

## **CABINET**

WEDNESDAY, 12TH FEBRUARY, 2020, 6.00 PM

SHIELD ROOM, CIVIC CENTRE, WEST PADDOCK, LEYLAND, PR25  
1DH

### **AGENDA**

**1 Apologies for Absence**

**2 Minutes of the Last Meeting**

(Pages 5 - 16)

Minutes of the last meeting held on Wednesday, 22 January 2020 attached to be signed as a correct record.

**3 Declarations of Interest**

Members are requested to indicate at this stage in the proceedings any items on the agenda in which they intend to declare an interest. Members are reminded that if the interest is a Disclosable Pecuniary Interest (as defined in the Members' Code of Conduct) they must leave the room for the whole of that item. If the interest is not a Disclosable Pecuniary Interest, but is such that a member of the public could reasonably regard it as being so significant that it is likely that it would prejudice their judgment of the public interest (as explained in the Code of Conduct) then they may make representations, but then must leave the meeting for the remainder of the item.

**4 Cabinet Forward Plan**

(Pages 17 - 24)

Cabinet Forward Plan attached.

**ITEM(S) OF THE LEADER OF THE COUNCIL (INTRODUCED BY COUNCILLOR PAUL FOSTER)**

**5 Quarter 3 Performance Monitoring Report**

(Pages 25 - 58)

Report of the Interim Chief Executive attached.

**6 Redundancy Policy**

(Pages 59 - 70)

Report of the Interim Chief Executive attached.

**7 Pay Policy 2020/21**

(Pages 71 - 82)

Report of the Interim Chief Executive attached.

**ITEM(S) OF THE CABINET MEMBER FOR FINANCE,  
PROPERTY AND ASSETS (INTRODUCED BY COUNCILLOR  
MATTHEW TOMLINSON)**

**8 Budget Monitoring 2019/20 – Quarter 3**

(Pages 83 - 102)

Report of the Interim Section 151 Officer attached.

**9 2020/21 Budget and Medium-Term Financial Strategy  
2020/21 to 2023/24**

(Pages 103 - 148)

Report of the Interim Section 151 Officer attached.

**10 Worden Hall project Update**

(Pages 149 - 154)

Report of the Assistant Director for Property and Housing attached.

**11 Exclusion of Press and Public**

To consider the exclusion of the press and public for the following items of business on the ground that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

By Virtue of Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Condition:

Information is not exempt if it is required to be registered under-  
The Companies Act 1985

The Friendly Societies Act 1974

The Friendly Societies Act 1992

The Industrial and Provident Societies Acts 1965 to 1978

The Building Societies Act 1986 (recorded in the public file of any building society, within the meaning of the Act)

The Charities Act 1993

Information is exempt to the extent that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Information is not exempt if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to Regulation 3 of the Town & Country Planning General Regulations 1992(a).

**ITEM(S) OF THE CABINET MEMBER FOR FINANCE,  
PROPERTY AND ASSETS (INTRODUCED BY COUNCILLOR  
MATTHEW TOMLINSON)**

**12 Appendix for Worden Hall Project Update**

(Pages 155 - 172)

Appendix for Worden Hall project update attached.

Gary Hall  
INTERIM CHIEF EXECUTIVE

Electronic agendas sent to Members of the Cabinet Councillors Paul Foster (Chair), Michael Titherington (Vice-Chair), Aniela Bylinski Gelder, Bill Evans, Susan Jones and Matthew Tomlinson

The minutes of this meeting will be available on the internet at [www.southribble.gov.uk](http://www.southribble.gov.uk)

Forthcoming Meetings

6.00 pm Wednesday, 18 March 2020 - Shield Room, Civic Centre, West Paddock, Leyland, PR25 1DH

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**MINUTES OF CABINET**

**MEETING DATE** Wednesday, 22 January 2020

**MEMBERS PRESENT:** Councillors Paul Foster (Chair), Michael Titherington (Vice-Chair), Aniela Bylinski Gelder, Bill Evans and Matthew Tomlinson

**OFFICERS:** Gary Hall (Interim Chief Executive), Paul Hussey (Director of Customer and Digital), Jennifer Mullin (Director of Neighbourhoods and Development), Jonathan Noad (Director of Planning and Property), Neil Anderson (Assistant Director of Projects and Development), Peter McHugh (Assistant Director of Property and Housing), Dave Whelan (Shared Services Lead - Legal & Deputy Monitoring Officer) and Dianne Scambler (Democratic and Member Services Team Leader)

**OTHER MEMBERS AND OFFICERS:** Councillor Jacky Alty (Member Champion (Social Justice and Equality)), Councillor Damian Bretherton, Councillor Colin Clark, Councillor Mary Green, Councillor Michael Green, Councillor Jon Hesketh, Councillor Keith Martin, Councillor Christine Melia, Councillor Peter Mullineaux, Councillor Alan Ogilvie, Councillor Margaret Smith (Leader of the Opposition and Leader of the Conservative Group), Councillor Phil Smith, Councillor Caleb Tomlinson, Councillor Matthew Trafford (Member Champion (Youth)) and Councillor Karen Walton

**PUBLIC:** 7

**74 Apologies for Absence**

Councillor Susan Jones submitted her apologies.

**75 Minutes of the Last Meeting**

**Decision made (Unanimously):**

That the minutes of the Cabinet meeting held on 13 November be approved as a correct record for signing by the Leader of the Council.

**76 Declarations of Interest**

There were no declarations of any interests.

The Leader reminded the Cabinet to review their Register of Interests on a regular basis.

**77 Cabinet Forward Plan**

The Leader highlighted several reports that would be received by both Cabinet and Council over the next few months.

**Decision made (Unanimously):**

That the 12 month Forward Plan - January to December 2020 be noted.

**78 Recommendations from Scrutiny Committee**

**Decision made (Unanimously):**

That the Cabinet accept and will action all the recommendations of the Scrutiny Committee held on 14 November 2019.

**79 Nomination of Mayor Elect and Deputy Mayor Elect 2020/21**

The Leader of the Council, Councillor Paul Foster presented a report of the Assistant Director of Scrutiny and Democratic Services that sought nominations for the Mayor Elect and Deputy Mayor Elect for 2020/21.

The Leader of the Council nominated the current Deputy Mayor, Councillor Jane Bell as the Mayor Elect, and Councillor David Howarth as the Deputy Mayor Elect for 2020/21.

**Decision made (Unanimously):**

1. That Councillor Jane Bell be nominated as the Mayor Elect for 2020/21; and
2. That Councillor David Howarth be nominated as the Deputy Mayor Elect for 2020/21

**Reason(s) for the decision:**

To ensure that there is an effective process for nominating the Mayor Elect and Deputy Mayor Elect to enable relevant preparations to be made.

**Alternative Options Considered and Rejected:**

None.

**80 Existing Leisure Centre Investment Plan and Contract Negotiations**

The Deputy Leader and Cabinet Member (Health, Wellbeing and Leisure) presented a report of the Director of Neighbourhoods and Development that proposed an investment plan for the Council's existing Leisure Centres based on condition surveys carried out in 2016, available as background papers to the report.

The investment plan proposed improvements to the Leisure Centres linked to a hierarchy of need which will ensure that the Leisure Centres are fit for purpose for another five to ten years, whilst also enhancing the offer for customers.

In addition, the report highlighted other key areas facing Leisure Services in South Ribble including the exploration of a potential extension to the Leisure Contract with the current Leisure Operator.

In response to a question from Councillor Karen Walton, the Cabinet Member reported that the current operator was content to continue managing the centres, even with the possibility of a new Leisure Centre facility being developed in the future.

The Leader of the Opposition, Councillor Margaret Smith sought assurance that the other party of the dual use agreement for Penwortham had confirmed their commitment to pay for those elements of the contract they were responsible for and the Cabinet Member established that this was the case.

The Cabinet Member also referred to an audit that was being undertaken regarding third party payments that had been made in relation to the leisure contract and agreed to make the findings available to the Leader of the Opposition when able.

**Decision made (Unanimously):**

1. That Cabinet recommends to full Council through the annual budget setting process that a sum of £2.1m is put in place for investment into the existing Leisure Centres to be spent over 2020/21 and 2021/22.
2. That subject to the proposed investment into the existing Leisure Centres being approved by full Council. Cabinet grants authority to the Cabinet Member (Health, Wellbeing and Leisure) in consultation with the Director (Neighbourhoods and Development) to spend up to £2.1m investment where appropriate into the existing Leisure Centres ensuring that all procurement, financial and legal processes are followed in carrying out the work.

**Reason(s) for the decision:**

In line with the 2016 Condition Surveys of the leisure centres that was undertaken, there is an urgent need to carry out essential repairs and maintenance along with some refurbishment of the centre in order that they are fit for purpose going forward over the next 5 to 10 years. There is also a desire to improve the quality of the existing leisure centres and, where possible, look to improve services provided to local residents.

**Alternative Options Considered and Rejected:**

Cabinet could decide not to invest in the Council's existing leisure centres.

**81 Development of an Extra Care Scheme within South Ribble**

The Deputy Leader and Cabinet Member (Health, Wellbeing and Leisure), presented a report of the Director of Neighbourhoods and Development that provided an update on plans to develop an extra care scheme within South Ribble and sought approval to progress, with the establishment of an officer working group to identify a suitable site, review procurement options and identify funding sources for the scheme.

With South Ribble being one of a number of authorities which have yet to develop an Extra Care scheme in Lancashire, there is now pressing demand. Lancashire County Council's Housing with Care and Support Strategy 2018-2025 indicates that South Ribble has a current need to provide for at least 204 Extra Care apartments in the borough by 2025 and officers have been working with the County to progress this issue.

In response to a question raise by Councillor Colin Clark, it was explained that all management costs of such a scheme would need to be contained with the Business Plan but that the Council was confident that the development of the scheme would be cost neutral to the Council and could provide a sustainable income in the years to come. The Leader added that there was funding available from Lancashire County

Council, along with other grant support that the Council could access to finance its development.

Councillor Alan Ogilvie queried if the scheme would only be available for South Ribble residents. The Cabinet Member confirmed that this would be the main criteria for applicants but that there would be some exceptions. For example, veterans that had a local connection to the area, would be able to apply. The Cabinet Member also confirmed that the administration would be looking to implement more affordable rents for its occupants.

The Leader of the Opposition, Councillor Margaret Smith informed that her group were very much in favour of such a scheme and thought that a visit to one of the Extra Care schemes at either Chorley or Ormskirk would be beneficial for Members.

**Decision made (Unanimously):**

1. That Cabinet approves the decision to develop, own and manage an Extra Care Scheme within South Ribble in line with the need for Extra Care Housing as outlined within the LCC Housing Care and Support Strategy 2018-2025.
2. That Cabinet grants authority to the Director (Planning and Property) to identify sites within the Councils ownership of which the Council can acquire in order to build an extra care scheme within South Ribble.
3. That Cabinet request the Director (Planning and Property) to establish an officer working group with agreed terms of reference to drive forward identification of a site, review procurement options and identify sources of funding to build and manage the scheme with details of the preferred site, procurement route and funding options being reported back to Cabinet in June 2020.

**Reason(s) for the decision:**

1. South Ribble Borough Council are one of a number of authorities within Lancashire that presently do not have an Extra Care Scheme, and this is an issue that both the Borough Council and County Council are keen to address. Officers have been working with Lancashire County Council to consider plans for extra care however discussions have now reached the stage where it is not possible to progress the scheme until a strategic decision has been reached by the Council, namely does the Council want to own and manage an extra care scheme or does it want to partner with a Registered Provider to deliver the scheme?
2. The Lancashire County Council Housing with Care and Support Strategy 2018-2025 indicates there will be a need for at least 204 Extra Care apartments in South Ribble by 2025. The need for Extra Care will only increase thereafter due to an ageing population and a number of authorities in Lancashire are currently exploring the potential to build additional extra care schemes due to demand in their area.
3. Once a strategic decision has been made in relation to the ownership and management of the Extra Care Scheme then plans can be worked up to move the scheme onto a formal project footing and to give this work the priority it deserves.

**Alternative Options Considered and Rejected:**

1. The Council has a choice. It could decide to develop, own and manage an Extra Care scheme itself or it could choose to partner with a Registered Provider to develop the scheme.
2. Should the Council develop, own and manage the scheme it shall provide the Council with a valuable financial asset for which grant funding could be secured to help with build costs and the scheme would provide a positive financial surplus for the Council to reinvest in the scheme or in other Housing and Care priorities.
3. Alternatively, the Council could choose not to develop an Extra Care scheme within South Ribble. This is not recommended as there is clearly an unmet demand for such a facility and failure to provide an Extra Care scheme would result in elderly residents with support needs receiving a lesser service than residents in neighbouring boroughs.

## **82 Strategic Review of Community Involvement, including My Neighbourhoods Final Report**

The Cabinet Member (Community Engagement, Social Justice and Wealth Building), Councillor Aniela Bylinski Gelder, presented a joint report of the Director of Neighbourhoods and Development and the Assistant Director of Scrutiny and Democratic Services that presented Cabinet with the final report from the cross-party Member Working Groups, Strategic Review of Community Involvement, including My Neighbourhoods.

The Cabinet Member individually thanked those Members and Officers who had participated in the review.

The Review proposed several recommendations centred around six key areas of community engagement:

- Ensuring a Community Involvement Culture.
- My Neighbourhoods
- Involving Young People
- Extending Democracy
- Strengthening the voluntary, community and faith sector.
- Parish and Town Councils.

Some Members in the audience commented that they felt uncomfortable with the recommendations for the Council to become an affiliate member of the Co-operative Councils' Innovative Network and accredited Co-operative Council, feeling that the organisation was too Labour centric. The Cabinet Member expressed her disappointment at such comments, as the cross-party working group had signed off all the recommendations of the group at its final meeting, and made the point that the network's values were in keeping with the Council's own.

The Cabinet Member would shortly be writing to the Chairs of the five Neighbourhood Forums for their views on how their individual meetings should be reviewed, in order to meet the evaluation criteria in 12 months' time. It was fully anticipated that each Forum would be delivered differently to meet the requirements of local circumstances. Permanent changes to the Forums would need a change to the Constitution along with the streamlining of the governance arrangements for spend.

Although several members considered that engagement was strong between borough and parish councillors, the Cabinet Member was clear that the feedback received from the Parish and Town Councils was contrary to this view and was keen to strengthen this area of community engagement.

The Council's Member Champion for Youth, Councillor Matthew Trafford said that he was looking forward to implementing the recommendations aimed at better involving young people and was pleased that the volunteering community would now be better represented and recognised within the Council.

The Cabinet were particularly pleased with the outcome of the review, they accepted all the recommendations and were looking forward to their implementation, adding that they would make a significant change in how our residents engage with the Council in the future.

**Decision made (Unanimously):**

That Cabinet agree the recommendations in the final report from the Strategic Review of Community Involvement, including My Neighbourhoods.

**Reason(s) for the decision:**

To ensure that the Council continues to embed and place community involvement at the heart of everything it does.

**Alternative Options Considered and Rejected:**

Various community involvement options were considered as part of the review.

## **83 IDOX Enterprise and Capability Review Project**

The Cabinet Member (Finance, Property and Assets), Councillor Matthew Tomlinson, presented a report of the Director of Customer and Digital that informed on the need to upgrade and expand software technologies were appropriate following an assessment of existing and new technology requirements.

The report also sought approval for the IDOX Enterprise and Capability Review project that would provide several operational improvements, as well as providing an improved experience for residents and businesses who interact with the Council digitally.

The initial investment required is anticipated to be partly offset over time with the reduction in required back office administration and a channel shift towards online methods of interaction.

Members asked if a Member Briefing could be delivered to help Members better understand the proposals and the Leader agreed and felt that this could also be extended to other key areas of the Digital to Improve Programme.

In response to a concern raised about potential risks, the Interim Chief Executive responded to say that the technology was tried and tested, and that the biggest risk factor was staff not adapting and utilising the systems to their full capacity. This however, would be mitigated by the provision of training and continued support. The Cabinet Member added that the benefits of using the systems far outweighed the risks and would also increase accessibility for our residents through online services.

**Decision made (Unanimously):**

1. That Cabinet approves commencement of the IDOX Enterprise and Capability Review Project under the Digital to Improve Programme, and approval of the scope of the project outlined in Appendix 3 of the report.
2. That Cabinet approves the use of £146k capital, an increase of £3k to the annual maintenance and support contract within the ICT revenue budget and 20k from the 2019/20 revenue underspends to fund migration costs.
3. That Cabinet grants delegated authority to the Director (Customer and Digital) in consultation with the Portfolio Holder to allow a direct award to the provider.
4. That a Member Briefing on this and other key areas within the Digital to Improve Programme be delivered to all Members.

**Reason(s) for the decision:**

1. To provide the systems and solutions to enable service delivery. Improved system capability will also empower staff to work dynamically using a broad range of devices.
2. The scope of this project also includes the introduction of additional services to assist in compliance with Data Protection Legislation.
3. The project will rationalise systems and provide further system alignment with Chorley Council which will provide benefits as Shared Services progresses.

**Alternative Options Considered and Rejected:**

Members could choose to not undertake the project. This would maintain the existing service position and would not progress on the ambitions within the Digital to Improve programme. This option would also mean the systems alignment with Chorley Council would not be realised.

If members chose to retain the existing Civica document management system, investment would be required to both maintain and upgrade the system.

**84 Vehicle Procurement Programme 2020 / 21**

The Cabinet Member (Finance, Property and Assets), Councillor Matthew Tomlinson, presented a report of the Director of Neighbourhoods and Development that sought approval to spend the proposed capital budget of up to £1,247,000 on the vehicle and plant replacement programme. The report also sought agreement for the procurement evaluation.

The Council's approved vehicle and plant replacement programme for 2020/21 included for the replacement of 20 vehicles and items of plant. The Council has expressed its commitment to develop the greenest possible fleet thus reducing the amount of pollutants produced and will give priority to the purchase of full electric or hybrid vehicles.

Considering this commitment, Members queried the 5% criteria weighting placed against Environmental Impact. The Cabinet Member agreed that this was low and had already requested a review of the weightings for future tenders. Part of the reason for this was that much of the green technology for vehicles is currently cost prohibitive but this will change. All the vehicles and plant would next be up for procurement in five to seven years.

**Decision made (Unanimously):**

1. That Cabinet approves the capital spend budget of up to £1,247,000 on the vehicle and plant replacement programme.
2. That Cabinet approves the evaluation criteria.

**Reason(s) for the decision:**

To enable the continued delivery of services to residents of the borough through the provision of efficient and suitable vehicles.

**Alternative Options Considered and Rejected:**

1. The Council has expressed the desire to whenever possible procure goods and services from companies based within the borough. This is not possible on this occasion due to the specialist nature of the equipment and a lack of suitable suppliers and manufacturers within the borough.
2. Consideration was given to the retention of the existing vehicles and equipment; however, the likelihood is that these vehicles would over time become unreliable leading to a deterioration in the delivery of services. Retention of vehicles would also remove the opportunity to reduce the current levels of particulates released into the atmosphere and reduce air pollution within the borough.
3. Consideration was given to contract hire and an exercise carried out to establish the whole life costs of existing vehicles, in the case of refuse collection vehicles the average cost of leasing compared to outright purchase and in-house maintenance demonstrated an increase in costs of 30% per year based on a seven-year period.

## **85 Worden Hall Project Update**

The Cabinet Member (Finance, Property and Assets), Councillor Matthew Tomlinson, presented a report of the Director of Planning and Property that updated Cabinet in recommendations arising from the officer working group to develop an enhanced Option 1 proposal for Worden Hall.

The business plan had also been reviewed to ensure that the proposals are costed and can be delivered without the need for ongoing revenue subsidy from the Council. Some of the capital costs had not yet been received so a further update report would need to come back to Cabinet in February.

The Cabinet Member outlined the proposals that included, an extended café space to be relocated from the stables to the ground floor of the Derby Wing, the stables and hayloft to be re-purposed as a bar and green room, with a hoist to provide access to the first floor, along with a foyer to support the event space, and utilisation of the Marsden Room for weddings and events.

Project management skills would be strengthened through ensuring that the right professional skills are commissioned were appropriate.

In response to a query raised by a member of the public, the Cabinet Member clarified that the aim of project and spend was to prevent the Grade II listed building from falling into further disrepair and ensuring that the asset was fit for purpose for use by the local community, a view that many residents shared in the recent consultation exercise on the future of the Hall.

**Decision made (Unanimously):**

1. That Cabinet notes the proposals for the enhanced Option 1 proposals as outlined in Appendix 2.
2. That Cabinet approves the drawing up of detailed capital costings for the proposed works.
3. That Cabinet receives an updated report detailing the capital costs of works and updated business plan at the February 2020 Cabinet meeting.

**Reason(s) for the decision:**

To determine whether the Council wishes to proceed with the plans for Worden Hall subject to agreeing acceptable capital costs for the works.

**Alternative Options Considered and Rejected:**

The Council could choose not to develop Worden Hall. This is not recommended as the feedback from the public consultation strongly supported the Council investing in the Hall and bringing it back into use.

**86 Climate Change Emergency Task Group Update**

In the absence of the Cabinet Member (Environment), the Director of Neighbourhoods and Development presented a report to Cabinet that updated on progress of the Climate Emergency Task Group, the reasons why the working group was formed, the scope of the review and indicative first priorities for the group.

The Climate Emergency Working Group is planning activities in four key areas:

- To cut the Council's direct carbon emissions to net zero carbon by 2030;
- To use the Council's direct areas of wider influence;
- To become a climate change leader for the borough; and
- To investigate, promote and as required implement measures to help mitigate against the impacts of climate change.

The Leader commented on how Councillor Thulbourn, Vice Chair of the Group had been instrumental in the work of the group to date and extremely helpful in supporting the Chair, Councillor Ken Jones. Thanks, was also extended to Councillors Ken and Susan Jones for their tireless efforts in establishing a group that would help to make a real difference for its residents around air quality and climate change.

The Leader also updated on the tree planting programme that the Cabinet had committed to delivering over the next four years, reporting that 32,000 trees of the 110,000 target, had already been planted.

Members discussed how the Council could influence in other areas, for example the increased use of wood burners and coal fires across the borough. In response, Members were informed that the Council was looking to launch a campaign about the risks and pollution.

**Decision made (Unanimously):**

That Cabinet notes the report for information and supports the work of Group to date, with particular thanks to Councillors Ken and Susan Jones for their dedication and drive on this issue.

**Reason(s) for the decision:**

Following the declaration of a Climate Emergency made by the Council in July 2019, a cross-party working group was established and asked to report back to Council detailing the proposed scope of the review and actions.

**Alternative Options Considered and Rejected:**

The Council could do nothing and wait until national and international government policy changes. As detailed in the report, waiting is not an option due to the advancing risk of global warming.

**87 Town Centre Masterplans**

The Cabinet Member (Planning, Regeneration and City Deal), Councillor Bill Evans, presented a report of the Director of Planning and Property that updated on the various town centres and masterplan work. The report also sought approval to consult on the draft Leyland Town Centre masterplan.

The intention is to have a robust consultation exercise on the draft Leyland Town centre Masterplan which will last for around eight weeks. Details of the responses received will then be reported back to Cabinet prior to any decision being made.

The Cabinet Member also updated on the work done to date on the Penwortham masterplan and gave notice of a masterplan that was scheduled for Tardy Gate at Lostock Hall. The Cabinet Member was due to meet with Penwortham Councillors once the masterplan was drafted.

Members were pleased to see that the masterplans were finally coming to the fore after several years in the making.

**Decision made (Unanimously):**

1. That Cabinet notes the update report.
2. That Cabinet approves for consultation purposes the draft Leyland Town Centre Masterplan.

**Reason(s) for the decision:**

1. Work has been underway on the Leyland masterplan for a while and is now at an important stage whereby the draft findings and ideas need to be put out to wider public consultation. The recent announcement of a potential Towns Deal for Leyland has added extra impetus to the finalisation of a masterplan for Leyland.
2. The recently-adopted Corporate Plan also identifies the need for master planning of other centres in the borough, namely Penwortham, Bamber Bridge and Lostock Hall, as a key priority.

**Alternative Options Considered and Rejected:**

The Council could choose not to undertake the work. This would be against the agreed Corporate Plan and would not enable our town centres to thrive and diversify.

**88 Exclusion of Press and Public****Decision made (Unanimously):**

1. That the press and public be excluded from the meeting.

## **89 Urgent Decision regarding Land at Leyland**

The Cabinet Member (Finance, Property and Assets), Councillor Matthew Tomlinson, presented a confidential report of the Director of Planning and Property that provided an update on a urgent decision that had been taken in relation to the Test Track site in Leyland.

### **Decision made (Unanimously):**

1. That Cabinet notes the report.

### **Reason(s) for the decision:**

1. The Council received a formal request from the developer for the Test Track on 6th December 2019 to extend the sale agreement. In the event that a challenge is lodged against the Test Track Planning Decision then the Expiry Date be extended to the date at which time a decision on the Challenge is confirmed.
2. The existing sale agreement was due to expire on 18th December 2019 and in the absence of a Cabinet meeting a decision was taken to refer the matter for consideration as an Urgent decision by the Chief Executive in consultation with the Portfolio Holder for Finance, Property and Assets and the Leader of the Council.

### **Alternative Options Considered and Rejected:**

1. The Council is bound by the terms of its Joint Venture Agreement to act in unison with both parties to jointly agree decisions. The other party was strongly in favour of an extension to the sale agreement and it was not in the Council's interest to let the agreement fall away.
2. If the Council had refused the extension then there was a risk of being referred to mediation by the other party and a risk of litigation.

Chair

Date

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## South Ribble Borough Council – Forward Plan

**For the Twelve Month Period: 3 February 2020 - 31 January 2021**

This document gives 28 days' notice of 'key' and other major decisions which the Cabinet expect to take during the next four month period. It also gives notice of the decisions that are likely to be taken in private. The document is updated as required and is available to the public on the Council's website at [www.southribble.gov.uk](http://www.southribble.gov.uk).

A 'Key' Decision is defined as any decision in relation to a Cabinet function which is likely:

- (a) To result in the Council incurring expenditure which is, or the making of savings which are significant. The financial threshold above which expenditure/savings become significant is set at £100,000. The financial threshold is applicable to both revenue and capital budgets; or
- (b) To be significant in terms of its effect on the communities living in an area comprising two or more Council wards.

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As a matter of local choice, the Forward Plan also includes the details of any significant issues to be initially considered by the Cabinet and submitted to the Full Council for approval.

Under the Access to Information Procedure Rules set out in the Council's Constitution, a 'Key' Decision may not be taken, unless 28 days' notice have been given in this document.

The law and the Council's Constitution provide for urgent key decisions to be made, even though they have not been included in this document in accordance with General Exception and Special Urgency provisions, set out in Access to Information Procedure Rules.

The Cabinet is made up of the Leader, Deputy Leader and five other Cabinet Members with the following portfolios:

|   |                                   |
|---|-----------------------------------|
| Leader of the Council   | Councillor Paul Foster            |
| Deputy Leader and Cabinet Member (Health, Wellbeing and Leisure)          | Councillor Mick Titherington      |
| Cabinet Member (Finance, Property and Assets)                             | Councillor Matthew Tomlinson      |
| Cabinet Member (Environment)  | Councillor Susan Jones            |
| Cabinet Member (Planning, Regeneration and City Deal)                     | Councillor Bill Evans             |
| Cabinet Member (Community Engagement, Social Justice and Wealth Building) | Councillor Aniela Bylinski Gelder |

Whilst the majority of the Cabinet decisions listed in this Forward Plan will be open to the public to attend, there may be some decisions to be considered that contain confidential, commercially or personal information. The Forward Plan is a formal notice under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that some of the decisions listed in the Forward Plan will be held in private because the

report will contain exempt information under Schedule 12A of the Local Government Act 1972, as set out below and that the public interest in withholding the information outweighs the public interest in disclosing it.:

1. Information relating to any individual.
2. Information which is likely to reveal the identity of an individual.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the authority proposes –
  - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
  - (b) to make an order or direction under any enactment.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Copies of the Council's Constitution and agenda and minutes for all meetings of the Council may be accessed on the Council's website: [www.southribble.gov.uk](http://www.southribble.gov.uk). If there are any queries, including objections to items being considered in private, please contact the Council on 01772 625308 or email [nneisser@southribble.gov.uk](mailto:nneisser@southribble.gov.uk).

