

AGENDA

CABINET

MONDAY, 20 FEBRUARY 2023

2.00 PM

**COUNCIL CHAMBER, FENLAND HALL,
COUNTY ROAD, MARCH**

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

Although this is a public meeting, members of the public are encouraged to view the meeting via our YouTube channel: <https://www.youtube.com/watch?v=IWmd0iwbmIE>

- 1 To receive apologies for absence
- 2 Previous Minutes (Pages 5 - 8)

To confirm and sign the public minutes of the meeting held 30 January 2023.
- 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 2023/24 (Pages 9 - 28)

For Cabinet to consider and recommend to Council the approval of the Final Business Plan 2023-24.

6 Budget and MTFS 2023/24 (Pages 29 - 98)

To consider and approve the revised General Fund Budget and Capital Programme for 2022/23 and to consider and recommend to Council the General Fund Budget Estimates 2023/24 and the Medium Term Financial Strategy 2023/24 to 2027/28; the Council Tax levels for 2023/24; the Capital Programme 2023-2026, and the Treasury Management Strategy Statement, Capital Strategy and Annual Treasury Investment Strategy for 2023/24.

7 UK Shared Prosperity Fund (SPF) (Pages 99 - 104)

The purpose of this report is to determine the legal, financial and governance arrangements in relation to the administration of Fenland District Council's SPF allocation to include approval of the associated processes, decision making structures and grant funding agreements.

8 Whittlesey - Growing Fenland Market Town Funding from CPCA (Pages 105 - 106)

The purpose of this report is to update Cabinet on the success of applications to the CPCA to put in place new projects supporting the community in Whittlesey, recycling the remaining Market Towns funding of £455,000 following the cancellation of the Whittlesey Heritage Centre project.

9 Public Spaces Protection Order for Wisbech (Pages 107 - 122)

To block, by erection of gates, a passageway linking Norfolk Street and West Street, Wisbech as shown on Appendix A under the use of a Public Spaces Protection Order (PSPO).

10 Energy Supply Contract 2024-28 (Pages 123 - 128)

Forward Procurement of Electricity for the period 2024 to 2028.

11 24 High Street, Wisbech Update (Pages 129 - 130)

To provide Cabinet with a monthly update regarding ongoing work related to 24 High Street, Wisbech.

12 Draft 6 Month Cabinet Forward Plan (Pages 131 - 132)

For information purposes.

13 Items which the Chairman has under item 3 deemed urgent

14 Local Authority Housing Fund (Pages 133 - 156)

To consider an opportunity to receive grant money to purchase 9 homes as a

resource to meet the Council's responsibilities with regard to housing refugees and as a lasting legacy resource to support meeting our wider homelessness duties.

Appendix B to this report comprises 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 would involve the likely disclosure of exempt information as defined in the paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) as indicated."

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 and 5 of Part I of Schedule 12A of the Local Government Act 1972 (as amended) as indicated."

15 Confidential Minutes (Pages 157 - 166)

To approve the confidential minutes of the meeting held 30 January 2023.

Friday, 10 February 2023

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

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CABINET



MONDAY, 30 JANUARY 2023 - 4.00 PM

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

APOLOGIES: Councillor Miss S Hoy and Councillor S Tierney

CAB51/22 PREVIOUS MINUTES

The minutes of the meeting held on 12 December 2022 were confirmed and signed as an accurate record.

CAB52/22 FEES & CHARGES FOR 2023/24

Members considered the Fees & Charges for 2023/24 report presented by Councillor Boden.

Proposed by Councillor Boden, seconded by Councillor Seaton and Cabinet considered the recommendations of the Overview and Scrutiny Panel and AGREED to approve the Fees and Charges for 2023/24.

CAB53/22 INVESTMENT BOARD UPDATE

Members considered the Investment Board Update report presented by Councillor Boden.

Proposed by Councillor Boden, seconded by Councillor Benney and Cabinet AGREED to note this report from the Investment Board.

CAB54/22 WISBECH HIGH STREET UPDATE

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

Proposed by Councillor Seaton, seconded by Councillor Boden and Cabinet AGREED to note the current position in relation to these two significant projects in Wisbech High Street.

CAB55/22 GRANT FUNDING AGREEMENT - FUTURE HIGH STREET FUND CONSTRUCTION WORKS

Members considered the Grant Funding Agreement – Future High Street Fund Construction Works report presented by Councillor Seaton.

Councillor Mrs French said she would like to point out that she is Chairman of the March Area Transport Study project, which also involves the High Street; and although she has no direct interest, she has been working on this project.

Councillor Count thanked Councillor Seaton for the report. He commented that as it is a rather dry and technical report about the funding agreement for a plan to make changes to the March Broad Street area then, for the benefit of the public, he would like to split down what is happening. Firstly, the number of public utilities that will be upgraded. March residents have suffered from burst water mains, exploding gas pipes etc. and this provides an opportunity for aged infrastructure to be replaced and updated. Apart from the marketplace, this will be the first work to go ahead and as with any major project there will be disruption, but he is pleased to see the efforts that have gone into minimising this; there will be always a north and south lane open when possible. The infrastructure has nothing to do with Fenland District Council, but it will be good to see this replaced so we do not have to experience emergency works again. Secondly, there is the County Council MATS Highways work, which is not limited to the Broad Street scheme, but is a package of measures that will relieve congestion from March and its environs for the foreseeable future, including housing and business developments coming forward in the local plan. He said that we are in the latter stages of definite funding for the northern link road around Longhill Road, past the prison and heading toward Tesco. There will be a new junction by Tesco at Hostmoor with Wisbech Road and a redevelopment of Peashill roundabout. Along with other measures, and the works at Broad Street, all these add up to relieving congestion in the March area. That was the original driver for this entire project as County Council needed to relieve the congestion that we are experiencing. At the same time, Fenland District Council lobbied hard and successfully secured a significant amount of funding to develop the public realm. Councillor Count said he is fully supportive of this report and one day when all the disruption is finished and works are completed, we will all be happy with the outcome.

Councillor Mrs French thanked Councillor Count and added that it should also be mentioned that the A141 at Hobbs Lot will be signalised.

Proposed by Councillor Seaton, seconded by Councillor Count and Cabinet AGREED to note the progress of the project as detailed in the Report and to authorise the S151 officer to enter into a Grant Funding Agreement (GFA) with Cambridgeshire County Council (CCC) to allow the Broad Street construction contract to be let. The construction contract will be between CCC and the Contractor, with the GFA allowing FDC to pay CCC from the FHSF fund grant for the contractors works.

(Councillor Mrs French and Councillor Count declared themselves to be members of the Future High Street working group but are not predetermined on this item).

CAB56/22 UK SHARED PROSPERITY FUND (SPF)

Members considered the UK Shared Prosperity Fund report presented by Councillor Benney.

Councillor Count congratulated FDC members and officers for securing the extra funding, saying he particularly welcomed the monies allocated to fund the project focused on fly tipping as it is such an important issue.

Proposed by Councillor Benney, seconded by Councillor Boden and Cabinet considered and AGREED to:

- **Recommend acceptance of Shared Prosperity Funding from the Cambridgeshire & Peterborough Combined Authority for a three-year period commencing in 2022-23 and ending in 2024-25.**
- **Delegate to Officers responsibility for approving and finalising entry into the CPCA's SPF Grant Funding Agreement; and**
- **Note that a further report will be presented to Cabinet for approval of the detailed proposals in relation to the procedures and documentation associated with the onward administration of the funding.**

CAB57/22 DRAFT 6 MONTH CABINET FORWARD PLAN

Councillor Boden presented the Cabinet Forward Plan for information.

CAB58/22 PURCHASE OF A POTENTIAL DEVELOPMENT SITE IN MARCH (CONFIDENTIAL)

Members considered the Purchase of a Potential Development Site in March confidential report presented by Councillor Seaton.

Members made comments, asked questions and received comments.

Proposed by Councillor Seaton, seconded by Councillor Count and Cabinet AGREED to note the contents of the confidential report and provided instructions to officers in relation to the following:

- A) Taking into consideration the legal and financial implications described, members agree that without prejudice negotiations in relation to the proposed acquisition of the Site should continue;**
- B) that officers are instructed to submit without prejudice offers up to the revised limit agreed and agreed the level at which that limit should be set;**
- C) That in making the decision to proceed with the negotiations and that in setting a revised limit for that purpose, that Members have considered the Principles set out in the Subsidy Control Act 2022 (the “Act”) and are of the view that any subsidy to be granted to the vendors of the Site is consistent with those Principles.**
- D) That the Section 151 officer in consultation with the Leader of the Council and Portfolio holder be authorised to complete the purchase of the property for a sum not to exceed the limit agreed by members in accordance with these recommendations and only following receipt of DLUHC grant funding and satisfactory due diligence returns.**
- E) To delegate to the Leader of the Council and Section 151 Officer to determine how any shortfall in funding should be managed which may arise from the difference between the DLUC funding and Members agreed offer price including via the Council’s Capital programme.**

(Members resolved to exclude the public for this item of business on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972)

5.09 pm

Chairman

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Agenda Item 5

Agenda Item No:	5	
Committee:	CABINET	
Date:	20th February 2023	
Report Title:	FINAL BUSINESS PLAN 2023-24	

Cover sheet:

1 Purpose / Summary

For Cabinet to consider and recommend to Council the approval of the Final Business Plan 2023-2024.

2 Key Issues

- Our Business Plan 2023-24 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.
- Just as the country started to recover from the aftermath of Covid, the war broke out in Ukraine with profound economic consequences. Now the UK is facing a soaring cost-of-living crisis. This, partnered with over a decade of continued public sector austerity, is putting real pressure on local government resourcing. Nevertheless, the Council remains committed to delivering high-quality services and lobbying for appropriate investment to tackle important issues. Millions of pounds 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 16 January 2023. The Panel recommended a change to the wording on the 'Work with partners to promote Fenland through Culture and Heritage' priority, which has been updated and a design change for the Quality Organisation priority. There was also a request for a performance indicator change that will be incorporated into the Task and Finish Group which is looking at Corporate Performance Indicators.

3 Recommendations

For Cabinet to consider and recommend to Council the approval of the Final Business Plan 2023-2024.

Wards Affected	All
Portfolio Holder(s)	Councillor Chris Boden, Leader of the Council Cabinet Members
Report Originator(s)	Paul Medd, Chief Executive Peter Catchpole, Corporate Director Carol Pilson, Corporate Director David Wright, Head of Policy & Communications
Contact Officer(s)	Paul Medd, Chief Executive Peter Catchpole, Corporate Director Carol Pilson, Corporate Director David Wright, Head of Policy & Communications
Background Papers	Budget and Medium Term Financial Strategy Draft Business Plan 2023-24

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.

3 REASONS FOR RECOMMENDATIONS

- 3.1 Cabinet is being asked to approve the Business Plan 2023-24 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.

4 CONSULTATION

- 4.1 We ran an online public consultation about our Draft Business Plan and Budget 2023-24 between 3 January and 3 February 2023. 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. It was also available in paper format at the South Fens Business Centre, Chatteris, the Boathouse Business Centre, Wisbech, and Fenland Hall, March.

43 people responded to our survey. 67% 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.

5 ALTERNATIVE OPTIONS CONSIDERED

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

6 IMPLICATIONS

6.1 Legal Implications

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

6.2 Financial Implications

- 6.2.1 The Business Plan 2023-24 sets out high level corporate priorities that are reflected in the Council budget.

6.3 Equality Implications

[Consider whether there are any specific equality implications and if so, how these have been met otherwise put N/A].

Draft Business Plan and Budget Feedback 2023

Our consultation survey ran between 3rd January – 3rd February 2023. The survey was available to complete digitally and in paper format at the South Fens Business Centre, Chatteris, the Boathouse Business Centre, Wisbech and Fenland Hall, March. It was well advertised via a press release, on the front page of our website and through our Twitter and Facebook channels. The press release was also circulated to our news distribution list and to Town and Parish Councils.

We received 43 responses from across the district. Residents were asked:

1. Does our Draft Business Plan and Budget clearly explain the services we plan to provide and how we will use our resources over the next 12 months?

67% of respondents said yes, 33% said no. 11 people left comments, as follows:

- The obsession with trying to avoid a ride means services are being cut.
- Be a lot more honest about what you can no longer provide
- I support bringing new businesses into the community but this should not be detrimental to local residents. The circular economy in Whittlesey Saxon Pit has affected amenity to residents currently matters are improving but the current situation should never have occurred in the first place
- The business plan is easy to read and understand. It would be good if some of the budget information was included so there wasn't 2 documents.
- Make it less jargon!! I've read all of the 37 pages in both documents and I haven't a clue what you are proposing. It reads as an internal document not information for the public. Where is the easy read version?
- Provide an easy to understand version of the budget for people who do not have a very good grasp of the technical , budgetary or accountancy terms
- Both the 'Draft Business Plan & Budget' need to be made more 'reader' friendly. Just the initial look puts one off reading it.
- Try in layman's terms, very confusing for a lot of people, old and young.
- More explanation on how you will meet significant changes that have developed over the last 3 years
- Plainer language

2. Whilst being mindful of our financial and resource constraints, do you have any further comments about our Draft Business Plan and Budget?

26 people left comments, as follows:

- The services Cesar being provided are deteriorating. Maintenance of cemeteries and open spaces needs better funding
- Council tax needs to rise if public services are to be maintained.
- Show some ambition and imagination
- A tiny increase in fdc element of council tax should be included, albeit residence will see it as unnecessary, I believe it should be expected, it won't be as much as police/fire etc.

Fdc are not valued for previously 0 increases so why not give council a chance to improve services by gaining a little extra from council tax.

- It will be as always: Whittlesey itself will miss out to March.
- More money needed to maintain playgrounds, cemeteries and open spaces
- Lower the rates for high street shops
- In current climate you should be looking to reduce costs
- Teachers have received a 5% pay rise during covid and provided a poor service to pupils in Whittlesey during covid. We already have low education in fenland you say I would like to see teaching standards raised also the provision of youth services run and managed by properly qualified professionals
- Would suggest there was more money invested into our roads (pot holes). Is there a need for FDC and Town/Parish councils. Couldn't the all be merged?
- No because I haven't a clue what its actually trying to say
- I think it will be very difficult to balance the books, as it were. There are financial constraints everywhere, costs rising and there are continual reports of "we don't have the money to do A, B, or C." There has to be a recognition that if services are to be maintained, and improved, then Joe Public has to pay for them. If it was just this year that the rate was frozen, I could understand it, but it is proposed to freeze for the fifth successive year.
- Surely, with the pressures of inflation and interest rate rises, this freeze is impossible to maintain without cutting services.
- No
- No Indication of reversing cuts in support that have endangered the continued existence of local museum's etc
- Lack of support to Heritage eg museums
- Why publish a draft version without input from the December 2022 government announcements? Why not wait and incorporate those announcements into the document even if it means putting the document out for public comment is delayed slightly. As it is, this could change completely once this information has been fed into the budgetary process, making any public comments on this current draft document immediately obsolete.
- No
- See comment above....
- Looking forward to the March high street developments and bringing the town into modern times. Let's hope all the local residents support the changes and use the local shops and businesses - there's too much negativity about the changes so far.
- Removing graffiti. This has become a blight to the whole area over the last year.
- Utter madness. You have the council being propped up by a man and a dog, relying on their goodwill to keep the plates spinning. Even a 4.99% increase is less than half the rate of inflation, so would be a real terms cut to your spending power. Google "section 114 notice", read about Northamptonshire County Council's self imposed bankruptcy because it deprived itself of money by not keeping up with inflation, and you will see Fenland's future.

- You should INCREASE the precept for the current rate of inflation plus the lost assets over previous years
- None
- There is no real detail about the future of the Wisbech High Street Project. I am concerned that most of the money being spent on consultancy and subsidising absentee landlords.
- Absolutely brilliant and very well done not to increase the charge

Demographic information (optional)

Table 1: Where respondents live

In or near to Chatteris	5%	In or near to March	25%
In or near to Whittlesey	19%	In or near to Wisbech	35%
Village or rural location	14%	Outside of Fenland	2%

Table 2: Answering as a:

Resident	Group or organisational representative	Business representative
98%	2%	0%

Table 3: Respondent age group:

Under 16	2%	16-24	0%	25-44	26%
45-59	23%	60-74	42%	75+	7%

Fenland District Council Business Plan 2023/24



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Introduction by the Leader and Chief Executive

Welcome to Fenland District Council's Business Plan for 2023/24.

When we published our 2022/23 Business Plan last year, setting out our ambitions and priorities for the coming 12 months, little did we know that a health pandemic wouldn't be the only crisis to impact us all so greatly, so quickly.

Just as the country started to get back on its feet in the aftermath of Covid, the war broke out in Ukraine, with profound economic consequences. Energy markets and supply chains have destabilised the world over, leaving the UK and many other European countries facing a soaring cost-of-living crisis.

Inflation is at its highest rate in three decades; fuel, food, gas and electricity prices are rising, and millions of households across the country are in need of help.

We understand that many residents and businesses in Fenland are struggling to cope, especially those in more deprived communities and including those experiencing financial difficulties for the first time, and we are fully committed to doing everything we can to help.

Through our ongoing Cost-of-Living Support Campaign we will ensure that everyone who needs help has access to the support and guidance available to them both in the short-term and long-term as we learn more about how this crisis



Paul Medd
Chief Executive



Chris Boden
Leader of the Council

will impact our economy, our health and social wellbeing.

We know the cost-of-living will impact our own finances as it now costs far more to provide the essential services that people rely on.

But while we can't solve the national or international problems, we are on the side of our residents and businesses and will do everything we can with the resources available to help our communities through these difficult times.

As you'll see in this Business Plan, we have set out how we will continue to work in collaboration with partners, businesses and our communities to deliver important services for local people whilst lobbying for appropriate investment to tackle important issues.

We're also emphasising the fundamental and vital importance of transformation of service provision by the Council to achieve a long-term sustainable model of operation.

Times may be challenging but we will continue to seek opportunities to sustainably maximise Fenland's potential and make it a great place to live, work and visit: both now, and for future generations to come.

About Fenland

Fenland has strong community spirit and pride in its heritage. There are 102,500 people living in the Fenland District (ONS: 2021), which covers 211 square miles within North Cambridgeshire. Over 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 £239,184 (UK HPI May 2022); 23% less than the national average. This, along with plentiful commercial land and proximity to large urban centres such as Cambridge and Peterborough, contributes to Fenland's rapid population growth. By 2041, it is expected that our population will have increased by 23% to 126,160 (ONS: 2020). As outlined within this plan, we have plans in place to maximise the positive opportunities that growth could bring.

Our population is getting older. 30,000 residents (29%) are aged over 60; above average compared to Cambridgeshire and the UK (ONS: 2021). 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) and have England's lowest primary literacy attainment rate at 64.5% (UK Prosperity Index: 2022). Nevertheless, we continue to work closely with other organisations to positively overcome these challenges.

102,500
population



211
square miles
incorporating
4 towns
& 29 villages

House prices
23%
lower than the
national average



135

hectares of open
green spaces

Our Priorities

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 87% of staff saying they were proud to work for us in our latest Staff Survey (2022).

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

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

Quality Organisation

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.

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.

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.

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.

Better online services

Cllr Steve Tierney
Developing the Council's website to provide residents and businesses with even better online services.

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.

Putting communities first

Cllr Steve Count
Delivering the Community Safety Grant Agreement with the Police and Crime Commissioner between January 2022 and March 2025.

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.

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.

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.

Our Priorities - Communities

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 the cost of living
- Use our housing powers to prevent homelessness, reduce rough sleeping, meet housing needs, improve housing conditions and keep homes safe and accessible
- Encourage a range of partners to support the delivery of the Golden Age programme and 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 within the Integrated Care Partnership to tackle local health and wellbeing priorities to give people the information to enable them to make healthier choices
- Create healthier communities through activities developed by Active Fenland

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
- Proportionate support and advice for 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

Our Priorities - Environment

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 and market town events

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

- Manage 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
- Deliver the Community Safety Grant Agreement with the Police and Crime Commissioner

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

Our Priorities - Economy

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
- 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

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 online forms submitted via FDC Website

Our Priorities - Quality Organisation

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

CUSTOMER
SERVICE
EXCELLENCE[®]




A decorative graphic consisting of a light purple diagonal bar running from the top-left towards the bottom-right, and a solid purple rectangular block in the bottom-right corner.

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Agenda Item No:	6	
Committee:	Cabinet	
Date:	20 February 2023	
Report Title:	Revised General Fund Budget and Capital Programme 2022/23; General Fund Budget Estimates 2023/24 and Medium Term Financial Strategy (MTFS) 2023/24 to 2027/28; Capital Programme 2023 - 2026	

Cover sheet:

1 Purpose / Summary

To consider and approve:

- the revised General Fund Budget and Capital Programme for 2022/23 and;

To consider and recommend to Council:

- the General Fund Budget Estimates 2023/24 and the Medium Term Financial Strategy 2023/24 to 2027/28;
- the Council Tax levels for 2023/24;
- the Capital Programme 2023-2026;
- the Treasury Management Strategy Statement, Capital Strategy and Annual Treasury Investment Strategy for 2023/24.

2 Key issues

- The Final Local Government Finance Settlement was announced on 6 February 2023. This provided £398,995 additional resources (excluding business rates income) compared with what was included in the draft budget report in December 2022.
- As a result of the Business Rates revaluation exercise and the decision to freeze the business rates multiplier, the Business Rates Baseline and Tariff Payments have been amended in 2023/24 (see Table 1).
- 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 shows a 2% reduction in Council Tax for 2023/34 but extends the MTFS period showing 0% increases thereafter to 2027/28.
- Council Tax Referendum limits for 2023/24 have been set at an increase of 3% or £5 whichever is the higher.
- Latest projections for 2022/23 are showing a surplus of £69k.
- Current forecasts for 2023/24 show a surplus of £166k based on the assumptions detailed in Appendix C, before any adjustment to the level of Council Tax and a surplus of £4k after applying a 2% reduction to the level of Council Tax for 2023/24. It is proposed that a contribution of £4k to the Budget Equalisation Reserve be made to achieve a balanced budget. The MTFS projects shortfall increases year on year, reaching £1.918m in 2027/28. Projected shortfalls in the MTFS are usual, both in FDC and in Local Government generally. They represent the challenge to be faced in future years in reaching a balanced budget position each year. Any

decision this year to reduce the level of Council Tax necessarily increases the scale of that challenge.

- Although there are currently many uncertainties regarding the budget for 2023/24 and the MTFs, there remains a significant structural deficit which the Council will need to address. The ongoing Transformation 1 programme (of process mapping and internal service realignment) and the incipient Transformation 2 programme (of re-basing the establishment and underlying operation environments of the Council) will be crucial in helping to address that long-standing structural deficit.
- An updated Capital Programme for 2022/23 and for the medium term 2023-26 is proposed.

