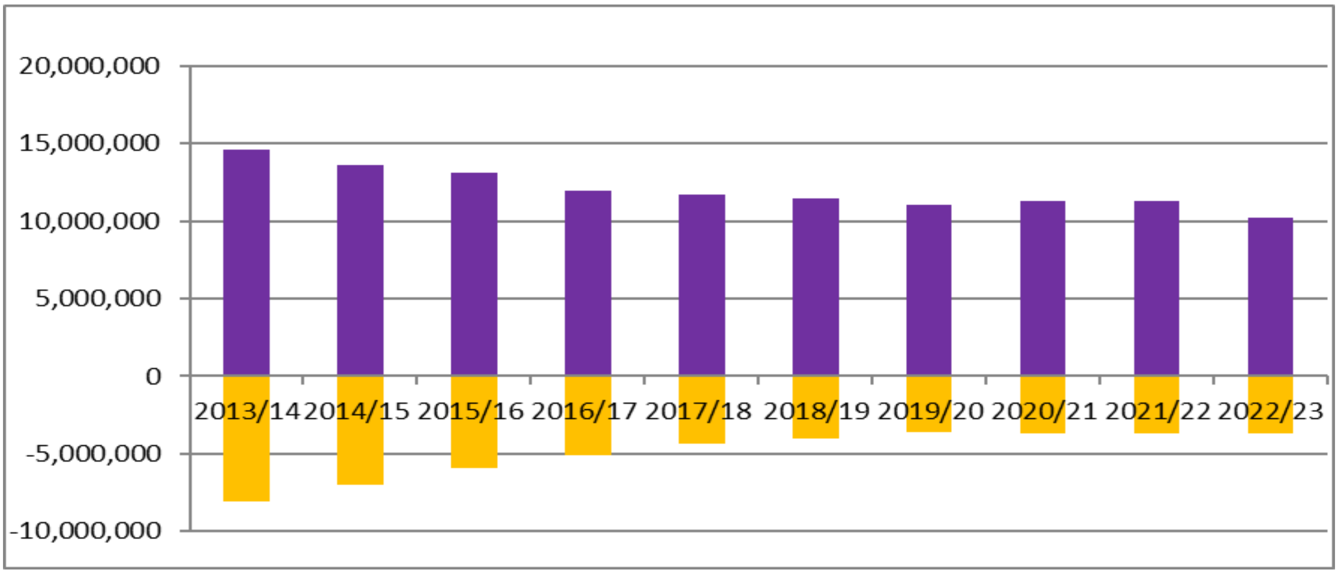
1.3 Much of the financial information is necessarily based on a number of assumptions which are wholly or partly influenced by external factors. However, where final actual costs and revenue is known then they are included, for example the Final Local Government Finance Settlement for 2022/23 was announced on 7 February 2022. Equally, some additional costs and income discussed later in this report have been updated since the Draft Budget Estimates were prepared.

1.4 Local Government has been at the forefront of the austerity measures introduced by the government to reduce the national deficit following the General Election in 2010. This Council has had to reduce its Net Budget significantly since 2010 and by the end of 2022/23 it will have reduced by 40.67%. This is exemplified in the graph below:

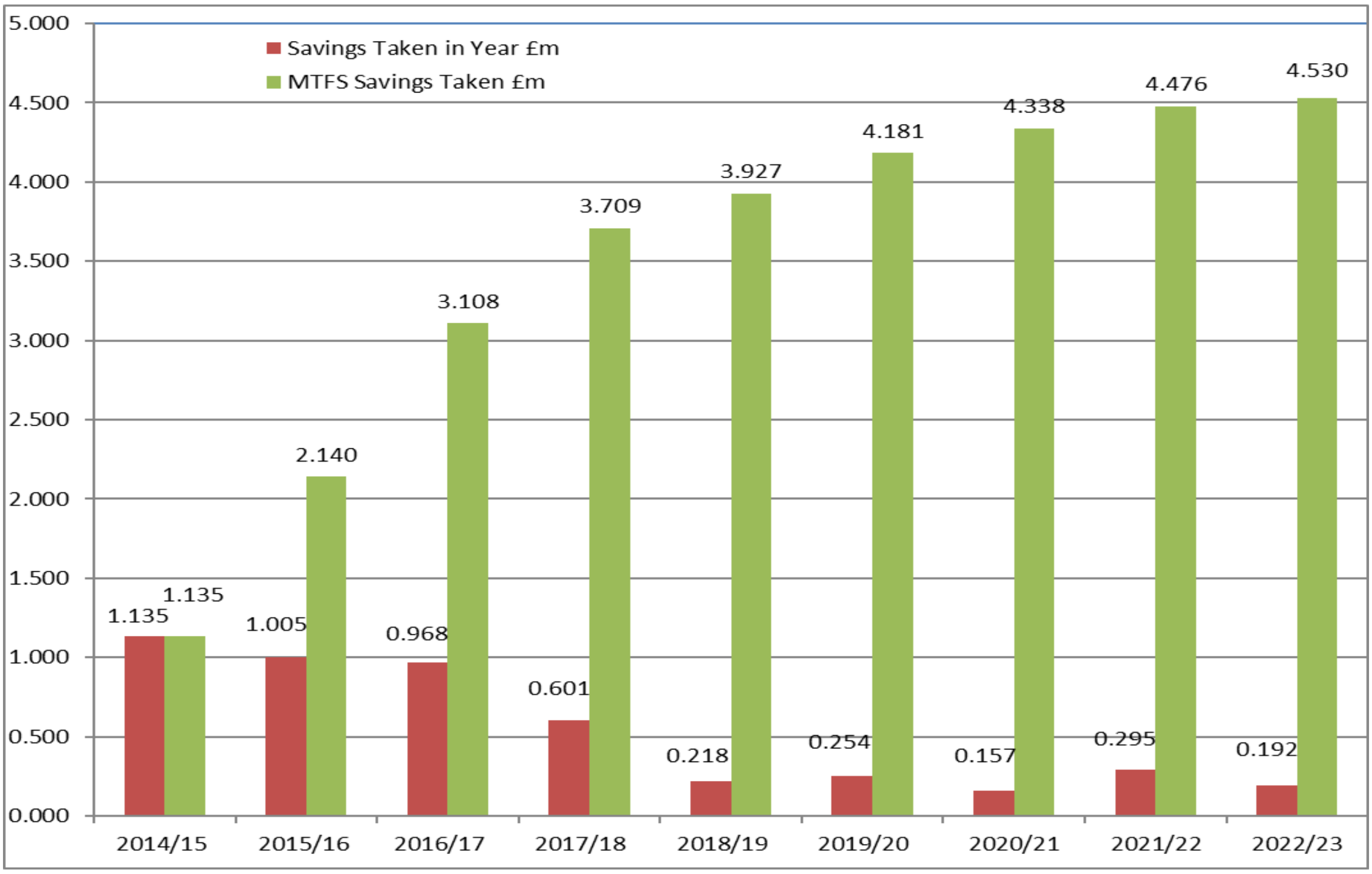


1.5 Since 2013/14 government support has reduced by around 54% and the Council's net budget by around 31% as illustrated in the following tables. In addition, Council Tax referendum principles have restricted increases in Council Tax.

	2013/14	2022/23	Reduction	%	
Government Grant	£8,094,919	£3,702,467	£4,392,452	54.26	
Net Budget	£14,604,750	£10,100,637	£4,504,113	30.84	



1.6 The following graph illustrates how successful the Council has been in delivering savings over the last 9 years, enabling it to achieve balanced budgets each year.



During these years, Members have been very clear, that where possible, front line services should be protected. The Council's strategy of identifying savings at least 12 months in advance of the financial year has led to the successful delivery of the required savings targets and means the Council are in a good position to meet the challenges of 2022/23 and beyond. These savings have been achieved through a number of ways, such as Management and Service reviews, shared services, procurement and income generation.

2 2021 SPENDING ROUND AND LOCAL GOVERNMENT FINANCE SETTLEMENT

2.1 On 27 October 2021, the Government announced the outcome of the 2021 Spending Review which outlined its' spending plans for the next three years, 2022/23 – 2024/25 by setting budgets for each central government department.

2.2 The relevant points for this Council from these announcements are as follows:

- Local Government will receive an additional £4.8bn in grant funding over the next three years (£1.6bn in each year);
- A proposed Council Tax referendum limit of 2% or £5 (together with an additional 1% increase for Adult Social Care). Police and Crime Commissioners can increase their precept by £10;
- Local Government's business rate baseline funding levels will remain the same as 2021/22 as a result of freezing the business rates multiplier in 2022/23 (normally this would increase in line with inflation as determined by the RPI rate as at September 2021, ie. 4.9%). Local authorities will be fully compensated for this decision;
- For 2022/23, a new business rates relief for eligible retail, hospitality and leisure properties with 50% relief on rates bills up to £110,000 per business. The scope of the discount for 2022/23 will return to pre-Covid-19 eligibility for retail properties. Hospitality and leisure properties will continue to remain in scope. Again, local authorities will be fully-funded for the additional costs of the relief;
- Additional funding to reduce rough sleeping and homelessness;
- There was no announcement about local government funding reforms (Fair Funding Review or business rates changes) and it is assumed that they have been pushed back to at least 2023/24 if not later;
- Following a consultation exercise which finished in April 2021, there has been no further announcement on the future of the New Homes Bonus (NHB). It is expected that the amount of NHB will reduce although there is likely to be some form of housing growth incentive;

2.3 Details of how this will be converted into specific funding allocations for individual local authorities were announced as part of the final local government finance settlement on 7 February 2022.

3 LOCAL GOVERNMENT FINANCE SETTLEMENT 2022-23

3.1 The Final Finance Settlement for 2022/23 was announced on 7 February 2022. The only change from the Provisional Finance Settlement was a slight increase of £3,295 in the Lower Tier Services Grant allocation.

3.2 The Council's Settlement Funding Assessment for 2022/23 is made up of its Business Rates Baseline Funding and a very small allocation of Revenue Support Grant (after this was phased out in 2019/20). This is detailed in Table 1 below. As a result of the freezing of the multiplier in 2022/23, the Business Rates Baseline Funding figure is the same as 2021/22.

Table 1 – Settlement Funding Assessment (Core Funding) – Estimate prior to provisional settlement

	Actual 2021/22 £000	Actual 2022/23 £000	2022/23 % Increase
Settlement Funding Assessment (Business Rates Baseline Funding + RSG)	**3,702**	**3,702**	**0.0%**

3.3 There has been no change to the Business Rates Baseline Funding figure as a result of the government freezing the business rate multiplier. Local authorities will be fully compensated for this decision by way of additional S31 Grant.

3.4 There is also a new £822m one-off and un-ringfenced Services Grant in 2022/23. This is the portion of the £1.6bn per year grant announced at the Spending Review, that will not be for social care. Councils will receive an allocation of the £822m grant based on the existing Settlement Funding Assessment (which uses 2013/14 shares for distributing). FDC's allocation is £255,198. This allocation includes funding for the increase in employer national insurance contributions.

The £822m will remain in the local government sector in future years but may be allocated differently. This funding would be excluded from any proposed baseline for transitional support as a result of any potential funding system changes.

3.5 Lower Tier Services Grant (£111m) is maintained nationally at the same level as 2021/22. Allocations are based on the share of the 'lower-tier' element of the settlement funding assessment with an updated cash terms funding floor, which means no district council will face a drop in its CSP in cash terms in 2022/23.

Our allocation of this grant is £169,351 which is £3,295 higher than the provisional settlement figure and £11,654 higher than included in the draft budget report.

3.6 Core Spending Power (CSP) for local government has increased by 7.4% overall compared to 20221/22. Our increase in CSP is 5.3%. CSP is a measure of the revenue funding available for local authority services. This includes council tax; business rates; Revenue Support Grant; New Homes Bonus; adult social care grants and other grants (including the new one-off Services Grant).

These government forecasts assume that every local authority will raise their council tax by the maximum permitted without a referendum.

Assumed Council Tax increases make up 40% of the increase in CSP and Council Tax is now around 60% of the total CSP. The increased reliance on increasing council tax has been a feature of the finance settlements and CSP over the past few years.

3.7 Although the settlement was for 2022/23 only, the Medium Term forecasts detailed in Appendix B have assumed a continuation of the current policy of increasing business rates baselines by inflation based on current Treasury forecasts over the medium term. In addition, the forecasts assume a continuation of the funding currently allocated as Services Grant and Lower Tier Services Grant.

3.8 The Government will consult the sector this year about "updating the system". This is what used to be known as the Fair Funding Review. DLUHC officials have clarified that this is likely to encompass a response to the review of New Homes Bonus. They were less clear that business rates reset would be in scope but in general, we can expect there to be a comprehensive review of the distribution of local government funding. There will be transitional protections to accompany any funding reforms.

3.9 DLUHC officials were clear that they want to work closely with the sector on these reforms. Any changes or resets of the Business Rates Retention system is a significant risk to FDC from 2023/24 onwards. FDC retain considerable sums (around £1.2m) above its Baseline Funding Level (determined in the Settlement) and for Renewable Energy (around £970k in 2022/23). These amounts are at considerable risk following any reset of the system in 2023/24.

3.10 In summary, the final settlement has provided a total of £266,852 of additional resources compared with what was included in the draft budget report.

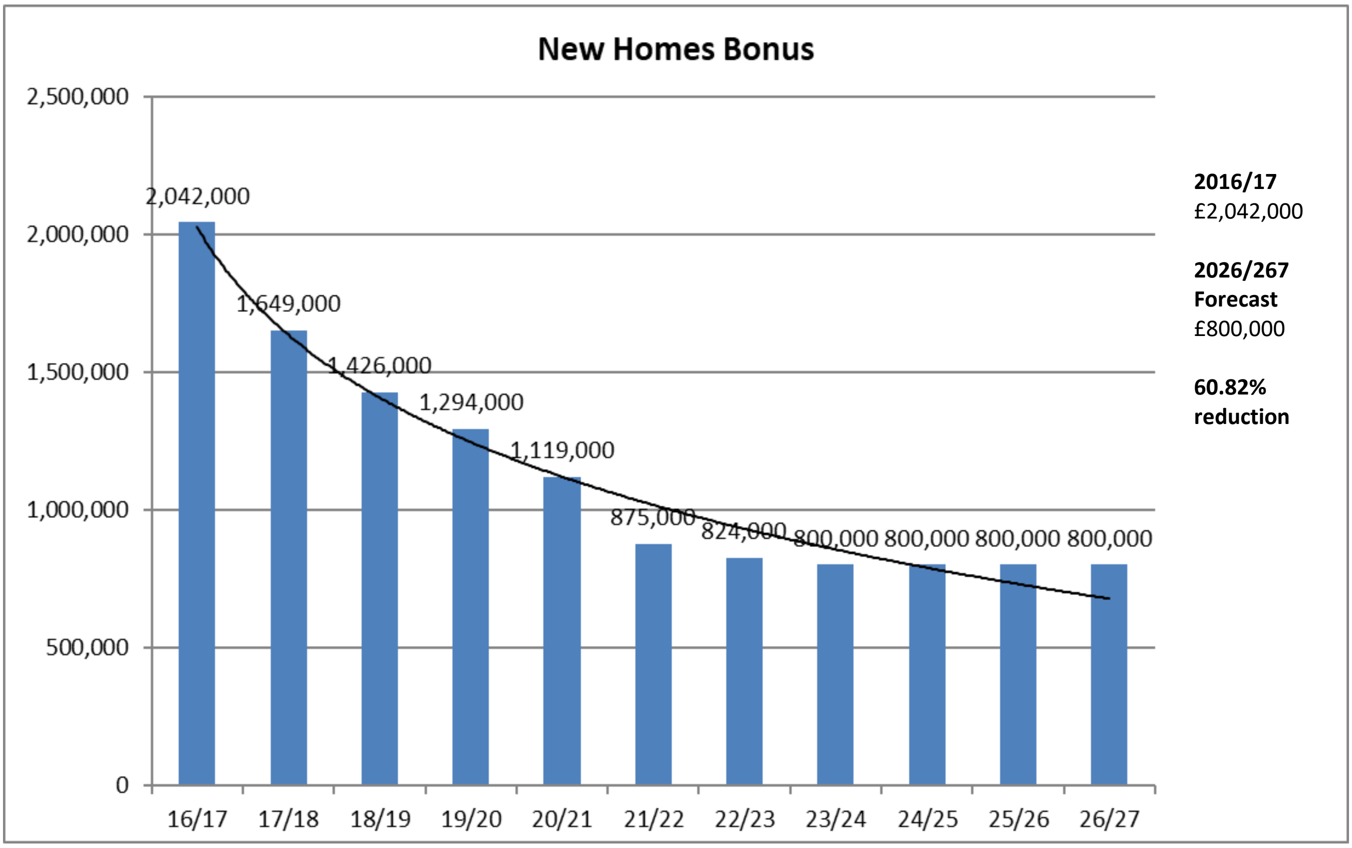
4 NEW HOMES BONUS

4.1 In 2017/18, reforms to the allocation methodology of the New Homes Bonus (NHB) were made which significantly reduced the total amount available for distribution which consequently reduced this Council's allocation.

4.2 The key focus of the reforms was to reduce the payments from 6 years to 5 years in 2017/18 and to 4 years from 2018/19. In addition, from 2017/18, a national baseline for housing growth of 0.4% was introduced, below which New Homes Bonus is not paid, reflecting a percentage of housing that would have been built anyway.

4.3 Actual NHB received in 2021/22 was £875k. Following the announcement in the 2021 spending review, a further payment based on the current methodology (based on additional homes delivered from October 2020 – October 2021) will be made in 2022/23 although no new legacy payment will be made. The actual New Homes Bonus payment in 2022/23 is £824k (a reduction of £44k on original forecasts) with the forecast NHB reducing to £800k from 2023/24 onwards.

4.4 The graph below shows how the amount received from NHB has significantly changed over the past six years together with forecasts over the medium term.



4.5 A consultation document on The Future of the New Homes Bonus was published on 10 February 2021 with a deadline for responses by 7 April 2021. Since then, there have been no further announcements on the future of the NHB and nothing was detailed in the Spending Review 2021 documents. The current national total of £556m allocated by way of NHB may also change in future spending reviews. There is however expected to be some form of housing growth incentive scheme. The impact on this Council's funding could be significant. We have included £800k of NHB funding in the MTFS from 2023/24 onwards. These could be replaced by allocations we receive from whatever the new Housing Incentive system will look like. For example, under the current system, a 0.1% increase in the growth threshold would result in the loss of around £50,000 per annum in NHB, leading to a reduction in NHB of around £200,000 compared to the current MTFS forecasts.

4.6 The lack of clarity around the future of the NHB is a significant risk to the MTFS.

5 BUSINESS RATES

5.1 Members will be aware that the Business Rates Retention system was introduced in April 2013. Under this system, authorities would benefit if their actual Business Rates income collected in a year was higher than the baseline funding determined by government.

5.2 There has been real business rates growth in Fenland over the last eight years, however how this impacts on the resources available to this Council is complex, due to the rules and the operation of the current 50% Business Rates Retention system. The complexity of the system has been exacerbated by the business rates reliefs support given by the government as a result of Covid-19.

Business Rates Pooling Arrangement – 2022/23

5.3 The Council has joined with the County Council, Peterborough City Council, Fire Authority, East Cambridgeshire and South Cambridgeshire to become part of a pooling arrangement for business rates for 2020/21 and 2021/22. Unlike the Business Rates Pilot schemes, this is not a bidding process against other pools but is part of the existing system whereby authorities can choose to apply to become a pool with the agreement of the constituent authorities.

5.4 The benefit of being in a pool is that authorities will not be liable to levy payments on their business rates growth, which is then shared amongst the pooled authorities by a mutually agreed method. This will be based on where the growth has originated from with an appropriate share allocated to the County Council and Fire Authority.

5.5 Depending on actual business rates received in 2021/22, the net effect of the pooling arrangement could be considerable for the authorities in the pool. Current forecasts indicate that this Council could receive up to £300k additional income according to the sharing methodology agreed between the pooled authorities.

5.6 The members of the current pooling arrangement have notified DLUHC of their intention to remain as a pool for 2022/23 as there is still expected to be a net benefit to each authority. For the purposes of the 2022/23 estimates, an amount of £350k has been provisionally included as this Council's share of the potential benefit. We are still awaiting final estimated figures as all authorities in the pool will now have completed the annual statutory business rates estimate, the NNDR1 form and returned this to DLUHC by the deadline of 31 January 2022.

5.7 Due to uncertainties regarding any potential changes to the local government funding regime (including business rates retention) from 2023/24 onwards and any consequential impact on pooling arrangements, no allowance for any future benefits from pooling has been included in the medium term forecasts at Appendix B.

Business Rates Reform – 2023/24 onwards

5.8 Although it appears unlikely that any major changes will take place over the SR21 period, the risk remains that some interim reforms may happen. The most likely is the Baseline Funding Level of all Councils will be reset in 2023/24 with all 'growth' income being taken into account nationally and redistributed in the new system. In the estimate for 2022/23 and the medium term forecasts, around £1.2m of business rates above the Council's Baseline Funding Level is being retained. Under a baseline reset, this would mean that initially the additional £1.2m business rates income would be removed and redistributed. What remains unclear, is how much of this £1.2m will be returned to the Council as part of its recalculated Baseline Funding Level.

5.9 In theory therefore, the Council could lose all of this additional £1.2m in the absolute worst case scenario. However, this is unlikely and would create significant volatility within future funding allocations nationally, which the government does not wish to see. There will also undoubtedly be some kind of transitional arrangements which would also limit the extent of any gains and losses in funding arising from the new system.

5.10 Although it is extremely difficult to exemplify the impact of this redistribution, in broad terms, if the Council were to lose 50% of its growth income then this would add a further £600k per annum from 2023/24 to the current forecast MTFS shortfalls. A 20% loss of growth income would add a further £240k per annum to the current shortfalls.

5.11 In addition, the current system of retaining 100% of business rates from businesses generating Renewable Energy (estimated £970k in 2022/23) and the benefits from current pooling arrangements (estimated £350k in 2022/23) could also be reviewed and amended.

5.12 At the time of writing, the Fair Funding Review, the implementation of Business Rates Reform and the changes to the New Homes Bonus are all major risk areas for this Council from 2023/24 and over the medium term.

6 ADDITIONAL BUSINESS RATES RELIEF MEASURES 2021/22 AND 2022/23

2021/22 COVID-19 Additional Relief Fund (CARF)

6.1 The Government is providing Fenland District Council with £1,908,380 of Section 31 Grant funding to implement a scheme of discretionary rate reliefs in accordance with guidance issued in mid-December 2021. The funding will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.

6.2 The guidance outlines the basis of grant allocation to billing authorities and the allocation methodology uses the change in Gross Value Added (GVA) as a proxy for the economic impacts of Covid-19 on each business sector.

6.3 The relief will be granted using discretionary relief powers under Section 47 of the Local Government Finance Act 1988 and is available to reduce chargeable amounts in respect of rates due in 2021/22.

6.4 The guidance and allocation methodology provide a clear indication from the government as to how this support should be targeted. Anglia Revenues Partnership (ARP) have modelled a scheme using the grant allocation methodology as a basis for applying this to eligible business rates premises.

6.5 The modelling and proposed scheme are intended to maximise the award of these reliefs up to the level of the Council’s S31 Grant allocation. Appendix H details how the scheme will be applied including the process for reviewing/reconsidering any decision.

2022/23 Retail, Hospitality and Leisure Relief Scheme

6.6 At the budget on 27 October 2021, the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties worth almost £1.7 billion in 2022/23.

6.7 The 2022/23 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 50% relief, up to a cash limit of £110,000 per business.

6.8 Guidance about the operation and delivery of this relief was provided by government on 20 December 2021. Billing authorities and major precepting authorities will be fully reimbursed for their loss of income under the rates retention scheme as a result of awarding relief in accordance with the guidance, using a S31 grant.

6.9 The relief will be granted using discretionary relief powers under Section 47 of the Local Government Finance Act 1988 and is available to reduce chargeable amounts in respect of rates due in 2022/23.

2022/23 – Extension of Transitional Relief and Supporting Small Business Relief for Small and Medium Properties Scheme

6.10 At the Budget the government also announced that it would extend the current transitional relief scheme and the supporting small business scheme for one year in 2022/23, to the end of the current revaluation cycle. The scheme will restrict increases in bills to 15% for businesses with small properties (up to and including £20,000 rateable value) and 25% for medium properties (up to and including £100,000 rateable value).

6.11 The relief will be granted using discretionary relief powers under Section 47 of the Local Government Finance Act 1988 and is available to reduce chargeable amounts in respect of rates due in 2022/23.

6.12 The government will fully reimburse authorities for the loss of income using a S31 grant.

7 FENLAND COMPREHENSIVE SPENDING REVIEW

7.1 The estimated total net savings generated from the FDC-CSR proposals agreed previously at £1.667m will now amount to £1.8m by the end of 2020/21. During this year several proposals have been implemented together with the full-year benefit of proposals implemented in 2018/19 and 2019/20. These include the following:

- Relocation of March and Wisbech Shops
- CCTV – alternative service delivery with Peterborough City Council

together with the full-year benefit in 2019/20 and 2020/21 of the following:

- Staffing Review of Customer Services, Human Resources, Accountancy and Vehicle Workshop
- Leisure Centre management options (contract commenced 4 December 2018)
- Leisure and Open Spaces Management Review
- Community House closure

7.2 The savings generated from these and other CSR proposals are included within the Medium Term Financial Strategy detailed at Appendix B and have significantly contributed to the required savings target over the medium term.

8 FORECAST OUTTURN 2021/22

8.1 The impact of COVID-19 on the Council's delivery of services and finances have been and continue to be, significant and challenging. Members will be aware of the Council's response to COVID-19 and on the actions taken by the council to date and also on the future implications and opportunities of the COVID-19 pandemic in relation to service delivery by Fenland District Council.

8.2 The continuing impact of COVID-19 had a significant effect on the Council's budget for 2021/22 set by Council in February 2021. The approved budget showed a shortfall of £842k which was to be funded from balances and reserves to the extent that it was needed at the end of 2021/22.

8.3 An updated projection for 2021/22, taking into account the latest estimate of spending and income reduction pressures and additional government support, was included in the draft budget report presented to Cabinet on 8 December 2021. At that time, a shortfall of £987k was being projected for 2021/22. The reasons for the change in projected shortfall were detailed in the draft budget report.

8.4 The latest projected outturn for 2021/22 is set out at Appendix A and show the likelihood of a shortfall in the region of £243k by the end of this financial year.

8.5 The main reasons why the projected shortfall has significantly reduced are a reduction in employee costs (-£56k), additional income from services such as planning fees, search fees, trade waste, estates etc (-£243k), additional grant income (-£211k), income from the VAT sharing arrangement with Clarion (-£34k), additional officer time recharges to Fenland Future Ltd (-£50k) and additional use of the Cambridgeshire Horizons money (-£127k).

Cambridgeshire Horizons – Share of Surplus

8.6 In May 2021, the Council received £3,891,500 as its share of the surplus generated by Cambridgeshire Horizons Ltd. Of this, £1,050,000 was an agreed contribution to the A14 improvements, repayable to the Department of Transport at £42,000 per annum over the next 25 years. This left £2,841,500 available for this Council's future use. There are numerous conditions attached to the use of this money which restricts its future use.

8.7 Of the £2,841,500 available, £207,370 has been allocated in 2021/22 for various consultants and studies to be carried out in advance of future Levelling Up Fund (LUF) bids for the Wisbech area together with various costs associated with the Local Plan. Consequently, there is currently £2,634,130 available for future use (£52,900 has been allocated in 2022/23 for consultant costs). No allowance has been made for the possibility that other expenditure in 2021/22 may yet be identified as being appropriate to be funded from the Cambridgeshire Horizons money.

8.8 The latest projections for 2021/22 are set out at Appendix A and with the Cambridgeshire Horizons money included, show a **surplus of -£2.391m**. However, assuming that the balance of the Cambridgeshire Horizons money (£2.634m) is set aside for future use, the net position shows the likelihood of a **shortfall in the region of £243k** by the end of this financial year, £744k lower than the £987k previously approved. Should any other expenditure be identified to be funded from the Cambridgeshire Horizons money, then the projected shortfall at the year end will be reduced accordingly.

8.9 There are still many uncertainties around the potential shortfall for 2021/22 and there is no requirement at this time, to formally approve an amount to be funded from reserves. At the present time, Corporate Management Team, Senior Managers and the Accountancy Team are managing and monitoring the position carefully and will continue to review spending levels to ensure where possible, the amount to be funded from reserves at the year-end is minimised.

8.10 Use of reserves to fund any potential shortfall in 2021/22 will have a consequential impact on the Council's ability to fund the shortfall in 2022/23 from reserves. Details of the Council's reserves are at Section 16 and Appendix G.

9 DRAFT BUDGET ESTIMATES 2022/23 AND MTFS

9.1 The Council's MTFS has to ensure that the commitments made in the Business Plan are funded not only in the year for which formal approval of the budget is required (2022/23) but for forecast years as well, within a reasonable level of tolerance.

9.2 The impact of the issues identified in Section 8 above on the Council finances in 2021/22 will largely continue into 2022/23 and the medium term. The impact of the Final Local Government Finance Settlement has been incorporated into the figures in this report.

9.3 The Council's medium term forecasts are shown at Appendix B and summarised in Table 2 below. The table includes a 0% Council Tax increase in 2022/23 and the medium term.

Table 2 - MTFS - 0% increase in 2022/23 onwards

	Estimate	Forecast	Forecast	Forecast	Forecast
	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Expenditure					
Net Service Expenditure	13,369	13,916	14,258	14,699	15,051
Corporate Items	691	664	462	460	644
Renewable Energy Rates Retained	-970	-896	-913	-929	-944
Retained Business Rates (Growth)	-1,225	-1,276	-1,305	-1,332	-1,360
Business Rates Pool - share of benefit	-350	0	0	0	0
Contribution from Business Rates Reserve	-1,415				
Net Expenditure (before use of balances)	**10,100**	**12,408**	**12,502**	**12,898**	**13,391**
Funding					
Business Rates Baseline/RSG	-3,702	-3,787	-3,859	-3,925	-3,991
Business Rates Collection Fund Deficit	1,836	184	0	0	0
Council Tax Collection Fund Surplus(-)/Deficit	-44	0	-50	-50	-50
Council Tax *(increases of 0% in 22/23 onwards)*	-7,987	-8,084	-8,182	-8,280	-8,377
Total Funding	**-9,897**	**-11,687**	**-12,091**	**-12,255**	**-12,418**
Shortfall(+) before use of balances	**+203**	**+721**	**+411**	**+643**	**+973**
Contribution from Budget Equalisation Reserve	-203	0	0	0	0
Shortfall(+) after use of balances	**0**	**+721**	**+411**	**+643**	**+973**

9.4 Government support for 2022/23 was confirmed as part of the final finance settlement. This Council will receive retained business rates and a very small amount of Revenue Support Grant from the finance settlement. The projections for 2023/24 onwards are based on the best estimates and information available and are consistent with the announcements on business rates in the Spending Round 2021. However, subject to further clarity on the detailed implementation of the announcements, there remains significant uncertainty in these projections.

9.5 The figures in Table 2 incorporates the assumptions detailed at Appendix C. With the final funding announcements and a 0% increase in Council Tax a shortfall of £203k is currently forecast for 2022/23. **It is proposed that a contribution of £203k from the Budget Equalisation Reserve be made at this time to achieve a balanced budget for 2022/23.**

9.6 The net budget requirement for 2022/23 is currently estimated at **£9.897m** (£10.100m less £0.203m use of reserves) after all identified savings, contingencies and reserve transfers are included.

9.7 The forecasts include further proposed savings from the Phase 3 of the My Fenland transformation initiative over the next two years and the medium-term, together with assumptions regarding receipts from Council Tax and Business Rates.

9.8 The development of the Commercial and Investment Strategy has the potential to generate additional significant returns over the MTFS. Currently, recharges to Fenland Future Ltd (FFL) for officer time and loan interest receipts have been included in the forecasts at Appendix A and B. These are based on the current business plan of FFL over the next three years. Additional returns may also be realised depending on the type and timing of investment opportunities. Consequently, no allowance for these further potential returns (over and above the recharges and loan interest to FFL) have been included in the MTFS at the current time.

9.9 Taking into account the proposals in the Table 2 above, the estimated net budget requirement in 2022/23 is detailed in Appendix A. The level of forecast resources available to the Council and the estimated levels of expenditure over the medium term are set out in detail in Appendix B. These show a funding gap of £973k by the end of 2026/27.

9.10 There is still considerable uncertainty around the estimates for 2022/23 and the forecasts for the medium term. Currently there are a number of ‘unknowns’ which could both positively and negatively impact on the forecasts including:

Risks associated with the MTFS forecasts:

- The ongoing impact of the Finance Settlement announcements on 2023/24 and the medium term;
- Impact of potential changes to the New Home Bonus methodology and allocations from April 2023;
- Impact of the potential business rates baseline reset from April 2023 and longer-term changes to the Business Rates Retention system;
- Impact of potential additional income in 2024/25 from the Extended Producer Responsibility scheme for managing packaging waste;
- Impact on income streams being greater than anticipated due to external factors such as Search Fees (transfer to Land Registry) and Port Income (sale of Port Sutton Bridge);
- Continuing impact of homelessness temporary accommodation costs in 2022/23 and the medium term and the impact on recovery of housing benefit subsidy;
- Potential for additional support for the Leisure Management contactor in 2022/23. A full year’s Management Fee income from the Leisure Contractor has currently been included in the 2022/23 estimates and each subsequent year of the MTFS;
- Impact of service developments eg. Marine Services future structure and Car Parking Enforcement (CPE);
- Revenue impact of funding new capital schemes not currently included in the capital programme;
- Potential impact of the My Fenland transformation programme Phases 3 and 4 with associated savings. Further detailed work is required to quantify the scope of these phases, associated savings and timing implications. £192k of savings are included in 2022/23 for Phase 3, rising to £384k per annum from 2023/24 onwards;

- Potential net benefits from FFL of loan interest and dividends from future developments over and above already included in the MTFS generating revenue income;
- Commercial and Investment Strategy and future potential positive returns to the Council;

9.11 Whatever impact the above issues may have however, there will remain a significant structural deficit for the Council to address.

9.12 The forecasts for the years 2023/24 – 2026/27 are provisional at this stage and should be considered with extreme caution. Future announcements and consultation outcomes will also determine government policy and therefore the funding in the future years. In addition, the forecasts are dependent on permanently maintaining the savings identified through the My Fenland transformation initiative.

9.13 As detailed earlier in this report, Business Rates Retention Reform, Fair Funding Review and changes to the New Homes Bonus could have a significant impact on the Council's forecast resources over term of the MTFS. Further to the risks associated with these externally determined funding streams the Council should also ensure that income budgets are achieved and new income streams considered and implemented for medium to long term sustainability in combination with any operational and transformational benefits that the Council realises. The use of general reserves to support revenue expenditure adds to the overall risks to the Council as such reserves can only be used once but the cumulative impact of such use will continue to be felt into the future.

<u>Other Risks</u>

Capital Programme – Future Funding

9.14 The Council is increasingly relying on borrowing (Internal and Prudential) to fund its future programme as the amount of capital receipts and the level of reserves available to fund the capital programme are reducing considerably over the next two years. Consequently, any new capital schemes (which do not generate a return to repay borrowing costs) will have to be funded through borrowing which will result in revenue costs and therefore will impact on the MTFS and future shortfalls.

9.15 For example, a £1m scheme with a 20 year life, funded by prudential borrowing, would result in around an additional £70,000 per annum in interest (2%) and repayment costs.

9.16 To exemplify the effect on the MTFS of potential additional costs arising from the above risks, Table 3 below details a scenario whereby the Council loses 50% of its business rates growth income following potential reforms in 2023/24.

Table 3: MTFS Potential Impact of Major Risks – for illustrative purposes only

	Estimate	Forecast	Forecast	Forecast	Forecast
	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
MTFS Shortfall - Appendix B	**203**	**721**	**411**	**643**	**973**
(0% CT increase in 2022/23 onwards)					
50% loss of NNDR growth income		600	600	600	600
Increasing NHB threshold by 0.1%		50	100	150	200
Revised Shortfall	**203**	**1,371**	**1,111**	**1,393**	**1,773**

9.17 As stated earlier, it is important to note that the figures detailed in the above table are purely illustrative as no decisions have yet been made regarding changes to these funding streams and the potential impact on this Council.

10 PARISH PRECEPTS

10.1 The levels of parish precepts set throughout Fenland are provided for information at Appendix F. These will be reported to Council as part of the Council Tax setting process

11 FEES AND CHARGES

11.1 The Overview and Scrutiny Panel reviewed fees and charges for 2022/23 at its meeting on 17 January 2022 and these were subsequently considered by Cabinet on 20 January 2022. All of the recommendations from these meetings have been included in the financial forecasts.

12 SPECIAL AND GENERAL EXPENSES

12.1 For the purposes of Section 35 of the Local Government Finance Act 1992, the Council needs to pass appropriate resolutions for each financial year to determine how expenses which could legally be regarded as special should be treated.

12.2 If expenses are treated as special expenses, then they must be charged against the parts of the Council's area to which they relate.

12.3 Parish precepts are special expenses and cannot be treated as general expenses.

12.4 Drainage Board and Port Health levies which affect only part of the Council's area are treated as general expenses unless the Council resolves otherwise. These are currently treated as general expenses and it is recommended that this position continues for 2022/23.

12.5 Expenses incurred by the Council in performing, in part of its area, a function performed elsewhere by a parish council are special expenses unless the Council determines otherwise. Currently, these are treated as general expenses. To maintain this position, it is recommended that the Council determines that such expenses should not be treated as special expenses for the financial year 2022/23.

13 PORT HEALTH

13.1 The Port Health levy for 2022/23, based on expected expenditure, is recommended as shown in Table 4 below for Council to approve.

Table 4: Port Health Levy 2022/23

	Description	£
a)	Port Health anticipated expenditure	16,620
b)	Port Levy	
	Fenland District Council	14,709
	South Holland District Council	1,163
	King's Lynn and West Norfolk Borough Council	748
	Total	16,620

14 FENLAND DISTRICT COUNCIL - COUNCIL TAX 2022/23

14.1 As part of the 2022/23 Final Local Government Finance Settlement, the government has confirmed that the referendum limit will be set at 2% or £5, whichever is higher for 2022/23 for District Councils. A 2% increase on the Band D Council Tax equates to £5.13 per annum (a 1.97% increase due to roundings).

14.2 Social care authorities, such as Cambridgeshire County Council can also increase their element of council tax by a further 1% in 2022/23 plus the balance of the Adult Social Care increase not utilised in 2021/22 (a further 2% for the County Council). This equates to a maximum potential increase in the County Councils' element of council tax of 4.99% (3% increase for Adult Social Care and 1.99% basic increase).

14.3 This Council at its meeting on 18 July 2019, agreed to re-position the MTFS to show 0% Council Tax increases through to 2023/24. This report extends the MTFS period and 0% increases to 2026/27. The motion agreed by Council emphasised that 0% increases in Council Tax throughout the MTFS period is an ambition and it was recognised that the Council continues to face significant financial challenges and uncertainties that may not allow this ambition to be met. These challenges and uncertainties have been exacerbated by Covid-19.

14.4 The motion also stated that Members of the Council need to act responsibly each year when setting the precept to balance the ambition of achieving a 0% Council Tax rise with the legal need to balance the budget. It was agreed that raising Council Tax in any of the next four years will be a last resort in order to minimise the financial effects of Council Tax on all of Fenland's households.

14.5 For information, an additional 1% increase in Council Tax in 2022/23 would generate in the region of £80,000 of revenue per annum to the Council. Even with this additional revenue included, the estimates for future years show a significant and increasing shortfall (see Table 5 below).

14.6 After the estimates of expenditure and income have been prepared, and the Final Settlement has been received, the next step is to set the council tax for 2022/23 for Fenland District Council.

14.7 In line with the motion agreed by Council on 19 July 2019, assumed Council Tax increases of 0% have been included for 2022/23 and over the period of the MTFS.

14.8 At this level of Council Tax, there will be a deficit to fund in 2022/23 and over the period of the MTFS. Consequently, the Council will need to continually consider its strategy to meet the estimated shortfalls shown at Table 2 and in Appendix B.

14.9 The implications of not increasing Council Tax over the MTFS is that the Council would be reducing its financial base permanently as it would not be able to recover potential revenue foregone due to the cumulative year on year impact. The consequences of continually setting zero Council Tax levels and not achieving the necessary savings/additional income have been clearly demonstrated by the events at other Councils. The ability to achieve significant year on year savings (without increasing existing and/or introducing new revenue streams together with transformational change) to balance the budget becomes progressively difficult without eventually impacting on front-line services and delivery.