**Gary Hall**  
**Interim Chief Executive**

**Last updated: 03 February 2020**

| Details of the Decision to be taken   | Decision to be taken by | Relevant Portfolio Holder                      | Reason the decision is key                     | Earliest Date decision can be taken | Will the public be excluded? | Are there any background papers?  | Documents to be considered by Decision taker                         |
|---|-------------------------|--|--|-------------------------------------|------------------------------|---|--|
| Future meetings of the Cabinet where there is an intention to hold part of the meeting in private: 12 February and 18 March 2020 and Council: 26 February and 15 April 2020 |                         |  |  |                                     |                              |   |  |
| Leader of the Council   |                         |  |  |                                     |                              |   |  |
| Quarter 3 Performance Monitoring Report   | Cabinet                 | Leader of the Council                          |  | 12 Feb 2020                         | No                           | <a href="https://southribble.moderngov.co.uk/documents/s11578/Quarter%20%20Performance%20Monitoring%20Report.pdf">https://southribble.moderngov.co.uk/documents/s11578/Quarter%20%20Performance%20Monitoring%20Report.pdf</a> | Report of the Interim Chief Executive                                |
| Pay Policy 2020/21  | Cabinet<br>Council      | Leader of the Council<br>Leader of the Council | Significant effect in 2 or more Council wards. | 12 Feb 2020<br>26 Feb 2020          | No                           | None  | Report of the Interim Chief Executive<br><br>Interim Chief Executive |
| Redundancy Policy   | Cabinet<br>Council      | Leader of the Council<br>Leader of the Council | Significant effect in 2 or more Council wards. | 12 Feb 2020<br>26 Feb 2020          | No                           | None  | Report of the Chief Executive<br><br>Chief Executive                 |

| <b>Details of the Decision to be taken</b>                                | <b>Decision to be taken by</b> | <b>Relevant Portfolio Holder</b>               | <b>Reason the decision is key</b> | <b>Earliest Date decision can be taken</b> | <b>Will the public be excluded?</b>   | <b>Are there any background papers?</b>   | <b>Documents to be considered by Decision taker</b>                    |
|---|--------------------------------|--|-----------------------------------|--|---|---|--|
| Updated Shared Services Agreement   | Cabinet Council                | Leader of the Council<br>Leader of the Council |                                   | 18 Mar 2020<br>15 Apr 2020                 | Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information). | <a href="https://southribble.moderngov.co.uk/ieListDocuments.aspx?Clid=134&amp;MId=1472&amp;Ver=4">https://southribble.moderngov.co.uk/ieListDocuments.aspx?Clid=134&amp;MId=1472&amp;Ver=4</a> | Report of the Interim Chief Executive<br><br>Interim Chief Executive   |
| Standards Annual Report   | Council                        | Leader of the Council                          |                                   | 15 Apr 2020                                | No  | None  | Report of the Shared Services Lead - Legal & Deputy Monitoring Officer |
| Cabinet Member (Health, Wellbeing and Leisure)                            |                                |  |                                   |  |   |   |  |
| Cabinet Member (Community Engagement, Social Justice and Wealth Building) |                                |  |                                   |  |   |   |  |

| <b>Details of the Decision to be taken</b>              | <b>Decision to be taken by</b> | <b>Relevant Portfolio Holder</b>  | <b>Reason the decision is key</b>              | <b>Earliest Date decision can be taken</b> | <b>Will the public be excluded?</b> | <b>Are there any background papers?</b>   | <b>Documents to be considered by Decision taker</b>  |
|---|--------------------------------|---|--|--|-------------------------------------|---|--|
| Implementation of Community Involvement Recommendations | Cabinet                        | Cabinet Member (Community Engagement, Social Justice and Wealth Building) | Significant effect in 2 or more Council wards. | 5 Mar 2020                                 | No                                  | <a href="https://southribble.moderngov.co.uk/documents/s12877/Strategic%20Review%20of%20Community%20Involvement%20including%20My%20Neighbourhoods%20Final%20Report.pdf">https://southribble.moderngov.co.uk/documents/s12877/Strategic%20Review%20of%20Community%20Involvement%20including%20My%20Neighbourhoods%20Final%20Report.pdf</a> | Report of the Assistant Director of Scrutiny and Democratic Services, Director of Neighbourhoods and Development |
| Cabinet Member (Environment)                            |                                |   |  |  |                                     |   |  |
| Cabinet Member (Finance, Property and Assets)           |                                |   |  |  |                                     |   |  |
| Budget Monitoring Report - Quarter 3                    | Cabinet                        | Cabinet Member (Finance, Property and Assets)                             | Significant effect in 2 or more Council wards. | 12 Feb 2020                                | No                                  | <a href="https://southribble.moderngov.co.uk/documents/s9160/Final%20Budget%20Output%20Turn%20Report%202018-19%20for%20Cabinet%20190619.pdf">https://southribble.moderngov.co.uk/documents/s9160/Final%20Budget%20Output%20Turn%20Report%202018-19%20for%20Cabinet%20190619.pdf</a>   | Report of the Interim Section 151 Officer  |

| <b>Details of the Decision to be taken</b>  | <b>Decision to be taken by</b> | <b>Relevant Portfolio Holder</b>              | <b>Reason the decision is key</b>          | <b>Earliest Date decision can be taken</b> | <b>Will the public be excluded?</b>  | <b>Are there any background papers?</b> | <b>Documents to be considered by Decision taker</b> |
|---|--------------------------------|---|--|--|--|---|---|
| <p>2020/21 Budget and Medium-Term Financial Strategy 2020/21 to 2023/24</p> <p>The report sets out the proposed 2020/21 Revenue Budget, the Medium-Term Financial Strategy and Capital Strategy for the next 4 years.</p> | Cabinet                        | Cabinet Member (Finance, Property and Assets) | Expenditure / Savings higher than £100,000 | 12 Feb 2020                                | No   |   | Report of the Interim Section 151 Officer           |
| <p>Worden Hall project Update</p> <p>To update cabinet on the capital costs of bringing the Hall back into use.</p>   | Cabinet                        | Cabinet Member (Finance, Property and Assets) | Expenditure / Savings higher than £100,000 | 12 Feb 2020                                | Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information) |   | Report of the Director of Planning and Property     |

| <b>Details of the Decision to be taken</b>   | <b>Decision to be taken by</b> | <b>Relevant Portfolio Holder</b>   | <b>Reason the decision is key</b>              | <b>Earliest Date decision can be taken</b> | <b>Will the public be excluded?</b> | <b>Are there any background papers?</b>     | <b>Documents to be considered by Decision taker</b>          |
|--|--------------------------------|--|--|--|-------------------------------------|---|--|
| Council Tax Setting 2020-21<br>A report to enable the Council to calculate and set the Council Tax for 2019/20 | Council                        | Cabinet Member<br>(Community Engagement, Social Justice and Wealth Building) | Significant effect in 2 or more Council wards. | 26 Feb 2020                                | No                                  | None  | Report of the Director of Customer and Digital               |
| Works to Civic Conference and Business centre - Phase 2  | Cabinet                        | Cabinet Member<br>(Finance, Property and Assets)                             | Expenditure / Savings higher than £100,000     | 18 Mar 2020                                | No                                  |   | Report of the Assistant Director of Projects and Development |
| Station Road, Bamber Bridge Site Conversion  | Cabinet                        | Cabinet Member<br>(Finance, Property and Assets)                             | Expenditure / Savings higher than £100,000     | 18 Mar 2020                                | No                                  | Station Road, Bamber Bridge Site Conversion | Report of the Director of Planning and Property              |
| Cabinet Member (Planning, Regeneration and City Deal)  |                                |  |  |  |                                     |   |  |

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| REPORT TO   | ON   |
|---|--|
| <p><b>SCRUTINY BUDGET AND PERFORMANCE PANEL</b></p> <p><b>CABINET</b></p> | <p><b>Monday, 10 February 2020</b></p> <p><b>Wednesday, 12 February 2020</b></p> |



| TITLE  | PORTFOLIO                    | REPORT OF                      |
|--|------------------------------|--------------------------------|
| <b>Period 1 Performance Monitoring Report (Oct – Dec 2019)</b> | <b>Leader of the Council</b> | <b>Interim Chief Executive</b> |

|   |            |
|---|------------|
| Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)   | <b>No</b>  |
| Is this report on the <b>Statutory Cabinet Forward Plan</b> ?   | <b>Yes</b> |
| Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?<br>This should only be in exceptional circumstances. | <b>No</b>  |
| Is this report confidential?  | <b>No</b>  |

## PURPOSE OF THE REPORT

1. This report provides Cabinet with an update for the first period of performance against the objectives of the Corporate Plan 2019-23.

## PORTFOLIO RECOMMENDATIONS

2. Cabinet and Scrutiny Panel Members to note that the performance summary outlined starts a new reporting period, referred to as period 1. This reflects the deliverables and priorities of the Corporate Plan approved by Council in September 2019.

## REASONS FOR THE DECISION

3. The Council's performance framework sets out the process for reporting progress against the objectives of the Corporate Plan. The performance framework has been recently updated and the new reporting periods will be reflected in the framework. All reports will continue to be considered by the Council's Leadership Programme Board, Scrutiny Budget and Performance Panel and Cabinet.

## EXECUTIVE SUMMARY

4. Following approval of the Corporate Plan at Full Council in September 2019, there has been a significant amount of work to fully develop, scope and define projects.

5. Projects and activities that have been carried forward from the previous Corporate Plan (February 2019) have been rescoped against the new Corporate Plan's aims and outcomes.
6. Members should note that the information on performance is reported as commencing from October 2019 in line with the newly agreed Corporate Plan. This is to ensure that what is reported reflects the revision and agreed milestones and performance indicators for both new activities and those carried forward.
7. At the end of Period 1 we can report that of the projects in the Corporate Plan there were:



**Succeeding**

**2**



**On-Track**

**41**



**Off Track**

**3**

## CORPORATE OUTCOMES

8. The report relates to the following corporate priorities: (tick all those applicable):

|   |   |
|---|---|
| Excellence, Investment and Financial Sustainability | ✓ |
| Health, Wellbeing and Safety                        | ✓ |
| Place, Homes and Environment                        | ✓ |

Projects relating to People in the Corporate Plan:

|                            |   |
|----------------------------|---|
| Our People and Communities | ✓ |
|----------------------------|---|

## BACKGROUND TO THE REPORT

9. Within the last quarter a revised Performance Framework has been developed and approved, which is supplemented with a revised Data Quality Policy.
10. To enable the Council to effectively demonstrate its performance, a Leadership Programme Board has been established to manage and monitor delivery of the Corporate Plan. The Board which consists of senior leadership and senior responsible officers meets quarterly to review performance and ensure effective project management is in place.
11. There is significant work ongoing to develop and ensure fully robust performance measures are reported within the period performance reports.
12. Due to the report detailing period 1 performance, it is to be expected that the full suite of performance measures is not included at this stage. This is due to the

need to effectively baseline and or collate appropriate data. As future reports are provided, further measures will be included and reported to demonstrate performance.

13. Measures that have previously been reported may not be included going forward, as measures and indicators that are reported will be directly linked to specific projects and objectives in the Corporate Plan. Where certain measures are no longer included within the report, they will be reported at a service level and to relevant committees.
14. Included within the attached Performance Report at Appendix 1, is a high-level summary of all activities against the agreed Corporate Objectives. They provide an outline of their performance status as either on track, off track, completed or succeeding.
15. Further details are provided in the report at Appendix 1 which provides narrative on those activities that were new to the Corporate Plan, of which there were 14.
16. In each of the Outcomes on the Corporate Plan there are several indicators that are directly obtained from the Residents Survey. This is scheduled to take place in February/March with full results from June 2020. The results will be used to provide a robust baseline and it is expected that they will be reported in period 3 (April - June 2020)
17. The resident survey will be repeated at intervals on at least two further occasions before the end of 2023.
18. It should be noted that officers are working on how best to demonstrate the delivery of the Capital Programme. By year end the Council will have available a clear picture of what has been delivered within the Capital Programme for the year 2019/20 against what was expected. To support performance in this area, a Capital Programme Board is being established, linked to the Leadership Programme Board, which will monitor and drive forward Capital Projects, so they are delivered in line within agreed timescales.
19. **Matters from Previous Scrutiny Panel**
20. Two matters were raised by the Scrutiny Budget and Performance Panel in November 2019. These matters have been addressed and are detailed below;
  - ▶ **Further information on the average length of call waiting times be provided to the Panel members and the pre-recorded message be reviewed:** A report is attached at Appendix 2 providing the further information requested.
  - ▶ **The measure for licensed taxis inspected be reviewed:** Further information was requested on the measure for “licensed taxis inspected” to understand what is being measured. In reviewing the measure, the Licensing Team record the total number of inspections made. A vehicle may require more than one inspection due to either the issuing of an order to stop or improve. Once an improvement has been made a further check is undertaken and recorded as a completed inspection. Therefore, the number of inspections reported is the total number of inspections undertaken and not the total number of individual taxis.

## **21. PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)**

### **22. Shared Services Update**

**23.** Within period 1, shared services implementation has progressed and is on target. Staff consultation on the shared senior roles was completed and appointments have been made with and they will commence their management duties from the 1st April.

Governance arrangements (Shared Senior Project Team and sub-teams) are now in place which has allowed key decisions to be progressed. A TUPE plan has been developed and is being delivered to provide a smooth transition for staff who are transferring between councils.

Regular communications have been delivered to keep stakeholders informed and to provide employees with further information about the new shared services.

### **24. City Deal**

**25.** As members will be aware, the future of the City Deal is yet to be considered. This is reflected in the performance against the review the projects listed in the City Deal Business and Delivery Plan 2017- 20 which is off track. Discussions continue with City Deal Partners to consider the schemes future.

### **26. Period 1 Highlights**

**27.** Reporting is by exception. Further information is provided within the report at Appendix 1. The information below summarises those key areas highlighted within the report at Appendix 1. This is broken down by each objective.

### **28. Objective: Excellence, Investment & Financial Sustainability**

**29.** In this period all activities are reported as on track.

**30.** The following are noted for exceeding initial performance targets:

#### **31. EIFS05 – Implement first year of the Council's Digital Strategy**

There have been significant improvements to the Council's handling of calls with reductions in the number of calls being abandoned and an increase in the number of calls answered with in 90 seconds.

#### **32. EIFS03 – Conference and Business Centre**

- ▶ Income from commercially operated assets – the income generated from the business and conference centre is up 42% when compared with 2018.
- ▶ The number of hours that the business and conference centre has been externally booked has increased 40% based on a comparison with 2018-19

### **33. Objective: Health, Wellbeing and Safety**

**34.** In this period all activities are reported as on track.

**35.** The report at Appendix 1 details the activities and progress of the new activities included within the Corporate Plan.

- ▶ HWS07 - Community Safety to tackle Crime and Disorder
- ▶ HWS11 - Mind the Gap
- ▶ HWS12 - First Class Advice Services

36. The following is noted for completing their expected target:
- 37. HWS01 - South Ribble Dementia Action Alliance**  
South Ribble Dementia Action Alliance has retained the status of Dementia Friendly Community for South Ribble. This will run for a further 12 months with renewal due in December 2020.
- 38. Objective: Our People and Communities**
39. In this period all activities are reported as on track with one activity completed.
40. The report at Appendix 1 details the activities and progress of the new activities included within the Corporate Plan.
- ▶ OPC01 - Review Community Involvement approach
  - ▶ OPC04 - Community Bank/Credit Union
  - ▶ OPC06 - Develop a Youth Council
  - ▶ OPC07 - Gain Accreditation as a Living wage Employer
41. The following is noted for completing their objectives:
- 42. OPC01 - Review Community Involvement approach**  
The review has been completed and is moving to its second phase of implementation.
43. The following is noted for completing their expected target:
- 44. OPC09 - Apprentice Factory Phase 2**  
The target per public sector organisation is for a minimum average 2.3% apprentice starts from 2017/18 to 2020/21 based on headcount. This means that the Council are required to recruit an average of 7 apprentices per year (based on a headcount of 290 staff) to be compliant. We continue to meet the target and have previously exceeded this target. In the first year of the target being set South Ribble Borough Council were the best performing public sector organisation in Lancashire.
- 45. Objective: Place, Homes and Environment**
46. In this period 15 activities are reported on track, 3 are off track and 1 activity has exceeded its target.
47. The report at Appendix 1 details the activities and progress of the new activities included within the Corporate Plan.
- ▶ PHE01 - Develop a strategy and action plan to halt overall loss of England's biodiversity
  - ▶ PHE02 - Plant 110,000 trees in South Ribble
  - ▶ PHE03 - Carbon Neutral by 2030
  - ▶ PHE04 - Single Use plastics
48. The following is noted for completing their expected target:
- 49. PHE02 - Plant 110,000 trees in South Ribble**
50. A target of 30,000 trees was set to be planted by March 2020. In period 1, this target has been exceeded. A significant contributor to the total has been the number of trees planted along the new Penwortham bypass (27,292 trees). There was also a further successful tree giveaway was held in November with over 3,375 trees provided to the public. As part of the green links scheme there were 38 trees planted. At Longton Brickcroft 450 trees were planted. At Withy Grove Park and Walton Park, there was 900 trees given away through the Woodland Trust.

51. The following is noted for being off track:

**52. PHE03 - Carbon Neutral by 2030**

The Cross-Party Group have met on a number of occasions and are working to finalise the scope of the project. This project is currently off track as the scope has not yet been agreed. The next meeting is scheduled for 4 February 2020.

**53. PHE05 - Borough's Air Quality Action Plan**

An Anti-Idling Campaign had commenced before Christmas, however due to lack of resources (staffing) the educational phase of the campaign and enforcement has not commenced. The resource issue has now been addressed and a Climate Change officer is due to be recruited in January which will seek to bring the plan back on track.

The council has met with Lancashire County Council (LCC) with regard traffic light sequencing, however, they have resource issues but acknowledged that there is further work to be done to optimise traffic light sequencing to keep traffic flowing and help improve the air quality in South Ribble. The Council are seeking a plan/timescale from the LCC.

**54. PHE14 - Review the projects listed in the City Deal Business and Delivery Plan 2017- 20**

A report is due to Cabinet in January 2020. This will support a Homes England application for £60m to help reduce the projected deficit. However, a final decision as to whether we stay in City Deal will not be taken until late spring early summer 2020.

**CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

55. N/A

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

56. N/A

**AIR QUALITY IMPLICATIONS**

57. The activities for addressing Air Quality has been reported off track as detailed at point 53.

**RISK MANAGEMENT**

58. Risk registers have been completed for all approved projects and recorded on the Corporate Performance management system, InPhase.

59. Risks are managed through the Leadership Programme Board.

**EQUALITY AND DIVERSITY IMPACT**

60. N/A

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

61. This report provides Cabinet with an update for Period 1 of performance against the programmes and projects which were agreed by Council within the Corporate Plan and approved in September 2019.

62. The Quarter 3 budget monitoring report for 2019/20 is a separate item on this

agenda. The budget monitoring report sets out the key outturn variances to budget which are anticipated and reflects some of the financial implications of the improvements and reductions in performance highlighted in this report.

63. The budget and MTFS forecasts have been updated to reflect the full financial implications (revenue and capital) of the Corporate Plan projects and will be submitted to Cabinet and Council in February for approval.

#### **COMMENTS OF THE MONITORING OFFICER**

64. This report is part of our commitment to acting in an open and transparent manner. Clearly it is imperative that members and the general public should be able to assess the performance of the council. We need to be as accountable as possible.

#### **BACKGROUND DOCUMENTS**

65. There are no background papers to this report

#### **APPENDICES**

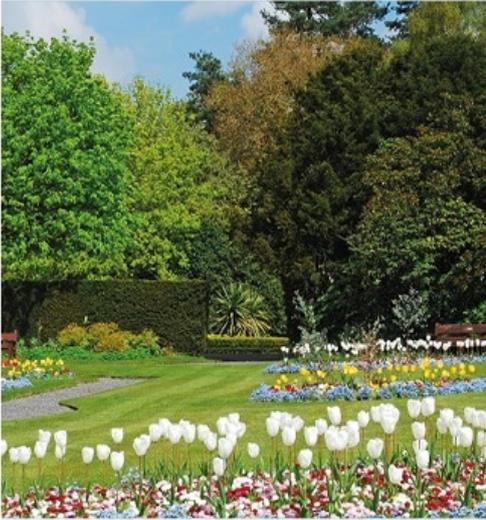
- ▶ Appendix 1 Corporate Plan 2019-23 Performance Monitoring report Period 1, 2019-2020
- ▶ Appendix 2 Supplementary Item Call Waiting Times

LT Member's Name  
Interim Chief Executive

|   |              |            |
|---|--------------|------------|
| Report Author:                                    | Telephone:   | Date:      |
| Howard Anthony (South Ribble Partnership Manager) | 01772 625546 | 20-01-2020 |

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# Corporate Plan 2019-23 Performance Monitoring Report



Reporting Period 1. 2019-20

# Contents

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| <b>Place, Home and Environment</b>                           | <b>15</b>    |

## Performance Key

| Symbol  | Determination  |
|---|--|
| <br>Succeeding | If we are doing well then it is <b>Succeeding</b> . Where a project or task has been achieved ahead of the due date set or a measure has achieved beyond its target. |
| <br>On-track   | It is <b>On-track</b> where a project or task will be delivered on the due date set or a measure is within its agreed targets  |
| <br>Off-track  | It is <b>Off-track</b> where a project or task has not met its required due dates or a measure has not met its targets   |

## 1. Report Structure

This report forms part of the appendices of the “Performance Monitoring Report” update to the Scrutiny Budget and Performance Panel and Cabinet for reporting Period 1 of the Corporate Plan 2019-23, (October 2019 – December 2019). Cross references are made with the Period 1 Performance Monitoring Report to refer to sections containing more detail within this document.

This report reflects the Corporate Plan structure as approved September 2019 and is broken down into four sections (Outcomes):

- ▶ Excellence, Investment and Financial Sustainability;
- ▶ Health, Wellbeing and Safety;
- ▶ Place, Homes and Environment;
- ▶ Our People and Communities

Within each section is a summary of all activities and their current performance status. Further information is then provided where an activity is either:

- ▶ Off track;
- ▶ Performance is exceeding targets;
- ▶ Is completed;
- ▶ A new activity that has not been reported previously.

| Trend   | Determination   | Note   |
|---|---|--|
|  | This shows that the reported figure has increased since it was last reported. | <i>The trend key shows how a measure is performing against its previous reported figure. The colour of the item details whether the direction is negative, positive. These are the same colours as used on the performance key for succeeding and off track.</i> |
|  | This shows that the reported figure has decreased since it was last reported  |  |
|  | This shows that a measure has stayed the same and not moved                   |  |



# Excellence, Investment & Financial Sustainability

ent services and a strong financial position that enables us to invest in the right way.

## Summary Page

As a Council, we want you to feel confident we use the resources available to us to provide the services you told us you need and that we manage our finances well to enable us to invest in communities.

As a Council:

- ▶ We will make effective investment and use of our assets;
- ▶ Customers of the Council can expect the highest standards of service and when they need us they have a good experience;
- ▶ We will develop new business models and approaches, including shared services.

## How Are We Performing?

Across the page are key performance indicators that demonstrate how well our services are currently meeting their objectives and targets:

From our Corporate Plan our progress against our activities in period 1 is summarised below:

| What we will do  | 2019-20  |                       |
|--|--|-----------------------|
|  | Period 1<br>Oct-Dec  | Period 2<br>Jan - Mar |
| EIFS01 - Customer Experience                                   |   | -                     |
| EIFS02 - Shared Services                                       |   | -                     |
| EIFS03 - Conference and Business Centre                        |   | -                     |
| EIFS04 - Leisure Management Options                            |   | -                     |
| EIFS05 - Implement first year of the Councils Digital Strategy |   | -                     |
| EIFS06 -Review of the Council's Surplus Sites                  |  | -                     |

The following highlights summarise progress against new activities that were defined in the corporate plan. It also includes the highlights of any areas off track, completed or performing beyond its expected measures/targets.



# Performance, Investment & Financial Sustainability

ent services and a strong financial position that enables us to invest in the right way.

 We will continue to develop the Conference and Business Centre to increase the revenue raised and attract new and regular customers to our facilities (EIFS03 - Conference and Business Centre).

## Performance Summary

### Period 1:

The objectives of this project is to ensure:

- ▶ We have the right people in place to deliver a high-quality hospitality experience.
- ▶ There is a brand and style for the Conferencing and Business Centre will be completed.

### Current status/ progress of the project:

- ▶ The original target for generating an increase in income and meeting hours has been exceeded to date. This is based on comparing the income from 2018-19, on a rolling quarter by quarter basis.
- ▶ The Conference and Business Centre project now includes two new members of staff, a bookings and events officer and a facilities team leader.

### Going Forward:

- ▶ Ongoing works to the Civic include the 3rd floor revamp has had added items to the works required; this includes all rooms to be sound proofed and all rooms to be painted and carpeted

| KPI Name   | Target  | Period 1 | Baseline  | Status  | Trend   |
|--|---|----------|---|---|---|
| Increase in income from commercially operated assets: Business and Conference centre | 10% (Annual)  | 42%      | £11,978.23  |    |    |
|  | <i>A target to increase the annual income of external bookings by 10%</i>   | -        | <i>Baseline is derived from total income between April 2018 to Dec 2018</i> | -   | -   |
| Increase in meeting hours in the Business and Conference Suite                       | 10% (Annual)  | 40%      | 418hrs  |  |  |
|  | <i>A target to increase annually the number of hours the conference and business centre rooms are hired externally by 10%</i> | -        | <i>Figure above is total hours hired from April 2018 to Dec 2018</i>        | -   | -   |



# Intelligence, Investment & Financial Sustainability

ent services and a strong financial position that enables us to invest in the right way.



We will implement the first year of the Council’s Digital Strategy which sets out the way we will advance our capability over the next three years (EIFS05 - Implement first year of the Councils Digital Strategy)

## Performance Summary

### Period 1:

#### Current status/ progress of the project:

This project is progressing well and some significant projects that have made progress this period include:

- ▶ **Website Refresh** - The website refresh project is progressing well. Tenders have been submitted and we are currently evaluating the proposals
- ▶ **IDOX Enterprise and Capability Review** - The Cabinet report and project plan have been presented to Informal Cabinet and is due to be presented to Cabinet on 22nd January.
- ▶ **Windows 10** - Windows 10 has now been rolled out to most services.
- ▶ **Device Clinics** - Device Clinics are in progress and we are currently in the process of scheduling these to match the forward plan of major committee meetings (Cabinet, Council, Planning). These sessions will provide ongoing support to members with their devices.
- ▶ **Cloud Migration** - Several applications are in the process of being migrated to the cloud including HFX (Time Management) and Selima (HR). These will provide benefits for officers in terms of agile working and improving their experience of the devices they use.
- ▶ **Policy Adoption** - Several IT Policies have been adopted following the delegated approval process.

#### Going Forward:

- ▶ **Training Room** - A new training room is being scoped and is due to be completed by April 2020. This will provide a valuable training resource throughout the Digital to Improve Programme

| KPI Name  | Target | Period 1     | Baseline | Status | Trend |
|---|--------|--------------|----------|--------|-------|
| % of telephone calls answered within 90 seconds<br><br><i>That 40% of calls are answered in 90 seconds</i>        | 40%    | <b>77.6%</b> | N/A      |        |       |
| % of calls abandoned before being answered in a quarter<br><br><i>That 15% of calls or less are not abandoned</i> | 15%    | <b>5.6%</b>  | N/A      |        |       |

# Health, Wellbeing and Safety

Residents are happy, healthy and safe, active and independent.

## Summary Page

We are focused on doing what we can so that everyone in South Ribble has the choice to access support, advice and activities as well as accessing the right facilities both outdoors and indoors to maintain and improve their physical and mental wellbeing.

As a Council:

- ▶ We have services and facilities in place that are accessible to all, providing the lifestyle for people to feel happy, healthy and confident
- ▶ We continue to be recognised as a Dementia Friendly Community
- ▶ We're focused on activities that close the gap between communities where there are differences in wealth, health and learning opportunities (reducing social isolation, loneliness and inequality)
- ▶ We will actively work with partners across the public, private and 3rd sector, representing the residents of South Ribble so that they receive the best services

## How Are We Performing?

On the right are key performance indicators that demonstrate how well our services are currently meeting their objectives and targets:

From our Corporate Plan our progress against our activities in period 1 is summarised below:

| What we will do                                       | 2019-20   |                       |
|---|---|-----------------------|
|   | Period 1<br>Oct-Dec   | Period 2<br>Jan - Mar |
| HWS01 - South Ribble Dementia Action Alliance         |    | -                     |
| HWS02 - Open Space Sports and Recreation              |    | -                     |
| HWS03 - Green Links                                   |    | -                     |
| HWS04 - Improving our Existing Leisure Centres        |    | -                     |
| HWS05 - Activities and Events for People of All Ages  |    | -                     |
| HWS06 - Interact with the Council Digitally           |    | -                     |
| HWS07 - Community Safety to tackle Crime and Disorder |    | -                     |
| HWS08 - South Ribble Partnership                      |  | -                     |
| HWS09 - MH2K  |  | -                     |
| HWS10 - Reduce the Number of Homeless                 |  | -                     |
| HWS11 - Mind the Gap                                  |  | -                     |
| HWS12 - First Class Advice Services                   |  | -                     |

The following highlights summarise progress against new activities that were defined in the corporate plan. It also includes the highlights of any areas off track, completed or performing beyond its expected measures.

# Health, Wellbeing and Safety

Residents are happy, healthy and safe, active and independent.

 We will support the South Ribble Dementia Action Alliance and delivery of its Annual Action Plan (HWS01 - South Ribble Dementia Action Alliance).

## Performance Summary

### Period 1:

#### Current status/ progress of the project:

South Ribble has retained its status as a Dementia Friendly Community for a further 12 months. Key targets for the alliance remain on track with:

- ▶ 13 approved members of the Dementia Charter,
- ▶ Delivery of the first Living Well Walk in October 2019 at Longton Brickcroft, which had over 60 attendees all of which received a Living Well Guide,
- ▶ Secured funding to progress with plans to create a dementia friendly garden and space at the Civic Centre, with groundworks programmed to take place in the spring.

#### Going Forward:

In the coming year the Alliance will be seeking to:

- ▶ Continue the delivery of dementia friends' sessions across the Borough created by sessions delivered by Dementia Champions from the DAA,
- ▶ Increase the number of champions who can deliver dementia friends sessions within the South Ribble Dementia Action Alliance Network,
- ▶ Work with schools to encourage curriculum time is dedicated to delivering the Alzheimer's Society schools PHSE Dementia learning pack.

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| KPI Name   | Target  | Period 1  | Baseline     | Status  | Trend   |
|--|---|---|--------------|---|---|
| An increase in the number of approved members of the South Ribble Dementia Charter Community | 15<br>(Annual)<br><br>A target to have a total of 15 active members of the Dementia Charter Community | 13<br><br>The number of currently approved and active members | N/A<br><br>- |   |   |
| South Ribble is recognised as a Dementia Friendly Community                                  | Retention of Status   | <b>Confirmed</b>  | N/A          |  |  |



We will work with our Community Safety partners and look at how we can fund activities that effectively tackle crime and disorder (HWS07 - Community Safety to tackle Crime and Disorder).

---

## Performance Summary

### Period 1:

As a new activity the focus is to identify and define options for enforcement and community safety that the Council can take forward by March 2019.

### Current status/ progress of the project:

Progressing The Community Positive Activity Coordinator post was advertised at the beginning of January and closes at the end of January 2020. The job is advertised to both internal and external applicants in order to attract the most appropriately skilled individual to successfully deliver the project. The ambition is to have the starting date for the successful applicant, in March 2020.

Adverts have gone out for two new full time Active Sport and Health Coaches who will help deliver on this project increasing capacity

### Potential impacts on success:

Due regard should be considered to the successful applicant having to work more than one months' notice which could inevitably have an impact on the project and delay the start date.



We will review and support the recommendations of the Scrutiny Review, 'Mind the Gap' (HWS11 - Mind the Gap).

## Performance Summary

### Period 1:

In the initial period, the focus has been to deliver a holiday hunger project.

### Current status/ progress of the project:

- ▶ The scheme has been delivered at both October Half Term and Christmas Holidays at locations in Bamber Bridge, Leyland and Penwortham.
- ▶ The delivery of the scheme to date has provided some key learning points which include:
  - The friendly and non-judgemental approach is valued & appreciated;
  - Distribute food before school holidays begin, during school hours;
  - Teacher support in sharing and promoting vouchers is vital;
  - Advance selection of foods would help to manage stock levels.

### Going Forward:

Further sessions are planned at the same venues for February half term and then a review of the pilot will take place.

| KPI Name  | Target   | Period 1   | Baseline | Status | Trend |
|---|--|--|----------|--------|-------|
| % of children on free school dinners taking up pilot Holiday Hunger offer | -  | <b>18.05%</b>  | -        | -      | -     |
|   | No target is set as it is simply to monitor uptake | The percentage of vouchers issued and then redeemed. | -        | -      | -     |



We will work with partners to ensure residents have access to first class advice services (HWS12 - First Class Advice Services).

## Performance Summary

### Period 1:

Identified within the revised Corporate Plan, the development of 'first class advice services' seeks to develop ease of access and quality of service that an individual receives. The aim is to make sure that people receive the support and help they need to prevent any escalation. The scope of the project is now completed, and the agreed programme of work focuses on;

- ▶ The pathways/journey that an individual must take to receive information;
- ▶ Re-establish a number of face to face advice services in South Ribble;
- ▶ Building on the work of the customer journey mapping process as part of excellence to identify areas where access can be improved to the Councils' own services and where there are gaps that need to be filled;
- ▶ Working with South Ribble Partnership on its programme of mapping health and education-based pathways and routes to support.

### Current status/ progress of the project:

Within the current quarter work has progressed to re-establishing a number of face to face advice and support services in South Ribble.

- ▶ Inspire Drugs and Alcohol Service have been delivering a number of face to face appointments from the Civic Centre.
- ▶ Refernet has also gone live with the initial service of Housing Options.

### Going Forward:

- ▶ Citizen's Advice is due to locate to the Civic Centre from 1st April 2020 and work is ongoing to formalise arrangements. The service will reintroduce face to face services in South Ribble. This will be a 5-day service between Monday to Friday and include a number of appointment-based days as well as drop in.
- ▶ Refernet will continue to be developed. It is expected that from the end of January, Environmental Health, South Ribble Integrated Team and Benefits will go live.

**Summary Page**

South Ribble has an amazing sense of community. We want to support communities to be able to shape what we do as a Council, as well as supporting communities to take part in active democracy, decision making and leading activities that they want to provide.