3 Recommendations

- It is recommended that:
 - (i) the revised estimates for 2022/23 as set out in Section 7 and Appendix A showing an estimated surplus of £69,000 (transferred to the Budget Equalisation Reserve), be approved;
- It is recommended to Council that:
 - (ii) the General Fund revenue budget for 2023/24 as set out in Section 8 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 using Discretionary Relief Powers be approved;
 - (vi) the expenses detailed in Section 11 be approved to be treated as general expenses for 2023/24;
 - (vii) the Port Health levy for 2023/24 be set as shown in Section 12;
 - (viii) the adoption of the Council Tax Support Fund proposals as detailed in paragraphs 13.16 – 13.22 of this report, using discretionary powers be approved;
 - (ix) the current working age Council Tax Support Scheme be adopted with effect from 1 April 2023 as set out in Section 14, with appropriate changes to the prescribed pensioner scheme as determined by regulations;
 - (x) that subject to the relevant legislation being passed and as detailed in Section 15:
 - (a) to agree to shorten the period that a 100% Council Tax premium on long term empty dwellings is payable from the current 2 years (empty) to 1 year from 1 April 2024.
 - (b) to agree to implement the 100% Council Tax premium on all second homes from 1 April 2024 (if legislation passed by 31 March 2023).
 - (xi) the Treasury Management Strategy Statement, Minimum Revenue Provision, Treasury Investment Strategy, Prudential and Treasury Indicators for 2023/24 and Capital Strategy 2023/24 as set out in Section 15 and Appendix E be approved;
 - (xii) the Band D Council Tax level for Fenland District Council Services for 2023/24 be set at £255.24, a decrease of 2% (£5.22) 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). Autumn Statement 2022 (HM Treasury) Medium Term Financial Strategy working papers. Government announcements since February 2022.

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

Report:

1 INTRODUCTION

- 1.1 This report sets out the financial implications of the council's priorities described in the Business Plan 2023/24. The Revenue budget estimates and the Capital Programme are final at this stage for approval. The draft Business Plan 2023/24 and draft Budget Estimates 2023/24 considered by Cabinet on 12th December 2022 together were subject to a public and stakeholder consultation from 4th January to 31st January 2023, prior to final budget and council tax setting for 2023/24 on 20th February 2023. 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 2023/24 and MTFs on 16 January 2023 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 2022/23 and agreed to send the Draft General Fund Budget Estimates 2023/24 and the Draft Medium Term Financial Strategy 2023/24 to 2027/28 for consultation. They also approved the Capital Programme 2023-2026.
- 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 2023/24 was announced on 6 February 2023. In addition, the Business Rates income estimates have been finalised following completion of the 2023/24 NNDR1 return at the end of January 2023, which incorporated the impact of the revaluation exercise effective from 1 April 2023. Equally, some additional costs and income discussed later in this report have been updated since the Draft Budget Estimates were prepared.

2 AUTUMN STATEMENT 2022

- 2.1 On 17 November 2022, the Chancellor delivered his Autumn Statement and confirming the Government's spending plans for the next two years, 2023-24 and 2024-25.
- 2.2 The relevant points for this Council from these announcements are as follows:

Council Tax

- A proposed Council Tax referendum limit of 3% (or £5 whichever is the higher), together with an additional 2% increase for authorities with responsibilities for Adult Social Care;

Business Rates

- The 2023 Revaluation will go ahead as planned and the following measures are designed to help off-set the impact of the revaluation as well as other financial pressures on businesses;
- **Transitional relief scheme** (government funded) for 2023 Revaluation (£1.2bn in 2023-24). This has no effect on billing authorities, it simply makes the transitional scheme more generous;
- **Retail, Hospitality and Leisure Relief (RHL)** will continue in 2023-24 with the level of relief increasing from 50% to 75% with a maximum of £110,000 per business. Local authorities will be compensated in the usual way through S31 grants;
- **3-year support for small businesses** (scheme for properties losing Small Business Rates Relief or Rural Rates Relief), Again, local authorities will be fully compensated;

- **The business rates multiplier in 2023/24 will be frozen** (normally this would increase in line with inflation as determined by the CPI rate as at September 2022, ie.10.1%). Local authorities will be fully compensated for the decision to freeze the multiplier;
- Local authorities' business rate baseline funding levels will be amended as a result of the impact of the revaluation. This could potentially have either a positive or negative impact on the Council's overall business rates income;

Core Spending Power and Other Announcements

- There will be cash-terms growth in Core Spending Power (CSP) in 2023-24 and 2024-25 because of the increases in social care funding and Band D thresholds. Growth is likely to be less than inflation, however.
 - No change in the allocations from SR21 means that the Settlement Funding Assessment should remain unchanged in 2023-24 and 2024-25. Looking further ahead, unprotected services are likely to reduce by 0.7% in real terms after 2025.
 - Funding provided in 2022-23 for the 1.25% increase in National Insurance Contributions (now reversed) is being clawed back from the additional grant funding provided to Councils, by approximately £200m in 2023-24 and 2024-25. Consequently, we have assumed a reduction in our Services Grant allocation.
 - Full details of the allocation of funding within CSP will be announced later this month in the 2023-24 Finance Settlement. There are still a number of issues remaining to be resolved, even though there is no change in the overall allocations. Decisions will have to be made about Lower Tier Services Grant (LTSG), 2022-23 Services Grant and the New Homes Bonus.
 - Local government funding reforms (Fair Funding Review and business rates retention changes) have been pushed back to at least 2025/26;
 - 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 these have been converted into specific funding allocations for individual local authorities were announced as part of the final local government finance settlement on 6 February 2023.

3 LOCAL GOVERNMENT FINANCE SETTLEMENT 2023-24

- 3.1 The Final Finance Settlement for 2023/24 was announced on 6 February 2023. There were no changes to the overall allocations from the Provisional Finance Settlement.
- 3.2 The Council's Settlement Funding Assessment for 2023/24 is made up of its Business Rates Baseline Funding and a 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 Business Rates revaluation exercise and the decision to freeze the business rates multiplier, the Business Rates Baseline and Tariff Payments have been amended in 2023/24.

Table 1 – Settlement Funding Assessment (Core Funding)

	Actual 2022/23 £000	Actual 2023/24 £000	2023/24 % Increase
Settlement Funding Assessment			
Revenue Support Grant	173	173	0.0%
Business Rates income	9,729	11,207	
Tariff Payment to government	<u>-6,027</u>	<u>-7,367</u>	
Business Rates Baseline Funding	3,702	3,840	3.7%

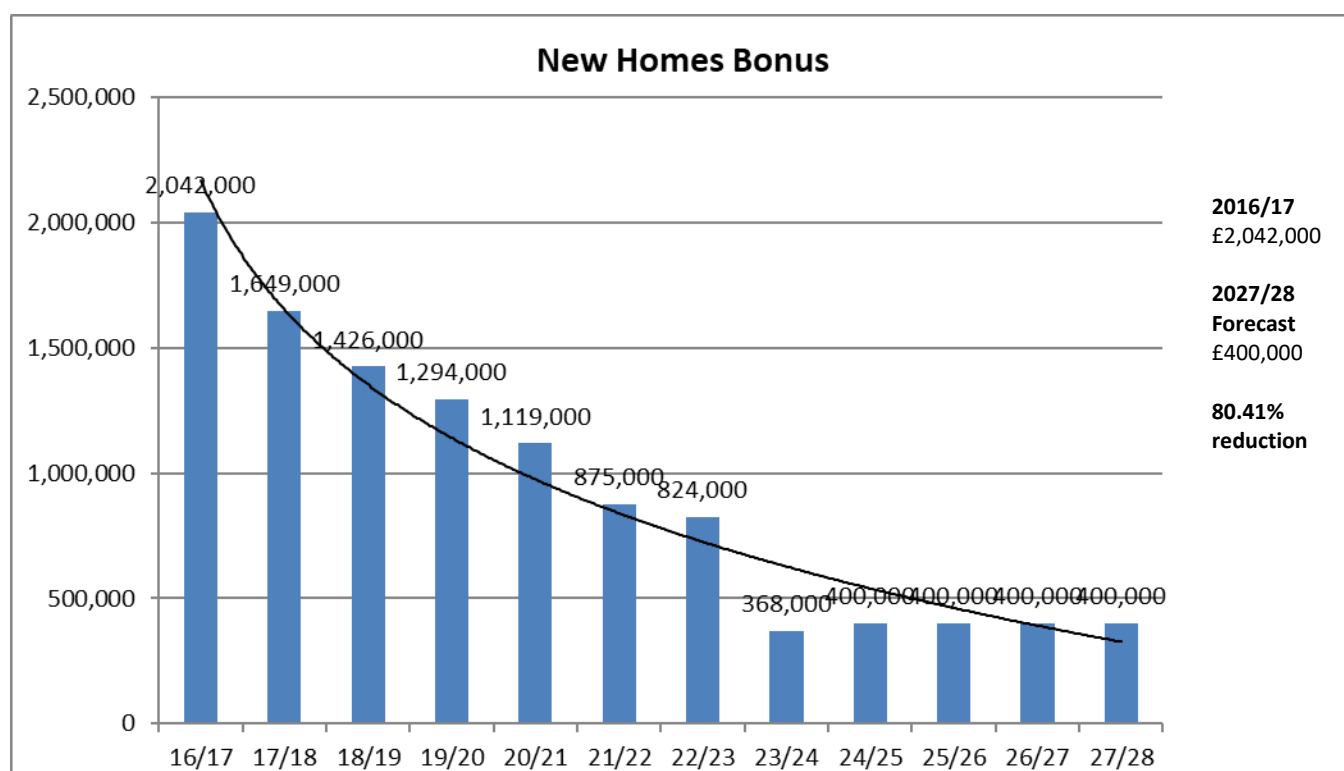
- 3.3 Local authorities will be fully compensated for the decision to freeze the business rates multiplier by way of additional S31 Grant.
- 3.4 Two grants currently included in Service Accounts (Council Tax Family Annexe Grant and the Local Council Tax Support Administration Grant) have now been rolled into Revenue Support Grant (RSG). The overall impact of this is £9,424 higher grant than included in the draft budget report.
- 3.5 **New Homes Bonus (NHB)** payment for 2023/24 will be £369,245 for this Council, £1,245 higher than included in the draft budget report. The government say that they will set out the future position of the NHB ahead of the 2024/25 finance settlement. Consequently, the future of the NHB is a considerable risk to the Medium Term Strategy from 2024/25 onwards.
- 3.6 The **Services Grant** continues in 2023/24 but at a much reduced level (national total reducing from £822m in 2022/23 to £464m in 2023/24) mainly as a result of the removal of funding for the National Insurance Contribution increase (now reversed). FDC's allocation is £149,720 which is £43,280 lower than included in the draft budget.
- 3.7 **The Lower Tier Services Grant** has been abolished from 2023/24 onwards. However, there is a new **3% Funding Guarantee** which ensures that no authority has a Core Spending Power increase of less than 3% without having to increase their Band D council tax. FDC's allocation is £600,957. The net impact is £431,606 higher than included in the draft budget.
- 3.8 **Core Spending Power (CSP)** for local government as whole has increased by 9.4% and for Shire Districts by 5.0%. Our increase in CSP is 4.8%. 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 Services Grant and new CSP Guarantee 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 38% of the increase in CSP and Council Tax is now around 57% 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.
- 3.9 Although the settlement was for 2023/24 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 CSP Guarantee Grant.
- 3.10 In summary, the final settlement (excluding Business Rates income) has provided a total of £398,995 of additional resources compared with what was included in the draft budget report.

Fair Funding Review

- 3.11 Local government funding reforms (Fair Funding Review and business rates retention changes) have been pushed back to at least 2025/26.

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 this Council's allocation. 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.
- 4.2 Actual NHB received in 2020/21 was £1.119m, in 2021/22 it was £875k and in 2022/23 it is £824k. It was announced in last year's finance settlement that no new legacy payments would be made in future. The actual NHB payment for 2023/24 will be £369k which represents the in-year amount only (calculation based on dwelling numbers from October 2021 – October 2022).
- 4.3 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.



- 4.4 The Future of the New Homes Bonus is very uncertain. The current national total of £291m 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 £400k of NHB funding in the MTFs from 2024/25 onwards. These could be replaced by allocations we receive from whatever the new Housing Incentive system will look like
- 4.5 **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 six 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 number of business rates relief schemes and multiplier caps and freezes implemented by the government over the last few years.

Business Rates Pooling Arrangement – 2023/24

- 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, 2021/22 and 2022/23. 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 2022/23, 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 MHCLG of their intention to remain as a pool for 2023/24 as there is still expected to be a net benefit to each authority. For the purposes of the 2023/24 estimates, an amount of £350k has been 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 MHCLG by the end of January 2023.
- 5.7 Following announcements in the SR2021 and subsequently in the Autumn Statement 2022, it is now unlikely that there will be any major changes to the rates retention system until 2025/26. Consequently, assuming the current pooling arrangements continue, an amount of £350k per annum has been included in the MTFs as a pooling benefit to this Council.

Business Rates Reform – 2025/26 onwards

- 5.8 As stated earlier, no major changes will take place until 2025/26 at least. At that time, it is likely that the Baseline Funding Level of all Councils will be reset with all 'growth' income being taken into account nationally and redistributed in the new system. In the estimate for 2023/24 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 2025/26 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 £1.904m in 2023/24) and the benefits from current pooling arrangements (estimated £350k in 2023/24) 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 over the medium term.**

6 ADDITIONAL BUSINESS RATES RELIEF MEASURES 2023/24

2023/24 Retail, Hospitality and Leisure Relief Scheme and Supporting Small Business Relief Scheme

- 6.1 At the Autumn Statement on 17 November 2022, the Chancellor announced a package of business rates support measures for retail, hospitality and leisure properties and small businesses in 2023/24.
- 6.2 The 2023/24 Retail, Hospitality and Leisure (RHL) Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 75% relief (increasing from the current 50% relief), up to a cash limit of £110,000 per business.
- 6.3 A new Supporting Small Business (SSB) relief scheme will ensure that no small business faces a bill increase greater than £50 per month for 2023/24 as a result of losing eligibility for Small Business Rate Relief or Rural Rate Relief due to an increased rateable value following the revaluation exercise.
- 6.4 Guidance about the operation and delivery of these reliefs was provided by government on 21 December 2022. 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.
- 6.5 The reliefs 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 2023/24.

7 FORECAST OUTTURN 2022/23

- 7.1 The approved budget set by Council in February 2022, showed a shortfall of £203k which was to be funded from the Budget Equalisation Reserve to the extent that it was needed at the end of 2022/23.
- 7.2 An updated projection for 2022/23, taking into account the latest estimate of spending and income pressures, was included in the draft budget report presented to Cabinet on 12 December 2022. At that time, a shortfall of £197k was being projected for 2022/23. The reasons for the change in projected shortfall were detailed in the draft budget report.
- 7.3 The latest projected outturn for 2022/23 is set out at Appendix A and show the likelihood of a surplus in the region of £69k by the end of this financial year.
- 7.4 The main reasons for the changes since the draft budget report are additional investment income (-£65k), additional income from the VAT sharing arrangement with Clarion (-£58k), reduced interest payable and MRP charge from reprofiling of capital programme (-£83k), allocation from the national business rates levy account surplus (-£31k) and additional use of the Cambridgeshire Horizons reserve (-£28k).
- 7.5 There are still uncertainties around the final position for 2022/23 and there is no requirement at this time, to formally approve an amount to be transferred to 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 projected surplus at year-end is maintained.

8 BUDGET ESTIMATES 2023/24 AND MTFS

- 8.1 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 (2023/24) but for forecast years as well, within a reasonable level of tolerance.
- 8.2 The impact of the Final Local Government Finance Settlement has been incorporated into the figures in this report.
- 8.3 The Council's medium term forecasts are shown at Appendix B and summarised in Table 2 below. The table includes a 2% Council Tax decrease in 2023/24 and a 0% Council Tax increase over the medium term.

Table 2 - MTFS - 2% decrease in 2023/24; 0% increase in 2024/25 onwards

	Estimate	Forecast	Forecast	Forecast	Forecast
	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Expenditure					
Net Service Expenditure	15,926	15,885	16,196	16,366	16,783
Corporate Items	754	1,052	813	929	1,542
Contribution to/from(-) Earmarked Reserves	-740	-131	-42	42	42
Contribution from Business Rates Reserve	-211	0	0	0	0
Net Expenditure (before use of balances)	15,729	16,806	16,967	17,337	18,367
Funding					
Revenue Support Grant	-173	-173	-173	-173	-173
Business Rates Funding <i>(detailed in Appendix B)</i>	-7,756	-7,916	-7,862	-7,891	-7,916
Business Rates Collection Fund Deficit	211	0	0	0	0
Council Tax Collection Fund Surplus(-)	-87	-50	-50	-50	-50
Council Tax <i>(2% decrease in 23/24; increases of 0% in 24/25 onwards)</i>	-7,928	-8,023	-8,119	-8,215	-8,310
Total Funding	-15,733	-16,162	-16,204	-16,329	-16,449
Shortfall(+) before use of balances	-4	+644	+763	+1,008	+1,918
Contribution to Budget Equalisation Reserve	4	0	0	0	0
Shortfall(+) after use of balances	0	+644	+763	+1,008	+1,918

- 8.4 Government support for 2023/24 was confirmed as part of the final finance settlement. This Council will receive retained business rates and a 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 and the Autumn Statement 2022. However, subject to further clarity on the detailed implementation of the announcements, there remains significant uncertainty in these projections.
- 8.5 The figures in Table 2 incorporates the assumptions detailed at Appendix C. With the final funding announcements and a 2% decrease in Council Tax a surplus of £4k is currently forecast for 2023/24. **It is proposed that a contribution of £4k to the Budget Equalisation Reserve be made at this time to achieve a balanced budget for 2023/24.**

- 8.6 The net budget requirement for 2023/24 is currently estimated at **£15.733m** (£15.729m plus £0.004m transfer to reserves) after all identified savings, contingencies and reserve transfers are included.
- 8.7 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.
- 8.8 A nominal allowance of an additional £25k of in-year savings has been made in the 2023/24 budget associated with the My Fenland transformation programme. It is envisaged that a transformation programme to reflect how the Council wishes to deliver services in the future and to address the forecast deficits in the MTFS will be initiated during the course of 2023/24 with an expectation that the associated savings will be delivered over the current MTFS.
- 8.9 Taking into account the proposals in the Table 2 above, the estimated net budget requirement in 2023/24 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 £1.918m by the end of 2027/28.
- 8.10 There is still considerable uncertainty around the estimates for 2023/24 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 Settlements on 2023/24 and the medium term;
- Impact of potential changes to the New Home Bonus methodology and allocations from April 2024;
- Impact of the business rates revaluation from April 2023 and longer-term changes to the Business Rates Retention system from April 2025;
- Impact of potential additional costs and 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 Port Income (sale of Port Sutton Bridge);
- Continuing impact of homelessness temporary accommodation costs in 2023/24 and the medium term and the impact on recovery of housing benefit subsidy;
- Potential for additional support for the Leisure Management contactor in 2023/24, (over and above the provision provided in the estimates) and over the medium term, as a result of the energy costs crisis. A full year's Management Fee income from the Leisure Contractor has currently been included in the 2023/24 estimates and each subsequent year of the MTFS;
- Impact of increases in Fees and Charges (where feasible) on the 2023/24 estimates and MTFS;
- Impact of service developments eg. Car Parking Enforcement (CPE);
- Revenue impact of funding new capital schemes not currently included in the capital programme. There are currently a number of schemes which require consideration with potentially substantial funding needed over the medium term (see Section 16);

- Potential impact of the Council's future transformation programme with associated savings. Further detailed work is required to quantify the scope of this programme and associated savings;
- Review of the recharge of staff time to the LATCO (Fenland Future Ltd) to quantify potential revenue savings. Currently recharges of £125k in 2022/23 onwards have been assumed in the MTFS;
- 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;
- Review of the General Fund Balance and Earmarked Reserves to ensure they align with the future requirements of the Council;
- Potential positive impact over the MTFS of implementing the outcomes from the Accommodation Strategy.

8.11 **Whatever impact the above issues may have however, there will remain a significant structural deficit for the Council to address over the medium term.**

8.12 The forecasts for the years 2024/25 – 2027/28 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 already identified through the My Fenland transformation initiative.

8.13 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 the 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.

Other Risks

Capital Programme – Future Funding

8.14 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.

8.15 For example, a £1m scheme with a 20 year life, funded by prudential borrowing, would result in around an additional £90,000 per annum in interest (4%) and repayment costs.

8.16 Consequently, a review of the current capital programme together with potential new schemes (as detailed in Section 16) and the ongoing revenue cost impact will be undertaken to ensure the programme is sustainable within the context of the Council's Medium Term Financial Strategy.

8.17 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 2025/26, NHB reduces from 2025/26

and the impact of an additional £1m per year borrowing associated with new capital schemes.

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

	Estimate	Forecast	Forecast	Forecast	Forecast
	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
MTFS Shortfall - Appendix B	0	644	763	1,008	1,918
<i>(2% CT decrease in 2023/24; 0% increase 24/25 onwards)</i>					
50% loss of NNDR growth income			600	600	600
Increasing NHB threshold by 0.1%			100	150	200
Additional £1m per year borrowing	20	110	200	290	380
Revised Shortfall	20	754	1,663	2,048	3,098

- 8.18 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 or new capital schemes and the potential impact on this Council.

9 PARISH PRECEPTS

- 9.1 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

10 FEES AND CHARGES

- 10.1 The Overview and Scrutiny Panel reviewed fees and charges for 2023/24 at its meeting on 16 January 2023 and these were subsequently considered by Cabinet on 30 January 2023. All of the recommendations from these meetings have been included in the financial forecasts.

11 SPECIAL AND GENERAL EXPENSES

- 11.1 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.
- 11.2 If expenses are treated as special expenses, then they must be charged against the parts of the Council's area to which they relate.
- 11.3 Parish precepts are special expenses and cannot be treated as general expenses.
- 11.4 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 2023/24.
- 11.5 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 2023/24.

12 PORT HEALTH

- 12.1 The Port Health levy for 2023/24, based on expected expenditure, is recommended as shown in Table 4 below for Council to approve.

Table 4: Port Health Levy 2023/24

Description	£
a) Port Health anticipated expenditure	17,819
b) Port Levy	
Fenland District Council	15,770
South Holland District Council	1,247
King's Lynn and West Norfolk Borough Council	802
Total	17,819

13 COUNCIL TAX 2023/24

- 13.1 As part of the 2023/24 Final Local Government Finance Settlement, the government has confirmed that the referendum limit is at 3% or £5, whichever is higher for 2023/24 for District Councils. A 3% increase on the Band D Council Tax equates to £7.74 per annum (a 2.97% increase due to roundings).
- 13.2 Social care authorities, such as Cambridgeshire County Council can also increase their element of council tax by a further 2% (5% in total).
- 13.3 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 shows a 2% reduction in Council Tax for 2023/34 but extends the MTFs period showing 0% increases thereafter to 2027/28. 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 had been exacerbated by Covid-19. A Council Tax reduction of 2% for 2023/24 is, ultimately, a political decision for Full Council to make if it should so decide, just as a continued freeze or even an increase in the Council Tax level for 2023/24 would be for Full Council to decide.
- 13.4 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 medium-term 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 would be a last resort in order to minimise the financial effects of Council Tax on all of Fenland's households.
- 13.5 For information, an additional 1% increase in Council Tax in 2023/24 would have generated in the region of £81,000 of revenue per annum to the Council. Even with this additional revenue included, the estimates by 2027/28 show a significant shortfall (see Table 5 below).