14.10 Council can of course agree to a higher increase (up to the referendum limit of 2%) and a 1% increase in Council Tax raises around £80,000 revenue per annum. Table 5 shows the implications of increasing the Council Tax in 2022/23 by 1.97% per annum and thereafter compared to freezing the Council Tax in 2022/23 and throughout the MTFS period.

Table 5: MTFS Deficits at Differing Council Tax increases in 2022/23 onwards

Deficits based on different % increases	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Deficits at 0% increase *(as shown in Table 2/Appendix B)*	+203	+721	+411	+643	+973
Additional CT with 1.97% increase p.a. from 2022/23	-157	-322	-492	-672	-859
Net position at 1.97% increase	+46	+399	-81	-29	+114

14.11 For future years, the Council will consider options around introducing a scheme to accept voluntary council tax contributions from residents. whereby they can pay an additional amount over and above the 'normal' amount of Council Tax.

14.12 Table 6 shows the Band D Council Tax for spending at the level proposed, together with Council Tax levels from the major preceptors and Parishes.

Table 6: Band D Council Tax Levels 2022/23

COUNCIL TAX BASE	**2022/23** *30,664*		**2021/22** *30,143*	
	£	**Band D £**	**£**	**Band D £**
Fenland District Council Precept (Appendix A)	7,986,741		7,851,042	
Fenland District Band D Council Tax	***0.00%***	**260.46**	***0.00%***	**260.46**
MAJOR PRECEPTORS				
County Council	*(4.99%)*	1,469.61	*(2.99%)*	1,399.77
Police & Crime Commissioner	*(4.03%)*	257.58	*(6.42%)*	247.59
Fire Authority	*(1.96%)*	74.97	*(2.00%)*	73.53
Sub Total BAND D TAX		2,062.62		1,981.35
Parish Councils-average (Appendix F)	*(0.88%)*	48.48	*(-0.84%)*	48.05
Total average Band D Tax		**2,111.10**		**2,029.40**
Total average increase over 2021/22	**£81.70 (4.03%)**			

14.13 The County Council increase for 2022/23 includes 3% for the Adult Social Care precept (£41.99) and 1.99% on the general council tax (£27.85), giving a total increase of 4.99% (£69.84). For 2022/23, the Police and Crime Commissioner is allowed to increase council tax by up to £10.00 on a Band D property. The actual increase is £9.99 (4.03%).

15 TREASURY MANAGEMENT STATEMENT, ANNUAL TREASURY INVESTMENT STRATEGY AND CAPITAL STRATEGY 2022/23

15.1 Full details of the proposed Treasury Management, Annual Investment Strategy and Capital Strategy for 2022/23 are contained in Appendix E. The proposed Treasury Management and Annual Investment strategies were presented to and endorsed by Audit and Risk Management Committee on 14 February 2022.

15.2 The key issues relating to the strategies and their impact on the MTFS are as follows:

- Changes to the revised 2021 Charted Institute of Public Finance and Accountancy's (CIPFA) Treasury Management and Prudential Codes which will impact on future Treasury Management Strategy Statement (TMSS) and Annual Investment reports and the risk management framework.
- The prudential and treasury indicators detailed in paragraphs 2-13 of Appendix E, show that the Council's capital investment plans are affordable, prudent and sustainable.
- The Capital Strategy, detailed at Annex A of Appendix E, sets out the context in which capital expenditure and investment decisions are made and establishes that the Council has arrangements in place to ensure it gives due consideration to risk, reward, and impact on the achievement of priority outcomes.

- The MRP policy sets out how the Council will make prudent provision for the repayment of borrowing needs over the medium-term forecast.
- The Treasury Management Strategy has been organised so that the Council will have sufficient cash resources to meet capital expenditure plans and operational cash flows.
- Due to the Council's long term PWLB debt portfolio (£4.5m at 31/03/21) currently attracting excessive premiums it is not financially advantageous for the Council to comply with the gross borrowing and capital financing prudential indicator fully.
- Total external interest which includes finance lease interest payments; revised estimate for 2021/22 is £491,030 and the estimate for 2022/23 is £623,390. Additionally if the authority were to borrow the full £21.302m, over the next four years, to fund schemes taken forward as part of the Commercial and Investment Strategy this would currently attract annual interest payments of £447,342 by 2024/25.
- The report includes Link Groups forecast for Bank Rate which now includes a further three increases of 0.25% in March, May and November 2022 to end 2022 at 1.25%.
- The current Medium Term Financial Strategy assumes that some external borrowing will be required over the four-year period to 31 March 2025.
- The aim of the Council’s annual investment strategy is to provide security of investments whilst managing risk appropriately; investment returns are commensurate with the Council’s historic low risk appetite although we are in the process of transition as a Council from a low risk policy to an appropriate managed risk policy. The Council achieves these objectives through differentiating between “specified” and “non-specified” investments and through the application of a creditworthiness policy.
- Total investment income is an estimated £40,000 for 2021/22 and £100,000 for 2022/2023. In addition, the Council is anticipating, depending on completing due diligence checks, that it will invest up to £4m into property funds before the end of this financial year (2021/22). The Medium Term Financial Strategy for 2022/23 onwards, incorporates an estimate that such an investment would yield an annual return of £150,000.

16 REVIEW OF GENERAL FUND BALANCE AND EARMARKED RESERVES

16.1 An important part of any budget strategy is the review and consideration of reserves. Earmarked Reserves are typically held and used in a planned way to deal with issues where it is foreseen that resources need to be set aside to meet a specific need but the exact amount and timing is not known. General Reserves are held to cushion the impact of an event or events that cannot be foreseen whilst maintaining these resources at a consistent and reasonable level over the medium term.

16.2 Sufficient levels of reserves are necessary to provide for various contingent and unplanned items that could include:-

- significant increased costs of providing statutory services
- significant increased contractual costs
- an unexpected and/or significant event or disaster, e.g. civil emergency
- an unexpected major liability in law
- the need to make significant payments in relation to prior year adjustments under the direction of the external auditor

16.3 The Council's current uncommitted General Fund Balance is £2m. It is good practice to keep the balance on this reserve under review alongside ensuring that the purposes for which other earmarked reserves were allocated remain consistent with and relevant to the Council's Medium Term Financial Strategy.

16.4 The Budget Equalisation Reserve was established in 2019/20 to provide a smoothing mechanism between financial years which could provide resources to help achieve balanced budgets in future years. The current balance on this reserve is £483k and is available to meet the current estimated budget shortfall in 2021/22 (£243k). In addition, as part of the budget proposals for 2022/23 detailed in this report a contribution of £203k is required from this reserve to set a balanced budget.

16.5 The analysis of reserves at Appendix G details the projected General Fund and earmarked reserves position at 31 March 2022 and 31 March 2023 taking into account the proposals detailed in this report.

17 CAPITAL PROGRAMME

17.1 Capital Expenditure and income plans have been prepared through the Council's service and financial planning cycle. The Council's capital resources are dependent on government funding, external grants or through the ongoing disposal of assets.

17.2 A fully updated Capital Programme for 2022-25 is presented at Appendix D for approval. The programme has been updated to ensure it adequately reflects the cost and anticipated timing of schemes previously approved.

17.3 Members have continued to receive reports regarding ongoing work to dispose of surplus assets. Most recently, at its meeting on 20 January 2022, Cabinet approved a list of assets where officers should take steps to dispose of each asset using the most appropriate method to secure best value. The receipts generated from the sale of surplus assets form an important source of income to fund the capital programme. It is difficult to determine with certainty the returns the Council might be able to generate and the timing of such capital receipts. Such returns, however, are important in the context of the Council's Medium Term Financial Strategy as where capital expenditure can be financed through the application of capital receipts it does not need to be financed from borrowing. It is also relevant to note that the Investment Board will consider the business plan of Fenland Future Limited at its meeting in March 2022. Decisions taken at this meeting may result in further capital receipts over the life of the capital programme should any transfer of land take place as part of the implementation of the business plan.

17.4 The Council continues to take forward the delivery of significant regeneration projects in Wisbech and March. The profile of expenditure on the Future High Street Project in March has been updated to reflect the report Cabinet members considered at its meeting on 20 January 2022. Members considered an update on the Wisbech High Street project at its meeting on 3 February 2022 and the current status of the project is reflected in the capital programme.

17.5 Members will also note that on today's Cabinet agenda there is a report indicating that the Council has been successful in securing further funding from the Department for Business, Energy and Industrial Strategy (BEIS) as part of Wave 1 of the Social Housing Decarbonisation Fund. The proposed project will deliver energy-efficiency improvements to 450 properties owned by Clarion including 200 in Wisbech. Subject to the decision taken at the Cabinet meeting, the capital programme will be updated to reflect the grant provided by BEIS. The terms and the condition of the grant require works to be completed during the 2022/23 financial year. Match funding has been provided by Clarion and the project does not require any financial contribution from the Council's capital resources.

17.6 The Council is developing an Accommodation Strategy and a Member Steering Group has been established. There is provision in the current capital programme for the cost of undertaking those works at Fenland Hall which were deemed to be a high-priority in the recently commissioned condition survey. However, further capital resources might be required over the medium-term to implement the Accommodation Strategy.

17.7 Officers are also currently awaiting costed estimates following the commissioning of a survey of port infrastructure in Wisbech. Members will be updated once these estimates are available and future iterations of the capital programme will incorporate the cost of works required.

17.8 The Council has either bid for, or is awaiting the opportunity to bid for, capital resources in connection with several other high-profile government and CPCA-led initiatives. Should these bids be successful they will be incorporated into future updates to the capital programme and the impact of providing any match-funding required will be reflected in the revenue budget and the Medium-Term Financial Strategy.

17.9 Should resources from external funding and/or capital receipts not generate the level of receipts forecast, or there is a delay in the disposal of assets, then the capital programme will need re-visiting to ensure funding is sufficient to meet proposed expenditure including through borrowing. Reviews of the programme and resources available are carried out regularly during the year.

17.10 The Council's Borrowing Strategy which is incorporated into the Council's Treasury Management Strategy Statement, recognises that some prudential borrowing will be required over the life of the capital programme. The projected additional annual revenue costs for the Council are reflected in the MTFS.

18 RISK ASSESSMENT

18.1 There is an element of risk inherent in any process that looks into the future to make forecasts, particularly in the current economic climate and other national and international events now or in the future that may impact on the Council either directly or indirectly. The Council has a strong track record in good financial management as recognised in the recent Annual Audit Letter. This risk is further minimised by adopting the following methodology when preparing the estimates:-

- Service managers and the Accountancy Team working together to define likely service income/expenditure patterns matched with service delivery plans;
- Maintaining "earmarked" reserves for expenditure that it is known will occur but the exact amount and timing of the expenditure is not known;
- Maintaining an adequate level of general reserves to meet sudden and or unforeseen expenditure;
- Adopting clear guidelines and control systems (robust revenue and capital budget management and monitoring procedures, Financial Regulations and Contract Procedure Rules etc.) to alert service managers, and members before variances reach tolerance levels;
- Using professional and expert advice and economic forecasts where these are available, e.g. treasury management, interest rates;
- Maintaining a rolling review of forecast estimates beyond the current year.

18.2 These assumptions are made with all available information but are necessarily calculated based on broad assumptions. In the current economic climate, some of these assumptions are particularly volatile. The MTFS will be prepared annually on a rolling basis so that as information becomes more certain the figures will be updated and early consideration can be given to any action or changes in direction that may be required.

19 REPORT OF THE CHIEF FINANCE (SECTION 151) OFFICER UNDER SECTION 25 OF THE LOCAL GOVERNMENT FINANCE ACT 2003.

19.1 Under Section 25 of the Local Government Act 2003 and CIPFA Code of Practice, the Council's Chief Finance Officer (Section 151 Officer) is required to report on the robustness of the estimates made for the purpose of the budget calculations and the adequacy of the proposed reserves.

Cabinet and Council are required under the 2003 Act to consider and give due regard to the Chief Finance Officer's report as part of the budget approval and council tax setting process.

19.2 The proposed budget is set against the context of significant economic uncertainty in a post-Covid-19 world together with considerable uncertainty regarding government funding over the MTFS. The Government intends to make fundamental changes to the funding system for Local Government through the introduction of a new needs based fairer funding formula and the introduction of business rates reforms and a new system of distributing the New Homes Bonus. The cumulative impact of these changes and lack of visibility on any transition or damping arrangements means that financial planning for 2023/24 and the medium term is very uncertain.

19.3 The Corporate Director and Chief Finance Officer (Section 151 Officer) makes the following statement:

The robustness of the Budget estimates and the adequacy of the reserves are largely dependent on the levels of risk and uncertainty. There is an element of judgement as budget estimates of spending and income are made at a point in time and may change as circumstances change, particularly given the economic uncertainty in a post-Covid-19 world.

This statement on the robustness of estimates cannot give a 100% guarantee about the budget but should give the Council reasonable assurance that the budget has been based on the best information and assumptions available at the time.

The estimates that support this budget have used all the data and supporting information that the Council has at its disposal at this point in time. The principal financial assumptions made in the Budget are noted in this report and attached at Appendix C. Budget monitoring throughout the year will be an important tool in identifying, at an early stage, potential issues so appropriate action can be taken.

The delivery of the planned savings and major business projects **is critical** to the successful delivery of the Council's budget strategy. Current activity provides adequate assurance as to the deliverability of the 2022/23 budget with future year projections representing realistic planning assumptions which will be subject to review as part of the annual budget setting process. The MTFS is currently forecasting a financial shortfall for the financial year 2022/23.

The Budget has been prepared reflecting known service pressures and following thorough review by Service Managers of planned savings.

There are however significant funding risks over the period of the MTFS. Potential changes to the Business Rates Retention system are particularly concerning and will have a significant impact on this funding. As detailed in Section 5 of this report, this could result in less funding in the future. It is however uncertain as to when and what actual changes will take place and the budget and MTFS is presented on the basis of the current arrangements continuing.

Current Council policy of not increasing Council Tax in 2022/23 and over the MTFS should be viewed in the light of the forecast shortfalls detailed within this report and the financial impact of increasing Council Tax up to the referendum limit. This is exemplified in Table 5 in paragraph 14.10 of this report. In addition, as detailed in paragraph 3.6, the government's assessment of Council's Core Spending Power assumes Council Tax is increased by the maximum permitted without a referendum.

Although no use of the General Fund Balance is planned in 2022/23, it is good practice to re-assess the appropriate level of this balance over the period of the MTFS. It is proposed that this is carried out during 2022/23 taking into account actual use of this balance and updated MTFS forecasts.

Given the uncertainties detailed in this report, it is imperative that the Council maintains sufficient resources to cover any in-year unforeseen expenditure. A risk based approach to the consideration of the level of reserves is a component of the Council's overall risk management framework. Operational risks should be managed within Services' bottom line budgets and thus will not normally result in any further call on the Council's General Balances, as detailed in Section 16 above.

My assessment of the process that has been undertaken is that the calculations used in the preparation of the estimates for the Budget for 2022/23 are fair and robust and that reserves are adequate to reflect known circumstances and to be able to manage the stated uncertainties and risks that could realistically be anticipated at this point. All earmarked reserves are held for the purpose for which they are set up and are considered to be adequate to meet the requirements of those purposes when called upon based on the best information available as at the time of writing.

FENLAND DISTRICT COUNCIL

Summary of Revenue Estimates

	Current Approved Estimate 2021/22	Projected Outturn 2021/22	Estimate 2022/23
Service Summary *As detailed in Appendix A(ii)*	**£**	**£**	**£**
Growth & Infrastructure	1,387,770	1,423,950	958,230
Communities, Environment, Leisure & Planning	5,324,906	4,909,288	4,020,960
Resources & Customer Services	7,706,630	7,747,190	8,426,150
NET COST OF GENERAL FUND SERVICES	**14,419,306**	**14,080,428**	**13,405,340**
Corporate Items			
Contributions to/ (from) Earmarked Reserves	-131,743	-336,019	-101,020
Contributions to/(from) Business Rates Reserve	-1,987,155	-2,002,224	-1,415,206
Cambridgeshire Horizons - Share of Surplus	-3,891,500	-3,891,500	0
RTB/VAT Sharing Income	-126,317	-160,000	-70,000
Drainage Board Levies	1,594,010	1,594,010	1,721,530
Financing Charges - *Interest/Minimum Revenue Provision*	847,065	857,065	1,063,314
Investment Income and Property Funds Income	-40,000	-40,000	-250,000
New Homes Bonus	-874,916	-874,916	-823,959
A14 Contribution	74,000	74,000	74,000
Pay Award 2021/22 : 1.75%	209,000	209,000	0
Vacancy Factor (1.5%)	0	0	-181,000
Business Rates - net additional income above baseline *(government grants for reimbursement of reliefs, growth less levy payment)*	-1,544,224	-1,521,878	-1,573,797
Business Rates - reimbursement of additional Covid-19 reliefs	-1,204,300	-1,211,278	-621,016
Business Rates Pool - FDC Share of Benefit	-300,000	-300,000	-350,000
Government Grant - Covid-19 General Grants for spending pressures	-634,010	-634,010	0
Government Income Compensation Scheme Grant	-88,000	-88,000	0
Lower Tier Services Grant	-157,697	-157,697	-169,351
Services Grant	0	0	-255,198
FFL - Officer Time Recharge/Net Loan Interest	-50,000	-100,000	-161,000
Corporate Adjustments	**-8,305,787**	**-8,583,447**	**-3,112,703**
Net Expenditure before CFF savings	**6,113,519**	**5,496,981**	**10,292,637**
CFF Transformation Savings identified not yet implemented	***0***	***0***	***-192,000***
Net Expenditure after CFF savings	**6,113,519**	**5,496,981**	**10,100,637**
Contribution from Budget Equalisation Reserve	**0**	**0**	**-203,198**
NET EXPENDITURE after use of balances	**6,113,519**	**5,496,981**	**9,897,439**
Core Funding			
Revenue Support Grant	**0**	**0**	**-589**
Business Rates Baseline Funding	**-3,701,878**	**-3,701,878**	**-3,701,878**
Business Rates Collection Fund Deficit(+)	**3,620,772**	**3,620,772**	**1,835,529**
Council Tax Collection Fund Deficit(+)/Surplus(-)	**43,723**	**43,723**	**-43,760**
Council Tax	**-7,851,042**	**-7,851,042**	**-7,986,741**
Surplus(-)/Shortfall(+)	**-1,774,906**	**-2,391,444**	**0**
Balance of Cambridgeshire Horizons money set aside for for future FDC use	**2,761,500**	**2,634,130**	
	986,594	**242,686**	

APPENDIX A(ii)

GROWTH AND INFRASTRUCTURE			
Service	**2021/22 Current Approved Estimate £**	**2021/22 Projected Outturn £**	**2022/23 Original Estimate £**
Direct Services			
Transport Development	87,500	87,500	97,600
Miscellaneous (Clocks, Monuments)	21,750	21,750	3,750
Drainage (District)	3,000	3,000	3,000
Highways (District)	132,690	120,100	124,600
Car Parks	212,000	212,000	184,200
Marine Services	339,370	374,370	283,100
Economic Estates	-32,800	7,600	-190,800
Sewage Treatment Works	118,500	122,500	13,800
Parish Council Concurrent Functions	59,800	59,800	70,200
Economic Development	170,150	155,450	183,750
Regeneration	88,650	69,250	-21,800
HLF- High St Wisbech	21,660	33,730	11,130
Total Direct Services	1,222,270	1,267,050	762,530
Support Services			
Asset & Project Services	231,700	227,100	275,700
Net Cost of Services	**1,453,970**	**1,494,150**	**1,038,230**
Less Support Services Recharges to Capital Schemes	-66,200	-70,200	-80,000
TOTAL GROWTH AND INFRASTRUCTURE	**1,387,770**	**1,423,950**	**958,230**

General Notes for Appendix A(ii):

1. Within all the Service Estimates detailed in Appendix A(ii), Support Services costs have not been reallocated with the exception of recharges to Capital Schemes.

2. Similarly, Capital Charges have not been reallocated as these 'costs' are reversed out within the Corporate Items section of the estimates, thereby having no impact on the Budget Requirement and Council Tax.

3. Estimates for 2022/23 include the assumptions on pay, expenditure and income detailed at Appendix C. In addition, staff cost allocations to services have been reviewed for 2021/22 and have resulted in costs being re-allocated to better reflect time spent on providing those services.

4. In addition, the estimates for 2022/23 include the implementation of the My Fenland transformation project which has moved costs from various services and consolidated them in Customer Services.

COMMUNITIES, ENVIRONMENT, LEISURE & PLANNING			
Service	**2021/22 Current Approved Estimate £**	**2021/22 Projected Outturn £**	**2022/23 Original Estimate £**
Direct Services			
Housing Strategy	146,220	147,610	156,510
Private Sector Renewals	119,900	84,950	82,080
Housing Standards	36,350	43,870	-8,520
Care & Repair	29,010	35,750	39,410
Community Champions	65,330	65,330	0
CCTV	30,440	21,340	47,290
Safer Fenland	75,170	60,510	90,130
Licensing	-23,200	-24,050	-23,780
Housing Options	434,710	274,040	294,010
Community Development	139,400	134,200	125,890
Travellers Services	-69,520	-72,180	-70,050
Pollution Reduction	104,270	104,620	110,410
Public Health	978,140	884,390	240,060
Food Safety	152,730	149,793	152,770
Health and Safety	57,210	56,680	75,290
Refuse Collection - Domestic	1,057,026	988,505	1,241,090
Garden Waste	-199,670	-201,430	-198,150
Refuse Collection - Trade Waste	-143,880	-195,340	-150,810
Street Cleansing	834,660	832,610	879,730
Streetscene	176,060	178,970	213,530
Public Conveniences	15,860	17,230	16,380
Arts Development & Culture	10,710	9,120	25,060
Planning Policy	179,100	213,900	97,100
Development Management	-243,800	-277,100	-206,600
Building Control	54,000	54,000	54,000
Conservation	39,400	39,400	41,300
Planning Compliance	90,700	90,700	91,350
Technical Support	196,900	197,700	204,100
Leisure Centres	286,810	304,120	-319,540
Sports Development	139,080	128,190	71,840
Parks and Open Spaces	517,950	527,950	579,500
Cemeteries	-29,070	-34,660	-49,080
Markets and Fairs	-12,260	-13,080	-9,630
Community Events	56,280	57,050	106,550
Vehicle Workshop	22,890	24,600	21,740
TOTAL COMMUNITIES, ENVIRONMENT, LEISURE & PLANNING	**5,324,906**	**4,909,288**	**4,020,960**

RESOURCES AND CUSTOMER SERVICES			
Service	**2021/22 Current Approved Estimate £**	**2021/22 Projected Outturn £**	**2022/23 Original Estimate £**
Direct Services			
Miscellaneous Central Services	158,340	158,340	158,540
Unfunded Pension Costs/Apprenticeship Levy	991,240	993,240	1,076,720
Corporate Management	1,038,780	1,007,030	917,630
Council Tax Cost of Collection	-21,320	10,630	248,950
Business Rates Cost of Collection	-3,550	-3,650	-11,160
Housing Benefits	614,950	830,510	797,160
ICT Direct Service Costs	711,580	714,810	703,190
Policy	235,900	221,900	272,500
Land Charges	-97,150	-124,050	-65,300
Elections & Electoral Registration	194,500	192,100	192,550
Democratic Services	537,050	524,950	569,260
Emergency Planning	-48,570	-116,570	55,250
Total Direct Services	4,311,750	4,409,240	4,915,290
Support Services			
Accountancy	573,760	572,600	596,260
Information & Communication Technology	507,860	507,860	563,300
Customer Services	942,100	886,170	894,930
Post & Reprographics	135,050	130,050	127,850
Internal Audit	101,700	98,900	115,900
Legal Services	244,050	252,950	244,550
Corporate Health & Safety	3,010	3,120	21,150
Human Resources	295,200	299,450	328,870
Property Services	109,400	104,600	116,700
Fenland Hall	354,100	364,100	363,500
The Base	128,650	118,150	137,850
Total Support Services	3,394,880	3,337,950	3,510,860
TOTAL RESOURCES AND CUSTOMER SERVICES	**7,706,630**	**7,747,190**	**8,426,150**

APPENDIX B
(0% Council Tax increase)

Medium Term Financial Strategy	Projected 2021/22 £000	Estimate 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000
Expenditure						
Service Expenditure/Income						
Gross Service Expenditure	25,774	23,047	23,253	23,661	24,165	24,586
Fees and Charges	-6,210	-6,442	-6,467	-6,533	-6,598	-6,665
Grants and Contributions	-4,908	-2,081	-1,730	-1,715	-1,698	-1,685
Recycling Credits	-1,000	-1,120	-1,140	-1,155	-1,170	-1,185
Total Net Service Expenditure	***13,656***	***13,404***	***13,916***	***14,258***	***14,699***	***15,051***
Corporate Items						
Corporate Expenditure/Savings						
Drainage Board Levies	1,594	1,722	1,860	1,897	1,935	1,974
Financing Charges - Interest on External Borrowing	491	623	700	700	700	700
Financing Charges - Current Capital Programme - MRP	366	440	550	550	550	550
Vacancy Factor (1.5%)	0	-181	-187	-191	-196	-201
A14 Upgrade - contribution	74	74	74	74	74	74
CFF Transformation Savings identified not yet implemented	0	-192	-384	-384	-384	-384
	2,525	*2,486*	*2,613*	*2,646*	*2,679*	*2,713*
Corporate Income Items						
Contribution to(+)/from(-) Earmarked Reserves	-336	-101	-30	60	60	60
Contribution to(+)/from(-) Business Rates Reserve	-2,002	-1,415	0	0	0	0
Cambridgeshire Horizons - share of surplus	-3,892	0	0	0	0	0
RTB/VAT Sharing Income	-160	-70	-20	-20	-20	-20
Investment and Property Fund Income	-40	-250	-200	-200	-210	-210
New Homes Bonus	-875	-824	-800	-800	-800	-800
Business Rates - net additional income above baseline	-1,203	-604	-1,276	-1,305	-1,332	-1,360
Business Rates - renewable energy rates retained	-319	-970	-896	-913	-929	-944
Business Rates - reimbursement of additional Covid-19 reliefs	-1,211	-621	0	0	0	0
Business Rates Pool - FDC Share of Benefit	-300	-350	0	0	0	0
Government Income Compensation Scheme	-88	0	0	0	0	0
Lower Tier Services Grant	-158	-169	-169	-169	-169	-169
Services Grant	0	-255	-255	-255	-255	-255
FFL - Officer Time Recharge/Net Loan Interest	-100	-161	-475	-800	-825	-675
Contribution from Budget Equalisation Reserve	0	-203	0	0	0	0
	-10,684	*-5,993*	*-4,121*	*-4,402*	*-4,480*	*-4,373*
Total Corporate Items	***-8,159***	***-3,507***	***-1,508***	***-1,756***	***-1,801***	***-1,660***
Gross Service/Corporate Expenditure	**28,299**	**25,533**	**25,866**	**26,307**	**26,844**	**27,299**
Gross Service/Corporate Income	**-22,802**	**-15,636**	**-13,458**	**-13,805**	**-13,946**	**-13,908**
Net Budget Requirement	**5,497**	**9,897**	**12,408**	**12,502**	**12,898**	**13,391**
Funding - NNDR/CT						
Business Rates Baseline Funding/RSG	-3,702	-3,702	-3,787	-3,859	-3,925	-3,991
Business Rates Collection Fund Deficit	3,621	1,836	184	0	0	0
Council Tax Collection Fund Surplus(-)/Deficit	44	-44	0	-50	-50	-50
Council Tax *(increases of 0% in 22/23 onwards)*	-7,851	-7,987	-8,084	-8,182	-8,280	-8,377
Total Funding - NNDR/CT	**-7,888**	**-9,897**	**-11,687**	**-12,091**	**-12,255**	**-12,418**
Surplus(-)/Shortfall(+)	**-2,391**	**0**	**+721**	**+411**	**+643**	**+973**
Balance of Cambridgeshire Horizons money set aside	2,634					
Shortfall(+) after Cambs. Horizons set aside	**+243**					

Summary						
Total Gross Expenditure	**28,299**	**25,533**	**25,866**	**26,307**	**26,844**	**27,299**
Funded by:						
Fees and Charges	-6,210	-6,442	-6,467	-6,533	-6,598	-6,665
Grants and Contributions	-4,908	-2,081	-1,730	-1,715	-1,698	-1,685
Recycling Credits	-1,000	-1,120	-1,140	-1,155	-1,170	-1,185
New Homes Bonus	-875	-824	-800	-800	-800	-800
Investment Income, VAT/RTB	-200	-320	-220	-220	-230	-230
Cambridgeshire Horizons - share of surplus	-3,892	0	0	0	0	0
Contribution to(+)/from(-) Earmarked Reserves	-336	-101	-30	60	60	60
Contribution to(+)/from(-) Business Rates Reserve	-2,002	-1,415	0	0	0	0
Income Compensation Scheme	-88	0	0	0	0	0
Lower Tier Services Grant and Services Grant	-158	-424	-424	-424	-424	-424
FFL - Officer Time Recharge/Net Loan Interest	-100	-161	-475	-800	-825	-675
Contribution from Budget Equalisation Reserve	0	-203	0	0	0	0
Retained Business Rates	-3,114	-4,411	-5,775	-6,077	-6,186	-6,295
Council Tax	-7,807	-8,031	-8,084	-8,232	-8,330	-8,427
Total Funding	**-30,690**	**-25,533**	**-25,145**	**-25,896**	**-26,201**	**-26,326**
Surplus(-)/Shortfall(+)	**-2,391**	**0**	**+721**	**+411**	**+643**	**+973**
Balance of Cambridgeshire Horizons money set aside	2,634					
Shortfall(+) after Cambs. Horizons set aside	**+243**					

Assumptions built into Budget and Medium Term Financial Strategy (MTFS)

Within the forecasts are a number of assumptions which are necessary to produce the overall budget strategy. However, there is an element of risk associated with this process although the aim is to mitigate these risks as detailed in section 18 of the main report.

The main assumptions are as follows:

- 0% Council Tax increase for 2022/23 and thereafter (1% increase generates around £80k of resources and 1.97% around £157k of resources).
- 1.73% increase in Council Tax base in 2022/2023 (Tax-base 30,664) and 1.20% thereafter (increase of 375 Band D equivalent properties per annum).
- Inflation increases in Retained Business Rates income from 2023/24 onwards. Future net benefits from Business Rates will be dependent upon the impact of any potential system re-set and other changes from April 2023 onwards.
- Inclusion of this Council's share (£350k) of the potential benefit arising from the continuation of the Cambridgeshire Business Rates Pool in 2022/23 only. Potential benefit from the Pool in future years will be dependent on any changes to the Business Rates Retention System from April 2023.
- Continuation of the Lower Tier Services Grant (£169k to be received in 2022/23) and Services Grant (£255k to be received in 2022/23) in 2023/24 onwards. Although the national totals of these grants will remain in the Local Government sector in future years, they may be allocated differently.
- The New Homes Bonus for 2023/24 onwards has been included at £800k per annum as detailed in Section 4 of the report. Future allocations will be dependent upon the scheme design and national totals of any replacement Housing Growth initiative.
- 2% pay award in 2022/23 (£230k cost) and thereafter together with an allowance for pay increments of around 1% p.a. (£115k cost) reflecting the continuing impact of the pay grades re-modelling following the national pay award agreement effective from April 2019.
- Employer's Pension Contributions – following the triennial valuation as at 31.03.2019, the contribution rate for 2022/23 is to remain the same as 2021/22 (17.4% of salary) with an additional past deficit lump sum payment of £978k, representing an overall increase of 1% p.a. in total contributions. For 2023/24 onwards, following the next triennial valuation, further increases have been assumed in line with the current triennial valuation.
- Inclusion of a vacancy factor for 2022/23 onwards, equivalent to a reduction in staff costs of 1.5% (£181,000 in 2022/23).
- Specific allowance for inflation where required eg: employee costs (as detailed above), business rates, external contracts, energy and water, drainage board levies etc. Otherwise, no allowance for inflation has been included.
- Investment interest rates are forecast to begin rising from February 2022 (£100k estimated income in 2022/23).
- Investment income includes an assumed £4m investment in property funds during 2022/23 (£150k p.a. income net of costs).

- Assumptions regarding forecast income levels from fees and charges have been included based on 2021/22 projections. In addition, fee increases (where applicable) together with a review of activity levels have determined the current estimates.
- For 2022/23 onwards, a full years' worth of Management Fee being received from the Leisure Management contractor has been assumed. This follows two years of significant additional Council support for the Leisure Management contract in 2020/21 and 2021/22 as a result of Covid-19, through deferral of the management fee and also cash support.
- For 2022/23, additional provision has been included for a continuation of the high demand for bed and breakfast and temporary accommodation for the homelessness and rough sleeper's service. Further work is being caried out to determine the level and type of ongoing support required.
- Potential impact of My Fenland Phase 3 has been included (£194k saving in 2022/23 rising to £383k savings p.a. from 2023/24 onwards). However, further detailed work is required to quantify the scope and savings likely to be generated.
- Recharges to Fenland Future Limited to reflect the use of FDC officer time on the company's behalf has been included (£100k in 2021/22, £125k in 2022/23 and future years). This amount could vary depending on the amount of time and types of activities being carried out for the company.
- Potential net benefits from Fenland Future Ltd of loan interest and dividends from future developments have been included. These amounts could vary depending on the timing and profitability of developments being carried out by the company.
- No potential additional income from the Extended Producer Responsibility scheme for managing packaging waste (effective from 2024/25) has been included as there are currently no indications of the level of this income.

APPENDIX D

CAPITAL PROGRAMME AND FUNDING 2021 - 2025

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Capital Programme (excluding Commercial and Investment Strategy Schemes)	12,486	13,567	8,692	1,587
Commercial and Investment Strategy Schemes	330	2,472	13,500	5,000
CURRENT FORECAST EXPENDITURE	**12,816**	**16,039**	**22,192**	**6,587**
FORECAST RESOURCES AVAILABLE				
Capital Grants	10,165	6,722	6,985	950
Usable Capital Receipts - In Year	150	215	100	100
Reserves used in year to fund Capital	463	200	0	0
Section 106s and Other Contributions	26	115	0	0
Borrowing (Internal and Prudential)	2,012	8,787	15,107	5,537
Total Forecast Resources	**12,816**	**16,039**	**22,192**	**6,587**

CAPITAL PROGRAMME SUMMARY 2021/22 - 2024/25

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
Leisure Centres								
1 Condition Survey Improvements	447	790	810	422	**2,469**	2,469		£98k R&M Reserve
Regeneration Programmes								
2 Fenland Renaissance and Place Shaping	16				**16**	16		
3 Heritage Lottery Fund - Non-FDC Properties	514				**514**	81	433	£433k HLF Grant.
4 Heritage Lottery Fund - 24 High Street, Wisbech		1,350			**1,350**	1,112	238	£238k HLF Grant.
5 Railway Station Master-Planning	2,543	1,853			**4,396**	82	4,314	£4,314k CPCA Grant, £82k S106
6 Whittlesey Flood Warning Signs	46				**46**		46	CPCA Grant £46k
7 Future High Street Fund, March	490	2,272	5,935		**8,697**	250	8,447	£2,000k CPCA, £6,447k MHCLG Future High Streets
8 Growing Fenland - Capital Grants	320				**320**		320	£320k CPCA Grant
Cemeteries								
9 Manea Churchyard	15				**15**	15		
10 Cemetery Chapels Condition Survey Works		315			**315**	315		
11 Remedial Works in Closed Cemeteries		80	190		**270**	270		
Highways								
11 Category 2 Street Lights - FDC Lights	105	176			**281**	281		
12 Street Name Plates/District Facilities Signage	18				**18**	18		
13 Street Light Improvements - Parishes (Contribution to Cat 2 Replacements)	11				**11**	11		£11k Capital Contribution Reserve
14 Growing Fenland - Civil Parking Enforcement	100	200	100		**400**		400	£400k CPCA Grant
15 Huntingdon Road Improvements, Chatteris	15	20			**35**	35		
Office Accommodation								
16 Fenland Hall and The Base - Repairs and Renewals	200	1380	100		**1,680**	1,680		
Environment								
17 Replacement and Grant-Funded Additional Litter Bins	108				**108**	83	25	£25k WRAP Grant
Port								
18 Boat/Vessels - Replacement Deck, Hull and Engines	57	35			**92**	92		
19 Wisbech Port Structural Works	328				**328**	328		
Sub Total	**5,333**	**8,471**	**7,135**	**422**	**21,361**	**7,138**	**14,223**	

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
Brought Forward	**5,333**	**8,471**	**7,135**	**422**	**21,361**	**7,138**	**14,223**	
Parks and Open Spaces								
20 West End Park, March - Park Improvements	27				**27**	9	18	£16k Cambs CC, £2k March TC
21 Parks, Play Areas and Open Space - Chatteris	60	40			**100**	100		£6k S106 money
22 Parks, Play Areas and Open Space - Doddington		75			**75**	75		£21k S106 money
23 Parks, Play Areas and Open Space - Parson Drove	24				**24**	24		
24 Parks, Play Areas and Open Space - Wisbech	20	20		15	**55**	55		£32k S106 money
25 Parks, Plays Areas and Open Space - Whittlesey		45			**45**	45		
26 Wisbech Water Park		150			**150**		150	£150K CPCA Grant
27 Wisbech Park Pavillion		555			**555**	10	545	£545K CPCA Grant
Vehicles and Plant								
28 Vehicles	321	154	257	200	**932**	932		
ICT System Replacement Programme & Upgrades								
29 Replacement & Upgrade Programme	364	390	100		**854**	854		£554k Management of Change Reserve
Improvement of Assets								
30 Sewage Treatment Works Refurbishment	80	657	250		**987**	987		
31 Birch Fen Silt Removal and Outfall Maintenance	25				**25**	25		
32 March Moorings Renewals		24			**24**	24		
33 Hostel Roof Renewal	42				**42**	42		
34 Lattersley Nature Reserve - Capping Layer		40			**40**	40		
35 Energy Efficiency Improvements to Clarion Properties	4,492				**4,492**		4,492	£4492k BEIS Decarbonisation Fund Grant
Car Parks								
36 Eastwood, Chatteris		100			**100**	100		
Economic Estates								
37 Replacement of AV Equipment at Business Centres		50			**50**	50		
38 South Fens Business Park Expansion	150	1,846			**1,996**	1,000	996	£996k CPCA 'Business Space' Funding
Private Sector Housing Support								
39 Private Sector Renewal Grants	240	40	40	40	**360**		360	£360k Govt Grant
40 Disabled Facilities Grants	1,308	910	910	910	**4,038**		4,038	£4038k Govt Grant
Total - Approved Programme	**12,486**	**13,567**	**8,692**	**1,587**	**36,332**	**11,510**	**24,822**	

APPENDIX E

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2022/23

1 Introduction

CIPFA Treasury Management Code and Prudential Code (Revised 2021)

1.1 CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

1.2 The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- address Environmental, Social and Governance (ESG) issues within the Capital Strategy;
- require implementation of a policy to review commercial property, with a view to divest where appropriate;
- create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- ensure that any long term treasury investment is supported by a business model;
- a requirement to effectively manage liquidity and longer term cash flow requirements;
- amendment to Treasury Management Practice 1 to address ESG policy within the treasury management risk framework;
- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

1.3 In addition, all investments and investment income must be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments. The Council's proposed investment in property funds falls into this category.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return. This does not preclude the Council from taking forward investments as part of its Commercial and Investment Strategy so long as financial return is not the primary reason for taking forward the scheme. This particularly applies in the case of projects relating to housing where service delivery objectives can be achieved as well as a financial return.

1.4 As this Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report

1.5 Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

2 Background

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

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

2.3 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.

CIPFA defines treasury management as:

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

2.4 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.

3 The Capital Strategy Reporting Requirements

3.1 The CIPFA revised 2017 Prudential and Treasury Management Codes require all local authorities to prepare an additional document, a Capital Strategy 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; and
- the implications for future financial sustainability.

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

4 Treasury Strategy Reporting Requirements

4.1 The Council is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by the Audit and Risk Management Committee and Cabinet before being recommended to the Council.

4.2 **Prudential and Treasury Indicators and Treasury Strategy** (this report), the first and most important report is forward looking and covers:

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

A Mid-Year Treasury Management Report - This will update Members with the progress of the capital position, amending prudential indicators as necessary and whether any policies require revision.

An Annual Treasury Report - This is a backward looking review document and provides details of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

4.3 The Strategy covers two main areas:

Capital issues

- the capital expenditure plans and associated prudential indicators;
- the 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.

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

5 Capital Prudential Indicators 2022/23 to 2024/25

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

5.2 The capital expenditure prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. Commercial activities/non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

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

Capital Programme	**2021/22 Revised Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
Forecast Capital Expenditure	**12,486**	**13,567**	**8,692**	**1,587**
Commercial and Investment Strategy Schemes	**330**	**2,472**	**13,500**	**5,000**
TOTAL	**12,816**	**16,039**	**22,192**	**6,587**
Financed by:				
Capital Grants	10,165	6,722	6,985	950

Capital Receipts	150	215	100	100
Reserves used in year to fund Capital	463	200	0	0
Section 106 and Other Contributions	26	115	0	0
Total Financing	**10,804**	**7,252**	**7,085**	**1,050**
Net Financing Need For The Year (Borrowing)	**2,012**	**8,787**	**15,107**	**5,537**

5.4 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, its underlying borrowing need. Any capital expenditure shown above, which has not immediately been paid for will increase the CFR.