As a Council:

- ▶ We invest in the people who work, volunteer and actively get involved with the Council, developing their skills, voice and confidence.
- ▶ Communities are able to get involved, have a voice and feel supported to make things happen in their community
- ▶ The Council seeks innovative ways to ease the financial burden on residents

**How Are We Performing?**

On the right are key performance indicators that demonstrate how well our services are currently meeting their objectives and targets:

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From our Corporate Plan our progress against our activities in period 1 is summarised below:

| What we will do   | 2019-20   |                       |
|---|---|-----------------------|
|   | Period 1<br>Oct-Dec   | Period 2<br>Jan - Mar |
| OPC01 - Review Community Involvement approach                       |    | -                     |
| OPC02 - My Neighbourhood Plans.                                     |    | -                     |
| OPC03 - Revised Council Tax Support Scheme for 2020-21              |    | -                     |
| OPC04 - Community Bank/Credit Union                                 |    | -                     |
| OPC05 - Member Induction Programme and Member Development Programme |    | -                     |
| OPC06 - Develop a Youth Council                                     |    | -                     |
| OPC07 - Gain Accreditation as a Living wage Employer                |   | -                     |
| OPC08 - Council's Approach to Volunteering and Active Citizens      |  | -                     |
| OPC09 - Apprentice Factory Phase 2                                  |  | -                     |

The following highlights summarise progress against new activities that were defined in the corporate plan. It also includes the highlights of any areas off track, completed or performing beyond its expected measures.

 Review Community Involvement approach including My Neighbourhoods (OPC01 - Review Community Involvement approach).

---

**Performance Summary**

**Period 1:**

The first phase of this activity was to establish a Cross Party Working group and undertake a review of the Community Involvement approach of MyNeighbourhoods.

**Current status/ progress of the project:**

The Cross-party Member Working Group has reviewed all the evidence and engagement carried out as part of the review and prepared its final report. The final report was presented to Cabinet on 22<sup>nd</sup> January 2020 and agreed. The objectives for this period have been met and completed.

**Going Forward:**

The next phase is for the recommendations to be implemented and where necessary further project plans developed.

 Develop proposals for a Community Bank/Credit Union (OPC04 - Community Bank/Credit Union).

---

**Performance Summary**

**Period 1:**

The focus has been to develop the scope and options for establishing a credit Union in South Ribble.

**Current status/ progress of the project:**

The Council's Medium-Term Financial Strategy which will be considered by Cabinet in February includes a recommendation for £150,000 to be set aside in an earmarked reserve as funding for a Credit Union in South Ribble.

**Going Forward:**

The scope continues to be developed and is on track.



We develop a Youth Council to strengthen the voice of young people in our community (OPC06 - Develop a Youth Council).

---

## Performance Summary

### Period 1:

The focus of this activity is to develop proposals for a Youth Council which has been undertaken as part of the Strategic Review of Community Involvement by Member Working Group.

### Current status/ progress of the project:

The Member Working Group has undertaken research, looked at best practice, engaged with the Youth and Community Service and other partners as part of their review.

The final report from the review was agreed at Cabinet on 22 January 2020 and is now being implemented. A bid has been made as part of the Council's budget process for additional capacity to support youth engagement, including the delivery of a Youth Council for South Ribble.

### Going Forward:

The development of a Youth Council is being implemented as part of the cross-party Member strategic review of community involvement, including My Neighbourhoods.



Review and develop options to gain accreditation as a Living Wage employer (OPC07 - Gain Accreditation as a Living wage Employer).

---

## Performance Summary

### Period 1:

The key focus of this new activity is to develop proposals for accreditation as a Living Wage employer. The activity has three strands – Staff pay, Procurement and Communications

### Current status/ progress of the project:

- ▶ The Pay Policy now includes a commitment to pay all staff, including casual event workers, and apprentices in year 2 the Foundation Living Wage. This will go to Cabinet on 10th February and then to Full Council on 27th February to be implemented and published from 1 April 2020;
- ▶ Procurement – initial discussions are being had to determine how this aspect will be achieved. Procurement Policy will be revised later in the year and a commitment for external contractors to pay Living Wage will be incorporated into any revised policy. Work is being undertaken to compare with other Local authorities how they have achieved this;
- ▶ A communications plan will developed for external local business to champion the Living Wage campaign.

 **Apprentice Factory Phase 2 (OPC09 - Apprentice Factory Phase 2).**

**Performance Summary**

**Period 1:**

The focus of the activity is to ensure the Council meets its obligation to have at least 2.3% of the workforce on apprenticeships and to also increase the number of apprenticeship starts in the borough.

**Current status/ progress of the project:**

- ▶ The 'Class of 2019' have been recruited and started their apprenticeships at the end of September 2019.

Further activities to promote and support apprenticeships in South Ribble have included;

- ▶ A successful Raising Aspirations event was delivered in October in partnership with Lancashire Adult Learning and Jobcentre Plus, which provided careers advice to over 200 local people.
- ▶ The updated Apprentice Factory Development Plan was agreed by Cabinet during October, with a focus on helping 'hard to reach' residents.
- ▶ The Central Lancashire Business Event, delivered in partnership with Chorley Council and Preston City Council, provided apprenticeship information, advice and guidance for businesses.
- ▶ A 'Train the Trainer' event was held in partnership with Lancashire Police – ensuring that organisations helping people into employment have the information they need to help under-represented groups in the community access jobs and careers in Lancashire Police Careers advice and guidance events delivered at 10 local high schools.

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| KPI Name  | Target  | Period 1   | Baseline  | Status  | Trend |
|---|---|--|---|---|-------|
| Percentage of South Ribble Borough Council employees starting apprenticeships in any financial year | 2.3% of the workforce (Annual)                            | 4%   | 209   |  | N/A   |
|   | This target is set by government for public sector bodies | There have been 9 apprentice starts since Sep 2019 | The baseline is derived from the avg. number of employees at South Ribble | -   | -     |



## Summary Page

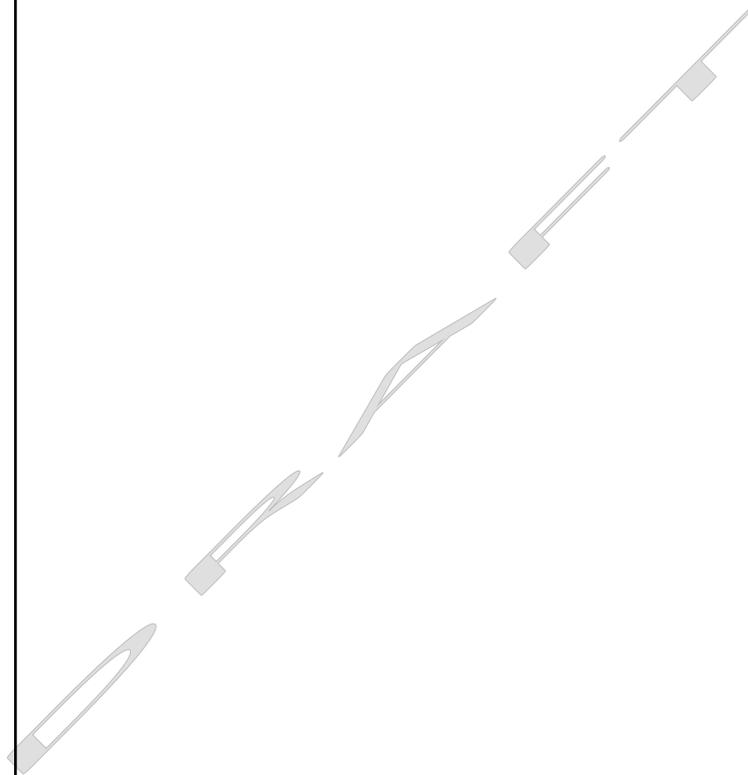
We are focused on ensuring South Ribble remains a great place to live and work by protecting green and open spaces, safeguarding our environment, increasing the number of affordable homes and ensuring that development is managed.

As a Council:

- ▶ We are focused on the environment, improving the air we breathe and having the right plans in place to safeguard and protect our natural environment.
- ▶ We will promote safe, secure dwellings that people can afford to live in and can call home
- ▶ We will make sure that development in South Ribble is managed, so that we have a vibrant community; delivering improvements to our town centres, opening opportunities for people to get the jobs they want and supporting businesses to do well.
- ▶ We will continue to develop our wonderful parks, attracting investment to provide better facilities so that as many people as possible are able to enjoy them.

## How Are We Performing?

On the right are key performance indicators that demonstrate how well our services are currently meeting their objectives and targets:





# Homes and Environment

Our goals are valued and development is well managed.

From our Corporate Plan our progress against our activities in period 1 is summarised below:

| What we will do  | 2019-20             |                       | 2019-20             |                       |
|--|---------------------|-----------------------|---------------------|-----------------------|
|  | Period 1<br>Oct-Dec | Period 2<br>Jan - Mar | Period 1<br>Oct-Dec | Period 2<br>Jan - Mar |
| PHE12 - Implement Phase 2 Employment and Skills Plan (Cuerden)                               |                     | -                     |                     | -                     |
| PHE01 - Develop a strategy and action plan to halt overall loss of England's biodiversity    |                     | -                     |                     | -                     |
| PHE02 - Plant 110,000 trees in South Ribble  |                     | -                     |                     | -                     |
| PHE03 - Carbon Neutral by 2030   |                     | -                     |                     | -                     |
| PHE04 - Single Use plastics  |                     | -                     |                     | -                     |
| PHE05 - Borough's Air Quality Action Plan  |                     | -                     |                     | -                     |
| PHE06 - Bring Worden Hall back in to use   |                     | -                     |                     | -                     |
| PHE07 - Invest and develop our parks and play areas  |                     | -                     |                     | -                     |
| PHE08 - Develop a Programme for festivals and events, with at least 1 music festival         |                     | -                     |                     | -                     |
| PHE09 - Ensure our parks and existing cherished local open spaces can be protected           |                     | -                     |                     | -                     |
| PHE10 - Manage the rate of delivery of new homes and commercial floor space                  |                     | -                     |                     | -                     |
| PHE11 - Scope and prepare masterplans for Leyland, Bamber Bridge and Penwortham town centres |                     | -                     |                     | -                     |



From our Corporate Plan our progress against our activities in period 1 is summarised below:

2019-20

| What we will do   | Period 1<br>Oct-Dec   | Period 2<br>Jan - Mar |
|---|---|-----------------------|
| PHE13 - Prepare strategy for supporting new and small businesses                        |    | -                     |
| PHE14 - Review the projects listed in the City Deal Business and Delivery Plan 2017- 20 |    | -                     |
| PHE15 - Review the Local Plan   |    | -                     |
| PHE16 - River Ribble Green Link   |    | -                     |
| PHE17 - Prepare and implement a Central Lancashire Economic Strategy                    |    | -                     |
| PHE18 - Provide quality homes that people can afford to live in                         |    | -                     |
| PHE19 - Private Sector Stock Condition Survey   |  | -                     |

The following highlights summarise progress against new activities that were defined in the corporate plan. It also includes the highlights of any areas off track, completed or performing beyond its expected measures.



# Homes and Environment

 We will develop a strategy and action plan to halt overall loss of England’s biodiversity which supports ecosystems and establish ecological networks, creating better places for nature for the benefit of wildlife and people (PHE01).

## Performance Summary

### Period 1:

As a new activity over the first period, the focus has been to develop how the Council will address the issue of biodiversity throughout the borough through the continued planting and establishment of suitable wildflower meadows, through the creation of wildlife habitats for mammals, birds and insects in suitable locations and through sympathetic management of parks and open spaces throughout the borough

### Current status/ progress of the project:

- ▶ School talks have all been scheduled and will begin week commencing 20<sup>th</sup> January 2020, talks have been adjusted to cover bio-diversity in a greater depth and we will be offering help to schools to undertake their own activities;
- ▶ Officers have undertaken work with volunteers to create and maintain hibernaculums on various parks and open spaces.

### Going Forward:

- ▶ Planting of wildflower meadows is to take place 2020.

| KPI Name                       | Target   | Period 1  | Baseline | Status | Trend |
|--------------------------------|--|---|----------|--------|-------|
| 12 wildflower meadows 2019-20. | 12 (Annual)  | N/A   | 0        | -      | -     |
|                                | 12 individual sites in South Ribble where wildflower meadows are created | This will be reported following the planting season | -        | -      | -     |



We will develop our plan to plant 110,000 trees in South Ribble, 1 tree for each of our residents (PHE02).

## Performance Summary

### Period 1:

The focus has been to develop the Council's approach to planting 110,000 trees in South Ribble over 4 years. A target of 30,000 trees was established to achieve before March 2020.

### Current status/ progress of the project:

Progress in this period has exceeded targets and progressed quickly. A significant contributor to the total has been the number of trees planted along the new Penwortham bypass (27,292 trees). There was also a further successful tree giveaway was held in November with over 3,375 trees provided to the public. As part of the green links scheme there were 38 trees planted. At Longton Brickcroft 450 trees were planted. At Withy Grove Park and Walton Park, there was 900 trees given away through the Woodland Trust.

### Going Forward:

- ▶ Regular meetings are held to identify new sites and co-ordinate the logistics of storing and planting trees

### Potential impacts on success:

- ▶ The current land capacity needed for 110 000 trees is at the limit and availability of suitable land could be an issue in the third and fourth years unless arrangements are made with private landowners or more land is purchased by South Ribble



| KPI Name  | Target | Period 1 | Baseline | Status | Trend |
|---|--------|----------|----------|--------|-------|
| Number of trees planted   | 30,000 | 32,055   | N/A      |        | -     |
| Trees that are planted as part of scheme or gifted as part of the programme |        | -        | -        | -      | -     |



We will develop a strategy so that the Council and its operations are Carbon Neutral by 2030 (PHE03).

---

### Performance Summary

#### Period 1:

The objectives of this activity are to;

- Develop the strategy for the Council to be Carbon Neutral by 2030.
- Installation of solar panels at Civic Centre.
- Publicly accessible water station.
- Increase of re-cycling rates by accepting pots, trays and tubs.

#### Current status/ progress of the project

The Cross-Party Group have met on a number of occasions and are working to finalise the scope of the project. A draft cabinet update report has been written, however as the scope has not yet been approved the project is off track.

#### What is happening going forward

The next meeting is due for the 4th February



Develop and deliver a strategy to eliminate all single use plastic within Council buildings and seek to encourage the elimination of single use plastics by our residents and businesses (PHE04).

---

### Performance Summary

#### Period 1:

The Council is seeking to develop its strategy to eliminate all single use plastics.

#### Current status/ progress of the project

- ▶ A strategy has been agreed and the Council have pledged to provide 50 water fountains across the borough over the next 5 to 10 years with 'Refill';
- ▶ We have not started with the promotion of the reduction of SUPs;

#### What is happening going forward

- ▶ A plan is being developed to undertake an audit of the council's use of single use plastics.



Deliver the actions identified in the Borough's Air Quality Action Plan (PHE05).

---

### Performance Summary

#### Period 1:

#### Current status/ progress of the project

- ▶ The cycle to work scheme is still being offered;
- ▶ Traffic Light Sequencing – The council has met with Lancashire County Council (LCC), however they have resource and acknowledged that there is further work to be done to optimise traffic light sequencing to keep traffic flowing and help improve the air quality in South Ribble, the Council are seeking a plan/timescale from the LCC;
- ▶ Taxi EVR points – a contractor has been chosen to deliver this project.

#### Potential impacts on success

- ▶ Anti- Idling Campaign – this project was underway before Christmas, however due to lack of resources we have not been able to complete the educational phase of the campaign and the enforcement has not started. The resource issue has now been addressed and a Climate Change officer is due to be recruited in January which will seek to bring the plan back on track.

#### What is happening going forward

- ▶ The provision of secure cycle storage at Moss Side Depot will be completed in the next financial year due to the budget constraints.
- ▶ Recruitment of Climate Change Officer, January 2020.



# Homes and Environment

 We will develop ways to ensure our parks and existing cherished local open spaces can be protected (PHE09).

## Performance Summary

### Period 1:

This activity was established to protect three of our parks and existing open spaces in perpetuity via 'Fields in Trust' model.

### Current status/ progress of the project

- ▶ Kingsfold Drive Playing Field Penwortham, The Holme Playing Field Bamber Bridge and Tardy Gate Playing Field Lostock Hall have all been submitted for Protected Field Status via the Fields in Trust

### Going Forward:

- ▶ We are currently awaiting confirmation of protected status from the Fields in Trust.

| KPI Name  | Target                                | Period 1               | Baseline | Status  | Trend |
|---|---------------------------------------|------------------------|----------|---|-------|
| Number of green spaces protected as 'Fields in Trust' | 3                                     | N/A                    | 0        |  | -     |
|   | 3 separate areas/fields are protected | Applications submitted | -        | -   | -     |

 Review the projects listed in the City Deal Business and Delivery Plan 2017- 20, and identify priorities and commence delivery (PHE14).

## Performance Summary

### Period 1:

The focus of the activity has been to complete a review of the projects as part of City Deal. A report is going to Cabinet on January 2020 that seeks to support a homes England application for £60m to help reduce the projected deficit.

### Going Forward:

A final decision as to the Council's involvement with City Deal will not be taken until late spring early summer 2020.

# Supplementary Item –

# Further information on Call Waiting Times

Period 1 2019-20

(October – December 2019)

## Appendix 2

### Call Waiting Times

The service level agreement for answering calls within the Gateway Customer Contact Centre is 90 seconds.

For Quarter 1 of 2019:

- ▶ 20% of calls answered within this SLA
- ▶ Average call waiting time was 9 mins 43 seconds
- ▶ Average call was abandoned after 2 mins 5 seconds

For Quarter 2 of 2019:

- ▶ 49% of calls answered within this SLA
- ▶ Average call waiting time was 3 mins 28 seconds
- ▶ Average call was abandoned after 1 min 49 seconds.

For Quarter 3 of 2019 (Period 1 of the new reporting regime)

- ▶ 77.6% of calls answered within this SLA.
- ▶ Average call waiting times was 1 min 13 seconds.
- ▶ Average call was abandoned after 2 mins 37 seconds.

Performance has improved due to the implementation of a number of service improvements. These include:

- ▶ Fundamental service review resulting in an increase of 3 FTE members of staff.
- ▶ Following the resolution of a long term sickness issue the production of a comprehensive staff training plan and delivery programme.
- ▶ Business process mapping resulting in a number of key changes to service operations including;
  - Increasing the number of staff covering the early opening period.
  - Introduction of 3 lunch hours covering 11.30am to 12.30pm, 12.30pm to 1.30pm and 1.30pm to 2.30pm, therefore, increasing staff available to answer calls.
  - Employing seasonal staff to cover temporarily, whilst undergoing recruitment process and allowing the more skilled staff to serve the residents.
  - Amending the Automated message to include an option to make payments via the automated payment line, rather than requiring residents to wait for an operator.

The introduction of the new telephony system, as part of the Digital to Improve Programme, will also alleviate this SLA, as the upgrade will offer additional functionality and increase capacity within the call centre. Part of the additional functionality includes a call back feature, social media blending and email integration, which will increase available communication channels for residents.

The Digital to Improve Programme also identifies the council website and self-service access as one of the most significant initiatives within the programme. A project has been established in partnership with Chorley Council to introduce a refreshed website and self-service experience. This will not only provide residents with further opportunities to transact online but should also introduce a trend of channel shift towards digital methods of interaction.

Deployment of resources is also informed by anticipated busy periods throughout the year, such as Annual Billing, Elections, Green Waste Subscriptions and Major Consultations.

### Pre – Recorded Messages

All pre-recorded messages on the telephone system have been reviewed. As well as the length and content of the message, the review looked at ways in which we can incorporate promotion of the online service.

It is expected that by keeping the message short and relevant, calls will be routed more quickly to available Officers and the customer experience will be improved as a result.

By encouraging customers to use the digital offering, it will further enhance the customer experience both for those that take up the offer and those that don't (their waiting time should be reduced).

The messages have been reviewed and streamlined, as below and ICT will be re-recording these messages, which includes increasing the volume, within the next 4 weeks.

**Monday, Tuesday, Thursday, Friday**

*Hello and welcome to South Ribble Council. Many of our services can be accessed quickly and easily on our website.*

*Please select:*

- 1. Council tax*
  - 2. Benefits*
  - 3. Homelessness/Housing*
  - 4. Licensing*
  - 5. Green Waste*
  - 6. Payments – Please have your reference number to hand*
- For anything else please hold*

*Please note that all calls may be recorded for training and monitoring purposes. Our privacy policy is available on our website.*

**Wednesday**

*Hello and welcome to South Ribble Council. Many of our services can be accessed quickly and easily on our website. Unfortunately, the offices are currently closed. Our opening hours are Monday, Tuesday and Thursday 8.30am until 5.15pm. Wednesday 10am until 5.15pm and Friday 8.30am until 4.45pm.*

**Out of Office**

*Hello and welcome to South Ribble Council. Many of our services can be accessed quickly and easily on our website.*

*Unfortunately, the offices are currently closed. For homeless emergencies, please call 01772 436756.*

*To report an emergency that is the responsibility of the Council, please call 07661 001199.*

*Pest control and noise nuisances are classed as non-emergency and should be reported during normal office hours. Our opening hours are Monday, Tuesday and Thursday 8.30am until 5.15pm. Wednesday 10am until 5.15pm and Friday 8.30am until 4.45pm.*

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| REPORT TO              | ON                                 |
|------------------------|------------------------------------|
| <b>CABINET COUNCIL</b> | <b>Wednesday, 12 February 2020</b> |



| TITLE                    | PORTFOLIO                    | REPORT OF              |
|--------------------------|------------------------------|------------------------|
| <b>Redundancy Policy</b> | <b>Leader of the Council</b> | <b>Chief Executive</b> |

|  |            |
|--|------------|
| Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)  | <b>Y</b>   |
| Is this report on the <b>Statutory Cabinet Forward Plan</b> ?  | <b>Yes</b> |
| Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?<br>This should only be in exceptional circumstances.                                  | <b>No</b>  |
| Is this report confidential?<br>If <b>Yes</b> , insert details of the relevant exclusion paragraph(s).<br>These are listed in the Constitution Part 4, page 25 (Access to Information Procedure Rules) | <b>No</b>  |

## PURPOSE OF THE REPORT

1. To inform members of the revised Redundancy Policy for consideration

## PORTFOLIO RECOMMENDATIONS

2. To approve the inclusion of the revised redundancy policy in the Pay Policy to be approved by Council.

## REASONS FOR THE DECISION

3. The changes to the redundancy policy will support the wellbeing of employees faced with a redundancy situation.

## CORPORATE OUTCOMES

4. The report relates to the following corporate priorities: (tick all those applicable):

|   |   |
|---|---|
| Excellence, Investment and Financial Sustainability | x |
| Health, Wellbeing and Safety                        | x |
| Place, Homes and Environment                        |   |

Projects relating to People in the Corporate Plan:

|                            |   |
|----------------------------|---|
| Our People and Communities | x |
|----------------------------|---|

## BACKGROUND TO THE REPORT

5. Redundancy payment is based upon a specific number of weeks' pay, in accordance with the age of an employee and length of service. It is calculated in line with the statutory calculation. The Council last reviewed the redundancy policy in 2014, at this time the number of weeks payable was increased by a multiple of 2.2. This was incrementally removed over two years and the policy now only pays redundancy compensation for both Compulsory and Voluntary redundancy on the statutory number of weeks entitlement.

## PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

6. The proposal is to reintroduce the multiplier of 2.2 for compulsory redundancies, and give the Head of Paid Service delegated authority, for those seeking voluntary redundancy, to enhance the compensation payment, up to equivalent of 2.2.
7. Since 2014, as shown in the table below, there has only been two compulsory redundancies, and therefore the impact of reintroducing would not greatly impact the Council but provide great reassurance to all employees.

| YEAR  | Voluntary | Compulsory |
|-------|-----------|------------|
| 14/15 | 4         | 0          |
| 15/16 | 0         | 0          |
| 16/17 | 0         | 0          |
| 17/18 | 6         | 0          |
| 18/19 | 3         | 2          |

8. On occasion it may be greatly beneficial for the Council and employee to leave employment on grounds of voluntary redundancy. For the Head of Paid Service to have the authority to apply discretion, when there is a clear justification to do so, to enhancement to the standard compensation, will assist both the Council and Employees leaving employment.
9. A commitment to outplacement support for employee leaving the Council has also been included in the revised policy – this would be support for job search, job interview, coaching etc.

#### **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

10. Unison have been consulted and are supportive of the revised policy.

#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

11. No alternatives have been considered.

#### **AIR QUALITY IMPLICATIONS**

12. Relevant details to be inserted here following liaison with the appropriate Environmental Health Officer

#### **RISK MANAGEMENT**

13. None risks have been identified.

#### **EQUALITY AND DIVERSITY IMPACT**

14. Any additional compensation awarded for Voluntary redundancy should consider any Equality factors.

#### **COMMENTS OF THE STATUTORY FINANCE OFFICER**

15. There are no immediate financial implications of approving the revised policy, however clearly the increase in the multiplier proposed may increase the cost of any redundancy payments approved in the future. As with any potential redundancy situation, the financial and budgetary implications will need to be addressed at the time and funding identified.

#### **COMMENTS OF THE MONITORING OFFICER**

16. In accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 states that if a Local Authority decides to change their policy, they must publish a statement of the amended policy and may not give effect to any policy change until one month after the date of publication.

17. An Equality Impact Assessment should be undertaken to ensure that the Council follows a transparent process about the changes to the Redundancy Policy.

**BACKGROUND DOCUMENTS (or There are no background papers to this report)**

List any background documents which are relevant, including policy documents or previous Cabinet reports. Remember for a public report all background documents referred to are open to public inspection on request. Use links to any web based documents.

**APPENDICES**

**Appendix A - Revised Draft Redundancy Policy and Procedure**

Gary Hall  
Chief Executive

Chief Executive

| Report Author:            | Telephone:   | Date:      |
|---------------------------|--------------|------------|
| Gail Collins              | 01772 625268 | 20/01/2020 |
| Gail Collins (HR Manager) |              |            |

# **Redundancy Policy and Procedure**



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| 3.  | <b>Measures to Avoid or Minimise Redundancy</b> |
| 4.  | <b>Selection Criteria</b>                       |
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| 8.  | <b>Redundancy Payments</b>                      |
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## 1. POLICY STATEMENT

- 1.1 The council aims to ensure as far as possible, security of employment for its employees. However, it also recognises that there may be circumstances when the Council has to reduce the number of employees. Such changes may mean that some jobs are redundant or must be substantially changed to improve service efficiency.
- 1.2 In this event the Council will seek to minimise the effects of redundancies by seeking suitable volunteers and will support employee finding alternative employment through the redeployment. Where compulsory redundancies are unavoidable, the council will handle the redundancies in the most fair, consistent and sympathetic manner.

## 2. CONSULTATION

- 2.1 The council will inform the recognised Trade Union of staffing requirements and any potential redundancy situation. When change becomes necessary, consultation with the Trade Union and individual employees who are affected will commence at the earliest practicable opportunity.

Failure to consult employees in a redundancy situation, will almost certainly be unfair. Collective consultation rules must be followed if there are 20 or more employees redundant within any 90-day period at a single establishment. The Redundancy Payments Service must be notified before consultation starts by completing HR1 form.

- Consultation will start at least 30 days before the first dismissal takes effect if 20 to 99 employees are to be made redundant over a period of 90 days or less
- And at least 90 days before the first dismissal takes effect if 100 or more employees are to be made redundant over a period of 90 days or less.

- 2.2 If redundancies are expected then the Council will provide information to the Trade Union on:

- i) The reasons for the proposals.
- ii) The numbers and descriptions of employees involved.
- iii) The selection criteria to be used.
- iv) Procedures to be used in carrying out the dismissals including the period over which dismissals are to take effect.
- v) How redundancy payments will be worked out

- 2.3 Consultation with employees affected will involve

- i) Giving as much warning as practicable of the change and its implications.
- ii) Consideration for redeployment.
- iii) Consideration of any relevant matters they wish to raise.

### **3. MEASURES TO AVOID OR MINIMISE REDUNDANCY**

3.1 Every effort will be made by the Council to reduce the number of possible redundancies by considering:

- i) Freezing vacancies or restricting the recruitment of permanent staff.
- ii) Reducing the use of temporary employees.
- iii) Reducing or eliminating overtime.
- iv) Short time working
- v) Volunteers for early retirement or voluntary redundancy.

It is important that the Council retains the balance of skills and experience within the remaining workforce. Consideration will only be given to volunteers for redundancy if this is not detrimental to the Council.

### **4. SELECTION CRITERIA**

4.1 If having taken any of the above steps, the number of employees still exceeds the requirements, selection criteria may have to be applied. The criteria to be considered will be based on objective assessment of

- i) Performance/capability
- ii) Skills and experience
- iii) Length of service
- iv) Attendance
- v) Personal circumstances

These criteria will be applied without discrimination.

### **5. ALTERNATIVE WORK**

5.1 This is dealt with in detail in the redeployment policy.

### **6. GIVING NOTICE**

6.1 You must give staff notice and agree a leaving date once you've finished the redundancy consultations.

Give staff at least the statutory notice period, based on how long they have worked.

| Length of service  | Notice period   |
|--------------------|-----------------|
| 1 month to 2 years | At least a week |

|                     |   |
|---------------------|---|
| 2 years to 12 years | A weeks' notice for every year employed |
| 12 or more years    | 12 weeks                                |

For staff with continuous service prior to 1 June 2015 there are protection arrangements for notice periods and therefore the notice period in the contract of employment must be applied.

## 6.2 Pay in lieu of notice

The employment contract does not allow included a payment in lieu of notice clause to allow you to terminate the employment contract with no notice. However, it can be agreed with the employee to terminate the contract without notice and payment will be made to cover the notice period they would have worked.

These payments must have tax and National Insurance deducted.

## 7. OUTPLACEMENT SUPPORT

7.1 Employees who are under notice of redundancy and qualify for a statutory redundancy payment have statutory rights to reasonable time off to look for work and arrange for training for new employment. Where possible assistance will be given to support individuals to adjust to the next stages of their career – e.g. job search, interview techniques etc.

## 8. REDUNDANCY PAYMENTS

8.1. Employees that are made redundant might be entitled to redundancy pay.

To be eligible, an individual must:

- be an employee working under a contract of employment
- have at least 2 years' continuous service
- have been dismissed, laid off or put on short-time working - those who opted for early retirement do not qualify

A redundant employee also has the right to a written statement setting out the amount of redundancy payment and how you worked it out.

8.2 This payment will be calculated using a formula which comprises of a defined number of weeks' pay based on an employee's age and length of employment and are counted back from the date of dismissal.

8.3 Employees get:

- 1.5 weeks' pay for each full year of employment after their 41st birthday
- a week's pay for each full year of employment after their 22nd birthday
- half a week's pay for each full year of employment up to their 22nd birthday

Length of service is capped at 20 years

- 8.4 The calculation will be based on an employee's actual week's pay, rather than the statutory limit. The weeks pay will include all regular payments, such as first aid, unsocial hours, honorarium that have been paid for a minimum of 3 months. Overtime payments, organisational pension contributions and essential car user payments are not included.
- 8.5 The calculation will be based on continuous local government service with any other local authority or employer covered by the Redundancy Payments Modification Order.
- 8.6 If the redundancy is compulsory the number of weeks' pay entitled to under the statutory provision will be multiplied by 2.2
- 8.7 The Head of Paid Service can apply discretion to enhance a redundancy payment where an employee has elected to take voluntary redundancy, up to a maximum of 2.2 multiplier on the week's entitlement. There must be a demonstratable and objective reason for this to be the best interest of the Council.
- 8.8 In addition to the redundancy compensation payment specified above, employees aged 55 and over, who have at least three months membership of the LGPS, will receive immediate payment of an unreduced pension and lump sum based on their accrued contributory service at the date their employment is terminated.
- 8.9 Employees leaving employment on grounds of redundancy may also be offered:
  - i) The option of payment in lieu of any outstanding leave. There is no payment for flexi or TOIL credit.