Council Taxbase

- 13.6 The amount of Council Tax income recognised in the estimates is determined by the Council Taxbase (Band D equivalents) and the level of Band D Council Tax. For 2023/24, the Council Taxbase has been calculated using the number of dwellings (as notified by the Valuation Office Agency), the impact of exemptions and discounts (eg. Single Person discount) and the amount of Council Tax Support awarded.
- 13.7 In addition, an allowance for growth and for non-collection is included to produce the estimated taxbase. For 2023/24, the taxbase has been calculated as 31,059 (Band D equivalents), an increase of 395 (1.29%) on 2022/23.

- 13.8 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 2023/24 for Fenland District Council.
- 13.9 A decrease in Council Tax levels of 2% has been included for 2023/24. In line with the motion agreed by Council on 18 July 2019, assumed Council Tax increases of 0% have been included for the remaining period of the MTFS from 2024/25.
- 13.10 At this level of Council Tax, there will be a deficit to fund by the end of the current MTFS period. Consequently, the Council will need to continually consider its strategy to meet the estimated shortfalls shown at Table 2 and in Appendix B, particularly if there are additional impacts from the funding reforms from 2025/26 onwards together with the impact of new capital schemes.
- 13.11 The implications of not increasing Council Tax over the remainder of the MTFS is that the Council will 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.
- 13.12 Council can of course agree to a higher increase (up to the referendum limit of 3%) and a 1% increase in Council Tax raises around £81,000 revenue per annum. Table 5 shows the implications of increasing the Council Tax in 2023/24 by 2.97% per annum and thereafter compared to reducing the Council Tax by 2% in 2023/24 and freezing it throughout the remainder of the MTFS period.

Table 5: MTFS Deficits at Differing Council Tax increases in 2023/24 onwards

Deficits based on different % increases	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Deficits at 2% decrease in 23/24 and 0% increase in 24/25 onwards <i>(as shown in Table 2/Appendix B)</i>	0	+644	+763	+1,008	+1,918
Additional CT with 2.97% increase p.a. from 2023/24	-403	-657	-925	-1,209	-1,508
Net position at 2.97% increase	-403	-13	-162	-201	+410

- 13.13 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 are currently being examined. Officers are working through some of the technical challenges involved in implementing this with an expectation that a scheme will be introduced in next year's budget, with Fenland's museums being the currently suggested beneficiaries.

13.14 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 2023/24

COUNCIL TAX BASE	2023/24 31,059		2022/23 30,664	
	£	Band D £	£	Band D £
Fenland District Council Precept (Appendix A)	<u>7,927,495</u>		<u>7,986,741</u>	
Fenland District Band D Council Tax	-2.00%	255.24	0.00%	260.46
MAJOR PRECEPTORS				
County Council	(4.99%)	1,542.87	(4.99%)	1,469.61
Police & Crime Commissioner	(5.80%)	272.52	(4.03%)	257.58
Fire Authority	(6.60%)	79.92	(1.96%)	74.97
Combined Authority		12.00		0.00
Sub Total BAND D TAX		2,162.55		2,062.62
Parish Councils-average (Appendix F)	(5.55%)	51.17	(0.88%)	48.48
Total average Band D Tax		2,213.72		2,111.10
Total average increase over 2022/23		£102.62 (4.86%)		

13.15 The County Council increase for 2023/24 includes 3% for the Adult Social Care precept (£44.09) and 1.99% on the general council tax (£29.17), giving a total increase of 4.99% (£73.26). For 2023/24, the Police and Crime Commissioner is allowed to increase council tax by up to £15.00 on a Band D property. The actual increase is £14.94 (5.80%). Cambridgeshire and Peterborough Combined Authority has agreed a precept for the first time in 2023/24, resulting in a council tax level of £12.00 on a Band D property.

Council Tax Support Fund

13.16 Alongside the Local Government Finance Settlement, the Government announced £100m of additional funding for local authorities to support the most vulnerable households in England.

13.17 The Government expects local authorities to use the majority of their funding allocations to reduce Council Tax bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25. Councils can then use their remaining allocation as they see fit and determine their own local approach to further support vulnerable households with Council Tax bills.

13.18 The Council is expected to deliver this using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992.

13.19 This Council has been allocated £190,482 of funding for this scheme. It is proposed that the following local approach is adopted to utilise this funding:

- a) To apply the required reductions of up to £25 to all current LCTS claimants to their 2023-24 Council Tax bills;
- b) To maximise use of the fund by providing additional top up payments to all current LCTS claimants to their 2023-24 Council Tax bills;
- c) To retain sufficient funding to provide additional s13A(1)(c) Exceptional Hardship Payment (EHP) funding and use this throughout 2023-24 to:

- I. support new LCTS claimants with a similar one-off reduction to their 2023-24 Council Tax bills, AND
- II. provide additional support to vulnerable customers via the existing EHP claim form route.

13.20 Support will also continue to be available for those who may be economically vulnerable but just outside of the income threshold for LCTS eligibility through the allocation of s13A(1)(c) awards directly to their Council Tax bills via a separate non-LCTS claim form route.

13.21 The Council will monitor expenditure regularly as part of the monitoring requirements and encourage take up of EHP to help maximise use of the funding.

13.22 There is no requirement for a separate scheme design under this proposal which utilises the Council's existing s13A(1)(c) process and in accordance with the New Burdens doctrine reasonable administration costs will be funded following a government assessment later in the year.

14 COUNCIL TAX SUPPORT SCHEME 2023/24

14.1 Each year, the Council is required to review and approve its Council Tax Support Scheme (CTSS). The only changes relate to the prescribed pensioner scheme for 2023/24 which are determined by the usual annual regulations and which the Council has no discretion over.

14.2 The Council can only determine the working age CTSS and there are no proposals to change the current scheme for 2023/24. The current scheme is set out in the following link: <https://www.fenland.gov.uk/CTSS2022>

14.3 Consequently, it is proposed that the current working age CTSS scheme be continued with effect from 1 April 2023 with the prescribed pensioner scheme being updated by the relevant regulations.

15 COUNCIL TAX LONG TERM EMPTY PREMIUMS AND SECOND HOME PREMIUMS

15.1 The Regeneration & Levelling Up Bill (the Bill) is currently passing through Parliament and the Department of Levelling Up, Housing and Communities (DLUHC) is aiming for Royal Assent in Spring 2023. The Bill proposes, amongst other proposals, two important changes to council tax, as follows:

- A change in the application of a council tax premium on 'long term empty' dwellings. Currently, if a property has been unoccupied and unfurnished for 2 years but less than 5 years, then a 100% council tax premium can be applied to the property. The Bill is proposing to shorten that 2 year period to 1 year. 'Long term empty' premiums are applied to encourage owners to bring properties back into use so they are not left empty for extended periods.
- The implementation of a council tax premium on 'second homes'. 'Second homes' are properties which are unoccupied but furnished. The Bill proposes the local authorities may apply a 100% council tax premium on second homes. This would mean an owner of a second home in the district would pay double the normal council tax charge.

15.2 Both of these changes can only come into effect if the Bill receives Royal Assent and even then the earliest that both of these changes can come into effect is 1 April 2024.

15.3 The Bill states that to apply these changes, approval to do so must be given at least 12 months before the implementation date. Therefore, approval is being sought now on the basis that should the Bill receive Royal Assent, the Council will have the required 12 months lead in period, in order to apply the premiums from 1 April 2024.

- 15.4 No allowance for the financial implications of the proposed changes has been made in the Medium Term Forecasts from 2024/25 onwards as currently there is no guarantee that the required legislation will be passed in time.
- 15.5 It is therefore proposed, subject to the relevant legislation being passed:
- to agree to shorten the period a 100% premium on long term empty dwellings is payable from the current 2 years (empty) to 1 year from 1 April 2024.
 - to agree to implement the 100% premium on all second homes from 1 April 2024 (subject to legislation being passed before 31 March 2023).
- 15.6 There is no legal requirement to consult on the recommended changes but there is a legal requirement for implementation of the second homes premium to have a 12 month lead period from the decision to the implementation.
- 15.7 There is a legal requirement to publish any changes to the Council Tax regime in at least one newspaper circulating in the Billing Authority's area. This must be done within 21 days of the resolution being agreed by the Council.
- 15.8 Any amendments made to Council Tax premiums or to apply a second home premium are not based on individual circumstances or family characteristics. The recommendations will therefore apply equally to everyone.

16 TREASURY MANAGEMENT STATEMENT, ANNUAL TREASURY INVESTMENT STRATEGY AND CAPITAL STRATEGY 2023/24

- 16.1 Full details of the proposed Treasury Management, Annual Investment Strategy and Capital Strategy for 2023/24 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 6 February 2023.
- 16.2 The key issues relating to the strategies and their impact on the MTFs are as follows:
- Changes to the revised 2021 Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management and Prudential Codes which are now fully adopted into the Treasury Management Strategy Statement (TMSS), Annual Investment reports and the risk management framework from 2023/24.
 - 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.
 - Total external interest payments which includes finance lease interest payments; revised estimate for 2022/23 is £486,400 and the estimate for 2023/24 is £617,770. Additionally if the authority were to borrow the full £20.977m, 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 £669,650 by 2025/26.
 - Link Groups forecast for Bank Rate is to continue to increase peaking at around 4.5% in Q2 2023.

- The current Medium Term Financial Strategy assumes that some external borrowing will be required over the four-year period to 31 March 2026.
- 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.
- The council holds £4m in Property Funds which are long term investments. Although the returns from these investments can be higher than short term investments there is an increased risk that capital values will rise and fall.
- Total investment income from temporary investments is estimated at £570,000 for 2022/23 and £550,000 for 2023/24. Income from pooled property funds is estimated at £125,000 in 2022/23 and £150,000 in 2023/24.

17 REVIEW OF GENERAL FUND BALANCE AND EARMARKED RESERVES

- 17.1 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.
- 17.2 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
- 17.3 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.
- 17.4 Consequently, a review of the level of the General Fund Balance and the number and purpose of the earmarked reserves will be undertaken during 2023/24 and any amendments will be presented to a future meeting of Cabinet and Council. It is envisaged that the level of the General Fund Balance could be reduced and a Transformation Reserve be created from merging several existing earmarked reserves.
- 17.5 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 whilst maintaining a 0% Council tax increase each year. The current balance on this reserve is £1.067m and as part of the budget proposals for 2023/24 detailed in this report an additional transfer of £4k is proposed to this reserve to set a balanced budget, with a further transfer of £69k to the reserve currently being projected for 2022/23. In the debate on the motion proposed by the Leader of the Council on 18th July 2019, he stated that one of the main purposes of the Budget Equalisation Reserve was to facilitate a form of feedback loop to counter what he

described as the Council's systemic outturn surpluses. Table 7, below, demonstrates the point that the Leader was making. It is, ultimately, a matter of political interpretation whether the pattern of repeated outturn surpluses is evidence of taxing residents more than we need to each year, or if it bears a different interpretation. That is entirely a political matter for Full Council to consider. Full Council's decision last year to set a budget requiring a projected deficit of £203k to be met from the Budget Equalisation Reserve does not currently appear, on the basis of the projected 2022/23 outturn estimate in paragraph 7.3 above, to have been successful in creating the feedback loop that the Leader advocated in 2019. At a time of much personal financial pressure for households across Fenland, the Leader proposes that a one-off reduction in Council tax in 2023/24, followed by continuing Council Tax freezes in the following years over the medium term, is a more effective and appropriate way to eliminate the Council's pattern of outturn surpluses, and that the fact that the Budget Equalisation Reserve now stands at over £1m provides the facility to smooth any short term revenue account budget pressures in any year(s) over the term of the MTFs. In that way the Leader proposes that the Council will be able to rebalance its Council Tax take from residents against its spending requirements. That is a political judgment, and it is quite appropriate for Full Council either to accept that judgment or to reach a different political conclusion.

Table 7: Net Deficit/Surplus(-) transferred from/(to) Reserves/Budget Equalisation Reserve

	Budget £'000	Outturn £'000	Outturn Transferred to Reserves		
			Capital Reserve	Management of Change	Budget Equalisation
2022/23	203	-69 (estimate)			69
2021/22	842	-584			584
2020/21	0	-167			167
2019/20	151	-115			115
2018/19	73	-200			200
2017/18	0	-935	600	335	

17.6 The analysis of reserves at Appendix G details the projected General Fund and earmarked reserves position at 31 March 2023 and 31 March 2024 taking into account the proposals detailed in this report. The proposed 2% reduction in Council Tax for 2023/24 has no effect on the projected value of the General Fund Balance in 2023/24.

18 CAPITAL PROGRAMME

18.1 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.

18.2 In December 2022, Cabinet approved the updated capital programme and resources statement incorporating any changes since the programme was updated and agreed in July 2022.

18.3 Members have continued to receive regular updates on several high profile schemes including Wisbech High Street and the Future High Street Fund, March.

18.4 An updated Capital Programme for 2023-26 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.

18.5 Members will be aware that due to significant cost increases, the scheme to extend South Fens Enterprise Park, Chatteris has been temporarily paused. This has resulted in the CPCA requesting repayment of the balance of their grant (£941k) awarded for this

project. Consequently, the remaining FDC balance of the original scheme funding of £1m remains in the updated programme while officers reassess the options available which could result in a future funding application to the CPCA.

- 18.6 To fulfil the Council's health and safety requirements, short-term repairs to the suspended quay at Wisbech Port, totalling £1m are required in 2023/24 and provision for these repairs is included in the updated programme at Appendix D, subject to Cabinet and Council approval. Further repairs are required within the next 3 years and members will be presented with a separate report on the condition of the suspended quay at the March 2023 Cabinet meeting. No allowance has been included for these further repairs at this stage.
- 18.7 There are a number of projects which will require consideration over the coming months for which no allowance has yet been made and which could potentially significantly impact the Council's capital programme and consequently the revenue account.

Accommodation Strategy

- 18.8 Currently members and officers are working closely with the Council's professional advisors to produce an Accommodation Strategy. The decisions taken will inform the level of work required at Fenland Hall and The Base over the life of the capital programme. When decisions are taken regarding members' preferred option/s the capital programme will be adjusted accordingly. On this basis no commitments relating to Fenland Hall and the Base have been included in the current programme.

Structural Works – Wisbech Port

- 18.9 Major capital works commenced in the 2020/21 financial year to address health and safety risks identified following a survey of Crab Marsh quay. These works completed within budget in the 2021/22 financial year. During the 2021/22 financial year a further survey was commissioned covering the remaining stretch of operational quay at the Port of Wisbech. Officers working with external consultants have determined the cost of rectifying the structural deficiencies identified and a separate report on this issue will be presented to members at their March 2023 meeting. As detailed above, only the short-term repairs required in 2023/24 have been included in the updated programme at Appendix D. No allowance has been included at this stage for the medium-term repairs required.

Commercial and Investment Strategy Schemes

- 18.10 From February 2020 the programme has reflected the Council's decision to allocate £25m to take forward schemes in accordance with the Council's Commercial and Investment Strategy. Around £4m of this allocation has been spent to date and the remaining allocation has been profiled to reflect the anticipating timing of future projects, including those due to be delivered by Fenland Future Limited. However, the Investment Board retains the discretion to vary when the available funds are utilised over the life of the programme.

Other Potential Schemes

- 18.11 In addition to the above, there are a number of other schemes which have been identified by officers for funding over the medium term and will require consideration over the coming months including but not limited to:
- Cemeteries – increasing burial plot availability at Mount Pleasant Cemetery, Wisbech
 - Economic Estates – new roof at Longhill Road, Industrial Estate
 - Car Parks – resurfacing of Chapel Road Car Park, Wisbech
 - Moorings renewals at West End Park, March
 - Industrial Land – resurfacing works at Algores Way/Europa Way

- Leisure Centres – future refurbishment and improvement programme
 - Marine Services – refurbishment/replacement of Tug
- 18.12 A comprehensive review of the current capital programme and incorporating the above projects will need to be undertaken together with its ongoing revenue cost impact to ensure the programme is sustainable within the context of the Council's Medium Term Financial Strategy.
- 18.13 It is proposed that a comprehensive review of the programme be undertaken and reported to Cabinet in July 2023.
- 18.14 Should resources from external funding and/or capital receipts not generate the level of receipts forecast, or there is a delay in 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.
- 18.15 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 programme detailed at Appendix D are reflected in the medium term forecasts at Appendix B.

19 RISK ASSESSMENT

- 19.1 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.
- 19.2 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.

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

20.1 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.

20.2 The proposed budget is set against the context of significant economic uncertainty in a post-Covid-19 world, the current cost of living crisis, 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 2024/25 and the medium term is very uncertain.

20.3 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 202/24 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 small financial surplus for the financial year 2023/24.

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 proposals decreasing Council Tax by 2% in 2023/24 and not increasing the Council Tax over the remainder of 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 13.12 of this report. In addition, as detailed in paragraph 3.8, 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 2023/24, 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 2023/24 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 17 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 2023/24 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 2022/23 £	Projected Outturn 2022/23 £	Estimate 2023/24 £
Service Summary			
Growth & Infrastructure	1,393,994	1,443,724	1,149,154
Communities, Environment, Leisure & Planning Resources & Customer Services	4,506,914	4,561,575	5,044,350
Pay Award 2022/23 : £1,925 flat rate increase	8,511,540	8,836,910	9,732,920
	700,000	0	0
NET COST OF GENERAL FUND SERVICES	15,112,448	14,842,209	15,926,424
Corporate Items			
Drainage Board Levies	1,707,950	1,707,900	1,877,510
Contributions to/ (from) Earmarked Reserves	-760,410	-522,008	-740,187
Contributions to/(from) Business Rates Reserve	-760,789	-983,656	-211,048
RTB/VAT Sharing Income	-70,000	-128,350	-20,000
Financing Charges - <i>Interest/Minimum Revenue Provision</i>	945,035	864,814	1,015,890
Investment Income and Property Funds Income	-630,000	-695,000	-775,000
New Homes Bonus	-823,959	-823,959	-369,245
Vacancy Factor (1.5%)	0	0	-199,000
Lower Tier Services Grant	-169,351	-169,351	0
Services Grant	-255,198	-255,198	-143,800
Core Spending Power 3% Guarantee Grant	0	0	-606,877
Business Rates Levy Account Surplus allocation	0	-31,046	0
Transformation Programme - additional savings	0	0	-25,000
Corporate Items	-816,722	-1,035,854	-196,757
Net Expenditure	14,295,726	13,806,355	15,729,667
Contribution to/from(-) Budget Equalisation Reserve	0	69,108	3,695
NET EXPENDITURE after use of balances	14,295,726	13,875,463	15,733,362
Core Funding			
Revenue Support Grant	-589	-589	-173,414
Business Rates - Income due in Year			
Business Rates Funding	-9,319,912	-9,319,912	-10,557,996
Tariff Payment to Government	6,027,242	6,027,242	7,367,123
Renewable Energy Rates Retained	-1,954,839	-1,954,839	-1,904,210
Business Rates Pool - FDC Share of Benefit	-300,000	-300,000	-350,000
Business Rates S31 Grants due in year	-2,860,614	-2,860,107	-2,911,969
Business Rates Levy due in year	505,355	727,714	600,615
	-7,902,768	-7,679,902	-7,756,437
Business Rates Collection Fund Deficit(+)	1,835,529	1,835,529	211,048
Council Tax Collection Fund Deficit(+)/Surplus(-)	-43,760	-43,760	-87,064
Council Tax	-7,986,741	-7,986,741	-7,927,495
Business Rates and Council Tax Funding	-14,098,329	-13,875,463	-15,733,362
Surplus(-)/Shortfall(+)	197,397	0	0

GROWTH AND INFRASTRUCTURE			
Service	2022/23 Current Approved Estimate £	2022/23 Projected Outturn £	2023/24 Original Estimate £
Direct Services			
Transport Development	132,690	135,780	105,200
Miscellaneous (Clocks, Monuments)	5,750	5,750	6,000
Drainage (District)	3,000	3,000	3,500
Highways (District)	129,400	155,400	187,500
Car Parks	211,600	211,600	203,000
Marine Services	457,060	530,910	318,950
Economic Estates	-135,500	-134,300	-280,050
Sewage Treatment Works	11,480	16,150	18,220
Parish Council Concurrent Functions	59,834	59,834	55,834
Economic Development	180,440	187,000	195,280
Regeneration	20,830	21,630	-35,580
HLF- High St Wisbech	11,310	11,470	0
Total Direct Services	1,087,894	1,204,224	777,854
Support Services			
Asset & Project Services	376,100	319,500	483,300
Net Cost of Services	1,463,994	1,523,724	1,261,154
Less Support Services Recharges to Capital Schemes	-70,000	-80,000	-112,000
TOTAL GROWTH AND INFRASTRUCTURE	1,393,994	1,443,724	1,149,154

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 2023/24 include the assumptions on pay, expenditure and income detailed at Appendix C. In addition, staff cost allocations to services have been reviewed for 2022/23 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	2022/23 Current Approved Estimate £	2022/23 Projected Outturn £	2023/24 Original Estimate £
Direct Services			
Housing Strategy	154,650	157,540	161,580
Private Sector Renewals	88,180	92,660	90,120
Housing Standards	18,670	29,440	100,070
Care & Repair	39,610	40,080	31,320
CCTV	50,350	58,370	55,680
Safer Fenland	77,310	81,230	105,620
Licensing	-28,380	-29,810	-12,430
Housing Options	257,265	277,900	237,140
Housing Needs and Advice	-50,810	-265,390	90,570
Community Development	122,000	126,250	132,760
Travellers Services	-55,310	-65,590	-76,570
Pollution Reduction	125,930	126,520	135,930
Public Health	468,130	522,450	272,750
Food Safety	143,860	116,890	142,350
Health and Safety	60,550	49,710	74,150
Refuse Collection - Domestic	1,202,860	1,370,640	1,409,530
Garden Waste	-105,750	-111,200	-133,970
Refuse Collection - Trade Waste	-206,360	-229,590	-249,180
Street Cleansing	959,040	1,001,570	1,002,810
Streetscene	213,310	241,500	231,790
Public Conveniences	20,180	20,360	19,820
Arts Development & Culture	24,330	26,880	33,700
Planning Policy	175,830	182,410	177,730
Development Management	-172,450	-169,360	-220,850
Building Control	47,109	47,110	54,110
Conservation	31,530	31,530	41,790
Planning Compliance	91,040	88,610	97,770
Technical Support	221,650	232,200	214,640
Leisure Centres	-199,330	-196,140	-125,210
Sports Development	98,640	54,335	169,535
Parks and Open Spaces	543,340	552,370	612,670
Cemeteries	-7,310	-8,130	39,450
Markets and Fairs	-13,010	-12,030	-12,105
Community Events	76,660	82,690	105,420
Vehicle Workshop	33,600	37,570	33,860
TOTAL COMMUNITIES, ENVIRONMENT, LEISURE & PLANNING	4,506,914	4,561,575	5,044,350