5.5 The CFR does not increase indefinitely, as each year the Council is required to pay off an element of the capital spend (including finance leases) through a statutory revenue charge (MRP). In the case of schemes taken forward as part of the Council's capital programme this has the effect of reducing the Council's (CFR) broadly over the asset's life.

5.6 In the case of capital expenditure incurred in accordance with the Council's Commercial and Investment Strategy the MRP charge cannot be determined until such time that the Investment Board approves a scheme. Where the projected Capital Financing Requirement is disclosed in this report the figures used reflect the impact of borrowing to fund the full allocation of the remaining £21.3M over the next 4 years but no assumptions have been made regarding how MRP might reduce the CFR attributable to these schemes. This approach is considered reasonable until such time that any new schemes are formally approved by the Investment Board. In accordance with the current Minimum Revenue Policy, a provision for MRP in relation to the Investment Property acquired in the 2020/21 financial year is incorporated into the information in this report and the Council's Medium Term Financial Strategy.

5.7 In this context, it is also important to note that, as well as the statutory MRP charge, the Council is permitted to make additional voluntary payments to reduce the CFR. These voluntary payments will typically reduce the statutory charge that would have been due in future years. Voluntary payments can be funded from capital resources. This is particularly significant in the context of the Council's Commercial and Investment Strategy. As a result of investments undertaken, the Council may receive significant capital receipts and/or repayments of amounts due under the terms of loan agreements with third parties, including the Local Authority Trading Company. These amounts may be received before the maturity date of the external borrowing used to undertake the initial investment. Any assumptions regarding the anticipated use of capital resources to reduce the CFR will be reported as part of future treasury management reporting.

5.8 The CFR includes any other long term liabilities (finance leases). A finance lease is a commercial arrangement between the Council and a lessor (finance company), where in consideration for a series of payments the Council has the right to use an asset (e.g. refuse vehicle) for the lease duration (typically 7 years). The annual lease payment is made up of a capital and interest repayment.

5.9 Although legally the Council doesn't own the asset during the lease duration, International Accounting Standards require that the Council capitalise the asset and liability on its balance sheet, much like a loan. Whilst this increases the CFR, the nature of the finance lease agreement doesn't require the Council to separately borrow to fund the asset.

Capital Financing Requirement (CFR)	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
CFR – as at 31 March				
Opening CFR	**6,177**	**7,821**	**16,185**	**30,676**
Movement in CFR	**1,644**	**8,364**	**14,491**	**4,883**
Closing CFR	**7,821**	**16,185**	**30,676**	**35,559**
Movement in CFR represented by				
Net financing need for the year	2,012	8,787	15,107	5,537
Less MRP and other Financing Movements	(368)	(423)	(616)	(654)
Movement in CFR	**1,644**	**8,364**	**14,491**	**4,883**

6 **Minimum Revenue Provision (MRP) Policy Statement**

6.1 The Council is required to pay off an element of the accumulated general fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision).

6.2 DLUHC regulations have been issued which require the Council to approve an MRP statement in advance each year. A variety of options are provided to Councils within the guidance. Councils are permitted under the guidance to establish their own approach to setting MRP and different approaches can be applied for different types of assets. The Council's principal responsibility is to ensure that it can demonstrate that whatever approach they adopt across their asset base it is prudent. Given the Council's decision to adopt a Commercial and Investment Strategy it was necessary to revise the MRP policy in 2020/21 to take account of investments which might feasibly be taken forward in accordance with the Commercial and Investment Strategy. The policy applicable for the current financial year onwards is as follows:

(1) For unsupported borrowing (including finance leases) undertaken to fund the Council's capital programme, excluding any capital expenditure approved by the Council's Investment Board, MRP will be based on the estimated useful life of the assets to be purchased or acquired. Repayments made under the terms of finance leases shall be applied as MRP.

(2) For Investment Properties purchased or constructed (following a decision taken by the Council's Investment Board) the MRP charge shall be based on the difference between the value of the asset and the value of any outstanding unsupported borrowing secured to fund the original purchase of the asset. A calculation shall be undertaken at the end of each financial year to identify the difference between the value of the asset and the amount borrowed. Where a difference exists MRP shall be charged over a period commensurate with the period the Council expects to hold the asset as set out in reports presented to the Investment Board.

(3) For any loans made to third parties, including those made to the Local Authority Trading Company, no MRP shall be charged where the loan requirement requires the third party to make repayments on at least an annual basis over the life of the loan. In the unlikely event of the Council providing a maturity loan to a third party, MRP shall be charged in equal amounts over the life of the loan.

(4) Should the Council acquire an equity stake in any third party, the MRP charge will be for the lower of twenty years or the scheduled completion date of any projects funded by the third party using the proceeds from selling an equity stake to the Council.

(5) For investment in Property Funds which the Council, following consultation with its Treasury Advisors, assesses as meeting the definition of capital expenditure MRP shall be charged over the period the Council expects to hold the investment. The period over which MRP can be charged for this type of investment shall not be permitted to exceed 20 years. Currently, the Council does not anticipate that its proposed investment in property funds referred to elsewhere in this document will meet the definition of capital expenditure.

6.3 It is important to note that DLUHC are currently consulting on potential changes to the guidance relating to setting the Minimum Revenue Provision. One potential outcome of the consultation is that government could bring forward changes to the regulations

7 The Use of Council's Resources and the Investment Position

7.1 The application of resources (capital receipts, reserves etc) and temporary use of 'surplus cash balances' to both finance capital expenditure and other budget decisions to support the revenue budget reduces cash investment balances held (see below). Unless resources are supplemented with new sources (asset sales, capital grants, etc) then new borrowing will be required to fulfil the objectives as set in the Council's Business Plan. Detailed below are estimates of the year end balances for each resource.

Year End Resources	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Fund balances / reserves	**18,740**	**15,600**	**15,800**	**15,850**
Expected Cash investments	**22,200**	**19,400**	**18,000**	**18,000**

8 Affordability Prudential Indicators

8.1 The previous sections cover the overall capital and control of borrowing prudential indicators; also 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.

8.2 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.

Financing Costs to Net Revenue Stream	2021/22 Revised Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
General Fund	**8.27**	**9.39**	**13.13**	**13.75**
Net Revenue Stream	**£9.787m**	**£11.257m**	**£11.687m**	**£12.091m**

9 Treasury Management Strategy

9.1 The capital expenditure plans set out in section 5 provide a summary of future level of spend. 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 service activity and the Council's capital strategy. This will involve both the organisation of 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.

9.2 The Council's treasury portfolio as at 31 March 2021 for borrowing and investments was £8.043m and £24m respectively. As of 31 December 2021, investments are £34m (see Appendix A attached) and borrowing £8.019m.

9.3 The Council's forward projections for borrowings are summarised below. The next table shows the actual external debt, against the underlying capital borrowing need (the Capital Financing Requirement - CFR).

	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Debt at 1 April	**7,800**	**8,130**	**16,821**	**30,061**
Expected change in debt to fund capital programme (excluding Commercial and Investment Strategy schemes)	**0**	**6,219**	**(260)**	**(260)**
Borrowing to fund Commercial and Investment Strategy Schemes	**330**	**2,472**	**13,500**	**5,000**
Other long term liabilities (OLTL)	**243**	**106**	**23**	**0**
Expected change in OLTL	**(137)**	**(83)**	**(23)**	**0**
Actual gross debt at 31 March	**8,236**	**16,844**	**30,061**	**34,801**
Capital financing requirement (CFR) at 31 March	**7,821**	**16,185**	**30,676**	**35,559**
Borrowing less CFR – 31 March	**415**	**659**	**(615)**	**(758)**

9.4 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years and ensures that long term borrowing is not undertaken for revenue or speculative purposes (in the sense of anticipating future upward movements in interest rates), other than where the borrowing fits in with the Council's approved Investment Strategy.

9.5 The Council notes that the Prudential Code published by CIPFA prohibits local authorities from borrowing in advance of need. This prohibition has been recently re-affirmed by DLUHC in its Statutory Guidance on Local Authority Investments which states that this prohibition extends to undertaking borrowing to fund the purchase of financial and non-financial investments, including investment properties. This is on the basis that in such circumstances local authorities would be borrowing 'purely in order to profit from investment of the extra sums borrowed'. Section 4 of the Council's Capital Strategy explains how the Council has had regard for this guidance and notes the Council's approach to determining whether the motivation behind any proposed investment is purely to profit from investment of any sums borrowed.

9.6 As a result of the Council's long term Public Works Loan Board (PWLB) debt portfolio of £4.5m (31/03/21) currently attracting excessive premiums (£2.391m at the time of writing this report), if it were prematurely repaid and the fixed rate market loan of £3.3m (31/03/2021), attracting a premium charge on application to prematurely repay, it is not financially advantageous for the Council to fully comply with this prudential indicator. This has been the case since the housing stock transfer in 2007 and has been acknowledged and approved by Council since then. In addition, the Council's external auditors have also acknowledged this situation and have not raised any issues with our strategy.

9.7 Interest repayments associated with the external debt (including finance leases) above are shown below. The figures in the third column reflect the interest which would fall due if the Investment Board were to approve schemes totalling the full allocation of £21.3M and borrowing was undertaken over 4 years (see table 9.3 above) funded by a maturity loan at today's rate.

YEARS	**INTEREST DUE (EXISTING CAPITAL SCHEMES) £000**	**INTEREST DUE (FUNDING OF COMMERCIAL AND INVESTMENT STRATEGY) £000**	**TOTAL £000**
2021/22	491	0	491
2022/23	623	59	682
2023/24	616	342	958
2024/25	611	447	1,058

9.8 The operational boundary 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.

Operational Boundary	**2021/22 Revised Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
Debt	**12,000**	**14,500**	**14,500**	**14,500**
Other long term liabilities	**1,000**	**1,000**	**1,000**	**1,000**
Commercial Activities / Non Financial Investments	**21,302**	**21,302**	**21,302**	**21,302**
Total	**34,302**	**36,802**	**36,802**	**36,802**

9.9 The authorised limit is a key prudential indicator, which 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 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.

9.10 This is a 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 council's plans, or those of a specific council, although this power has not yet been exercised. The Council is asked to approve the following authorised limit.

Authorised Limit	**2021/22 Revised Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
Debt	**17,000**	**19,500**	**19,500**	**19,500**
Other long term liabilities	**1,000**	**1,000**	**1,000**	**1,000**
Commercial Activities / Non Financial Investments	**21,302**	**21,302**	**21,302**	**21,302**
Total	**39,302**	**41,802**	**41,802**	**41,802**

10 **Prospects for Interest Rates**

10.1 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link Assets Service's central view as at 7 February 2022.

Link Group Interest Rate View 7.2.22	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

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

10.3 As shown in the forecast table above, the forecast for Bank Rate now includes a further three increases of 0.25% in March, May and November 2022 to end at 1.25%.

10.4 Gilt Yields / PWLB Rates - since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. Link's forecasts show little overall increase in gilt yields during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period.

10.5 While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on our gilt yields. As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant upward risk exposure to the above forecasts for medium to longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison. PWLB rates and interest rates will both be kept under review by officers to inform the Council's strategy

10.6 One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on ‘achieving broad and inclusive “maximum” employment in its entirety’ in the US, before consideration would be given to increasing rates.

10.7 For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.

10.8 Investment returns have started improving in the second half of 2021/22 and are expected to improve further during 2022/23 as the MPC progressively increases Bank Rate.

10.9 Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

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

10.11 Borrowing for capital expenditure. Link’s long-term forecast (beyond 10years), for Bank Rate is 2.00%. As nearly all PWLB certainty rates are now above this level, borrowing strategy will need to be reviewed, especially as the maturity curve has flattened out considerably. Better value can be obtained at the very short and at the longer end of the curve and longer-term rates are still at historically low levels. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable.

10.12 While this authority will not be able to avoid borrowing to finance new capital expenditure and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.

11 Borrowing Strategy

11.1 As noted above in paragraph 9.5 the Council recognises that statutory guidance indicates that whilst the Council has the necessary powers to borrow in advance of need the government and CIPFA state it should refrain from doing so where such borrowing takes place purely in order to profit from investment of the extra sums borrowed. None of the Council’s current borrowing was undertaken in advance of need.

11.2 As a result of the Council’s decision not to repay debt of £7.8m at the time of the housing stock transfer in 2007, the Council is currently over borrowed (see paragraph 9.6 above); the Council’s gross debt exceeds its CFR over part of the treasury strategy.

11.3 Where the Council has insufficient internal resources to funds its capital programme the difference between available resources and funds required is met through borrowing. The Council is able to borrow internally if it identifies that it has surplus funds currently held in investments which could be used to finance its capital programme. However, any decision to borrow internally has to consider when any funds borrowed might be required to support the day-to-day cash needs of the Council. Unless the Council is able to increase the surplus funds it has available, i.e. through generating surpluses on the revenue account, internal borrowing will only provide a temporary solution to funding the capital programme.

11.4 When the Council borrows externally it will ordinarily do so using funds borrowed from the Public Works Loan Board, though this does not preclude the Council considering other sources of lending.

11.5 The current Medium Term Financial Strategy assumes that some external borrowing will be required over the four-year period to 31 March 2025. Assumptions about the level of external interest payable are reflected as part of the prudential indicators included in this document. Responsibility for deciding when to borrow externally, together with details of the amount to borrow and the term and type of any loan, rests with the Chief Finance Officer. The Chief Finance Officer's decision will be informed by advice from the Council's treasury management advisors and information regarding the progress of schemes set out in the capital programme. Any borrowing decisions will be reported to Cabinet through either the mid-year or annual treasury management reports.

11.6 The Chief Finance Officer will monitor capital plans and interest rates in financial markets and adopt a pragmatic approach to funding the capital programme. Any borrowing decisions and budget consequences will be reported to Cabinet through either the mid-year or annual treasury management reports.

11.7 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.

Maturity structure of fixed interest rate borrowing 2022/23	Lower %	Upper %
Under 12 months	0	20
12 months to 2 years	0	50
2 years to 5 years	0	75
5 years to 10 years	0	75
10 years and above	0	100

Maturity structure of variable interest rate borrowing 2021/22	Lower %	Upper %
Under 12 months	0	100
12 months to 2 years	0	100
2 years to 5 years	0	100
5 years to 10 years	0	100
10 years and above	0	100

12 Debt Rescheduling / Repayment

12.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

12.2 If rescheduling was done, it will be reported to the Cabinet at the earliest meeting following its action.

13 Annual Investment Strategy - management of risk

13.1 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, are covered in the Capital Strategy, (a separate report).

13.2 The Council'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 2017 ("the Code"); and
- CIPFA Treasury Management Guidance Notes 2018.

13.3 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite

13.4 The above guidance from the DLUHC and CIPFA, place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means.

13.5 Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings

13.6 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 Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

13.7 Investment instruments identified for use in the financial year are listed below under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

13.8 **Specified Investments -** These investments are sterling investments (meeting the minimum 'high' quality criteria where applicable) of not more than one year maturity, or those which could be for a longer period but where the Council has the right to repay within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. Investment instruments identified for use in the financial year are as follows:

- term deposits with part nationalised banks and local authorities;
- term deposits with high credit criteria deposit takers (banks and building societies);
- callable deposits with part nationalised banks and local authorities;
- callable deposits with high credit criteria deposit takers (banks and building societies);
- money market funds (CNAV) / (LVNAV) / (VNAV);
- Debt Management Agency Deposit Facility (DMADF); and
- UK Government gilts, custodial arrangement required prior to purchase.

13.9 **Non-Specified Investments -** These are any other type of investment (i.e. not defined as specified above). Investment instruments identified in both "specified" and "non-specified" categories are differentiated by maturity date and classed as non-specified when the investment period and right to be repaid exceeds one year. Non-specified investments are more complex instruments which require greater consideration by members and officers before being authorised for use. Investment instruments identified for use in the financial year are as follows:

- term deposits with high credit criteria deposit takers (banks and building societies);
- term deposits with part nationalised banks and local authorities;
- callable deposits with part nationalised banks and local authorities;
- callable deposits with high credit criteria deposit takers (banks and building societies);
- Debt Management Agency Deposit Facility (DMADF);
- UK Government gilts, custodial arrangement required prior to purchase; and
- Property funds.

13.10 As a result of the change in accounting standards first introduced in 2018/19 under IFRS 9**,** the 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 former Ministry of Housing, Communities and Local Government, now the DLUHC, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.

13.11 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. Short term cash flow requirements (up to 12 months) include payments such as, precepts, business rate retention, housing benefits, salaries, suppliers, interest payments on debt etc.

13.12 The current forecast shown in paragraph 10.1, includes a forecast for Bank Rate to reach 1.25% in November 2022.

13.13 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	Now
2022/23	1.00%
2023/24	1.25%
2024/25	1.25%
2025/26	1.25%
Years 6 to 10	1.50%
Years 10+	2.00%

13.14 Estimated investment income is £40,000 for 2021/22 and £65,000 in 2022/23. These estimates assume that £4m of cash balances are invested in Property Funds from 2022/23 onwards and that none of the existing cash balances held by the Authority will be utilised to fund schemes approved by the Investment Board.

13.15 **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. Currently the Council has no treasury investments in excess of 1 year.

	2022/23 £000	2023/24 £000	2024/25 £000
Maximum principal sums invested > 365 days	**10,000**	**10,000**	**10,000**

13.16 For its cash flow generated balances, the Council will seek to utilise its call accounts and short dated deposits (overnight to 180 days) in order to benefit from the compounding interest.

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

14 Creditworthiness Policy

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

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

14.2 This modelling approach combines credit ratings, Watches and 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 bonds 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.

14.3 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.

14.4 Typically, the minimum credit ratings criteria the Council will use will be short term rating (Fitch or equivalents) 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

14.5 The Council's own bank currently meets the creditworthiness policy. However, should they fall below Link Group creditworthiness policy the Council will retain the bank on its counterparty list for transactional purposes, though would restrict cash balances to a minimum.

14.6 All credit ratings are monitored weekly and prior to any new investment decision. The Council is alerted to changes to ratings of all three agencies through its use of the Link Group 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 swaps against the iTraxx European Financials 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.

14.7 Sole reliance will not be placed on the use of Link Group Creditworthiness policy. In addition, this Council will also use market data and market information, information on any external support for banks to justify its decision making process.

14.8 To further mitigate risk the Council has decided that where counterparties form part of a larger group, group limits should be used in addition to single institutional limits. Group limits will be as set through the Council's Treasury Management Practices – schedules.

14.9 In relation to financial institutions, the Council currently only invests in UK banks and building societies, which provides sufficient high credit quality counterparties to meet investment objectives. It should be noted that in some cases these banks are subsidiaries of foreign banks but these are of the highest credit quality.

15 External Service Providers

15.1 The Council uses Link Group as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the authority 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 available information, including, but not solely, our treasury advisors.

15.2 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.

15.3 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The Council will engage specialist advisers for commercial-type investments.

APPENDIX E - ANNEX A

FENLAND DISTRICT COUNCIL

CAPITAL STRATEGY 2022/23-2024/25

1. OVERVIEW AND CONTEXT

1.1 The Council has established statutory and regulatory responsibilities for the management of its financial affairs. These responsibilities encompass revenue and capital expenditure. The specific responsibilities of full Council, the Cabinet, the Investment Board, Corporate Management Team (CMT) and the Council's appointed Section 151 Officer are defined within the Council's constitution.

1.2 The Council regularly updates its Medium Term Financial Strategy (MTFS). The MTFS provides a framework for setting the Council's annual revenue budget and updating the Council's three-year capital programme. The MTFS sets outs the primary assumptions underpinning the assessment of the resources available to the Council and anticipated service budgets over the coming five financial years.

1.3 Whilst local authorities are required to set a balanced revenue budget, legislation permits local authorities to obtain credit and therefore fund their capital programmes from borrowing. Individual authorities are required to have regard for the Prudential Code published by the Chartered Institute of Public Finance and Accountancy. The Prudential Code requires authorities to ensure:

- all capital expenditure and investment plans are affordable;
- all external borrowing and long-term liabilities are within prudent and sustainable levels;
- treasury management and other investment decisions are taken in accordance with professional good practice; and
- authorities can demonstrate themselves to be accountable by providing a clear and transparent framework.

1.4 Historically, this Council has discharged its responsibilities under the Prudential Code by ensuring that the Treasury Management Strategy, which is approved annually by full Council, is prepared with reference to the latest capital programme. The Capital Programme is itself developed with explicit consideration of the extent to which proposed capital investment is affordable, prudent and sustainable given the resources available to the Council as set out in the MTFS.

1.5 Following an update to the Prudential Code in December 2017, local authorities are now required to have a Capital Strategy. The introduction of this requirement acknowledges that individual authorities will each have their own approach to assessing priorities for capital investment, the amount the Authority can afford to borrow and the Authority's appetite to risk.

1.6 This strategy sets out in a single document the long term context in which capital expenditure and investment decisions are made and establishes that the Council has arrangements in place to ensure it gives due consideration to risk, reward, and impact on the achievement of priority outcomes. The Strategy is updated annually and subject to approval by Full Council alongside the annual budget.

2. CAPITAL EXPENDITURE

2.1 Capital expenditure incorporates a range of different types of financial transaction which the Council might enter into. What these transactions have in common is that they relate to investments decisions which impact on the Council and its stakeholders over a period which extends beyond the financial year in which the transaction is entered into. The Council's appointed S151 Officer ultimately has responsibility for determining whether expenditure is capital in nature in accordance with relevant regulation and statute.

Role and Purpose of the Asset Management Plan

2.2 The Council has developed an Asset Management Plan in accordance with acknowledged best practice. This document provides a strategic framework for managing the Council's current portfolio of land and buildings ensuring that officers and elected members can have confidence, in the long-term, that the Council has the land and property needed to fulfil the pledges set out in the Council's Business Plan.

2.3 The Asset Management Plan incorporates oversight of operational and non-operational property owned by the Council. Operational assets are those assets held by the Council to enable the Council, or its partners, to deliver those services which are either statutory in nature or provided on a discretionary basis to the extent that providing those services is consistent with the strategic objectives of the Council. Non-operational assets are those assets which are not directly used for the purposes of service delivery but are held to either provide the Council with a return on investment, either through rental income, appreciation in the value of the asset or the potential contribution that holding the asset makes to the Council's wider corporate objectives, e.g. taking forward opportunities to regenerate and develop the local economy.

2.4 Responsibility for the Asset Management Plan rests with the Council's Assets and Projects team which reports to the Council's Corporate Director (Growth and Infrastructure). This position is currently vacant but the responsibilities associated with this document are being fulfilled by the Corporate Director and Chief Finance Officer. The Assets and Projects team regularly appraise the condition of the Council's property portfolio to determine the revenue and capital resources required to ensure the portfolio continues to meet the needs of Service Managers. When the needs of services managers change the Assets and Projects team will assist in determining the impact on the property portfolio, including the resources required to meet those needs. The Assets and Projects team recognise that the Council's property needs are unlikely to remain static and the past cost of maintaining a Council asset is not necessarily a reliable indicator of future costs. Forward projections regarding the resources to be allocated to asset management recognise the interaction between revenue and capital expenditure in determining the Council's cost base.

2.5 The capital resources required to meet investment needs identified as part of the Asset Management Plan are routinely assessed and anticipated capital expenditure is profiled over the financial years when it is expected to be incurred. On at least an annual basis capital schemes identified as part of the Asset Management Plan are presented to a meeting of the Council's Corporate Asset Team to determine when and if they should be incorporated into the Council's Capital Programme.

Investment in Vehicles, Plant, Equipment and IT

2.8 The Council has nominated service managers who are responsible for the vehicles, plant and information technology assets in use within the Council. These assets all have an expected useful economic life informed by an assessment by the nominated manager. The need to allocate capital resources to fund the replacement of these assets at the end of their useful life is assessed annually by the Council's Corporate Asset Team. There is also an annual appraisal of business cases relating to proposals to invest in additional equipment not reflected in the programme of rolling replacements.

Role and Function of the Corporate Asset Team

2.9 The Corporate Asset Team is an officer-led group which meets bi-monthly under the Chairmanship of the relevant Corporate Director. On behalf of the Council's Corporate Management Team, the Corporate Asset Team assumes responsibility for providing a strategic oversight in respect of all matters pertaining to asset management.

2.10 All proposed changes to the Council's three-year capital programme are subject to review by the Corporate Asset Team prior to being considered by Corporate Management Team, the Cabinet and Full Council. Any scheme which is not already incorporated into the Council's Asset Management Plan will only be considered for inclusion in the Capital Programme if the Officer proposing the scheme can demonstrate, with appropriate evidence, one or more of the following:

- there is a statutory obligation for the Council to incur the capital expenditure proposed;
- the proposed capital expenditure relates to works deemed necessary on the grounds of health and safety;

- capital expenditure is proposed to protect a Council asset and reduce the risk of excessive revenue expenditure being incurred in upcoming financial years;
- the proposed capital expenditure will generate income, either of a revenue or capital nature, in excess of the capital expenditure which is expected to be incurred including any financing costs but does not meet the definition of asset acquired ‘primarily for yield’ as defined in guidance issued by HM Treasury; and/or
- the proposed capital expenditure will (after including financing costs) reduce revenue expenditure incurred by one or more of services in future financial years.

2.11 The capital financing regulations permit the Council to treat as capital expenditure certain types of transaction which do not result in the acquisition of a physical asset by the Council. These transactions can be high-volume, small value transactions such as the awarding of Disabled Facilities Grants which are currently funded from monies received as part of Cambridgeshire County Council’s Better Care Fund allocation. Such transactions do not require specific approval providing the nature and purpose of the expenditure has been approved as part of the Capital Programme.

2.12 Any proposals to incur capital expenditure which do not lead to the recognition of a physical asset where the expenditure proposed exceeds £10,000 but does not fall within the scope of the Council’s Commercial and Investment Strategy will be considered at a meeting of CMT. If approved by Cabinet, approval will be sought at a meeting of Cabinet before being considered at full Council if necessary. Possible examples include, but are not restricted to:

- granting loans to third parties (for reasons not linked to the objectives of the Commercial and Investment Strategy);

- providing grant-funding to a third party which enables that third party to undertake expenditure which would have been capital in nature had it been undertaken by the Council.

Role and Function of the Investment Board

2.13 During the 2019-20 financial year the Council initiated the development of a Commercial and Investment Strategy for the Council. The current version of the Strategy was approved by full Council on 9 January 2020.

2.14 The Commercial and Investment Strategy was developed in recognition of the investment opportunities available to the Council acknowledging that utilising the Council’s powers to invest could bring substantial benefits not only to the Council but also to the wider District and its residents. The

Capital Strategy has been updated to take account of the changes in the Council's arrangements for determining its capital priorities which arise from the implementation of the Commercial and Investment Strategy. This is explained in more detail in section four of this document.

2.15 Following the approval of the Commercial and Investment Strategy Cabinet approved the establishment of a sub-committee known as the Investment Board. The Investment Board has initially been allocated a maximum budget of £25M to take forward capital schemes which facilitate the achievement of the objectives set out in the Strategy. To date £4.028M of this allocation has been utilised to take forward specific schemes and the balance has been profiled over the upcoming three financial years.

2.16 The Investment Board undertakes its own appraisals of proposed capital schemes. The appraisal of such schemes will be separate from and in addition to the proposals for new capital schemes considered at meetings of Corporate Asset Team which follow the process outlined in paragraph 2.10 of this strategy. The Investment Board has delegated powers to approve schemes providing the maximum budget is not exceeded.

2.17 Capital schemes which fall within the remit of the Investment Board include the acquisition of share capital or the granting of loan funding to companies and/or partnerships in which the Council has an interest. The decision about whether to establish a company or enter into a partnership rests with Cabinet. The Investment Board is responsible for the approval of the business plans of any entities created as a result of a decision taken by Cabinet. Approval of the relevant business plan will precede the allocation of capital funds.

2.18 On 9 June 2020 Cabinet approved a business case for the establishment of a Local Authority Trading Company. Following that meeting the Council formally registered Fenland Future with Companies House (Company No. 12659496). Directors have been appointed to the Board of Fenland Future and the Board and during the 2021/22 financial year work on appraising potential investments and developing relevant business cases has continued.

2.19 The Council recognises that since the Commercial and Investment Strategy was approved in February in January 2020 guidance has been introduced restricting local authorities' access to Public Works Loan Board financing where that funding is to be used to acquire investment assets primarily for yield. Additionally, the Council recognises that where internal or external borrowing is utilised to acquire investment assets this has the potential to increase the Council's overall level of debt by bring forward the point in time when the Council needs to borrow externally. Notwithstanding these considerations, the Council believes there is still a substantial opportunity for the Council to deliver against its objectives linked to regeneration and improving the supply of housing in the District by investing responsibly under the aegis of the Commercial and Investment Strategy.

3 DEBT AND BORROWING AND TREASURY MANAGEMENT

3.1 Day-to-day responsibility for the Treasury Management function rests with the Chief Finance Officer. This section of the strategy reproduces key information taken from the Treasury Management Strategy Statement. The profile of borrowing linked to the Commercial and Investment Strategy shown below is indicative. The operational boundary and authorised limits shown in Tables 3 and 4 have been determined with reference to the budget allocated to the Investment Board referred to in paragraph 2.15 above. This recognises that the Investment Board could invest the remaining allocation in one financial year if this were deemed to be appropriate.

<u>Key Considerations relating to Treasury Management</u>

3.2 The tables below set out the Council's Investment and Debt positions with forward projections.

Year End Investments	**2021/22 Revised Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
Fund balances / reserves	**18,740**	**15,600**	**15,800**	**15,850**
Expected investments	**22,200**	**19,400**	**18,000**	**18,000**

Table 1: Year End Investment Balances projected over the period 1 April 2021 – 31 March 2025

Year-End Debt	**2021/22 Revised Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
Debt at 1 April	**7,800**	**8,130**	**16,821**	**30,061**
Expected change in debt to fund capital programme (excluding Commercial and Investment Strategy schemes)	**0**	**6,219**	**(260)**	**(260)**
Borrowing to fund Commercial and Investment Strategy schemes	**330**	**2,472**	**13,500**	**5,000**
Other long term liabilities (OLTL)	**243**	**106**	**23**	**0**
Expected change in OLT	**(137)**	**(83)**	**(23)**	**0**
Actual debt at 31 March	**8,236**	**16,844**	**30,061**	**34,801**

Table 2: Year End Debt and Net Investment projected over the period 1 April 2021– 31 March 2025

3.3 At 1 April 2021 the Council's Debt position comprised other long-term liabilities relating to finance leases of £243k and external borrowing of

£7.8m. These loans were taken out at prevailing market rates between 1994 and 2004. The term of these loans is between 25 and 50 years. Following the transfer of the Council's Housing Stock in 2007, which generated a significant capital receipt for the Council, the Council has retained investment balances which exceed the amounts borrowed. However, changes in prevailing interest rates since the loans were taken out mean that a high premium would be payable by the Council if it were to seek to repay any of the loans early. The premiums to be applied are considered to be prohibitively high for early redemption to be regarded as a reasonable treasury management decision. The Council continues to keep this situation under review with the support of its appointed treasury management advisors. However, for the purposes of this strategy, it has been assumed that external borrowing of £7.8m brought forward, as at 1 April 2021, will continue to be carried forward due to the current historically low interest rates.

3.4 Regulation requires the Council to determine, as part of the Treasury Management Strategy, the maximum external debt position for the upcoming three financial years. This is known as the Council's authorised limit. Additionally, the Council is required to set an operational boundary. The purpose of the operational boundary is to set a threshold for external borrowing which the Council would not expect to exceed in the ordinary management of its affairs. Sustained breaches of the operational boundary would be indicative that the Council could be at risk of exceeding its authorised limit.

3.5 The current authorised limits and operational boundaries for the period covered by this strategy are set out in the table below

Operational Boundary	**2021/22 Revised Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
Debt	**12,000**	**14,500**	**14,500**	**14,500**
Other long term liabilities	**1,000**	**1,000**	**1,000**	**1,000**
Commercial Activities/ Non-Financial Investments	**21,302**	**21,302**	**21,302**	**21,302**
Total	**34,302**	**36,802**	**36,802**	**36,802**

Table 3: Operational Boundary over the period 1 April 2021 – 31 March 2025

Authorised Limit	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Debt	**17,000**	**19,500**	**19,500**	**19,500**
Other long term liabilities	**1,000**	**1,000**	**1,000**	**1,000**
Commercial Activities / Non-Financial Investments	**21,302**	**21,302**	**21,302**	**21,302**
Total	**39,302**	**41,802**	**41,802**	**41,802**

Table 4: Authorised Limit over the period 1 April 2021 – 31 March 2025

3.6 Table 2 above indicates that the Council's Actual Debt position is expected to increase over the period covered by this strategy. This reflects an anticipated decision to undertake external borrowing to fund the expenditure commitment set out in the capital programme. In accordance with the Council's constitution, any decision about when, how much and from where to borrow will be made by the appointed S151 Officer.

3.7 Regulations prevent the Council from borrowing in advance of need. There is no requirement for the Council to draw on investment balances to fund its capital commitments prior to undertaking external borrowing but guidance being developed by CIPFA encourages authorities to considering exiting long-term investments to reduce the need to take on additional debt. To manage interest rate risk effectively, the Council will continue to consider medium and long-term forecasts of interest rates provided by its Treasury Management advisors to project likely returns from the investment of surplus funds and the financing costs associated with external borrowing. This approach recognises that postponing long-term borrowing to future years could be more expensive over the life of the loan if interest rates were to increase.

3.8 The Council is required by statute to make arrangements to ensure that there is provision to repay as part of the Council's revenue budget any borrowing undertaken to finance the capital programme. This is known as the Minimum Revenue Provision (MRP) and the Council is required to approve its MRP policy on an annual basis:

	Projected Minimum Revenue Provision (£000)
2021/22	368
2022/23	423
2023/24	616
2024/25	654

Table 5: Projected Minimum Revenue Provision over the period 1 April 2021– 31 March 2025

3.9 Regulation requires the Council to ensure that its MRP policy results in prudent levels of MRP. The Council's MRP policies are explained in full as part of the Treasury Management Strategy Statement which is approved by Full Council annually. Specific provisions are in place to explain the approach taken to determine MRP for schemes taken forward as part of the Commercial and Investment Strategy.

3.10 At the present time no assumptions have been made regarding the MRP which would be due on schemes taken forward as part of the implementation of the Commercial and Investment Strategy. These assumptions will be updated as schemes are taken forward.

3.11 In recognition of the inherent volatility of commercial investment the Council has established an Investment Strategy reserve. One of the purposes of that reserve is that it should hold surpluses in respect of those years where actual income generated from commercial investments exceeds budget estimates. This can help reduce the impact on the General Fund of any unanticipated shortfall which might arise in future years.

4. COMMERCIAL ACTIVITY

4.1 The Council has a long-standing portfolio of non-operational assets which it manages to secure a rental income and income from fees and charges earned from providing facilities for conferences and meetings. The main non-operational assets held by the Council are:

- Boathouse Business Centre, Wisbech – Office Units, Conference and Meeting Space

- South Fens Business Centre, Chatteris - Office Units, Conference and Meeting Space

- South Fens Enterprise Park, Chatteris – Light Industrial Units for Small Business Use

4.2 Rents generated from the lease to third parties of areas of land, buildings and/or infrastructure held by the Council principally for the purposes of service delivery, i.e. premises at Fenland Hall, the Base and Wisbech Port have been assessed by officers to fall outside the scope of commercial activity in the context of this section of the Council Strategy. This reflects the fact that the motive for holding these assets is not principally commercial in nature.

4.3 Responsibility for assessing the need for capital investment in the current portfolio of non-operational assets, reflecting those non-operational assets held as at 31 March 2022 currently rests with the Corporate Asset Team in accordance with the arrangements set out in paragraph 2.10 above.

4.4 During the 2020-21 financial year the Council approved a Commercial and Investment Strategy. The Council has established an Investment Board to take forward capital schemes which deliver against objectives set out in part two (commercial property investment) and part three of the Strategy (commercial investment and regeneration).

4.5 The Commercial and Investment Strategy sets out the assessment criteria to be used for investments undertaken in accordance with part two of the strategy. This requires the Council to determine the net yield associated with each proposed acquisition, after taking account of financing costs, including MRP, and to assess the particular circumstances relating to each acquisition to understand the risks the Council is subject to and possible sources of mitigation. The Council is cognisant of the recent changes to the regulations which govern the basis on which authorities can take out loans from the Public Works Loan Board and specifically preclude authorities who plan to acquire investment assets primarily for yield from accessing PWLB loans. Reference to the current regulations has been incorporated into the Investment Board's decision-making processes.

4.6 Following approval of a proposal in March 2021 to date, the Council has acquired one commercial investment property which is let to a commercial tenant on a 25-year repairing and insuring lease.

4.7 The Investment Board is a sub-committee of the Cabinet. The Council's constitution requires that the committee's membership includes the Leader (who Chairs the Investment Board), the Portfolio Holder for Finance, as well as one other member of Cabinet appointed by the Leader or two members of Cabinet if the Leader also has the Finance Portfolio. The constitution requires the Chair of the Investment Board to ensure the Investment Board meets a minimum of three times each year. The Chair of the Overview and Scrutiny Panel will attend the Investment Board's meetings in an observational capacity.

4.8 The Investment Board is a decision-making body and its functions include the determination of investment appraisals and business cases submitted for its consideration. A report on the discharge of these functions is provided to the Cabinet twice a year.

4.9 The Investment Board also has responsibility for monitoring the performance and financial delivery of those appraisals and business cases it agrees to fund. The Section 151 Officer ensures that reports on the activities of the Investment Board prepared for consideration by Cabinet include details about the impact of the Board's activities on the overall financial position of the Council.

4.10 Statutory guidance published by MHCLG requires the Council to:

- assess and disclose publicly the extent to which it is dependent on profit-generating investments to deliver a balanced revenue budget over the life of the medium-term financial strategy; and
- to set limits for gross debt and commercial income as a proportion of the Council's budgeted net service expenditure over the life of the medium-term financial strategy.

Commercial Income as a proportion of net service expenditure

4.10 The current limit for budgeted commercial income as a proportion of net service expenditure has been set at 20% (equivalent to commercial income of £2.816M per year based on 2021/22 budgeted net service expenditure).

4.11 The Investment Board was established in January 2020. To date it has approved the acquisition of one tenanted industrial property. The indicator recommended by CIPFA is reported in the table below::

Budgeted Income 2021/22 non-operational assets (Economic Estates)	£925K
Net Service Expenditure	£14.08M
Commercial Income as a % of Net Service Expenditure	6.6%
Approved Limit	20%

Table 6: Commercial Income as a proportion of Net Service Expenditure

Gross Debt as a proportion of net service expenditure

4.12 The current limit for gross debt as a proportion of net service expenditure has been set at 375% (equivalent to gross debt of £52.8M per year based on 2021/22 budgeted net service expenditure).

4.13 As explained in paragraph 3.3 above whilst the Council has not undertaken external borrowing in recent years it does have £7.8M of external debt which was taken out at prevailing market rates between 1994 and 2004. This impacts on the calculation of gross debt as a proportion of net service expenditure as follows:

Gross Debt expected as at 31 March 2022	£7.8M
Net Service Expenditure (2021/22)	£14.08M
Gross Debt as a proportion of Net Service Expenditure	55.4%
Approved Limit	375%

Table 7: Gross Debt as a proportion of Net Service Expenditure

Commercial Property Investment – Loan to Value Assessment

4.14 An important consideration when appraising the impact of the Council's commercial and investment strategy on the Council is to consider the extent to which borrowing undertaken by the Council to fund investment in property is matched by the underlying value of the assets purchased.

4.15 When assets are first purchased it is common for the directly attributable costs associated with acquiring the asset, including applicable stamp duty, to exceed the realisable value of the asset. Consequently, if a property purchase is funded from borrowing this may mean in the early years of the Council's ownership the fair value of property owned by the Council may be less than the borrowing undertaken by the Council to fund the acquisition. Over time, if property prices appreciate this will have a positive impact on the Council's loan to value ratio.

4.16 The Council will obtain valuations of all its commercial investment properties annually and disclose the Loan to Value ratio as part of each year's capital strategy.

4.17 The Council has one commercial investment property which had been funded from borrowing. A valuation of that asset obtained as part of work completed to produce the 2020/21 statutory accounts indicated that, as at 31 March 2021, its value was equal to the consideration the Council had paid to the vendor in March 2021 exclusive of stamp duty and legal fees.