## **9. APPEALS**

- 9.1 Where an employee believes that the selection criteria has been unfairly applied in their case, they will have the right to appeal to the Appeals Committee within 10 working days of being notified that they have been selected for redundancy.

## **10. REVIEW**

- 10.1 The policy will be subject to a review every 12 months.

|            |               |
|------------|---------------|
| Version    | 3.0           |
| Updated by | Gail Collins  |
| Date       | February 2020 |

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| REPORT TO              | ON                                 |
|------------------------|------------------------------------|
| <b>CABINET COUNCIL</b> | <b>Wednesday, 12 February 2020</b> |



| TITLE                     | PORTFOLIO                    | REPORT OF                      |
|---------------------------|------------------------------|--------------------------------|
| <b>Pay Policy 2020/21</b> | <b>Leader of the Council</b> | <b>Interim Chief Executive</b> |

|   |            |
|---|------------|
| Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)   | <b>Yes</b> |
| Is this report on the <b>Statutory Cabinet Forward Plan</b> ?   | <b>Yes</b> |
| Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?<br>This should only be in exceptional circumstances. | <b>No</b>  |
| Is this report confidential?  | <b>No</b>  |

## PURPOSE OF THE REPORT

1. To inform Cabinet and Council of the Annual Pay Policy Statement so that it can be agreed and published to allow the Council to comply with legislative requirements

## PORTFOLIO RECOMMENDATIONS

2. The Cabinet approves the Pay Policy Statement 2020/21 to be approved by Council

## REASONS FOR THE DECISION

3. The Localism Act 2011 requires all local authorities to set out its position on a range of issues relating to the remuneration of its employees. The Policy must be approved by the Council in open forum, by the end of March each year and then be published on its website

## CORPORATE OUTCOMES

4. The report relates to the following corporate priorities: (tick all those applicable):

|   |   |
|---|---|
| Excellence, Investment and Financial Sustainability | X |
| Health, Wellbeing and Safety                        |   |
| Place, Homes and Environment                        |   |

Projects relating to People in the Corporate Plan:

|                            |  |
|----------------------------|--|
| Our People and Communities |  |
|----------------------------|--|

## BACKGROUND TO THE REPORT

5. The purpose of the Pay Policy statement is to ensure there is transparency as to how pay and remuneration is set by the Council, for all its employees and particularly for its most senior level posts.

## PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

The Pay Policy sets out the current approach to the remuneration of all posts within the Council. It specifies certain mandatory requirements that must be detailed within the Policy. This refers to:

- The pay structure of the Council and how it is set.
- Chief officer remuneration
- The recruitment arrangements for a Chief Officer.
- The relationship between the salaries of Chief Officers and other employees.
- Details of the lowest paid posts within the Council
- Other details to how employees will be paid

The Pay Policy also details local arrangements and provisions. The 2020/21 policy now includes committed to pay Real Living Wage and this has been extended to include payment for casual staff at Events, rather than time of in lieu as a method of remuneration.

## **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

6. N/A.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

7. N/A – The Pay Policy must be agreed and published annually.

## **AIR QUALITY IMPLICATIONS**

8. There are no direct implications of the report of policy on Air Quality

## **RISK MANAGEMENT**

9. We are obliged under legislation to produce and publish this document.

## **EQUALITY AND DIVERSITY IMPACT**

10. There are no Equality and Diversity impact of this report

## **COMMENTS OF THE STATUTORY FINANCE OFFICER**

11. The staffing budget forecasts in the 2020/21 budget and the Medium-Term Financial Strategy are based on the pay and remuneration in the 2020/21 Pay Policy Statement.

## **COMMENTS OF THE MONITORING OFFICER**

12. Full Council must consider and agree its Pay Policy each year. This document must be published. The legislative provisions are contained within the Localism act 2011.

**There are no background papers to this report**

## **APPENDICES**

Appendix A – Pay Policy Statement 2020/21

Gary Hall  
Interim Chief Executive

Interim Chief Executive

|                           |              |          |
|---------------------------|--------------|----------|
| Report Author:            | Telephone:   | Date:    |
| Gail Collins              | 01772 625268 | 17/01/20 |
| Gail Collins (HR Manager) |              |          |

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## PAY POLICY STATEMENT- 2020/21

### **1. Introduction**

The Localism Act 2011 – [Chapter 8 - Pay Accountability] requires all local authorities in England and Wales to produce a pay policy statement from 2012/13 and for each financial year thereafter and must do so with regard to any guidance from the Secretary of State for Communities and Local Government.

The Policy must be agreed by the Full Council and be publicly available.

### **2. Policy Objective**

The purpose of the Pay Policy is to provide transparency regarding the Council's approach to the setting of pay for all its employees and therefore identifies:

- The methods by which salaries of all employees are determined
- The details of the remuneration of its most senior employees, i.e. Chief Officers
- The relationship between the salary of its Chief Officers and other employees within the Council.
- Details relating to the lowest paid employees.
- Who is responsible for ensuring that the Pay Policy is consistently complied with throughout the Council.

### **3. South Ribble Borough Council's Responsibility**

It is the Council's responsibility to ensure that:

- A policy is produced for each financial year
- The policy is publicly available through its website
- The policy is applied fairly and consistently and complies with all relevant legislation

### **4. Scope**

The pay policy covers the remuneration of all employees of the Council including temporary employees. Individuals engaged through employment agency arrangements would also be covered by the policy in compliance with the Agency Workers Regulations 2010.

The policy also covers employees who are within the Shared services arrangements with Chorley Council, but are directly employed by South Ribble Borough Council.

### **5. Pay Structure**

In determining the pay and remuneration of its employees the Council will comply with all relevant employment legislation. This includes the Equality Act 2010 and the Part-time Regulations 2008.

The Council uses the nationally negotiated pay spine as the basis for its local pay structure, with the exception being those most senior level posts referred to within the Policy. The Council also adheres to the national pay bargaining arrangements in respect of increases to the nation pay spine.

The pay spine is used to determine the salaries of all council employees, apart from the Chief Officers and senior officers, which are addressed separately within this policy. The grading structure of most posts was established as part of the Single Status job evaluation process and subsequent pay grade structure was adopted following Council approval in April 2007. This also addressed the Council's approach to the job evaluation of posts and the harmonisation of key terms and conditions of employment. Since 2007 all new posts and posts that have changed significantly are evaluated in accordance with the same Job Evaluation Scheme. The Council operates the GLPC [Greater London Provincial Council] Scheme

All other pay related enhancements and payable allowances/expenses are the subject of either nationally or locally negotiated and/or determined rates.

The Council complies with all relevant legislation and statutory guidance, including the Criminal Finances Act 2017 and the Intermediaries Regulation 35 (IR35), to ensure that all employees and workers engaged to cover Council posts pay the correct rates of tax and National Insurance at source.

## **6. Senior Management Remuneration**

The Localism Act refers to the position of Chief Officer and Deputies, states that this refers to: the Head of Paid Service; Statutory Chief Officers; non-statutory Chief Officer posts and their direct reports (known as Deputy Chief Officers). It should be noted that this definition is very broad and takes account of Metropolitan and County Councils as well as District Councils with far fewer management levels.

Therefore, for the purpose of this policy for South Ribble Borough Council, Chief Officers are:

- The Chief Executive (Head of Paid Services)
- Shared Director of Governance
- Director of Neighbourhoods and Development
- Director of Planning and Housing
- Director of Customer and Digital

In addition, the Shared service Lead - Legal, Shared service lead – Communication and Events, Assistant Director of Neighbourhoods, Assistant Director of Projects and Development, Assistant Director of Property and Housing and Assistant Director Democratic Services and Scrutiny

### **Chief Executive**

Prior to the appointment of a Chief Executive, full council will determine the salary of the post to be advertised. Appointment to the post is undertaken by the Appointments and Employment Panel, the membership of which is agreed annually by full council and the panel would make a recommendation to appoint, which must then be approved by full council.

The level of salary for the Chief Executive, who is the Head of Paid Services, is between £103,925 to £122,728 (over 11 incremental points). The Chief Executive Appointment panel can negotiate a

starting salary prior to appointment, which must also be approved by full Council. Thereafter, progression through the incremental points is annual based on satisfactory performance review. The salary is increased annually in line with the JNC negotiated national agreement.

The Chief Executive also receives an essential car user lump sum and the reimbursement of professional subscription fees where membership of a professional organisation/s is required to carry out the full role of the post.

The Chief Executive will also take on the role of Returning Officer for any Local, National and European elections, payment for which will be in accordance with the statutory calculation.

Any other allowances relating to the post are the same as for all other posts within the Council, for example, reimbursement of fuel expenditure from business travel.

### **Deputy Chief Executive**

This is a shared position with Chorley Council and Chorley are the employer and therefore the details of remuneration are contained within the Chorley Council pay policy.

### **Director and Assistant Director Senior Officer Remuneration**

There are three posts of Director, one shared director post, two Shared Service Leads and four Assistant Directors.

The following posts are appointed by the Appointment and Employment Panel, as these positions hold a statutory function.

- Shared Corporate Director of Governance (Monitoring officer)
- Shared Service Lead – Legal Services (Deputy Monitoring Officer)

The following are Officer led appointments, overseen by the Head of Paid Services:

- Director of Planning and Property
- Director of Customer and Digital
- Director Neighbourhoods and Development
- Assistant Director Neighbourhoods
- Assistant Director Scrutiny and Democratic Services
- Assistant Director Property and Housing
- Assistant Director Projects and Development
- Shared Service Lead – Communications and Events

The level of salary for the above post are as follows:

| <b>Job Title</b>                        | <b>Salary range</b>                       |
|---|---|
| Shared Corporate Director of Governance | Spot salary £75,000                       |
| Shared Service Leads                    | Spot Salary £60,000                       |
| Director                                | £62,411 to £66,300 (5 incremental points) |
| Assistant Director                      | £48,007 to £51,000 (5 incremental points) |

Any other allowances relating to the posts are the same as for all other posts within the Council, for example, reimbursement of fuel expenditure from business travel.

Annual increases are in line with NJC Terms and Conditions

### **Specialist Experts Positions**

In order to attract and retain the most specialist or expert skills in may be necessary to negotiate a pay rate outside of the Senior Management pay structure. Such pay rates are determined based upon the current market rate for the specialist skills.

Recruitment to such posts may be directly or via recruitment agencies. Contract procedure rules must be applied when considering these contracts. It is expected that most specialist contracts are inside IR35 and therefore the Council is responsible for the payment of Tax and NI for the individual, although the Contract may not necessarily be on the same terms and conditions of an employee.

Currently there is one senior position which is a specialist post: - the Interim Head of Shared Assurance. The Shared Assurance function is subject to review and this specialist post is required to help lead that process.

### **7. Recruitment of Chief Executive and Chief Officers**

Under Section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit” where there is a requirement to recruit to the post of Chief Executive or Chief Officer.

The appointment to the Council’s Chief Executive and statutory officer posts will be dealt with by the Appointment and Employment Panel and in accordance with the Council’s constitution.

All other senior positions are appointed under the delegated powers of the Head of Paid services.

### **8. Relationship between Chief Executive/Chief Officer Pay and other Employees**

Under the provisions of the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Ministry for Housing, Communities and Local Government (MHCLG) (formerly Department of Communities & Local Government – DCLG) under section 2 of the Local Government Planning and Land Act 1980, the Council is expected to publish its “pay multiple”, i.e. the ratio between the highest paid salary and median average salary of the whole of the Council’s workforce.

The relationship between the maximum average salaries of the Chief Executive and Chief Officers and the median salary of £25,047 (\*the 2020/21 pay award is pending these figures are based upon 19/20 salaries and will be updated when the pay award is announced)

| <b>Post</b>                | <b>Ratio</b> |
|----------------------------|--------------|
| Chief Executive salary     | 1:4.8        |
| Shared Director            | 1:2.99       |
| Directors salary           | 1:2.65       |
| Assistant Directors salary | 1:2          |
| Shared services lead       | 1:2.4        |

The relationship between the maximum salaries or spot points and the lowest paid salary of £17,942

| Post                       | Ratio  |
|----------------------------|--------|
| Chief Executive salary     | 1:6.7  |
| Shared Director            | 1:4.2  |
| Directors salary           | 1:3.7  |
| Assistant Directors salary | 1:2.84 |
| Shared services lead       | 1:3.34 |

## **9. Gender Pay Information**

The Council is required to report annually on gender pay gap statistics as part of the public sector equality duty. These statistics are published on its website.

## **10. Lowest Paid Employees**

The basic pay of the Council's lowest paid employees comprises a locally agreed grade range implemented in April 2007 and derived from the national pay spine, as set out in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service.

However, the Council is committed to becoming a Living Wage accredited employer. Therefore, an hourly supplement is payable to the lowest paid staff to ensure that the Council complies with the minimum hourly rate determined by the Living Wage Foundation. The Living wage is determined annually in November and is implemented from the following 1 April. The current rate is £9.30 per hour which is an annual salary of £17,942.41

## **11. Apprentices**

There are several apprentices currently employed by South Ribble Council on fixed terms contracts. This is usually a two-year period but may be longer.

With effect from 1st April 2020 an apprentice will receive the National Minimum Wage for the upper age band of 25 and over, regardless of the age of the apprentice. This is currently £8.72 per hour.

Subject to satisfactory performance in the workplace and satisfactory progress on for the qualification, the apprentice will move onto the Living wage hourly rate for the second year of the apprenticeship.

There are also a number of employees who are undertaking apprenticeships as part of their permanent role. Where employees meet the criteria for an apprenticeship, this route is the preferred option, rather than the Council funding qualification courses. The employee will continue to receive the same pay grade for their job roles.

## **12. Other conditions Relating to Chief Officers and other Employees**

### **Performance-related Pay**

The Localism Act requires Councils to provide details of any performance related pay for its Chief Officers. However, South Ribble Borough Council does not have any such arrangements.

## **Bonuses**

There are no schemes in relation to the payment of bonuses for any employees, including Chief Officers.

## **Payments on the termination of employment**

The Council's Redundancy Policy applies equally to all employees regardless of their grade.

## **Pension Arrangements**

All employees, including Chief Officers, are entitled to join the Local Government Pension Scheme if they so wish. No alternative options are available should employees not wish to join the scheme.

## **Starting Salary**

For all appointments, including internal appointments and any employee re-graded, negotiations will commence on the lowest point of a grade, however where there is strong justification of the need for a higher starting point this will be considered. This justification must be supported by both the appropriate Director and Human Resources.

## **Grade Progression**

Each grade consists of several incremental salary points, through which employees may progress until the top of the grade is reached. Progression within each grade will normally be by annual increment at 1 April each year subject to the maximum of the grade. However, Directors have the discretion to advance an individual employee's incremental progression within the grade on the grounds of special merit or ability to assist in the retention of able professional or other staff.

## **Market Supplements**

The Council also has a process by which it can consider paying market supplements where there have been difficulties in recruiting to the posts or the market demand/supply reflects the need. By taking account of external pay levels in the labor market in order to attract and retain employees with particular skills, knowledge and experience. On such occasions the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate. All market supplements have to be agreed with *Human Resources* and the relevant Director and are reviewed regularly.

## **On Call Payments**

In order to fulfil our statutory functions employees are asked to participate in on call rotas. For Senior Management on the Strategic Duty officer rota there is no additional payments. However, for other services (e.g. Neighbourhoods, Homelessness) payment is made as follows:

|                         |  |
|-------------------------|--|
| Supervisory role        | £295.28 per week and an additional £29.53 for bank holiday. If the employee is called out there is no additional payments made.                |
| Neighbourhood operative | £110.90 per week and an additional £28.97 for bank holidays. If they are called out overtime payment will be made to a minimum of 2 two hours. |

Mechanics £97.39 per week, plus overtime payment on an hourly rate if called out.

Emergency Daily standby (when floods, strong winds are expected) £25.60 is paid on a daily rate.

These amounts increase annually in line with the NJC pay award.

### **Professional Subscriptions**

Several employees are member of professional organisations in connection with their employment at the Council. Where there is a direct link to the employee's role, the council will reimburse the employee.

### **Honorariums**

The council has guidelines on the use of honoraria for substantial additional duties and responsibilities. Any additional payments are subject to regular reviews and must be agreed in advance of payment with the relevant Director and HR Manager.

### **Relocation Allowance**

Guidance on relocation allowance provides for up to £4,000 for actual relocation. This can be used for rent, removals, travel connected to relocation etc, provided the relocation from a minimum distance of 80 miles from the Civic Centre and is within the South Ribble area, within a set period.

### **Casual Employment for Events and Elections**

The Council historically has relied upon the goodwill of existing staff to support the successful running of Council led events. In order to create a bank of casual staff, a payment of £9.30 per hour will be paid for all staff (either existing members of staff or new casual workers) for working on Events. This will be paid for general event duties. A higher rate per hour will be paid for worker those with additional responsibility such as staff supervision, or those holding a position of responsibility at the Event.

Where the planning, coordination and management of an Event falls within an employee's job role there is no additional payments, but there may accrue Time of in Lieu or additional flexi leave.

Staff or casual workers supporting Elections Services receive set rates where the work is outside of their normal job role, e.g. canvassing, at polling stations, postal votes, vote counts etc.

### **Overtime payments**

Advice from ACAS is that "workers should usually receive the same pay while they are on annual leave as they normally receive whilst they are at work" and that "all types of overtime, including voluntary, must be included when calculating a workers statutory holiday pay entitlement, apart from overtime that is only worked on a genuinely occasional and infrequent basis"

An additional 7.69% is added to overtime payment to accommodate the required to reflect overtime in holiday pay calculations.

Overtime payments are paid in accordance with the NJC terms and conditions of employment. In addition were it is necessary for continued service provision and of best value with the delegated

approval of Head of Paid services, Directors are able to agree to overtime for more senior officers where the NJC terms only allows overtime for lower paid staff. For example, for IT officers to attend when the office is closed for system upgrades that can't be carried out during the working week.

### **13. Publication of the Policy**

The Policy will be published on the Council's Website, prior to April 2020.

### **14. Review of Pay Policy**

The HR Manager is responsible to ensure that the Pay Policy is consistently applied.

The Policy will be subject to annual review and must be approved by the Council prior to 31 March each year. If there is a need to amend the Policy between reviews, then any such amendments will be considered by the Cabinet, prior to approval by the Council.

# Agenda Item 8

| REPORT TO | ON               |
|-----------|------------------|
| Cabinet   | 12 February 2020 |



| TITLE                                 | PORTFOLIO                    | REPORT OF                   |
|---------------------------------------|------------------------------|-----------------------------|
| Budget Monitoring 2019/20 – Quarter 3 | Finance, Property and Assets | Interim Section 151 Officer |

|  |     |
|--|-----|
| Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)        | Yes |
| Is this report on the <b>Statutory Cabinet Forward Plan</b> ?  | Yes |
| Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council? | No  |
| Is this report confidential?   | No  |

## PURPOSE OF THE REPORT

1. This report provides an update on the Council's overall financial position as at the end of December 2019, which is quarter 3 of the financial year 2019-20. The report provides a forecast of the projected outturn to 31<sup>st</sup> March 2020 compared to the current approved budget and explains what the differences are and what impact they will have.

## PORTFOLIO RECOMMENDATIONS

2. Cabinet notes, reviews and comments on the contents of this report.
3. Cabinet approves the creation of a Credit Union Reserve and to earmark £150,000 from the forecast budget underspends to pay into this reserve.

## REASONS FOR THE DECISION

4. Robust financial monitoring, including scrutiny and challenging information, is a crucial aspect of running a successful and effective organisation.

## EXECUTIVE SUMMARY

5. The overall revenue outturn forecast for 2019/20 is a net budget saving of £272,000 which represents a variance of 1.9% of the total net budget requirement. This is based on actuals to-date and assumptions about spending and anticipated levels of income for the remainder of the financial year. Certain income sources can be assessed with more certainty; for example with Garden Waste and Trade Waste charges the majority of the income is received early in the financial year. Other income is more volatile and therefore the forecasts are more likely to need revising as the year progresses.

6. Of this net underspend, it is proposed that £150,000 is set aside in reserves to provide funding for a Credit Union for South Ribble which is a priority in the Council's Corporate Plan
7. In the staffing cost forecasts, assumptions have been made in relation to the timing of recruitment to posts which are currently vacant.
8. The forecast variance of a £272,000 surplus comprises the following main items:
  - Forecast savings in staffing costs £175,000
  - Increase in income forecast including Garden Waste £158,000, offset by reduced income from Trade Waste, Investment Property, Pre-planning fees and Land Charges £108,000
  - New income generated from vehicle maintenance contract offset by additional staff costs; net increase in income £59,000
  - Increase in business rates compensatory grant funding (S31 grant) £280,000
  - Offset by: a net cost of £108,000 in relation to the waste contract and other cost pressures £183,000 (legal costs, fees, elections, vehicle hire, benefits and ICT costs).
9. The current capital budgets have been reviewed to establish the forecast outturn expenditure and any re-phasing of schemes into future years. The total capital budget forecast for 2019/20 is £4,129,000, with £6,123,000 identified as potential slippage identified at this stage in the year against the approved 2019/20 budget. Further details with regard to progress on individual schemes is provided in the body of the report and Appendix A (attached).

## CORPORATE PRIORITIES

10. The report relates to the following corporate priorities: (tick all those applicable):

|   |   |
|---|---|
| Excellence and Financial Sustainability | ✓ |
| Health and Wellbeing                    |   |
| Place                                   |   |

Projects relating to People in the Corporate Plan:

|        |  |
|--------|--|
| People |  |
|--------|--|

## BACKGROUND TO THE REPORT

11. The 2019/20 budget and Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23 was approved by full Council on 27<sup>th</sup> February 2019.
12. The net cost of services revenue budget was £14,484,000. An increase of 1.99% in Council Tax was approved, with a budget income figure of £153,000. After applying other sources of funding as well, there was an overall surplus of £716,000 that was budgeted to be transferred back into the capital funding reserve to help fund the sizeable capital programme.
13. The capital programme totalled £41,383,000 over the next 4 financial years, with a total budget of £12,908,000 in 2019/20. The current budget, including slippage from 2018/19 and additional schemes approved during the year is £15,026,000.

## INFORMATION

### Revenue Summary

14. In the Quarter 2 budget monitoring report to Cabinet in November, a forecast budget surplus of £515,000 was reported. This included new budgets approved by Cabinet in September: a budget of £75,000 for hosting a music event in the Borough in summer 2020, to cash flow the initial phase of the festival preparations; and an additional budget of £50,000 for professional support for the Leisure services review.
15. Table 1 summarises by directorate the revenue budget variations that are expected to impact on the outturn position at 31<sup>st</sup> March 2020. The overall forecast is a surplus, compared to the budget, of £272,000. The 'Current Budget' below includes approved budget changes, virements and release of budgets brought forward from reserves.
16. Table 2 below lists the main variances within particular service areas that affect the forecast.

**Table 1: Revenue Budget Summary – Quarter 3 forecasts**

|   | <b>Full Year<br/>Budget<br/>£'000</b> | <b>Current<br/>Budget<br/>£'000</b> | <b>Forecast<br/>Outturn<br/>£'000</b> | <b>Forecast<br/>Variances<br/>£'000</b> |
|---|---------------------------------------|-------------------------------------|---------------------------------------|---|
| Chief Executive                           | 864                                   | 895                                 | 905                                   | 10                                      |
| Neighbourhoods & Development              | 6,484                                 | 6,482                               | 6,432                                 | (49)                                    |
| Planning and Property                     | 488                                   | 526                                 | 272                                   | (254)                                   |
| Finance and Assurance                     | 1,405                                 | 1,378                               | 1,455                                 | 77                                      |
| Legal, HR & Democratic Services           | 1,746                                 | 1,741                               | 1,703                                 | (39)                                    |
| Customer Experience & Operations          | 2,098                                 | 2,126                               | 2,094                                 | (32)                                    |
| Pension Deficit Contributions             | 414                                   | 414                                 | 521                                   | 107                                     |
| Staff Turnover Savings                    | (150)                                 | 0                                   | 0                                     | 0                                       |
| <b>Net Cost of Services</b>               | <b>13,349</b>                         | <b>13,563</b>                       | <b>13,382</b>                         | <b>(181)</b>                            |
| Interest payable / (receivable)           | (89)                                  | (214)                               | (217)                                 | (3)                                     |
| Parish Precepts                           | 397                                   | 397                                 | 397                                   | 0                                       |
| Provision for repayment of debt           | 835                                   | 835                                 | 831                                   | (4)                                     |
| <b>Funding Requirement</b>                | <b>14,492</b>                         | <b>14,581</b>                       | <b>14,393</b>                         | <b>(188)</b>                            |
| <u>Funding:</u>                           |                                       |                                     |                                       |   |
| New Homes Bonus – City Deal               | (879)                                 | (879)                               | (879)                                 | 0                                       |
| New Homes Bonus – SRBC                    | (135)                                 | (135)                               | (135)                                 | 0                                       |
| Retained Business Rates                   | (3,950)                               | (3,950)                             | (3,939)                               | 11                                      |
| Business Rates Section 31 grant           | (1,750)                               | (1,750)                             | (2,041)                               | (291)                                   |
| Council Tax                               | (8,328)                               | (8,329)                             | (8,329)                               | 0                                       |
| Contribution to / (from) reserves         | 550                                   | 461                                 | 496                                   | 35                                      |
| <b>Total Funding</b>                      | <b>(14,492)</b>                       | <b>(14,581)</b>                     | <b>(14,826)</b>                       | <b>(245)</b>                            |
| <b>Net (Surplus) / Deficit</b>            | <b>0</b>                              | <b>0</b>                            | <b>(434)</b>                          | <b>(434)</b>                            |
| <b>Less Ring-fenced Town Deal funding</b> |                                       |                                     |                                       | <b>162</b>                              |
| <b>Forecast Underspending</b>             |                                       |                                     |                                       | <b>(272)</b>                            |

**Table 2: Projected Revenue Outturn Variations**

| <b>Detail</b>  | <b>Budget pressure / (saving) £'000</b> | <b>Forecast Variances at Quarter 3 £'000</b> |
|--|---|--|
| <b>Chief Executive</b>   |   |  |
| Staffing Variances – interim arrangements                            | (3)                                     | 10   |
| Other  | 13                                      |  |
| <b>Neighbourhoods &amp; Development</b>                              |   |  |
| Staffing Variances   | 1                                       |  |
| Cleansing reduced costs, external work brought in-house              | (18)                                    |  |
| Garden Waste income - exceeded budget                                | (158)                                   |  |
| Trade Waste income - reduction in take up on renewal                 | 32                                      |  |
| Waste Contract – inflation and cost recovery adjustments             | 108                                     | (49)   |
| Vehicle hire additional costs – RCV undergoing repairs               | 24                                      |  |
| Moss Side depot – Vehicle maintenance contract net additional income | (59)                                    |  |
| Moss Side depot – metered water                                      | 11                                      |  |
| Worden Hall professional fees  | 19                                      |  |
| Pest Control income  | (10)                                    |  |
| Other  | 1                                       |  |
| <b>Planning and Property</b>   |   |  |
| Staffing Variances   | (156)                                   |  |
| Investment Property rental income                                    | 24                                      | (254)  |
| Planning Pre-application fees reduction                              | 32                                      |  |
| Town Deal Capacity Funding   | (162)                                   |  |
| Other  | 8                                       |  |
| <b>Finance and Assurance</b>   |   |  |
| Staffing Variances / agency costs                                    | 59                                      |  |
| Audit fees   | 10                                      | 77   |
| Insurance  | 6                                       |  |
| Other  | 2                                       |  |
| <b>Legal, HR &amp; Democratic Services</b>                           |   |  |
| Staffing Variances   | (111)                                   |  |
| Elections/bi-election  | 18                                      |  |
| Legal fees   | 50                                      | (39)   |
| Forecast reduction in Land Charges income                            | 20                                      |  |
| Forecast reduction in Taxi Licensing costs                           | (5)                                     |  |
| Other  | (11)                                    |  |
| <b>Customer Experience &amp; Operations</b>                          |   |  |
| Staffing Variances   | (71)                                    |  |
| Cyber security funding secured                                       | (15)                                    |  |
| ICT services cost increase   | 50                                      | (32)   |
| Housing Benefits   | 22                                      |  |
| Personal budgeting support underspend                                | (30)                                    |  |
| Postage costs  | 5                                       |  |
| Other  | 7                                       |  |

| Detail  | Budget pressure / (saving) £'000 | Forecast Variances at Quarter 3 £'000 |
|---|----------------------------------|---------------------------------------|
| <b>Net Cost of Services</b>   |                                  | <b>(288)</b>                          |
| Interest receivable / capital financing   |                                  | (7)                                   |
| Staffing Variations - Pensions contributions  |                                  | 106                                   |
| Reduced contributions from reserves   |                                  |                                       |
| Additional Contribution to / (from) reserves compared to budget   |                                  | 34                                    |
| Retained Business Rates and s31 grant funding   |                                  | (280)                                 |
| <b>TOTAL VARIANCE</b>   |                                  | <b>(434)</b>                          |
| <b>Less:</b> Towns funding capacity payment set aside to support the establishment of the town deal board and development of investment plans |                                  | <b>162</b>                            |
| <b>FORECAST UNDERSPENDING</b>   |                                  | <b>(272)</b>                          |
| <b>Less:</b> Proposed creation of Credit Union Reserve  |                                  | <b>150</b>                            |
| <b>TOTAL FORECAST TRANSFER TO GENERAL RESERVE</b>   |                                  | <b>(122)</b>                          |

### Staffing Costs

17. The total forecast saving in staffing costs is £175,000. This is after allocating the £150,000 turnover target to match actual savings achieved during the year. The main reason for the underspend against budget is posts being vacant, some earlier in the year that have now been filled others that are currently vacant.
18. The posts that are currently vacant are listed below.

| Directorate                    | Post  | Notes   |
|--------------------------------|---|---|
| Chief Executive                | Deputy Chief Executive (Regeneration and Growth)    | These posts will be deleted from 1 <sup>st</sup> April, to reflect the new shared services arrangements.                                  |
|                                | Deputy Chief Executive (Resources & Transformation) |   |
| Neighbourhoods and Development | Graphic Designer                                    | Vacant since 30/11/19   |
|                                | Engineering Technician                              | Vacant since 14/09/19   |
| Planning and Property          | Planning Technical Support Supervisor               | Vacant since 04/03/19   |
|                                | Planning Compliance & Monitoring Officer            | Vacant since 01/08/19, when the new structure was implemented. It is being kept vacant to assess whether it is required in the long term. |

| Directorate                      | Post                                   | Notes  |
|----------------------------------|--|--|
| Finance and Assurance            | Shared Director of Finance             | Vacant all year  |
|                                  | Auditor 1.2 FTE                        | These posts are all being filled on a temporary basis.   |
|                                  | Insurance Officer                      |  |
| Legal, HR & Democratic Services  | Borough Solicitor                      | These posts will be deleted from 1 <sup>st</sup> April, to reflect the new shared services arrangements.   |
|                                  | Head of Legal HR & Democratic Services |  |
| Customer Experience & Operations | Gateway Officer                        | Vacant since 01/12/19  |
|                                  | Gateway Receptionist                   | Vacant since 01/11/19  |
|                                  | IT Security Support Officer            | Vacant since 01/07/19, when a restructure was implemented. The post has been advertised twice but there have not been suitable candidates to appoint. The job description and advert are being revised, and the post will be advertised again in February. |
|                                  | Revenues & Benefits Officer            | Vacant since 21/09/19. The post was being kept vacant while a restructure was being finalised. It is now being recruited to.   |

19. The main variances across the directorates are summarised below:

- Chief Executive – Overall the variance is a small underspend of £3,000. There are additional costs for the Interim Chief Executive but these are offset by savings against the vacant Deputy Chief Executive posts. There is a saving in the Policy and Performance team due to a post not being filled until recently, at being at a lower grade than budgeted, which is offsetting the cost of a new Communications Officer.
- Neighbourhoods and Development – Overall the variance is a small overspend of £1,000. There is an additional cost for the new Environmental Health Officer (Climate Change) but this is offset by underspends against posts that were vacant earlier in the year.
- Planning and Property – The two areas with underspends are Apprentices and Planning. The corporate apprenticeship posts, which sit in this directorate, have been recruited to during the year but there is a part-year saving of £60,000 due to the period that they were vacant. The Planning team has undergone a restructure but some posts were not filled until quite recently. There are currently two vacancies. An Enforcement Officer post is being kept vacant to determine whether the role is needed on an ongoing basis or could be taken as a saving. The other vacancy is the Planning Technical Support Supervisor. The forecasted underspend in relation to Planning is £76,000.
- Finance & Assurance – There is an underspend of £63,000 against the shared senior management posts. The Assistant Director role is now filled but the Director role will not be filled this financial year. However, these underspends have been outweighed by additional costs for the Interim Head of Shared Assurance and other temporary arrangements in that team of £79,000 and additional costs for financial services of £48,000 also due to interim staffing arrangements.