RESOURCES AND CUSTOMER SERVICES			
Service	2022/23 Current Approved Estimate £	2022/23 Projected Outturn £	2023/24 Original Estimate £
Direct Services			
Miscellaneous Central Services	158,540	158,540	158,540
Unfunded Pension Costs/Apprenticeship Levy	1,076,200	1,077,650	1,023,490
Corporate Management	1,059,800	1,134,140	1,040,990
Council Tax Cost of Collection	351,050	370,360	549,080
Business Rates Cost of Collection	-11,910	-8,900	-7,290
Housing Benefits	930,640	1,052,830	1,067,750
ICT Direct Service Costs	746,750	753,880	745,550
Policy	262,820	276,690	290,670
Land Charges	-96,400	-85,150	-27,050
Elections & Electoral Registration	190,450	170,950	351,450
Democratic Services	532,730	548,370	628,690
Emergency Planning	-78,250	-76,820	57,690
Total Direct Services	5,122,420	5,372,540	5,879,560
Support Services			
Accountancy	602,050	631,030	680,120
Information & Communication Technology	535,270	534,490	562,390
Customer Services	953,730	974,630	1,120,730
Post & Reprographics	128,380	132,250	134,360
Internal Audit	114,490	111,320	121,530
Legal Services	233,830	231,860	256,780
Corporate Health & Safety	24,510	24,750	19,910
Human Resources	318,860	338,190	378,290
Fenland Hall	350,500	355,200	424,700
The Base	127,550	130,650	154,550
Total Support Services	3,389,170	3,464,370	3,853,360
TOTAL RESOURCES AND CUSTOMER SERVICES	8,511,590	8,836,910	9,732,920

APPENDIX B

(2% reduction in Council Tax in 2023/24 and 0% increase thereafter)

Medium Term Financial Strategy	Projected 2022/23 £000	Estimate 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Forecast 2027/28 £000
Expenditure						
Service Expenditure/Income						
Gross Service Expenditure	26,544	26,768	26,480	26,802	26,983	27,411
Gross Service Income	-11,703	-10,842	-10,595	-10,606	-10,617	-10,629
Total Net Service Expenditure	14,842	15,926	15,885	16,196	16,366	16,783
Corporate Items						
Corporate Expenditure/Savings						
Drainage Board Levies	1,708	1,878	1,924	1,973	2,022	2,072
Financing Charges - Interest on External Borrowing	488	619	772	796	803	809
Financing Charges - Current Capital Programme - MRP	377	397	681	734	748	762
Vacancy Factor (1.5%)	0	-199	-204	-209	-214	-220
Transformation Programme - additional savings	0	-25	0	0	0	0
	2,573	2,669	3,174	3,294	3,358	3,423
Corporate Income Items						
Contribution to(+)/from(-) Earmarked Reserves	-521	-740	-131	-42	42	42
Contribution to(+)/from(-) Business Rates Reserve	-984	-211	0	0	0	0
RTB/VAT Sharing Income	-128	-20	-20	-20	-20	-20
Investment and Property Fund Income	-695	-775	-950	-1,310	-1,260	-710
New Homes Bonus	-824	-369	-400	-400	-400	-400
Lower Tier Services Grant	-169	0	0	0	0	0
CSP Guarantee Grant	0	-601	-601	-601	-601	-601
Services Grant	-255	-150	-150	-150	-150	-150
Business Rates Levy Account Surplus allocation	-31	0	0	0	0	0
Contribution to Budget Equalisation Reserve	69	4	0	0	0	0
	-3,539	-2,862	-2,252	-2,522	-2,388	-1,838
Total Corporate Items	-966	-193	922	771	970	1,585
Gross Service/Corporate Expenditure	29,117	29,438	29,653	30,095	30,341	30,835
Gross Service/Corporate Income	-15,241	-13,704	-12,847	-13,128	-13,005	-12,467
Net Budget Requirement	13,876	15,734	16,807	16,967	17,336	18,368
Funding - RSG, Business Rates & Council Tax						
Revenue Support Grant	-1	-173	-173	-173	-173	-173
Business Rates						
Business Rates Baseline Funding	-9,320	-10,558	-11,854	-11,981	-12,110	-12,235
Tariff Payment to Government	6,027	7,367	7,677	7,753	7,831	7,909
Renewable Energy Rates Retained	-1,955	-1,904	-1,717	-1,599	-1,563	-1,524
Business Rates Pool - FDC Share of Benefit	-300	-350	-350	-350	-350	-350
Business Rates S31 Grants due in year	-2,860	-2,912	-2,379	-2,404	-2,429	-2,455
Business Rates Levy due in year	728	601	708	719	730	739
Business Rates Collection Fund Deficit	1,836	211	0	0	0	0
Total Business Rates Funding	-5,844	-7,545	-7,916	-7,862	-7,891	-7,916
Council Tax						
Council Tax Collection Fund Surplus(-)/Deficit	-44	-87	-50	-50	-50	-50
Council Tax (2% reduction in 2023/24 and 0% in 24/25 onwards)	-7,987	-7,927	-8,023	-8,119	-8,215	-8,310
Total Council Tax Funding	-8,031	-8,015	-8,073	-8,169	-8,265	-8,360
Total Funding - RSG/Business Rates/Council Tax	-13,875	-15,733	-16,162	-16,204	-16,329	-16,450
Surplus(-)/Shortfall(+)	0	0	+644	+763	+1,008	+1,918

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 12 of the main report.

The main assumptions are as follows:

- 2% Council Tax reduction for 2023/24 and 0% thereafter (1% increase generates around £81k of resources and 2.97% around £240k of resources).
- 1.29% increase in Council Tax base in 2023/2024 (Tax-base 31,059) and 1.20% thereafter (increase of 375 Band D equivalent properties per annum).
- Inflation increases in Retained Business Rates income from 2024/25 onwards. Future net benefits from Business Rates will be dependent upon the impact of any potential system re-set and other changes from April 2025 onwards.
- Inclusion of this Council's share (£350k) of the potential benefit arising from the continuation of the Cambridgeshire Business Rates Pool in 2023/24 onwards. Potential benefit from the Pool in future years will be dependent on any changes to the Business Rates Retention System from April 2025.
- Continuation of the Services Grant (£144k allocated in 2023/24) and the Core Spending Guarantee Grant (£607k allocated in 2023/24) in 2024/25. 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 (£368k allocated in 2023/24) has been included at £400k per annum from 2024/25 onwards 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.
- 4% pay award in 2023/24 (£460k cost) and 2% 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 31.03.2022, the contribution rate for 2023/24 – 2025/26 is to increase slightly to 17.6% of salary (17.4% in 2022/23) with an additional past deficit lump sum payment of £922k for 2023/24, £884k for 2024/25 and £845k for 2025/26 representing an overall increase of 1% p.a. in total contributions.
- Inclusion of a vacancy factor for 2023/24 onwards, equivalent to a reduction in staff costs of 1.5% (£199,000 in 2023/24).
- Specific allowance for inflation where required eg: employee costs (as detailed above), business rates, external contracts, energy and water, fuel costs, drainage board levies etc. Otherwise, no allowance for inflation has been included.
- Investment interest rates are forecast to increase to a peak of 4.5% in Q2, 2023 before subsequently decreasing back to 2.5% in Q3, 2025 (£550k estimated income in 2023/24).
- Investment income includes the £4m investment in property funds in March 2022 (£150k p.a. income net of costs in 2023/24).

- Forecast income levels from fees and charges in 2023/24 include the agreed fee increases together with a review of activity levels.
- For 2023/24 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. Further support has been agreed in 2022/23 to mitigate the significant impact of rising energy costs. Further support has been requested in 2023/24 and an appropriate contingency has been included in the estimates. This request for further support will be considered by Cabinet at their March 2023 meeting.
- For 2022/23 onwards, 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 carried out to determine the level and type of ongoing support required.
- Recharges to Fenland Future Limited to reflect the use of FDC officer time on the company's behalf has been included (£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 (or costs) 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.
- £25k of in-year savings has been included in 2023/24 for further potential savings from the My Fenland transformation programme. It is envisaged that a new transformation programme will be initiated in 2023/24 with an expectation that associated savings will be achieved over the current MTFS period.

APPENDIX D

CAPITAL PROGRAMME AND FUNDING 2022 - 2026

	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Capital Programme (excluding Commercial and Investment Strategy Schemes)	10,436	17,772	2,378	1,550
Commercial and Investment Strategy Schemes	700	2,800	9,300	8,177
CURRENT FORECAST EXPENDITURE	11,136	20,572	11,678	9,727

FORECAST RESOURCES AVAILABLE

Capital Grants	8,042	9,600	1,077	950
Usable Capital Receipts - In Year	540	250	250	250
Reserves used in year to fund Capital	106	149	0	0
Section 106s and Other Contributions	197	45	0	0
Borrowing (Internal and Prudential)	1,551	7,728	1,051	350
Forecast Resources - Capital Programme (attached)	10,436	17,772	2,378	1,550
Borrowing (Prudential) - CIS	700	2,800	9,300	8,177
Total Forecast Resources	11,136	20,572	11,678	9,727

CAPITAL PROGRAMME SUMMARY 2022/23 - 2025/26

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
Leisure Centres								
1 Condition Survey Improvements	450	1,450	651		2,551	2,551		
Regeneration Programmes								
2 Fenland Renaissance and Place Shaping		16			16	16		
3 Heritage Lottery Fund - Non-FDC Properties	135				135	81	54	£54k HLF Grant.
4 Heritage Lottery Fund - 24 High Street, Wisbech	200	2,800			3,000	2,762	238	£238k HLF Grant.
5 Railway Station Master-Planning	350				350	73	277	£277k CPCA Grant, £40k S106
6 Future High Street Fund, March	750	7,622			8,372	197	8,175	£2,000k CPCA, £6,122k DLUHC Future High Streets, £53k DLUHC 'Changing Places' Grant
7 Growing Fenland - Capital Grants	33				33		33	£33k CPCA Grant
Cemeteries								
8 Cemetery Chapels Condition Survey Works	135	180			315	315		
9 Remedial Works in Closed Cemeteries	85	285	50		420	420		
Highways								
10 Category 2 Street Lights - FDC Lights	20	154			174	174		
11 Street Light Improvements - Parishes (Contribution to Cat 2 Replacements)	6				6	6		£6k Capital Contribution Reserve
12 Growing Fenland - Civil Parking Enforcement	25	200	127		352		352	£352k CPCA Grant
13 Huntingdon Road Improvements, Chatteris	5	85			90	90		
Environment								
14 Replacement and Grant-Funded Additional Litter Bins	53				53	53		
15 Pollution Monitoring Equipment	14				14	14		
Port								
16 Boat/Vessels - Replacement Deck, Hull and Engines	47				47	47		
17 Wisbech Suspended Quay - Structural Concrete Repairs (Short term repair works)		1,000			1,000	1,000		
Sub Total	2,308	13,792	828	0	16,928	7,799	9,129	

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
Brought Forward	2,308	13,792	828	0	16,928	7,799	9,129	
Parks and Open Spaces								
18 Parks, Play Areas and Open Space - Chatteris	40				40	40		£6k S106 money
19 Parks, Play Areas and Open Space - Doddington	75				75	75		£21k S106 money
20 Parks, Play Areas and Open Space - Guyhirn	50				50	50		£48k S106 money
21 Parks, Plays Areas and Open Space - Whittlesey	46				46	46		
22 Wisbech Water Park	255				255	105	150	£148K CPCA Grant, £2K Wisbech Town Council, £41k S106
23 Wisbech Park Pavillion	100	540			640	41	599	£240K Cambs CC Capital Communities Fund Grant, £299K CPCA Grant, £60K DLUHC Changing Places Grant, £41k S106
24 Wisbech Park - Tree Works	20				20		20	£20k DLUHC Levelling Up Parks Fund
25 Wisbech Park - Play Area Refurbishment		122			122	75	47	£47k DLUHC Levelling Up Parks Fund, £45k S106
Vehicles and Plant								
26 Vehicles	364	80	200	200	844	844		
27 CCTV Cameras	40	20			60		60	£60k Safer Fenland Funding
ICT System Replacement Programme & Upgrades								
28 Replacement & Upgrade Programme	100	448	100	100	748	748		£249k Management of Change Reserve
Improvement of Assets								
29 Sewage Treatment Works Refurbishment	280	500	300	300	1,380	1,380		
30 March Moorings Renewals	14	10			24	24		
31 Lattersey Nature Reserve - Capping Layer		40			40	40		
32 Energy Efficiency Improvements to Clarion Properties	5,203				5,203		5,203	£5,203k BEIS 'Wave 1' Funding
33 Nene Waterfront Infrastructure Improvements	20	180			200		200	£200k Brownfield Land Release Fund
Car Parks								
34 Eastwood, Chatteris		150			150	150		
Economic Estates								
35 Replacement of AV Equipment/WiFi at Business Centres	50				50	50		
36 South Fens Business Park Expansion	60	940			1,000	1,000		
Private Sector Housing Support								
37 Private Sector Renewal Grants	240	40	40	40	360		360	£360k Govt Grant
38 Disabled Facilities Grants	1,171	910	910	910	3,901		3,901	£3,901k Govt Grant
Total - Approved Programme	10,436	17,772	2,378	1,550	32,136	12,467	19,669	

Capital Grants	8,042	9,600	1,077	950	19,669		
Usable Capital Receipts - In Year	540	250	250	250	1,290		
Reserves used in year to fund Capital	106	149	0	0	255		
Section 106s and Other Contributions	197	45	0	0	242		
Borrowing (Internal and Prudential)	1,551	7,728	1,051	350	10,680		
	10,436	17,772	2,378	1,550	32,136		

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2023/24

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 revisions need to be included in the reporting framework from 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 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 These changes are now fully 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 2021 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.

4.4 **Training** - The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

The training needs of treasury management officers and members are periodically reviewed.

5 Capital Prudential Indicators 2023/24 to 2025/26

- 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.

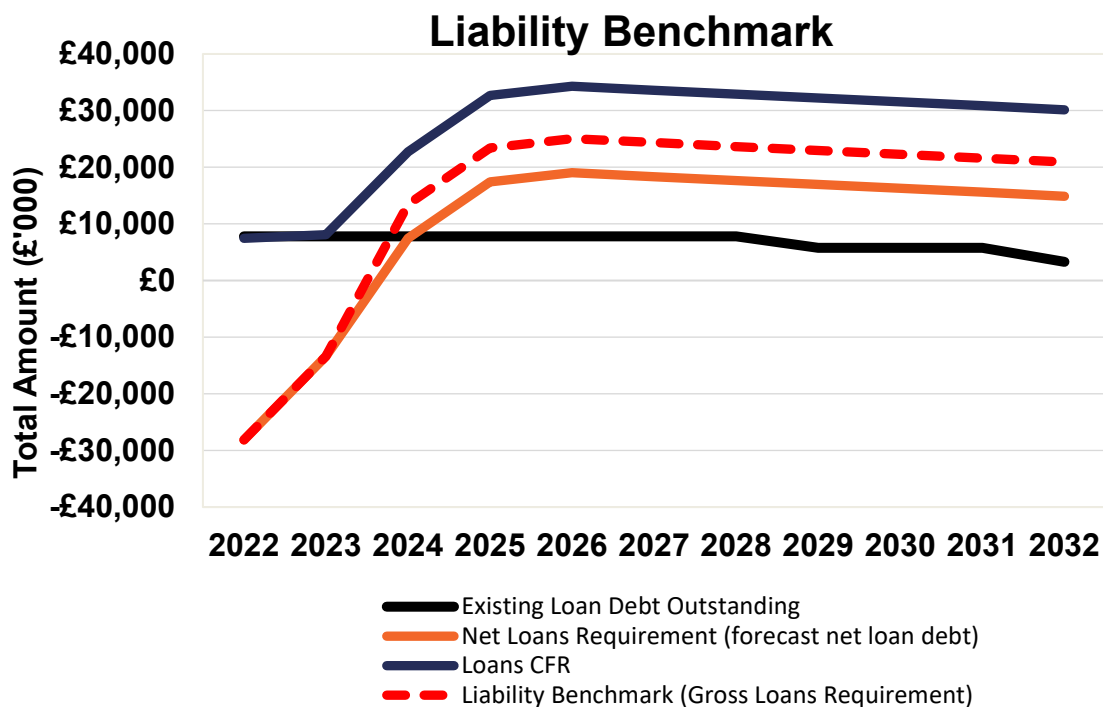
Capital Programme	2022/23 Revised Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Forecast Capital Expenditure	10,476	17,732	2,378	1,550
Commercial and Investment Strategy Schemes	700	2,800	9,300	8,177
TOTAL	11,176	20,532	11,678	9,727
Financed by:				
Capital Grants	8,042	9,600	1,077	950
Capital Receipts	540	250	250	250
Reserves used in year to fund Capital	106	149	0	0
Section 106 and Other Contributions	197	45	0	0
Total Financing	8,885	10,044	1,327	1,200
Net Financing Need For The Year (Borrowing)	2,291	10,488	10,351	8,527

- 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 £20.977M 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 and residential property acquired in previous financial years 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)	2022/23 Revised Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
CFR – as at 31 March				
Opening CFR	7,456	9,370	19,461	29,083
Movement in CFR	1,914	10,091	9,622	7,745
Closing CFR	9,370	19,461	29,083	36,828
Movement in CFR represented by				
Net financing need for the year	2,291	10,488	10,351	8,527
Less MRP and other Financing Movements	(377)	(397)	(729)	(782)
Movement in CFR	1,914	10,091	9,622	7,745

- 5.10 A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The liability benchmark is a measure of how well the existing loans portfolio matches the authority's planned borrowing needs.
- 5.11 The purpose of this prudential indicator is to compare the authority's existing loans outstanding (the black line) against its future need for loan debt, or liability benchmark (the red line).
- 5.12 The liability benchmark below indicates a future borrowing requirement over the life of this strategy.
- 5.13 The timing of actual borrowing arranged may differ from the liability benchmark depending on actual cash balances, the rate at which the capital programme is delivered and actual use of reserves and working capital



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. The property funds referred to elsewhere in this document do not 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	2022/23 Revised Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Fund balances / reserves	18,000	13,600	13,600	13,600
Expected investments	21,000	15,400	16,000	16,700

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	2022/23 Revised Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	%	%	%	%
General Fund	5.65	7.73	11.53	12.98
Net Revenue Stream	£15.347m	£15.537m	£16.390m	£16.623m

- 8.3 Net Income from Commercial and Service Investments as % of net revenue stream. This indicator identifies the authority's reliance on income from Commercial and Service Investments such as rents from the Council's long-standing portfolio of non-operational assets managed to secure rental income and income from fees and charges earned from providing facilities for conferences and meetings (economic estates) and one commercial investment property.

Ratio of Income From Commercial and Service Investments to net revenue stream	2022/23 Revised Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	%	%	%	%
General Fund	6.5	6.8	6.4	6.3
Net Revenue Stream	£15.347m	£15.537m	£16.390m	£16.623m

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 2022 for borrowing and investments was £7.906m and £35.9m respectively. As of 31 December 2022, investments are £33.188m (see Appendix A attached) and borrowing £7.895m.
- 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).

	2022/23 Revised Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Debt at 1 April	7,800	8,523	19,013	29,363
Expected change in debt to fund capital programme (excluding Commercial and Investment Strategy schemes)	0	7,690	1,050	350
Borrowing to fund Commercial and Investment Strategy Schemes	700	2,800	9,300	8,177
Other long term liabilities (OLTL)	106	23	0	0
Expected change in OLTL	(83)	(23)	0	0
Actual gross debt at 31 March	8,523	19,013	29,363	37,890
Capital financing requirement (CFR) at 31 March	9,370	19,461	29,083	36,828
Borrowing less CFR – 31 March	(847)	(448)	280	1,062

- 9.4 At 1 April 2022 the Council's Debt position comprised other long-term liabilities relating to finance leases of £106k 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 2022, will continue to be carried forward due to the current historically low interest rates.
- 9.5 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 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but 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.
- 9.6 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.

- 9.7 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 £20.977M 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
2022/23	486,400	2,630	489,030
2023/24	617,770	105,000	722,770
2024/25	770,700	373,650	1,144,350
2025/26	795,220	669,650	1,464,870

- 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	2022/23 Revised Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Debt	7,800	15,500	16,500	17,000
Other long term liabilities	1,000	1,000	1,000	1,000
Commercial Activities / Non Financial Investments	20,977	20,977	20,977	20,977
Total	29,777	37,477	38,477	38,977

- 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.

Authorized Limit	2022/23 Revised Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Debt	12,800	19,500	20,500	21,000
Other long term liabilities	1,000	1,000	1,000	1,000
Commercial Activities / Non Financial Investments	20,977	20,977	20,977	20,977
Total	34,777	41,477	42,477	42,977

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.

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave eamings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave eamings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

- 10.2 Links central forecast for interest rates was updated on 19 December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently but is expected to reach a peak of 4.5% in Q2, 2023.
- 10.3 Further down the road, Link anticipate that the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- 10.4 The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.5%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market
- 10.5 Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure, now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are firmly in the rear-view mirror.
- 10.6 PWLB Rates - The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%. Link view is that markets have built in, already, nearly all the effects of gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.
- 10.7 Borrowing advice – Links long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, better value can generally be obtained at the shorter end of the curve and short-dated fixed borrowing should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

- 10.8 Investment returns are expected to improve in early 2023. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations
- 10.9 The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.
- 10.10 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 The Council is currently forecasting an under-borrowed position, where the CFR balance is greater than gross debt over part of the 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 2026. 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 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 2023/24	Lower %	Upper %
Under 12 months	0	40
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 2023/24	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,
- 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) 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 2021 ("the Code"); and
 - CIPFA Treasury Management Guidance Notes 2021.
- 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 DLUHC launched an 8-week consultation on the future of the IFRS 9 statutory override from 11 August 2022 to 7 October 2022. The aim of this consultation was to collect the views of Authorities and other stakeholders, and to collect additional information needed to understand the financial risks associated with both continuing the statutory override or allowing reversion to the Code of Practice on Local Authority Accounting. The responses to the consultation have now been considered and Ministers have decided to extend the existing IFRS 9 statutory accounting override for a further 2 years until 31 March 2025. DLUHC will publish the Government's full response to the consultation early 2023.

- 13.12 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.
- 13.13 The current forecast shown in paragraph 10.1, includes for bank rate to continue to increase peaking at around 4.5% in Q2 2023.
- 13.14 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	
2022/23 (remainder)	4.00%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%

- 13.15 Estimated investment income is £570,000 for 2022/23 and £550,000 in 2023/24. These estimates assume that none of the existing cash balances held by the Authority will be utilised to fund schemes approved by the Investment Board.
- 13.16 £4m of the Council's investments are held in externally managed pooled property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.
- 13.17 As the Council's externally managed funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's medium to long-term investment objectives are regularly reviewed. Although the returns from these investments can be higher than short term investments there is an increased risk that capital values will rise and fall. The 2022/23 projected outturn for property fund income is £125,000 and the estimate for 2023/24 is £150,000.
- 13.18 **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.²⁰

	2023/24 £000	2024/25 £000	2025/26 £000
Maximum principal sums invested > 365 days	10,000	10,000	10,000

- 13.19 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.
- 13.20 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.