Borrowing in Advance of Need

4.17 Statutory guidance on Local Authority Investments and the Prudential Code published by CIPFA requires that authorities must not borrow in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Government has clarified that this requirement extends to the use of external borrowing to fund the purchase of non-financial investments, including investment properties.

4.19 As noted in paragraph 2.15 above the Council's Investment Board has been allocated a budget of £25M to take forward the Council's Commercial and Investment Strategy. The Council's Commercial and Investment Strategy provides for two types of investments to be taken forward: part two of the strategy sets out the process to be followed for commercial property investment and part three is concerned with investments for regeneration and place-shaping.

4.20 The Council will need to undertake external borrowing if it is to utilise the full budget of £25M which has been allocated by Full Council.

4.21 The statutory guidance recognises that the Council can disregard the provisions of the Prudential Code and the statutory guidance providing it explains its reasons for doing so and its policies for investing the extra amounts borrowed and the arrangements in place to manage the associated risks. However, the decision taken by government in November 2020 to preclude Councils from accessing loans from the Public Works Loans Board if they plan to acquire investment assets primarily from yield limits Councils' opportunities to take forward proposals which would previously have been possible.

4.22 The delivery of objectives linked to the Council's Commercial and Investment Strategy represents a key element of the Council's Business Plan. Whilst the regulatory context in which Councils are permitted to invest has altered and is expected to alter again following implementation of the revised Prudential Code from 2023/24, this Council nevertheless believes there are opportunities for prudent investment in the District. Such investments can contribute to enhancing the District's economic vitality and act as leverage which enhances the viability of investment in our District funded by the private sector.

4.23 The Commercial and Investment Strategy sets out in detail the appraisal and decision-making approach the Investment Board is required to follow before any investment in commercial property is undertaken. This ensures that appropriate governance arrangements are in place and the Council has due regard to the risks associated with investments both individually and in the context of the overall level of risk presented by the Council's current portfolio.

4.24 Active monitoring of the portfolio will take place throughout the year with reference to the indicators included in this strategy together with appropriate commentary relevant to the particular investments held by this Council.

5. KNOWLEDGE AND SKILLS

5.1 The Council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

5.2 Appropriate external advice will be engaged from suitably qualified professionals as and when required. This will apply particularly in those circumstances when the Council needs to undertake independent due diligence prior to making a decision regarding a proposed investment. Additionally, the Council will continue to enlist the year-round support of external Treasury Management advisors. This support is currently provided by Link Asset Services.

5.3 Internal and external training is offered to members to ensure they have up to date knowledge and expertise to understand and challenge capital proposals brought forward for approval and interpret the treasury management policies developed by officers in conjunction with relevant professional advisors.

PARISH PRECEPTS 2022/23

TAX BASE (Equated Band D Properties)	PRECEPT 2021/22 £	COUNCIL TAX PER BAND D PROPERTY £	PARISH	TAX BASE (Equated Band D Properties)	PRECEPT 2022/23 £	COUNCIL TAX PER BAND D PROPERTY £	INCREASE FROM 2021/22 %
350	12,852	**36.72**	**BENWICK**	357	12,852	**36.00**	-2.0
3,364	151,000	**44.89**	**CHATTERIS**	3,384	155,000	**45.80**	2.0
275	12,750	**46.36**	**CHRISTCHURCH**	281	16,000	**56.94**	22.8
843	56,459	**66.97**	**DODDINGTON**	863	60,000	**69.52**	3.8
1,193	30,000	**25.15**	**ELM**	1,202	30,000	**24.96**	-0.8
397	19,000	**47.86**	**GOREFIELD**	397	20,000	**50.38**	5.3
1,135	54,000	**47.58**	**LEVERINGTON**	1,160	56,000	**48.28**	1.5
890	61,000	**68.54**	**MANEA**	911	65,055	**71.41**	4.2
6,606	320,000	**48.44**	**MARCH**	6,726	320,000	**47.58**	-1.8
241	13,000	**53.94**	**NEWTON IN THE ISLE**	241	10,000	**41.49**	-23.1
455	20,560	**45.19**	**PARSON DROVE**	463	20,660	**44.62**	-1.3
389	12,000	**30.85**	**TYDD ST GILES**	400	15,000	**37.50**	21.6
5,610	171,015	**30.48**	**WHITTLESEY**	5,736	172,000	**29.99**	-1.6
787	65,851	**83.67**	**WIMBLINGTON**	839	67,168	**80.06**	-4.3
6,427	368,885	**57.40**	**WISBECH**	6,504	389,640	**59.91**	4.4
1,181	80,116	**67.84**	**WISBECH ST MARY**	1,200	77,074	**64.23**	-5.3
30,143	**1,448,488**	**48.05**	**GRAND TOTAL**	**30,664**	**1,486,449**	**48.48**	**0.88**

EARMARKED AND GENERAL RESERVES - Revised 2021/22 and Estimated 2022/23

APPENDIX G

Reserve Name	**Balance 01.04.21 £**	Capital Funding £	Revenue Contributions to(+)/from(-) 2021/22 £	**Revised Balance 31.03.22 £**	Capital Funding £	Revenue Contributions to(+)/from(-) 2022/23 £	**Estimated Balance 31.03.23 £**	*Comments / Conditions of Use*
Travellers Sites	**326,101**		47,640	**373,741**		48,560	**422,301**	Can only be used for specific future maintenance liabilities.
Station Road, Whittlesey - Maintenance	**4,800**		2,800	**7,600**		2,800	**10,400**	Required for future road maintenance.
CCTV - Plant & Equipment	**21,128**		10,000	**31,128**		10,000	**41,128**	Available for future CCTV maintenance & replacement liabilities.
Invest to Save	**104,000**		-104,000	**0**			**0**	Original Funding agreement with Salix Finance has been terminated and grant repaid.
Management of Change	**800,468**	-354,000		**446,468**	-200,000		**246,468**	Available for the effective management of any organisational changes required to meet the Council's future priorities.
Specific Government Grants (received in previous years)	**1,327,622**		-392,199	**935,423**		-70,190	**865,233**	Available to fund specific spending commitments in future years.
Business Rates Equalisation Reserve	**4,146,689**		-2,002,224	**2,144,465**		-1,415,206	**729,259**	Available to assist the Council in smoothing out volatility in the business rates retention system.
Capital Contribution Reserve	**315,196**	-11,000		**304,196**			**304,196**	Available to fund specific spending commitments in future years.
Port - Buoy Maintenance	**146,999**		-8,000	**138,999**		-19,000	**119,999**	Available for future buoy maintenance to service windfarms.
Repairs and Maintenance	**562,706**	-98,000		**464,706**			**464,706**	Available to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.
Heritage Lottery Fund (HLF) - Wisbech	**80,898**		-33,730	**47,168**		-11,130	**36,038**	To manage the Heritage Lottery Funded scheme in Wisbech.
Solid Wall Remediation	**100,000**			**100,000**			**100,000**	Available to fund potential costs linked to solid wall installations in the District.
Highways Street Lighting	**29,367**		19,230	**48,597**		19,230	**67,827**	Available to fund future repairs and maintenance relating to street lighting.
Investment Strategy Reserve	**1,340,168**			**1,340,168**			**1,340,168**	Established to provide future funding for Commercial and Investment Strategy projects.
Budget Equalisation Reserve	**482,633**		-242,686	**239,947**		-203,198	**36,749**	Year-end surpluses are transferred to this reserve. If a deficit is forecast this reserve can be used to offset the expected shortfall.
Planning Reserve	**391,138**		-85,000	**306,138**		-16,390	**289,748**	Available to fund additional planning costs not reflected in the annual budget, including the development of the Local Plan.
Elections Reserve	**30,000**		30,000	**60,000**		30,000	**90,000**	Available to fund four-yearly District-wide elections. Transfers are made to this reserve each year to fund the cost of the next District-wide election.
Specific Covid-19 Government Grants (received in 2020/21)	**1,838,547**		-1,770,980	**67,567**			**67,567**	Specific Government Grants received for Covid-19 initiatives eg. Business Support, Test & Trace and Outbreak Management.
Port - Pilots Staff Development Training	**24,000**		-24,000	**0**			**0**	Available to fund the training of maritime pilots to fulfill the authority's statutory functions.
Cambridgeshire Horizons - A14 Contribution	**0**		1,008,000	**1,008,000**		-42,000	**966,000**	Monies received from Cambridgeshire Horizons specifically for contribution to A14 improvements. To be paid over 25 years at £42k per annum.
Cambridgeshire Horizons - Share of Surplus	**0**		2,634,130	**2,634,130**		-52,900	**2,581,230**	Available for the Council's future use in accordance with the conditions attached to the receipt.
TOTAL EARMARKED RESERVES	**12,072,458**	-463,000	-911,019	**10,698,439**	-200,000	-1,719,424	**8,779,015**	
General Fund Balance	**2,000,000**			**2,000,000**			**2,000,000**	Unallocated general reserve required for various and unplanned for contingencies, to mitigate risks associated with future financial planning as well as for general day to day cash flow needs.
TOTAL RESERVES	**14,072,458**	-463,000	-911,019	**12,698,439**	-200,000	-1,719,424	**10,779,015**	

NB: In accordance with the Council's Financial Rules and Scheme of Financial Delegation (Part 4, Rule 6 of the Constitution), paragraphs B57 - B60 delegates authority to the Chief Finance Officer to approve expenditure from these reserves in accordance with their approved use as detailed above.

APPENDIX H

COVID-19 Additional Relief Fund (CARF) - Non-Domestic Rates Discretionary Rate Relief Guidelines Addendum

Background

The Local Government Finance Act 1988 provides for Non-Domestic Rate relief to be awarded for certain types of organisations and businesses. Relief under this scheme is payable under discretionary relief powers under section 47 of the LGFA 1988

The Relief covered in this document is the COVID-19 Additional Relief Fund (CARF) which is available for the period 1 April 2021 to 31 March 2022. This relief is funded by central government as part of measures to support businesses that have been impacted by the effects of the pandemic and follows guidance from Government.

This relief is aimed at hereditaments where the business has experience adverse effects due to the COVID-19 pandemic but up to this point has received no rates relief or grants under other COVID schemes.

Guideline aim

These guidelines set out the local scheme which will be used to distribute the funds made available by Government to local businesses in response to the impact of the pandemic. It also provides the details of how the scheme will be administered.

Applications for Rate Relief

Business rate payments remain legally due and payable in accordance with the most recent bill, until such time as any relief is awarded. Hereditaments that are identified as potentially being eligible for the COVID-19 Additional Relief Fund (CARF Relief) will have a relief applied to their 2021/2022 bill. They will then be invited to complete a post assurance application form, online. Failure to engage in this process or to confirm eligibility will result in the relief being removed.

How Applications are Processed

The Business Rates team will carry out a post assurance exercise to determine the validity of the award of CARF relief. Should ARP fail to be satisfied that the award is correct then the relief may be removed.

Notification of the Decision

Notice of the award of relief will contained within a revised Business Rates Demand Notice. The relief will be credited to the 2021/22 demand notice and any resulting credit balance carried forward to the 2022/23 demand notice reducing ongoing instalments. If a refund is required by the business this will need to be requested by the ratepayer after the award has been made.

Period of Award

This relief is awarded for the maximum period of one year between 1 April 2021 and 1 April 2022, there is no scope for extending this period.

Eligibility Criteria
Relief should not be awarded to ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS),
Relief should not be awarded to a hereditament for a period when it is unoccupied (other than hereditaments which have become closed temporarily due to the government's advice on COVID-19, which should be treated as occupied for the purposes of this relief).
Support will be directed towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact
All awards are subject to Subsidy regulations and as such a declaration to confirm these regulations are not breached forms part of the application process

Some premises are deemed ineligible for relief under the scheme as are considered to have suffered downturn due to Covid. These include:

- Advertising rights
- ATM's
- Banks/Insurance/Building Societies
- Cemeteries
- Civic amenity sites
- Colleges of further education
- Communication stations
- Crematoria
- Exhaust and tyre centres
- Funeral Parlours/Chapel of rest
- Garages (Transport and commercial)
- Hospitals and Clinics
- Landfill gas Generator sites
- Local Authority Schools
- Mineral producing hereditament
- Water processing plants
- Vehicle repair and workshops
- Veterinary Clinics
- Waste Recycling Plants
- Pet Groomers
- Pitches for stalls sales or promotions
- Post Offices
- Surgeries, Clinics and Health Centres
- Telescope sites

Appeals

There is no legal right of appeal on discretionary relief, however in keeping with the good customer care practice and principles of transparency this scheme provides for a review/reconsideration of any decision.

There is provision within these guidelines for a request for reconsideration of a decision to be made by the Head of NDR, Recovery and Enforcement or the Section 151 Officer (dependant on the value). It will be necessary to provide further information or, to show that sufficient "weighting" or consideration has not been given to a particular factor or factors raised in the application. No relief can be backdated on applications received after 30 September 2022.

Action	Timescale
If the applicant wishes to ask for a reconsideration of a decision, the request should be made in writing to the Strategic Revenues Manager or to the Section 151 Officer and must demonstrate that some or all of the relevant factors contained within this document are met	A request for a reconsideration should be sent to the Council within 1 month of the date on the letter of refusal/award.
The Council will acknowledge receipt of a request for a reconsideration in writing and advise the applicant of the date that the application will be reviewed by the Strategic Revenues Manager or by the Section 151 Officer.	Letter advising the date of application review will be sent within one week of the receipt of appeal letter.
The Strategic Revenues Manager or the Section 151 Officer will review the appeal. A letter will be sent to the applicant advising the final decision of the Council.	The letter will be sent within one week of the final decision.

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Agenda Item No:	7	
Committee:	**Cabinet**	
Date:	**24th February 2022**	
Report Title:	**Economic Growth Strategic Refresh 2022-25**	

1 Purpose / Summary

1.1 This Strategic Refresh document has been created to continue the delivery of the Council's Economic Development Strategy 2012-2031 (EDS). It sets out how the Council's Economic Growth Team, other Council departments and public and private partners will continue to work together to support economic growth in Fenland.

2 Key Issues

2.1 Since the approval of the Council's EDS much of the local, regional, and national context has changed significantly for example EU-Exit, Covid-19, Climate Change and Levelling Up Policy.

2.2 In addition, several strategies and plans have been produced by partners including the Cambridgeshire & Peterborough Independent Economic Review and Cambridgeshire and Peterborough Local Industrial Strategy all which impact on the EDS.

2.3 These changes all contribute to the need for a strategic refresh of the EDS and hence this document.

3 Recommendations

3.1 Cabinet is requested to consider and recommend the Economic Growth Strategic Refresh 2022-25 for approval by Full Council.

Wards Affected	All
Forward Plan Reference	KEY/17DEC21/01
Portfolio Holder(s)	Cllr Ian Benney
Report Originator(s)	Anna Goodall, Assistant Director Simon Jackson, Economic Growth Manager Ann Wardle, Business Engagement Manager
Contact Officer(s)	Simon Jackson, Economic Growth Manager
Background Papers	Economic Growth - Strategic Refresh 2022-2025

Report:

1 BACKGROUND AND INTENDED OUTCOMES

1.1 The economy, supporting economic growth, is one of the Council's 3 outward facing Corporate Priorities.

1.2 This Strategic Refresh has been created to continue the delivery of the Council's Economic Development Strategy 2012-2031 (EDS). It sets out how the Council's Economic Growth Team, other Council departments and public and private partners will continue to work together to drive forward economic growth in Fenland and ensure that we are known as being "open for business".

1.3 Since the approval of the EDS some of the local, regional, and national context has changed significantly for example through EU Exit and Covid19. In addition, partner strategies and services have also been created such as Cambridgeshire and Peterborough Local Industrial Strategy and Growth Works service. These changes in context and new strategies and services all contribute to the need for a strategic refresh of the EDS and hence this document.

1.4 Economic growth is ultimately delivered by businesses, those who are already in Fenland, those who relocate to Fenland and those who create a business in Fenland. One of the key roles of the Council is to support those owners, managers, and entrepreneurs in their growth decisions, location decisions and aspirations by for example enabling access to the high-quality business support that is available including grant funding.

1.5 The Strategic Refresh embodies this supportive role and is reflected in the refresh as follows:

1.5.1 **Growing businesses** - Through engagement with existing local businesses the Council will target the support that is available to help enable each business to grow and assist them to overcome any barriers to growth or to develop opportunities. This will include ensuring that businesses are aware of and supported in applying for financial support for which they are eligible.

1.5.2 **More business start-ups** – Help ensure that the support is in place to help enable local people to start a business and to stay in business including the possible availability of grant funding.

1.5.3 **Attract new businesses** - Help attract new businesses into the district from supermarkets and fast-food brands to businesses seeking a UK base. The Council will proactively engage with targeted new business opportunities to ascertain each businesses future plans and location requirements.

1.5.4 **Available workforce** – Help ensure that supply of and skills of the available workforce are appropriate for the Fenland marketplace, as well as offering young people improved aspirations, increased wage levels and alternative career paths. Represent companies' skills requirements for the development of skills support, funding and development of relevant courses.

1.5.5 **Available serviced land and premises** - Acquiring technical and specialist support to bring forward employment sites and premises to include infrastructure, highway, and market/commercial assessments. To bring together these and other similar requirements into an "Investment Prospectus" for Fenland.

1.6 The success of the Strategic Refresh will be demonstrated by the value each business places on their interaction with the Council and partners as demonstrated through case studies and feedback.

1.7 Economic growth can also provide opportunities for the Council to generate net positive income either through investment itself or potentially via Fenland Future Limited and can also generate business rate growth and therefore an increased revenue stream into the Council.

2 REASONS FOR RECOMMENDATIONS

2.1 As one of the Council's 3 outward facing Corporate Priorities it is important that how the Council supports economic growth is as effective as possible and this Strategic Refresh updates the existing EDS to ensure that this continues to be the case.

3 CONSULTATION

3.1 Engagement with partners on other strategies such as the Combined Authority's Employment and Skills Strategy has enabled external views and policies to be incorporated into the Strategy Refresh document.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 An alternative to actively and proactively supporting Fenland's economic growth would be for the Council not to do so. However, there is clear evidence that the Council plays a vital role in the Economic Growth of the District including the attraction of significant external funding and investment, the provision of commercial property, attraction of new businesses into the District and expansion of businesses already in Fenland.

4.2 Moreover, all the other Districts in Cambridgeshire also recognise the importance of their Council supporting economic growth and the very competitive environment that exists for securing funding and investment into their District's. Over the last two years several Districts have added resources into their support for economic growth by for example adding to their economic development teams.

4.3 This alternative option was considered and rejected as it would result in Fenland being significantly disadvantaged in securing economic growth and external funds.

5 IMPLICATIONS

5.1 Legal Implications

5.1.1 There are no specific legal issues engaged by the recommendations contained in this Report.

5.2 Financial Implications

5.2.1 All financial implications have been reflected for in the Council's draft budget.

5.3 Equality Implications

5.3.1 All individual projects and services have been assessed to ensure equality of access, etc.

6 SCHEDULES

Schedule 1 – Draft Fenland Economic Growth Strategic Refresh, 2022-25

Fenland Economic Growth

Strategic Refresh 2022-2025

Delivering the Council's Economic Development Strategy 2012-2031

February 2022

Foreword by Cllr Ian Benney Portfolio Holder for Economic Growth

Fenland is a great place to live, work or visit and as Cabinet Member for Economic Growth I want to ensure that the residents benefit from local economic growth. There are major opportunities for growth in Fenland and this Strategic Refresh sets out how the Council will help maximise these opportunities over the next three years.

Ultimately economic growth is delivered by local businesses and the key role the Council undertakes is to support entrepreneurs, owners and managers when making decisions about how and when to grow or start their business. This refresh sets out how the Council contributes to the decisions made by businesses. They are rapidly becoming known as the people who can open doors and help with the challenges,

Finally, whilst having a Refresh is important by far the most important aspect of what I ask is action, having meaningful impact on economic growth in Fenland. With that in mind, you will find this Refresh to be as concise as possible, with a focus on measurable action and demonstrating that Fenland is truly open for business.

Cllr Ian Benney
Email: ibenney@fenland.gov.uk

Contents

Executive Summary

This Strategic Refresh has been created to continue the delivery of the Councils Economic Development Strategy 2012-2031. It sets out how the Council's Economic Growth Team, other Council departments and public and private partners will continue to work together to drive forward economic growth in Fenland and ensure that we are open for business.

Economic growth is delivered by businesses, those who are already in Fenland, those who relocate to Fenland and those who create a business in Fenland. One of the key roles of the Council is to support those owners, managers, and entrepreneurs in their growth decisions and aspirations by for example enabling access to the high-quality business support that is available including grant funding. The Refresh embodies this role and is reflected as follows:

1. **Growing businesses** - Through engagement with existing local businesses the Council will target the support that is available to help enable each business to grow and assist them to overcome any barriers to growth or to develop opportunities. This will include ensuring that businesses are aware of and supported in applying for financial support for which they are eligible.

2. **More business start-ups** – Help ensure that the support is in place to help enable local people to start a business and to stay in business including the possible availability of grant funding.

3. **Attract new businesses** - Help attract new businesses into the district from supermarkets and fast-food brands to businesses seeking a UK base. The Council will proactively engage with targeted new business opportunities to ascertain each businesses future plans and location requirements.

4. **Available workforce** – Help ensure that supply of and skills of the available workforce are appropriate for the Fenland marketplace, as well as offering young people improved aspirations, increased wage levels and alternative career paths. Represent companies' skills requirements for the development of skills support funding and development of relevant courses.

5. **Available serviced land and premises** - Acquiring technical and specialist support to bring forward employment sites and premises to include infrastructure, highway, and market/commercial assessments. To bring together these and other similar requirements into an "Investment Prospectus" for Fenland.

The success of the Refresh will be based upon how well the Council and its partners interacts with business owners and managers who make the decisions as to whether the business expands, relocates, or starts. Measuring success therefore includes mostly input measures, inputs into the business decision making process. The ultimate outcome of economic growth the Refresh seeks to deliver is delivered by business.

Critically, therefore, the success of the Refresh will be demonstrated by the value each business places on their interaction with the Council and partners as demonstrated through case studies and feedback.

The Council helps enable businesses to secure grant and other funding to support the growth of their business and attracts funding to support the growth of the economy for example for infrastructure to make available land for commercial development.

Economic growth can provide opportunities for the Council to generate net positive income either through investment itself or potentially via Fenland Future Limited and can also generate business rate growth and therefore an increased revenue stream into the Council.

Introduction

The economy is one of the Council's 3 outward facing Corporate Priorities:

Quality Organisation Supporting effective delivery of our priorities and services	**Communities**	• Support vulnerable members of our community • Promote health and wellbeing for all • Work with partners to promote Fenland through culture and heritage
	Environment	• Deliver a high performing refuse, recycling and street cleansing service • Work with partners and the community on projects that improve the environment and our street scene • Work with partners to keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion
	Economy	• Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland • Promote and enable housing growth, economic growth and regeneration across Fenland • Promote and lobby for infrastructure improvements across the district

The Council created and approved its Economic Development Strategy 2012-2031 (EDS), "Building a competitive vision for Fenland" that focuses on the most important outcomes and outputs required to ensure continued economic growth in Fenland.

This Strategic Refresh (Refresh) has been created to continue delivery of the EDS and sets out how the Economic Growth Team, other Council departments and public and private partners (hereafter referred to in this document as the "Team") can continue to work together to drive forward economic growth in the district.

The Refresh will be reviewed annually to ensure that the actions undertaken by the Team remain responsive, appropriate, up-to-date, deliver real impact and demonstrate how Fenland is open for business.

The Refresh utilises the five strategic 'Model for Growth' themes developed in the EDS designed to underpin economic growth:

- Enterprise
- Workforce development
- Enabling infrastructure
- Business retention & growth
- Inward investment

Within each theme the Refresh sets out the projects and initiatives designed to have the most impact on each theme and includes:

- Action being undertaken
- Outcome expected
- Measurable outputs

Changing Context

Since the approval of the Council's EDS some of the local, regional, and national context has changed significantly. This section sets out the most significant economic changes and the most recent strategic responses made by partners. These changes all contribute to the need for a strategic refresh of the EDS and hence this document.

Economic

EU Exit

Following the referendum vote in 2016, the UK officially left the European Union (EU) on 31 January 2020. The following are the major changes and opportunities for Fenland businesses following EU Exit.

New markets - By exiting the EU trading bloc, the UK is free to strike its own trade deals with other non-EU countries. As an EU member state, this wasn't the case.

Less regulation - The UK is free to set its own regulations and standards – and this could be beneficial for businesses.

Business travel to the EU - Travelling to the EU on business, there are a number of changes concerning passports, visas and travel insurance.

VAT - The way VAT is dealt with for importing and exporting has changed.

Data protection - Following the end of the Brexit transition period, how businesses handle personal data has not changed if they have correctly implemented the UK General Data Protection Regulation.

Supply chain - A disruption of the flow of goods and services from the UK to the EU was an anticipated effect of EU Exit. Many businesses responded to this by stockpiling goods while tariff-free trade between the UK and EU was still in place.

Workforce - On January 1st, 2021, freedom of movement between the UK and EU ended. Under the new post-Brexit immigration laws, both EU and non-EU migrants will be subject to a point- based system for visa eligibility.

The termination of freedom of movement, and transition to a new immigration system has resulted in a short-term shrinkage in the workforce.

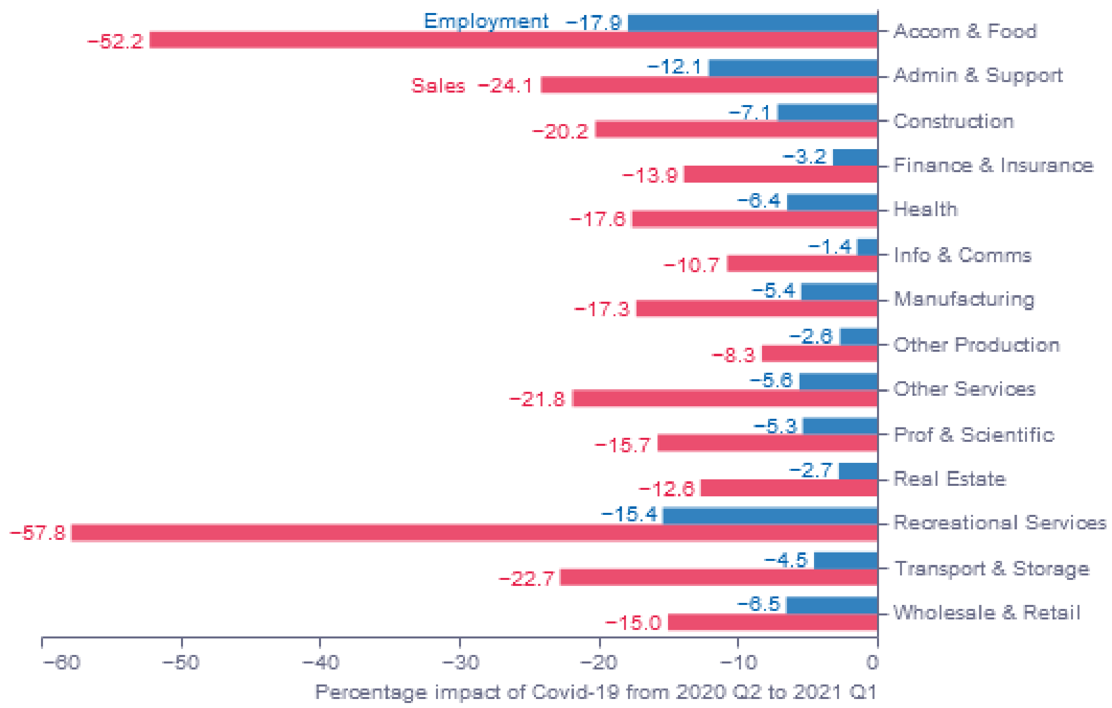
Covid-19 Pandemic

Sales - The figure below shows the estimated impact on sales and employment over the first year of the pandemic. Businesses in all sectors reported a large reduction in sales, which was close to 60% in recreational services. Other sectors reporting a large reduction were accommodation and food, administration and support, and transport and storage.

The smallest effects were expected in other production (agriculture, mining and quarrying, and utilities) and information and communications – all of which are less likely to be affected by lockdowns and other restrictions.

The reductions in employment were smaller than the falls in sales, in large part due to government support programmes, such as the Coronavirus Job Retention Scheme (CJRS).

Impact of Covid-19 on sales and employment from 2020 Q2 to 2021 Q1 by industry



Workforce - Businesses have laid off some workers and used the CJRS to furlough others. Businesses have reported furloughing around a fifth of their employees over the past year on average; these workers were still employed but not required to work any hours – see table below.

The spread of Covid-19 has had a profound and potentially long-lasting impact on how businesses operate. For example, workers in some sectors have been able to adapt relatively easily to social distancing at work, for example, by working from home. The ability to do this has varied greatly by industry and firm. It depends on the nature of the firm’s activities and the extent to which it is necessary to engage in face-to-face contact with customers or other employees.

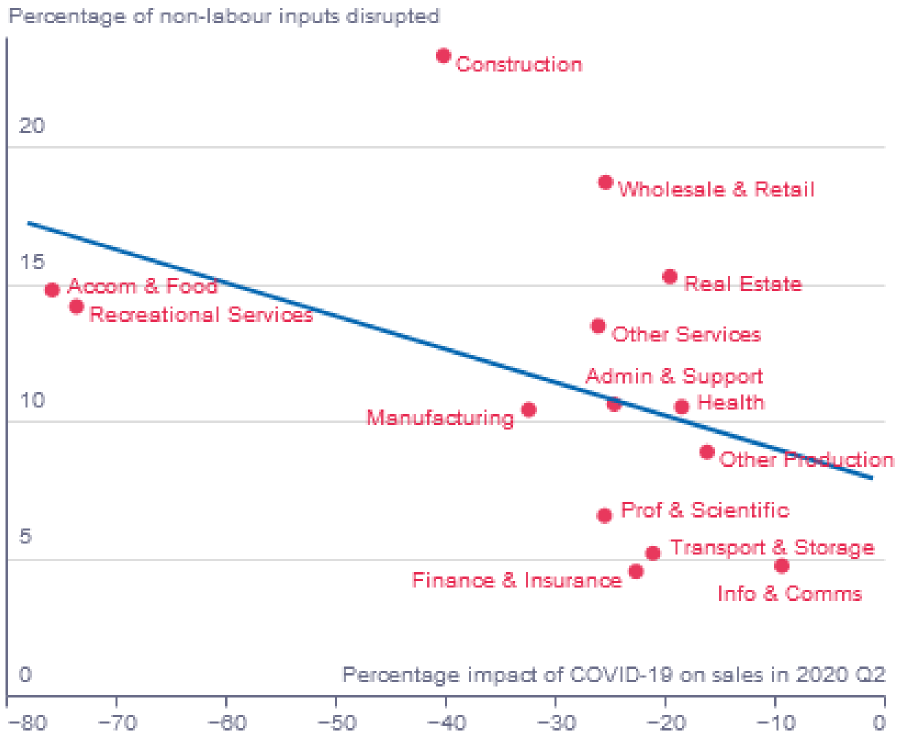
The table below shows that working from home has been more prevalent in sectors such as finance, insurance, professional and scientific, and information and communications. These are all higher productivity service industries.

Impact of Covid-19 on employees

Supply chains - Apart from falling demand, businesses have also reduced output because they are unable to obtain crucial inputs or supplies. Around 40% of firms have reported some disruption to their supply chains during the second quarter of 2021.

Supply disruption was reported to be higher in industries and firms that expected larger sales impacts, implying that supply effects could have been a factor that held back output too, and more so in some sectors than others.

Disruption to non-labour inputs from Covid-19 in 2020 Q2 and impact of Covid-19 on sales in 2020 Q2 by industry.



Uncertainty - Covid-19 has also led to a sharp increase in uncertainty for everyone – firms, workers, and consumers. Overall uncertainty in the past year increased substantially, with 70% of businesses reporting that the overall level of uncertainty facing their business was high or very high. On average, 85% of firms reported that coronavirus was one of their top three sources of uncertainty over the year to March 2021.

This uncertainty is larger for firms in recreational services, accommodation and food, construction, and transport and storage – the sectors most affected by the pandemic.

High-street - Shops had been having difficulties already, not least because of online competition, and in 2020, total retail sales volumes fell by 1.9% compared with 2019, the largest annual fall on record.

International travel - remains at low levels compared to pre-pandemic. resumption of travel stretched further into the distance.

Business growth - There has been some predictable business growth. Amazon, Royal Mail, Hermes, DPD – everyone who delivers to the door – have all seen business growth. If you manufacture cardboard in the UK, it has been a record 12 to 18 months.

Company formation - Company formation didn't decline in 2020 – 772,002 new businesses were formed in the UK, up 13% on 2019. Many were in sectors that benefited from the pandemic, such as manufacturers of personal protective equipment or disinfectants, camp sites catering for all the staycationers, and takeaway food companies.

Working from home – a substantial proportion of workers continue to work from home resulting in less office space being required.

Broadband connectivity – The importance of broadband connectivity at home either via fibre or 4th and 5th generation mobile has been highlighted with more people working from home. Lack of connectivity can be a particular issue in rural economies.

Overall, the sectors and businesses that have been most affected by lockdowns and other social restrictions have also suffered the most in terms of loss of sales and impacts on staff. It is also these industries, principally those related to food, travel, and leisure, which have faced significant future uncertainty.

Assessing the Impact of Covid 19 in Cambridgeshire & Peterborough

In July 2021 Metro Dynamics published a report commissioned by the CPCA assessing the impact of Covid 19 on the Cambridgeshire and Peterborough economies. At the onset of the crisis output fell fastest in Cambridge, followed by South Cambridgeshire, based on modelled estimates of the crisis' economic impact and driven by falls in output across the professional, scientific and technical sector, education, and hospitality and entertainment. Based on these modelled estimates Cambridge has also been the slowest of the districts to recover.

Meanwhile, Fenland, Peterborough and Huntingdonshire were relatively less affected, partly due to the insulating effects of larger agricultural, construction and manufacturing industries, where more businesses were able to continue operating at close-to-normal levels of output.

Based upon the data available, the key findings of the report mostly cover the whole Cambridgeshire and Peterborough economy however where possible Fenland specific findings are highlighted.

1. Vaccination is helping recovery, but structural impacts will remain.

Partly because of the successful vaccine rollout, projections for the UK's economic growth are being revised upwards. The Office of Budget Responsibility (OBR) now expects the UK economy to return to pre-pandemic levels sometime in 2022, with unemployment to peak in late 2021. That said, this faster bounce back in economic activity is not expected to translate into a complete economic recovery. The national economy is still expected to be 3% smaller in 2025 than it would have been without the pandemic.

2. Economic impact varies across the area

A recovery is underway in Cambridgeshire & Peterborough, aided by recovery in construction, manufacturing and retail sectors, though at the end of 2020 the economy remained 7.6% smaller than it was before the onset of the pandemic – a near £500m fall in output. The scale of the fall in output varies across local economies, ranging from a 5% reduction in Fenland to 10% in Cambridge, based on the concentration of more affected sectors in each place.

In Fenland between Q1 and Q4 2020 output fell by 5.2% compared to 10.9% in Cambridge and Fenland has the 2nd highest rate of recovery in Cambridgeshire and Peterborough.

In terms of the rate of growth of new businesses Fenland maintained its rate of growth at around 8% per year. This rate exceeds that achieved by South Cambridgeshire and Huntingdonshire.

3. Gradual recovery in hospitality and leisure, with labour shortages

The most significant effects of the pandemic have been on retail, hospitality, and entertainment businesses, which have been particularly hit by lockdown restrictions and having to adapt fast to both those restrictions and changing consumer preferences. We are nevertheless seeing signs of recovery in these businesses. Prior to the pandemic 104,00 people in Cambridgeshire and Peterborough were employed in entertainment, hospitality, and retail sectors – around one in four workers. Although job losses at the start of the pandemic were concentrated in these sectors, many businesses are now reporting difficulties hiring staff. A particular challenge is to fill jobs previously commonly held by workers from the EU and elsewhere who have left the UK over the course of the pandemic. Business is also reporting difficulty in hiring seasonal student labour as potential employees are choosing not to work this summer.

4. Wider trading environment improving, but with rapid adjustments needed

As consumer confidence has grown the business environment has gradually improved, with more than 90% of businesses now trading an increasing number reporting improved profits. The crisis has required businesses across all sectors to adapt and invest in new processes and practices. These is some indication that this will lead to sustained productivity improvements, though the scale of the impact remains to be seen and may be offset by firms rehiring.

5. Unemployment has increased and the impact has been exacerbated existing inequality.

Employment support schemes (particularly the Coronavirus Job Retention Scheme, 'furlough') have continued to act as an effective break on increasing unemployment. Across Cambridgeshire and Peterborough nearly 40,000 workers were still furloughed at the beginning of May 2021 and at least 30,000 more people are on Universal Credit now than before the pandemic. Despite this support flowing to lower-income households, the overall impact of the crisis is a deeply unequal one. There is a clear correlation between areas of pre-existing deprivation and the incidence of Covid-19 cases and deaths, as well as correlated increases in new Universal Credit claims. The pattern is most pronounced in the city of Peterborough and the market town of Wisbech in Fenland, but also in Soham, St Neots and parts of Cambridge, where relatively high levels of deprivation are matched by relatively high levels of Covid-19 cases and deaths and increases in Universal Credit claims. The unequal impacts of the crisis seem likely to spill over into an unequal recovery, with deprived people and places again disproportionately the most affected.

A comparison of district claimant counts within Cambridgeshire and Peterborough shows that Fenland has the lowest claimant increase from January 2020 to April 2021 of all local authorities in Cambridgeshire and Peterborough. Fenland and Huntingdonshire were the first districts to see peaks in their claimant counts in May 2020. While Fenland saw partial recovery immediately following this peak, the claimant count in Huntingdonshire remained relatively high until October 2020.

Within Cambridgeshire & Peterborough, the rates of take-up of the furlough scheme have mirrored the national pattern. Cambridge has seen the largest proportion of eligible employments making use of the scheme (10.0%), while Fenland has seen the lowest (7.3%).

University for Peterborough

The University for Peterborough project is the single most important capital project in the CPCA's skills portfolio, addressing the issue of low Higher Education participation, poor aspirations, and lack of employer confidence in the Cambridgeshire and Peterborough economy.

Climate Change & Net Zero

Fenland is low-lying and vulnerable to unpredictable weather patterns and rising sea levels. Emissions-focused initiatives are now central to economic strategies across Cambridgeshire & Peterborough, for example, over 77% of CPCA's major initiatives are climate-focussed.

Meeting the new national target to reduce greenhouse gas emissions by at least 68% by 2030 and transitioning to net zero by 2050 demands an even greater focus on measures that deliver economic growth through sustainable choices, business models and jobs.

Climate change is a business opportunity. The low-carbon transition creates opportunities for efficiency, innovation and growth that extend beyond high-carbon industries like energy and transport to all sectors. Companies can save energy and materials costs, serve new customer needs, enhance their reputations, and better attract and retain talent — all because of working to reduce their emissions and those of their customers and suppliers. Through their governance role, boards can help to ensure that climate opportunities are captured by reviewing corporate strategy and focusing on long-term value.

With the increased investment need throughout the housing sector in sustainable and net zero carbon products and services, there is an urgent need to support the growth of existing and diversification of new entrants into the marketplace. This is highlighted when looking just at the Clarion Housing Association portfolio in isolation. In 2021-22, they are expecting to complete circa 120 properties to a “zero carbon ready state” representing less than 1% of the entire portfolio and for the next 3 years they are forecasting that figure to increase by circa 300% year on year (450 2022/23, 1,500 2023/24 and circa 4,000 2024/25).

Levelling-up fund

The Cambridgeshire & Peterborough Independent Economic Review (CPIER) published in 2018 identified the spatial disparities across the Cambridgeshire & Peterborough area and (also within) the three distinctive, but overlapping economies of Greater Cambridge, Greater Peterborough, and the Fens.

Announced at the Spending Review in 2020, the Levelling Up Fund (LUF) will invest in capital investment in local infrastructure that improves everyday life across the UK. Building on and consolidating prior programmes such as the Local Growth Fund and Towns Fund, it will have a visible and tangible impact on people and places and support economic recovery. In doing so, it will also create opportunity across the country, prioritising bids that invest in regeneration and growth in places of need and areas of low productivity and connectivity.

The £4.8 billion fund will support town and city centre regeneration to deliver economic and social levelling-up. In round one the emphasis was on town centre regeneration, culture, and heritage, as well as a major opportunity to promote local transport projects through the Local Transport Authority (CPCA in Cambridgeshire). LUF provides a new approach to tackling economic differences between areas and driving prosperity in towns and cities that have been left behind, and which have now been prioritised by Government for support.