- Legal, HR & Democratic Services – There is a total underspend of £118,000 against the shared senior management posts, due to vacancies. There have been some offsetting additional costs for additional HR support of £24,000 but there is still a large overall underspend.
- Customer Experience & Operations – There is an underspend of £83,000 in the Gateway team due to several posts being vacant during the year. Several posts have been filled but there are currently two vacancies in the team. There is a net budget overspend of £36,000 in ICT due to one-off pension costs for an employee that is retiring, partly offset by turnover vacancies. The one-off costs are being paid back through retaining a vacancy for a fixed period.

### Other Cost variations

20. The net cost of £108,000 in relation to the waste contract is a result of increases in relation to pay inflation £147,000, offset by the recovery of replacement bin costs £39,000. These costs include backdated adjustments for previous years. The pay adjustments reflect the impact of the NJC pay awards on individual pay points, which for the FCC employees works out higher than the average pay increase previously applied. The waste contract includes an annual provision for the cost of bin replacements. As the actual cost of bin replacements has been less than this provision, the overpayment has been recovered from FCC.

Other cost increases include vehicle hire costs due to refuse vehicle to be replaced this year having essential bodywork repairs to keep them roadworthy until the new ones begin service, election costs and pressures on the ICT budget.

### Business Rates

21. The business rates budget forecasts for 2019/20 have been reviewed based on the latest available data. Some elements of the business rates budget are fixed and therefore can be forecast with certainty; while other elements (such as Government S31 grants) are variable and can produce in-year variations. The purpose of the Business Rates Retention Reserve is to mitigate the impact of any in-year fluctuations.
22. The current forecast is unchanged overall from that reported in September, which showed a net increase of £280,000 compared to the original budget for the year. This was driven by a higher than originally expected entitlement to Section 31 Grants and the latest figures indicate that this level of income will be achieved. A small reduction is shown in the income forecast to be collected in respect of the Lancashire Enterprise Zone at Samlesbury, but this is wholly payable to the Lancashire Enterprise Partnership and so there is no impact on the overall net amount for the year.

| <b>Business Rates Retention Budget</b> | <b>Budget<br/>£'000</b> | <b>Forecast<br/>Outturn<br/>£'000</b> | <b>Forecast<br/>Variance<br/>£'000</b> |
|--|-------------------------|---------------------------------------|--|
| <b>Expenditure</b>                     |                         |                                       |  |
| Tariff paid to Pool                    | 15,150                  | 15,150                                | 0                                      |
| Payment re Enterprise Zone (19/20)     | 174                     | 167                                   | (7)                                    |
| Payments to Lancs Wide Fund            | 286                     | 244                                   | (42)                                   |
| Payment to Resilience Fund             | 57                      | 49                                    | (8)                                    |
| <b>Income</b>                          |                         |                                       |  |
| Local share of business rates          | (19,220)                | (19,095)                              | 125                                    |
| Share of surplus/deficit               | (185)                   | (185)                                 | 0                                      |
| Designated Area – Enterprise Zone      | (174)                   | (167)                                 | 7                                      |
| Renewable energy rates income          | (39)                    | (102)                                 | (63)                                   |
| <b>Sub-Total</b>                       | <b>(3,951)</b>          | <b>(3,939)</b>                        | <b>12</b>                              |
| Government S31 Grants                  | (1,750)                 | (2,042)                               | (292)                                  |
| <b>Total</b>                           | <b>(5,701)</b>          | <b>(5,981)</b>                        | <b>(280)</b>                           |

### Income from services

23. Table 3 shows the budgets and forecasts of the main types of income that are generated by services. (Note: this is different to general funding that isn't attributable to particular services such as non-specific government grants, council tax and business rates.)

**Table 3: Income from services**

| Service Area                                | Last Year<br>Income<br>£'000 | Budget<br>£'000 | Forecast<br>£'000 | Forecast<br>(Surplus)<br>/ Deficit<br>£'000 |
|---|------------------------------|-----------------|-------------------|---|
| <b>Neighbourhoods &amp; Development</b>     |                              |                 |                   |   |
| Car Parking charges and fines               | (135)                        | (137)           | (140)             | (2)   |
| Civic Centre banqueting suite income        | (21)                         | (18)            | (31)              | (13)  |
| Community Sports Coaching                   | (235)                        | (203)           | (235)             | (32)  |
| Dog impounding, littering and dog fouling   | (6)                          | (18)            | (6)               | 12  |
| Environmental Permits                       | (24)                         | (19)            | (23)              | (4)   |
| Football pitches, fairs, etc.               | (26)                         | (15)            | (29)              | (14)  |
| Grounds Maintenance                         | (172)                        | (164)           | (156)             | 8   |
| Licensing - Piercings & Tattoos and Animals | (12)                         | (7)             | (8)               | (1)   |
| Licensing - Street Traders                  | (28)                         | (25)            | (26)              | (1)   |
| Pest Control                                | (44)                         | (39)            | (50)              | (10)  |
| Property rental - Civic Centre              | (71)                         | (50)            | (71)              | (21)  |
| Property rental - Market                    | (139)                        | (142)           | (142)             | -   |
| Property rental - Moss Side Depot           | (13)                         | (43)            | (47)              | (5)   |
| Property rental - Worden Craft Centre       | (13)                         | (15)            | (14)              | 1   |
| Refuse Collection - Garden waste            | (789)                        | (650)           | (809)             | (158)                                       |
| Refuse Collection - New bins                | (46)                         | (65)            | (57)              | 8   |
| Refuse Collection - Special collections     | (41)                         | (40)            | (40)              | -   |
| Refuse Collection - Trade Waste             | (460)                        | (477)           | (445)             | 32  |
| Vehicle Maintenance contract                | 0                            | (13)            | (112)             | (99)  |
| <b>Planning &amp; Property</b>              |                              |                 |                   |   |
| Building Control                            | (221)                        | (191)           | (201)             | (10)  |
| Planning application fees                   | (456)                        | (505)           | (505)             | -   |
| Planning pre-application fees               | (21)                         | (72)            | (40)              | 32  |
| Investment property rental                  | (1,076)                      | (1,095)         | (1,069)           | 26  |
| <b>Legal HR &amp; Democratic Services</b>   |                              |                 |                   |   |
| Land Charges                                | (95)                         | (100)           | (80)              | 20  |
| Legal fees recovered                        | (13)                         | (15)            | (15)              | -   |
| Licensing - Alcohol                         | (72)                         | (76)            | (74)              | 2   |
| Licensing - Gambling                        | (13)                         | (12)            | (12)              | -   |
| Licensing - Taxis                           | (81)                         | (94)            | (95)              | -   |
| <b>Customer Experience &amp; Operations</b> |                              |                 |                   |   |
| Court summons costs recovered               | (213)                        | (228)           | (228)             | -   |
| <b>Budgets Not In Directorates</b>          |                              |                 |                   |   |
| Interest on investments                     | (303)                        | (320)           | (320)             | -   |
|   | <b>(4,839)</b>               | <b>(4,848)</b>  | <b>(5,075)</b>    | <b>(227)</b>                                |

24. The main income variations are as follows:

- Community Sports Coaching – the funding in respect of the bikeability scheme has been confirmed but was uncertain and therefore not included in the original budgets. This income is ring-fenced and will be spent on providing the service and therefore is not expected to impact on the final outturn position.
- Civic Centre rentals – the forecast has been updated to reflect the final agreements with DWP in respect of the lease and related service charges.
- Garden Waste Charges – the revised forecast reflects that the subscriptions in 2019/20 is higher than the last financial year.
- Pre-Planning advice income – this was a new charge which has been introduced during 2018/19 but take-up is lower than originally forecast.
- Investment Property rental – there is a forecast shortfall against the budget due to vacancies in year (£17,000) and write-offs in relation to previous years (£9,000).
- Vehicle Maintenance Contract – this is a new income stream as a result of the council securing the maintenance work for the Chorley Council waste contractor vehicles.

#### Interest on Cash Investments

25. The forecast for Short-term investment income has been revised to £320,000 to reflect increased balances and in line with interest earned in 2018/19 which out-turned at £302,500. This is an increase of £100,000 in the current estimate of £220,000.

26. Return on investments and comparisons to the previous reporting period are set out below:

| Year    | Average Balance<br>Periods 1 - 9 | Average Rate<br>Periods 1- 9 | No. of<br>days | Interest<br>Earned |
|---------|----------------------------------|------------------------------|----------------|--------------------|
| 2019/20 | £ 41,902,681                     | 0.894%                       | 276/366        | £283,163           |
| 2018/19 | £39,197,067                      | 0.706%                       | 276/365        | £208,551           |

27. The average return of 0.89% achieved over the first six months of the financial year represents a significant increase on the 0.71% achieved in the corresponding period in 2018/19. This reflects the same trend as was seen in the previously reported results for the full year in 2018/19, where the average rate achieved was 0.76%, compared to 0.49% in 2017/18. The key element in producing the increased returns is that the Bank of England Base Rate was increased from 0.50% to 0.75% in August 2018 and has remained at this level since. This position is consistent to date with the forecasts made in the Council's approved Treasury Management Strategy for 2019/20. Those forecasts did envisage a further rise in the Base Rate, to 1.00%, in the second half of the year. The likelihood of this rise has been affected by the impact of continuing domestic political and economic uncertainty.

## Reserves

28. The total balance on reserves at the beginning of the financial year was £19.519m. The forecast underspend in the year provides an opportunity to set aside funding of £150,000 for a South Ribble Credit Union.

29. Table 4 below shows the forecasted movements on the reserves for 2019-20.

**Table 4: Reserves Summary**

| Reserve Name                       | Opening Balance<br>£'000 | Transfers In<br>£'000 | Transfers Out<br>£'000 | Capital Financing<br>£'000 | Closing Balance<br>£'000 |
|------------------------------------|--------------------------|-----------------------|------------------------|----------------------------|--------------------------|
| <b>Earmarked Reserves</b>          |                          |                       |                        |                            |                          |
| My Neighbourhoods                  | (54)                     | -                     | -                      | -                          | (54)                     |
| Borough Council Elections          | (114)                    | (40)                  | 154                    | -                          | -                        |
| Housing Needs Survey               | (83)                     | (20)                  | -                      | -                          | (103)                    |
| Local Development Framework        | (255)                    | -                     | -                      | -                          | (255)                    |
| CIL admin                          | -                        | (149)                 | -                      | -                          | (149)                    |
| Performance Reward Grant           | (46)                     | -                     | 46                     | -                          | -                        |
| Organisation Restructure Costs     | (27)                     | -                     | -                      | -                          | (27)                     |
| Borough Investment Account         | (4,594)                  | -                     | -                      | -                          | (4,594)                  |
| Business Rates Retention           | (2,751)                  | -                     | 65                     | -                          | (2,686)                  |
| City Deal Reserve                  | (1,711)                  | (340)                 | 208                    | -                          | (1,843)                  |
| Capital Funding Reserve            | (3,073)                  | (716)                 | -                      | 682                        | (3,107)                  |
| Repairs and Maintenance Fund       | (500)                    | -                     | -                      | -                          | (500)                    |
| NEW : Credit Union Reserve         | -                        | (150)                 |                        |                            | (150)                    |
| Transformation Fund                | (500)                    | -                     | -                      | 210                        | (290)                    |
| Apprenticeship Reserve             | (267)                    | -                     |                        | -                          | (267)                    |
| Other Earmarked Reserves           | (864)                    | -                     | 180                    | 90                         | (594)                    |
| <b>Total</b>                       | <b>(14,839)</b>          | <b>(1,415)</b>        | <b>653</b>             | <b>982</b>                 | <b>(14,619)</b>          |
| General Reserve                    | (4,680)                  | (122)                 | -                      | -                          | (4,802)                  |
| <b>Total General Fund Reserves</b> | <b>(19,519)</b>          | <b>(1,537)</b>        | <b>653</b>             | <b>982</b>                 | <b>(19,421)</b>          |

## Capital Programme

30. Appendix A lists all the capital schemes within the programme and the detail regarding budgets, spending and forecasts.

31. There are several schemes where the forecast is below budget and we expect slippage to next financial year. The overall forecast is £4.129m against a budget of £15.026m.

32. A large part of the forecasted underspend is the 'Investment Property' scheme for £4.55m which relates to using the 'Borough Investment Reserve' to purchase properties for the purposes of generating additional income. No suitable properties have been identified and it is assumed that the reserve will be used for different purposes in future years.

#### **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

33. Not applicable

#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

34. Not applicable

#### **FINANCIAL IMPLICATIONS**

35. The financial implications are contained within the report.

#### **LEGAL IMPLICATIONS**

36. The report is primarily for information purposes. Overall it presents a positive picture. There are no concerns or issues to raise from a legal perspective.

#### **AIR QUALITY IMPLICATIONS**

37. There are no air quality implications that are specific to this report.

#### **HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS**

38. There are no specific implications regarding this report. The main considerations are vacant posts, in particular within shared services senior management.

#### **ICT / TECHNOLOGY IMPLICATIONS**

39. The revenue budget for IT has a forecasted underspend due to vacancies, as detailed in the Staffing Costs section above. The capital programme includes a total budget of £200,000 for IT projects. To date, £84,000 has been allocated to four schemes, leaving a balance of £116,000. There are also two other IT related schemes that have been funded from alternative sources.

#### **PROPERTY AND ASSET MANAGEMENT IMPLICATIONS**

40. The main consideration relating to property and assets is the 'Investment Property' line in the capital programme reflects the intended use of the 'Borough Investment Reserve', which has a balance of £4,550,000.

#### **RISK MANAGEMENT**

41. Where applicable, particular risks are mentioned in the previous sections of this report. The main overarching risk is that the assumptions made in compiling a forecast outturn are unreliable or inaccurate. Forecasts have been made using the best information available and drawing on the knowledge and expertise of officers within service areas and the finance team itself.

## **EQUALITY AND DIVERSITY IMPACT**

42. This report is not considered to have any adverse impact on equality.

## **RELEVANT DIRECTOR'S RECOMMENDATIONS**

43. None

## **COMMENTS OF THE STATUTORY FINANCE OFFICER**

44. No further comments.

## **COMMENTS OF THE MONITORING OFFICER**

45. Clearly it is important that a council should report openly and transparently with regard to the monitoring of the budget. Residents need to know how the council is performing. From a legal perspective there are no concerns to report.

## **BACKGROUND DOCUMENTS**

Budget Report and Medium Term Financial Strategy – February 2019.

## **APPENDICES**

Appendix A – Capital Programme 2019-20

Leadership Team Member's Name: Jane Blundell

Job Title: Interim s151 Officer

| Report Author:   | Telephone:    | Date:                         |
|--|---------------|-------------------------------|
| Jane Blundell, Principal Management Accountant and Interim Section 151 Officer | 01772 62 5245 | 23 <sup>rd</sup> January 2020 |
| James McNulty, Senior Management Accountant                                    | 01772 62 5289 |                               |

# Capital Programme 2019-20 Quarter 3 Monitoring

Note: All figures are in £'000

## Appendix A

| Scheme Name                                    | Original Budget | Revised Budget | Latest Forecast | Forecast Over / (Under) vs Budget | Of which is Rephasing (to) / from 2020/21 | Of which is an overall Over / (Under) | Comments  |
|--|-----------------|----------------|-----------------|-----------------------------------|---|---------------------------------------|---|
| <b>Health, Leisure &amp; Wellbeing</b>         |                 |                |                 |                                   |   |                                       |   |
| <b>Green Infrastructure</b>                    |                 |                |                 |                                   |   |                                       |   |
| Green Infrastructure unallocated               | 375             | 141            | -               | (141)                             | (141)                                     | -                                     |   |
| Green Link - Bamber Bridge LC to Tennis Centre | -               | 8              | 8               | -                                 | -   | -                                     |   |
| Green Link - Central Parks Network             | -               | 110            | 113             | 3                                 | -   | 3                                     |   |
| Green Link - Penwortham to Bamber Bridge       | -               | 60             | 62              | 2                                 | -   | 2                                     |   |
| Green Link - Ribble Links                      | -               | 30             | 30              | -                                 | -   | -                                     |   |
| Green Link - Shruggs Wood                      | 200             | 168            | 100             | (68)                              | (68)                                      | -                                     | The budget was intended for extensive works in conjunction with the new leisure facility scheme, but delays with that scheme had a knock-on effect. |
| Green Link - Worden Park car park to play area | -               | 40             | -               | (40)                              | (40)                                      | -                                     | This project has been rephased to 20/21   |
| Carwood Road Cross-Borough Link Road           | -               | 150            | 150             | -                                 | -   | -                                     |   |
| Leyland Loop                                   | -               | 100            | 100             | -                                 | -   | -                                     |   |
| <b>Worden Park</b>                             |                 |                |                 |                                   |   |                                       |   |
| Craft Units - Infrastructure upgrade           | 11              | 15             | 12              | (3)                               | -   | (3)                                   |   |
| Craft Units Windows and Security Grills        | -               | 40             | -               | (40)                              | (40)                                      | -                                     | This project has been rephased to 20/21   |
| Farmyard Cottages Windows and Bathrooms        | -               | 75             | 25              | (50)                              | (25)                                      | (25)                                  | Works will begin in quarter 4.  |
| Gardener's Cottage Windows                     | -               | 15             | -               | (15)                              | -   | (15)                                  |   |

| Scheme Name                              | Original Budget | Revised Budget | Latest Forecast | Forecast Over / (Under) vs Budget | Of which is Rephasing (to) / from 2020/21 | Of which is an overall Over / (Under) | Comments  |
|--|-----------------|----------------|-----------------|-----------------------------------|---|---------------------------------------|---|
| Worden Hall - Repairs and externals      | 150             | 150            | 20              | (130)                             | (130)                                     | -                                     | Various repairs works have been put on hold pending the decision on the future of the building.   |
| Worden Hall - Oil Tank                   | -               | 50             | 25              | (25)                              | -   | (25)                                  | The cost is much lower than was originally estimated.   |
| Worden Hall - Original Hall wall repairs | -               | 30             | 30              | -                                 | -   | -                                     |   |
| Formal Gardens conservatory heating      | -               | 30             | 36              | 6                                 | -   | 6                                     |   |
| North Lodge                              | -               | 30             | 25              | (5)                               | -   | (5)                                   |   |
| Overflow Car Park                        | -               | 120            | 40              | (80)                              | (80)                                      | -                                     | Works will begin in February but are likely to run into April or May.   |
| Replacement conservatory / greenhouse    | -               | 9              | 9               | -                                 | -   | -                                     |   |
| Toilet facilities improvements           | 10              | 29             | 29              | 0                                 | -   | 0                                     |   |
| Shaw Brook weirs and banking             | -               | 40             | -               | (40)                              | (40)                                      | -                                     | This project has been rephased to 20/21   |
| <b>Other Parks and Open Spaces</b>       |                 |                |                 |                                   |   |                                       |   |
| Existing Built Assets Unallocated        | 142             | -              | -               | -                                 | -   | -                                     |   |
| Hurst Grange Park                        | 8               | 8              | -               | (8)                               | -   | (8)                                   |   |
| Hurst Grange Coach House Phase 1         | -               | 30             | 43              | 13                                | -   | 13                                    |   |
| Hurst Grange Coach House Phase 2         | -               | 120            | -               | (120)                             | (120)                                     | -                                     | Phase 2 is dependent on lottery funding, which will be over £500,000 should the bid be accepted. The outcome of the bid should be known by April. |
| Open Spaces 2016/17 to 2019/20           | -               | 31             | 30              | (0)                               | -   | (0)                                   |   |
| Open Spaces - Bent Lane                  | -               | 75             | 20              | (55)                              | (55)                                      | -                                     | Work has been delayed while further ground investigations are undertaken.   |
| Open Spaces - Balcarres Green            | -               | 25             | 25              | -                                 | -   | -                                     |   |
| Playground - Worden Park                 | 170             | 175            | 150             | (25)                              | (25)                                      | -                                     | Works on the 3 playgrounds will begin in February but run into April or May.  |

| Scheme Name   | Original Budget | Revised Budget | Latest Forecast | Forecast Over / (Under) vs Budget | Of which is Rephasing (to) / from 2020/21 | Of which is an overall Over / (Under) | Comments   |
|---|-----------------|----------------|-----------------|-----------------------------------|---|---------------------------------------|--|
| Playground - Seven Stars                                  | -               | 175            | 100             | (75)                              | (75)                                      | -                                     |  |
| Playground - Leadale Green                                | -               | 175            | 100             | (75)                              | (75)                                      | -                                     |  |
| Playground edging Worden and Farington parks              | -               | 105            | 80              | (25)                              | -   | (25)                                  |  |
| Tarn Wood, Penwortham                                     | -               | 50             | 10              | (40)                              | (20)                                      | (20)                                  |  |
| A tree for every resident                                 | -               | 40             | 27              | (13)                              | (13)                                      | -                                     |  |
| Penwortham Holme Pavilion                                 | 120             | 120            | -               | (120)                             | -   | (120)                                 |  |
| Withy Grove Park  | 35              | 31             | -               | (31)                              | (31)                                      | -                                     | As reported in the Quarter 1 report, these schemes were all rephased.  |
| Withy Grove Toilets                                       | 20              | 20             | -               | (20)                              | (20)                                      | -                                     |  |
| <b>Sports and Leisure</b>                                 |                 |                |                 |                                   |   |                                       |  |
| Leisure Facility  | 1,400           | 1,405          | 428             | (978)                             | (978)                                     | -                                     | The project has been put on hold.  |
| Lostock Hall Football Facility                            | 148             | 148            | 26              | (122)                             | (122)                                     | -                                     | Work is scheduled to begin in quarter 4.   |
| Sport Pitch Hub   | 1,000           | 1,000          | 8               | (992)                             | (992)                                     | -                                     | The scheme has been rephased to 2021/22 in the revised capital programme   |
| King George V Playing Fields, Higher Walton               | -               | -              | 50              | 50                                | 50  | -                                     | This scheme replaces the Church Road, Bamber Bridge scheme   |
| <b>Place</b>  |                 |                |                 |                                   |   |                                       |  |
| Land Acquisition Croston Road                             | -               | 77             | 77              | -                                 | -   | -                                     |  |
| Affordable Housing unallocated                            | 300             | 300            | -               | (300)                             | (300)                                     | -                                     | As reported in the Quarter 1 report, there are no plans to allocate this funding in 19/20.                           |
| Affordable Housing at former McKenzie Arms, Bamber Bridge | -               | 20             | 20              | -                                 | -   | -                                     |  |
| Affordable Housing at Station Road, Bamber Bridge         | 573             | 577            | 15              | (563)                             | (563)                                     | -                                     | The project has been delayed due to the original contractor going bust. A new procurement process will be undertaken |

| Scheme Name                                      | Original Budget | Revised Budget | Latest Forecast | Forecast Over / (Under) vs Budget | Of which is Rephasing (to) / from 2020/21 | Of which is an overall Over / (Under) | Comments   |
|--|-----------------|----------------|-----------------|-----------------------------------|---|---------------------------------------|--|
| Church Road, Bamber Bridge                       | -               | 40             | -               | (40)                              | (40)                                      | -                                     | This scheme has been postponed and replaced by the King George V Playing Fields scheme.  |
| Disabled Facilities Grants                       | 723             | 859            | 750             | (109)                             | (109)                                     | -                                     | The waiting list allocates all the grant funding to applicants but it is unlikely that all will be delivered this financial year.  |
| Leyland Train Station Ticket Office              | -               | 60             | -               | (60)                              | (60)                                      | -                                     | The scheme requires working with Network Rail and Northern Rail, and progress has been much slower than expected.  |
| Masterplanning & Regen unallocated               | 500             | 499            | -               | (499)                             | (499)                                     | -                                     | As reported in the Quarter 1 report, there are no plans to allocate this funding in 19/20.   |
| Masterplanning & Regen - Leyland                 | -               | 18             | 18              | -                                 | -   | -                                     |  |
| New Longton Regeneration                         | 75              | 75             | -               | (75)                              | (75)                                      | -                                     | The scheme is dependent on work being carried out by LCC, which is not expected to be done this financial year.  |
| Empty Homes grants                               | -               | 39             | -               | (39)                              | (39)                                      | -                                     | The policy for allocating these grants is being revised, which should encourage more applications and enable more funding to be allocated.                                 |
| Private Sector home improvement grants           | 240             | 240            | 8               | (232)                             | (232)                                     | -                                     |  |
| St Mary's, Penwortham - Churchyard wall repairs  | 105             | 105            | 20              | (85)                              | (85)                                      | -                                     | The scheme requires specialised archaeological support and good weather to undertake the repair work and therefore the bulk of the work has been rescheduled into 2020/21. |
| Compulsory Purchase                              | -               | 19             | 19              | -                                 | -   | -                                     |  |
| Bowling Green Acquisition                        | -               | 12             | 12              | -                                 | -   | -                                     |  |
| <b>Excellence &amp; Financial Sustainability</b> |                 |                |                 |                                   |   |                                       |  |
| <b>Information Technology Programme</b>          |                 |                |                 |                                   |   |                                       |  |
| IT Unallocated Funding                           | 200             | -              | -               | -                                 | -   | -                                     |  |
| Civic Centre audio visual equipment              | -               | 80             | 80              | -                                 | -   | -                                     |  |

| Scheme Name                                    | Original Budget | Revised Budget | Latest Forecast | Forecast Over / (Under) vs Budget | Of which is Rephasing (to) / from 2020/21 | Of which is an overall Over / (Under) | Comments   |
|--|-----------------|----------------|-----------------|-----------------------------------|---|---------------------------------------|--|
| Moss Side Depot Networking                     | -               | 3              | 3               | -                                 | -   | -                                     |  |
| Telephony and Switchboard                      | -               | 67             | 78              | 11                                | -   | 11                                    |  |
| Icon Upgrade                                   | -               | 20             | 20              | -                                 | -   | -                                     |  |
| Capita Software Upgrade                        | -               | 27             | 27              | -                                 | -   | -                                     |  |
| InPhase upgrade                                | -               | 33             | 33              | -                                 | -   | -                                     |  |
| HR Selima Upgrade                              | -               | 10             | 10              | -                                 | -   | -                                     |  |
| HFX Upgrade                                    | -               | -              | 8               | 8                                 | -   | 8                                     |  |
| Idox   | -               | 107            | 107             | -                                 | -   | -                                     |  |
| <b>Other non-ICT projects</b>                  |                 |                |                 |                                   |   |                                       |  |
| Vehicles and Plant replacement programme       | 1,450           | 1,686          | 604             | (1,082)                           | (1,082)                                   | -                                     | The programme includes procurement of 6 waste collection vehicles, for over £1m. Due to the procurement timescales and delivery waiting times, these vehicles will not be available until around May 2020. |
| Corporate Buildings - Civic Centre             | 200             | -              | -               | -                                 | -   | -                                     |  |
| Civic Centre Toilets                           | -               | 70             | 70              | -                                 | -   | -                                     |  |
| Corporate Buildings - Depot                    | 20              | 52             | 52              | -                                 | -   | -                                     |  |
| Corporate Buildings - unallocated              | 184             | 192            | 171             | (21)                              | -   | (21)                                  | This budget will be allocated to specific schemes relating to the Civic Centre: Solar Panels £60k, 3rd Floor refurbishment £50k, LED lighting 45k, emergency lighting £15k.                                |
| Civic Centre Electric Vehicles Charging Points | -               | 17             | 17              | (0)                               | -   | (0)                                   |  |
| Investment Property                            | 4,550           | 4,550          | -               | (4,550)                           | -   | (4,550)                               | This line relates to the 'Borough Investment Reserve', which was set aside for investment in properties. No suitable schemes have been identified and it is assumed that the                               |

| Scheme Name  | Original Budget | Revised Budget | Latest Forecast | Forecast Over / (Under) vs Budget | Of which is Rephasing (to) / from 2020/21 | Of which is an overall Over / (Under) | Comments   |
|--------------|-----------------|----------------|-----------------|-----------------------------------|---|---------------------------------------|--|
|              |                 |                |                 |                                   |   |                                       | reserve will be used for different purposes in future years. |
| <b>Total</b> | <b>12,909</b>   | <b>15,026</b>  | <b>4,129</b>    | <b>(10,897)</b>                   | <b>(6,123)</b>                            | <b>(4,775)</b>                        |  |



| REPORT TO                 | ON                                     |
|---------------------------|--|
| <b>CABINET</b>            | <b>Wednesday, 12<br/>February 2020</b> |
| <b>SCRUTINY COMMITTEE</b> | <b>Thursday, 13<br/>February 2020</b>  |

| TITLE   | PORTFOLIO  | REPORT OF                              |
|---|--|--|
| <b>2020/21 Budget and Medium-Term Financial Strategy 2020/21 to 2023/24</b> | <b>Cabinet Member<br/>(Finance, Property<br/>and Assets)</b> | <b>Interim Section 151<br/>Officer</b> |

|   |            |
|---|------------|
| Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)   | <b>Yes</b> |
| Is this report on the <b>Statutory Cabinet Forward Plan</b> ?   | <b>Yes</b> |
| Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?<br>This should only be in exceptional circumstances. | <b>Yes</b> |
| Is this report confidential?  | <b>No</b>  |

## PURPOSE OF THE REPORT

1. The purpose of this report is to set out the proposed 2020/21 Revenue Budget for Council and the Medium-Term Financial Strategy for the next 4 years. This is the financial plan for the Council for the next 4 years and is aligned to the Corporate Plan which sets out the Council's ambitions and priorities for the residents and businesses in the borough. Cabinet approval is sought and recommendation to Council for approval at the Council meeting on 26<sup>th</sup> February 2020.