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.

FENLAND DISTRICT COUNCIL

CAPITAL STRATEGY 2023/24-2025/26

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 out 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 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 2022/23 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 borrowing is utilised to acquire investment assets this has the potential to increase the Council's overall level of debt by bringing 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.

Key Considerations relating to Treasury Management

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

Table 1: Year End Investment Balances projected over the period 1 April 2022 – 31 March 2026

Year End Investments	2022/23 Revised Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	£000	£000	£000	£000
Fund balances / reserves	18,000	13,600	13,600	13,600
Expected investments	21,000	15,400	16,000	16,700

Table 2: Year End Debt and Net Investment projected over the period 1 April 2022– 31 March 2026

Year-End Debt	2022/23 Revised Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	£000	£000	£000	£000
Debt at 1 April	7,800	8,523	19,013	29,363
Expected change in debt to fund capital programme (excluding Commercial and Investment Strategy schemes)	0	7,690	1,050	350
Borrowing to fund Commercial and Investment Strategy schemes	700	2,800	9,300	8,177
Other long term liabilities (OLTL)	106	23	0	0
Expected change in OLT	(83)	(23)	0	0
Actual debt at 31 March	8,523	19,013	29,363	37,890

3.3 At 1 April 2022 the Council's Debt position comprised other long-term liabilities relating to finance leases of £106k 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 2022, 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:

Table 3: Operational Boundary over the period 1 April 2022 – 31 March 2026

Operational Boundary	2022/23 Revised Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	£000	£000	£000	£000
Debt	7,800	15,500	16,500	17,000
Other long term liabilities	1,000	1,000	1,000	1,000
Commercial Activities/ Non-Financial Investments	20,977	20,977	20,977	20,977
Total	29,777	37,477	38,477	38,977

Table 4: Authorised Limit over the period 1 April 2022 – 31 March 2026

Authorised Limit	2022/23 Revised Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	£000	£000	£000	£000
Debt	12,800	19,500	20,500	21,000
Other long term liabilities	1,000	1,000	1,000	1,000
Commercial Activities / Non-Financial Investments	20,977	20,977	20,977	20,977
Total	34,777	41,477	42,477	42,977

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:

Table 5: Projected Minimum Revenue Provision over the period 1 April 2022– 31 March 2026

	Projected Minimum Revenue Provision (£000)
2022/23	377
2023/24	397
2024/25	729
2025/26	782

- 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 £2.968M per year based on 2022/23 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:

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

Budgeted Income 2022/23 non-operational assets (Economic Estates)	£1.073m
Net Service Expenditure	£14.842M
Commercial Income as a % of Net Service Expenditure	7.2%
Approved Limit	20%

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 £55.66M per year based on 2022/23 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:

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

Gross Debt expected as at 31 March 2023	£7.8M
Net Service Expenditure (2022/23)	£14.842M
Gross Debt as a proportion of Net Service Expenditure	52.6%
Approved Limit	375%

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 2021/22 statutory accounts indicated that, as at 31 March 2022, 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 2024/25s, 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 2023/24

TAX BASE (Equated Band D Properties)	PRECEPT 2022/23	COUNCIL TAX PER BAND D PROPERTY	PARISH	TAX BASE (Equated Band D Properties)	PRECEPT 2023/24	COUNCIL TAX PER BAND D PROPERTY	INCREASE FROM 2022/23 %
	£	£			£	£	
357	12,852	36.00	BENWICK	362	12,852	35.50	-1.4
3,384	155,000	45.80	CHATTERIS	3,398	170,000	50.03	9.2
281	16,000	56.94	CHRISTCHURCH	290	18,500	63.79	12.0
863	60,000	69.52	DODDINGTON	873	60,000	68.73	-1.2
1,202	30,000	24.96	ELM	1,257	60,000	47.73	91.3
397	20,000	50.38	GOREFIELD	403	20,000	49.63	-1.5
1,160	56,000	48.28	LEVERINGTON	1,166	58,750	50.39	4.4
911	65,055	71.41	MANEA	922	72,000	78.09	9.4
6,726	320,000	47.58	MARCH	6,763	360,000	53.23	11.9
241	10,000	41.49	NEWTON IN THE ISLE	246	10,000	40.65	-2.0
463	20,660	44.62	PARSON DROVE	459	20,011	43.60	-2.3
400	15,000	37.50	TYDD ST GILES	404	15,000	37.13	-1.0
5,736	172,000	29.99	WHITTLESEY	5,860	174,000	29.69	-1.0
839	67,168	80.06	WIMBLINGTON	880	67,168	76.33	-4.7
6,504	389,640	59.91	WISBECH	6,555	392,670	59.90	0.0
1,200	77,074	64.23	WISBECH ST MARY	1,221	78,230	64.07	-0.3
30,664	1,486,449	48.48	GRAND TOTAL	31,059	1,589,181	51.17	5.55

Reserve Name	Balance 01.04.22 £	Capital Funding £	Revenue Contributions to(+)/from(-) 2022/23 £	Revised Balance 31.03.23 £	Capital Funding £	Revenue Contributions to(+)/from(-) 2023/24 £	Estimated Balance 31.03.24 £	Comments / Conditions of Use
Travellers Sites	388,244		42,570	430,814		57,960	488,774	Can only be used for specific future maintenance liabilities.
CCTV - Plant & Equipment	31,128		10,000	41,128		10,000	51,128	Available for future CCTV maintenance & replacement liabilities.
Station Road, Whittlesey - Maintenance	7,600		2,800	10,400		2,800	13,200	Required for future road maintenance.
Management of Change	494,600	-100,000		394,600	-149,000		245,600	Available for the effective management of any organisational changes required to meet the Council's future priorities.
Business Rates Equalisation Reserve	2,016,333		-983,656	1,032,677		-211,048	821,629	Available to assist the Council in smoothing out volatility in the business rates retention system.
Capital Contribution Reserve	134,794	-6,000		128,794			128,794	Available to fund specific spending commitments in future years.
Port - Buoy Maintenance	146,999		-19,000	127,999			127,999	Available for future buoy maintenance to service windfarms.
Repairs and Maintenance	544,706			544,706			544,706	Available to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.
Heritage Lottery Fund (HLF) - Wisbech	51,682		-11,470	40,212			40,212	To manage the Heritage Lottery Funded scheme in Wisbech.
Highways Street Lighting	46,675		19,230	65,905		19,230	85,135	Available to fund future repairs and maintenance relating to street lighting.
Solid Wall Remediation	100,000			100,000			100,000	Available to fund potential costs linked to solid wall installations in the District.
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	1,066,644			1,066,644			1,066,644	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	283,117		-100,000	183,117		-100,000	83,117	Available to fund additional planning costs not reflected in the annual budget, including the development of the Local Plan.
Elections Reserve	60,000		46,872	106,872		-106,872	0	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.
Port - Pilots Staff Development Training	24,000			24,000			24,000	Available to fund the training of maritime pilots to fulfill the authority's statutory functions.
Cambridgeshire Horizons - A14 Contribution	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	2,691,679		-191,430	2,500,249		-182,000	2,318,249	Available for the Council's future use in accordance with the conditions attached to the receipt.
Specific Government Grants (received in previous years)	1,902,720		-319,095	1,583,625		-399,305	1,184,320	Available to fund specific spending commitments in future years.
TOTAL EARMARKED RESERVES	12,339,086	-106,000	-1,503,179	10,729,907	-149,000	-951,235	9,629,672	
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	14,339,086	-106,000	-1,503,179	12,729,907	-149,000	-951,235	11,629,672	

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.

Agenda Item No:	7	
Committee:	Cabinet	
Date:	20th February 2023	
Report Title:	UK Shared Prosperity Fund	

1 Purpose / Summary

- 1.1 At the Cabinet meeting held on 30th January 2023 Members considered a report titled “UK Shared Prosperity Fund” and agreed to recommend:
- Acceptance of UK Shared Prosperity Funding (SPF) from the Cambridgeshire & Peterborough Combined Authority for a three-year period commencing in 2022-23 and ending in 2024-25.
 - To delegate to Officers responsibility for approving and finalising entry into the CPCA’s SPF Grant Funding Agreement; and
 - To note that a further report will be presented to Cabinet for approval of the detailed proposals in relation to the procedures and documentation associated with the onward administration of the funding.
- 1.2 The purpose of this report is to determine the legal, financial and governance arrangements in relation to the administration of Fenland District Council’s SPF allocation to include approval of the associated processes, decision making structures and grant funding agreements.
- 1.3 In addition, this report sets out how Officers will mitigate the potential risk that any underspending from the 2022-23 SPF allocation would not be allowed to be carried over into 2023-24.

2 Key Issues

- 2.1 A council cannot contract out its decision making to another body unless it is permitted by the Deregulation and Contracting Out Act.
- 2.2 The potential exists for any underspend on 2022-23 SPF allocation of £133k will not be allowed to be carried forward into 2023-24.

3 Recommendations

- 3.1 Cabinet is requested to consider and agree the legal, financial and governance arrangements in relation to the administration of Fenland District Council’s SPF allocation as set out in this report.

Wards Affected	All
Forward Plan Reference	
Portfolio Holder(s)	Cllr Ian Benney
Report Originator(s)	Anna Goodall, Assistant Director Simon Jackson, Economic Growth Manager
Contact Officer(s)	Simon Jackson, Economic Growth Manager
Background Papers	UK Shared Prosperity Fund: prospectus - GOV.UK (https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus)

Report:

1 BACKGROUND AND INTENDED OUTCOMES

- 1.1 The following four Fenland Shared Prosperity Fund (SPF) projects were approved by the Department for Levelling Up Housing and Communities (DLUHC) to receive £1.112m of funding as follows:
- Investment in Business £908k (BUS7)
 - Amplifying Community Arts and Culture £120k (COM14)
 - Tackling ASB issues in Wisbech £34k (COM 10)
 - Safer Wisbech - Addressing perceptions of low-level crime and ASB in Wisbech £50k (COM13)
- 1.2 The associated processes, decision making structures and grant funding agreements for the Amplifying Community Arts and Culture, Tackling ASB issues in Wisbech and Safer Wisbech projects will be addressed in agreements between the Council and the lead organisation responsible for the delivery of each of these projects. This will be in compliance with procurement and subsidy control requirements and the decisions taken at officer level in accordance with existing delegations.
- 1.3 The Investment in Business project will be delivered by the Council's Economic Growth Team. The grant decision making process will include the emerging North Cambridgeshire Place Development Board (PDB). Once established, the PDB will be comprised of representatives from the local business community with the Council represented by the Leader and Chief Executive.

- 1.4 The Investment in Business application process involves each applicant submitting an Expression of Interest (EOI) form into the Economic Growth Team (EGT) who will assess and score the EOI. If the EOI score exceeds a threshold level the applicant will be invited to complete a Full Application Form to be submitted into the EGT for assessment and scoring. Each Full Application will be supported by an Officer funded by SPF who will also ensure due diligence, supporting evidence has been provided, subsidy control has been reviewed, etc. The EGT will provide the PDB with each application and supporting evidence/documentation its recommendation as to whether to support or otherwise the application. The PDB will provide their feedback on each application to the EGT. The decision on whether to support an application will then be made by the Council's SPF Grants Team consisting of Officers from Finance, Audit and the Economic Growth Team. Decisions relating to the allocation of funding will be published on the Council's website in line with transparency requirements and the associated exemptions under Schedule 12A of the Local Government Act 1972.
- 1.5 As the PDB will have access to information about businesses that have applied for an SPF grant including potentially commercially sensitive data the Council will enter into a data sharing agreement with the PDB. In addition, PDB members will also be required to declare any conflicts of interest with any applicant business before the application is considered by the PDB and will also be required to sign a confidentiality agreement. All applicants will be made aware of who comprises the PDB and what the application process is so that they can equally flag any potential concerns to the Council before their data is shared. The application pack will include a privacy statement to ensure we are compliant with GDPR, transparent and who the data will be shared with in order to assess and determine the application.
- 1.6 If an applicant is dissatisfied with the outcome, they can request a review of the decision. The review will be undertaken by a group of Council officers, including the Corporate Director and Chief Finance Officer (s151 officer) and the Monitoring Officer. This officer group may wish to consult with the Portfolio Holder for Economic Growth and Portfolio Holder for Finance on any complex decisions.
- 1.7 The Council via the Combined Authority (CA) was advised that its SPF projects had been successful in late December 2022 leaving little time for the four SPF projects to become operational and able to fully claim all of the 2022-23 SPF allocation totalling £133k. On the submission and approval of a "robust business case" DLUHC have advised the CA of the potential for carrying over unused 2022-23 allocation into 2023-24. However, this has yet to be agreed by DLUHC and so there is a risk that any unused 2022-23 SPF will not be carried forward.
- 1.8 In order to reduce the risk that the 2022-23 SPF allocation will not be fully utilised all four projects are becoming operational as quickly as possible. Regarding the Investment in Business project, given that the PDB is emerging

and not yet functioning or constituted an interim grant decision making process might need to be put in place. The interim process would involve applications going directly to the Council Officer group without the involvement of the PDB however the group would engage with the Chair of the PDB for his feedback on applications and subject either to anonymised data being presented or the data sharing and confidentiality agreements being operational.

2 REASONS FOR RECOMMENDATIONS

- 2.1 The reason for the recommendation is to gain Cabinet approval for the associated processes, decision making structures and grant funding agreements regarding the allocation of the Council's SPF.
- 1.3 In addition, this report sets out how project leads are managing the potential risk that any underspending from the 2022-23 SPF allocation would not be allowed to be carried over into 2023-24.

3 CONSULTATION

- 3.1 Engagement with partners and evaluation on current projects such as Growth Works and Growth HUB Start & Grow pilot has enabled external views and policies to be incorporated into the SPF projects.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 An alternative option would be not involving the PDB in the process. The PDB is made up of representatives from the Fenland business community will bring expertise and experience in evaluating private sector business investments and will help to ensure the most effective use of the SPF grant funding. This breadth of experience and expertise is not available within the Council. Another option might be that the final decision is taken by a member or members rather than Council officers. The final decision on grant applications is an operational rather than strategic decision. The Leader of the Council will sit on the PDB and contribute to its recommendations as to whether to support or otherwise each application.

5 IMPLICATIONS

5.1 Legal Implications

- 5.1.1 Authority has been given for Fenland District Council to enter into a Grant Funding Agreement with the CPCA who are passporting central government funding from DLUHC. In order now for the Council to distribute the funding to the intended recipients and in accordance with its bid, further governance is required.
- 5.1.2 In relation to the allocation of funding connected with Investment in Business, it is important for the Council to ensure that a fair and proportionate process is in place to assist with the determination of applications. The process for

undertaking initial and full assessments of those applications received is as set out in this report. Recommendations will then be made by the EGT and PDB before a final decision is taken by the SPF Grants Team which will be comprised of officers who have had no prior involvement in the process, An appeal mechanism will exist where again, decisions will be taken by officers who have had no prior involvement and are of greater seniority than the original decision maker(s) seeking input from members where necessary. This is consistent with ordinary and fair decision-making processes and will be supplemented and supported with detailed information for applicants about the scheme; what the criteria are, how the decision will be made and by whom and how their data will be processed, shared and stored. Information sharing, conflict of interest and confidentiality agreements/policies will be drawn up with the PDB and each successful applicant will be required to enter into a grant funding agreement in order to receive the monies. This will ensure that the applicant understand what is expected of them upon receipt of the funding, for officers to be able to undertake periodic reviews and ultimately for the Council to clawback the monies in the very unlikely event the need to do so arises. Decisions relating to this scheme will be published in accordance with the Council's statutory obligations and having regard to any exemptions which may exist. Subsidy control will be assessed and documented on each occasion to safeguard the Council's interests and in compliance with its obligations under the CPCA GFA.

- 5.1.3 Similar arrangements will be put in place for the distribution of the remainder of the funding however fewer formalities will be required in view of the fact that the PDB will not be involved. All decisions will be taken at officer level and recorded via a published decision notice. Again, successful recipients of the funding will be selected via fair and objective criteria and/or in compliance with the Council's Code of Procurement. Associated grant funding or service agreements will then be drawn up to formally record the arrangements and to again safeguard the Council's obligations and liabilities in further passporting the funding.


5.2 Financial Implications

- 5.2.1 It is currently being assumed that there will be no carry over of the SPF funds allocated for 2022-23 into 2023-24. The CPCA are awaiting a decision on the possibility of carryover from DLUHC. The approval for SPF projects in the CPCA area was only given by DLUHC in December 2022 and at the time of writing this report, the Grant Funding Agreement with CPCA and the Council is still in draft form. All these factors create a risk that some or all of the £133k of SPF funding may not be utilised. All of the Fenland SPF project leads are aware of this risk and are undertaking mitigating actions. A proportion of the business grant funding has been allocated to an officer post to support applicants through the process and ensuring all relevant documentation is in place.

5.3 Equality Implications

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

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Agenda Item No:	8	
Committee:	Cabinet	
Date:	20 February 2023	
Report Title:	Recycled Whittlesey Market Towns funding - Consideration of Grant Funding Agreements with the CPCA for project delivery	

1 Purpose / Summary

The purpose of this report is to update Cabinet on the success of applications to the CPCA to put in place new projects supporting the community in Whittlesey, recycling the remaining Market Towns funding of £455,000 following the cancellation of the Whittlesey Heritage Centre project.

2 Key issues

- 2.1 As part of the Growing Fenland work for the town of Whittlesey, the town team requested £500,000 to develop a heritage centre for the town. This facility was to be situated on Forterra land, adjacent to a local nature reserve about ¾ of a mile outside the town.
- 2.2 Following the CPCA's approval of the grant to Whittlesey Town Council, the Town Council developed a working group consisting of three elected Members. Work on the design of the facility took place between 2021 and March 2022. Whilst a design exists, there is a substantial gap in funding between the expected cost of the new building and the funding available. Other funders have been considered with no success – the funding gap is too large and requires a national funder such as the National Lottery Heritage Fund.
- 2.3 The project team has considered the location and the gap in funding, alongside market conditions, and believes that continuing with the project at this time is unlikely to produce a facility in a timely, affordable manner. As the project will not give good value for money to the taxpayer, the project has been cancelled.

3 Recycling the remaining Market Towns Funding of £455,000

The Whittlesey Town Team discussed other options for the remaining funding to improve community assets within Whittlesey. The Town Team has settled on several community focussed projects. These projects either reflect priorities within the Growing Fenland Whittlesey Masterplan document or issues that are important to the community and have arisen since that report was originally developed.

- £265,000 Strategic Outline Business Case – Whittlesey Southern Relief Road
- £55,000 Community basketball / tennis / netball facilities; lighting upgrade and secure fencing
- £110,000 Add to the existing solar PV provision on the Manor Leisure Centre swimming pool building to improve sustainability
- £20,000 Improvements to the marketplace; removal of trip hazards and consideration of improved power supplies for community events and the market
- £10,000 In partnership with the library team, the development of a heritage display in the local library featuring one of the Must Farm Long Boats or a replica, and other items from the dig alongside interpretation boards telling the story of Must Farm

4 Acceptance of Grant Funding

Following a recent application to CPCA, these projects have now been approved, with Grant Funding Agreements (GFA) to be developed shortly.

5 Recommendations

- 5.1 That Cabinet notes the revised Whittlesey Growing Fenland projects as highlighted above.
- 5.2 That Cabinet authorises the S151 officer to enter into Grant Funding Agreements (GFA) with CPCA to allow the delivery of the projects within each GFA, with each project managed using the FDC project management methodology and any cost limited to the total sum of grant funding available.

Wards Affected	Whittlesey Wards	
Forward Plan Reference	KEY/02FEB23/01 Whittlesey Southern Relief Road KEY/07DEC22/04 Other Whittlesey Market Town Fund projects	
Portfolio Holder	Cllr Chris Boden	Leader of the Council
	Cllr Sam Clark	Portfolio Holder for Leisure
	Cllr Ian Benney	Portfolio Holder for Assets
Report Originator	Phil Hughes	Head of Service
Contact Officer	Phil Hughes	Head of Service

Agenda Item No:	9	
Committee:	Cabinet/Investment Board	
Date:	20 February 2023	
Report Title:	Gating a passageway in Norfolk Street, Wisbech by use of a Public Space Protection Order	

[
Cover sheet:

1 Purpose / Summary

1.1 To block, by erection of gates, a passageway linking Norfolk Street and West Street, Wisbech as shown on Appendix A under the use of a Public Spaces Protection Order (PSPO)

2 Key Issues

2.1

- Community Safety have been involved with the Safer Streets 4 (SS4) initiative and part of this work is to identify issues within the local communities and, where possible, to act on improving the issues.
- The Passage (as shown on appendix A) has been a hotspot for antisocial behaviour, namely litter, urination and defecation with further reports suggesting it has been used for drugs, drinking and sexual activity
- PSPO's replaced previous Gating Orders following the Anti-social Behaviour, Crime and Policing Act 2014.
- The PSPO can be used to restrict a public right of way. It is proposed that each end of the passage be gated off
- There is no cost to the Council as funds are available under the SS4 Fund
- Consultation was a mix of in-person discussions, letters and emails. Letters were sent to residents and landlords. Emails were sent to statutory consultees.
- Not every consultee responded to the questionnaire or letters. 3 attempts were made to initiate a response, all by letter. Last letters were sent on 12/01/23 and gave those who hadn't previously responded until February 3rd to do so.
- A wider reaching survey was placed on the Council website which ran from 16/01/23 until 05/02/2023. The Survey and it's results are shown at Appendix B
- Legal advice has been received to ensure the process followed accords with legislation

- Consultation has been taken in accordance with legislation
- The legislation can be found at Chapter 2 Anti-social Behaviour, Crime and Policing Act 2014
- Consultation was undertaken in accordance with legislation including
 - Chief of Police (as delegated to Inspector)
 - Fire Service
 - Wisbech Town Council
 - Cambridgeshire County Council (Highways)
 - Locally Elected District Council Member
 - Police Crime Commissioner
 - Businesses in and around the affected area
 - Residents and landlords in and around the affected area
- The feedback indicated that there was a problem at the area and support for the passage to be closed. This can be seen at Appendix B
- Appendix C is the wording of the proposed order

3 Recommendations

3.1

- To approve the introduction of the PSPO for a 3 year period in Norfolk Street to restrict access to the passageway as shown on Appendix A
- To delegate authority to a Corporate Director to extend the order for up to 3 years at a time (in line with appropriate legislation) in the future if following the result of the consultation the portfolio holder for Community Safety agrees that a further extension is required. If the consultation suggests a need to amend or discharge any of the orders to bring that back to Cabinet for consideration.