The Growing Fenland Wisbech Masterplan sets out a clear list of priorities for the town and town centre. The Council has commissioned a supporting piece of work to give spatial, map-based expression to these priorities and to identify further opportunities for regeneration and investment. This would help to directly support the development of the town's quality of life offer. This work will enable a focused, detailed proposition supported by a high-level cost analysis and business case for a coherent package of proposals to enable a LUF bid to be made in spring 2022.

Partner Strategies and Plans

Cambridgeshire & Peterborough Independent Economic Review (CPIER), September 2018

A review of all the available economic evidence for the area chaired by an experienced and expert panel, bringing in new research on business clusters and growth. The set out a series of key recommendations, many of which were reiterated and developed by the subsequent Cambridgeshire and Peterborough Local Industrial Strategy.

The review segmented Cambridgeshire and Peterborough into three key economic areas with boundaries described as “fuzzy” – Cambridge, Peterborough (includes Whittlesey) & The Fens (broadly comprises most of the District of Fenland, and parts of the Districts of Huntingdonshire and East Cambridgeshire).

The key points with regards to The Fens were:

- The Fens is the most challenged economically of the three
- Market towns have lost their former glory and struggle to attract or retain young people
- Rural communities struggling to maintain high value industries
- Brexit poses a challenge to provide low-cost labour – “a concern that at all skill levels, from highly skilled workers to unskilled workers, businesses rely on foreign labour”.
- Businesses need to tackle low labour productivity by investing in the skills of their workers
- Immense potential for the Fens as the apex of British agricultural production & an attractive way of life in thriving Market Towns

Cambridgeshire and Peterborough Combined Authority Skills Strategy Evidence Base Report, December 2018

The analysis shows that the Cambridgeshire and Peterborough economy comprises three overlapping labour markets which inform the demand and flow of labour across the region. These are:

- Peterborough and surroundings (including north Huntingdonshire and Whittlesey)
- The Fens (including Fenland, some of East Cambridgeshire and part of Huntingdonshire)
- Cambridge and South Cambridgeshire (including southern parts of Huntingdonshire and East Cambridgeshire as a third).

The Fens specialisms in the CPCA area were identified as:

- Primary (agriculture)
- Construction & utilities
- Wholesale & distribution

Key Fenland only facts:

- Fenland contributes 5.2% of total employment and 4.9% of total turnover in the Combined Authority, the smallest contribution among the six districts.
- Over half of total employment in Fenland is concentrated in SMEs, while micro firms account for approximately 30% of total employment.
- The largest share of turnover in the area is originated by firms with 10-49 employees (28.2%).
- SMEs have exhibited the highest rates of employment growth (8.4%) and have grown at a faster rate relative to the Combined Authority (6.0%).
- The highest rate of growth in turnover is reported for large firms (7.8%)

The key programmes and projects proposed by the strategy:

- The Skills Hub
- Life Sciences Sector Deal Pilot
- The Mayor's Apprenticeship Challenge Fund
- Strategic Coordination of Local Programmes
- A New University for Peterborough
- Work Readiness Pilot

Of the suggested programmes and projects, the two most significant to improve life chances and labour market performance were seen as the University of Peterborough and the creation of an area wide Skills Hub.

Cambridgeshire and Peterborough Local Industrial Strategy, July 2019

The strategy seeks to enhance Cambridgeshire and Peterborough its position as a global leader in knowledge and innovation, further developing its key sectors including life sciences, information and communication technologies, creative and digital industries, clean tech, high-value engineering and agri-business'. The strategy sets out an evidence-based plan to support industry across the area in delivering these goals.

Oxford-Cambridge Arc, Policy Paper, February 2021

The five counties around the line between Oxford, Milton Keynes and Cambridge are known as the Oxford-Cambridge Arc (Arc). The area comprises Bedfordshire, Buckinghamshire, Cambridgeshire, Northamptonshire, and Oxfordshire. The Arc has one of the fastest-growing economies in England and supports more than two million jobs and adds over £110 billion to the economy every year.

A spatial framework for the Arc is being developed; a long-term strategic plan to help coordinate the infrastructure, environment, and new developments in the area. In July 2021 consultation document was published, 'Creating a Vision for the Oxford-

Cambridge Arc', which launched the first public consultation on the development of the Spatial Framework. This consultation ran from 21 July and closed on 12 October with the feedback currently being analysed.

Combined Authority, Local Economic Recovery Strategy, March 2021

The goal of the Combined Authority Local Economic Recovery Strategy (LERS) is to make a leading contribution both to the UK's recovery from the Covid-19 pandemic and to its future global success. The LERS sets out how it will help accelerate the recovery, rebound and renewal of the Cambridgeshire and Peterborough economy, and achieving the ambition to double Gross Value Added by 2042 in a digitally enabled, greener, healthier, and more inclusive way.

The LERS identifies the Fens sub economy, with a world-leading agri-tech sector and innovative micro businesses, alongside the most productive agricultural land in the UK.

In common with many major economies in the UK and globally the LERS has identified three phases of action. The Response phase lasted well into 2021 with the mission to help people and businesses manage the impact of the pandemic, and to adapt to both temporary changes and emerging new norms in employment, sectors, and markets.

The Recover and Rebound phase began with the reopening of the economy in 2021 and will accelerate through 2022/23. Renewal and Future Growth will follow from 2023 onward. The missions for these phases are to:

- Help people at risk of unemployment by accelerating retraining and upskilling
- Build back faster by accelerating start-ups, scale ups and set ups
- Build back better and greener by accelerating high tech jobs and cluster growth, focussing on green, digital, and net zero technologies.

CPCA Employment & Skills Strategy, October 2021

CPCA is developing a new Employment and Skills Strategy for the region. They have reviewed a robust data and evidence base across the CPCA area and each of the six local authority areas, and through engagement and further analysis have identified priorities for outcomes and objectives. The strategy is due to be published in March 2022.

CPCA - Growth Works, May 2021

To deliver the Local Industrial Strategy, a business growth service, called Growth Works has been designed to fuel growth in business & skills across all of Cambridgeshire and Peterborough. The vision for the Growth Works service is to accelerate the rebound and regrowth of the Cambridgeshire and Peterborough economy. A consortium, led by Gateley, is delivering the Growth Works Service.

Growth Works has four pillars:

- Growth Coaching Service
- Inward Investment Service
- Skills and Apprentices
- and Equity Investment

The five service lines which make up Growth Works are:

1. A Growth Coaching Service to engage and support the regions' entrepreneurs and business leaders to speed their rebound and growth post COVID. This service is delivered by YTKO.
2. An Inward Investment Service to better engage and persuade firms to locate here or invest in our firms and projects – like a new university for Peterborough or improvements to our towns and cities. This service is led by International Investment Services.
3. A Skills Brokerage Service to link learners and those wanting to retrain for new jobs to employers that are growing and have great opportunities. This service is led by GPC Skills.
4. A Capital Growth Investment Fund to offer grants, loans and equity investment for small firms needing finance to grow and struggling to find support from banks and elsewhere. This is led jointly with YTKO and Gateley.
5. The Cambridgeshire & Peterborough Growth Hub, a one-stop shop for support including funding, training, and general expertise. The Growth Hub signposts business leaders to the right support for them.

By integrating all these services into one, Growth Works will deliver over 5,000 jobs, 1400 apprenticeships and Capital Grants 1700 learning opportunities for young people and those needed to find work or build their careers.

Emerging New Local Plan

The emerging new Local Plan for the District is currently under preparation following two rounds of a "call for sites". It is anticipated that the draft plan will be published for comment in June / July 2022 with the submission draft being available in the Spring of 2023. The plan will cater for the growth of the District to 2040 and seek to allocate enough land in a variety of locations to meet the Council's growth ambition and the demands of business.

Strengths, Weaknesses, Opportunities and Threats for the Fenland Economy

The EDS identified several strengths, weaknesses opportunities and threats (SWOT) for the Fenland economy and a number remain the same in 2021. However, since 2012 more have been identified and the table below combines the original SWOT with post 2012 additions:

	Fenland economy
Strengths	• Strong demand from expanding businesses and relocators • Super-fast broadband i.e., >95% premises now access at least 24Mpbs rising to >97% over the next 12 months • Proposed housing growth • Entrepreneurial culture • Port of Wisbech • Low-cost base • Vibrant engineering and food processing sectors • Supportive and flexible planning
Weaknesses	• Lack of serviced land or available industrial units • Mobile and mobile broadband coverage in rural areas • Pockets of high levels of deprivation • Poor transport links within the District • Image of the area • Limited arts, culture and night-time economies • Recruitment issues – actual recruits and skill levels
Opportunities	• Potentially available land for development • Levelling Up Fund and Shared Prosperity Fund • EU Exit i.e., new markets • Climate change, low carbon & net zero i.e., market opportunities • University of Peterborough • Strategic employment sites i.e., Stainless Metalcraft Phase II Advanced Manufacturing Park & Whittlesey Science & Technology Park • March High Street Fund • Growing Fenland Funding • North Cambridgeshire Training Centre • Location for Cambridge overspill • Fenland Thinking Place
Threats	

	• Covid-19 i.e., continuing uncertainties • Increasing workforce vacancy rates • EU Exit i.e., worker shortages • Climate change i.e., flooding risk • Growth of neighbouring centres • National and international economic climates • Flood risk area

Actions

Responsibility for delivery of the Refresh rests mostly with the Economic Growth Team comprising the Economic Growth Manager and Business Engagement Manger. The Economic Growth Team will either deliver projects directly or through working with others such as other departments within the Council and the Combined Authority and its contractors to ensure delivery of the Refresh.

The Refresh utilises the strategic ‘Model for Growth’ themes developed in the EDS; Enterprise, Workforce development, Enabling infrastructure, Business retention and growth and Inward investment.

The Refresh highlights the individual actions being undertaken, the expected outcome resulting from taking these actions and measurable outputs. All of the actions help ensure that Fenland is seen as both support of and open for business.

The actions respond to the changes in context as set out previously and reflected in the SWOT analysis for example the increasing issue of lack of serviced land and available commercial property and in particular light industrial premises and the significant new opportunities including Stainless Metalcraft Phase II Advanced Manufacturing Park and Whittlesey Science & Technology Park.

Enterprise

Objective

Maintain and build a thriving enterprise and entrepreneurial culture that encourages businesses to start up and grow.

Work Plan

Action	Outcome	Measurables
Community Renewal Fund (CRF) “Start & Grow” programme ends in June 2022 To aid Start and Grow to engage individuals and early-stage/micro businesses in an intensive enterprise programme. It will bring skills development and business investment together in one scheme through a 'pre-qualification' process for grant awards.	Increases start-up success through investment in local businesses; it equips new and existing enterprises with the business skills they need for sustainable growth and through this will safeguard jobs and increase employment.	(7 months period to end June 2022) Programme will deliver: • 25 supported enterprises • 8 jobs safeguarded • 25 new businesses • 25 new products • £150k investment attracted • £500k grants paid Value for money: outputs require approximately £10k investment per business compared to the expected investment of £32k via other funded programmes
Fenland Start & Grow programme commencing July 2022	Increases start-up success through investment in local businesses; it equips new and existing enterprises with the business skills they need for	(2022-23 9 months to end March 2023) Programme will deliver: • 15 supported enterprises

Following an evaluation of the CRF funded programme including an assessment of value for money, this seeks to continue the CRF funded programme blending funding from the Council with external funding such as the CA.	sustainable growth and through this will safeguard jobs and increase employment.	• 8 jobs safeguarded • 15 new businesses • 10 new products • £75k investment attracted • £100k grants paid 2023-2025 per year as follows: • 25 supported enterprises • 8 jobs safeguarded • 25 new businesses • 15 new products • £150k investment attracted • £100k grants paid
Maintain regular meetings with the business community, including the Fenland Chamber of Commerce	More developed and coordinated approach to business intelligence to support business growth and competitiveness.	One new service to support businesses per year
Develop the Fenland for Business website to support businesses with signposting to advice and guidance and information	More businesses accessing the support and guidance available for example Growth Works that increases survival rates and job growth	20% increase year on year of visitors to the Fenland for Business website. Increase the number of Twitter followers by 10% year on year.
Annual business start-up leaflet – targeting the hard to reach home based businesses	Enabling more business start-ups and increasing the number of businesses registered on the Council's business database	Every household paying Council Tax to receive a leaflet. Feeder for the Start & Grow programme.

Signposting to the Fenland for Business website “Start” section of the website and encouraging new and existing businesses to register to receive regular e-newsletter updates. Delivered with the annual council tax invoices. Sponsorship will be sought to help with funding the project from 2023-24 onwards.		Additional 10% increase in new businesses registered on the Council’s Fenland for Business website in the month post- delivery of the leaflet
Economic Growth Team Service • Promote available employment sites and premises via for example the Fenland for Business website, including: • Boathouse Business Centre • South Fens Business Centre and Enterprise Park • Council owned land & industrial units • Private commercial property and land	Enabling businesses to access to employment sites and development land to support business growth	15 enquiries per year converting to 3 businesses per year finding new premises/site

Workforce development

Objective

Help ensure that current supply of and skills of the available workforce are appropriate for the Fenland marketplace, as well as offering young people improved aspirations, increased wage levels and alternative career paths. Improved access to employment, training, and skills for balanced economic participation.

The Team will act as a key intermediary between business and key training and skills providers including the CPCA, colleges, developing North Cambs Training Centre and emerging University of Peterborough.

Work Plan

Action	Outcome	Measurables
To engage with CA Growth Works with Skills - demand-led skills service connecting learners and employers with opportunities that enable growth.	Deliver a fair and inclusive economy by empowering local people to access the education and skills needed to meet the needs of the local economy and business, both now and in the future.	Number of referrals per annum
To engage with North Cambs Training Centre (Stainless Metalcraft)	The facility will provide training across a range of vocational subjects for between 80 and 130 apprentices each year. The apprentices will then be equipped to find good careers in the local economy and help businesses meet their skills needs.	Number of company referrals per annum

Encourage businesses to utilise Growth Works with Skills Turning Point scheme (Skills and Employment) - the project includes, personal skills analysis, raising awareness of, signposting to, and providing vouchers up to £600 to enable access to free short course training, 'work re-entry' workshops to support transition back to work from furlough. Funding of £5k per internship will be provided to employers to provide new work opportunities. 'Learning Mentor Training' for the host organisation. Training Needs Analysis to identify re-skilling, up-skilling, and re-training opportunities within a business.	Deliver a fair and inclusive economy by empowering local people to access the education and skills needed to meet the needs of the local economy and business, both now and in the future.	Number of employers referred to the scheme which concludes in March 2022.
Work collaboratively with Jobcentre Plus to help raise awareness to businesses of enterprise opportunities and work placements. Quarterly meetings with Jobcentre Plus and proactive marketing of DWP programmes and initiatives	Improved awareness businesses of enterprise opportunities, apprenticeships, and work placements	4 meetings per annum with Jobcentre Plus 3 listings per annum of DWP programmes in the Team's e-newsletter
Work collaboratively with College of West Anglia (COWA), North Cambridgeshire Training Centre and University of Peterborough (UoP) to deliver programmes that meet the needs of local business including quarterly collaboration meetings	A more supportive environment for private sector involvement and improved opportunities for employment growth	4 meetings per annum with COWA 4 meetings per annum with Up 4 meetings per annum with North Cambridgeshire Training Centre

Enabling infrastructure

Objective

The provision of excellent underpinning infrastructure, which, as well as providing serviced land and available premises, to include road and transport linkages and the provision of superfast broadband.

Work Plan

Action	Outcome	Measurables
Acquiring technical and specialist support to bring forward employment sites to include infrastructure, highway, and market/commercial assessments. The sites include: • Stainless Metalcraft, Advanced Manufacturing Innovation Launchpad & Manufacturing Technology Centre • Whittlesey Science & Technology Park, 50 acres-built area 70 acres green space, carbon zero • Development of light industrial units adjacent to the ex-Bartletts site • Sites around the location of Fenton Way Chatteris These sites and others to be combined with other infrastructure requirements into an Investment Prospectus.	Enable progress to be maintained to ultimately deliver sites and premises. Enable funding to be sought to support delivery.	2022-23 3 key employment locations assessed and delivery plans in place 2023-24 1 key employment locations assessed and delivery plans in place

Work with partners to encourage and promote sustainable low carbon green infrastructure.	A more tailored sustainable environment to support green infrastructure, environmental and renewable supply chains.	Ongoing dialogue.
Support the development of sustainable and enhanced broadband infrastructure including completing the delivery of the Fenland component within the Connecting Cambridgeshire project	Widespread access to enhanced broadband speeds and infrastructure that provide greater business competitiveness and viability.	Engaging with partners including the private sector e.g. CityFibre to help them deliver by 2022-23 >97% premises (homes and businesses) having access to broadband speeds of at least 24mbps

Business retention & growth

Objective

The District is seen as an exciting place to seek to start or grow a business. This objective recognises the importance of proactively targeting and supporting growth-oriented employers in Fenland; helping them to grow through enhanced access to finance, expert advice, suitable premises, and locations.

Work Plan

Action	Outcome	Measurables
Undertake a proactive account management business engagement programme with larger employers and potential growth companies	Better informed intelligence to enable support and guidance to be delivered in a more coordinated way. Business issues identified and mitigated, growth opportunities identified and supported	6 case studies featuring businesses that have directly benefitted from the support provided by the Team. Group of 40 businesses receive 1:2:1 “account management” service with 40 businesses visited per annum
Undertake a proactive business engagement programme with all known employers and business owners	Significant proportion of businesses aware of the Team and the business support opportunities available to them.	2,500 businesses receive a minimum of 6 e-newsletter communications from the Team per annum. Reactive follow up to engagement with Team from businesses
Reactive follow up to engagement with Team from businesses	Business issues identified and mitigated, growth opportunities identified and supported	4 case studies featuring businesses that have directly benefitted from the support provided by the Team.

CA Growth Works Business Coaching Service – 1:2:1 consultancy, masterclasses, grant funding	Providing support packages tailored to a business's specific needs, growth objectives and timeline. Enabling business growth.	Team to refer a minimum of 20 businesses for 1:2:1 consultancy and grant support per annum
South Fens Enterprise Park additional light industrial units Phase I and Phase II (additional funding will be required to deliver Phase II)	Enabling more businesses to expand and locate in Fenland	Team to take a leading role in the delivery by Q1 2023: Phase I four unts Phase II two units (subject to funding)
Work with agents and developers to bring forward employment land provision, encourage investment in 'move on' opportunities through: Quarterly Agents and Developer Forum meetings, 1:2:1 engagement with agents and developers. The Team will work closely with the Council and Fenland Future to assess investment opportunities.	An enhanced district wide office and commercial accommodation that supports growth and diversity in the emerging sectors	10 1:2:1 meeting with agents and developers per annum 2 agents and developers forum meetings per annum
Work with Growth Hub - Peer to Peer network to recruit SME leaders to create strong peer-to-peer networks	Growth and development of businesses. work with individual SME leader's challenges can be explored through an action learning approach.	Team to recruit 5 businesses and enable continuing engaged in the network in the first year. Team to enable a rolling group of 10 businesses in the network from 2023-24
Develop joint Business events with partners to encourage networking, share business issues, etc	Enabling more businesses to expand	2 joint partner business events per annum
Services for Business Leaflet	Enabling more businesses to expand	Every business registered for business rates receives a leaflet.

All businesses registered for business rates receive a leaflet advising them of the services available to them from the Council and its partners such as Growth Works.		
Adopt a Customer Relationship Management (CRM) data management	Improved understanding of businesses and their requirements, issues, etc enabling enhanced support to be provided. Data for inclusion in funding submissions, etc.	Increase the number of businesses listed in the CRM database by 5% in the first year (100 to 150 businesses) and then between 1 to 2% growth in years 2&3.
Housing sector sustainable and net zero carbon products and services	A webinar event prior to March 2022 primarily designed to target local supply chain that are: 1. already working in Net Zero Carbon arena 2. working in construction but not specifically NZC, and 3. existing business and/or start-up's that see this as a growth area and would like to diversify existing activities.	Growth in the supply chain both locally and nationally

Inward investment

Objective

To maintain and increase the level of employment in the district and improve the quality of employment locally to provide all ages of the community with the opportunities that match their skills and aspirations. This will require the district to secure new inward investment to compliment current local employers.

The district has clear advantages to offer investors in key sectors, in particular Agri/food, precision engineering and manufacturing, professional and business support services, and the environmental and renewable sectors.

The Team will proactively target and engage with different business sectors from supermarkets and fast-food brands to international businesses looking for a UK base. The engagement with individual businesses will help the Team understand the plans and location requirements of these businesses and where appropriate put forward propositions that seek to attract them to locate in Fenland. Even where a business does not currently have expansion plans the Team will have started a relationship with that business which in the longer term may result in investment into the district.

In addition to the Council, Fenland is promoted as an investment destination through the CA Growth Works Inward Investment Team, Cambridgeshire Chamber of Commerce, Federation of Small Business, commercial agents and developed relationships with strategic employers.

Encourage additional investment from parent companies of existing international investors to bring in new products or technologies leading to the expansion or retention of their Fenland facilities.

Work Plan

Action	Outcome	Measurables

Work closely with and respond to information enquiries from CA Growth Works Inward Investment Team	Delivering economic growth through the attraction of inward investment.	Working with the Growth Works Inward Investment Team: 10 inward investment enquiries per annum 1 inward investment per annum
Economic Growth Team inward investment service: • Identifying suitable land or commercial premises • Helping to facilitate planning applications • Identifying suitable funding streams • Working with businesses to source suitable workforce • Arrange business development meetings with local supply chains, • For large scale investment, facilitating on-going high quality business support to help nurture business growth	Delivering economic growth through the attraction of inward investment.	2 inward investment enquiries per annum 1 inward investment per annum
Continue to market Fenland propositions to target growth sectors, individual businesses and locations including: • Supermarkets, fast-food brands, hotels, etc • Inward Investor Pack • Targeted Business Exhibitions • Programme of strategic marketing	Positive coverage of Fenland as a location of choice for business	Creation of Inward Investor Pack. Attendance at a targeted business exhibition per annum and generated of 3 quality leads.
Deliver ‘soft landing’ tools that support an aftercare programme for new and recently established investors, through:	Effective message of Fenland being ‘Open for Business’ delivered to businesses and potential investors	Creation of soft-landing package. Marketing of package to potential investors, intermediaries i.e., agents,

• Face-to-face meetings • Free office accommodation • Priority planning applications		lawyers, banks and partners i.e., Growth Works Inward Investment.
Collate Insight/data – targeted market research to include opportunities for attracting an hotel into Fenland, high quality manufacturing and engineering, research institutions, etc	Enabling propositions to be communicated to key sectors such as high-quality engineering to market Fenland as an effective location for their business.	1 research project undertaken per annum. 1 proposition created for a target market per annum.
Enable a Manufacturing Technology Centre (MTC) at Chatteris study	Help enable the delivery of the Advanced Manufacturing Innovation Launchpad and MTC and provide a substantial boost to economic growth in the district.	Study highlighting the options to market the MTC for inward investment.
Work closely Thinking Place and potential Place Board.	A brand strategy to support the communication of key propositions to attract inward investment.	Brand strategy and prospectus.
Consider Discretionary Business Rate Relief to incentivise businesses to locate in Fenland and commercial developments to be brought forward. Any relief is totally discretionary and only considered where it acts as a real incentive to business.	Attraction of inward investment, expansion projects and development of commercial space for example light industrial units	2 businesses per annuum attracting discretionary business rate relief

Measuring the success of the Refresh

The Refresh seeks to help deliver the Council's Economic Development Strategy 2012-31 with the overall aim of achieving economic growth in Fenland. What does economic growth look like?

- More business start-ups
- More businesses relocating into the district
- More expansions of existing businesses
- More local well-paid jobs for local people
- Thriving town and village centres
- More home-based businesses

The delivery of economic growth is substantially in the hands of businesses and specifically the people who run or create them. Businesses make the decisions about whether to expand, relocate, start and so on. Given this, the role of the Team is to:

- support owners/senior managers with their decision making through account management, signposting and so on
- ensure that there are opportunities for businesses to acquire suitable premises and/or serviced land on which to expand or locate
- ensure that the message that Fenland is "open for business" and what that means practically for businesses is understood across Fenland and outside of Fenland by targeted businesses, targeted sectors and those making enquiries about relocating into Fenland

Demonstrating the success of the Refresh is therefore based upon how well the Team interacts with these decision makers that ultimately lead to the business expanding, relocating, or starting. The resultant outcomes being more businesses, more jobs, higher paid jobs, more apprenticeships, etc

Examples of actual feedback from Fenland businesses:

"Thanks for all you've done so far, it's very professional."

"Thank you for taking the time to see us today and with your guidance, we may be able to achieve some expansion in staff and sales turnover in the coming months. Your suggestions and comments were very enlightening."

Example case study (anonymised):

Vegetable Packing Company

The company pack fruit for supermarkets and employ 125 staff at the Fenland facility. During a 1:2:1 engagement meeting with the company a number of barriers to growth and opportunities were identified with the main barrier being recruitment.

The Team introduced the company to Growth Works with skills, Cambridgeshire Skills, Skills for the Workforce and to Everyone Health. The company was able to promote the roles it had available and the support that it provided for staff and health improvements which will help in staff retention.

Introductions were made to Growth Works Skills for the company to make use of recruitment online tool and Job Centre Plus regarding Kickstart and direct recruitment.

The main opportunity identified was research and development (R&D). The R&D opportunities at the National Centre for Food Manufacturing were discussed as well as links to Cambridgeshire Wireless so that the company is able to network with businesses that can provide solutions to the robotics opportunities that the company are developing.

In addition, two local companies were introduced to the company as they would be of interest as part of the supply chain, in particular to aid in plastic packaging reduction, which is a customer requirement and an introduction to a Cambridgeshire company who will assist with new product development.

A further introduction has been made to a new inward investor due to synergies between the two companies and so that they can work together in their development of systems, processes and skills.

Bidding for external funding

The Team helps enable businesses to secure grant and other funding to support the growth of their business and attracts funding to support the growth of the economy for example for infrastructure.

One example of where the Team helped businesses secure grant funding, in early 2021 the Team contacted business to highlight a new CPCA capital grant which resulted in 5 companies receiving £390,000 of grant funding, a total of £2,975,844 in capital expenditure and 59 jobs to be created.

One example of helping to secure external funding is the Team's support to create a proposal to attract Central Government Levelling Up Funding with an application expected to be required by spring 2022. The Team have supported the two successful bids for Central Government Community Renewal Funding (CRF) resulting in an estimated £920k of funds and resource being invested in Fenland. The CRF projects are seen as "pilots" for the Governments Shared Prosperity Fund which the Team will be integral to creating proposals to attract this funding for Fenland.

The team will soon see the first successful inward investment into Fenland due to the introduction to Growth Works by the Economic Growth team. The company has been awarded a £75,000 grant from Growth works and will employ 20 staff. There are plans to develop seven new products in the next 3 years at the Fenland facility

Income generation

Economic growth can provide opportunities for the Council to generate net positive income either through investment itself or potentially via Fenland Future Limited (FFL) and its Business Plan. Such opportunities include investment in existing commercial property both occupied and unoccupied, design and build commercial property for committed end users, speculative design and build of commercial property and so on.

The Team works with existing Fenland businesses that require new premises and businesses that are considering locating in Fenland. The Council or potentially FFL can provide solutions to a business's property requirements and where appropriate the Team will advise businesses of these options. The Team will collect the necessary information from a business to enable both the Council and potentially FFL to make an initial assessment of the opportunity.

Economic growth can also generate business rate growth and therefore an increased revenue stream into the Council.

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Agenda Item No:	8	
Committee:	**Cabinet**	
Date:	24 February 2022	
Report Title:	Authorisation of External Funding in relation to Energy Efficiency	

1 Purpose / Summary

1.1 To note the successful allocation of Social Housing Decarbonisation Fund Wave 1 (SHDF) funding from the Department of Business, Energy & Industrial Strategy (BEIS) and to authorise entry into the associated financial and legal agreements necessary to enable its administration.

2 Key Issues

2.1 Fenland DC as lead partner for a consortium bid incorporating Clarion and two other local authorities has been successful in securing £5,202,622 of grant to invest in improving social housing across Fenland District, Tonbridge and Malling and Merton London Borough Council.

2.2 In receiving the grant FDC can ensure no liabilities (legal or financial) fall back on the Council from signing a Memorandum of Understanding from BEIS as a result of Clarion agreeing to sign a Grant Funding Agreement between the Council and Clarion

2.3 The funding not only improves homes of residents living in the properties that meet the criteria for investment, but also helps residents with reduced energy bills from living in highly energy-efficient properties at a time when energy prices are increasing rapidly.

2.4 Clarion will also invest time to help raise awareness of the learning from the work with local businesses who may wish to explore diversification into energy efficiency.

2.5 Receiving the grant has a close fit with the Council's business plan priorities and objectives in Communities, Environment and the Economy.

2.6 The Council will also receive a facilitation fee to reflect the work required to administer the grant funding in accordance with the requirements from BEIS.

3 Recommendations

- 3.1 Cabinet members are requested to:
    - Note the successful bid for funding from BEIS in the sum of £5,202,622 to assist in the delivery of energy efficiency improvements in social housing stock belonging to Clarion;
    - Authorise Fenland District Council's entry into BEIS' Memorandum of Understanding at Appendix A of this Report;

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- Subject to the above being agreed, authorise officers to enter into all required legal and financial documentation necessary to give effect to this decision, to include a separate grant funding agreement with Clarion Housing to be approved in consultation with the Portfolio Holders for Housing and Transformation and Communication (Energy Conservation).

Wards Affected	All
Forward Plan Reference	Authorisation of External Funding in Relation to Energy Efficiency - KEY/15OCT21/01
Portfolio Holder(s)	Cllr Sam Hoy Portfolio Holder for Housing Cllr Steve Tierney Portfolio Holder for Transformation & Communication (Energy Conservation)
Report Originator(s)	Dan Horn – Acting Assistant Director Neil Krajewski – Deputy Chief Accountant Amy Brown - Chief Solicitor and Deputy Monitoring Officer
Contact Officer(s)	As above
Background Papers	Wave 1 of the Social Housing Decarbonisation Fund (Closed) - GOV.UK (www.gov.uk)

1 BACKGROUND AND INTENDED OUTCOMES

1.1 BEIS Government department launched the SHDF Wave 1 in the Autumn 2021.

1.2 Fenland District Council has been successful in its bid for funding from BEIS from its Social Housing Decarbonisation Fund Wave 1. It will mean warmer and more energy efficient homes, a reduction in households' energy bills, and lower carbon emissions.

1.3 The SHDF Wave 1 has taken the lessons learnt from a demonstrator project that the Council also secured over £4 million of funding for (Cabinet minute reference CAB47/20 refers). The demonstrator fund by BEIS was an initial investment to learn lessons and catalyse innovation in retrofitting for the Social Housing Decarbonisation Fund, for which the Conservative manifesto committed £3.8 billion of new funding.

1.4 Although the Council no longer manages social housing stock there remains a statutory responsibility to work to improve the condition of the housing stock in Fenland and meet housing needs.

1.5 Clarion Housing approached the Council indicating they were keen to submit a bid to the demonstrator fund undertake major refurbishment of properties (originally 160 but revised with agreement from BEIS to 120) within the

Fenland District and the Borough of Tonbridge and Malling in Kent. Decarbonisation means reducing carbon emissions from the properties retrofitted.

1.6 The demonstrator project is still being delivered and is expected to conclude in June 2022. The new SHDF Wave 1 fund was launched in September 2021 and Clarion approached the Council to develop a submission to improve properties in Fenland, Tonbridge & Malling and the London Borough of Merton.

1.7 Due to the regulations linked to the funding BEIS required a local authority to submit the bid even in areas where the Council stock had been transferred.

1.8 Following discussion with the relevant Portfolio Holders, and subject to satisfactory legal and financial due diligence, Fenland District Council took on the role of lead bidder making its submission to BEIS in conjunction with Clarion and the two partner authorities by the deadline of 15th October 2021.

1.9 The submission was for circa £18.3 million of investment in energy efficiency measures across the three Council areas. This consists of £5,202,622 million BEIS grant and circa £13.1 million match funding from Clarion. It will enable an investment in 450 homes across Fenland (200), Tonbridge & Malling (200) and Merton (50) that Clarion evidenced created a credible bid proposition that also aligned with Clarion's 2040 asset strategy.

1.10 On the 7th February 2022 the Council was informed that the submission was successful.

2 REASONS FOR RECOMMENDATIONS

2.1 What is exciting for Fenland is the following:

- The Council can help deliver investment into Fenland homes as part of our Enabling Housing statutory duties to improve the condition of homes in the District.
- The residents of the properties improved will be involved in the learning from the improvements and participate in the project.
- The residents of the properties improved will have healthier homes to live in.
- The residents of the properties improved will have more disposable income through lower heating bills which will be timely as part of the COVID recovery for our community as well as a significant increase in energy costs.
- Further evidence to Government of the Council's ability to manage projects of this size to attract further inward investment

2.2 Alongside the benefits outlined in 2.1 with the increased investment need throughout the housing sector in sustainable and net zero carbon (NZC) products and services, there is an urgent need to support the growth of existing businesses and diversification of new entrants into the marketplace.

2.3 This is highlighted when looking just at the Clarion portfolio in isolation. In 2021-22, Clarion are expecting to complete circa 120 properties to a “zero carbon ready state” representing less than 1% of their entire portfolio and for the next 3 years Clarion are forecasting that figure to increase by circa 300% year on year (450 2022/23, 1,500 2023/24 and circa 4,000 2024/25).

2.4 Clarion acknowledge they have a responsibility to play their part in growth of the supply chain both locally and nationally. Therefore from the demonstrator programme they are developing an event which is primarily designed to target local supply chain that are:

- already working in NZC arena
- working in construction but not specifically NZC, and
- existing business and/or start-up’s that see this as a growth area and would like to diversify existing activities.

2.5 Clarion are in the process of securing external consultants that specialise in delivering these type of events to help them create a template for future events that Clarion could deliver internally. Clarion are also speaking with Constructionline, to see how they can partner with them to ensure the event is accorded a high profile and is well-attended.

2.6 This learning to local businesses will be extended with the SHDF Wave 1 programme.

2.7 By way of Business Plan priorities, the project links with the following aims and outcomes:

- Support vulnerable members of our community;
- Use our housing powers to prevent homelessness and reduce rough sleeping, meet housing needs, improve housing conditions, and keep homes safe and accessible;
- Promote Health and Wellbeing for all;
- Work collaboratively with partners, including in new and emerging networks, to deliver our Health and Wellbeing Strategy in order to tackle local health priorities and reduce health inequalities;
- Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland;
- Work with partners, local businesses and the Combined Authority to attract inward investment and establish new business opportunities;
- Promote and enable housing growth, economic growth and regeneration across Fenland; and
- Identify and bid for external funding that aligns with and supports our housing, economic and growth objectives.

3 CONSULTATION

3.1 Consultation and participation with tenants is a key ingredient to the programme of investment and learning that is shared with BEIS to help inform investment into the future.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 Not Applicable

5 IMPLICATIONS

5.1 Legal Implications:

- The Council is empowered to provide the grant funding to Clarion by section 1 of the Localism Act 2011.
- The Council will be required to enter into BEIS' standard form Memorandum of Understanding ("MoU"), as set out in Appendix A. The terms of the MoU have been reviewed and approved from a legal perspective and are consistent with central Government requirements for this type of project, notably in terms of reporting, how the project is delivered and the completion of milestones.
- As noted in the main body of the Report, the Council will passport the BEIS funding to Clarion who, in turn, will deliver the intended outcomes together with their match funding in Fenland, Tonbridge and Malling, and Merton. The Council entered into a grant funding agreement with Clarion for the demonstrator project and the agreement for the main project will be in fairly similar terms. This will safeguard the Council's legal, financial and reputational interests by setting out clear parameters and requirements for the delivery of the project (including matching the BEIS requirements) and will include relevant subsidy control provisions.
- To the extent that it is required to ensure that the Council remains compliant with the MoU, the Council will enter into appropriate contractual arrangements with Tonbridge and Malling Borough Council and Merton Council.
- BEIS has stated that the provision of works funded by the SHDF will be services of public economic interest from a subsidy control perspective and the grant funding agreement with Clarion will be drafted so as to ensure that the arrangements do not amount to an unlawful subsidy. The proposed arrangements have also been assessed as compliant from a public procurement perspective.

5.2 Financial Implications:

- The Council already has a strong track-record of working in partnership with Clarion. The same core team will be responsible for overseeing the programme of works funded from Wave 1 as that which has been involved in the successful delivery of works funded by BEIS as part of the demonstrator project.
- The Council will retain ultimate responsibility for dispersing funds to Clarion as the project progresses. Once the Memorandum of Understanding has been signed, BEIS have indicated the full grant of £5,202,622 will be paid over to the Council prior to 31 March 2022.
- The Council's capital programme shall be updated at the earliest opportunity to include this project.
- Officers expect that the grant agreement between the Council and Clarion will adopt similar principles to those incorporated into the agreement relating to the Demonstrator project referred to in section 1 of this report. These principles ensure that the Council does not assume any financial obligations or liabilities arising from its role in facilitating grant-funded works undertaken to housing stock owned by Clarion. This principle extends to cover those properties which Clarion might dispose of or transfer after works have been completed.
- Clarion have acknowledged that the Council needs to allocate officer time to fulfil its responsibilities as the lead Authority in the Consortium. Within the bid an allocation of £60,000 was agreed to cover the cost to Fenland of assuming its responsibilities as set out in the Memorandum of Understanding and the proposed Grant Funding Agreement. Fenland will invoice Clarion for these costs as the project progresses and Clarion shall be entitled to apply the grant it receives to cover circa 28% of those costs.

5.3 Equality Implications:

- Not applicable, the property condition types that meet the investment criteria will determine which properties are chosen.

6 SCHEDULES

- Appendix A – BEIS Memorandum of Understanding

SOCIAL HOUSING DECARBONISATION FUND WAVE 1

MEMORANDUM OF UNDERSTANDING
Between the

SECRETARY OF STATE FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

And

Fenland District Council

Changes/clarifications from version issued as part of the SHDF – Wave 1 competition launch (August 2021)

Section	Paragraph	Change
Definitions	-	Funding Period end date changed to 31 March 2023
	-	Definition of 'Monitoring Officer' added
	-	Amended wording of 'project baseline' to clarify this refers to the Baseline Milestone Schedule
	-	SHDF Competition amended to SHDF – Wave 1 and conclusion date updated
	-	SHDF – Wave 1 Projects definition added
Background	7	Total funding amounts updated to 'approximately £179m' Added a sentence to reflect that a formal change control mechanism will be used in the case of any changes to the performance, cost and time envelope of projects, including potential extensions beyond March 2023
The grant	10	Date of documentation return amended
Scope of activity	15	Clarification added to reflect this is during the Funding Period and in line with the approved Proposal
Use of third-party delivery partners	23 f	Added in sentence on complying with UK subsidy control rules
Interaction with other funding	27	Clarification added RE co-funding from other schemes
Subsidy control	33	Further text added to provide clarification
Suspension	50	Text updated to reflect that delivery may be suspended, rather than payment of the Grant

Governance	54	Monthly report submission to be on the 10th working day (prev. 20th working day)
	55 c	Number of top risks changed to 5 (prev. 10)
	55	Paragraph omitted – early indication of change requests to be submitted via email not via the Monthly Report (refer to paragraphs 64 – 68 for details)
	56	Clarification that any modification of data requirements will be communicated to the Authority
	57	Text added to reflect that the Authority should have a system to collect inputs from all consortium members if it is part of a consortium Clarification that 'the data' refers to the data set out in Annex 7: Data Requirements
Change Requests and Variations	64 - 68	Updated to reflect the current change control process
Performance	79	Monthly Report to be submitted on the 10th working day of each month (prev. 20th)
	80 b	The review of progress will be against the Updated Baseline Milestone Schedule
	81	Clarification of baseline meaning
	82	Text in 'Planned Milestone Date' column updated to state 'determined by Project Proposal'
	83	Planned milestone date determined by the Updated Baseline Milestone Schedule
	86	Updated information on signing of the DSA

	87	Further detail added around sharing the Privacy Notice
Monitoring, evaluation and audit	89 f	Process for providing Monthly Report updated
	89 i	Clarification added that the Authority's privacy notice should mirror what is documented in the DSA Further detail added around sharing the Privacy Notice
	89 j	Updated information on signing of the DSA
	89 l	Added sentence on participation in regular Learning Community events
Documents to be provided	115	Updated Baseline Milestone Schedule to be provided Table 2 added to reflect updated DSA signing process and revised deadlines Table 3 added to reflect the updated risk register completion date
Annex 2	-	Text in Annex B of the Grant Determination updated to reflect that the conditions will be complied with (this previously stated that they had already been complied with)
Annex 4	-	Template for risk register updated and simplified
Annex 5	-	Data Sharing Agreement updated to Wave 1 DSA (competition documents contained Demo DSA)
Annex 6 (a & b)	-	Annex 6 split into 6a and 6b to reflect the need for an Updated Baseline Milestone Schedule (Annex 6b)

		Clarification added to Annex 6a to reflect that the Proposal is the application submitted as part of the competition
Annex 7	-	Revised to reflect monthly data to be supplied on the 10th working day of each month (prev. 20th) Additional data requirements added
Annex 9	-	Added in the AP1a form as Annex 9
Annex 10	-	Added in the Small Amounts of Funding Declaration as Annex 10
-	-	Privacy Notice template moved to be Appendix F of the DSA

MEMORANDUM OF UNDERSTANDING

SHDF – WAVE 1

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MEMORANDUM OF UNDERSTANDING

DEFINITIONS

In this MoU the following terms will have the following meanings:

"The Authority", the Local Authority with whom this MoU is signed by. In the case of a Consortium, means the local authority that is to sign this MoU and is the lead local authority to whom the Grant will be paid by the Secretary of State, subject to the provisions of this MoU.