## PORTFOLIO RECOMMENDATIONS

2. Cabinet recommend to Council the revenue budget for 2020/21 as set out in Appendix A.
3. Cabinet recommend to Council the 4-year Medium Term Financial Strategy (MTFS) 2020/21 to 2023/24 as set out in Appendix A.
4. Cabinet recommend to Council a Council Tax increase of 1.99%.
5. Cabinet recommend to Council the Capital Strategy and its proposed funding as set out in Appendix C.
6. That Council be recommended to approve the Treasury Strategy, Prudential Indicators and the Annual investment Strategy as attached at Appendix D.

7. Cabinet note that consultation on the proposed budget commenced after publication of the budget report on 4<sup>th</sup> February and the results will be analysed and taken into consideration before the budget is taken to Council for approval on 26<sup>th</sup> February 2020.

**REASONS FOR THE DECISION**

8. It is the role of the Cabinet to provide initial consideration to the budget and associated matters and for them to make appropriate recommendations to Full Council which is the decision-making body.

**EXECUTIVE SUMMARY**

9. The report sets out the Council’s financial plan for the next 4 years and includes:

- An overview of the 2020/21 LG Finance Settlement
- The updated revenue budget deficit position for the 2020/21 Medium Term Financial Strategy (MTFS) to 2023/24 and key assumptions
- Revenue savings targets
- Links to the Corporate Plan priorities
- The Capital Strategy and financing
- The Treasury Strategy
- Reserves forecasts

**CORPORATE OUTCOMES**

10. The report relates to the following corporate priorities: (tick all those applicable):

|   |   |
|---|---|
| Excellence, Investment and Financial Sustainability | √ |
| Health, Wellbeing and Safety                        | √ |
| Place, Homes and Environment                        | √ |

Projects relating to People in the Corporate Plan:

|                            |   |
|----------------------------|---|
| Our People and Communities | √ |
|----------------------------|---|

**11. BACKGROUND TO THE REPORT**

The current budget and Medium-Term Financial Strategy was approved in February 2019. The forecasts have been updated in line with the revised Corporate Plan and also reflect changes in services, revised income forecasts, pension contributions, funding (business rates and New Homes Bonus), inflation rates and any approvals for new budgets during 2019/20.

**12. 2020/21 LOCAL GOVERNMENT FINANCE SETTLEMENT**

On 20<sup>th</sup> December 2019, the Ministry of Housing, Communities and Local Government published the consultation the 2020-21 provisional local government finance settlement. The consultation ran for four weeks from 20 December 2019 to 17 January 2020. The council

was waiting for the outcome of this consultation at the time of writing this report and an update will be provided at the meeting.

A summary of the proposals in the provisional settlement which affect South Ribble Borough Council (and its partners) are:

- a **one-year spending round for 2020-21** & plans for a more substantial Spending Review exercise in time for 2021-22 including a full reset of business rates baselines (therefore significant uncertainty on funding from 2021/22 onwards)
- **Business rates retention pilots** agreed for 2019-20 these will finish at the end of the financial year (therefore 75% Lancashire pilot will revert to 50% in 2020/21).
- a core **council tax referendum principle of up to 2%** (reduced from 3% in 2018/19) or £5 on a band D.
- retained top-slice of Revenue Support Grant to fund **New Homes Bonus in 2020-21**. (however, there is a change to the current scheme of legacy funding for 4 years – i.e. this is a one-year funding allocation only - which has significant implications for City Deal). The NHB baseline (under which no Bonus will be paid) has been retained at 0.4%. This baseline equates to c200 properties for South Ribble.
- maintaining existing **Better Care Fund funding** at 2019-20 levels, as well as rolling the Winter Pressures Grant into the Better Care Fund, with the same distribution as this year (therefore Disabled Facilities Grant capital funding will continue)

**Table 1 – Settlement Funding Assessment (Provisional)**

|  | <b>Current Year<br/>2019/20<br/>£000</b> | <b>Provisional<br/>2020/21<br/>£000</b> | <b>Notes</b>                                 |
|--|--|---|--|
| Revenue Support Grant                      | 0  | 0                                       | <i>No RSG funding for SRBC since 2017/18</i> |
| Business Rates Baseline Funding Level      | (2,309)                                  | (2,346)                                 | <i>Council's share of income less tariff</i> |
| <b>Total Settlement Funding Assessment</b> | <b>(2,309)</b>                           | <b>(2,346)</b>                          |  |

Nationwide there are 27 approved Business Rates Pools for 2020/21. South Ribble Borough Council will continue to be in the Lancashire Business Rates Pool in 2020/21. There are 11 local authorities in the pool; 10 of the 12 Lancashire Districts (Lancaster and Preston have opted out for 2020/21) plus Lancashire County Council.

The 2020/21 forecast retained business rates is **£5.0m**, compared to **£5.7m** forecast in the Original estimate for 2019/20. The main reason for the reduction is that in 2019/20 only, the Council benefited from an increased share of business rates growth through the 75% business rate pilot. The Safety Net was set at 95% (an increase from 92.5%), to reflect the additional risk locally that 75% retention introduced, and this was applied pilot wide and not to individual authorities; and, no levy was required to be paid.

Table 2 below shows the provisional New Homes Bonus (NHB) payment for 2020/21. The £660k receivable in 2020/21 includes legacy payments in relation to 2017/18 to 2019/20 of £366k and a **one-year** payment of £294k for 2020/21. There will be no legacy payments in future years in relation to the 2020/21 allocation. The Minister of State for Housing has stated that any funding beyond 2020/21 is subject to the 2020 Spending review and that the government intend to consult on the future of NHB in the Spring.

**Table 2 – New Homes Bonus allocations**

| Payments                          | 11/12<br>£000 | 12/13<br>£000 | 13/14<br>£000 | 14/15<br>£000 | 15/16<br>£000 | 16/17<br>£000 | 17/18<br>£000 | 18/19<br>£000 | 19/20<br>£000 | 20/21<br>£000 | 21/22<br>£000 | 22/23<br>£000 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Year 1                            | 165           | 165           | 165           | 165           | 165           | 165           |               |               |               |               |               |               |
| Year 2                            |               | 169           | 169           | 169           | 169           | 169           |               |               |               |               |               |               |
| Year 3                            |               |               | 177           | 177           | 177           | 177           | 177           |               |               |               |               |               |
| Year 4                            |               |               |               | 114           | 114           | 114           | 114           |               |               |               |               |               |
| Year 5                            |               |               |               |               | 471           | 471           | 471           | 471           |               |               |               |               |
| Year 6                            |               |               |               |               |               | 648           | 648           | 648           | 648           |               |               |               |
| Year 7                            |               |               |               |               |               |               | 254           | 254           | 254           | 254           |               |               |
| Year 8                            |               |               |               |               |               |               |               | 19            | 19            | 19            | 19            |               |
| Year 9                            |               |               |               |               |               |               |               |               | 93            | 93            | 93            | 93            |
| Year 10                           |               |               |               |               |               |               |               |               |               | 294           |               |               |
| <b>20/21 SRBC<br/>Total (80%)</b> |               |               |               |               |               |               |               |               |               | <b>660</b>    |               |               |
| LCC (20%)                         |               |               |               |               |               |               |               |               |               | 165           |               |               |

### 13. UPDATED REVENUE BUDGET FORECAST TO 2023/24

The budget forecasts have been constantly reviewed and updated over the last few weeks each time business matters have changed, and new information has come to light.

The key assumptions in the MTFS are as follows: -

- Pay inflation 3% 20/21, 2% future years
- Non- pay inflation - contracts only
- Living Wage employer from 1/4/20 (applied to Apprentices)
- Shared Services implementation from April 2020
- Turnover saving - annual provision £150k
- No other savings targets
- £492k pa from City Deal income included
- Council Tax increase 1.99% pa
- Council Tax base 0.5% growth
- Council Tax Collection 98%
- Council Tax Support Scheme removal of £3.50
- Council Tax income forecasts reflects changes to policies re Empty Homes and 2<sup>nd</sup> Homes
- The continuation of the BRR Lancashire Pooling Arrangements.
- Impact of Pension Fund Revaluation
- Contributions to Third Parties – Continuation of funding (CAB) plus additional support in Corporate Plan
- This budget model assumes the impact of the Leisure Review is cost neutral although there is a potential budgetary saving on contract renewal
- New Leisure Facility Deferred to 2023/24
- Capital Programme reflects new Corporate plan priorities and re-phasing and related revenue net financing cost changes.
- Reductions to fees and charges with respect to changes in charging policy for Garden Waste and replacement bins

The revenue summary position is set out in Table 3 below and set out in more detail in Appendix A. As previously reported, there is significant uncertainty on funding from

2021/22 onwards and therefore the funding for 2021/22 is purely indicative and based on 20/21 funding levels.

**Table 3 – MTFS REVENUE SUMMARY**

|  | <u>Forecasts</u> | <u>Forecasts</u> | <u>Forecasts</u> | <u>Forecasts</u> |
|--|------------------|------------------|------------------|------------------|
|  | <u>2020-21</u>   | <u>2021-22</u>   | <u>2022-23</u>   | <u>2023-24</u>   |
|  | £000             | £000             | £000             | £000             |
| <b>Net Cost of Services</b>                | <b>14,677</b>    | <b>13,878</b>    | <b>14,186</b>    | <b>14,650</b>    |
| <b>Funding</b>                             |                  |                  |                  |                  |
| Retained Business Rates / Section 31 Grant | (5,310)          | (5,043)          | (5,129)          | (5,216)          |
| Council Tax                                | (8,596)          | (8,684)          | (8,891)          | (9,103)          |
| New Homes Bonus                            | (660)            | (112)            | (93)             | (93)             |
| <b>Total Funding</b>                       | <b>(14,566)</b>  | <b>(13,839)</b>  | <b>(14,113)</b>  | <b>(14,412)</b>  |
| <b>Forecast Budget (Surplus) / Deficit</b> | <b>111</b>       | <b>39</b>        | <b>73</b>        | <b>238</b>       |
| Transfers to /(from) Earmarked reserves    | (111)            | 313              | 400              | 310              |
| <b>Funding Gap</b>                         | <b>0</b>         | <b>352</b>       | <b>473</b>       | <b>548</b>       |

#### 14. MTFS PLANNING: FORECAST BUDGET DEFICITS

The revenue budget forecasts in the MTFS show a balanced budget in 2020/21 (assuming the proposed Council Tax increase and other budget proposals are accepted) and a deficit of £352,000 in 2021/22 which is forecast to increase to £548,000 in 2023/24, as shown above. This total deficit of £1.373m will need to be funded from general reserves unless additional income or budget savings can be identified; this is clearly not sustainable in the longer-term.

With regard to having a strategy to address these financial challenges, some of the initiatives already in place or being considered have the potential to generate additional income or realise cashable budget savings. These initiatives include:

- Extending Shared Services
- Joint procurement
- Digital Strategy
- Affordable housing/house building programme
- Worden Hall
- Investment property rent reviews
- Leisure Contract renewal – cost neutral
- Rationalisation of leisure provision
- Income generation e.g. events

In addition, some budget savings could be identified through a thorough base budget review and challenge exercise.

It is therefore proposed that the budget savings targets set out below are approved for 2021/22 to 2023/24 and that work is undertaken during 2020/21 to determine how these can be achieved to ensure a balanced budget position going forward. This strategy assumes that, of the total forecast deficit of £1.373m, £0.600m will be met from budget savings and the balance (£0.773m) will be funded from general reserves. This will result in a forecast balance in general reserves of £4.029m at the end of the MTFS.

|                                   | <b>Current Revenue Estimates</b> |              |              |              |
|-----------------------------------|----------------------------------|--------------|--------------|--------------|
|                                   | 2020-21                          | 2021-22      | 2022-23      | 2023-24      |
|                                   | £000                             | £000         | £000         | £000         |
| <b>Forecast Budget Gap</b>        | <b>0</b>                         | <b>352</b>   | <b>473</b>   | <b>548</b>   |
| Budget savings targets – 21/22    | <b>0</b>                         | <b>(100)</b> | <b>(100)</b> | <b>(100)</b> |
| Budget savings targets – 22/23    | <b>0</b>                         | <b>0</b>     | <b>(100)</b> | <b>(100)</b> |
| Budget savings targets – 23/24    | <b>0</b>                         | <b>0</b>     | <b>0</b>     | <b>(100)</b> |
| Transfer from General Reserves    | <b>0</b>                         | <b>(252)</b> | <b>(273)</b> | <b>(248)</b> |
| <b>Balanced Budget &amp; MTFS</b> | <b>0</b>                         | <b>0</b>     | <b>0</b>     | <b>0</b>     |

It is important to note that if the Council's future funding allocations are reduced as a result of the Government's planned funding review then this deficit position could worsen significantly. (For example, a change to the BRR scheme such as the removal of the business rates pools would result in South Ribble losing in the region of £1-1.2m of retained income annually). **If that is the case then the savings targets will need to be more challenging going forward to achieve a sustainable, balanced budget position.**

## **15. LINKS TO THE CORPORATE PLAN PRIORITIES AND POLICY CHANGES**

The following key projects are being undertaken and have an impact on the MTFS and budget for 2020/21 and beyond: -

- Council Tax Strategy
- Strategic Shared Services partnership with Chorley Council
- Regeneration/Town Deal funding bid
- City Deal
- Worden Hall development
- Extra Care scheme
- Provision of affordable homes
- Review of Leisure Services
- External Review of Assets – when complete this will need to be incorporated into future proposals and strategy including the Council's Property Investment Strategy and application of the Borough Investment reserve
- Investment in the delivery of Digital Strategy projects with potential for future efficiency savings
- Other Corporate Plan projects

The Corporate Plan and priorities are supported by the budget and determine where cash resources are invested. Therefore, the approved corporate plan projects and policy decisions taken (such as Council Tax support and Garden Waste charges) have financial implications which have been reflected in the budget forecasts presented. The Corporate Plan also influences the Capital Programme, and this has been updated and any revenue implications of capital projects is also included in the forecasts.

The revenue budget adjustments for Corporate Plan projects are detailed in Appendix B.

## 16. RESOURCES

The salaries forecasts have been updated to reflect:

- the assumptions in relation to pay increases (3% for 20/21 and 2% thereafter)
- the impact of being a Living Wage employer (only affects the Apprentice grades)
- approved establishment changes during 2019/20
- the proposed additional resource requirements to support the Corporate Plan

New posts which have been funded from savings/additional income elsewhere in the budget are as follows:

|   |   |
|---|---|
| Conferences and Bookings Officer            | Graduate Engineer                         |
| Facilities Team Leader                      | IDOX system Supervisor                    |
| Communications Officer                      | Licensing Officer                         |
| Environmental Health Climate Change Officer | 2 Mechanics (SRBC/Chorley waste services) |

In addition, the following posts that have been included in the forecasts to support the delivery of the Corporate plan:

- Cyber Security Officer
- 2 Community Development Officers
- Housing Enforcement Officer

The forecast savings from the approved expansion of the Shared Services arrangements with Chorley Council are currently shown in the efficiency target line in the revenue summary for information. They will be allocated to specific service lines within the revenue budgets for monitoring purposes.

It is important to note that the costs of being a Living Wage Employer which have been included in these revenue forecasts, do not include any implications to the Council of extending this requirement to individuals providing services to the Council through contracts, such as Waste and Leisure. Therefore, this is a potential budget pressure which may need to be considered going forward.

## 17. COUNCIL TAX INCREASE

The Council has the ability to increase council tax levels to fund on-going expenditure. The Provisional Local Government Finance Settlement includes a core council tax referendum principle of up to 2% increase (reduced from 3% in 2018/19) or £5 on a band D. The

implications of these increases on a Band D property and in terms of the additional income generated are set out below:

| Potential increase    | Band D 2020/21 | Annual Increase | Forecast Additional Income |
|-----------------------|----------------|-----------------|----------------------------|
| No increase           | £218.88        | NIL             | NIL                        |
| 1.99% increase        | £223.24        | £4.36           | £157,000                   |
| £5 per Band D (2.28%) | £223.88        | £5.00           | £180,000                   |

The budget forecasts are based on a 1.99% increase in 2020/21 generating £157,000 of additional revenue. Cabinet is asked to recommend this increase to Council on 26<sup>th</sup> February.

## 18. CAPITAL STRATEGY 2020/21 – 2023/24

The Capital programme has been updated to reflect:

- the allocation of budgets to specific schemes in 2020/21
- re-phasing of expenditure
- the impact of the planned Corporate Plan projects

The detailed Capital Programme and Financing is set out in Appendix C to this report. A summary of the capital forecasts is set out in Table 4 below:

**Table 4 – Capital Programme Summary**

| Corporate Priority or Scheme Name                                   | Budget 2020/21<br>£'000 | Budget 2021/22<br>£'000 | Budget 2022/23<br>£'000 | Budget 2023/24<br>£'000 | TOTAL<br>£'000 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|----------------|
| <b><u>Health, Wellbeing and Safety</u></b>                          |                         |                         |                         |                         |                |
| Green Links   | 468                     | 200                     | 200                     | 200                     | 1,068          |
| Worden Park and Hall  | 848                     | 1,850                   | 200                     | 232                     | 3,130          |
| Other Parks and Open Spaces   | 1,095                   | 733                     | 40                      | -                       | 1,868          |
| Sport and Leisure   | 1,146                   | 4,100                   | 1,300                   | 19,000                  | 25,546         |
| <b><u>Place</u></b>   |                         |                         |                         |                         |                |
| Affordable Housing  | 2,090                   | 700                     | -                       | -                       | 2,790          |
| Housing Grants  | 866                     | 757                     | 757                     | 757                     | 3,137          |
| Extra Care  | -                       | 5,000                   | 4,000                   | 1,000                   | 10,000         |
| Masterplanning/regeneration   | 185                     | 2,000                   | 2,000                   | -                       | 4,185          |
| Community Grants  | 100                     | -                       | -                       | -                       | 100            |
| Churchyard/other  | 220                     | 80                      | -                       | -                       | 300            |
| <b><u>Excellence, Investment &amp; Financial Sustainability</u></b> |                         |                         |                         |                         |                |
| Civic Centre, Corporate Buildings                                   | 325                     | 150                     | 100                     | 100                     | 675            |
| ICT & digital   | 290                     | 200                     | 200                     | 200                     | 890            |
| Vehicles, Plant & equipment   | 2,461                   | 950                     | 400                     | 100                     | 3,911          |
| <b>Expenditure Total</b>  | <b>10,094</b>           | <b>16,720</b>           | <b>9,197</b>            | <b>21,589</b>           | <b>57,600</b>  |

## 19. RESERVES

During a period where financial risk profiles are increasing (e.g. uncertainty in relation to future Business Rates Retention scheme and NHB funding), it is necessary to retain adequate reserves in order to mitigate against that risk. A summary of the reserves brought forward and the future forecasts is set out in table 5 below.

**Table 5 – Projected Reserves over the life of the MTFS**

| <b>RESERVES FORECAST-SUMMARY</b> | <b>Actual<br/>31/3/19<br/>£000</b> | <b>Forecast<br/>31/3/20<br/>£000</b> | <b>Forecast<br/>31/3/21<br/>£000</b> | <b>Forecast<br/>31/3/22<br/>£000</b> | <b>Forecast<br/>31/3/23<br/>£000</b> | <b>Forecast<br/>31/3/24<br/>£000</b> |
|----------------------------------|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>General Fund Balance</b>      | <b>(4,680)</b>                     | <b>(4,802)</b>                       | <b>(4,802)</b>                       | <b>(4,550)</b>                       | <b>(4,277)</b>                       | <b>(4,029)</b>                       |
| <b>Earmarked Reserves</b>        |                                    |                                      |                                      |                                      |                                      |                                      |
| Apprenticeship Reserve           | (267)                              | (267)                                | 0                                    | 0                                    | 0                                    | 0                                    |
| Borough council elections        | (114)                              | 0                                    | (40)                                 | (80)                                 | (120)                                | (5)                                  |
| Borough Investment account       | (4,594)                            | (4,594)                              | (3,944)                              | (2,274)                              | (2,274)                              | (2,274)                              |
| Business rates retention reserve | (2,751)                            | (2,686)                              | (2,935)                              | (2,870)                              | (2,805)                              | (2,790)                              |
| Capital Funding Reserve          | (3,073)                            | (3,108)                              | (703)                                | (276)                                | (526)                                | (776)                                |
| CIL admin                        | 0                                  | (149)                                | (149)                                | (149)                                | (149)                                | (149)                                |
| City Deal                        | (1,711)                            | (1,844)                              | (1,844)                              | (1,844)                              | (1,844)                              | (1,844)                              |
| Housing needs survey             | (83)                               | (103)                                | (83)                                 | (103)                                | (123)                                | (143)                                |
| Local Plans                      | (255)                              | (255)                                | (157)                                | (131)                                | (106)                                | (62)                                 |
| My Neighbourhoods reserve        | (54)                               | (54)                                 | (54)                                 | (54)                                 | (54)                                 | (54)                                 |
| Organisational restructure costs | (27)                               | (27)                                 | (27)                                 | (27)                                 | (27)                                 | (27)                                 |
| Performance Reward Grant         | (47)                               | 0                                    | 0                                    | 0                                    | 0                                    | 0                                    |
| Repairs and Maintenance Fund     | (500)                              | (500)                                | 0                                    | (250)                                | (500)                                | (750)                                |
| Section 106 Reserve              | 0                                  | 0                                    | 0                                    | 0                                    | 0                                    | 0                                    |
| Climate Change                   | 0                                  | 0                                    | (250)                                | (250)                                | (250)                                | (250)                                |
| Credit Union                     | 0                                  | (150)                                | (150)                                | (150)                                | (150)                                | (150)                                |
| Transformation Reserve           | (500)                              | (290)                                | 0                                    | 0                                    | 0                                    | 0                                    |
| Other earmarked reserves         | (863)                              | (593)                                | (308)                                | (189)                                | (155)                                | (155)                                |
| <b>sub total</b>                 | <b>(14,839)</b>                    | <b>(14,619)</b>                      | <b>(10,643)</b>                      | <b>(8,645)</b>                       | <b>(9,0811)</b>                      | <b>(9,427)</b>                       |
| <b>Total reserves</b>            | <b>(19,519)</b>                    | <b>(19,421)</b>                      | <b>(15,445)</b>                      | <b>(13,195)</b>                      | <b>(13,359)</b>                      | <b>(13,456)</b>                      |

## 20. This summary reflects:

- Actual Reserves brought forward at 1<sup>st</sup> April 2019
- Use of General reserves to fund forecast budget deficits (£0.773m forecast reduction)
- Planned use of capital reserves to fund capital programme
- Contributions from revenue into reserves in future years (21/22 onwards) to provide funding for Capital and R&M expenditure in the capital programme in future years
- Use of Transformation Reserve to fund Digital Strategy projects
- Funding of Worden Hall refurbishment and Community Loan from Borough Investment Account

- Contributions from reserves to fund revenue expenditure (e.g. Central Lancashire Local Plan, elections, Youth Support initiative, housing survey)
- The creation of two new reserves: a Climate Change reserve to fund future projects; and a Credit Union reserve to fund initial costs in relation to this proposal.
- The release of the balance of the Apprenticeship reserve – this was originally set up to fund apprenticeship costs. The apprenticeship posts have now been included in the budgeted establishment.
- Retention of the City Deal Reserve to mitigate the impact of any changes to the current deal. The revenue forecasts include £492k annual income from City Deal which under the current 10-year deal will only be paid until 2023/24.
- The continued need for a Business Rates Equalisation reserve to manage uncertainty in the BRR system.

The Borough Investment reserve was originally set up as a fund to purchase investment property to generate revenue returns (commercial rents) to the Council. This has not been possible to achieve and therefore the purpose of the reserve in the future needs to be re-defined. In the MTFS it has been applied to two capital items: The proposed investment in Worden Hall and to cashflow a community loan (Hoole Village Hall). Although both of these initiatives should generate a small payback to the Council, it is not at a commercial rate of return. The community loan has been included in the forecasts but is subject to a due diligence process and will need Full Council approval. Unlike Worden Hall, which is a council owned asset, it is proposed that both the capital and interest on the Hoole Village Hall funding is repaid back into the Borough Investment Reserve.

## **21. ASSET MANAGEMENT & INVESTMENT PROPERTY STRATEGY**

It is important that the Council has a robust approach to managing its assets in order to ensure that they are well maintained, returns on investment properties are maximised, managed and mitigated, and a clear process is put in place to address any under-performing or under-utilised assets.

In January, Cabinet approved a review to be undertaken of the Council's commercial investment property portfolio which will assess the performance of assets, develop the asset management plan and inform strategy for acquisitions and disposals.

It is essential that the Council adopts a pro-active approach to managing and minimising any risks which are highlighted through the review. The review should provide greater clarity and assurance in relation to the performance of the commercial asset portfolio. Following the review, there may be financial implications which will need to be considered and any budgetary implications addressed within the context of the overall MTFS.

## **22. TREASURY MANAGEMENT STRATEGY**

The Treasury Management Policy Statement attached to this Medium Term Financial Strategy is produced annually and approved by the Council as part of the budget setting process.

The Treasury Management Policy Statement and the Capital Strategy are closely linked. The Capital Programme identifies the funding needs of the Council over a medium term period. The Treasury Management Policy Statement considers these longer-term cash flow needs and sets out how the Council will manage these cash requirements. This may involve arranging investments and loans taking decisions on whether they should be short or long-term having regard to prevailing and forecast interest rates. The Treasury Management Policy Statement will also consider the Council's cash surpluses and how

these should be managed. At times it may be beneficial to defer borrowing and use these cash surpluses to avoid lending and thereby save paying interest costs. The Council has successfully pursued a policy of internal borrowing using its cash surpluses whilst simultaneously keeping a close watch over interest rates for signs that they may increase. In terms of increasing interest rates, the Council will continue to monitor markets in relation to investing surplus cash against the requirements of the capital programme expenditure.

### **23. Borrowing Limits**

The Capital Programme assumes a level of borrowing that will need to be taken out to fund the overall programme. The Council will continue to seek alternative funding sources to mitigate borrowing. In the event of having to borrow the Council will seek to maximise spend to save / earn opportunities such that debt repayment is covered from service efficiency or new income streams. In the event the council enters into external borrowing requirements the Prudential Code requires authorities to set two limits at its Full Council meeting for external debt each year:

- 1) **Authorised limit** - this represents the maximum limit for external debt, including PFI liabilities, taking account of fluctuations in day to day cash requirements
  
- 2) **Operational Boundary** - this limit is based on the authority's estimate of most likely amount of borrowing required. The Council is currently not borrowing as a result of pursuing an internal borrowing policy for the last few years to reduce financing costs.

### **24. Minimum Revenue Provision**

The Council has a statutory requirement to set aside a prudent amount each year as a provision for the repayment of debt, known as the Minimum Revenue Provision (MRP). The amount to be set aside as MRP is governed by statutory guidance, however in practice it is left for each authority to determine what a prudent amount should be. The Council calculates MRP broadly in relation to the expected life of the assets being funded from borrowing either internally or externally; any detailed MRP Strategy to be approved by the Council will set out the full policy.

### **25. Financial (Treasury Management) Investments**

When the Council has surplus cash this may be invested to earn a return. The Treasury Management Policy Statement sets out how the Council manages risk associated with its investments. Investments are anticipated to be in the region of £40 million at the end of 2019/20. Beyond this date it is difficult to predict what investments may be held as that will depend on what happens to the interest rates and how the Council intends to spend its reserves and other unallocated funds. The Council may decide to invest in other models to deliver its strategic outcomes.

Additional reports will be presented at the time decisions will need to be made.

### **26. Governance**

Treasury Management activity is governed by the requirements of the CIPFA Treasury Management Code. The Council complies with all aspects of the Code; an annual Strategy Statement is approved by Full Council as part of the budget setting process, a mid-year update report is provided to Governance Committee and an outturn report produced in June. The Governance Committee is responsible for the oversight and governance of all Treasury Management activity.

### **27. Approach to Managing Risk**

Risk is inherent with any investment or commercial activity and whilst it cannot be entirely eliminated the Council can adopt a strategic approach to its management by establishing a clear policy setting out what risk level it is prepared to tolerate. This will be the Council's risk appetite. The Council's risk appetite is to balance risk and return in pursuit of its

corporate objectives. In this way the Council has an understanding of the adverse aspects of risk and can take steps to mitigate it when making decisions.

It should be noted, however, that the risk referred to in the Capital Strategy is only one part of the Council's overall risk management arrangements and needs to be seen in the context of the overall risk management framework, the governance arrangements and the monitoring and reporting procedures. With regard to general risks the Council produces a Corporate Risk Register and to manage risk capacity has reserves. Other key business risk alignment processes include: the MTFs, internal audit, budget setting and monitoring framework, treasury management arrangements, performance management framework, and external audit.

The Council is exposed to a number of investment and commercial risks:

- **Financial** risk relating to the investment of cash, market volatility, currency markets. Transparent decisions will be made utilising appropriate due diligence. The council will apply the principles of Security, Liquidity and Yield with all investments. The Council has no appetite for volatile, currency or high-risk markets.
- **Economic** risk relating to whether the local / national economy is growing or contracting. The Council will have a balanced approach for this area allocating funds to employment, housing and property investment. Some projects will yield good financial returns with others less so whilst creating economic growth. There is little appetite for projects that have identified interest rate and inflationary pressures.
- **Counterparty** risk relating to investments, loans to third parties and business transactions based on robust due diligence and Treasury policy management.
- **Operational** the Council have a low appetite for risk arising from transactions, service delivery, IT security, etc
- **Strategic** risk relating to the decisions taken by the Council in pursuit of its corporate objectives identified in the Corporate Plan, i.e. the purchase of major new assets including vehicles for service delivery.
- **Reputational** the Council has no appetite for risk relating to the adverse impact of the Council's dealings
- **Environmental and social** the Council has no appetite to risks arising from the adverse impacts of its investment.
- **Governance** risk relating to the transparency and accountability of decisions and decision-makers.

## 28. Knowledge and Skills

Both the Capital Programme and the Treasury Management Strategy are managed by teams of professionally qualified accountants with considerable experience of local government finance. Officers maintain and develop their skills and knowledge through a programme of Continuous Professional Development and by attending various courses and conferences held by CIPFA and other sector experts on an on-going basis.

The Interim Section 151 Officer is also a professionally qualified accountant. The Section 151 Officer has the overall responsibility for ensuring the proper management of the Council's finances including the Capital Programme and Treasury Management activity.

The property elements of the programme are also led by a group of professionally qualified officers including RICS supported by external advisors to ensure valuation and rental values are appropriately assessed.

The Governance Committee is the body which oversees all aspects of the Capital Strategy. Internal and external training is available to Members of the Committee to ensure that they have the skills and understanding required to make capital and treasury decisions. When required internal skills and knowledge will be supplemented by external advisors. For example, the Council uses LINK Asset Services to provide advice on Treasury Management issues.