Wards Affected	Wisbech
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Steve Count
Report Originator(s)	Russell Wignall rwignall@fenland.gov.uk Alan Boughen aboughen@fenland.gov.uk
Contact Officer(s)	Russell Wignall Alan Boughen Dan Horn dhorn@fenland.gov.uk Carol Pilson cpilson@fenland.gov.uk

Report:

1 Reasons for Exemption

1.1 Not applicable in this case.

2 BACKGROUND AND INTENDED OUTCOMES

2.1 The Anti-Social Behaviour, Crime and Policing Act 2014, hereafter known as the Act, came into effect on 20th October 2014 making a number of changes to the law on anti-social behaviour. A key change was the introduction of PSPO's to replace DPPOs, dog control orders and gating orders in addition to a range of other behaviours that local authorities can now regulate in public spaces

2.2 The Anti-social Behaviour, Crime and Policing Act 2014 gives power to Local Authorities to create PSPOs if they are satisfied that activities carried on in a public place within the authority's area have had a detrimental effect on the quality of life of those in the locality, or it is likely that activities will be carried on in a public place within that area and that they will have such an effect. The second condition is that the effect, or likely effect, of the activities is, or is likely to be persistent, unreasonable and justifies the introduction of the Order

2.3 Public Space Protection Orders (PSPO's) are intended to deal with a particular nuisance or problem in a particular area that is detrimental to the local community's quality of life, by imposing conditions on the use of that area which apply to everyone. They are designed to ensure the law-abiding majority can use and enjoy public spaces, safe from anti-social behaviour

2.4 PSPO's can be drafted based on the specific issues being faced in a particular public space and can include multiple restrictions and requirements in one order. Examples of restrictions might include:

- Controlling Dogs;
- restricting access to an area;
- misuse of substances
- tackling noise nuisance
- tackling unreasonable behaviour having a detrimental effect on the community

2.5 Based on the response of the consultation, Fenland District Council are satisfied that the passageway is having a detrimental effect on the area and has done for some time. A summary of responses is set out in Appendix B

2.6 A PSPO can be used to restrict access to an area however before restricting access over a public right of way they must consider the effect it will have on

occupiers adjoining the highway, the likely effect on those in the locality and the availability of an alternative route.

- 2.7 Before making the Order, The Local Authority must also notify potentially affected persons of the proposed order, inform them how they can see the draft order and notify them how they might make comments about the draft order.
- 2.8 Persons potentially affected were written to on 12/1/23 with a copy of the proposed draft order and asked for their comments. A deadline was imposed of 3/2/23. No responses were received.
- 2.9 A PSPO that restricts the public right of way over a highway may authorise the installation, operation and maintenance of a barrier or barriers for enforcing the restriction. It is proposed that gates be erected either end of the passage. Under the legislation, A Local Authority may install, operate and maintain barriers
- 2.10 Rights of way may not be restricted if that highway is:
- a special trunk road
 - a trunk road
 - a classified or principal road
 - a strategic road
 - a highway in England of a description prescribed by regulations made by the Secretary of State
- 2.11 Fenland District Council has consulted Cambridgeshire County Council Highways team on the proposal. No adverse comments were received
- 2.12 A PSPO can be introduced for up to 3 years. It is proposed that the PSPO sought is made for the full 3 year period. Legislation requires there to be a review before the 3 year period expires. The outcome of the review can lead to a renewal, amendment or removal of the existing PSPO.

3 REASONS FOR RECOMMENDATIONS

- 3.1 The passageway has been identified as a location for anti-social behaviour including urination, defecation and litter the impact of which is having a detrimental impact upon the local community. It's believed the closure of the passage is the most effective way to prevent the anti-social behaviour happening.

4 CONSULTATION

- 4.1 Legislation guides who must be consulted and appropriate legal advice has been sought to this end. Emails were sent to:
- *Cambridgeshire Constabulary*
 - *Cambridgeshire Fire Service*

- *Wisbech Town Council*
- *Police Crime Commissioner*
- *Local Cllr for the area*
- *Cambridgeshire County Council Highways*

4.2 Further evidence was provided to us by FDC Streetscene, Community Safety Officers and the Local Neighbourhood Policing Team

4.3 Residents (and their landlords) and shop owners within the location were written to about the proposal and invited to comment

4.4 Two local businesses were visited by members of the Community Safety Team to discuss the proposals

4.5 A survey was placed on the FDC website and shared on the FDC Social Media pages from 16/01/23 until the 05/02/23 inviting views on the proposal

4.6 A summary of the responses can be found at Appendix B

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 The only other option is to leave the passage open. This will allow ASB to continue at the location. This option has been ruled out as without intervention the behaviour will continue to have an adverse impact on the local community. It is felt that the introduction of the PSPO gives a more long-term solution to the problem.

6 IMPLICATIONS

6.1 Legal Implications

6.1.1 The legal implications are as detailed within the main body of the report. Fenland District Council is statutorily empowered to take the action proposed and has fulfilled its wider obligations by undertaking a period of consultation as well as seeking input from legal advisers throughout the process of putting this proposal together for consideration.

6.2 Financial Implications

6.2.1 None – there will be no cost to FDC as all money to complete the project comes from a successful funding bid through the Safer Streets initiative.

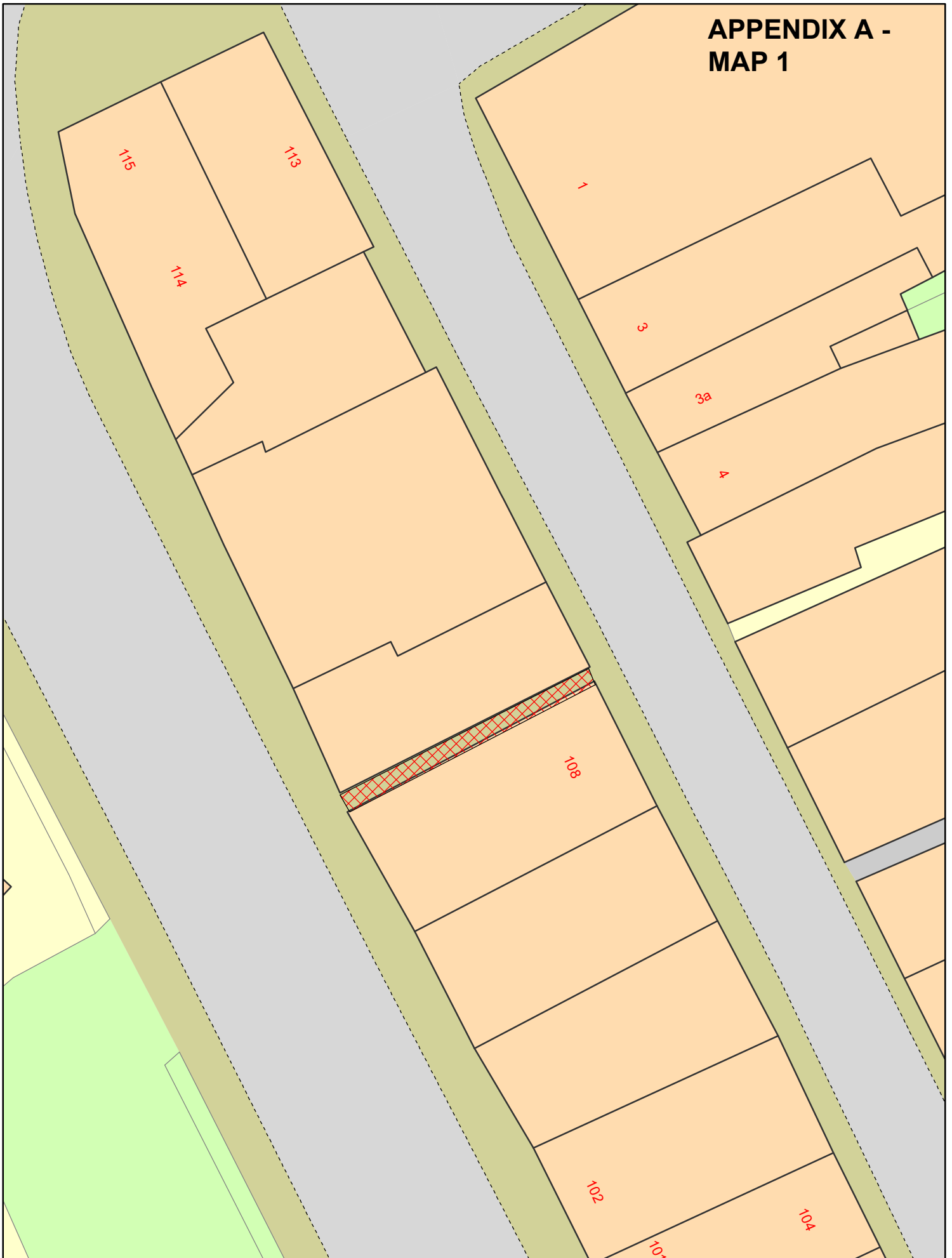
6.3 **Equality Implications**

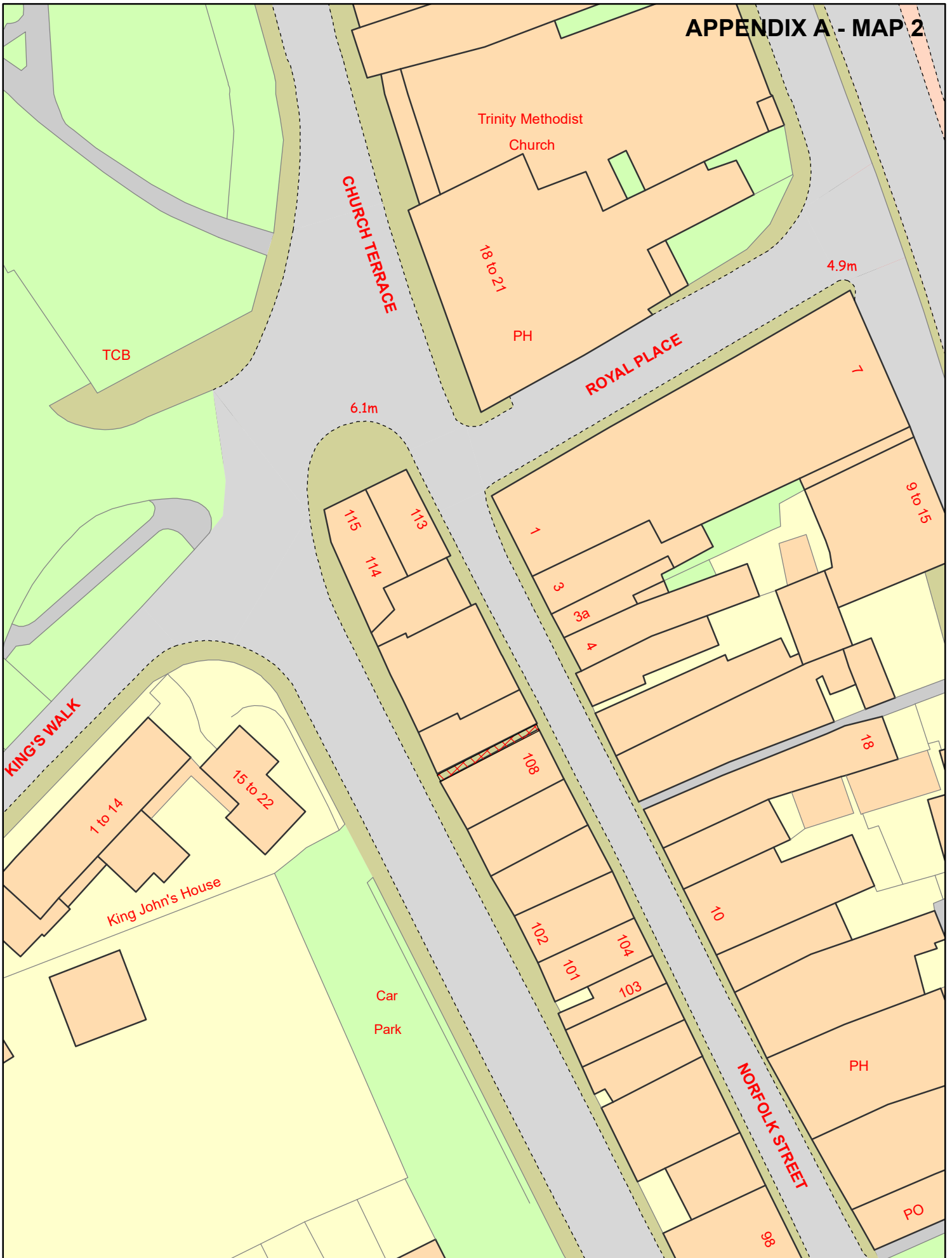
6.3.1 EIA at appendix D

7 **APPENDICES**

- Appendix A – 2 maps showing the location of the proposed closure. (Not Exempt)
- Appendix B – summary of consultation responses (not exempt)
- Appendix C – draft Order (not exempt)
- Appendix D – EIA (not exempt)

**APPENDIX A -
MAP 1**





APPENDIX B – SUMMARY OF CONSULTATION

CONSULTEE	RESPONDED	VIEW	SUMMARY
Chief of Police as delegated to inspector	yes	Support	Aware of the area is a focal point of ASB so closure mitigates the risk
CCC Highways	yes	Neither	Do not own the passage so no comment to make
Ward Cllr	yes	Neutral	Concerned the closure would move the issue elsewhere however stated that 'If all the residents are in support, then okay'
Wisbech Town Council	yes	Support	No comments made other than to support
Police Crime Commissioner	yes	support	No objections raised
Cambridgeshire Fire Service	Yes	Support	Door in passage is not a fire door. No issue if the alley was fenced off
Local Business	yes	Support	Issues affect business including litter. They have undertaken cleaning the area
Local Business	Yes (FDC officer attended)	support	Do not use the passage and it would be better if it was closed
Local Property Landlord	yes	support	Seen as a health hazard and has been an issue for circa 5 years
Local Resident	yes	support	Smell and rubbish an issue, happy to see some action taken
Local Resident	yes	support	Highlighted issues with litter and urination

Further Evidence was provided by Streetscene and Wisbech Police (Neighbourhood Police Team). They were not statutory consultees but provided evidence.

In January 2023 letters were sent to 19 addresses in the local geographical area. These were identified as nearby commercial outlets, residents and property landlords who could be affected by

the proposal. Recipients were asked to reply within 21 days and a self-addressed envelope was included to encourage replies. In addition, other contact options were provided as well as proposed wording of the restrictions. No official response was received by any of the addresses

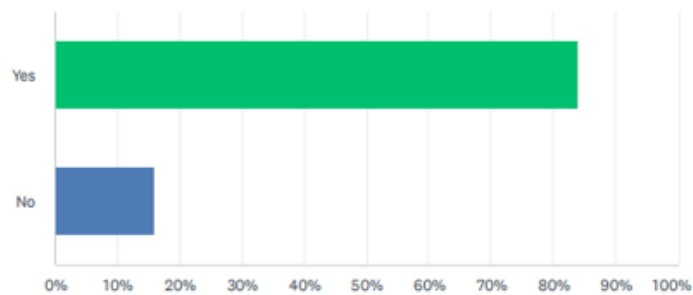
As part of the consultation process an online survey was produced and circulated through Fenland District Council website and social media pages. The survey was live between 16/01/23 and 05/02/23

44 respondents completed the survey the majority supporting closure. The results are shown below.

Norfolk Street / West Street Proposed Public Spaces Protection Order

Q1 Do you support the closure of the passage to prevent antisocial behaviour?

Answered: 44 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	84.09%	37
No	15.91%	7
TOTAL		44

There was an opportunity for comments to be made and these are shown below.

Q2 Please provide any comments you may have on the proposed closure.

Answered: 10 Skipped: 34

#	RESPONSES	DATE
1	Every time I pass it is usually full of rubbish. The passageway is very narrow and serves no real purpose.	1/27/2023 12:21 AM
2	Any action to clean up the streets and feel safer walking them highly appreciated.	1/26/2023 6:17 PM
3	I don't see you doing that elsewhere where the same antisocial behaviour occurs. If this was a temporary measure maybe. How about cctv down the passage and prosecuting the offenders instead.	1/26/2023 10:17 AM
4	I live locally and regularly visit Wisbech and the antisocial behaviour occurring in the passageway is unacceptable, and the only solution is closure.	1/22/2023 8:39 PM
5	schrimshires passage, ghost passage, norfolk street, love lane, wisbech park,(please dont waste the money building a community hub, unless it has a place for dogging, and drug using bin, a hole in the ground the feaces and urine and nitrous oxide recycling station, and free apples trees, as clearly some think the community orchard is come and dig up your own fruit tree? but seriously the places above listed all have problems with litter defecation and urination, and alcholics, will the district council be closing these areas too ?	1/19/2023 9:10 PM
6	I see a lot of ASB around Wisbech town. Please inform/educate the people about what is regarded as antisocial behaviour, e.g., spitting.	1/19/2023 2:44 PM
7	This is not going to affect or fix the problem at all! People who live in the area now will have to walk all the way around to get through to the post office and that will affect their business dramatically! It should be however pedestrianised so that cars cannot come through there and cause accidents! We have problems living down St Peters Road with people messing down our passageways! Rubbish and Dog mess everywhere! By blocking that road off completely really won't make any difference! Maybe the council need to look at some of the shops down Norfolk and ask them where the littering and Antisocial behaviour is coming from? Or better still install better CCTV to catch them.	1/19/2023 2:37 PM
8	Closing the passage doesn't solve the problem, it moves it somewhere else and inconveniences everyone who uses that road.	1/19/2023 1:44 PM
9	The alleyway needs to be constantly cleaned, as well as being illuminated. The a/s are repetitive offenders, one regular from a Local sheltered? Housing premises, who stays on the street for hours, using the passageway as a toilet,	1/19/2023 1:32 PM
10	Please investigate why people are using this passage as a toilet and take measures to stop the offender's, otherwise it will just move somewhere else.	1/19/2023 11:53 AM

APPENDIX C

FENLAND DISTRICT COUNCIL FENLAND DISTRICT COUNCIL (GATING PSPO) Wisbech. PUBLIC SPACES PROTECTION ORDER 2023

Fenland District Council ('the Council') in exercise of its powers pursuant to Section 59, and 72 of the Anti-social Behaviour, Crime and Policing Act 2014 ('the Act') hereby makes the following Order ('the Order') :-

1. This Order shall come into operation on * and shall have effect for a period of 3 years from that date.

2. This Order relates to the areas as shown *hatched in red on the attached Plans in Schedules 1* (the 'Restricted Area'); and applies to all the land which is open to the air and to which the public are entitled or permitted to have access (with or without payment). For the purposes of this paragraph, any land which is covered is to be treated as land which is "open to the air" if it is open to the air on at least one side.

3. The effect of this Order is to impose the following prohibitions and requirements on the Restricted Area as specified as follows:

4.1. In the Restricted Area shown in Schedule 1a and Schedule 1b:

Unless an employee of Fenland District Council or a member of the emergency services, in either case acting within their capacity, no person is to access or attempt to access the Restricted Area or to tamper or attempt to tamper with the gates at either end of the Restricted Area

5. It is an offence for a person without reasonable excuse to do anything prohibited by this Order, or to fail to comply with a prohibition or requirement to which a person is subject to pursuant to this Order.

6. A Constable or an 'Authorised Person' may issue a Fixed Penalty Notice (FPN) to anyone he or she has reason to believe has committed an offence under this Order.

7. An 'Authorised Person' and 'an authorised officer of the Council' means any person authorised in writing for the purposes of this Order by Fenland District Council (the Council). A Constable means a Police Constable in whatever capacity including a Community Support Officer.

8. A person found to be in breach of this Order is liable upon summary conviction to a fine not exceeding level 3 on the standard scale (currently £1000.00); or to be made subject to a FPN

9. "The Council is satisfied that the two conditions below have been met, in that:

(a) activities carried on in the designated area as stated below, have had a detrimental effect on the quality of life of those in the locality, or it is likely that these activities will be carried on in the public place and that they will have such an effect.

The said activities include: Litter, urination, Defecation

(b) that the effect, or likely effect of the activities described above, is, or is likely to be, of a persistent or continuing nature, is, or is likely to be, such as to make the activities unreasonable, and justifies the restrictions imposed by this Order

The Council believe that it is reasonable to impose the above prohibitions and requirements in order to prevent the detrimental effect from continuing, occurring or recurring, and to reduce that detrimental effect or to reduce the risk of its continuance, occurrence or recurrence

10. Any interested person (an individual who lives or regularly visits or works) in the restricted area who desires to question the validity of this Order on the grounds that the Council had no power to make it or that any requirement of the Act has not been complied with in relation to this Order, may apply to the High Court within six weeks from the date upon which this Order is made.

[Date]

Sealed as Deed on behalf of)
Fenland District Council the)
Common Seal being affixed in the)
presence of and signed by:)

Authorised Signatory

Assessing Equality – The Equality Act 2010

Customer Impact Assessment – Public Spaces Protection Orders (PSPO's)

Name and brief description of policy being analysed

Briefly summarise the policy including any key information such as aims, context etc; note timescales and milestones for new policies; use plain language – NO JARGON; refer to other documents if required

The Anti-Social Behaviour, Crime and Policing Act 2014, hereafter known as the Act, came into effect on 20th October 2014 making a number of changes to the law on anti-social behaviour. A key change was the introduction of PSPO's to replace Designated Public Places Orders (DPPO's), dog control orders and gating orders in addition to a range of other behaviours that local authorities can now regulate in public spaces.

The Act has introduced simpler, more effective powers to tackle anti-social behaviour that provide better protection for victims and communities. This includes the introduction of Public Spaces Protection Order (PSPO).

Councils will be responsible for making the new PSPO although enforcement powers will be much broader.

Public Space Protection Orders (PSPO's) are intended to deal with a particular nuisance or problem in a particular area that is detrimental to the local community's quality of life, by imposing conditions on the use of that area which apply to everyone. They are designed to ensure the law-abiding majority can use and enjoy public spaces, safe from anti-social behaviour.

PSPO's are drafted based on the specific issues being faced in a particular public space, and can include multiple restrictions and requirements in one order. Examples of restrictions might include:

- Controlling the use of dogs;
- Restricting access to an area;
- Misuse of substances;
- Tackling noise nuisance; or
- Unreasonable behaviour having a detrimental effect on the community.

A PSPO can be made where the council is satisfied, after conducting the test, that the activity or activities, carried on in a public place, it proposes to restrict:

- Have had, or are likely to have, a detrimental effect on the quality of life of those in the locality;
- Is, or is likely to be, persistent or continuing in nature;
- Is, or is likely to be, unreasonable; and
- Justifies the restrictions imposed.

A PSPO can be used to restrict access to an area where the test has been met.

Assessing Equality – The Equality Act 2010

Information used for customer analysis

Note relevant consultation; who took part and key findings; refer to, or attach other documents if needed; include dates where possible

The implementation of PSPO's is following the legislation from the Anti-social Behaviour, Crime and Policing Act 2014 and the Home Office 'statutory frontline officer' guidance.

As part of this assessment and for the need and use of PSPO's a number of partner groups, organisations and community have been consulted via a number of means. On review of the consultation it is believed that the PSPO is necessary to prevent access to the passage in question to quell the ASB activity in the area.

The consultation took place by writing to statutory consultees, business owners and residents in the vicinity and by way of a public online survey.