"BEIS" means the Department for Business, Energy and Industrial Strategy.

"Co-funding" means the amount of contributary funding that the Authority should provide in addition to the Grant (as confirmed in the approved Proposal (Annex 6a). The minimum co-funding contribution required from the Authority for SHDF – Wave 1 Projects will be a third of total Eligible Expenditure.

"**Commencement Date**" refers to [BEIS to insert date when signing] when the MoU is signed and therefore comes into effect.

"**Consortium"** means a group of registered providers working together to deliver the Proposal set out in Annex 6a under the leadership of the Authority.

"Eligible Installer" means contractors that are currently trading, are registered with TrustMark[1] and compliant with *"PAS 2035:2019 Retrofitting dwellings for improved energy efficiency. Specification and guidance."* RPs should ensure that their installers hold the appropriate certifications for the Eligible Measures that they are installing. PAS 2035:2019 requires that all energy efficiency measures within the scope of the PAS2030:2019 standards must be delivered by installers who are certified to this standard and all low-carbon heating measures must be installed by a Microgeneration Certification Scheme (MCS) certified[2] installer. We expect all contractors to work safely as we recover from the pandemic, following Covid-19 secure working practices.

"**Eligible Expenditure**" means payments by the Authority during the Funding Period for the purposes of delivering the Proposal, as approved by BEIS, which comply in all respects with the rules set out in paragraphs 15 to 20 (Scope of Activity) of this MoU.

"Eligible Household" means a household which meets the eligibility requirements to which Eligible Measures may be delivered on behalf of the Authority as set out in the Proposal i.e. all social homes below EPC Band C. If it makes sense for a small number of homes in a block or street that are at or above EPC Band C to be included in an application with a primary focus on below EPC Band C social homes, this is possible as long as it is justified in the application on an 'infill' basis, and at least 70% of homes across the application are below EPC Band C. Adoption of an 'infill' approach to allow the scheme to deal with Mixed Tenure would allow certain

[1] Or a scheme that the Secretary of State is satisfied is equivalent.
[2] Or a scheme that the Secretary of State is satisfied is equivalent.

non-social homes to receive communal fabric measures predominantly limited to external wall insulation (EWI) and ventilation through SHDF – Wave 1 as long as the application contains at least 70% social homes.

“**Eligible Measures”** are any energy efficiency and heating measures compatible with the Standard Assessment Procedure (SAP) that will help improve properties to the required performance standards. This includes, but is not limited to, energy efficiency measures (such as wall, loft, and underfloor insulation) and low carbon heating technologies. A list of SAP eligible measures can be found in Appendix T of the SAP 2012 guidance document. This is with the exception of heating systems which are solely fuelled by fossil fuels, such as the installation or repair of a fossil fuel-based heating system, or the replacement of an existing fossil fuel-based heating system with another fossil fuel-based heating system, which are not in scope. For more information on Eligible Measures please refer to Section 2.9 of the SHDF Competition Guidance document.

“**Funding Period**” is the period for which the Grant is awarded starting on the Commencement Date to 31 March 2023.

“The Grant” is the capital funding made available by the Secretary of State to the Authority under this MoU to deliver Wave 1 of the Social Housing Decarbonisation Fund as stated in paragraphs 9 to 14.

“Mixed Tenure” means a building or a group of buildings which contain multiple tenure types.

“**Monitoring Officer**” means the role of individuals from the Scheme Administrator, allocated to the Authority, who are the first point of contact for questions. They will assist the Authority with reporting requirements from BEIS and will submit the Monthly Report. They will also attend monthly update calls and site visits with each Authority as required.

“**Monthly Report**” has the meaning given to it in paragraph 55.

“The Parties” means the Secretary of State and the Authority together collectively.

“Project Team” means the Social Housing Decarbonisation Fund project team within BEIS responsible for the delivery of the Social Housing Decarbonisation Fund Wave 1.

“**Programme Board**” means the lead governing authority for the Social Housing Decarbonisation Fund Wave 1.

“Proposal” means the Authority’s proposal set out in Annex 6a. This includes the Baseline Milestone Schedule submitted as part of the Authority’s proposal.

“Registered Provider” means a registered provider (RP) of social housing, including private and Local Authority.

“**RHI**” means the Renewable Heat Incentive, a government financial incentive scheme that promotes the deployment of renewable heating systems.

"**Scheme Administrator**" are working on behalf of BEIS to help to launch the project, administer the project, monitor the projects progress, support the reporting of risks and associated mitigations and provide technical support to the SHDF Wave 1 Project Team. The Scheme Administrator may also be referred to as the Delivery Partner.

"Secretary of State" means the Secretary of State for Business, Energy and Industrial Strategy.

"Services" are the services the Authority is expected to procure for delivery under the Social Housing Decarbonisation Fund Wave 1 Competition.

"SHRA" means the Social Housing Retrofit Accelerator which is the technical assistance facility that has been established to support applications to Wave 1 of the SHDF.

"Spend" means any funding committed and accrued to an Eligible Expenditure, as long as such activity is due for completion within the Funding Period.

"SHDF" means the Social Housing Decarbonisation Fund.

"SHDF - Wave 1" means funding via Wave 1 of the Social Housing Decarbonisation Fund which starts from the Commencement Date and concludes on 31 March 2023.

"SHDF - Wave 1 Projects" means all Projects agreed through the competitive allocation process and their associated deliverables.

PURPOSE

1. To establish the way the parties to the Memorandum of Understanding (hereafter referred to as the "MoU") will work together to deliver SHDF – Wave 1 in England.

2. To clarify the roles and responsibilities of the parties to the MoU.

3. The Parties to this MoU are:

    a. The Secretary of State for Business, Energy and Industrial Strategy (**"Secretary of State"**); and

    b. Fenland District Council known as **"the Authority"**.

    The Secretary of State and the Authority are known together collectively as "**the Parties**".

4. The Secretary of State has decided to grant capital funding through Wave 1 of the Social Housing Decarbonisation Fund to the Authority. The Authority has committed to spend such funds to deliver Eligible Measures to Eligible Households, using Eligible Installers.

5. The Parties wish to record their understanding regarding the Grant funding which are detailed in this MoU.

BACKGROUND

6. The Social Housing Decarbonisation Fund (SHDF) is a £3.8bn 2019 Conservative manifesto commitment over a 10-year period to improve the energy performance of social rented homes, on the pathway to Net Zero 2050. The SHDF will upgrade a significant amount of the social housing stock currently below, and on an 'infill' basis at or above, EPC Band C up to that standard; delivering warm, energy-efficient homes, reducing carbon emissions and fuel bills, tackling fuel poverty, and supporting green jobs.

7. The SHDF will be delivered through a series of individual projects ('waves'). The first wave of the programme is called Wave 1 and will provide around £179m to England only projects to support Registered Providers of social housing, including private and local authority providers, to improve the energy performance of their social housing stock by installing Eligible Measures. The £179m project is to be awarded in FY2021/22 and is expected to be delivered through to March 2023. Any changes to the performance, cost and time envelope of the projects will be the subject of a formal change control mechanism as set out in paragraphs 64-68, including potential extensions beyond March 2023.

OUTCOMES

8. The primary purpose of the SHDF is to raise the energy performance certificate (EPC) rating of social homes to a minimum of EPC Band C; or to EPC Band D where Band C is not possible for EPC Band F/G homes and justification has been provided. Wave 1 will look to improve a significant number of homes using a 'worst first, fabric first' approach. We expect the SHDF to result in the following outcomes:

- **Fuel Poverty**: Reduce the numbers in fuel poverty by improving the energy efficiency rating of social homes below EPC Band C and reducing energy bills. On this basis, tenant energy bills should not increase for equivalent home warmth, and it is expected that bills will reduce.
- **Carbon:** Deliver cost effective carbon savings to contribute to carbon budgets, and progress towards the UK's target for Net Zero by 2050 by reducing CO2 emissions from social housing.
- **Green Economy**: Support economic resilience and a green recovery in response to the economic impacts of Covid-19, supporting thousands of jobs.
- **Tenants:** Improve the comfort, health, and well-being of social housing tenants by delivering warmer and more energy-efficient homes.

THE GRANT

9. The Secretary of State grants the Authority capital funding of £5,202,622.32 "**the Grant"**) to deliver the outcomes in line with their Proposal. This funding is subject to the Authority providing the documentation and information in accordance with paragraph 10.

10. The Authority will as soon as possible and by the 28th February 2022 at the latest provide the Secretary of State with the documentation and information listed in Paragraph 115, Table 1.

11. Once BEIS is satisfied that the completed documentation and information listed in Paragraph 115, Table 1 has been received, it will arrange for the PO to be raised and for payments to be made.

12. The Grant is made available for use during the Funding Period.

13. At the Secretary of State's sole discretion, the Secretary of State reserves the right to determine an extension beyond the Funding Period, should the Authority provide a request in writing to do so. It is expected that all works will be delivered by the end of the Funding Period.

14. The Authority will ensure that any public communications it issues about SHDF – Wave 1 and SHDF – Wave 1 Projects, or the Proposal are not misleading as to the extent to which they are funded by the Secretary of State.

SCOPE OF ACTIVITY

15. The Authority will use the Grant in accordance with the provisions of this MoU to only incur Eligible Expenditure during the Funding Period, as provided for in the BEIS approved Proposal (Annex 6a).

16. In delivering the Proposal, Eligible Expenditure are payments properly incurred in relation to:

    a. A recipient who is a **'Registered Provider'**; and

    b. Installation of **'Eligible Measures'**; and

    c. completed by an **'Eligible Installer';** and

    d. Installation is completed during the '**Funding Period**'.

17. Cost of upgrades for social homes: To further ensure value for money, there will be grant cost caps in place for each home. These cost caps will be scaled based on the starting EPC Band of a home, to ensure that the worst performing homes can be treated. Grant cost caps (with accompanying co-funding) are as follows:

Starting EPC Band	Maximum SHDF Grant Funding for Retrofit Works	Minimum 1/3 RP Contribution (co-funding) (if maximum grant level applied for)	Total Spend on retrofit works (if maximum grant funding utilised)
D	£10,000	£5,000	£15,000
E	£12,000	£6,000	£18,000
F	£16,000	£8,000	£24,000
G	£16,000	£8,000	£24,000

18. Where the Grant includes capital funding, accounting standards permit, in certain circumstances, the capitalisation of costs incurred when delivering the capital assets for the Proposal (for example, administrative and ancillary). Administration and ancillary costs are expected to be as low as possible and comprise less than 15% of the total budget. It is expected the Authority will keep such costs incurred in delivering the Proposal below 15% of the SHDF – Wave 1 total Grant provided by the Secretary of State. In all other cases capital funding must not be spent on revenue expenditure.

19. The Authority will use Eligible Installers who are suitably certified as defined above.

20. Without prejudice to any other provisions of this MoU, the Authority will not use the Grant for the following purposes:
    - For the provision of measures which are not Eligible Measures.
    - To fund the provision of any lending to third parties.
    - To replace funding for an existing project, including any staff costs for an existing project and any projects to deliver statutory obligations, although the Grant may be used to extend the geographical coverage, scope or scale of an existing project (and for additional staff costs attributable to the extension of the project).
    - Use for activities of a political or religious nature.
    - Use in respect of costs reimbursed or to be reimbursed by funding from public authorities or from the private sector.
    - Use in connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money).
    - Use to cover interest payments (including service charge payments for finance leases).
    - Use for entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations).
    - Use to pay statutory fines, criminal fines or penalties.
    - Use to pay for Eligible Expenditure incurred before the date of this MoU.

VALUE ADDED TAX

21. This grant funding to the Authority falls out of scope of VAT. This is because the provision of the Grant is not a consideration of supply for VAT purposes.

22. If the Authority enters into a third-party contractual relationship with a supplier (per the terms of Secretary of State issuing the Grant) and incurs non-recoverable VAT on the supply provided, the Authority should ensure this does not exceed the total Grant award. This means recoverable VAT should not be included in the grant requested.

USE OF THIRD-PARTY DELIVERY PARTNERS

23. Where the Authority is not directly responsible for delivery and instead chooses to provide funding to other public bodies (e.g. local authorities), the Authority will ensure that funding provided:

    a. Addresses the primary objectives of SHDF – Wave 1.

    b. Is deliverable within the timescales set out for the Funding Period.

    c. Considers value for money with regard to the total number of homes upgraded by measure and the total administrative and management costs which will be borne by the third party.

    d. Identifies any additional value-adding elements which are aligned to the overall objectives of SHDF – Wave 1.

    e. Can be reported against in line with the KPIs and reporting arrangements as set out in this MoU.

    f. Complies with United Kingdom subsidy control rules.

24. For the avoidance of doubt, where the Authority provides any funding to third parties for activities undertaken during the Funding Period, it will ensure that the provisions within this MoU are included in any arrangement with these third parties.

25. The Authority is expected to work with these third parties to ensure that key risks are identified and managed.

26. In the consideration of use of Consortia, the Secretary of State acknowledges that it may not be appropriate to implement commercial contractual arrangements between the Authority and other public bodies. However, the Authority will consider ways in which other public bodies' performance during the Funding Period can be appropriately managed such that the Grant can be

redistributed from poorly performing or slow to deliver third parties to those which are meeting their performance and delivery targets.

INTERACTION WITH OTHER FUNDING

27. Funding applications received from SHDF – Wave 1 can be blended with other government schemes such as the Energy Company Obligation (ECO), or the Sustainable Warmth competition (SW), to support works on the same home but cannot be used to fund the same individual measure. Funding received from other government schemes cannot be used to meet co-funding requirements of the SHDF – Wave 1 Grant.

28. Applicants who have been successful under the SHDF Demonstrator may apply for funding under this SHDF – Wave 1 with different housing stock, subject to the Proposal complying with the eligibility criteria for this scheme, as set out in Section 2 of the SHDF Competition guidance document[3].

29. The Authority takes full responsibility for ensuring that any blending of funding is compliant with each individual scheme and the respective requirements and objectives for each fund is met.

30. SHDF – Wave 1 is grant funding from public funds, therefore, for the purposes of the RHI any funding from SHDF – Wave 1 for low carbon heating measures must be declared to Ofgem (the RHI scheme administrator) when an accreditation application to the RHI is made. The SHDF – Wave 1 grant amount will then be deducted from the Authority's RHI payments as per the RHI rules on grant funding. Potential applicants to the RHI should be aware of the RHI eligibility criteria and scheme rules. More information on the RHI can be found here and here.

31. The Authority can, however, blend funding they receive from SHDF – Wave 1 with third party finance or local authority budgets to deliver additional support to communities.

32. The Secretary of State intends to utilise data matching between schemes in order to monitor that the same measure installed in the same home is not claimed for under different schemes.

SUBSIDY CONTROL

33. The Authority acknowledges that they must ensure that the funding awarded is compliant with all current Subsidy Control legislation applicable in the United Kingdom.

    Where the Grant will be passed from the Authority to a Private Registered Provider, for example a Housing Association as part of a consortium, this will be

[3] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1016303/shdf-wave-1-competition-guidance.pdf

considered a subsidy in accordance with the task of social housing under Services of Public Economic Interest. The requirements can be found within the EU-UK Trade and Cooperation agreement and the subsequent guidance from the department of Business, Energy and Industrial Strategy (BEIS).

In instances of the Authority using the Grant on their own social housing stock – this will not be considered a subsidy.

Where leaseholder or freeholder (right to buy) properties are included in the Proposal, the Small Amounts of Funding Exemption[4] applies. To receive funding under this exemption, landlords should declare to the Authority that the support they are receiving does not exceed 325,000 Special Drawing Rights[5] threshold across three financial years from all public sources. A declaration has been provided at Annex 10 of this MoU. Subsidies below this amount are exempt from the application of the subsidy's provisions of the TCA.

34. To minimise the risk that a court of competent jurisdiction requires grant funding to be repaid, the Authority will:

    a. Comply with any applicable subsidy control regime in its use of the Grant and its delivery of the Proposal; and
    b. Ensure that use of the Grant in connection with the Proposal complies with any applicable subsidy control regime.

35. The Authority must obtain and retain all declarations and information as may be required to enable both the Authority and the Secretary of State to comply with any applicable subsidy control regime, and to provide copies of such declarations and information to the Secretary of State when required to do so.

PROCUREMENT AND OTHER BENEFITS TO THIRD PARTIES

36. The Authority will, in delivering the Proposal:
    a. Comply with all relevant requirements of UK law relating to public procurement in force and applicable from time to time.
    b. The Authority will give due consideration to the use of Small & Medium Enterprises (SMEs) within the supply chain and ensure contracting and sub-contracting opportunities are advertised as such to encourage participation of SME and local supply chains. BEIS has its own SME action plan[6].
    c. When conducting procurement activities, the Authority will comply with the obligations under the Equality Act 2010 and its associated Public Sector Equality Duty.
    d. The Authority will comply with the Local Government Transparency Code 2015.

[4] See the 'UK-EU Trade and Cooperation Agreement frequently asked questions' in the BEIS guidance, available here.
[5] Public authorities should use the International Monetary Fund SDR convertor to determine the Stirling equivalent amount.
[6] https://www.gov.uk/government/publications/beis-small-and-medium-enterprises-sme-action-plan

SUPPLY CHAIN MANAGEMENT EXPECTATIONS

37. The Authority acknowledges that when managing its supply chain it should expect its suppliers and subcontractors to meet the standards set out in the Government Supplier Code of Conduct published by the HM Government on best practise expectations[7].

PROMPT PAYMENT

38. In delivering the Proposal, the Authority will, unless the Secretary of State agrees otherwise in writing, pay the person from whom any goods, works or services are purchased within 30 days of receiving a valid undisputed invoice from that contractor.
    a. The Authority will also ensure this payment timeline is included within any sub-contract arrangements of the contractor.

39. The Authority will ensure that where it uses third-party delivery partners, in accordance with paragraph 24, that the funding provided is also paid within 30 days of receiving a valid undisputed invoice from that contractor, or from receiving an acceptable proposal from a public body.
    a. When payment is made in accordance with Paragraph 39, the Authority will ensure that these payment timelines are included within any sub-contractors of the third parties in accordance with Paragraph 24.

MODERN SLAVERY, CHILD LABOUR AND INHUMANE TREATMENT

40. The Authority acknowledges throughout the Grant Funding Period that it should maintain its own policies and procedures to ensure its compliance with the Modern Slavery Act 2015 and include in its contracts with its suppliers and subcontractors anti-slavery and human trafficking provisions.

41. If the Authority becomes aware of any concerns that any part of the supply chain may have breached the Modern Slavery Act 2015 then this must be reported within the Risk Management procedure and the Project Team be informed instantly.

COMMERCIAL USE OF THE GRANT

42. The Authority will not use the Grant, or any asset financed wholly or partly by it, to generate revenue or make a capital gain, except to the extent agreed as part of the Proposal. If the Authority does so, it will:

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7 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779660/20190220-Supplier_Code_of_Conduct.pdf

a. Inform the Secretary of State immediately and in writing; and
b. Agree that the Grant may be reduced by the amount of that revenue or gain (as the case may be).

GRANT WITHDRAWAL AND REPAYMENT

43. In accordance with paragraphs 43 to 49, it is the understanding of the Parties that the Secretary of State may request the Authority to repay all, or any proportion of, the Grant, together with interest (calculated in accordance with paragraph 47).

44. The Authority accepts that the Secretary of State may exercise the options referred to in paragraph 43 where the Secretary of State:
    a. is required to cease grant funding or to recover all, or any proportion, of the Grant or any other amount by virtue of a decision of a court or other competent authority;
    b. Has reasonable grounds to consider that the payment of the Grant, or the Authority's use of it, contravenes any requirement of law, in particular (but without limitation) law relating to subsidy control; or
    c. Has reasonable grounds to consider that the Grant was irregularly obtained or spent in a way that does not meet the SHDF – Wave 1 scope referred to in paragraphs 15 to 20.

45. When exercising the options referred to in paragraph 43, the Secretary of State will notify the Authority of the grounds concerned and as far as possible, consider the Authority's representations made within any reasonable timeframe required by the Secretary of State.

46. A decision by the Secretary of State to ask the Authority to repay the Grant will be communicated by letter, and the Authority will make that repayment within 30 days of the date of that letter or within any later reasonable timeframe agreed by the Secretary of State in writing.

47. Where the Secretary of State requests repayment, interest will be calculated from the date of the Grant payment, in accordance with:
    a. the retail prices index over the relevant period (that index being taken as 0% for any period during which the index is negative); or
    b. any other rate required by law in the circumstances, including subsidy control, if it is higher.

48. Where the Authority does not make the relevant payment within the timeframe specified in paragraph 46, further interest on the outstanding sum (inclusive of interest already charged under paragraph 47 will accrue, after that deadline, at the statutory rate of interest under Section 6 of the Late Payment of Commercial Debts (Interest) Act 1998 or any other rate required by law in the circumstances, if it is higher).

49. Should the Secretary of State not exercise their options under paragraph 43 or delay in doing so, this will not constitute a waiver of those options unless the

Secretary of State confirms such a waiver in writing. Furthermore, any such written waiver will not be taken as a precedent for any other, or subsequent, circumstances.

SUSPENSION

50. The Secretary of State may suspend delivery of the Proposal where:
    a. One of the grounds in paragraph 44 arises.
    b. The Secretary of State has reasonable cause to believe that one of those grounds may have arisen, or is likely to arise; or
    c. One of the provisions of the MoU is not met by the Authority.

51. In the case of any suspension, unless the Secretary of State confirms a contrary agreement in writing:
    a. The Authority will continue to comply with the requirements of this MoU including any deadlines occurring during the period of suspension; but
    b. The Authority will not make any further use of the Grant until the Secretary of State has authorised continued use of the Grant in writing.

52. The Authority will inform the Secretary of State in writing if it has any concerns that any of the grounds in paragraph 44 might arise or that it will not be able to meet the provisions of the MoU. If such concerns arise after the Authority has received the Grant, the Authority will not make any use of the Grant until the Secretary of State has authorised continued use of the Grant in writing.

AGREED USE OF UNDERSPEND

53. In the event that the Authority does not use all the Grant to secure delivery of the Proposal by the end of the Funding Period:
    a. The Parties will work together to agree how the Authority will spend any unspent Grant funding in line with the expected scope and outcomes of SHDF – Wave 1. Where this is the case, the Authority will notify the Secretary of State by 31st December 2022.
    b. The Secretary of State reserves the right to determine an extension to the Funding Period, should the Authority provide a request in writing to do so as per paragraph 13.
    c. If the Parties are unable to reach an agreement described in sub-paragraph (a), the Authority agrees to repay the unspent Grant within 30 days of the end of the Funding Period.

GOVERNANCE

54. On a monthly basis, the Authority will provide a monthly report to the Project Team acting on behalf of the Secretary of State on or before the 10th working day of each month (the "Monthly Report") for the month prior. For example, the report covering the delivery period of 1 - 30 April 2022 will be required to be submitted on or before the 13th of May 2022. The Monthly Report will be submitted using a data management system created by the Project Team. All the data collected using the system will be compliant with UK GDPR, the Data Sharing Agreement

and Privacy Notice that will be given to the Authority, as outlined in the Performance section.

55. The Monthly Report should include, but is not limited to:
    a. An overview of monthly progress on the project.
    b. An update of the Authority's progress against Key Performance Indicators (KPIs) and project milestones (see paragraphs 82-83).
    c. Top 5 risks, issues and/ or concerns that could impact on the project (see paragraph 69).
    d. Any incidents of fraud.
    e. Specific per home information, including but not limited to requirements outlined in Annex 7.
    f. Any other items the Authority wishes to escalate to BEIS.

56. A full breakdown of the data reporting requirements expected from the Authority can be seen in Annex 7. The Secretary of State reserves the right to modify data requirements if required and this will be communicated to the Authority.

57. The Authority should put a system in place to enable the data (as set out in Annex 7: Data Requirements) to be collected. Where the Authority is part of a consortium, the Monthly Report will need to include inputs from all local authorities, housing associations and delivery partners within the Authority's consortium, through one consolidated Monthly Report.

58. To achieve the data reporting requirements set out in Annex 7, the Authority is expected to include data collection requirements into all relevant agreements with their third-party delivery partners, collate the data across their project(s) on a routine basis, while checking the data for completeness and identifying any missing or erroneous data.

59. Should the Project Team identify a significant variation in the Monthly Report performance of the project(s) against the targets stipulated in Paragraph 82 and 83, or the Authority raises a risk or concern that could potentially undermine the delivery of their project(s), the Project Team, on behalf of the Secretary of State, may request a recovery plan. See Annex 8, detailing the interventions that may be required to help recover the project(s).

60. The Project Team will determine if the interventions detailed in the recovery plan provide confidence of project recovery. If necessary, the Project Team will provide further recommendations to address areas of concern. The Project Team and the Authority will jointly agree a timescale to implement the interventions.

61. The Monitoring Officer and the Authority will have a regular monthly meeting to discuss the progress of delivery of the Proposal and any issues arising from the Monthly Report. Where applicable, the Project Team will issue the agenda and relevant actions from these meetings. At a minimum, the Authority will provide everything listed in paragraph 55 to the Project Team. The Project Team and the Authority may agree to schedule ad-hoc meetings outside of the monthly meetings. These requests will be considered on a case-by-case basis and

reasonable notice will be provided by the Project Team, as well as a proposed agenda.

62. The Authority will take all reasonable steps to accommodate site visits to the project site(s) by the Project Team, the Secretary of State, other Ministers of State or approved contractors. The Monitoring Officer will work with the Authority to ensure relevant documents and personnel are available for the site visits.

63. The purpose of the site visits will be to enable the Project Team, or approved contractors, to conduct a visual inspection of project progress, to discuss the progress and or future direction of the project and to conduct administrative checks on the project's on-site audit trails.

CHANGE REQUESTS AND VARIATIONS

64. The Authority will notify the Project Team via email if there are any variations from the project Proposal in relation to delivery (time, cost or performance). If the Project Team consider the variation to the project Proposal to be substantive, the Project Team will confirm to the Authority that a formal Change Request is required via a standardised proforma, to be submitted to the Project Team via email.

65. The Project Team will contact the Authority to conduct an initial review of the submitted change request to gather further information, including its impact on the project and overall programme.

66. The Project Team will conduct an internal assessment on how to respond to the Change Request and advise the Authority whether the request has been accepted or rejected in writing within 5 - 30 working days (depending on the nature of the change).

67. If the Authority disagree with the response, they should write to the SHDF Programme Director explaining their concerns with 5 working days of receiving the initial response.

68. No variation of this MoU will be effective unless it is agreed in writing and signed by both Parties. This does not prevent either Party making reasonable changes in relation to the administrative arrangements in the MoU (such as contact details) by notice in writing to the other Party, without such agreement in writing signed by both Parties.

RISK MANAGEMENT

69. The Authority agrees to provide assurance that risks in relation to the Proposal have been identified and plans are in place to mitigate them. The Authority will complete the Risk Register in Annex 4 and return it to the Secretary of State as part of their MoU submission (please refer to Paragraph 115, Table 3 for details of when this should be provided).

70. In providing assurance about the management of risks the Authority will identify risks and issues which arise from its own activities and those which arise from third parties, including those delivering measures or services under the scheme and those referring potential scheme recipients or otherwise publicising the scheme.

71. The Authority will also include any other risks not included in the preceding paragraph 69 which it believes are relevant to the scheme.

72. As part of the Monthly Report, the Authority will report the status of the risks and issues identified within the Risk Register, including on the implementation of mitigating actions, and whether any new risks or issues have emerged. The report will also provide a statement as to whether risk management is effective and whether any remedial action is necessary. The Authority will share both the risks it is managing, and risks raised by local authorities or any other third-party delivery partners.

73. As soon as it becomes apparent to the Authority or the Project Team that a risk will significantly impact on the delivery of the Proposal, the Project Team and the Authority will together develop and work through recommendations to address each area of concern.

FRAUD

74. As part of the delivery of the Proposal, the Authority will be responsible for carrying out or arranging for the reasonable ongoing due diligence, controlling, monitoring, reporting, as well as managing any specific cases of suspected or identified fraud.

75. The Secretary of State has specified that all Authorities funded through SHDF – Wave 1 should, at a minimum, have a robust fraud risk assessment in place, with mitigating counter fraud actions, to provide assurance about the management of fraud risks. The Authority agrees to provide a completed fraud risk assessment to the Secretary of State upon request.

76. The Authority acknowledges it should implement controls to reduce the risk of fraud where possible, considering the following options when doing so:
    a. Implementing strategies regarding Counter Fraud, Bribery and Corruption.
    b. Staff awareness through training and educating all employees on fraud risk and appropriate action to take if fraud is suspected.
    c. Aiming to design fraud out of the Authority's stages of the grant process.
    d. Through regular risk assessments throughout the Projects time frame.
    e. The use of the Authority's Audit officer to proactively look for the potential fraud.
    f. Appropriate whistleblowing arrangements to support the reporting of fraud.

g. Regular site visits in regard to oversight of the delivery implementation.

77. In accordance with paragraphs 75 and 76, incidents of fraud will continue to be reported monthly throughout the Funding Period.

78. The Authority will inform the Project Team at the earliest opportunity of any reports it has received or identified relating to any suspected fraudulent activity relating to the delivery of the Proposal and include a summary of investigative and/or corrective action.

PERFORMANCE

79. During the Funding Period, the Authority will submit a Monthly Report to the Project Team, as outlined under the Governance section, on or before the 10th working day of each month.

80. The performance of the Authority will be determined in two ways.
   a) The KPIs within the Monthly Report will be reviewed against expected performance, see paragraph 82.
   b) A review of progress to achieve key project milestones, defined in paragraph 83, compared to the time forecasted to complete the milestones, as outlined in the Updated Baseline Milestone Schedule (see Annex 6b).

81. The baseline referred to in the KPI description is the Updated Project Baseline Milestone Schedule as detailed in Annex 6b.

82. Key performance indicators table:

Ref	KPI Title	Definition	Performance rating - monthly report (what have you completed within the reporting period)	Forecast – end of the project (what do you forecast will be achieved by the end of the project)
KPI 1	Number of properties completed the PAS2035 risk assessment stage (Milestone 2)	The number of properties that have completed the PAS2035 risk assessment stage (Milestone 2) in month, and total cumulative all months. Performance targets for month and cumulative will be taken from the Project baseline.	Green – 90% - 100% of the monthly target completed. Amber – 89% - 60% of the monthly target completed. Red – Less than 60% of the monthly target completed.	Green – 90% - 100% of the baseline plan to be achieved by the end of the project. Amber – 89% - 60% of the baseline plan to be achieved by the end of the project. Red – Less than 60% of the baseline plan to be achieved by the end of the project.
KPI 2	Number of properties completed PAS2035 Dwelling Assessment stage (Milestone 3)	The number of properties that have completed the PAS2035 Dwelling Assessment stage (Milestone 3) in month, and total cumulative all months. Performance targets for month and cumulative will be taken from the Project baseline.	Green – 90% - 100% of the monthly target completed. Amber – 89% - 60% of the monthly target completed. Red – Less than 60% of the monthly target completed.	Green – 90% - 100% of the baseline plan to be achieved by the end of the project. Amber – 89% - 60% of the baseline plan to be achieved by the end of the project. Red – Less than 60% of the baseline plan to be achieved by the end of the project.

KPI 3	Number of properties completed the design & coordination stage of the project	The number of properties that have completed the design & coordination stage (Milestone 4) in month, and total cumulative all months. Performance targets for month and cumulative will be taken from the Project baseline.	Green – 90% - 100% of the monthly target completed. Amber – 89% - 60% of the monthly target completed. Red – Less than 60% of the monthly target completed.	Green – 90% - 100% of the baseline plan to be achieved by the end of the project. Amber – 89% - 60% of the baseline plan to be achieved by the end of the project. Red – Less than 60% of the baseline plan to be achieved by the end of the project.
KPI 4	Number of privacy notices issued to tenants and installers	The amount of privacy notices issued to tenants and installers outlining their right to opt in to take part in BEIS Monitoring & Evaluation activity in month, and total cumulative all months. Performance targets for month and cumulative will be taken from the Project baseline.	Green – 90% - 100% of the monthly target completed. Amber – 89% - 60% of the monthly target completed. Red – Less than 60% of the monthly target completed.	Green – 90% - 100% of the baseline plan to be achieved by the end of the project. Amber – 89% - 60% of the baseline plan to be achieved by the end of the project. Red – Less than 60% of the baseline plan to be achieved by the end of the project.
KPI 5	Number of properties completed	The number of properties that are deemed complete, i.e. completed the installation stage (Milestone 7) and have been registered in the TrustMark Data Warehouse, or equivalent, (Milestone 8) in month, and total cumulative all months. Performance targets for month and cumulative will be taken from the Project baseline.	Green – 90% - 100% of the monthly target completed. Amber – 89% - 60% of the monthly target completed. Red – Less than 60% of the monthly target completed.	Green – 90% - 100% of the baseline plan to be achieved by the end of the project. Amber – 89% - 60% of the baseline plan to be achieved by the end of the project. Red – Less than 60% of the baseline plan to be achieved by the end of the project.
KPI 6	Total project spend, including Grant Funding	The amount of funding spent compared to the baseline project spend profile (+/-), including any co-funding, in month, and total cumulative all months. Targets for month and cumulative will be taken from the Project baseline.	Green – <10% under/overspend in the monthly reporting period, compared to baseline spend profile. Amber – Between 11% - 39% under/overspend in the monthly reporting period, compared to baseline spend profile. Red – >40% under/overspend in the monthly reporting period, compared to baseline spend profile.	Green – <10% under/overspend by the end of the project compared to Cost Baseline. Amber – Between 11% - 39% under/overspend by the end of the project compared to Cost Baseline. project. Red – >40% under/overspend by the end of the project compared to Cost Baseline.

83. Milestones table:

Ref	Title	Description	Planned Milestone Date	Time Measurement (time taken to complete vs. time specified within Proposal)
MS 1	Project Team Established	Project Team, including Retrofit Coordinator, appointed and governance regime established and approved.	Determined by Updated Baseline Milestone Schedule	Green – delivered or on track to deliver less than 1 month late of Baseline plan date Amber - delivered or on track to deliver more than 1 month late but less 2 months later than of Baseline plan date Red – delivered or on track to deliver more than 2 month after Baseline plan date
MS 2	PAS 2035 Risk Assessment stage completed	All steps outlined under the PAS2035 Risk Assessment have been completed.	Determined by Updated Baseline Milestone Schedule	Green – delivered or on track to deliver less than 1 month late of Baseline plan date Amber - delivered or on track to deliver more than 1 month late but less 2 months later than of Baseline plan date Red – delivered or on track to deliver more than 2 month after Baseline plan date

MS 3	Dwelling Assessment stage completed, including the Improvement option evaluation and mid-term plan as appropriate to the risk assessment path	All steps outlined under the PAS2035 dwelling assessment stage have been completed.	Determined by Updated Baseline Milestone Schedule	Green – delivered or on track to deliver less than 1 month late of Baseline plan date Amber - delivered or on track to deliver more than 1 month late but less 2 months later than of Baseline plan date Red – delivered or on track to deliver more than 2 month after Baseline plan date
MS 4	Design & coordination stage completed	All steps outlined under the PAS2035 Design & Coordination stage have been completed.	Determined by Updated Baseline Milestone Schedule	Green – delivered or on track to deliver less than 1 month late of Baseline plan date Amber - delivered or on track to deliver more than 1 month late but less 2 months later than of Baseline plan date Red – delivered or on track to deliver more than 2 month after Baseline plan date
MS 5	Procurement activity completed	All necessary procurement processes, including the execution of contract, for all core contractors to deliver the scheme as set out in the project plan have been completed.	Determined by Updated Baseline Milestone Schedule	Green – delivered or on track to deliver less than 1 month late of Baseline plan date Amber - delivered or on track to deliver more than 1 month late but less 2 months later than of Baseline plan date Red – delivered or on track to deliver more than 2 month after Baseline plan date
MS 6	Installation stage started	Installation work, as defined under the PAS2035 Installation stage, has commenced.	Determined by Updated Baseline Milestone Schedule	Green – delivered or on track to deliver less than 1 month late of Baseline plan date Amber - delivered or on track to deliver more than 1 month late but less 2 months later than of Baseline plan date Red – delivered or on track to deliver more than 2 month after Baseline plan date
MS 7	Installation stage completed	All steps outlined under the PAS2035 Installation stage have been completed.	Determined by Updated Baseline Milestone Schedule	Green – delivered or on track to deliver less than 1 month late of Baseline plan date Amber - delivered or on track to deliver more than 1 month late but less 2 months later than of Baseline plan date Red – delivered or on track to deliver more than 2 month after Baseline plan date
MS 8	Handover & data lodgement completed	All installation work has been completed and lodged with TrustMark or equivalent within the Data Warehouse	Determined by Updated Baseline Milestone Schedule	Green – delivered or on track to deliver less than 1 month late of Baseline plan date Amber - delivered or on track to deliver more than 1 month late but less 2 months later than of Baseline plan date Red – delivered or on track to deliver more than 2 month after Baseline plan date

84. If the Authority fails to provide their Monthly Report submission on or prior to the reporting deadline: The Project team will alert the Authority within 2 working days to submit the information. The Authority will be given a further 2 working days from this communication to rectify and send the information before the Project Team escalates this query to the BEIS Programme Director who will contact the agreed escalation point. If there is still no response within a further 2 working days, the BEIS Programme Director will escalate this further to the Authority's final agreed escalation point, if different.

85. The Project Team will provide a BEIS Privacy Notice (as published on the SHDF Wave 1 webpage on gov.uk alongside the Wave 1 competition documents)[8] and Data Sharing Agreement (in Annex 5 of this MoU) to the Authority outlining what data will be collected, how it will be stored and how it will be used by the Parties.

[8] https://www.gov.uk/government/publications/social-housing-decarbonisation-fund/social-housing-decarbonisation-fund-privacy-notice

86. The Authority will need to submit the signed Data Sharing Agreement in accordance with Paragraph 115, Table 2 of this MoU.

87. The Authority must show the information on the BEIS Privacy Notice (as published on the SHDF Wave 1 webpage on gov.uk alongside the Wave 1 competition documents)[9] to data subjects *alongside their own* Privacy Notice to ensure that data subjects are appropriately informed about the processing of their data by RPs and by BEIS. Failure to do so could constitute a breach of UK GDPR. A template privacy notice that RPs may choose to use as their own privacy notice is included in Appendix F of the DSA.

88. The Authority will notify all relevant parties of their data compliance obligations and ensure they are complying with them.

MONITORING, EVALUATION AND AUDIT

89. The Authority will support all activities in relation to monitoring, evaluation and audit. The Authority will:

    a. Respond fully, truthfully and promptly to any enquiries the Secretary of State, or the Comptroller and Auditor General, or their representatives, may make about the Proposal or the use of the Grant and provide any information and evidence reasonably requested, including by providing a statement of usage of the Grant (at such times, and in such form, as they may reasonably specify).

    b. Allow the Secretary of State, the Comptroller and Auditor General, and their representatives, access to all relevant documents and records, and reasonable access for inspecting any relevant site.

    c. Where requested, ensure that any information or evidence provided to the Secretary of State, the Comptroller and Auditor General, or their representatives, is audited by an identified and independent reporting accountant or otherwise confirmed or verified by a person of such other relevant expertise as they may reasonably specify; and

    d. Give reasonable assistance to the Secretary of State or the Secretary of State's contractors to carry out work in connection with the Grant throughout delivery of the Proposal and up to two years after completion of the Proposal, for example as part of the Secretary of State's ongoing monitoring and evaluation commitments.

    e. Cooperate with BEIS contractors on related evaluation projects (e.g. other BEIS economic stimulus projects i.e. SMETERS) and cooperate with the Secretary of State's appointed advisers.

    f. Provide a Monthly Report to the Project Team using the Data Management System (DMS), created by BEIS. The Authority will ensure that the template spreadsheet (to be provided by BEIS at a later date) is completed and

[9] As above

uploaded via a secure online portal on gov.uk. In the event the Authority, or an organisation uploading data on its behalf, is unable to upload the completed spreadsheet, the Authority will email the spreadsheet to BEIS as detailed on the online portal.

g. Provide monthly data reporting on the status of their relevant projects.

h. Include these data collection requirements in all relevant contracts with installers and delivery partners, ensuring they understand and accept them.

i. Make available BEIS' privacy information (as published on the SHDF Wave 1 webpage on gov.uk, alongside the Wave 1 competition documents)10 to all data subjects, prior to the collection of data, to support compliance with data processing transparency requirements. The Authority will also be required to issue data subjects with their own privacy information. Appendix F of the DSA contains a template Privacy Notice that the Authority can choose to use, although they can use their own version if preferred. Their privacy notice(s) must mirror what is documented in the Data Sharing Agreement (provided in Annex 5 of this MoU), so that data subjects are notified about both BEIS', the Authority's and (where relevant) project consortia's handling of personal data. Where explicit consent is required from data subjects for further processing (e.g. as part of BEIS' independent evaluation work), the Authority will be expected to use BEIS consent statement (provided in Appendix G of the DSA) and maintain logs of this in their data as per the requirements.

j. Agree and sign a standardised Data Sharing Agreement (see Annex 5 of this MoU) between the Secretary of State and the Authority, in accordance with Paragraph 115, Table 2 of this MoU and prior to any transfer of personal data.

k. Demonstrate sufficient staffing resource in funding applications to manage the above requirements to an effective level of quality and maintain this level of resource for the full project duration.

l. Attend and participate in regular Learning Community meetings, sharing relevant project insights, as agreed between the Parties.