## 29. SUMMARY ISSUES FOR FUTURE FINANCIAL PLANNING

1. Some of the key issues, opportunities and financial challenges to the council's MTFS are as follows: **Finance Settlement and future funding** – uncertainty that the one-year settlement and the reduction in NHB funding creates and the implications for City Deal.
2. **Council Tax Strategy** – Forecasts assume 1.99% increase p.a. Council Tax income is currently the most significant and secure funding stream for the council and is also a factor within the allocation of national local government funding calculations. It is therefore critical that this is considered when determining a Council Tax strategy.
3. **Leisure Service Review** – A decision to progress the options available in respect of delivering a new service model, this will require an up to date, detailed and robust business model to satisfy the requirements of sound governance arrangements and the decision-making process. This is an opportunity to both invest in the leisure facilities in the borough and also secure ongoing revenue savings through new contract arrangements and a review of the facilities.
4. **Worden Hall** – Cabinet report in January 2020 which included investment proposals and a costed business case. This is an opportunity to invest in and market this council asset facility for both community and commercial use and generate an income to cover or potentially exceed running costs over the medium-term.
5. **House Building and Extra Care provision** – Affordable Housing receipts are being utilised to fund the building of affordable homes to rent at Station Road and the McKenzie Arms site in Bamber Bridge. Work is also underway to consider an Extra Care provision in the borough to meet the demand for this type of facility which could also provide an additional revenue for the council once operational.
6. **Use of General Reserves** – balancing the budget using general reserves is not sustainable and therefore budget savings need to be found to address the forecast budget deficits from 2021/22.
7. **Efficiency Targets** - Shared Services savings forecast included in MTFS assuming 1 April implementation (£155k year 1/£320k year 2) as well as an allowance for salaries budget savings from staff turnover (£150k). Previous targets for Leisure (£500k) and Investment Property income (£150k) removed from base budget. New savings targets required to balance budget in medium-term.
8. **Review of Assets** – Budget includes provision for the external review of assets held which may impact on the MTFS in future years (e.g. on investment requirements, rental income and potential capital receipts if any assets are sold). No assumptions have been made in the current MTFS.
9. **City Deal** – There is a funding shortfall in the City Deal due to higher infrastructure costs and changes in government funding (NHB). The council is working with City Deal partners to address these issues. Annual funding of £492k is received from City Deal which is due to end in 2023/24 and therefore the impact of this will need to be addressed. There is however £1.8m which has been set aside in the City Deal reserve to mitigate against this.
10. **Brexit** – Revenue grant funding has been provided and set aside to assist in the preparations for leaving the EU however the ongoing impact of this cannot be determined at this stage.

### **30. ROBUSTNESS OF ESTIMATES**

Under Section 25 of the Local Government Act 2003, the Authority's Chief Finance Officer, the Interim s151 Officer, is required to report on the robustness of the estimates made for the purposes of the Council's annual budget. This also extends to the assumptions contained in the Council's Medium-Term Financial Strategy (MTFS) and the financing and resourcing assumptions set out in the approved Capital Programme.

Section 25(2) of the 2003 Act requires the Council to have regard to this report in approving the annual budget and setting the council tax.

In order to provide assurances that the budget estimates are robust, the Chief Finance Officer has had regard to the following factors:

- The available resources (support from central government and locally raised income)
- The deliverability and sustainability of the budget decisions to be taken in the proposed budget
- The anticipated budget pressures arising from demand-led services
- The forecast impact of inflation, anticipated pay awards and pay restructure
- Progress in delivering previous budget decisions and the anticipated outturn for 2019/20
- The financial standing of the Council and the effectiveness of the financial management arrangements in place
- The affordability and sustainability of the capital expenditure and investment plans arising from the Council's Capital Strategy
- The management of risks on an ongoing basis

In order to provide that reasonable assurance, the Chief Finance Officer has had regard to a number of factors and assumptions as part of the budget planning process which are set out in the body of the report.

### **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

- 31.** Consultation with partners and stakeholders has been undertaken in the formulation of the Council's priorities as set out in the approved Corporate Plan. The council's Medium-Term Financial Strategy is the financial plan to support the delivery of those Corporate Plan priorities and projects.
- 32.** Consultation on the proposed budget for 2020/21 will commence following approval of the proposals by Cabinet. The consultation responses will be analysed and considered as part of the budget finalisation.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 33.** In preparing the revised forecasts, the potential for a reduction in core funding as a result of the government's planned Fair Funding formula review and possible Business Rates Reset has been considered. However, as it is not possible to assess the implications at this stage with any certainty, the business rates retention forecasts in the MTFS for 2021/22 onwards have been prepared based on the funding regime in the 2020/21 Finance Settlement and the council continuing to benefit from being in the Lancashire business rates pool.
- 34.** When the funding changes are announced, the financial implications and the impact on the council's MTFS forecasts will be assessed and reported. It is possible that any changes introduced may include transitional arrangements to lessen the impact of any reduction in funding and allow local authorities to adjust future spending. The Business

Rates Retention reserve has also been maintained to mitigate the impact of any significant movements in forecasts.

### **AIR QUALITY IMPLICATIONS**

- 35.** It is encouraging to see the commitment to tackle the air quality issues within the borough through the provision of an additional post within the Environmental Health Department to assist in completion of the Air Quality Action Plan. Along with the commitment to set a separate budget to assist with the Council's corporate target of ensuring the borough is carbon neutral by 2020.

### **RISK MANAGEMENT**

- 36.** With regard to delivering the council's planned programme of work, relevant staff have undertaken specialised training in project management and the corporate system 'Inphase'. Each project has definitive project plans, timescales, responsible officers for delivery and risk assessments.
- 37.** In developing the budget and MTFs, some resources have been targeted at specific risk. The level of reserves held is to ensure that the Council can adequately deal with unexpected major events.

### **EQUALITY AND DIVERSITY IMPACT**

- 38.** The continued investment in Health, Wellbeing and Safety, will have a positive impact on all residents across the borough. The resources identified for Place will deliver and improve the physical infrastructure of towns and villages for residents and businesses and funds are also earmarked for the delivery of new affordable housing and extra care facilities. Initiatives in relation to Council Tax support and reducing Garden Waste charges will financially benefit a significant number of residents in the borough. Investments in the council's business, including the programme of digital improvements will improve access to the council's services for businesses and residents of the borough. Other initiatives, such as the development of a Youth Council, changing the approach to Community Involvement, and supporting the South Ribble Dementia Action Alliance will improve links between the Council and the wider community.

### **COMMENTS OF THE STATUTORY FINANCE OFFICER**

- 39.** This report sets out the budget proposals for 2020/21 and the Council's Medium-Term Financial Strategy for 2020/21 to 2023/24. These plans underpin the delivery of the Corporate Plan priorities and desired outcomes. The forecast financial implications and benefits of the capital investment proposed in the Capital Strategy for 2020/21 to 2023/24 are incorporated into the revenue forecasts and reserves forecasts which are set out in this report.
- 40.** This report sets out the detailed budget proposals, risks and assumptions for delivering a Balanced Budget and Medium-Term Financial Strategy. As required under Section 25 of the Local Government Act 2003, I confirm that in my opinion the estimate forecasts are robust and there is an adequate level of balances to support the risks associated with this council.

## COMMENTS OF THE MONITORING OFFICER

41. As Members are aware we are required on an annual basis to set a budget and decide whether to change Council Tax. There are a number of other closely associated decisions that need to be made such as the agreeing of a Capital Strategy and Treasury Strategy. It is for Cabinet to provide initial consideration to such matters and then to make recommendations to full Council. It is for full Council to make the relevant decisions.

## BACKGROUND DOCUMENTS

Cabinet 13 Feb 2019 - 2019/20 Budget and Medium-Term Financial Strategy 2019/20 to 2022/23

## APPENDICES

Appendix A: MTFs Revenue Summary

Appendix B: Revenue Budget Adjustments for Corporate Plan projects

Appendix C: Capital Strategy 2020/21 to 2023/24

Appendix D: Treasury Strategy, Prudential Indicators and the Annual investment Strategy {to follow}

LT Member's Name: Jane Blundell  
Interim Section 151 Officer

|                |              |          |
|----------------|--------------|----------|
| Report Author: | Telephone:   | Date:    |
| Jane Blundell  | 01772 625245 | 27/01/20 |

APPENDIX A

MTFS REVENUE SUMMARY

|  | <u>Forecasts</u><br><u>2020-21</u> | <u>Forecasts</u><br><u>2021-22</u> | <u>Forecasts</u><br><u>2022-23</u> | <u>Forecasts</u><br><u>2023-24</u> |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Directorates</b>                        | <b>£000</b>                        | <b>£000</b>                        | <b>£000</b>                        | <b>£000</b>                        |
| Chief Executive                            | 871                                | 891                                | 892                                | 918                                |
| Neighbourhoods & Development               | 7,230                              | 7,303                              | 7,348                              | 7,461                              |
| Planning & Property                        | 633                                | (22)                               | (157)                              | (201)                              |
| Finance & Assurance                        | 1,425                              | 1,450                              | 1,482                              | 1,490                              |
| Legal, HR & Democratic Services            | 1,667                              | 1,703                              | 1,737                              | 1,931                              |
| Customer Experience and Ops                | 2,394                              | 2,535                              | 2,612                              | 2,655                              |
| <b>Budgets Not in Directorates</b>         |                                    |                                    |                                    |                                    |
| Debt Repayment                             | 649                                | 363                                | 516                                | 483                                |
| Efficiency Targets                         | (155)                              | (320)                              | (320)                              | (320)                              |
| Staff turnover                             | (150)                              | (150)                              | (150)                              | (150)                              |
| Interest                                   | (170)                              | (165)                              | (85)                               | 100                                |
| Parish Precepts                            | 432                                | 432                                | 432                                | 432                                |
| Pensions contributions                     | 1,239                              | 1,287                              | 1,337                              | 1,337                              |
| Pensions costs offset                      | (1,388)                            | (1,429)                            | (1,458)                            | (1,487)                            |
|  |                                    |                                    |                                    |                                    |
| <b>Net Cost of Services</b>                | <b>14,677</b>                      | <b>13,878</b>                      | <b>14,186</b>                      | <b>14,650</b>                      |
| <b>Funding</b>                             |                                    |                                    |                                    |                                    |
| Retained Business Rates                    | (3,715)                            | (3,535)                            | (3,595)                            | (3,656)                            |
| Business Rates Section 31 Grant            | (1,595)                            | (1,508)                            | (1,534)                            | (1,560)                            |
| Council Tax                                | (8,596)                            | (8,684)                            | (8,891)                            | (9,103)                            |
| New Homes Bonus                            | (660)                              | (112)                              | (93)                               | (93)                               |
| Reserves                                   | (111)                              | 313                                | 400                                | 310                                |
|  |                                    |                                    |                                    |                                    |
| <b>Total Funding</b>                       | <b>(14,677)</b>                    | <b>(13,526)</b>                    | <b>(13,713)</b>                    | <b>(14,102)</b>                    |
|  |                                    |                                    |                                    |                                    |
| <b>Forecast Budget (Surplus) / Deficit</b> | <b>0</b>                           | <b>352</b>                         | <b>473</b>                         | <b>548</b>                         |
| <i>Funded by:</i>                          |                                    |                                    |                                    |                                    |
| Budget savings targets                     | 0                                  | (100)                              | (200)                              | (300)                              |
|  |                                    |                                    |                                    |                                    |
| Transfer to/(from) General Reserve         | 0                                  | (252)                              | (273)                              | (248)                              |
|  |                                    |                                    |                                    |                                    |
| <b>Forecast Balanced Budget position</b>   | <b>0</b>                           | <b>0</b>                           | <b>0</b>                           | <b>0</b>                           |

**APPENDIX B**

**REVENUE BUDGET ADJUSTMENTS FOR CORPORATE PLAN PROJECTS**

|  | FORECAST | FORECAST | FORECAST | FORECAST |
|--|----------|----------|----------|----------|
|  | 2020-21  | 2021-22  | 2022-23  | 2023-24  |
|  | £000s    | £000s    | £000s    | £000s    |
| <b>CORPORATE PLAN PROJECTS &amp; POLICY FINANCIAL IMPLICATIONS:</b>  |          |          |          |          |
| Organisational Development Budget - taken out in revised Corporate Plan  | (50)     | (50)     | (50)     | (50)     |
| Shared Services forecast savings   | (155)    | (320)    | (320)    | (320)    |
| Revised Council Tax support scheme   | 44       | 44       | 44       | 44       |
| Council Tax – removal of empty properties discount and increase in 2 <sup>nd</sup> homes premium   | (17)     | (17)     | (17)     | (17)     |
| Volunteering and active citizens   | 1        | 1        | 1        | 1        |
| Garden Waste reduction in annual charge  | 134      | 134      | 134      | 134      |
| <i>Offset by</i> Garden Waste increase in take up  | (134)    | (134)    | (134)    | (134)    |
| Central Lancashire Local Plan development  | 55       | 50       | 13       | -        |
| Business and Employment support:   |          |          |          |          |
| Apprentice Factory Phase 2   | 20       | 20       | 20       | 20       |
| Implement Phase 2 of the Employment and Skills Plan (Cuerden)  | 5        | 5        | 5        | 5        |
| Prepare and implement a Central Lancashire Economic Strategy   | 20       | -        | -        | -        |
| Prepare strategy for supporting new and small businesses   | 50       | 50       | 50       | 50       |
| Living Wage Employer   | 46       | 46       | 46       | 46       |
| Review Community Involvement approach (additional resource)  | 36       | 37       | 38       | 39       |
| South Ribble Partnership - time credits contribution (1-year pilot)  | 13       | -        | -        | -        |
| Develop a Youth Council to strengthen the voice of young people in the community (additional resource)                                   | 36       | 37       | 38       | 39       |
| Creating better places for nature for the benefit of wildlife and people - new meadows   | 10       | 10       | 10       | 10       |
| Develop options for improving Leisure provision  | 5        | 45       | -        | -        |
| Implementation of the Council's Digital Strategy   | 136      | 204      | 212      | 212      |
| Provide residents and businesses with the skills, expertise and resources to interact with the Council and other organisations digitally | 7        | 7        | 7        | 7        |
| 'Mind the Gap' recommendations - Holiday Hunger project  | 15       | 15       | 15       | -        |
| Removal of charges for replacement bins  | 20       | 20       | 20       | 20       |

|  | 2020-21    | 2021-22    | 2022-23    | 2023-24     |
|--|------------|------------|------------|-------------|
|  | £000s      | £000s      | £000s      | £000s       |
| To provide quality homes that people can afford to live in whether they choose home ownership or rental accommodation (McKenzie Arms Affordable rental scheme) | -          | (60)       | (60)       | (60)        |
| Support the South Ribble Dementia Action Alliance and delivery of its annual Action Plan   | 2          | 2          | -          | -           |
| Strategic asset review / asset consultancy   | 50         | -          | -          | -           |
| Reduce the number of homeless through developing a health and prevention focused approach - Housing Enforcement (3 yr. project)                                | 43         | 44         | 45         | -           |
| Activities to reduce crime and disorder - Youth support programme (2-year pilot)   | 120        | 85         | -          | -           |
| A clear vision and plan to bring Worden Hall back in to use.   | -          | 40         | 20         | 0           |
| First class advice services – Increased Support to Citizens' advice  | 30         | 30         | 30         | 30          |
| <b>Net budget increase/(saving) from Corporate Projects/Priorities</b>   | <b>542</b> | <b>345</b> | <b>167</b> | <b>76</b>   |
| <i>Less budgets reallocated to fund new initiatives:</i>   |            |            |            |             |
| Funding for Youth Support from Other reserves (accumulated Sports Development funding)   | (120)      | (85)       | -          | -           |
| Reallocation of Personal Budget support budget to support Citizens Advice  | (30)       | (30)       | (30)       | (30)        |
| Place Promotion budget reallocated to fund business and employment support   | (100)      | (100)      | (100)      | (100)       |
| <b>Net budget increase/(saving)</b>  | <b>292</b> | <b>130</b> | <b>37</b>  | <b>(54)</b> |

| <b>Corporate Priority or Scheme Name</b>                            | <b>Budget<br/>2020/21<br/>£'000</b> | <b>Budget<br/>2021/22<br/>£'000</b> | <b>Budget<br/>2022/23<br/>£'000</b> | <b>Budget<br/>2023/24<br/>£'000</b> | <b>TOTAL<br/>£'000</b> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------------------|
| <b><u>Health, Wellbeing and Safety</u></b>                          |                                     |                                     |                                     |                                     |                        |
| <b><u>Green Links</u></b>   |                                     |                                     |                                     |                                     |                        |
| Shruggs Wood  | 68                                  | -                                   | -                                   | -                                   | 68                     |
| Green Links - Penwortham Holme to Howick                            | 250                                 | -                                   | -                                   | -                                   | 250                    |
| Leyland Loop  | 150                                 | -                                   | -                                   | -                                   | 150                    |
| Green Links - unallocated   | -                                   | 200                                 | 200                                 | 200                                 | 600                    |
| <b><u>Worden Park and Hall</u></b>                                  |                                     |                                     |                                     |                                     |                        |
| Arboretum landscaping   | 30                                  | -                                   | -                                   | -                                   | 30                     |
| Craft Units windows and security grills                             | 40                                  | -                                   | -                                   | -                                   | 40                     |
| Farmyard Cottages windows   | 25                                  | -                                   | -                                   | -                                   | 25                     |
| Farmyard Cottages heating   | 50                                  | -                                   | -                                   | -                                   | 50                     |
| Ice House front façade  | 10                                  | -                                   | -                                   | -                                   | 10                     |
| Overflow carpark  | 80                                  | -                                   | -                                   | -                                   | 80                     |
| Sewerage pumping station and septic tanks                           | 40                                  | -                                   | -                                   | -                                   | 40                     |
| Shaw Brook weirs and banks  | 40                                  | -                                   | -                                   | -                                   | 40                     |
| Shaw Wood footpaths   | 33                                  | -                                   | -                                   | -                                   | 33                     |
| Walled garden pot house - replace the building frame and base walls | -                                   | 100                                 | -                                   | -                                   | 100                    |
| Worden Hall refurbishment   | 500                                 | 1,670                               | -                                   | -                                   | 2,170                  |
| Worden Park fountain  | -                                   | 80                                  | -                                   | -                                   | 80                     |
| Worden Park Paths   | -                                   | -                                   | 200                                 | 232                                 | 432                    |
| <b><u>Other Parks and Open Spaces</u></b>                           |                                     |                                     |                                     |                                     |                        |
| Hurst Grange Park drainage  | 25                                  | -                                   | -                                   | -                                   | 25                     |
| Hurst Grange Park Paths   | -                                   | 40                                  | -                                   | -                                   | 40                     |
| Hurst Grange Coach House Phase 2 (subject to lottery funding)       | 440                                 | 350                                 | -                                   | -                                   | 790                    |
| Open Spaces - Bent Lane   | 55                                  | -                                   | -                                   | -                                   | 55                     |
| Playground - Worden Park  | 50                                  | -                                   | -                                   | -                                   | 50                     |
| Playground - Seven Stars  | 75                                  | -                                   | -                                   | -                                   | 75                     |

| <b>Corporate Priority or Scheme Name</b>                       | <b>Budget<br/>2020/21<br/>£'000</b> | <b>Budget<br/>2021/22<br/>£'000</b> | <b>Budget<br/>2022/23<br/>£'000</b> | <b>Budget<br/>2023/24<br/>£'000</b> | <b>TOTAL<br/>£'000</b> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------------------|
| Playground - Leadale Green                                     | 75                                  | -                                   | -                                   | -                                   | 75                     |
| Playgrounds - Haig Avenue, Hurst Grange, Bellis Way, Bent Lane | 300                                 | 200                                 | -                                   | -                                   | 500                    |
| Tarn Wood, Penwortham  | 20                                  | -                                   | -                                   | -                                   | 20                     |
| A tree for every resident                                      | 40                                  | 53                                  | 40                                  | -                                   | 133                    |
| Other Parks - Footpaths (Fossdale Moss, Priory, Valley Road)   | 15                                  | 30                                  | -                                   | -                                   | 45                     |
| Withy Grove Park - western side                                | -                                   | 60                                  | -                                   | -                                   | 60                     |
| <b><u>Sport and Leisure</u></b>                                |                                     |                                     |                                     |                                     |                        |
| Leisure Facility   | -                                   | -                                   | -                                   | 19,000                              | 19,000                 |
| Leisure Centres Refurbishments                                 | 1,000                               | 1,100                               | -                                   | -                                   | 2,100                  |
| Sport Pitch Hub  | -                                   | 3,000                               | 1,300                               | -                                   | 4,300                  |
| King George V Playing Fields, Higher Walton                    | 25                                  | -                                   | -                                   | -                                   | 25                     |
| Lostock Hall Football Facility                                 | 122                                 | -                                   | -                                   | -                                   | 122                    |
| <b><u>Place</u></b>  |                                     |                                     |                                     |                                     |                        |
| Affordable Housing at Station Road, Bamber Bridge              | 563                                 | -                                   | -                                   | -                                   | 563                    |
| Affordable Housing at former McKenzie Arms, Bamber Bridge      | 1,527                               | 700                                 | -                                   | -                                   | 2,227                  |
| Church Road, Bamber Bridge                                     | -                                   | 40                                  | -                                   | -                                   | 40                     |
| Disabled Facilities Grants                                     | 791                                 | 682                                 | 682                                 | 682                                 | 2,837                  |
| Leyland Train Station Ticket Office                            | 60                                  | -                                   | -                                   | -                                   | 60                     |
| Masterplan delivery - Leyland                                  | -                                   | 2,000                               | -                                   | -                                   | 2,000                  |
| Masterplanning and regen - Penwortham                          | 50                                  | -                                   | 2,000                               | -                                   | 2,050                  |
| New Longton regeneration                                       | 75                                  | -                                   | -                                   | -                                   | 75                     |
| Car Park resurfacing, Ryefield Avenue, Penwortham              | -                                   | 40                                  | -                                   | -                                   | 40                     |
| Private Sector home improvement grants                         | 75                                  | 75                                  | 75                                  | 75                                  | 300                    |
| Extra Care Scheme  | -                                   | 5,000                               | 4,000                               | 1,000                               | 10,000                 |
| Hoole Village Hall   | 200                                 | -                                   | -                                   | -                                   | 200                    |
| St Mary's, Penwortham - Churchyard wall repairs                | 120                                 | -                                   | -                                   | -                                   | 120                    |

| <b>Corporate Priority or Scheme Name</b>                          | <b>Budget<br/>2020/21<br/>£'000</b> | <b>Budget<br/>2021/22<br/>£'000</b> | <b>Budget<br/>2022/23<br/>£'000</b> | <b>Budget<br/>2023/24<br/>£'000</b> | <b>TOTAL<br/>£'000</b> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------------------|
| <b><u>Excellence, Investment and Financial Sustainability</u></b> |                                     |                                     |                                     |                                     |                        |
| Civic Centre - new entrance for the conference centre             | 150                                 | -                                   | -                                   | -                                   | 150                    |
| Civic buildings refurbishment                                     | 75                                  | 50                                  | -                                   | -                                   | 125                    |
| Corporate Buildings and Asset Management Planning                 | 100                                 | 100                                 | 100                                 | 100                                 | 400                    |
| IT Programme - Digital Strategy                                   | 250                                 | 200                                 | 200                                 | 200                                 | 850                    |
| IT - Idox upgrade   | 40                                  | -                                   | -                                   | -                                   | 40                     |
| Vehicles and Plant replacement programme                          | 2,439                               | 950                                 | 400                                 | 100                                 | 3,889                  |
| Polling Booths  | 22                                  | -                                   | -                                   | -                                   | 22                     |
|   | -                                   | -                                   | -                                   | -                                   |                        |
| <b>Expenditure Total</b>  | <b>10,094</b>                       | <b>16,720</b>                       | <b>9,197</b>                        | <b>21,589</b>                       | <b>57,600</b>          |
| <b><u>Capital Financing</u></b>                                   |                                     |                                     |                                     |                                     |                        |
| Grants - DFG  | 791                                 | 682                                 | 682                                 | 682                                 | 2,837                  |
| Grants - Other  | 530                                 | 73                                  | -                                   | -                                   | 603                    |
| City Deal –Public Transport Corridors/ town centres (Penwortham)  | 50                                  | -                                   | 2,000                               | -                                   | 2,050                  |
| External Contributions (Homes England)                            | -                                   | 3,000                               | -                                   | -                                   | 3,000                  |
| Section 106 - Affordable Housing                                  | 2,000                               | 2,700                               | -                                   | -                                   | 4,700                  |
| Section 106 - Other   | 1,135                               | 516                                 | -                                   | -                                   | 1,651                  |
| CIL   | 250                                 | 57                                  | -                                   | -                                   | 307                    |
| Capital Receipts  | 75                                  | 349                                 | 75                                  | 75                                  | 574                    |
| Revenue Reserves:   | -                                   | -                                   | -                                   | -                                   |                        |
| - Borough Investment Reserve                                      | 650                                 | 1,500                               | -                                   | -                                   | 2,150                  |
| - Capital Reserve   | 2,431                               | 676                                 | -                                   | -                                   | 3,107                  |
| - Repairs and Maintenance Reserve                                 | 500                                 | -                                   | -                                   | -                                   | 500                    |
| - Transformation Reserve  | 290                                 | -                                   | -                                   | -                                   | 290                    |
| - Other Reserve   | 30                                  | -                                   | -                                   | -                                   | 30                     |
| Borrowing   | 1,363                               | 6,997                               | 6,440                               | 20,832                              | 35,592                 |
|   |                                     |                                     |                                     |                                     |                        |
| <b>Financing Total</b>  | <b>10,094</b>                       | <b>16,720</b>                       | <b>9,197</b>                        | <b>21,589</b>                       | <b>57,600</b>          |



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## Treasury Management Policy Statement 2020/21

### 1. PURPOSE OF THE REPORT

To present the Prudential and Treasury Indicators and Treasury Management and Investment Strategies for 2020/21 to 2023/24, and the Minimum Revenue Policy Statement for 2020/21.

### 2. BACKGROUND TO THE REPORT

- 2.1 For each financial year the Council sets a balanced budget so that cash income raised during the year is sufficient to meet all of its cash expenditure commitments. One of the key functions of the Council's treasury management activity is to ensure that these cash flows are effectively managed, so that cash is available when it is needed. Surplus cash is invested having regard to risk, liquidity and yield.
- 2.2 A further key function of the treasury management activity is to ensure that the Council has sufficient funds to pay for its capital and other investment plans. These capital plans, which are set out in the Capital Programme, identify the borrowing needs of the Council over a longer time horizon than the current year. In managing its longer-term cash flow requirements for capital expenditure the Council will take out loans or alternatively use its cash flow surpluses in lieu of external borrowing. This latter practice is referred to as "internal borrowing". In managing its loans, it may at times be advantageous for the Council to repay or restructure its borrowings to optimise interest payments or achieve a balanced debt portfolio.
- 2.3 Having regard to these activities, the Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:
- "The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
- 2.4 As treasury management decisions involve borrowing and investing substantial sums of money, the Council is exposed to potentially large financial risks, including the loss of invested funds and the revenue effect of changing interest rates. The identification, control and monitoring of risk are therefore integral elements of treasury management activity.
- 2.5 The Treasury Management Policy Statement for 2020/21 is based upon the Chief Finance Officer and Treasury Officers' views on interest rates supplemented by leading market forecasts. The policy statement covers:
- a) The policy for managing capital borrowing and debt rescheduling
  - b) The annual investment strategy for treasury management investments
  - c) Reporting arrangements
  - d) Training arrangements
  - e) Performance indicators
  - f) Minimum Revenue Provision (MRP) Policy
  - g) Use of treasury management advisors

- 2.6 Council of 27 February 2019 approved the Treasury Management Strategy for 2019/20, including Prudential and Treasury Indicators, the Treasury Management and Investment Strategies, and the annual Minimum Revenue Provision (MRP) Policy Statement for 2019/20. Treasury Management activities during the year have been overseen by the Governance Committee.
- 2.7 One change to Investment Counterparties is proposed, ie the removal of the restriction of the use of non-UK banks to those within the EU (see paragraph 8.3). The criteria in respect of the credit ratings for the individual country and institution would remain unchanged, as would the overall limits for investments in non-UK banks. No changes to counterparty limits are proposed.
- 2.8 This report updates Prudential and Treasury Indicators for financial years 2019/20 to 2023/24. It presents updated Treasury Management and Investment Strategies and proposes the Minimum Revenue Policy Statement for 2020/21.

### **3. TREASURY MANAGEMENT STRATEGY 2020/21**

- 3.1 The strategy for 2020/21 covers two main areas:

#### **Capital issues**

- the capital plans and the Prudential Indicators;
- the Minimum Revenue Provision (MRP) policy.

#### **Treasury management issues**

- the current treasury position;
- Treasury Indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

- 3.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code, and MHCLG Investment Guidance.
- 3.3 The Statutory Guidance on Minimum Revenue Provision remains the 3<sup>rd</sup> edition, as issued by the Ministry of Housing, Communities & Local Government on 2 February 2018.

### **4. TRAINING**

- 4.1 The CIPFA Code requires the Responsible Officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be provided on the implications of the revised CIPFA Prudential and Treasury Management Codes, and the revised MHCLG Investment Guidance and MRP Guidance.
- 4.2 The training needs of treasury management officers are reviewed periodically. Both CIPFA and Link Asset Services provide workshops and seminars.

## 5. TREASURY MANAGEMENT CONSULTANTS

- 5.1 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors. The advisors provide access to specialist skills and resources including
- Technical support on treasury matters and capital finance issues.
  - Economic and interest rate analysis.
  - Debt services, which includes advice on the timing of borrowing.
  - Debt rescheduling advice surrounding the existing portfolio.
  - Generic investment advice on interest rates, timing and investment instruments.
  - Credit ratings/market information service comprising the three main credit rating agencies.
- 5.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 5.3 The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed, documented and subjected to regular review.

## 6. CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2023/24 AND MRP STATEMENT

- 6.1 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.

### 6.2 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

| Table 1 - Capital Expenditure          | 2019/20       | 2019/20      | 2020/21       | 2021/22       | 2022/23      | 2023/24       |
|--|---------------|--------------|---------------|---------------|--------------|---------------|
|  | Estimate      | Revised      | Estimate      | Estimate      | Estimate     | Estimate      |
|  | £000          | £000         | £000          | £000          | £000         | £000          |
| Health, Leisure & Wellbeing            | 3,788         | 1,911        | 3,557         | 6,713         | 1,740        | 19,432        |
| Place                                  | 2,516         | 939          | 3,461         | 8,497         | 6,757        | 1,757         |
| Excellence & Financial Stability       | 6,604         | 1,279        | 3,076         | 1,300         | 700          | 400           |
| Carried forward from 2018/19 programme | 486           | 0            | 0             | 0             | 0            | 0             |
| <b>Capital Expenditure Total</b>       | <b>13,394</b> | <b>4,129</b> | <b>10,094</b> | <b>16,510</b> | <b>9,197</b> | <b>21,589</b> |

The table below summarises the above capital expenditure plans identified in the Capital & Investment Strategy and the Capital Programme and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a borrowing requirement.

| Table 2 - Capital Financing          | 2019/20          | 2019/20         | 2020/21          | 2021/22          | 2022/23          | 2023/24          |
|--------------------------------------|------------------|-----------------|------------------|------------------|------------------|------------------|
|                                      | Estimate<br>£000 | Revised<br>£000 | Estimate<br>£000 | Estimate<br>£000 | Estimate<br>£000 | Estimate<br>£000 |
| Capital expenditure from Table 1     | 13,394           | 4,129           | 10,094           | 16,510           | 9,197            | 21,589           |
| Capital Receipts                     | (240)            | (85)            | (75)             | (349)            | (75)             | (75)             |
| Grants & Contributions               | (2,414)          | (1,838)         | (4,755)          | (7,028)          | (2,682)          | (682)            |
| Revenue and Reserves                 | (7,273)          | (982)           | (3,901)          | (2,176)          | 0                | 0                |
| Funding C/F from 2017/18 program     | (486)            | 0               | 0                | 0                | 0                | 0                |
| <b>Net financing needed for year</b> | <b>2,981</b>     | <b>1,224</b>    | <b>1,363</b>     | <b>6,957</b>     | <b>6,440</b>     | <b>20,832</b>    |

### The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes:

| Table 3 - Capital Financing Requirement   | 2019/20          | 2019/20         | 2020/21          | 2021/22          | 2022/23          | 2023/24          |
|---|------------------|-----------------|------------------|------------------|------------------|------------------|
|   | Estimate<br>£000 | Revised<br>£000 | Estimate<br>£000 | Estimate<br>£000 | Estimate<br>£000 | Estimate<br>£000 |
| Opening CFR                               | 3,843            | 3,740           | 4,202            | 4,916            | 11,510           | 17,434           |
| Net financing need for the year (Table 2) | 2,981            | 1,224           | 1,363            | 6,957            | 6,440            | 20,832           |
| Less MRP/VRP                              | (835)            | (762)           | (649)            | (363)            | (516)            | (484)            |
| <b>Closing CFR</b>                        | <b>5,989</b>     | <b>4,202</b>    | <b>4,916</b>     | <b>11,510</b>    | <b>17,434</b>    | <b>37,782</b>    |

### 6.3 Minimum Revenue Provision (MRP)

The Council has a statutory requirement to set aside each year part of their revenues as a provision for the repayment of debt, called the Minimum Revenue Provision (MRP). The provision is in respect of capital expenditure incurred in previous years and which has been financed by borrowing.