	Could particularly benefit	Neutral	May adversely impact	Explanations	Is action possible or required?	Details of actions or explanations if actions are not possible Please note details of any actions to be placed in your Service Plan
Race	<input type="checkbox"/>	X	<input type="checkbox"/>	The use of PSPO's is responding to the linked behaviours that are either being requested to be stopped or conducted within the specified areas and not linked to an individual's race, sex, disability or age. In this case the use of PSPO is to reduce ASB by restricting the access to an ASB hotspot	N	
Sex	<input type="checkbox"/>	X	<input type="checkbox"/>		N	
Gender reassignment	<input type="checkbox"/>	X	<input type="checkbox"/>		N	
Disability	<input type="checkbox"/>	X	<input type="checkbox"/>		N	
Age	<input type="checkbox"/>	X	<input type="checkbox"/>		N	
Sexual orientation	<input type="checkbox"/>	X	<input type="checkbox"/>		N	
Religion or belief	<input type="checkbox"/>	X	<input type="checkbox"/>		N	
Pregnancy & maternity	<input type="checkbox"/>	X	<input type="checkbox"/>		N	
Marriage & civil partnership	<input type="checkbox"/>	X	<input type="checkbox"/>	N		

Assessing Equality – The Equality Act 2010

Human Rights	<input type="checkbox"/>	X	<input type="checkbox"/>		N	
Socio Economic	<input type="checkbox"/>	X	<input type="checkbox"/>		N	
Multiple/ Cross Cutting	<input type="checkbox"/>	X	<input type="checkbox"/>		N	

Outcome(s) of customer analysis

a) Will the policy/ procedure impact on the whole population of Fenland and/ or identified groups within the population; negative neutral positive **X**

No major change needed **X** Adjust the policy Adverse impact but continue Stop and remove / reconsider policy

Arrangements for future monitoring:

Note when analysis will be reviewed; include any equality indicators and performance against those indicators

At the time of completing this document the PSPO will be subject of review before a three year period ends, as per legislative requirements. Within the 3 year period should there be any change in the situation the PSPO will be subject a review.

EIA's are subject of an annual review.

Details of any data/ Research used (both FDC & Partners):

Cambridgeshire Constabulary
 Fenland District Council – Streetscene
 Fenland Community Safety Partnership
 Community Feedback

Completed by:

Name: Russell Wignall
Position: Community Safety Officer
 24/1/23


Approved by (manager signature):
Alan Boughen – Community Safety & Partnerships Officer



Date published:

Details of any Committee approved by (if applicable):

Date endorsed by Members if applicable:

Agenda Item No:	10	
Committee:	Cabinet/Investment Board	
Date:	20 February 2023	
Report Title:	Procurement of Electricity 2024 to 2028	

Cover sheet:

1 Purpose / Summary

- 1.1 Forward Procurement of Electricity for the period 2024 to 2028.
- 1.2 The Council's current contract with the Eastern Shires Purchasing Organisation (ESPO) using Total Energies Gas and Power expires on 30th September 2024.
- 1.3 To ensure that the best prices are achieved a new procurement is required as soon as possible to allow effective trading of our future electricity volumes.
- 1.4 The deadline we have been given to sign a new agreement is 28th February 2023.

2 Key Issues

- 2.1 To ensure compliance of contract guidelines and achieve a compliant procurement process
- 2.2 To enable the council to join a buying consortium, Eastern Shires Purchasing Organisation (ESPO). This will enable the council to join other authorities to gain economies of scale.
- 2.3 The failure to bulk our purchases together could result in a higher electricity cost in future as our volumes are too low to procure competitively on our own.
- 2.4 Anticipated spend per annum circa £300K.
- 2.5 Service agreement to participate needed by 28th February 2023.

3 Recommendations

- 3.1 It is recommended that FDC enter in a renewal agreement with ESPO to continue with the current arrangement to allow them to make prudent purchases on our behalf for the period 2024-2028 and if agreed, to determine whether it should be specified that the electricity supplied comes from a zero-carbon source at an estimated additional annual cost of £12,600 per annum.

Wards Affected	<i>All Wards</i>
Forward Plan Reference	KEY/27/JAN23/01
Portfolio Holder(s)	Cllr Boden – Portfolio Holder for Finance
Report Originator(s)	Shaun Beales (Procurement), Andrew Dunning (Facilities)
Contact Officer(s)	As above
Background Papers	Document attached

Report:

1 BACKGROUND AND INTENDED OUTCOMES

- 1.1 ESPO is a public sector owned professional buying organisation (PBO), specialising in providing a wide range of goods and services to the public sector for over 40 years. All with free support and advice available from their expert teams.
- 1.2 Whilst the last few years have seen some of the most challenging market conditions in the last twenty years, the ESPO's low risk Energy trading strategy and the expertise of their in-house team have provided FDC with considerably below the market average prices
- 1.3 Being 100% owned by the public sector with both Cambridgeshire County Council and Peterborough City Council being part owners. Remaining within this framework will best support the purchasing of energy over the next 4-year contract period 2024-2028.
- 1.4 The council has successfully used the (PBO) for all its energy requirements for considerably number of years and has benefitted from the economies of scale resulting in significantly below market average prices.

2 REASONS FOR RECOMMENDATIONS

- 2.1 To support the council financial plan and give accurate budgeting information. To safeguard the council against future energy market volatility. To provide a compliant procurement route to market following the Public Contract Regulations and the councils code of procurement.

3 CONSULTATION

N/A

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 In arriving at the recommendation made within this report the member organisations considered the consideration of three Options.

4.2 Option 1

4.3 ESPO framework (framework reference 191_24) for supply during 2024 to 2028. ESPO is a public buying organisation owned by six member councils, including Cambridgeshire County Council. The framework complies with the Public Contract Regulations 2015 (PCR2015) and the councils code of procurement.

4.4 ESPO offers a flexible procurement solution, which incorporates a low risk purchasing strategy, in which ESPO purchase gas and electricity between 12 to 18 months prior to the physical supply period. ESPO have an in-house trading team who constantly monitor the markets and make considered purchases on customers' behalf when markets are conducive to do so. The aim is to provide customers with a below average market price and smooth out extremes in forward market prices. Customers using their flexible procurement solution will have their prices fixed for each 12-month term and these will be changed on the anniversary of each term, which for electricity is the 1st of October. Customers joining the Flexible solution will have their volumes aggregated with many thousands of other customers' requirements, enabling the ESPO trading team to operate the risk strategy effectively and make small, multiple purchases over a period of time to flatten the risk curve.

4.5 The ESPO team manage the procurement and each framework term is for 4 years. ESPO has already procured a supplier for the 2024-28 period, and have awarded the contract to Total Energies, who also have the current 2020-24 contract.

4.6 Total Energies is a French multinational publicly-traded oil and gas company, whose businesses cover the entire oil and gas chain, from exploration and production to power generation, transportation, refining, marketing and trading. They employ over 100,000 people (2,353 in the UK) and had annual revenues of over US\$184 billion in 2021. Total Energies state on their website that their aim is to reduce their share of petroleum products and "increase natural gas, as a transition fuel, and renewable electricity". (Natural gas is lower carbon than oil but is still a fossil fuel.) In 2021, 44% of Total Energies' sales were from petroleum products (down from 65% in 2015) and 48% were from natural gas (up from 33% in 2015).

4.7 The current ESPO framework (2020-24) is currently used by all six of the member local authorities of ESPO, as well as a large number of other local authorities and other public sector organisations, totalling around 28,000 sites.

4.8 The arrangement with ESPO provides Fenland District Council with a wide range of services including:

- Review of price risk strategy;
- Data collation and validation if required;

- Invitation to tender, supplier evaluation, selection and appointment on our behalf
- Contract award;
- Supply point transfers;
- Support with disputes and queries;
- Contract performance monitoring;
- Provision of market intelligence information;
- Trading team expertise: purchase required energy volumes in line with agreed price risk strategy.

4.9 Contract renewal deadlines. ESPO initially asked Fenland Council to confirm by 31 January 2023 whether or not we wish to renew our contract from October 2024 but have provisionally agreed to extend the deadline for signing contracts to February 28th 2023. The early deadline is to enable ESPO's trading team to commence purchasing of electricity up to 18 months in advance of the supply period.

4.10 **Option 2**

4.11 Other purchasing organisations such as Crown Commercial Services or YPO offer similar services to those of ESPO. However, there would be likely to be no advantage in using these over ESPO. There are also other energy brokers in the market, however these may not have much experience dealing with large local authorities with numerous sites and complex supply requirements. Most energy brokers tend to deal more with SMEs (Small Medium Size Enterprises) and domestic properties.

4.12 **Option 3**

4.13 An alternative to buying through an organisation such as ESPO or an energy broker would be to run a procurement ourselves to contract with a supplier directly. The advantage of that approach would be that we could define the contract scope ourselves and would have full control over the specification. However, this would necessitate running a full compliant procurement process in-house, which would require significant in-house expertise, not only in procurement but also in the energy markets, and would be time and resource-intensive. It is vital to get the scope and specification of such a contract right, which would have to consider energy markets, trading strategies, metering, Automated Meter Reading, Meter Operator services, site works, data provision, billing platform and more. (A Meter Operator agreement is a legal requirement for all half-hourly electricity supplied meters.) We do not currently have the expertise in-house to trade on wholesale energy markets directly, and a fixed price contract is likely to be significantly higher cost. The high cost, high risk and difficulty of running such an exercise is currently unlikely to be worth pursuing, when compared with the alternative options. Not only that, but the Council would be more likely to incur higher electricity prices when trading directly, when compared to the higher purchasing power of being part of a larger group of customers. This option would also require more resource

to manage, including a much greater ongoing contract management capability than is currently in place.

- 4.14 Comparison of options. In selecting an option, the Council must consider a number of factors including financial cost, environmental impact, quality of service, level of risk and practicality of contract management / administration. None of the available options would provide fixed price tariffs, so the exact costs would remain unknown until the beginning of the supply year.
- Option 1 (ESPO framework with Total Energies) is the best known and lowest risk option. ESPO have an established track record of providing good quality service and good prices. Total Energies offer a 100% renewable electricity tariff, although they are primarily an oil and gas company.
 - Option 2 (Other buying organisations) offers no advantages over option 1 so is not recommended.
 - Option 3 (in-house procurement) is the most difficult, costly and highest risk, Energy brokers, alternative frameworks, or going straight to the market are all possible alternatives. However, the nature of the market dictates that price comparisons are almost impossible and pursuing one of these options comes with significant risk.

5 IMPLICATIONS

5.1 Legal Implications

- 5.2 The Public Contract Regulations 2015 (PCR2015) require the council to run a compliant procurement exercise for services valued at £213,477.00 or greater over a contract period. In this instance the council's own Code of Procurement allows the use of approved frameworks such as ESPO which have already been tendered under the PCR 2015 regulations. The legal implications of complying with the Council's local and PCR2015 Regulations have therefore been appropriately met in proceeding with the recommended approach.

5.3 Financial Implications

- 5.4 Electricity prices have increased significantly over the past year and increased provision has been included in the Council's budget. For 2023/24 and the medium term, provision of around £530k has been included in the budget being presented to Cabinet and Council at today's meeting.
- 5.5 Regular monitoring of energy costs takes place during the year and any significant variance to the budget will be reported to members.

5.6 Equality Implications

- 5.7 None

5.8 Other Issues

- 5.9 The opportunity now exists within the tender process to specify that all electricity supplied should come from a zero-carbon source such as wind, solar or hydroelectric sources.
- 5.10 The cost of specifying this source of energy is estimated at £0.0085 per KWh (based on current pricing and subject to change). Based on current usage this would result in an increased cost of £12,600pa over the cost of non-renewable energy but would satisfy a number of CO2 emission reduction targets both a local and national standing
- 5.11 Based on our current projected electricity consumption of using 1,769,910 kwh per annum, it is estimated that a move to a renewable source for the electricity would achieve a saving in the region of 412 tonnes of CO2 each year

6 SCHEDULES

None

Agenda Item No:	11	
Committee:	CABINET	
Date:	20 February 2023	
Report Title:	24 High Street, Wisbech - update	

1. Purpose / Summary

To provide Cabinet with a monthly update regarding ongoing work related to 24 High Street, Wisbech.

2 Progress to develop 24 High Street

- 2.1 The project to redevelop 24 High Street continues, following Cabinet's recommendation and Council's decision to enter into a contract with a preferred bidder to develop the site.
- 2.2 Pre-contract services agreement (PCSA) work continues, with the contractor assessing engineering issues at the site as well as working up a detailed construction logistics plan and party wall agreements. This work will inform a revised cost with fewer estimated sums and an increased level of cost certainty.
- 2.3 The completion date for the PCSA is 1 March 2023. The contractor will present their PCSA findings during the following week. This will feed into a revised cost programme and a construction timeline.
- 2.4 It is then anticipated that the Council will move swiftly towards entering into the main contract for construction and get building work underway promptly.
- 2.5 Whilst the PCSA work has been underway contractual details are being finalised in order that there is no further delay to signing the contract.

3 Recommendations

- 3.1 That Cabinet notes the current position in relation to the 24 High Street construction project in Wisbech High Street.

Wards Affected	Medworth Ward	
Forward Plan Reference	KEY21APR22/01	
Portfolio Holders	Cllr Chris Seaton Cllr Ian Benney Cllr Chris Boden	Portfolio Holder for Social Mobility and Heritage Portfolio Holder for Economic Growth Leader of the Council and Portfolio Holder for Finance

Report Originator	Phil Hughes	Head of Service
Contact Officers	Paul Medd Peter Catchpole Mark Greenwood	Chief Executive Corporate Director and S151 Officer Head of Property, Assets and Major Projects

**DRAFT 6 MONTH CABINET FORWARD PLAN –
Updated 10 February 2023**



(For any queries, please refer to the published forward plan)

CABINET

CABINET DATE	ITEMS	LEAD PORTFOLIO HOLDER
16 Mar 2023	1. Accommodation Review	Cllr Boden
	2. Whittlesey Southern Relief Road SOBC	Cllr Boden
	3. Award of Gas Supply Contract	Cllr Benney
	4. 24 High Street, Wisbech - Update (TBC)	Cllr Seaton Cllr Hoy Cllr Tierney
	5. Investment Board Update	Cllr Boden Cllr Benney Cllr Tierney
	6. Procurement of Sewage Effluent Removal Service	Cllr Benney
	7. Wisbech Park – pavilion construction contract	Cllr Murphy Cllr Hoy Cllr Tierney
	8. Review of Commercial & Investment Strategy	Cllr Boden Cllr Benney Cllr Tierney
	9. Recap Dry Recycling Contract Tender for Bulking, Transportation, Sorting and Sale of Recycling Materials	Cllr Murphy Cllr Tierney
	10. Fenland Transport Strategy	Cllr Seaton
	11. Procurement of Cleaning Services	Cllr Benney
	12. Cabinet Draft Forward Plan	Cllr Boden
	13. Freedom Leisure – Energy Crisis Support (with confidential schedule)	Cllr Boden Cllr Clark
	14. Structural Concrete Repairs, Waterproofing, Surfacing and Expansion Joint Replacement Works – Wisbech Suspended Quay (confidential)	Cllr Boden Cllr Benney
	15. Wisbech High Street Update (confidential)	Cllr Seaton

CABINET DATE	ITEMS	LEAD PORTFOLIO HOLDER
	(TBC)	Cllr Hoy Cllr Tierney
17 Apr 2023 (Reserve date)	1. Cabinet Draft Forward Plan	Cllr Boden
	2. Wisbech High Street Update (confidential) (TBC)	Cllr Seaton Cllr Hoy Cllr Tierney
TBC May 2023	1. Cabinet Draft Forward Plan	Cllr Boden
TBC Jun 2023	1. Appointments to Outside Bodies	Cllr Boden
	2. Accommodation Review	Cllr Boden
	3. Cabinet Draft Forward Plan	Cllr Boden
TBC Jul 2023	1. Cabinet Draft Forward Plan	Cllr Boden
TBC Aug 2023	1. Cabinet Draft Forward Plan	Cllr Boden

TBC = To be confirmed

Agenda Item No:	14	
Committee:	Cabinet/Investment Board	
Date:	20th February 2023	
Report Title:	Local Authority Housing Fund (LAHF)	

This item comprises **EXEMPT INFORMATION** at Appendix B which is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

Cover sheet:

1 Purpose / Summary

1.1 To consider an opportunity to receive grant money to purchase 9 homes as a resource to meet the Council's responsibilities with regard to housing refugees and as a lasting legacy resource to support meeting our wider homelessness duties.

2 Key Issues

2.1 On the 10th of January 2023 the Council received notification from the Department of Levelling Up, Housing & Communities (DLUHC) of an amount of £873,932 to purchase 9 properties.

2.2 8 properties can be bought with £704,000 of the grant money. The grant received must not exceed 40% of the total scheme cost (TSC). The government has modelled the grant to Fenland based on 2 or 3 bedrooms for this element of the grant funding.

2.3 1 property has to be bought that is at least 4 bedrooms with a grant available of £169,932. The grant received must not exceed 50% of the TSC.

2.4 The amount of funding allocated by DLUHC has been calculated on lower quartile house prices in the district and the number of homes to be delivered is based on the number of households being supported in our district as refugees.

2.5 The criteria for the 9 properties include an initial use to support the refugee crisis from Ukraine and Afghanistan but in the longer term will be a resource to support our wider homelessness objectives.

2.6 The residual funding required has to be match funded from other sources.

2.7 The Council considered 3 options:

- Delivery through a Registered Provider;
- Delivery through Fenland District Council to help relieve our homelessness pressures and support our Commercial Investment Strategy (CIS);
- Not accept the allocation.

- 2.8 The outcome from the options assessment is that delivery through FDC purchasing the properties is financially prudent as set out in confidential Appendix B. Match funding will either be provided through a loan from the Public Works Loan Board (PWLB), capital reserves or use of Section 106 funds secured for the delivery of affordable housing.
- 2.9 Although this is under the recommended rate of return in the CIS of 5% it is felt that this option is worth progressing having regard to the wider benefits of delivering the scheme. Delivery will help reduce the risk of additional temporary accommodation costs and to provide an increased pool of properties to support meeting our homelessness objectives. To not receive it would mean that we would continue to have to meet our duties in relation to supporting the refugee crisis without having any additional property resource to facilitate the need.
- 2.10 To receive the funding the Council, need to sign the Memorandum of Understanding set out in Appendix A. Confidential appendix B sets out the financial appraisal of the scheme.
- 2.11 The properties need to be secured by November 2023. The properties will be purchased outside of PE13 and PE14 post code areas ideally with easy access to the train route through Fenland i.e. March and Whittlesey.

3 Recommendations

3.1 Cabinet are recommended to:

- 3.1.1 Approve receipt of the LA Housing Fund grant in the sum of £873,932 for the purposes described;
- Authorise entry into the prescribed Memorandum of Understanding with DLHUC for receiving the grant as set out in Appendix A; and
 - Fund the residual element for the 9 properties to be purchased, delegated to the Section 151 officer to determine in consultation with Investment Board Members. Range of funding needed has been identified in the confidential Appendix B
 - Properties to be purchased outside PE13 and PE14 post code areas.

Wards Affected	<i>All</i>
Forward Plan Reference	KEY/23JAN23/01
Portfolio Holder(s)	Councillor Sam, Hoy (Housing) Councillor Sam Clark (Vulnerable Persons) Councillor Chris Boden (Investment Board) Councillor Ian Benney (Investment Board) Councillor Steve Tierney (Investment Board)
Report Originator(s)	Dan Horn – Assistant Director

Contact Officer(s)	Dan Horn – as above Carol Pilson – Corporate Director Peter Catchpole – Section 151 Amy Brown Assistant Director
Background Papers	https://delta.communities.gov.uk/document-repository/public/download?uri=/document-repository/Local-Authority-Housing-Fund-Prospectus-Final.pdf - Guidance and criteria

Report:

1 REASONS FOR EXEMPTION

- 1.1 Appendix B is NOT FOR PUBLICATION in accordance with paragraph 2 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to financial modelling that is commercially sensitive about the approach to purchasing 9 properties. To publish it would mean that the Council's ability to secure best value could be compromised. The public interest test has been applied to the information contained within this exempt report and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

2. BACKGROUND AND INTENDED OUTCOMES

- 2.1 On the 10th of January 2023 the Council received notification from the Department of levelling Up, Housing & Communities (DLUHC) of an amount of £873,932 to purchase 9 properties.
- 2.2 8 properties can be bought with £704,000 of the grant money. The grant received must not exceed 40% of the total scheme cost (TSC). The government has modelled the grant to Fenland based on 2 or 3 bedrooms for this element of the grant funding.
- 2.3 1 property has to be bought that is at least 4 bedrooms with a grant available of £169,932. The grant received must not exceed 50% of the TSC.
- 2.4 The amount of funding allocated by DLUHC has been calculated on lower quartile house prices in the district and the number of homes to be delivered is based on the number of households being supported in our district as refugees.
- 2.5 The criteria for the 9 properties includes an initial use to support the refugee crisis from Ukraine and Afghanistan but in the longer term will be a resource to support our wider homelessness objectives.
- 2.6 The Council had to assess and submit an expression of interest called a validation form by the 25th January 2023.

2.7 Feasibility work was undertaken to explore the following options:

- Delivery through a Registered Provider;
- Delivery through Fenland District Council to help meet relieve our homelessness pressures to support our commercial investment strategy (CIS);
- Not accept the allocation.

2.8 The outcome was that subject to Cabinet approval and the signing of an MOU set out in Appendix A, the Council should look to secure the properties as an investment and to help meet our statutory responsibilities in relation to homelessness.

3 REASONS FOR RECOMMENDATIONS

3.1 The grant secured means we can deliver housing that is financially prudent. See financial implications and confidential appendix B.

3.2 It helps build an increase in available housing to meet our duties with regard to homelessness.

3.3 To not deliver the scheme places further pressure on the Council's temporary accommodation costs.

4 CONSULTATION

There is no formal consultation requirement in relation to this scheme however the proposals have been given detailed and appropriate consideration by officers and members to include debating and determining the recommendation comprised in this Report.

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 Alternative options for the Council included enabling an RP to deliver the scheme on behalf of the Council and not submitting a proposal to Government.

5.2 Although working with an RP was potentially viable it was felt that the Council had the opportunity to secure a resource directly to help build our assets to

support homelessness in a financially prudent way with the assets increasing in value over the long term.

- 5.3 To not submit a proposal is seen as a false economy as to not increase available resource for homelessness increases the risk of additional costs for the Council in meeting its statutory duties in this regard by way of use of temporary accommodation for example bed and breakfast costs.

6 IMPLICATIONS

6.1 Legal Implications

6.2 The constitution

6.3 Fenland District Council has a general power to acquire land and property under Section 120 of the Local Government Act 1972 and may also rely on section 1 of the Localism Act 2011 where the purchase relates to regeneration and economic/social benefits in the council's area.

6.4 Fenland District Council also has a general duty to act prudently when purchasing land. To that end, in addition to valuations, appropriate title checks and searches will take place before any final commitment is made to purchase the properties.