RECORD KEEPING

90. The Authority will keep for ten years records relating to any spending funded (or defrayed) by the Grant. Such records should indicate the below including dates for any agreements:
    a. The identity of any third party concerned and their business.
    b. The amounts any third party has been given.
    c. The purpose for which the money was spent.
    d. Evidence that contracts have been awarded, in accordance with public procurement law where they are required to be; and

[10] https://www.gov.uk/government/publications/social-housing-decarbonisation-fund/social-housing-decarbonisation-fund-privacy-notice

e. Details of and information relating to any significant sub-contracting by the Authority.

DATA PROTECTION

91. In so far as it is possible to do so in accordance with the Data Protection Act 2018, the UK General Data Protection Regulation (UK GDPR) and the Market Research Society (MRS) Code regarding the collection and use of personal data for research and statistical purposes and all other law, the Authority agrees to collect information for evaluation and reporting purposes (referred to below as "the Information") in a way which:

- Allows it to share the Information with BEIS, in accordance with the principles set out in the Data Sharing Agreement (See Annex 5) and as referenced in the Monitoring, Evaluation and Audit section of this MoU.
- Allows BEIS to share the Information with any of its research or evaluation service providers.
- Allows BEIS to use the Information for research and statistical purposes (this does not include publishing the Information in a way that identifies individual households) provided always that BEIS complies with the provisions of the Data Protection Act 2018 and UK GDPR.
- Allows BEIS to keep names and contact details of the Authority and its delivery partners on file for use in the in-house CRM system to enable better relationship management (see the BEIS privacy notice, as published on the SHDF Wave 1 webpage on gov.uk alongside the Wave 1 competition documents).

92. Further guidance on meeting these data protection requirements will be given to the Authority at a BEIS-hosted data briefing once funding has been awarded.

FREEDOM OF INFORMATION

93. The Parties may be obliged to disclose information relating to SHDF– Wave 1, the Grant, and the Proposal under the Freedom of Information Act 2000, the Environmental Information Regulations 2004 or under another requirement of law.

94. The Parties will assist and cooperate with each other as reasonably requested to facilitate compliance with those requirements.

95. In the event that the Secretary of State provides information in response to a request for information under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004, the Secretary of State may make that response publicly available for the purposes of transparency.

INTELLECTUAL PROPERTY

96. In undertaking the Proposal, the Authority will not infringe the intellectual property rights of any third party.

97. Where the Proposal gives rise to the generation of any intellectual property, the Authority will not subsequently seek to make profit from the use of such intellectual property, for example through the grant of licences.

98. Unless otherwise agreed by the Secretary of State, the Authority will allow the Secretary of State royalty free use of any intellectual property created whilst delivering the Proposal.

COMPLIANCE WITH THE LAW

99. The Authority will comply with all laws and regulatory requirements when delivering the Proposal (including, without limitation compliance with all laws and regulatory requirements relating to public procurement and subsidy control).

100. In signing this MoU, the Authority confirms that use of the Grant for the purpose of the Proposal and in accordance with the MoU is in compliance with all laws and regulatory requirements.

ANTI-DISCRIMINATION

101. The Authority will comply with the requirements of the Equality Act 2010 and avoid any unlawful discrimination.

RESPONSIBILTY FOR EMPLOYEES, CONTRACTORS, AGENTS AND PARTNERS

102. The Authority will ensure that its employees, contractors, agents, partners and other local authorities or organisations it works with in delivering the Proposal (whether or not as part of a Consortium) comply with the commitments and principles set out in the MoU and will be responsible for any failure by them to meet those commitments and principles.

WARRANTIES

103. The Authority warrants that:
    a. It has full capacity and authority to deliver the Proposal and to enter into this MoU.
    b. It will obtain any consents necessary to undertake the Proposal.
    c. The information and evidence in its Proposal remains true, complete and accurate, and that its circumstances have not materially changed since submitting its Proposal; and

d. It does not know of the existence of any circumstances which might materially and adversely impact on its ability to undertake the Proposal or observe the provisions and principles of this MoU.

LIMITATION OF LIABILITY

104. The Authority confirms that the Secretary of State's liability to the Authority is limited to payment of the Grant (subject to the Authority meeting the commitments and principles of the MoU and its Annexes and to the Secretary of State's rights set out therein). The Authority remains entirely responsible for its risks and liabilities in undertaking the Proposal, and the Secretary of State will have no liability for any consequence, direct or indirect, that may arise through the Authority's undertaking of the Proposal or its use of the Grant.

ASSIGNMENT

The Authority will not assign or otherwise transfer to any other person the benefit of the Grant or any other benefit arising by virtue of this MoU without the approval in writing of the Secretary of State.

STATUS

105. This MoU is not intended to be legally binding, and no legal obligations or legal rights shall arise between the Parties from this MoU. The Parties do, however, enter into the MoU intending to honour all their commitments under it.

106. Nothing in this MoU is intended to, or shall be deemed to, establish any partnership, joint venture or relationship of employment between the Parties, constitute either party as the agent of the other party, nor authorise either of the Parties to make or enter into any commitments for or on behalf of the other party. Accordingly, the Authority will not hold itself out as having any such relationship with the Secretary of State.

FURTHER FUNDING

107. The Secretary of State is under no obligation to provide the Authority with any further funding in respect of the Proposal or for any other purpose.

REFERENCES

108. In this MoU references to legislation are to that legislation as amended or re-enacted from time to time (including any amendment or re-enactment having taken place before the date of this MoU).

NOTICE AND COMMUNICATIONS

109. The Authority will be able to contact BEIS using the following email address:

shdf.wave1.mou@beis.gov.uk

110. The Authority's day to day contacts with the BEIS on any working day by email between 9am and 5pm are:

111. The Authority's day to day contacts for BEIS are:

NAME	Role	EMAIL	TELEPHONE
Jill Craig	Project Manager	Jill.craig@ricardo.com	01235 750 000
Eireann Harkins	Deputy Project Manager	Eireann.harkins@ricardo.com	01235 753438

ESCALATION

112. If Secretary of State or the Authority has any issues, concerns or complaints about SHDF – Wave 1, SHDF – Wave 1 Projects, or any matter in this MoU, that party will notify the other party and the Parties will then seek to resolve the issue by a process of consultation. If the issue cannot be resolved within a reasonable period of time, the matter will be escalated to the senior management teams of both parties, which will decide on the appropriate course of action to take. If the matter cannot be resolved by the senior management teams within 60 (sixty) days, the parties will consider mediation as an alternative dispute resolution process.

113. Claims made by a supplier or requests for information made under the Freedom of Information Act 2000 in relation to the SHDF – Wave 1 that party will promptly inform the Programme Board (or its nominated representatives) of the matter.

Signed for and on behalf of the Secretary of State.

Signature

Name:

Position:

Date:

Signed for and on behalf of the Authority.

Signature:

Name:

Position:

Date:

115. DOCUMENTS TO BE PROVIDED

Table 1: Documentation to be provided by the Authority before the Grant will be released and as soon as possible or by the 28th February 2022 at the latest, once LAs have been notified that their applications have been successful.

What needs to be provided?	Annex/Location
A signed copy of this MoU	This document
A signed copy of the Section 151 or Section 73 Officer declaration	Annex 1
A completed Grant Claim Form including Bank Details (AP1a Form)	Annex 3 Annex 9
Updated Baseline Milestone Schedule	Annex 6b
Small Amounts of Funding Exemption Declaration	Annex 10

Table 2: Documentation to be provided by the Authority alongside the documents in Table 1, unless exceptional circumstances prevail in which case this should be returned no later than the 15th April 2022.

What needs to be provided?	Annex
A signed copy of the Data Sharing Agreement (DSA)	Annex 5

Table 3: Documentation to be provided by the Authority alongside the first Monthly Report

What needs to be provided?	Annex
Completed Risk Register	Annex 4

Table 4: Additional documentation to be completed or acknowledged by the Authority as required.

What needs to be provided?	Annex
Approved Application Proposal (From the Authority's submission and approved through the Assessment Stage of the Grant application process)	Annex 6a
Monthly Report Data Requirements Template (monthly requirement for Authority as stated in paragraph 55)	Annex 7
Recovery Plan Template (only if the Project Team identifies in the Monthly Report a significant variation in Authority performance against their targets stipulated in relation to the KPIs, they may, on behalf of the Secretary of State, request a recovery plan)	Annex 8

Annex 1: Section 151 or Section 73 Officer Declaration

In my position as the Section 151 or Section 73 Officer for Fenland District Council **I confirm that:**

1. Fenland District Council will accept the grant funding that has been offered through the SHDF – Wave 1 Delivery.

2. The information and evidence pertaining to this grant claim is complete, true and accurate.

3. Fenland District Council will ensure the delivery of the Services in accordance with the terms of the Proposal; and

4. Fenland District Council will comply with the provisions of the Memorandum of Understanding dated ___**/**___**/2022** in connection with its delivery of the Proposal.

SIGNATURE

NAME

POSITION

DATE

Annex 2: Grant Determination

Social Housing Decarbonisation Fund Wave 1 DETERMINATION (2021/22): (No 31/5919)

The Secretary of State for Business, Energy & Industrial Strategy ("the Secretary of State"), in exercise of the powers conferred by section 31 of the Local Government Act 2003, makes the following determination:

Citation

1) This determination may be cited as the [Social Housing Decarbonisation Fund Wave 1] Determination (2021/22) [No 31/5919].

Purpose of the grant

2) The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them.

Determination

3) The Secretary of State determines as the authorities to which grant is to be paid and the amount of grant to be paid, the authorities and the amounts set out in Annex A.

Grant conditions

4) Pursuant to section **[**31(3) and**]** 31(4) of the Local Government Act 2003, the Secretary of State determines that the grant will be paid subject to the conditions in Annex B.

Treasury consent

5) Before making this determination in relation to local authorities in England, the Secretary of State obtained the consent of the Treasury.

Signed by authority of the Secretary of State for Business, Energy & Industrial Strategy

*****,

****,

Energy Efficiency and Local, Department for Business, Energy & Industrial Strategy

ANNEX A of the Grant Determination

Authority to which grant is to be paid	Amount of grant. to be paid.
Fenland District Council	**£5,202,622.32**

ANNEX B of the Grant Determination

GRANT CONDITIONS

GRANT CONDITIONS

1. Grant paid to a local authority under this determination may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.

2. The Chief Executive and Chief Internal Auditor of each of the recipient authorities are required to sign and return to the team leader of the Energy Efficiency and Local Division of the Department for Business, Energy and Industrial Strategy a declaration, to be received no later than 28th February 2022, in the following terms:

"In our opinion, in all significant respects, the conditions attached to Social Housing Decarbonisation Fund Wave 1 DETERMINATION (2021/22): (No 31/5919) will be complied with to the best of our knowledge and belief with ongoing appropriate investigations and checks".

3. If an authority fails to comply with any of the conditions and requirements of paragraphs 1 and 2, the Secretary of State may-

   a. reduce, suspend or withhold grant; or
   b. by notification in writing to the authority, require the repayment of the whole or any part of the grant.

4. Any sum notified by the Secretary of State under paragraph 3(b) shall immediately become repayable to the Secretary of State.

Date:

Annex 3: Grant Claim Form

SECTION 1 REQUESTER DETAILS	
LOCAL AUTHORITY	Fenland District Council
BANK DETAILS • Bank name & address • Sort code • Account number • Account name	
PURCHASE ORDER NUMBER	(to be filled in by BEIS once returned)
CONTACT NAME	
TELEPHONE NUMBER	
EMAIL ADDRESS	

SECTION 2 CLAIM DETAILS	
SOCIAL HOUSING DECARBONISATION FUND WAVE 1 - TOTAL TO BE CLAIMED	**£5,202,622.32**
DATE OF CLAIM	
Claims may include VAT that the authority is not able to reclaim from HM Revenue & Customs or not likely to become able to claim.	

SECTION 6: SENIOR LOCAL AUTHORITY OFFICER'S DECLARATION
I confirm that I have considered the Authority's Proposal (included as Annex 6a of the MoU) against which this Grant claim is made, as well as the principles set out in the Memorandum of Understanding for the Social Housing Decarbonisation Fund Wave 1, and that: a. The information and evidence pertaining to this Grant claim is complete, true and accurate. b. We will comply with the principles set out in the Memorandum of Understanding. **Signed** **Printed name** **Position** **Date**

Annex 4: Risk Register

The template for this is attached separately as an Excel spreadsheet to enable completion.

Department for
Business, Energy
& Industrial Strategy

Annex 5: Data Sharing Agreement (DSA)

Social Housing Decarbonisation Fund (SHDF) – Wave 1

Between the Secretary of State for Business, Energy & Industrial Strategy (BEIS)

and

Fenland District Council

Month 2022 < BEIS TO COMPLETE >

Contents

Glossary of key terms

In this Data Sharing Agreement (DSA) the following words and phrases will have the following meanings:

Term	Explanation
"Authority"	means the local authority that is to sign this Agreement, that is: Fenland District Council
"BEIS"	means the Department for Business, Energy & Industrial Strategy
"Consortium"	means a group of local authorities, housing associations and or private companies working together to deliver the Social Housing Decarbonisation Fund – Wave 1 under the MoU
"Controller"	has the meanings set out in Article 4 of the UK GDPR
"Data Subject"	has the meanings set out in Article 4 of the UK GDPR
"DPA"	means the Data Protection Act 2018
"DSA"	means Data Sharing Agreement
"Funding Period"	has the meaning given to it in the MoU
"Government Social Research Publication protocol"	means the "Government Social Research Publication protocol", which are the principles for the publication of all government social research that is not regulated by the UK Statistics Authority
"MoU"	means the Social Housing Decarbonisation Fund – Wave 1 Memorandum of Understanding between the Secretary of State for Business Energy and Industrial Strategy and Fenland District Council dated [BEIS insert date once signed]
"Partners"	means partners to this Agreement, namely the Secretary of State for Business, Energy & Industrial Strategy and: Fenland District Council
"Personal data"	has the meanings set out in Article 4 of the UK GDPR
"Processing"	has the meanings set out in Article 4 of the UK GDPR
"Processor"	has the meanings set out in Article 4 of the UK GDPR
"Project Team"	means the Social Housing Decarbonisation Fund – Wave 1 project team within BEIS responsible for the delivery of the scheme, supported by their appointed delivery partner

"SHDF"	means Social Housing Decarbonisation Fund
"SHDF – Wave 1"	Means Wave 1 of the Social Housing Decarbonisation Fund
"Special Category data"	means the types of data listed in Article 9(1) of the UK GDPR
"The Code of Practice for Official Statistics"	means the Code of Practice for Official Statistics edition 2.0 (February 2018) published by the UK statistics authority
FoIA	means the Freedom of Information Act 2000
UK GDPR	means UK - General Data Protection Regulation (EU 2016/679), as retained in UK law and tailored by the Data Protection Act 2018

Signatory Details

The following are the agreement owners (herein: Partners) for this document:

BEIS Agreement Owner	
Name	Matt Harrison
Role	Programme Director, Social Housing Decarbonisation Fund
Email	matt.harrison@beis.gov.uk

The Authority Agreement Owner	
Name	
Role	
Email	

Introduction

1. This Data Sharing Agreement (herein: DSA) sets out an agreement between the Partners, which consists of Fenland District Council (herein: the Authority) and the Secretary of State from the Department for Business, Energy & Industrial Strategy (herein: BEIS), on how data will be shared in relation to Wave 1 of the Social Housing Decarbonisation Fund (herein: SHDF – Wave 1).

2. The Social Housing Decarbonisation Fund (herein: SHDF) is a 2019 Conservative Manifesto commitment for a £3.8bn fund set up over a 10-year period to improve the energy performance of social rented homes, on the pathway to Net Zero 2050. The SHDF will upgrade a significant amount of social housing stock currently below, and on an 'infill' based at or above, EPC Band C up to that standard; delivering warm, energy efficient homes, reducing carbon emissions and fuel bills, tackling fuel poverty, and supporting green jobs.

3. The SHDF will be delivered through a series of individual projects (herein: Waves). The first wave of the programme (SHDF - Wave 1) will provide around £179m to England only projects to support Registered Providers of Social Housing, including Private and Local Authority Providers, to improve the energy performance of their social housing stock by installing Eligible Measures. The approximately £179m of funding is to be awarded in FY2021/22 and delivered through to March 2023.

4. We expect the SHDF to result in the following outcomes:

- **Fuel Poverty**: Reduce the numbers in Fuel Poverty by improving the energy efficiency rating of social homes below EPC Band C and reducing energy bills. On this basis, tenant energy bills should not increase for equivalent home warmth, and it is expected that bills will reduce.
- **Carbon:** Deliver cost effective carbon savings to contribute to carbon budgets, and progress towards the UK's target for Net Zero by 2050 by reducing CO2 emissions from Social Housing.
- **Green Economy**: Support economic resilience and a green recovery in response to the economic impacts of Covid-19, supporting thousands of jobs.
- **Tenants:** Improve the comfort, health, and well-being of Social Housing tenants by delivering warmer and more energy-efficient homes.

5. Under the Memorandum of Understanding (herein: MoU), the Authority agreed to:
    a. Put a system in place to **collect data**, as set out in the MoU, for performance reporting, research, and evaluation purposes (herein: the Data).

   b. Ensure the Data is collated**, quality assured** and **shared with BEIS** in such a way as to meet the required reporting periods and date standards set out in the MoU.

6. Additionally, under the MoU, the Authority agreed to collect the Data in a way that:
   a. Allows it to be shared with BEIS, in accordance with the principles set out in this Data Sharing Agreement and as referenced in the Monitoring, Evaluation and Audit section of the MoU.
   b. Allows BEIS to share it with any of its research or evaluation service providers.
   c. Allows BEIS to use it for research and statistical purposes (this does not include publishing the information in a way that identifies individual households) provided always that BEIS complies with the provisions of the Data Protection Act 2018 and UK GDPR.
   d. Allows BEIS to keep names and contact details of the Authority and its delivery partners on file for use in the in-house CRM system to enable better relationship management (see the BEIS privacy notice, as published on the SHDF Wave 1 webpage on gov.uk alongside the Wave 1 competition documents).

7. This **DSA documents the lawful basis for this data sharing initiative**, what information will be shared and how. The Partners have entered into this DSA to demonstrate that data protection and privacy requirements have been taken into account, to set out how use of information meets the data protection principles under UK General Data Protection Regulation (herein: UK GDPR), as defined in Section 3(10) of the Data Protection Act 2018 (herein: DPA 2018), and how the rights of data subjects are protected.

8. This DSA is not a contract and is **not legally binding**. It does not create a legal power for either Partner to lawfully exchange and process personal information, and it does not provide indemnity from action under any law. It does not remove or reduce the legal obligations or responsibilities on any Partner.

9. **The Partners enter this DSA intending to honour all provisions outlined within**.

10. This is a new DSA that relates to the collection and processing of data created as a result of the SHDF - Wave 1. This DSA will commence when it has been signed by all Partners and will terminate on **31st March 2025**.

Principle 1 - Lawfulness, fairness & transparency

11. The contact details of delivery teams and property information are personal data, as individuals may be personally identifiable. BEIS requires this data to monitor, facilitate and support the delivery of SHDF – Wave 1, to perform a task in the public interest. Aggregated delivery data shared will also support statistical reporting and evaluation of the SHDF – Wave 1 and the overarching SHDF programme, to provide accountability in the use of public funds. As such, both are necessary to share with BEIS on the legal basis of **public task**, as defined under Article 6(1) of UK GDPR.

12. BEIS also request the personal data of delivery teams, installers and tenants for evaluation research purposes. This research enables BEIS to report the effectiveness of SHDF – Wave 1. It enables BEIS to evaluate whether SHDF – Wave 1 has delivered value-for-money, realised its intended benefits and inform future policymaking in the fields of energy efficiency, fuel poverty and health. This personal data should only be shared with BEIS for evaluation purposes on a **consent basis.**

13. BEIS' data sharing with Partners under this DSA does not involve the processing of personal data relating to criminal convictions, offences or related security measures, nor does it involve the processing of Special Category data.

Data to be shared

14. The Authority has agreed to provide BEIS with the data as described below and set out in the relevant paragraphs, sections and or annexes within the MoU:

    a. SHDF – Wave 1 **project performance data** (herein: Performance Data), as defined by the Governance section (paragraphs 54 to 63), Performance section (paragraphs 79 to 88) and Annex 7 of the MoU. Per-property information may be personally identifiable, and as such be categorised as personal data. This data includes but is not limited to:
        i. An overview of monthly progress on the project.
        ii. An update of the Authority's progress against Key Performance Indicators (KPIs) and project milestones
        iii. Top risks, issues and or concerns that could impact the project
        iv. Any incidents of fraud.

v. Specific per property information, including but not limited to requirements outlined in Annex 7 of the MoU.
vi. Any other items the Authority wishes to escalate to BEIS.

b. SHDF – Wave 1 **monitoring and evaluation data** (herein: M&E Data), as covered by the Monitoring, Evaluation & Audit section (paragraph 89) of the MoU. This data may contain personal information data as defined by UK GDPR. This data includes but is not limited to:
    i. Qualitative and or quantitative data obtained through the **delivery team's participation in research** led by an evaluation partner appointed by BEIS. This research will ensure that wider insights can be provided on the experience of delivering SHDF – Wave 1. BEIS will confirm plans for delivery team participation in the evaluation research during the spring of 2022.
    ii. Contact details and consent of **households** and **installers** engaged in the scheme to be contacted for feedback on the scheme.
    iii. **Data from households** receiving measures and installers delivering them, as set out in Annex 7 of the MoU, including but not limited to installation data, household engagement data, installer data and project delivery data.

15. The data provided by the Authority maybe linked to and or compared against other existing datasets or models within BEIS for compliance, evaluation, and performance reporting purposes.

How data will be shared

16. BEIS will provide a system for projects to securely transfer the Data they have collected under this DSA to share with BEIS. Diagrams visualising the data sharing process are available in *Appendices B-D – BEIS' Data Sharing Process* of this DSA.

17. The Authority is responsible for ensuring there is a system in place to securely collect and store this Data. This system must include data supplied from other participating local authorities, housing associations, or partners where they are forming a Consortium. It must also put measures in place to ensure consent for data subjects to enable data sharing on this legal basis.

18. The Authority, or its appointed third party, will share this data with the SHDF – Wave 1 Project Team via a password-protected report, for example using Egress, a secure file transfer protocol and or restricted folders on SharePoint, or through

an alternative data collection system that has been approved by the SHDF – Wave 1 Project Team and the BEIS Chief Information Security Officer (CISO) as being suitable for the transfer and storage of personal data.

19. Data sharing under this DSA will be shared from execution and up to 31st March 2025 to enable the successful delivery of scheme evaluation activity.

20. BEIS will share the contact details of the Authority's delivery team with its SHDF delivery partners, such as the SHDF Wave 1 – Scheme Administrator (Ricardo), as necessary to deliver BEIS' energy efficiency schemes.

21. BEIS will share M&E Data with its SHDF research, evaluation partners as appropriate. There are also circumstances under which BEIS may share M&E Data with other Government Departments. These circumstances are detailed further below in paragraphs 45-50, under *Principle 2 – Purpose Limitation*.

22. Where BEIS decides to share personal data received under this DSA, it will ensure the data transfer is performed using a method approved by the BEIS Chief Information Security Officer (CISO), the preferred mechanism being restricted areas on MS Egress.

23. At all times, BEIS and the Authority will ensure all personal data shared under this DSA is stored in restricted folders held on restricted access secure servers.

24. Further information about the safekeeping of the data is set out further below under *Principle 6 – Integrity & Confidentiality*.

Legal gateways

25. The Partners of this DSA share Performance Data and the personal data of the delivery team on the legal basis of **public task,** as defined by Article 6(1)(e) of UK GDPR. It is necessary for the performance of a task carried out in the public interest. This does not require consent.

26. The Partners of this DSA process and share the M&E Data on a **consent basis only**, as outlined by Article 6(1)(a) of UK GDPR.

27. Specifically, the data sharing and or processing is required in order to:
    a. Enable BEIS to evaluate the effectiveness of existing and future policies

b. Support BEIS's functions and departmental responsibilities relating to carbon reduction and Net Zero as defined by the Climate Change Act (2008).
c. Enable the Partners to carry out their responsibilities as regards to effectively managing the spending of public funding, including but not limited to BEIS reviewing how and where SHDF – Wave 1 funding has been spent and assessing whether this expenditure has enabled it to meet its objectives under the scheme.

d.

28. *Principle 2 – Purpose Limitations* provides further information for which processing of data under this DSA is needed.

Data controller relationship

29. The Authority and BEIS act as **joint data controllers** for personal data covered by this DSA. This includes when they collect data, are in receipt of it or share the data with others.

30. For all other personal data shared under this DSA, **the Authority and BEIS act as independent controllers**, and becomes an independent controller of that personal data on receipt of it. BEIS' limitations on onward disclosures in data processing are covered under *Forward Use - Onward Disclosure*, paragraphs 45-50 of this DSA.

Transparency

31. The Authority accepts responsibility for ensuring that **both BEIS' Privacy Notice and their own Privacy Notice** are provided to all households, installers and,

where applicable, Consortium Members in compliance with the DPA 2018 and UK GDPR.

32. The Authority will ensure that their Privacy information includes content that alerts the data subject to the fact that their personal data will be passed from **to the Authority** and then **from the Authority to BEIS**.

33. Furthermore, the privacy information will inform the data subject that their data might be used either in full or in part by BEIS for:

   a. The management and delivery of the scheme.
   b. Evaluation, auditing, research, statistical and fraud prevention purposes; Or
   c. Be linked to other data sources held by BEIS, other Government Departments, contractors appointed by BEIS and or other third parties for any of these reasons aforementioned.
   d. With their consent, be used by a third-party to invite them to participate in research about their experiences with the project.

34. BEIS have provided the Authority with BEIS' SHDF Privacy Notice, as published on the SHDF Wave 1 webpage on gov.uk alongside the Wave 1 competition documents. **The Authority is ultimately responsible for ensuring that all households, installers, and Consortium Members are provided with this BEIS privacy notice**.

35. The Authority must also ensure data subjects are informed of any of their own or their consortia organisations' processing of personal data, **via their own Privacy Notice**. The Authority may use the template Privacy Notice provided as guidance (see Appendix F of this DSA) or their own version. If the Authority decides to use their own version, they must ensure that it includes the information mentioned under paragraphs 31 to 33 of this DSA.

36. By agreeing to this DSA and the MoU, the Authority accepts responsibility **for seeking valid consent**, as defined by Article 4(11) of UK GDPR, from households, installers, and Consortium Members to be recontacted for the purposes of evaluation of SHDF – Wave 1 and, where appropriate, any further research and evaluation therein. A consent form is provided in Appendix G of this DSA and should be used by the Authority to seek consent.

37. The Authority will **maintain records of informed consent** and share Data with BEIS **in accordance with their data reporting requirements**. These requirements are set out under the Governance section (paragraphs 54 to 63), Performance section (paragraphs 79 to 88), Monitoring, Evaluation and Audit

section (paragraph 89) and Annex 7 of the MoU. The exact data items and formats requested are detailed under *Appendix E – List of Data Items to be Shared with BEIS*.

38. If a data subject informs either Partner and or its service providers, where applicable, that they are withdrawing consent, the Partner is responsible for communicating the withdrawal of consent to the other Partner. In this scenario, BEIS will be responsible for ensuring the data subject is no longer contacted by BEIS and or its service providers, for the purpose of evaluation of SHDF – Wave 1 and related further research and evaluation.

39. Where consent has been withdrawn by the data subject, BEIS will seek to cease contact with the data subject as soon as reasonably practicable.

40. BEIS and the Authority, as part of their ongoing requirements to comply with UK GDPR or its successor legislation, where applicable, will keep their Privacy Notices under ongoing review. Where legislative changes are made, BEIS and the Authority will communicate these to the data subject as soon as reasonably practicable to ensure that the data subject's rights are maintained and complied with.

Principle 2 – Purpose Limitation

41. The Authority will, where necessary, disclose personal data to BEIS as part of its data reporting requirements, as set out in the MoU and this DSA. The primary purposes for sharing and processing this data are to support:

    a. The administration of SHDF – Wave 1.
    b. An assessment of whether SHDF – Wave 1 has achieved its objectives.
    c. BEIS to effectively publish statistical reports relating to SHDF – Wave 1.
    d. An evaluation of SHDF – Wave 1 and any associated home energy or carbon reduction policies, where applicable.
    e. Effective management of fraud and non-compliance under SHDF – Wave 1.

42. Additionally, BEIS may use all or some of the data shared by the Authority:

    a. To review and develop existing or future Government policy.
    b. For research, evaluation, and statistical purposes.

43. Where BEIS uses all or some of the data for research, evaluation, and statistical purposes this may be linked with data from other data sources held by BEIS or other Government Departments.

44. The analysis and research expected to be undertaken may include, but is not limited to:

   a. Analysing whether the presence of measures installed under SHDF – Wave 1 has led to a significant change in energy consumption. This may be done by comparing SHDF – Wave 1 measures data to other databases, including but not limited to: the National Energy Efficiency Database, Cavity Insulation Guarantee Agency and or other related similar operational databases.
   b. Linking and or comparing the SHDF – Wave 1 data to other datasets from other BEIS or HM Government administered energy efficient programmes to enable BEIS to assess the following without double counting properties:
      i. Progress against fuel poverty targets.
      ii. Insulation levels for the overall housing stock in Great Britain, and impact on remaining potential for cavity wall, solid wall, and loft insulation.
      iii. The characteristics of recipient (e.g., location, property type, tenure, and vulnerability group) to inform future policy making.
   c. Address matching SHDF – Wave 1 installations through the National Energy Efficiency Data-Framework to maintain a central database of property characteristics, household characteristic, energy consumption and or Energy Performance Certificates (EPCs).

Further use and onward disclosure

45. To deliver SHDF, BEIS may need to share the Data with the SHDF – Wave 1 Scheme Administrator (Ricardo). Ricardo will be subject to UK GDPR compliance via commercial contract clauses, and only permitted to process personal data to execute a public task on BEIS' behalf.

46. To effectively audit and manage SHDF – Wave 1 and other Government schemes, BEIS may need to share SHDF – Wave 1 data with delivery partners of other current or future energy efficiency or low carbon heating government support schemes. This is to ensure that SHDF – Wave 1 funded installations are not already or subsequently subsidised under other Government schemes.

47. Where BEIS needs to share SHDF – Wave 1 data with delivery partners of current or future energy efficiency or low carbon heating government support schemes, BEIS will seek to use primarily anonymised or pseudonymised data to limit the use of personal data. Where this data sharing is necessary BEIS will put a data sharing agreement in place with the relevant delivery partner to support the sharing of the data.

48. BEIS will share SHDF – Wave 1 data with its third-party monitoring and evaluation contractor to support the delivery of research, evaluation, and auditing activities. This will be primarily to confirm that projects under SHDF – Wave 1 are complying with the scheme's guidance and objectives. BEIS will put in place a DSA with its monitoring and evaluation contractor to support the sharing of data for this purpose.

49. Items included within onward disclosures **are limited** to those already outlined in this DSA (*Appendix E – List of Data Items to be Shared with BEIS*).

50. At all times, **BEIS will comply with the 'data minimisation' principle** set out in this DSA, in accordance with Article 5(1)(c) of UK GDPR. Wherever possible, BEIS will use aggregated, pseudonymised or anonymised data to limit onward disclosure of personal data. Where onward disclosure is required, BEIS will ensure that there is a DSA or contract in place to outline the legal basis for sharing the data, and that any onward disclosure of data is restricted to only the data that is required by the third party to support the purpose for which the data is being shared.

Principle 3 – Data minimisation

51. By agreeing to this DSA, each Partner confirms that the data being shared under this agreement is the minimum amount of personal data that is necessary to achieve the purposes for which it is being shared, as outlined by Article 5(1)(c) of UK GDPR.

Principle 4 – Accuracy

52. In accordance with the Governance section (paragraphs 54 to 63), Performance section (paragraphs 79 to 88), Monitoring, Evaluation and Audit section (paragraph 89) of the MoU, the Authority agrees to carrying out a series of **quality assurance checks** on the Data it generates.

53. These accuracy checks will include:

    a. Checks to ensure that the installation data is for an eligible household and that the installer meets the necessary standards (either through Trustmark or an alternative) as part of the grant award.
    b. Data completeness checks to ensure that all mandatory and required data fields are completed in any data return sent to BEIS.

c. Data validation checks, such as, checking field formats (e.g., a date field is in a date format) or that an entry is valid (e.g., a postcode is alphanumeric) before returning any data sent to BEIS.

54. BEIS will also conduct checks on the Data it receives from the Authority to identify any reporting errors, double counting, or ineligible households and or installers. The processes for these are outlined in *Appendices B and C* to this DSA.

55. If, after the Data has been either passed from the Authority to BEIS, or from BEIS to the Authority, either Partner identifies an error in that information then the following process should be undertaken to correct the error:

a. The Partner that identifies the error should, as soon as reasonably practicable but within a period exceeding that of five working days, alert the other Partner to the error.
b. The Authority will then liaise with the relevant delivery partner, installer, or Consortium Member, where appliable, to clarify and correct the data; And
c. Promptly notify BEIS of any correction to the data required.

Principle 5 – Storage limitation

56. **BEIS will retain personal data until 31st March 2025** for the purposes outlined in this DSA. The remaining project data is not subject to a specified retention period since it does not contain personal data

57. In line with the storage limitation principle outlined under Article 5(1)(e) of UK GDPR BEIS will review the data it holds at regular periods to ensure that personal data is only retained for as long as it is needed up to 31st March 2025.

58. The Authority will retain any personal data created or collected, for reporting purposes under SHDF – Wave 1, in accordance with its own retention and disposal policies.

59. All Partners will destroy or delete all personal data at the end of the relevant retention periods using a process that is in line with their data destruction processes.

60. In order to achieve the purposes outlined under *Principle 2 – Purpose Limitation*, identifiable personal data, rather than anonymised or pseudonymised data is required to be processed by the designated BEIS Teams outlined in paragraph 62 of this DSA. As outlined by paragraph 64 of this DSA, non-designated BEIS Teams will only have access to anonymised data.

Principle 6 – Integrity and confidentiality

61. The following information security measures will be put in place by BEIS and the Authority to ensure the safekeeping of the data shared under this DSA, including, and with particular reference to, personal data. The Partners agree to work and comply with their respective information assurance and data protection policies, while following the security measures outlined below.

62. BEIS will hold SHDF – Wave 1 monitoring and evaluation data in a secure SharePoint folder with access controls or on a dedicated analyst server (CBAS) that limit access to those on the SHDF – Wave 1 data access list. Only designated BEIS Team and nominated third parties will be able to access this data.

63. By agreeing to this DSA, BEIS acknowledges and agrees that:

a. The designated BEIS Teams will be named in an internally held SHDF – Wave 1 access list and kept to a reasonable minimum.
b. It will maintain the SHDF – Wave 1 access list and share it with the Authority as requested on request.
c. BEIS will require that the mandatory annual UK GDPR eLearning training, or its successor where applicable, is completed by all staff, including personnel named on the access list.

64. Non-designated teams within BEIS may use an anonymised version of the SHDF – Wave 1 M&E data, that excludes address, and any record-level identifies, for internal analysis only. BEIS will only publish aggregate results that meet the requirements of Principle T6.4 of the Code of Practice for Official Statistics on confidentiality.

65. Generally, the underlying data will not be published by BEIS, however, in order to comply with the Government Social Research Publication Protocol, BEIS may publish datasets resulting from M&E Data. The publication of this data may require inclusion of data extracted from the M&E data, however, publication in this instance would only be conducted where the data could be fully anonymised and complies with Principle T6.4 of the Code of Practice for Official Statistics on confidentiality.

66. Matt Harrison**, the Programme Director for SHDF (or successor)** has been appointed as the BEIS Information Asset Owner of the SHDF – Wave 1 monitoring and evaluation data and, as such, is ultimately responsible for the security of the data provided by the Authority.

67.

(or successor) has been appointed as the Authority's Information Asset Owner of the SHDF – Wave 1 monitoring and evaluation data and, as such, is ultimately responsible for the security of the personal data provided to BEIS under this DSA.

68. All Partners confirm that, as a minimum, they have considered the risks of the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to any personal data processed under this DSA and have arrangements in place to manage or mitigate these risks accordingly.

Principle 7 – Accountability

69. BEIS confirms that it can demonstrate compliance with the data protection principles outlined in this DSA, the DPA 2018 and UK GDPR. BEIS has completed a Data Protection Impact Assessment (DPIA) outlining how it will process data under this DSA. This DPIA is available on request. BEIS demonstrates UK GDPR compliance to data subjects in the information provided on the BEIS SHDF Privacy Notice. All BEIS staff are required to complete annual training in UK GDPR. All BEIS staff on the access list for data shared under this DSA will attend a briefing on handling datasets shared under SHDF - Wave 1.

70. BEIS confirms that the processing of the Performance Data and M&E Data covered in this DSA will be added to BEIS's existing central record of processing.

71. The Authority confirms that it can demonstrate compliance with the data protection principles outlined in this DSA, the DPA 2018 and UK GDPR. The Authority demonstrates GDPR compliance by:

72. The Authority confirms that the processing of personal data covered in this DSA will:

Rights of data subjects

73. The rights of data subjects are set out in the following table:

Right to under UK GDPR:	Applies?	If yes, are any additional actions required. If no, why this right does not apply.
Transparent information (Article 12)	Y	The Authority takes responsibility for ensuring that appropriate fair processing and privacy notices are provided to data subjects.
Information when data collected from data subject (Article 13)	Y	The Authority takes responsibility for ensuring that appropriate fair processing and privacy notices are provided to data subjects.
Information when data collected from elsewhere (Article 14)	Y	The Authority takes responsibility for ensuring that appropriate fair processing and privacy notices are provided to data subjects, either by itself or by the relevant participating Consortium Members or installer.
Access by data subject (Article 15)	Y	Where either Partner receives a data access request from a data subject, this will be actioned in line with the relevant Partner's existing policies for handling such requests.
Rectification (Article 16)	Y	Where a Partner receives a rectification request from a data subject, this will be communicated to the other Partner within 5 working days. Where this request results in concluding there is an error in the original data, this will be notified to the other Partner within 5 working days.
Erasure (Article 17)	Y	Where a Partner receives an erasure request from a data subject, this will be communicated to the other Partner within 5 working days. The eligibility of each erasure request will be reviewed by each Partner in line with article 17 of the UK GDPR and a decision made regarding the nature of the processing undertaken by that Partner.
Restriction of processing (Article 18)	Y	Data subjects may request a restriction of processing of their data, but their request may be

		refused if it would prevent the administration and auditing of the scheme and processing for fraud prevention. Where a Partner receives a restriction of processing request from a data subject, this will be communicated to the other Partner within 5 working days.
Notification regarding rectification, erasure, or restriction (Article 19)	Y	BEIS will notify any parties with whom it has shared the data within 5 working days of an action being taken under a request for rectification, erasure, or restriction, unless this proves impossible or involves disproportionate effort.
Data portability (Article 20)	N	The personal data processed by BEIS under this DSA is not provided by the data subject to BEIS and is not processed by BEIS on the basis of consent (other than for re-contact purposes) or for the performance of a contract.
Object to processing (Article 21)	Y	Data subjects may object to the processing of their data, but the request may be refused if it would prevent the administration and auditing of the scheme and use of the data for fraud prevention and/or statistical purposes. Data subjects will be notified of their right to object via the fair processing and privacy notices mentioned above in relation to articles 12, 13 and 14 of the UK GDPR and for which the Authority takes responsibility. Where a Partner receives an Object to Processing request from a data subject, this will be communicated to the other Partner within 5 working days.
Automated decision-making and profiling (Article 22)	N	It is not expected that automated decision-making or profiling will be required under this DSA.