The statutory requirement per the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414] is for each local authority to determine an amount of MRP which it considers to be “prudent”.

As “prudence” is not defined in the regulations, the MHCLG had issued accompanying statutory guidance which explains that the broad aim of a “prudent provision” is to ensure that the debt is repaid over a period that is either, reasonably commensurate with the period over which the capital expenditure provides benefit, or, in the case of borrowing supported by formula grant, reasonably commensurate with the period implicit in the determination of that grant. Each authority must determine what they consider is a prudent amount while having regard to the guidance.

The guidance also recommends that each local authority prepare an annual statement of its strategic policy on making MRP, to be approved by the full Council. A variety of options are provided to councils in the regulations, so long as there is a prudent provision.

For capital expenditure incurred before 1 April 2008 Option 1 is applied.

This provides for local authorities to continue to calculate MRP in line with the minimum existing statutory charge of 4% of outstanding debt related to supported borrowing only, less an adjustment that ensures consistency with previous capital regulatory regimes no longer in force.

From 1 April 2008 for all unsupported borrowing (including finance leases) the MRP policy will be Option 3 – Asset Life Method

This method is appropriate for calculating MRP in relation to debt incurred as unsupported borrowing (also known as prudential borrowing), and must be used for revenue expenditure capitalised by direction or regulation. Under this option there are two methods available:

- (Equal instalment method. This generates a series of equal annual amounts over the life of each asset that is financed by borrowing, with the life determined upon acquisition. This means that the charge to revenue closely matches the period of economic benefit of the asset.
- Annuity method. This method links the MRP to the flow of benefits from an asset where the benefit is expected to increase in later years.

Under this option, authorities should consider the type of assets that they finance through prudential borrowing, as the type of asset and its useful life may have a significant impact on the level of MRP charged. Where expenditure is capitalised by direction or regulation, the guidance specifies certain maximum lives to be used in the calculation.

#### Finance Leases and PFI

The guidance indicates that for finance leases and on-balance sheet PFI contracts, the MRP requirement could be met by making a charge equal to the element of the finance lease rental that goes to write down the balance sheet liability under proper accounting practices.

## 6.4 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council’s overall finances. The Council is asked to approve the following indicator:

### Ratio of financing costs to net revenue stream

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.

| <b>Table 4 - Ratio of Financing Costs to Net Revenue Stream</b> | <b>2019/20 Estimate</b> | <b>2019/20 Revised</b> | <b>2020/21 Estimate</b> | <b>2021/22 Estimate</b> | <b>2022/23 Estimate</b> | <b>2023/24 Estimate</b> |
|---|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | <b>%</b>                | <b>%</b>               | <b>%</b>                | <b>%</b>                | <b>%</b>                | <b>%</b>                |
| Ratio   | 4.96                    | 3.25                   | 5.03                    | 7.55                    | 11.34                   | 12.41                   |

The estimates of financing costs include current capital commitments and the proposals in the Budget and Capital and Investment Strategy reports. The increasing ratio for the remainder of the budget period reflects the additional level of borrowing required to finance the Council's planned Capital Programme. However, the intention for schemes funded through borrowing is that they will, where possible, deliver a financial return and therefore contribute to the sustainability of the Council's debt financing costs.

### 6.5 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

| <b>Table 5 - Year-End Resources</b> | <b>2019/20 Estimate</b> | <b>2019/20 Revised</b> | <b>2020/21 Estimate</b> | <b>2021/22 Estimate</b> | <b>2022/23 Estimate</b> | <b>2023/24 Estimate</b> |
|-------------------------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                     | <b>£000</b>             | <b>£000</b>            | <b>£000</b>             | <b>£000</b>             | <b>£000</b>             | <b>£000</b>             |
| Core Funds/Working Balances         | (30,000)                | (46,914)               | (40,369)                | (33,204)                | (32,595)                | (34,150)                |
| Under/(over) borrowing (Table 6)    | 2,637                   | 3,880                  | 4,173                   | 5,584                   | 11,628                  | 22,691                  |
| <b>Expected investments</b>         | <b>(27,363)</b>         | <b>(43,034)</b>        | <b>(36,196)</b>         | <b>(27,620)</b>         | <b>(20,967)</b>         | <b>(11,459)</b>         |

## 7. BORROWING

7.1 The capital expenditure plans set out in paragraph 6.2 above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant Treasury / Prudential Indicators, the current and projected debt positions and the annual Investment Strategy.

### 7.2 Current portfolio position

7.3 The Council's treasury portfolio position at 31 March 2019, with forward projections, is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

| <b>Table 6 - Portfolio Position</b>     | <b>2019/20<br/>Estimate<br/>£000</b> | <b>2019/20<br/>Revised<br/>£000</b> | <b>2020/21<br/>Estimate<br/>£000</b> | <b>2021/22<br/>Estimate<br/>£000</b> | <b>2022/23<br/>Estimate<br/>£000</b> | <b>2023/24<br/>Estimate<br/>£000</b> |
|---|--------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Debt at 1 April                         | 0                                    | 0                                   | 0                                    | 743                                  | 5,926                                | 5,806                                |
| Other long-term liabilities (OLTL)      | 687                                  | 602                                 | 322                                  | 0                                    | 0                                    | 0                                    |
| <b>Total gross debt 1 April</b>         | <b>687</b>                           | <b>602</b>                          | <b>322</b>                           | <b>743</b>                           | <b>5,926</b>                         | <b>5,806</b>                         |
| Expected change in Debt                 | 2,981                                | 0                                   | 743                                  | 5,183                                | (120)                                | 9,285                                |
| Expected change in OLTL                 | (316)                                | (280)                               | (322)                                | 0                                    | 0                                    | 0                                    |
| <b>Expected change in gross debt</b>    | <b>2,665</b>                         | <b>(280)</b>                        | <b>421</b>                           | <b>5,183</b>                         | <b>(120)</b>                         | <b>9,285</b>                         |
| Gross debt 31 March                     | 3,352                                | 322                                 | 743                                  | 5,926                                | 5,806                                | 15,091                               |
| Capital Financing Requirement (Table 3) | 5,989                                | 4,202                               | 4,916                                | 11,510                               | 17,434                               | 37,782                               |
| <b>Under / (over) borrowing</b>         | <b>2,637</b>                         | <b>3,880</b>                        | <b>4,173</b>                         | <b>5,584</b>                         | <b>11,628</b>                        | <b>22,691</b>                        |

- 7.4 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.
- 7.5 The Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.
- 7.6 **Treasury Indicators: limits to borrowing activity**

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

| <b>Table 7 - Operational Boundary</b> | <b>2019/20<br/>Estimate<br/>£000</b> | <b>2019/20<br/>Revised<br/>£000</b> | <b>2020/21<br/>Estimate<br/>£000</b> | <b>2021/22<br/>Estimate<br/>£000</b> | <b>2022/23<br/>Estimate<br/>£000</b> | <b>2023/24<br/>Estimate<br/>£000</b> |
|---------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Debt                                  | 2,981                                | 0                                   | 750                                  | 6,000                                | 6,000                                | 15,500                               |
| Other long-term liabilities           | 371                                  | 322                                 | 0                                    | 0                                    | 0                                    | 0                                    |
| <b>Operational Boundary</b>           | <b>3,352</b>                         | <b>322</b>                          | <b>750</b>                           | <b>6,000</b>                         | <b>6,000</b>                         | <b>15,500</b>                        |

**The Authorised Limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

| Table 8 - Authorised Limit  | 2019/20          | 2019/20         | 2020/21          | 2021/22          | 2022/23          | 2023/24          |
|-----------------------------|------------------|-----------------|------------------|------------------|------------------|------------------|
|                             | Estimate<br>£000 | Revised<br>£000 | Estimate<br>£000 | Estimate<br>£000 | Estimate<br>£000 | Estimate<br>£000 |
| Debt                        | 5,981            | 3,000           | 3,750            | 9,000            | 9,000            | 18,500           |
| Other long-term liabilities | 371              | 322             | 0                | 0                | 0                | 0                |
| <b>Authorised Limit</b>     | <b>6,352</b>     | <b>3,322</b>    | <b>3,750</b>     | <b>9,000</b>     | <b>9,000</b>     | <b>18,500</b>    |

### 7.7 Maturity structure of borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

| Table 9 - Maturity Structure of Borrowing                   |       |       |
|---|-------|-------|
| Maturity structure of fixed interest rate borrowing 2020/21 |       |       |
|   | Lower | Upper |
| Under 12 months   | 0%    | 0%    |
| 12 months to 2 years  | 0%    | 0%    |
| 2 years to 5 years  | 0%    | 0%    |
| 5 years to 10 years   | 0%    | 0%    |
| Over 10 years   | 0%    | 100%  |

It is not anticipated that any borrowing will be taken at variable interest rates.

### 7.8 Control of interest rate exposure

Please see paragraphs 7.9, 8.4 and Appendices D1-3.

Appendix D3 compares the forecast of a year ago with that prepared for the mid-year review, and the current forecast.

### 7.9 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported at the next available opportunity.

#### 7.10 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### 8. ANNUAL INVESTMENT STRATEGY

#### 8.1 Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be **Security** first, portfolio **Liquidity** second, and only then return (**Yield**).

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

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.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

**Treasury Management Practice 1 (TMP1)** deals with credit and counterparty risk management. In applying this practice, the following limits are relevant:

**SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the specified investment criteria. A maximum of £6m will be held in aggregate in non-specified investments, specifically term deposits with UK local authorities.

## 8.2 Creditworthiness policy

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

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

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

|                  |   |
|------------------|---|
| <b>Yellow</b>    | 5 years   |
| <b>Purple</b>    | 2 years   |
| <b>Blue</b>      | 1 year (only applies to nationalised or semi nationalised UK Banks) |
| <b>Orange</b>    | 1 year  |
| <b>Red</b>       | 6 months  |
| <b>Green</b>     | 100 days  |
| <b>No colour</b> | Not to be used  |

The yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.

The Link Asset Services’ creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency’s ratings.

Typically, the minimum credit ratings criteria the Council use will be a Short-Term rating (Fitch or equivalents) of F1 and a LongTerm 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.

All credit ratings will be monitored weekly and will be checked at the time of placing investments. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services’ creditworthiness service, and has access to the websites of Fitch, Moody’s and Standard & Poor’s.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, information on any external support for banks to help support its decision-making process.

## Investment Counterparties 2020/21

| Category  | Institutions   | LAS Colour Code        | Maximum Period                 | Limit per Institution   |
|---|--|------------------------|--------------------------------|---|
| <b>Banks &amp; Building Societies: Call Accounts /Term Deposits / Certificates of Deposit (CDs)</b> |  |                        |                                |   |
| Government related/guaranteed   | DMADF (DMO)<br>UK Local Authority                      | Yellow<br>Yellow       | 6 months<br>2 years            | Unlimited<br>£6m per LA   |
| UK part-nationalised institutions   | Royal Bank of Scotland group                           | Blue                   | 1 year                         | £6m per group   |
| UK-incorporated Institutions  | UK banks and building societies of high credit quality | Orange<br>Red<br>Green | 1 year<br>6 months<br>3 months | £6m per group (or independent institution)                                    |
| Non-UK Banks  | Non-UK banks of high credit quality                    | Orange<br>Red<br>Green | 1 year<br>6 months<br>3 months | £4m per group (or independent institution);<br>£8m in total for this category |
| <b>Money Market Funds</b>   |  |                        |                                |   |
| Money Market Funds  | MMFs of high credit quality - AAA rated                |                        | Instant access                 | £5m per fund  |

### 8.3 Country limits

In the 2019/20 Strategy, the Council determined that, in addition to UK counterparties, it would use non-UK banks, but only those which are in EU countries with a minimum sovereign credit rating of AA- from Fitch. This provision has been in place since 2015/16, when the Council first reintroduced allowance for the use of non-UK counterparties. This has been reviewed and it is recommended that, while all other criteria, ie:

- the requirement for the country concerned to have minimum sovereign rating of AA-,
- the requirement for the individual institution to have a high credit rating (see 8.2), and
- the overall limits on non-UK banks of £4m per institution/group and £8m in total in this category of investment,

shall remain unchanged, the restriction to only EU countries be removed. This is based on advice received in respect of the latest assessments of the strength of the regulatory frameworks in those countries.

The list of eligible countries at the date of this report would then be as shown below. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

In operational terms, the change is likely to have only limited impact. The only non-UK counterparty used in the last three years is the German bank Landesbank Hessen-Thüringen Girozentrale (Helaba). The Council currently has the maximum amount of £4m invested with this counterparty.

**APPROVED COUNTRIES FOR INVESTMENTS – United Kingdom plus the following:**

AAA

Australia  
Canada  
Denmark  
Germany  
Luxembourg  
Netherlands  
Norway  
Singapore  
Sweden  
Switzerland

AA+

Finland  
U.S.A.

AA

Abu Dhabi (UAE)  
Hong Kong  
France

AA-

Belgium  
Qatar

#### 8.4 Investment strategy

##### **In-house funds**

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).

##### **Investment returns expectations**

Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2019/20 0.75% Was 1.25% in 2019/20 Treasury Strategy report
- 2020/21 0.75% Was 1.50%
- 2021/22 1.00% Was 2.00%
- 2021/22 1.25%

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:

|             | Now   | 2019/20<br>report |
|-------------|-------|-------------------|
| 2019/20     | 0.75% | 0.90%             |
| 2020/21     | 0.75% | 1.25%             |
| 2021/22     | 1.00% | 1.50%             |
| 2022/23     | 1.25% | 1.75%             |
| 2023/24     | 1.50% | 2.00%             |
| 2024/25     | 1.75% | 2.75%             |
| Later years | 2.25% | 2.75%             |

The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture. The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

**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.

| Table 10 - Maximum Principal Sums Invested > 365 Days | 2019/20         | 2020/21          | 2021/22          | 2022/23          | 2022/23          |
|---|-----------------|------------------|------------------|------------------|------------------|
|   | Revised<br>£000 | Estimate<br>£000 | Estimate<br>£000 | Estimate<br>£000 | Estimate<br>£000 |
| UK Government   | 0               | 0                | 0                | 0                | 0                |
| UK Local Authorities                                  | 6,000           | 6,000            | 6,000            | 6,000            | 6,000            |
| UK Banks & Building Societies                         | 0               | 0                | 0                | 0                | 0                |
| Non-UK Banks  | 0               | 0                | 0                | 0                | 0                |
| <b>Total</b>  | <b>6,000</b>    | <b>6,000</b>     | <b>6,000</b>     | <b>6,000</b>     | <b>6,000</b>     |

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

### 8.5 Investment Risk Benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day LIBID plus 15%.

### 8.6 End of Year Investment Report

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

### 8.7 Accounting treatment of investments

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

**9. BACKGROUND DOCUMENTS**

CIPFA Treasury Management in the Public Services: Code of Practice & Cross-Sectoral Guidance Notes (December 2017 edition)

CIPFA Treasury Management in the Public Services: Guidance Notes for Local Authorities (July 2018 edition)

CIPFA Prudential Code for Capital Finance in Local Authorities (December 2017 edition)

CIPFA Standards of Professional Practice: Treasury Management

MHCLG Guidance on Local Government Investments

MHCLG Guidance on Minimum Revenue Provision

APPENDIX G1 – Economic Background

APPENDIX G2 – Interest Rate Forecasts

APPENDIX G3 – Comparison of Interest Rate Forecasts

## ECONOMIC BACKGROUND

Advice from Link Asset Services:

**UK: Brexit.** The formal departure of the UK from the EU took place on 31 January 2020, but remains much uncertainty in respect of the detail of the country's future trading relationship with the bloc, with the trade deal to determine this will need to be negotiated by the currently scheduled end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This is a challenging timeframe for such major negotiations and a failure to complete them on time would leave open two possibilities; ie the need for an extension of negotiations, perhaps of as much as two years, or a no deal outcome at the end of December 2020.

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

While the Bank of England did produce its regular **Quarterly Inflation Report** (now renamed the Monetary Policy Report) on 7 November, this was always to be overtaken by events, to one extent or another, given the then-current uncertainties associated with the then-forthcoming general election. The Bank did make a change in their Brexit assumptions, to now include a deal being eventually passed. Possibly the most significant message was that of an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain the Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or if uncertainties associated with Brexit intensify, then a rate cut would become more likely. Conversely, if risks recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for future trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The MPC meeting of 19 December repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined'. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that "domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term". The voting pattern of 7-2 in favour of keeping rates on hold was again repeated at February's MPC meeting, with some increased optimism around the stabilisation of the global economy, an easing in global trade tensions and some improved domestic data, but with continuing concerns about the short- and medium-term prospects for growth.

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

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5% and then again to 1.3% in December. It is likely to remain close to or under 2% over the next two years and so does not pose any immediate concern to the MPC. However, if there was a hard or no deal conclusion to the trade talks with the EU, then inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

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

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

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%.. At its September meeting it also said it was going to start buying Treasuries again, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long-term debt). The Fed left rates unchanged in December. However, the accompanying statement was more optimistic about the future course of the economy, so this would indicate that further cuts are unlikely.

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

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

**EUROZONE.** **Growth** has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then

+0.2% q/q, +1.1% in quarter 3. There appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a failure of the UK/EU trade talks, which would depress exports further and also if President Trump were to impose tariffs on EU produced cars.

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

There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be downbeat about the economy; making it likely that there will be further monetary policy stimulus to come in 2020. It was also announced that there is to be a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take the whole of 2020 to complete.

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

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

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

**WORLD GROWTH.** Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of

China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high-tech areas and production of rare earth minerals. It is achieving this by massive financial support (i.e. subsidies) to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from a dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

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

## INTEREST RATE FORECASTS

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

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

### The balance of risks to the UK

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

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash, as there has been a major increase in consumer and other debt, due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy (i.e. the rate that is neither expansionary nor deflationary) is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over- or under-do increases in central interest rates.

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy, which has brought to power a much more EU friendly government. This has eased the pressure on Italian bonds. Only time will tell whether this new coalition, based on an unlikely alliance of two very different parties, will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections, but the SPD has done particularly badly and this has raised a major question mark over continuing to

support the CDU. Angela Merkel has stepped down from being the CDU party leader, but intends to remain as Chancellor until 2021.

- **Other minority EU governments.** Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

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

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

Comparison of Interest Rate Forecasts – Treasury Strategy 2019/22 – 2022/23 (Feb 2019), and Treasury Strategy 2020/21 – 2023/24 (Jan 2020)

|        | Bank Rate % |        |        | PWL Borrowing Rates %<br>(including 0.20% certainty rate adjustment) |        |        |         |        |        |         |        |        |         |        |        |
|--------|-------------|--------|--------|--|--------|--------|---------|--------|--------|---------|--------|--------|---------|--------|--------|
|        |             |        |        | 5 year   |        |        | 10 year |        |        | 25 year |        |        | 50 year |        |        |
|        | Jan 19      | Nov 19 | Jan 19 | Jan 19   | Nov 19 | Jan 19 | Jan 19  | Nov 19 | Jan 19 | Jan 19  | Nov 19 | Jan 19 | Jan 19  | Nov 19 | Jan 19 |
| Mar-20 | 0.75        | 0.75   | 1.25   | 2.30   | 2.50   | 2.30   | 2.50    | 2.80   | 2.80   | 3.00    | 2.60   | 3.20   | 2.90    | 3.30   | 3.00   |
| Jun-20 | 0.75        | 0.75   | 1.25   | 2.30   | 2.60   | 2.40   | 2.50    | 2.90   | 2.90   | 3.00    | 2.70   | 3.30   | 2.90    | 3.40   | 3.10   |
| Sep-20 | 0.75        | 0.75   | 1.25   | 2.40   | 2.70   | 2.50   | 2.60    | 3.00   | 2.90   | 3.10    | 2.80   | 3.30   | 3.00    | 3.50   | 3.10   |
| Dec-20 | 0.75        | 1.00   | 1.50   | 2.40   | 2.70   | 2.50   | 2.60    | 3.00   | 3.00   | 3.20    | 2.90   | 3.40   | 3.10    | 3.60   | 3.20   |
| Mar-21 | 0.75        | 1.00   | 1.50   | 2.50   | 2.80   | 2.60   | 2.70    | 3.10   | 3.00   | 3.30    | 3.00   | 3.40   | 3.20    | 3.60   | 3.20   |
| Jun-21 | 1.00        | 1.00   | 1.75   | 2.60   | 2.90   | 2.60   | 2.80    | 3.20   | 3.10   | 3.40    | 3.00   | 3.50   | 3.30    | 3.70   | 3.30   |
| Sep-21 | 1.00        | 1.00   | 1.75   | 2.70   | 3.00   | 2.70   | 2.90    | 3.30   | 3.10   | 3.50    | 3.10   | 3.50   | 3.40    | 3.80   | 3.30   |
| Dec-21 | 1.00        | 1.00   | 1.75   | 2.80   | 3.00   | 2.80   | 3.00    | 3.30   | 3.20   | 3.60    | 3.20   | 3.60   | 3.50    | 3.80   | 3.40   |
| Mar-22 | 1.00        | 1.25   | 2.00   | 2.90   | 3.10   | 2.80   | 3.10    | 3.40   | 3.20   | 3.70    | 3.30   | 3.60   | 3.60    | 3.90   | 3.40   |
| Jun-22 | 1.25        |        |        | 2.90   |        |        | 3.10    |        |        | 3.80    |        |        | 3.70    |        |        |
| Sep-22 | 1.25        |        |        | 3.00   |        |        | 3.20    |        |        | 3.80    |        |        | 3.70    |        |        |
| Dec-22 | 1.25        |        |        | 3.00   |        |        | 3.20    |        |        | 3.90    |        |        | 3.80    |        |        |
| Mar-23 | 1.25        |        |        | 3.10   |        |        | 3.30    |        |        | 3.90    |        |        | 3.80    |        |        |

The February 2019 forecasts were included in Treasury Strategy 2019/20 to 2022/23.  
Link Asset Services provided an updated forecast in January 2020.

| REPORT TO      | ON                      |
|----------------|-------------------------|
| <b>CABINET</b> | <b>12 February 2020</b> |



| TITLE                             | PORTFOLIO                           | REPORT OF                                |
|-----------------------------------|-------------------------------------|--|
| <b>Worden Hall project Update</b> | <b>Finance, Property and Assets</b> | <b>Director of Planning and Property</b> |

|  |  |
|--|--|
| Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)        | <b>Yes</b>   |
| Is this report on the <b>Statutory Cabinet Forward Plan</b> ?  | <b>Yes</b>   |
| Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council? | <b>No</b>  |
| Is this report confidential?   | <b>No</b>  |
|  | <p><b>However, the appendix to the report is confidential. Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 applies - Information relating to the financial or business affairs of any particular person (including the authority holding that information).</b></p> |

## **PURPOSE OF THE REPORT**

1. This report updates Cabinet on the capital and revenue costings associated with bringing Worden Hall back into use for the purposes of community hire, the provision of an expanded café offer and the potential to host small weddings and events.
2. The report provides Cabinet with plans of what the refurbished Hall would look like which shall form the basis of an application for planning permission to take the refurbishment project forward.

## PORTFOLIO RECOMMENDATIONS

3. That subject to the approval of the capital programme as part of the budget approval process that Cabinet approve the capital and revenue costs contained within Appendix 1 to bring Worden Hall back into use with the aim to generate an annual operational surplus.
4. That Cabinet approve the submission of a planning application for Worden Hall based upon the plans as outlined within Appendix 1.

## REASONS FOR THE DECISION

5. Following an extensive public consultation exercise which resulted in over 500 responses to the 3 investment options for Worden Hall, a report was provided to Cabinet on 16<sup>th</sup> October 2019 which summarised the feedback received and recommended that further work was required to develop a finalised option for consideration by Cabinet in January 2020.
6. At the Cabinet meeting on 16<sup>th</sup> October it was recommended that a multi - disciplinary officer working group be established to work through the development of an enhanced Option 1 Community use to incorporate small weddings and events.
7. The officer group has met on 3 occasions and have worked with consultants Purcell and Amion (report authors for the Options Appraisal on which the public consultation was based) to develop the proposals contained within this report.
8. The feedback from the public consultation exercise clearly stated that plans for Worden Hall needed to be economically viable and that the Hall must be able to run without recourse to subsidy from the council. This has been fully taken on board and built into the business plan for the Hall.
9. At the Cabinet Meeting on 22 January 2020 Cabinet recommended that a further report be brought back to the next meeting in February 2020 providing detailed costings for the capital works to bring Worden Hall back into use.

## CORPORATE OUTCOMES

10. The report relates to the following corporate priorities:

|   |   |
|---|---|
| Excellence, Investment and Financial Sustainability | √ |
| Health, Wellbeing and Safety                        |   |
| Place, Homes and Environment                        | √ |

Projects relating to People in the Corporate Plan:

|                            |  |
|----------------------------|--|
| Our People and Communities |  |
|----------------------------|--|

## **BACKGROUND TO THE REPORT**

11. In June 2018 the Council appointed architectural consultant Purcell and financial consultants Amion to undertake a feasibility study and options appraisal into potential future uses of Worden Hall. The consultant's report reviewed and modelled in detail, three options for bring the Hall back into use. These options consisted of a Community Use option, Small Weddings and Events option or large Weddings and Events option.
12. At the Cabinet meeting on 16<sup>th</sup> October the Cabinet recommended to rule out Option 3 and requested officers to work up a viable business plan for an enhanced Option 1 which combined Community Use as well as providing for small weddings and events.
13. A multi- disciplinary officer group have worked with the architectural and financial consultants to develop the proposals as outlined in Appendix 1.
14. The proposals form a hybrid of options 1 and 2 considered at the Cabinet Meetings on the 16 October 2019 and 22 January 2020.
15. The plans have been developed by Purcell Architects and the financial modelling has been undertaken by Amion consulting.

## **PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)**

16. A summary of the Hybrid Option proposals are set out below for information:
  - The proposals provide for a community option that repairs and refurbishes the existing buildings to provide a series of flexible spaces that could be booked out to local groups for meetings and events
  - The stables and Hayloft are re-purposed as a bar and green room with a hoist to provide access to the first floor along with a foyer to support the event space.
  - New covered courtyard is included to create the main entrance to the complex
  - Main hall with seated capacity for 100 people
  - Three leased offices/workspaces
  - Extended Café Space which is relocated from the stables to ground floor of the Derby Wing
  - Small manager's office and new toilet to be provided
  - New access formed to connect the Marsden Room to the craft units
  - Zoning of area to be developed including commercial quarter, festival court and café court
  - Potential for café to utilise Glass House for additional space on a seasonal basis.
  - Gallery to connect first floor to Hay loft with lift access provided to the clock tower to enable first floor to be accessible in line with DDA requirements
  - Marsden Room to be utilised for weddings and events with breakout space provided through the Festival Court and potentially the Commercial Zone (at agreed times).

17. A full procurement exercise shall be required in order to appoint specialist advisers and developers to bring the Hall back into use. The project team shall work closely with the procurement team to ensure that contractors and consultants are appointed in the most timely, efficient and effective manner.
18. The capital programme has been amended to reflect the cost of bringing the hall back into use.

## **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

19. An extensive consultation exercise has been carried out which resulted in high levels of involvement from the public. Over 500 respondents replied to the consultation exercise with the majority stating that they wanted the Hall to be a Community Venue which provided a space for meetings and hosted small weddings and events. The proposals outlined within the report are fully aligned to the feedback that was received through the public consultation exercise.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

20. The Council could choose not to develop Worden Hall. This is not recommended as the feedback from the public consultation exercise strongly supported the Council investing in the Hall and bringing it back into use.

## **AIR QUALITY IMPLICATIONS**

21. The Council is committed to becoming Carbon neutral by 2030 and to tackle climate change and air quality. The proposed works shall be commissioned in such a way as to minimise the carbon footprint of bringing the hall back into use. The use of energy generation and efficiency measures shall be built into the procurement process in order to minimise running costs and energy inefficiency.

## **RISK MANAGEMENT**

22. The Council will ensure that that all Health and Safety risks associated with the redevelopment are managed efficiently and effectively.
23. It is important that effective liaison is undertaken with Historic England to ensure that any plans for Hall are in keeping with conservation and regulatory requirements in order to avoid any unnecessary work and spend.
24. The Council will need to give careful consideration to the project management of this project in order to ensure that the re-development is undertaken to agreed Health, Safety and quality standards.

## **EQUALITY AND DIVERSITY IMPACT**

25. The proposed works to the Hall shall ensure that it is Disability Discrimination Act Compliant.

26. A full EIA (Equalities Impact Assessment) will be carried out as part of the project

#### **COMMENTS OF THE STATUTORY FINANCE OFFICER**

27. The capital programme includes the capital costs of the proposed works. The costs to bring Worden Hall back into use for the purposes of community hire, the provision of an expanded café offer and the potential to host small weddings and events is £2,172,500. The capital programme includes the capital costs of the works and proposed financing from the Borough Investment return.

28. The refurbishment and regeneration of Worden Hall has been identified as a key strategic project within the Leyland Town Deal and should this bid be successful funding shall be sought to help finance the refurbishment works.

29. With regards to the forecast revenue implications of this proposal, financial modelling has been undertaken to forecast the running costs and potential income from the improved facility. It is anticipated that there will initially be an operational deficit but a surplus is forecast for the second full year of operation. In addition there are currently revenue costs being incurred to maintain the building which will be a saving going forward if the building is brought back into use.

#### **COMMENTS OF THE MONITORING OFFICER**

30. The purpose of this report is two-fold. Firstly, for Cabinet to approve the Capital and Revenue implications of the proposal. Secondly for Cabinet to agree to the submission of a planning application. Clearly any planning application will be determined strictly in accordance with the requirements of planning law. Apart from planning permission, listed building consent will also be required.

31. Speaking generally this is clearly a major project. The cross functional officer group will continue to meet and work on this. We must ensure that all necessary procurement requirements are met at various stages in the project, that robust contractual documentation is drawn up and that all necessary consents are obtained.

#### **BACKGROUND DOCUMENTS**

It is recommended that Cabinet refer to the Cabinet Reports dated 19<sup>th</sup> June 2019, 16<sup>th</sup> October 2019 and 22 January 2020.

#### **APPENDICES**

Appendix 1 – Copy of plans and costings for the Hybrid Option

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|---|---------------|---------|
| Report Author:  | Telephone:    | Date:   |
| Peter McHugh Peter McHugh Assistant Director for Property and Housing | 01772 62 5228 | 30/1/20 |

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

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