6.5 Stamp Duty Land Tax will be payable on completion of the purchases and arrangements will need to be made to ensure that the properties meet minimum EPC requirements for rental properties which may require some additional expenditure between the time of purchase and 2028 when all such properties must achieve a rating of C.

6.6 Paragraph 10 of Table 5 of Part 3 of the Constitution delegates authority to Cabinet Members to authorise the allocation of external funding awarded to the Council and entry into the associated financial and legal agreements valued at 500,001 and over.

6.7 Financial Implications

6.8 The Council has been advised that the maximum grant available to the Council is:

- Main element: £704,000 in funding. With this funding DLUHC expect FDC to provide a minimum of 8 homes.
- Bridging element: £169,932 in additional funding. With this funding DLUHC expect FDC to provide a minimum of 1 larger 4+ bed home to be allocated to households currently residing in bridging accommodation.

- As with other affordable housing provision, DLUHC expect FDC to part fund or finance some of the required capital.
- For 'main element' housing, government funding equates to 40% of total capital costs (Average £6,8000 grant per property) plus £20,000 per property.
- For 'bridging element' housing, government funding equates to 50% of total capital costs (Average £149,932 grant per property) plus £20,000 per property.
- 30% of the funding provided by DLUHC will be paid in Q4 2022/23 and 70% in 2023/24 (the 2023/24 funding is paid once the LA has spent 60% of their 2022/23 funding).
- For example, if FDC agree to deliver the number of units outlined above, the funding split would be as follows:
 - Main element: properties for households that meet the eligibility criteria for this Programme:
 - Year 1 Allocation £211,200
 - Year 2 Allocation £492,800
 - Total Grant £704000
- 4+ bed properties for households currently in bridging accommodation:
 - Year 1 Allocation £50,980
 - Year 2 Allocation £118,952
 - Total Grant £169,932
- Total Grant:
 - Year 1 £262,180
 - Year 2 £611,752
 - Total Funding £873,932

6.9 The Council needs to identify match funding for this. As properties are identified the source of the match funding will be considered looking at what is the most prudent to help deliver the project in the most commercially advantageous way. This includes:

- Existing capital reserves;
- Public Works Loan Board (PWLB);
- Other funding that the Council can legally use for such a purpose for example financial contributions in lieu of built units.

6.10 It is proposed to delegate to the Section 151 officer to determine in consultation with Investment Board Members the proposed match funding approach.

6.11 Confidential Appendix B sets out the appraisal that has been developed to explore the financial estimates.

6.12 Equality Implications

6.13 The proposal helps support meeting our obligations for housing as set out in the homelessness act.

6.14 The funding helps secure additional resource to meet obligations that the Council will face to rehouse refugees from Ukraine and Afghanistan and by receiving this funding this helps support having additional capacity available for all households presenting as homeless. It builds capacity in the system.

6.15 Use of Accommodation Criteria Implications

6.16 The criteria for use of the properties is set out below:

- Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route to those fleeing conflict, provide sufficient longer term accommodation to those they support.
- Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
- Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined in the programme prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing to those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation;
- Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort;
- Reduce emergency, temporary and bridging accommodation costs;
- Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends);
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

6.17 Timescale for delivery

6.18 The properties need to be secured by November 2023. The properties will be purchased outside of PE13 and PE14 post code areas ideally with easy access to the train route through Fenland i.e. March and Whittlesey.

6.19 Management Partner and Support

6.20 As part of the implementation the Council will need to understand the best approach for managing the properties and what funding is available for the support that may be needed.

7 SCHEDULES

- Appendix A – MOU between Government and FDC
- Appendix B – CONFIDENTIAL financial appraisal

Guidance for completing the MOU – please delete before submitting your MOU

After submitting your validation form, please use this template to return a signed and completed MOU to us via email so that we can progress with your MOU and funding as soon as your validation form has been approved.

Please send your signed and completed MOU to: LAHF@levellingup.gov.uk

If you are agreeing to deliver the full allocation, complete the MOU using the numbers you received in your allocation email on 21 December.

If you state you can deliver *more* homes at this grant rate than your initial allocation, please complete the MOU using the numbers from your allocation email. Following the reallocation process (outlined in Sections 4.4 and 4.5 in the Prospectus), we will confirm whether any additional funding is available to enable you to deliver more than your initial allocation. We will update the MOU accordingly following the reallocations process to reflect this additional funding.

If you are agreeing to deliver a *lower* number of units than your allocation, to complete your MOU, calculate the funding amount for your specified number of units, using the average Grant per Property set out in your allocation letter – more detail is set out below on how to calculate this.

You will have received details of your LAHF allocation in an email from DLUHC on 21 December. If you would like more clarity about which number corresponds to which part of the MOU, the spaces for numbers in the MoU are labelled with letters and we have labelled the below extract of the email you received to show where these numbers can be found:

‘ *[Your Local Authority]* has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with the following indicative allocation:

Main element: **(G)** in funding. With this funding we expect you to provide a minimum of **(C)** homes.

Bridging element: **(J)** in additional funding. With this funding we expect you to provide a minimum of **(D)** larger 4+ bed home(s) to be allocated to households currently residing in bridging accommodation.

[...]

Main element: properties for households that meet the eligibility criteria for this Programme
Year 1 Allocation **(E)**

Year 2 Allocation **(F)**

Total Grant **(G)**

4+ bed properties for households currently in bridging accommodation

Year 1 Allocation **(H)**

Year 2 Allocation **(I)**

Total Grant **(J)**

Total Grant

Year 1 **(K)**

Year 2 **(L)**

Total Funding **(B)'**

Total Units (A) can be calculated by adding together **(C)** and **(D)**.

Calculating funding to deliver a lower number of units than your allocation

The average grant per property cannot be increased, and therefore the funding amount is based on the number of units you agree to deliver and the grant per property set out in your allocation email. The Grant per Property can be found in this section of the allocation email:

'For 'main element' housing, government funding equates to 40% of total capital costs (average **£(M)** grant per property) plus £20,000 per property. For 'bridging element' housing, government funding equates to 50% of total capital costs (average **£(N)** grant per property) plus £20,000 per property.'

Please email us if you have further questions. We will also cross check the numbers when we receive the signed MOU.

Calculating funding for main element units

(G) = (£20,000 plus **M**) multiplied by the number of main element units you are willing to deliver

(E) = 30% of **(G)**

(F) = 70% of **(G)**

Calculating funding for bridging element units

J = (£20,000 plus **N**) multiplied by the number of bridging element units you are willing to deliver

H = 30% of **J**

I = 70% of **J**

MEMORANDUM OF UNDERSTANDING

Between

Department for Levelling Up, Housing and Communities

-and-

Fenland District Council

1. Purpose

- 1.1. This Memorandum of Understanding ('MOU') sets out the terms that will apply to the working relationship between the Department for Levelling Up, Housing and Communities ('DLUHC') and Fenland District Council ('the Council') regarding the administration and delivery of the Local Authority Housing Fund ('LAHF').
- 1.2. This MOU will be for the period Q4 2022/23 and 2023/24. It will be reviewed and updated only where either of the signatories deem it necessary, in which case it will require joint agreement. Further detail on changing the MOU is set out in Paragraph 4.4.
- 1.3. This MOU sets out both the universal fund wide conditions and expectations for appropriate spend of LAHF.
- 1.4. This MOU is not intended to create legal or binding obligations. It describes the understanding between both parties for the use of funding specified in Section 3 of this agreement.

2. Background

- 2.1. The LAHF was launched on 14 December 2022. The details of the fund were shared on that date with the Council in the document 'Local Authority Housing Fund – Prospectus and Guidance' ('the Prospectus').
- 2.2. LAHF is a £500m capital grant fund to support local authorities in England to provide sustainable housing for those unable to secure their own accommodation that meet the eligibility criteria outlined in Section 3.2 of the Prospectus.
- 2.3. The objectives of LAHF are to:
 - Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route, to those fleeing conflict, provide sufficient longer term accommodation to those they support.

- Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
 - Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined at section 3.2 of the Prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing available to local authorities to support those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation;
 - Reduce emergency, temporary and bridging accommodation costs;
 - Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends);
 - Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort;
 - Reduce pressures on the existing housing and homelessness systems and those waiting for social housing.
- 2.4. DLUHC has accepted the Council's plan to provide 9 homes ('the delivery target') under LAHF, and DLUHC will provide a grant of £873,932 ('the total allocation'). The Council agrees the following targets to deliver at least:
- 8 properties for households that meet the eligibility criteria outlined in section 3.2 of the Prospectus ('the main element');
 - 1 4+ bed properties to be allocated to households currently in bridging accommodation ('the bridging element');
- 2.5. This MOU covers the funding commitments from DLUHC and the delivery, financial expenditure, agreed milestones, reporting and evaluation, and communications between the Parties. It also sets out the steps DLUHC could take in the event of underperformance if required.

3. Purpose of the Funding

- 3.1. LAHF funding has been provided specifically for spending on LAHF priorities and the Council agrees to spend LAHF funding on activity set out in this MOU as agreed by DLUHC or subsequently agreed by DLUHC as per Paragraph 4.4.

- 3.2. DLUHC will part fund the cost of the Council obtaining properties for use by households that meet the eligibility criteria. The Council will use its best endeavours to meet the delivery target and to achieve value for money. DLUHC's contributory share of funding ('the average grant rate per unit') should not exceed the maximum described below but the grant per unit for individual properties can be higher.
- 3.3. The maximum average grant rate per unit (for the portfolio of properties, not individual purchases) for the main element is 40% of the costs the council charges to its capital budget plus £20,000 per property. Eligible costs funded by the 40% and the £20,000 per property could include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items. The Council should ensure it complies with the Code of Practice for Local Authority Accounting.
- 3.4. The maximum average grant rate per unit (for the portfolio of properties, not individual purchases) for the bridging element is 50% of the costs the council charges to its capital budget plus £20,000 per property. Eligible costs funded by the 50% and the £20,000 per property could include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items. The Council should ensure it complies with the Code of Practice for Local Authority Accounting.
- 3.5. The Council can determine how it uses the £20,000 per property and can choose how much of the grant is to be spent on each individual property.
- 3.6. The Council or its delivery partner(s) will fund the outstanding share for each property.
- 3.7. The funding provided by DLUHC in Q4 2022/23 ('the Year 1 allocation') is 30% of the total allocation. The funding provided by DLUHC in 2023/24 ('the Year 2 allocation') is 70% of the total allocation. Both are set out in Table 1.

	Year 1 allocation £ (million)	Year 2 allocation £ (million)	Total allocation £ (million)
Properties for households that meet the eligibility criteria for this Programme	£211,200	£492,800	£704,000
4+ bed properties for households currently in bridging accommodation	£50,980	£118,952	£169,932
Total funding	£262,180	£611,752	£873,932

Table 1 – Funding allocation

4. Delivery Profile

- 4.1. Delivery of the fund will be measured on the basis of exchange of contracts, or equivalent milestone where exchange of contract will not occur, and number of families housed. Any variations to this, and necessary changes to the MOU will need to be agreed by the parties and an amendment to this MOU made.
- 4.2. Funding outlined in Table 1 is provided to deliver the delivery target. The Council agrees to make best endeavours to deliver the delivery target by 30 November 2023. DLUHC is committed to funding any contract the Council enters into, even if completion occurs after this date.
- 4.3. This MOU is for the full term of the total allocation unless signatories agree to change as per Paragraph 4.4. A further Grant Determination Letter (GDL) will be provided following confirmation of the annual payment for each year.
- 4.4. DLUHC and the Council both have the right to request a change to the MOU. With regards to changing the target amount of units, the Council may ask for either a higher or lower target. Any proposed change will impact the amount of funding received (as set out in the Prospectus) unless the Council is seeking to deliver more units for the same amount of money. Requests will be considered based on the progress of the reallocations process as outlined in Sections 4.4 and 4.5 of the Prospectus and confirmed in writing.

5. Financial Arrangements

- 5.1. The agreed funds will be issued to the Council as grant payments under section 31 of the Local Government Act 2003. The Council may pass on the funding to a third party (e.g. Registered Providers) as appropriate to deliver the delivery target, complying with the Subsidy Control Act 2022.
- 5.2. Table 2 sets out the timetable for payments to be made to the Council. Payment of the Year 1 allocation will be made in February 2023. The Year 2 allocation will be paid once the Council has demonstrated that at least 60% of the Year 1 allocation has been committed ('the spend requirement'). This will be paid in line with timings outlined in Table 2.
- 5.3. Should the Council not meet the spend requirement in time for payment in May 2023, the payment for the Year 2 allocation may then be made in July 2023 should the Council meet the spend requirement in time for that payment date as set out in Table 2. DLUHC will put in place further payment dates should the Council not meet the spend requirement for

payment in July 2023 and will confirm any further dates in writing. The Council may wish to return unspent monies to the Department.

Payment month	February 2023	May 2023	July 2023 (if applicable)
MI from the Council to support payment	<ul style="list-style-type: none"> Signature of this MOU before the date below. 	<ul style="list-style-type: none"> April MI Touchpoint S151 officer statement of grant usage in April 	<ul style="list-style-type: none"> June MI Touchpoint S151 officer statement of grant usage in June
DLUHC confirm payment latest by	15 February	10 April	8 June
DLUHC make payment	By the last working day in February	By the last working day in May	By the last working day in July

Table 2 – Payments timetable

6. Roles and Responsibilities

DLUHC Responsibilities

6.1. DLUHC is responsible for setting national housing policy, providing grant(s) to the Council and monitoring the delivery of homes.

Council Responsibilities

6.2. The Council will make housing investment decisions, review existing housing policies and products, maximise leverage of this public sector investment and ensure that funds provide value for money and are deliverable within the timescale of the fund. The Council may work in partnership with private Registered Providers and local authority housing companies to deliver homes. The Council will also report on the fund by providing Management Information (MI) as set out in **Annex A** of this MOU and will work with DLUHC to ensure they have the capability to deliver the fund and provide MI within the set timescales.

6.3. The Council is expected to have the necessary governance and assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to, which may include, but not solely:

- **subsidy control**, at all levels e.g. the funding the Council allocates to project deliverers and subsidies that project deliverers provide to third parties.

- **equalities duties**, the Council must ensure that all LAHF funded activity is delivered in accordance with its obligations under the public sector equality duty (PSED)
 - **procurement**, the Council must ensure that the allocation of funding to project deliverers that constitutes a procurement is managed in compliance with the public contract regulations
 - **fraud**, the Council must ensure that robust arrangements are in place to manage fraud risk, including ensuring that project deliverers have robust fraud risk management process and paying particular attention to projects that involve the payment of grants to beneficiaries e.g. businesses.
- 6.4. The Council's Section 151 Officer is expected to ensure that these legal duties and all other relevant duties are considered and that delivery of LAHF investment is carried out with propriety, regularity and value for money.

7. Monitoring Arrangements and Accountability

- 7.1. The Council will put in place appropriate governance and oversight arrangements to ensure that delivery of housing is on track and that plans remain ambitious and provide value for money.

Reporting Arrangements

- 7.2. The Council has agreed to provide reporting information to DLUHC on fund allocations and delivery. The Council will be asked to provide a mix of quantitative and qualitative summary updates to DLUHC; a full list of MI can be found in **Annex A**.
- 7.3. The first report will be due in April 2023 and then every two months thereafter, until the Council's programme has completed. The schedule for monitoring reports is outlined in **Annex B**.
- 7.4. Spend outturn and forecast should be signed off by the S151 officer or deputy S151 officer.
- 7.5. The Council also agrees to work with the department to provide any reasonable additional MI as and when requested by the DLUHC Senior Reporting Officer (SRO). DLUHC will provide an appropriate amount of time to return any additional MI requests.
- 7.6. The Council agrees to work collaboratively with any requests from DLUHC to support any retrospective assessment or evaluation as to the impact or value for money of LAHF. As a minimum, the Council is expected to

monitor spend, outputs and outcomes against agreed indicators and keep this information for at least 5 years.

8. Governance & Assurance

8.1. The Council is expected to ensure that all legal and other statutory obligations and consents will be adhered to, which may include, but not solely, state aid / subsidy control, equalities duties, procurement, health and safety, and fraud prevention. The Council has prerogative to establish internal governance and assurance arrangements as they see fit to achieve this.

8.2. The Council will ensure data can be shared for the prevention and detection of fraud by including the following clause in all agreements with companies or external entities in relation to LAHF – including, but not limited to, property contracts, professional services contracts, construction contracts and lease agreements:

“Data may be shared with other enforcement agencies for the prevention and detection of crime.”

Signed for and on behalf of DLUHC

Signature:

Name:

Position:

Date:

Signed for and on behalf of Insert **Local Authority Name**

Signature:

Name:

Position:

Date:

Annex A – Reporting and Monitoring Arrangements

Scope and Purpose

1. This annex sets out the agreed reporting and monitoring arrangements for LAHF, including the expected frequency and content of the regular reports that the Council will provide to DLUHC.

DLUHC Role

2. DLUHC will support the running of the fund and maintain a national picture of delivery by putting in place a proportionate monitoring and governance framework. This will include a fund governance board(s) attended by the DLUHC Senior Reporting Officer (SRO) and other relevant stakeholders. Wherever possible DLUHC will avoid duplication of requests towards the Council.

Council Role

3. Day-to-day project monitoring and delivery responsibilities will be delegated to the Council. The Council will submit reports to DLUHC in accordance with the agreed timescales and frequency set out in the MoU. The Council will also work with DLUHC to provide any reasonable additional MI required as and when requested by the DLUHC Senior Reporting Officer. DLUHC will provide an appropriate amount of time to return any additional MI requests.

Management Information (MI)

4. The list of MI is split between operational data – required for monitoring the ongoing fund delivery (Table 3) and evaluation data (Table 4) required to assess the strategy-level success of the fund and inform future policy development. Tables 4 and 5 present the required routine MI and is subject to change, with agreement by DLUHC and the Council. For MI purposes, “committed spend” is considered funding which has been allocated to a property where there has been an exchange of contracts or equivalent milestone where exchange of contract will not occur.

Item	Frequency
No. of offers accepted, including bedroom size and whether these are part of the ‘main’ or ‘bridging’ element of funding	Every 2 months
No. of properties where contracts exchanged, including bedroom size	Every 2 months
No. of properties occupied, including bedroom size	Every 2 months
Number of families housed, including which resettlement programme they belong to	Every 2 months
Number of individuals housed, including which resettlement programme they belong to	Every 2 months
Total expenditure (incl grant and other funding)	Every 2 months
Total committed spend (incl grant and other funding)	Every 2 months
DLUHC grant used	Every 2 months
Overall assessment (RAG rated) of whether delivery is on track as determined by the responsible Council officer	Every 2 months

Table 3 – Monitoring Data

Item	Frequency
How properties have been sourced (e.g. through stock acquisition or another delivery route)	In December 2023 and thereafter upon request to aid with evaluation of the fund
How the Council has funded its contributory share	
Breakdown of households housed by previous housing situation, e.g. emergency accommodation/temporary accommodation	
Tenancy duration	
Rent levels	
Number of additional pledges made to provide housing for those in bridging accommodation	
Number of properties obtained outside the local authority's area, if applicable, and where these are located.	
Evaluation of additional pledges, number of individuals houses, number of properties occupied.	

Table 4 – Evaluation Data

5. In addition, to enable the assessment of relative value for money and to assist with future spending reviews, we may occasionally ask for additional information including details of how the fund is delivered and housing market conditions. This will provide important data to support future policy developments and will also support engagement with HM Treasury. This information will be provided to agreed timeframes when requested by DLUHC.
6. Should the Council wish to amend and/or not collect any of these proposed data points, they should submit a proposal to DLUHC for agreement.

Frequency of Reporting

7. The Council will be asked to provide reports every two months. The schedule for monitoring reports is outlined in Annex B.

Data Consistency

8. DLUHC and the Council have a shared commitment to ensure that, for clarity and transparency purposes, consistent methods of recording outputs are maintained. It is expected that the provided reporting will be robust, accurate and quality assured to a high standard. As such minimal revisions would be expected – although, where these are required, DLUHC should be advised as soon as practical.

Use of Material Provided

9. DLUHC will use the provided material to monitor delivery nationally.

Annex B – Monitoring Milestones

Date	Milestone
February 2023	Payment of the Year 1 allocation
April 2023	MI touchpoint
May 2023	Payment of the Year 2 allocation
June 2023	MI touchpoint
July 2023	Payment of the Year 2 allocation if the spend requirement for payment in May was not met.
August 2023	MI touchpoint
October 2023	MI touchpoint
30 November 2023	The Council agrees to make best endeavours to deliver the delivery target by 30 November 2023.
December 2023	Final MI touchpoint following 30 November 2023. DLUHC-led evaluation of LAHF begins.

PUBLIC INTEREST TEST CHECKLIST
Schedule 12A Local Government Act 1972

Category of exemption applied:

- Paragraph 1 'information relating to any individual'
- Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the Authority holding that information);
- Paragraph 5 'information in respect of which a claim to legal professional privilege could be maintained in legal proceedings'.

This is not a definitive list. However, it does provide a series of questions that you should ask yourself when recommending confidentiality.

FACTORS WHICH SUPPORT DISCLOSING INFORMATION

- Will disclosure help people to understand and participate in public debate about current issues? **No – the context as to the overall proposal is set out in the paper for transparency.**
- Will disclosure help people to understand why the Council has taken certain decisions? **No as the in public element of the report sets out the rationale for the proposal.**
- Will disclosure give the public information about the personal probity (or otherwise) of elected members or council staff? **No**
- Will disclosure encourage greater competition and better value for money for council taxpayers? **No it will impact on the council's ability to get best value if we disclose.**
- Will disclosure allow individuals and companies to understand decisions made by the Council that have affected their lives? **No**
- Is the information about factors that affect public health and public safety? (NB you should be careful if considering the release of information which might adversely affect public health and safety) **No**
- Will disclosure reveal incompetent, illegal or unethical decision-making or examples of malpractice? **No**

FACTORS WHICH SUPPORT WITHHOLDING INFORMATION

- Will disclosure damage the Council's interests without giving the public any useful information? **Yes – our ability to get best price**
- Will disclosure damage another organisation or person's interests, without giving the public any useful information? **No**
- Will disclosure give an unfair, prejudicial or inaccurate view of a situation? **No**

- Will disclosure prevent the effective delivery of services without giving the public useful information? **Yes – we have explained the rationale for the public in the public element of the report but to reveal the financial assessment would show our hand to potential vendors.**
- Will disclosure put the health and safety of any group or individuals at risk? **No**
- Is there a clear and coherent reason why the community in general would benefit more from information being withheld? **Yes – we can deliver a better outcome for homelessness services in a more cost effective manner to ensure best value.**

[insert summary and reasons for decision as to why it is considered the exemption should apply].

Appendix B is NOT FOR PUBLICATION in accordance with Paragraph 3 'Information relating to the financial or business affairs of any particular person (including the Authority holding that information) Schedule 12A of the Local Government Act 1972 in that it contains information relating to financial modelling that is commercially sensitive about the approach to purchasing 9 properties. To publish it would mean that the Council's ability to secure best value could be compromised. The public interest test has been applied to the information contained within this exempt report and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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