Governance and administration

Data Protection Impact Assessments

74. BEIS has completed a Data Protection Impact Assessment (herein: DPIA) for the processing that it will undertake in relation to this DSA. The DPIA considers BEIS' processing activities including the analysis and publication of data for statistical reasons and the sharing of data with its third-party contractors and delivery partners of relevant schemes. The DPIA is available upon request.

75.

Offshoring

76. It is not expected that any processing under this DSA will involve processing from any third countries.

Data processors and sub-processing

77. BEIS may share personal data with its third-party contractors, to support the monitoring, evaluation and auditing of SHDF – Wave 1 as well as for statistical, research and fraud prevention purposes. **BEIS remain the controller in all instances of sharing data with its third-party contractors** and the third-party contractors will be **processors**.

78. BEIS may share personal data with other scheme delivery partners or other Government Departments to prevent the duplication of support under other government schemes that may breach scheme rules or help to prevent fraud. In this scenario, BEIS and the scheme delivery partners, or other Government Departments would **both be the controllers** for the personal data. Where this data sharing is necessary, BEIS will put a data sharing agreement in place with the relevant delivery partner to support the sharing of the data.

79. The use of any new data processors by a Partner for processing covered by this Agreement will be notified to the other Partners, and follow the procedures noted in paragraphs 45-50 of this DSA.

Consultation

80. BEIS have consulted with the BEIS Data Protection Officer in the process of completing a DPIA. Data subjects will not be consulted before the processing covered by this DSA commences, however, data subjects will be notified of the data processing as per paragraph 73.

81.

Automated decision making and profiling

82. It is not expected that any automated decision making, or profiling will be undertaken by BEIS with any data collected under this DSA.

Necessity and proportionality

83. BEIS has completed a DPIA regarding the processing covered by this DSA, this included a consideration of necessity and proportionality. The proposed processing was deemed as necessary and proportionate.

Freedom of Information requests

84. Partners subject to the requirements of the Freedom of Information Act 2000 or the Environmental Information Regulations 2006, will assist and cooperate with each other, to enable each to comply with its information disclosure obligations.

85. Where a Freedom of Information request or the Environmental Information Regulations 2006 is received by a Partner to this agreement, which relates to data that has been provided by another Partner, the Partner receiving the request will take reasonable steps, where appropriate, to give the other Partner advance notice to allow it the opportunity to make representations on the potential impact of disclosure, or failing that, to draw the disclosure to the other Partner's attention after any such disclosure.

86. Each Partner shall be responsible for determining in its absolute discretion and notwithstanding any other provision in this DSA or any other agreement whether any information is exempt from disclosure in accordance with the provisions of the Freedom of Information Act or the Environmental Information Regulations 2006.

Personal data breaches

87. The Partners will follow their own internal processes on the discovery of a personal data breach and advise their own security teams.

88. In addition, they will notify other Partners of any personal data breach that relates to this DSA, via direct contact with the project leads named in *Appendix H – Key Contact Details* of this DSA within 72 hours of discovering the personal data breach.

89. In the event of a personal data breach (or where there is reasonable cause to believe that such an incident may arise), the Partners will delay data transfers until the cause or incident is resolved, as authorised by the signatories to this agreement. If the breach cannot be resolved or if - in the view of the Partners - it is very serious, data transfers will stop and will not resume until the signatories to this agreement are satisfied with the security arrangements.

90. Any Partner who decides that a personal data breach that affects, or is relevant to, the processing under this Agreement must be self-reported to the ICO and shall ensure that the other Partners are notified of this.

Dispute resolution

91. Disputes between the Partners regarding the operation of this agreement will be resolved in the following way:

a. In the first instance a material breach will be reported between the project leads on each side, named in Appendix H of this DSA. An assessment by the breaching party will be conducted promptly to identify if the breach is ongoing or was a one-off, and the potential impact of the breach.
b. All material breaches will be notified to the Data Protection Officers in BEIS and the Data Protection Officers within the Authority. The outcomes of the assessment conducted by the project leads on each side, named in Appendix H of this DSA, will be discussed and actions identified.

Review

92. Scheduled formal reviews of this DSA are not expected to take place to assess the ongoing effectiveness of this data sharing initiative and this DSA. This DSA will only be reviewed if the purpose of the processing changes, or the processing otherwise changes in a way that affects the rights of data subjects.

Termination

93. The terms and conditions of this DSA will apply until the 31st March 2025. In the event of termination of the MoU, personal data will cease to be shared under the terms of this DSA.

94. Any Partner can terminate this DSA, without giving a reason, on expiry of one (1) month's written notice to the others. Termination of the notice would trigger a formal review of the SHDF – Wave 1 grant funding provided to the Authority.

95. Any Partner can terminate this DSA with immediate effect, where another Partner breaches any of its obligations to this DSA. Termination notices should be addressed to the Information Asset Owners at BEIS and the Authority.

Press enquires

96. Press and media enquiries should be directed by email at: SHDF.Enquiries@beis.gov.uk.

Appendices

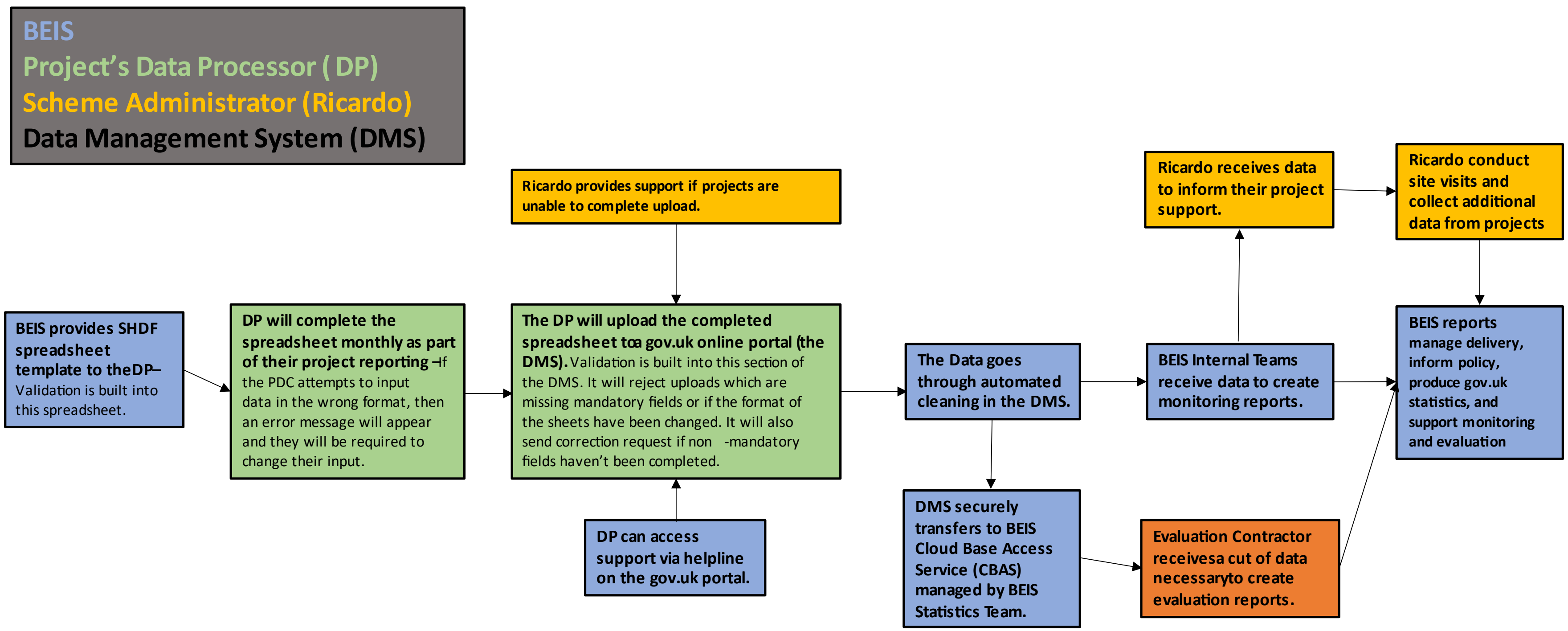
Description	**Appendix**
Summary of Processing	**A**
Performance Data Sharing Diagram	**B**
Personal Data Sharing Diagram	**C**
Personal Data Journey	**D**
List of Data Items to be Shared with BEIS	**E**
Privacy Notice Template	**F**
Consent Form to Issue to Data Subjects	**G**
Contact Details for Key Members of Staff	**H**
Signatories	**I**

Appendix A – Summary of Processing

Description	Details
Subject matter of the processing	The processing relates to the delivery of the SHDF – Wave 1 scheme.
Duration of the processing	Processing will commence on and from the date on which this DSA is signed by, or on behalf of, both Partners. Personal data will be retained only for as long as it is needed and, in any case, up to 31st March 2025.
Nature and purposes of the processing	The Authority will ensure that personal data relating to delivery of the SHDF – Wave 1 scheme is shared with BEIS. BEIS will process the data, including matching it with other datasets and onward sharing with other parties, to effectively manage and review the use of public funds and to support further research, evaluation, and statistical reporting.
Type of Personal Data that will be processed	The delivery of the SHDF – Wave 1 scheme is expected to reach over 15,000 properties, from these properties it is expected that the Authority and/or Monitoring & Evaluation Contractor will collect personal data including (but not limited to): Professional contact details of key staff in the Authority's project team Name, address, phone, email of the property owner Details of the property and installation undertaken Details and contact information of the installer
Categories of Data Subject	Authorities and consortia leading SHDF– Wave 1 projects Residents of properties eligible for the SHDF– Wave 1 scheme Installers of home retrofits under SHDF – Wave 1 scheme Third parties providing additional funding for SHDF – Wave 1 Third parties involved in the retrofit supply chain
Special Category Data	The data collected and shared under this DSA does not constitute Special Category data or criminal-orientated data (Article 10 of the UK GDPR)

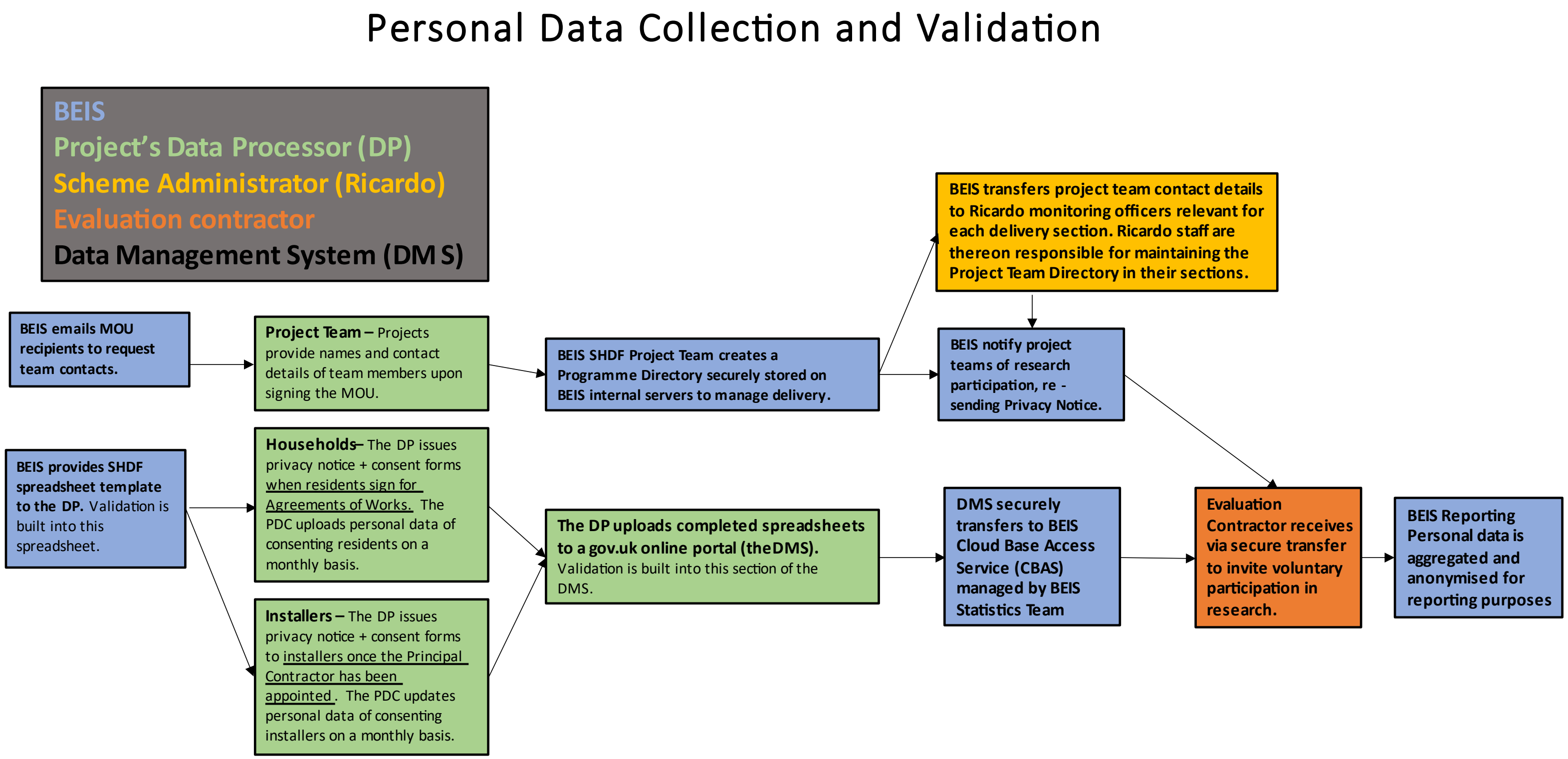
Appendix B – Performance Data Sharing Diagram

Performance Data Collection and Validation



Please note: BEIS are trialling a new DMS. Aspects of this are subject to change.

Appendix C – Personal Data Sharing Diagram



Please note: BEIS are trialling a new DMS. Aspects of this are subject to change.

Appendix D – Personal Data Journey

Please note: BEIS has yet to appoint an evaluation contractor to finalise the design of the M&E framework for SHDF – Wave 1. Aspects of this are subject to change.

Appendix E – List of Data Items to be Shared with BEIS

SHDF – Wave 1 Data Collection	Data Type	Definition
Project Summary - Monthly		
Name of Lead LA	Text	Name of Lead Local Authority, whether it is a consortium application and if so all other Registered Providers of Social Housing involved in the application.
Summary of status	Drop-down	Please provide a RAG rating on how the project is performing
Activities this period	Text	Describe the current state of play of the project. Outline activities undergone by the LA during this reporting period
Plan for next period	Text	Outline what activities are planned for the next reporting period
Estimated Project Completion date	Date	Insert when you estimate the project will be complete.
Date at which project team was appointed	Date	MS1 - Insert the date when the full project team was appointed
PAS2035 Risk Assessment stage completion date	Date	MS2 - When did all your projects complete the PAS2035 risk assessment stage
PAS2035 Dwelling Assessment stage completion date	Date	MS3 - When did all your projects complete the PAS2035 dwelling assessment stage
Design & Coordination completion date	Date	MS4 - When did all your projects complete the design and coordination stage
Procurement activity stage completion date	Date	MS5 - When did all your projects complete their procurement activity
Installation stage started	Date	MS6 - Insert the date that installation started
Installation stage completed	Date	MS7 - Insert the date that all your projects finished installing their measures
Handover and Lodgement Stage completed	Date	MS8 - Insert the date that all your projects finished the handover and lodgement stage
Top 5 Risks	Text	Risks descriptions, category, mitigation, RAG of the top 5 risks

Instances of Fraud	Text	Instances, mitigation, RAG
Total Number of Installers	Number	Provide the total number of installers cumulatively that have worked on the project
Total Number of Apprentices	Number	Provide the total number of apprentices cumulatively that have worked on the project

Performance Monitoring - Monthly		
% of Project Team Appointed	%	Outline the percentages of the project team that has been appointed, including the Retrofit Coordinator
PAS 2035 Risk Assessment Completed	Number	KPI1 - Outline the number of homes that have passed the PAS2035 Risk Assessment stage
PAS 2035 Dwelling Assessment	Number	KPI2 - Outline the number of homes that have passed the PAS2035 Dwelling Assessment stage
Design & coordination stage	Number	KPI3 - Outline the number of homes that have passed the Design & Coordination stage
Procurement Activity Completed	%	Outline the percentage of procurement activity completed to deliver all the projects being funded
Number of completed properties	Number	Outline the number of homes that have had measures installed
Handover & Data Lodgement Completed	Number	Outline the number of homes that have passed the Handover & Data Lodgement stage
Privacy notices issued to tenants	Number	KPI4 - Outline the total amount of privacy notices issued to tenants
Privacy notices issued to installers	Number	KPI4 - Outline the total amount of privacy notices issued to installers
Ancillary and Admin costs	£	KPI 6 - This is the value spent within your allocated A&A budget
Capital costs	£	KPI 6 - This is the value spent from your grant excluding your A&A costs
Total spend this month	£	KPI 6 - How much funding (received from BEIS), for this project, has been spent this month. This should not include any other sources of funding such as co-funding contributions.

Property Details – Frequency TBC		
Unique Property Reference Number	Number	Please input the properties UPRN

First line of address	Text	Please input the first line of address for this property
Town	Text	Please input the town for this property
Postcode	Text	Please input the postcode of this property
Fuel Poor Household	Yes/No	Answer yes, if the household income less than 60% of the median
Property Type	Drop-down	Provide the type of premises the measure was installed to.
Property Year Built	Date	Provide the year the property was built in, to aid with broader understanding of the energy efficiency and use of the property
Property Floor Space (metres squared, m2)	Number	Provide the usable area of the internal flooring of the building in metres squared. This should cover the total of all room areas, hallways and circulation space, excluding staircases. Loft space is not included, unless the loft is habitable with a fixed stairway to access it. This definition is taken from the English Housing Survey, Floor Space in English Homes technical report 2018 by DHLUC (formerly MHCLG). https://www.gov.uk/government/publications/floor-space-in-english-homes
Property Number of Floors	Number	Provide the number of floors that exist on the property. This should exclude the loft.
Property Number of Rooms	Number	Provide the number of usable rooms that exist in the property. This should include living rooms, kitchen, bathrooms, bedrooms. It should exclude the loft, unless this is a liveable space with a fixed stairway
Smart Meter Installed?	Yes/No	Indicate whether the property has a smart meter installed
On or off gas grid property	Yes/No	Identify whether the property is connected to the gas grid network or is an off gas grid property.
Current Heating System Type	Text	Indicates the main space heating system of the premises prior to installation of the measure
Number of measures to install	Number	Identify the number of measures planned for installation at the property and covered by this application
Total Cost of Application	Number	The application should include a total proposed cost for the project. The total application cost should

		include the cost of the equipment, labour, repairs and maintenance
Number of Installers	Number	Input the total amount of installers, including apprentices, that are working to install measures in the property
Number of Apprentices	Number	Input the total amount of apprentices that are working to install measures in the property
Current EPC Rating	Drop-down	The EPC rating of the property before any measures were installed
Post Measures Installed EPC Rating	Drop-down	The EPC rating of the property post measures being installed
Current SAP Box 39 value	Number	Insert in numerical format the SAP Box 39 value for the property before measures were installed. Should be supplied using full SAP
Post Measures Installed SAP Box 39 value	Number	Insert in numerical format the SAP Box 39 value for the property after measures were installed. Should be supplied using full SAP
Current SAP Box 4 value	Number	Insert in numerical format the SAP Box 4 value for the property before measures were installed. Should be supplied using full SAP
Post Measures Installed SAP Box 4 value	Number	Insert in numerical format the SAP Box 4 value for the property after measures were installed. Should be supplied using full SAP
Current Measures Installed SAP Box 99 value	Number	Insert in numerical format the SAP Box 99 value for the property before measures were installed. Should be supplied using full SAP
Post Measures Installed SAP Box 99 value	Number	Insert in numerical format the SAP Box 99 value for the property after measures were installed. Should be supplied using full SAP
Current Airtightness Test value	Number	Insert in numerical format the airtightness test value for the property before measures were installed
Post Measures Installed Airtightness Test value	Number	Insert in numerical format the airtightness test value for the property after measures were installed
Trustmark Measure Reference Number	Number	When a measure is lodged with TrustMark a unique TrustMark measure reference will be generated. Supplier must have this number before notifying the measure to the

		Administrator. This field will be validated against TrustMark's Data Warehouse. Auto generated from installer details.
TrustMark Lodgemark Certificate Number	Number	Provide a TrustMark lodged certificate ID which will be issued by TrustMark for the measure. This field will be validated against TrustMark's Data Warehouse.
PAS Certification Number	Number	Provide installer's PAS certification number. This must be the PAS certification number relevant to the annex of the measure being installed. PAS certification number is required as evidence that a measure has been installed by a PAS-certified installer. Auto generated from installer details.
Date of Starting Installation	Date	The date of started installation (DOSI) indicates the date on which the installation of the measure began. This is the point at which the installer begins working on site to install the measure. It includes any preparatory work before commencing the measure installation.
Date of Completed Installation	Date	The date of completed installation (DOCI) indicates the date on which the installation of the measure was 'complete'. By complete, this is the point of handover, when the measure must be able to deliver savings at a level expected for that measure. This will typically be the point at which the installer has finished the installation, with handover being the installer providing any explanation on the safe, efficient operation of the system, as well as any guidance on care and maintenance. N.B. All paperwork and updated EPC-band must be completed prior to recording date completed.
Measure Type	Drop-down	This describes the measure type installed at the premises (each measure installed is to be reported in a separate row). Please see the guidance page on the measures that should be reported against
Other Measure	Text	If other measure is selected from the dropdown please specific it here
Total cost of measure (£)	£	The cost should include a total cost for the measure.

Of the total cost, how much is SHDF - Wave 1 funding from government for this measure (£)	£	The total amount of funding that came from SHDF – Wave 1 from government for this measure.
Of the total cost, how much is funding from other LA sources (non-SHDF – Wave 1) for this measure (£)	£	The total amount of funding that came from other LA sources (not SHDF – Wave 1 funding) for this measure.
Of the total cost, how much is self-funding for this measure (£)	£	The total amount of funding contributed by the household where a measure took place.

Installer Details - Quarterly		
LA Installer ID number	Text	Links back to lodgement number within TrustMark
Installer Name	Text	Provide the name of the company that carried out the installation of the measure at the premises. This should not be the name of the managing agent unless they carried out the installation.
Installer Email Address	Text	Email address of the installer. This should be the email address of a named contact, and not a generic business address.
Installer Phone Number	Number	Phone number for the installer, either landline or mobile number. This should be the phone number of a named contact, and not a generic business phone number.
Installer Consent to Contact	Yes/No	Provide Y/N response as to whether the installer consents to future contact regarding the installation and scheme
Privacy Notice Issue Date	Date	Indicate the date when the LA issued the Installer with a Privacy Notice
Trustmark Business ID number	Number	All measures must be delivered by a TrustMark registered business (or equivalent). This field will be validated against TrustMark's Data Warehouse.
Was the installer Trustmark accredited before SHDF – Wave 1 project	Yes/No	

Companies House Company Registration Number	Number	Registration number
PAS Certification Number	Number	Provide installer's PAS certification number. This must be the PAS certification number relevant to the annex of the measure being installed. PAS certification number is required as evidence that a measure has been installed by a PAS-certified installer.

Tenant Details - Quarterly		
Unique Property Reference Number	Number	Please input the properties UPRN
Tenant Name	Text	Name of the Tenant
Tenant Email Address	Text	Email address of the applicant
Tenant Contact Number	Text	Phone number for the applicant, either landline or mobile number
Contact Consent	Yes/No	Provide True/False response as to whether the applicant consents to future contact regarding the installation and scheme
Privacy Notice Issue Date	Date	Indicate the date when the LA issued the tenant with a Privacy Notice
Tenant dropout	Yes/No	Provide YES/NO as to whether tenant has dropped out of project
Reason for tenant dropout	Drop-down	State the reason for tenant dropout
Reason for tenant dropout - Other reason	Text	If 'Other' selected please outline the reason for tenant dropout in the text box

Appendix F – Privacy Notice Template

SHDF Privacy Notice

This notice sets out how

use your personal data, and your rights. It is made under Articles 13 and/or 14 of the UK General Data Protection Regulation (**UK GDPR**). This notice relates to data collected under the Social Housing Decarbonisation Fund scheme (**SHDF**) operated by

and run by BEIS. For further information on how BEIS uses your personal data, please see BEIS' SHDF Privacy Notice (Available here).

What personal data do we hold?

In order to deliver energy efficiency improvements, it is necessary for us to collect and hold personal information.

If you are a **tenant**, we will process the following personal data:

- Basic personal information such as your name, address, telephone number and email address for arranging works
- Details about the works installed at the property, including size, type and cost
- Household income and any other scheme eligibility information
- Expected energy, carbon and cost savings expected from the works
- Your name and preferred means of contact if you'd like to take part in BEIS' scheme evaluation (optional)

If you are an **installer**, we will process the following personal data:

- Your name and preferred means of contact for arranging the works
- Relevant accreditation and registration information
- Business contact address
- Details of SHDF installations you delivered (including location)
- The number of employees in your organisation
- Your name and preferred means of contact if you'd like to take part in BEIS' scheme evaluation (optional)

If you are a **delivery partner** in a project, we will process the following personal data:

- Your name, role, and professional contact details

How will we use the Information we hold about you?

We collect information about you (where applicable):

- To support the delivery and administration of energy efficiency schemes. This may require linking of your data to other datasets held by BEIS and other government departments
- With your consent, to invite you to take part in scheme evaluation

What is the legal basis for us to process your data?

We process your information as above because it is necessary for compliance with legal obligations under

to which we are subject. Some processing will be necessary to perform tasks carried out in the public interest or in the exercise of official authority vested in us. Other processing will be necessary for the performance of our contractual obligations, e.g. under any tenancy or lease.

BEIS process data necessary for the performance of tasks in the public interest to deliver SHDF. The data will support a detailed evaluation of the overall scheme, including the types of properties, households and measures delivered through the SHDF, in order to ensure use of public funds has delivered value for money, and realised intended benefits, including to inform policy making in the fields of energy efficiency, fuel poverty, and health. It will also support BEIS' functions relating to carbon reductions under the Climate Change Act 2008. Your data may also be used for statistical, research and fraud prevention purposes.

BEIS will be conducting an evaluation of the Scheme. This may include you being contacted to take part in further research. Use of your personal data to contact you to take part in further evaluation research will be subject to your consent. BEIS will only process your personal data for this purpose with your opt-in consent, and a consent form will be provided to you. Note that you can withdraw consent at any time, and it will not impact the delivery of any works.

Who we will share your information with

We may share your information with partner organisations, including:

- The Department for Business, Energy and Industrial Strategy (BEIS), its delivery partners and contractors, and their data processors Microsoft and Amazon Web Services
-

We will not normally share your information with organisations other than our partner organisations without your consent, however, there may be certain circumstances where we would share without consent such as where we are required to do so by law, to safeguard public safety, and in risk of harm or emergency situations. Any information which is shared will only be shared on a need to know basis, with appropriate individuals. Only the minimum information for the purpose will be shared.

How long do we keep your records

International transfers

Your rights

You have a number of rights under UK GDPR, including the right to request your information and the right to request your information be erased or amended if incorrect.

To **request your records**, **request changes** to your records, or to **object** to the processing of your data, you will need to put your request in writing and provide a proof of identification to

You have the right to **withdraw consent** for the processing of your personal data, where processing is based on consent, such as the BEIS research and evaluation. To withdraw consent, you can choose to contact

You may also contact BEIS' Data Protection Officer at the Department for Business, Energy and Industrial Strategy, 1 Victoria Street, London, SW1H 0ET, or via email, dataprotection@beis.gov.uk.

You also have a right to **make a complaint** about our handling of your personal data to the Information Commissioner's Office (ICO), an independent regulator. You can contact the ICO at Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF, or via email, casework@ico.org.uk. Any complaint to the ICO is without prejudice to your right to seek redress through the courts.

Further information

If you have any questions or concerns about how your information will be used, please contact the Data Protection Officer at

Appendix G – Consent Form to Issue to Data Subjects

I have read and understood this Privacy Notice and BEIS' Privacy Notice.

Yes □ *No* □

Do you consent to BEIS, or their appointed contractors, to recontact you for the purpose of research and evaluation related to the installation received under SHDF-Wave 1?

Yes □ *No* □

Participation is entirely voluntary and you may withdraw consent at any time. Personal data necessary to deliver work on your property will continue to be collected. Your installation and the work on your property will not be affected if, at any time, you choose not to take part.

Full Name	______________________
Signature	______________________
Address	______________________
Telephone/Mobile	______________________
Email Address	______________________
Preferred contact method	______________________
Date	______________________

Appendix H – Key Contact Details

BEIS Key Contacts:		
Programme Director	Name	Matt Harrison
	Email	matt.harrison@beis.gov.uk
Data Protection Officer	Name	BEIS Data Protection Officer
	Email	dataprotection@beis.gov.uk
	Name	Head of Information Rights Team
	Email	FOI.Requests@beis.gov.uk
Data Lead	Name	Darren Cartwright
	Email	darren.cartwright@beis.gov.uk

The Authority Key Contacts:		
Project Lead	Name	
	Email	
	Telephone	
Data Protection Officer	Name	
	Email	
	Telephone (optional)	
FOIA Lead	Name	
	Email	
	Telephone (optional)	
Data Lead	Name	
	Email	
	Telephone (optional)	

Appendix I – Signatories

BEIS Signature	
Signed: On behalf of the Secretary of State for Business, Energy & Industrial Strategy	
Name	
Role	
Address	
Email	
Date of signature	

The Authority Signature	
Signed: On behalf of [Insert Local Authority and other consortium members]	
Name	
Role	
Address	
Telephone (optional)	
Email	
Date of signature	

Annex 6a: Approved Application Proposal (the Proposal)

For the purposes of SHDF – Wave 1, the Proposal is the approved application submitted on or before 15 October 2021 as part of the SHDF – Wave 1 competition.

Annex 6b: Updated Baseline Milestone Schedule

For the purposes of SHDF – Wave 1, the updated Baseline Milestone Schedule is a revised version of table 5a in the SHDF – Wave 1 application form, with dates updated to reflect the new competition award date.

Updated Baseline Milestone Schedule																
Milestone	**Date completed**	**Units**	**Jan-22**	**Feb-22**	**Mar-22**	**Apr-22**	**May-22**	**Jun-22**	**Jul-22**	**Aug-22**	**Sep-22**	**Oct-22**	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**
MS1 – Project Team Established		% completed															
MS2 – PAS 2035 Risk Assessment stage completed		No. homes															
MS3 – Dwelling Assessment stage completed		No. homes															
MS4 – Design and Coordination Stage completed		No. homes															
MS5 – Procurement Activity completed		% completed															
MS6 & MS7 – Installation started and completed		No. homes															
MS8 – Handover & Data Lodgement Completed		No. homes															

Annex 7: Data Requirements

In accordance with the Governance and Performance sections of this MoU, the Authority will be responsible for supplying the Project Team with the required monthly data on or before the 10th working day of each month. The requirements for this reporting, which will form the Monthly Report by the Authority, are as follows:

Monthly Data Requirements	Quarterly Data Requirements (for ongoing Monitoring & Evaluation)	Per Property or One-off Data Requirements
Monthly Summary • Summary of status • Activities this period • Plan for next period • Estimated Project Completion date • Top 5 Risks • Instances of Fraud **Milestone updates** • MS1 Date at which project team was appointed • MS2 PAS2035 Risk Assessment stage completion date • MS3 PAS2035 Dwelling Assessment stage completion date • MS4 Design & Coordination completion date • MS5 Procurement activity stage completion date • MS6 Installation stage started • MS7 Installation stage completed • MS8 Handover and Lodgement Stage completed **KPI Performance** • KPI 1 PAS 2035 Risk Assessment Completed • KPI 2 PAS 2035 Dwelling Assessment • KPI3 Design & coordination stage Completed • KPI4 Number of Privacy notices issued to tenants and Installers • KPI5 Number of completed properties • KPI6 – Total project spend **Project additional info** • No. of tenants & installers who have consented to be invited to take part in BEIS evaluation • Procurement activity – percentage of all procurement activity completed to deliver all projects being funded • Number of Installers • Number of Apprentices	• Unique Property Reference Number • Tenant Name • Tenant Email Address • Tenant Contact Number • Contact Consent • Privacy Notice Issue Date • Tenant Dropout • Reason for Tenant Dropout • LA Installer ID number • Installer Name • Installer Email Address • Installer Phone Number • Installer Consent to Contact • Privacy Notice Issue Date • Trustmark Business ID number • Was the installer Trustmark accredited before SHDF project • PAS Certification Number • Companies House Company Registration Number	**Per property** • Unique Property Reference Number • Property Address (first line) • Town • Postcode • Fuel Poor Household • Property Type • Property Year Built • Property Floor Space (metres squared, m2) • Property Number of Floors • Property Number of Rooms • Smart Meter Installed? • On or off gas grid property • Current Heating System Type • Number of measures to install • Type of measure installed • Total Cost of Application • Current EPC Rating (pre-measures installed) • Post Measures Installed EPC Rating • Current SAP Box 39 value (pre-measures installed) • Post Measures Installed SAP Box 39 value • Current SAP Box 4 value (pre-measures installed) • Current Installed SAP Box 4 value • Post Measures Installed SAP Box 99 value (pre-measures installed) • Post Measures Installed SAP Box 99 value • Current Airtightness Test value (pre-measures installed) • Post Measures Installed Airtightness Test value • Date of Starting Installation • Date of Completed Installation • Trustmark Measure Reference Number • TrustMark Lodgemark Certificate Number • Total cost of measure (£) • Of the total cost, how much is SHDF grant funding for this measure (£) • Of the total cost, how much is LA funding for this measure (£) • Of the total cost, how much is self-funding for this measure (£)

Annex 8: Recovery Plan (draft – final template to be provided to the Authority)

Local Authority	Grant Reference	Grant Name	Local Authority Lead	Report Date
INSERT FULL NAME	INSERT REFERENCE	SHDF Wave 1	INSERT LEAD OFFICIAL	INSERT DATE

#	Interventions	Target Date		Status	Owner
1				R/A/G	
2				R/A/G	
3				R/A/G	
4				R/A/G	
5				R/A/G	

Annex 9: AP1a form

The template for this is attached separately as a Word document to enable completion.

Annex 10: Small Amounts of Funding Exemption Declaration

Guidance: use this Annex where funding is awarded as a small amount of financial assistance which is an exempted subsidy under the UK-EU Trade and Cooperation Agreement. Please note for the purpose of calculating whether a subsidy falls within the 325,000 Special Drawing Rights threshold, the Authority should include any:

- De Minimis State Aid granted in the relevant 3 fiscal year period under the De minimis Regulation prior to 1 January 2021;
- De Minimis State Aid granted in the relevant 3 fiscal year period under the De minimis Regulation on or after 1 January 2021 by virtue of the application of the Northern Ireland Protocol;
- Small Amounts of Financial Assistance granted in the relevant 3 fiscal year period by virtue of the application of the Trade and Cooperation Agreement

but should not include:

- any State aid or subsidy granted in the relevant period in reliance on any other exemption (e.g. State aid granted under the General Block Exemption Regulation) or on any other basis irrespective of whether granted prior to or after 1 January 2021

1. Funding in respect of leaseholder or freeholder (right to buy) properties, including those that are privately rented, is awarded in accordance with Article 364(4) of the Trade and Cooperation Agreement, which enables the Authority to receive up to a maximum level of subsidy without engaging Articles 363-375 (except where a subsidy is prohibited under Article 367 (8-12)) of the Trade and Cooperation Agreement (a “Small Amount of Financial Assistance”). The current threshold is 325,000 Special Drawing Rights to a single economic actor over any period of three fiscal years.
2. The Authority acknowledges and accepts that the relevant limit for a Small Amount of Financial Assistance comprises other Small Amounts of Financial Assistance and De Minimis State Aid, irrespective of whether such subsidy or aid was provided by other public authorities and their agents, related to other projects or was made by means other than grants (for instance, foregone interest on loans) awarded to the Authority over any period of three fiscal years
3. The award of this funding will be conditional upon the Authority providing the Secretary of State with the Small Amount of Financial Assistance declaration form confirming how much Small Amount of Financial Assistance subsidy or De Minimis State Aid, if any, it has received in the current and previous 2 year fiscal period.
4. The Secretary of State may not pay the Authority the funding if, added to any previous Small Amount of Financial Assistance subsidy or De Minimis State Aid the Authority has received during the current and last two fiscal years, the funding causes Authority to exceed the relevant limit for a Small Amount of Financial Assistance.
5. For the purposes of that declaration:

a. the fiscal year is the fiscal year used by its business;

b. a single economic actor means a “single undertaking” within the meaning of the De Minimis Regulation; and

c. subsidy is Small Amounts of Financial Assistance and De Minimis State Aid granted to a single economic actor.

6. The Authority must return the MoU and the completed Small Amount of Financial Assistance declaration form to the Secretary of State in accordance with Paragraph 115 of the MoU.

7. The Authority acknowledges that it is Authority’s responsibility to read Chapter 3 of the Trade and Cooperation Agreement (and implementing legislation) in its entirety, and seek advice (including legal advice) on its application to the Authority’s business if appropriate.

8. The Authority acknowledges that the Secretary of State and the Authority are jointly and severally responsible for maintaining detailed records with the information and supporting documentation necessary to establish that all the conditions set out in this MoU are fulfilled.

9. Such records must be maintained by the Authority and the Secretary of State for 10 years following the granting of the subsidy.

SMALL AMOUNT OF FINANCIAL ASSISTANCE DECLARATION FORM

Please tick the statement that applies:

	The Authority, and any other economic actor forming a single economic actor with the Authority, **have not received any Small Amount of Financial Assistance subsidy or De Minimis State Aid** (whether from or attributable to the Authority or any other public authority) during the current and two previous fiscal years.
	The Authority, and/or any other economic actor forming a single economic actor with the Authority, **have received one or more grants of De Minimis State Aid or Small Amounts of Financial Assistance** during the current and two previous fiscal years particulars of which are set out in the table below.

Please insert the Authority’s fiscal year____________________________

Particulars of any De Minimis State Aid or Small Amounts of Financial Assistance received during the current or previous two fiscal years:

Public Authority	Date Awarded	Total amount of subsidy[11]	Description of subsidy[12]	Recipient[13]	Date(s) received[14]

Signed__________________________________

For and on behalf of _______________________

Position_________________________________

Date__________________________________

[11] This should be the amount of subsidy awarded. However, please also inform us if the amount received differed.
[12] Please confirm the nature of the subsidy (e.g. a grant or a loan etc) and the purpose for which it was awarded (e.g. any project funded by it).
[13] Please confirm the identity of the recipient of the subsidy if this is a separate entity forming part of a single economic actor with you.
[14] Please inform us if the subsidy was paid by instalments.

DRAFT 6 MONTH CABINET FORWARD PLAN – Updated 11 February 2022

Fenland CAMBRIDGESHIRE
Fenland District Council

(For any queries, please refer to the published forward plan)

CABINET

CABINET DATE	ITEMS	LEAD PORTFOLIO HOLDER
Tue 22 Mar 2022	1. Update on Progress with Wisbech Levelling Up Fund Regeneration Project 2. Fenland Transport Strategy 3. Investment Board Update 4. Cabinet Draft Forward Plan 5. Immediate Article 4 Direction (confidential)	Cllr Boden / Cllr Hoy / Cllr Tierney / Cllr Lynn Cllr Seaton Cllr Boden Cllr Boden Cllr Laws
Thu 28 Apr 2022	Reserve Date	
Thu 12 May 2022	1. Draft Local Plan 2. Wisbech Levelling Up Fund Regeneration Bid 3. Whittlesey Neighbourhood Planning Referendum 4. Cabinet Draft Forward Plan	Cllr Boden / Cllr Laws Cllr Boden / Cllr Hoy / Cllr Tierney / Cllr Lynn Cllr Laws Cllr Boden
TBC Jun 2022	1. Appointments to Outside Bodies 2. Civil Parking Enforcement (CPE) Update 3. Cabinet Draft Forward Plan	Cllr Boden Cllr French Cllr Boden
TBC Jul 2022	1. Annual Report 2021/22 2. Treasury Management Annual Report 2021/22 3. Financial Outturn Report 2021/22 4. Capital Update Report 5. Council Tax Support Scheme 6. Cabinet Draft Forward Plan	Cllr Boden Cllr Boden Cllr Boden Cllr Boden Cllr Boden Cllr Boden

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 11

Document is Restricted

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