

Council

Wednesday, 23rd February, 2022, 6.00 pm

Shield Room, Civic Centre, West Paddock, Leyland, PR25 1DH

Agenda

1 Apologies for absence

2 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.

3 Minutes of the last meeting

(Pages 5 - 14)

4 Mayors Announcements

5 Urgent Decisions

(Pages 15 - 20)

To receive and consider the report of the Director of Governance and Monitoring Officer.

6 Governance Committee

(Pages 21 - 22)

To receive and consider the report of the meeting of the Governance Committee held on 25 January.

7 Scrutiny Committee

(Pages 23 - 24)

To receive and consider the report of the meeting of the Scrutiny Committee held on 8 February.

8 Fair Collection Charter

(Pages 25 - 34)

To receive and consider the report of the Director of Customer and Digital.

9	Review of Council Tax Support Scheme	(Pages 35 - 40)
	To receive and consider the report of the Director of Customer and Digital.	
10	Employment Matter - Decision	(To Follow)
	To receive and consider the report of the Director of Governance and Monitoring Officer.	
11	Future development of shared services	(Pages 41 - 68)
	To receive and consider the report of the Deputy Chief Executive.	
12	Revenue Budget 2022/23, Medium Term Financial Strategy and Capital Programme 2022-2025	(Pages 69 - 88)
	To seek approval to recommendations from the Executive contained in the attached report of the Chief Finance Officer (Introduced by the Cabinet Member (Finance, Property and Assets)) and within the appendices listed below.	
12	Appendix A: Formal Council Tax Resolution including a Special Expenses & Parish Precepts 2022/23	(To Follow)
12	Appendix B1: Report of the Chief Finance Officer – robustness of the 2022/23 budget and the adequacy of financial reserves Appendix B2: Risks to the Medium Term Financial Strategy Appendix B3: Financial Reserves	(Pages 89 - 106)
12	Appendix C: Delivering our priorities – Medium Term Financial Strategy 2022/23 to 2024/25	(Pages 107 - 124)
12	Appendix D: Cumulative Budget Deficit & Budget Strategy 2021/22 to 2024/25	(Pages 125 - 126)
12	Appendix E: Analysis of movement in the 2022/23 Budget from the position approved by Council in February 2021	(Pages 127 - 128)
12	Appendix F1 to F3: Capital Programme 2021/22 to 2024/25, Capital Financing, Developer Contributions	(Pages 129 - 142)
12	Appendix G: Capital Strategy	(Pages 143 - 152)
12	Appendix H: Treasury Strategy 2022/23 To 2024/25	(Pages 153 - 178)
12	Appendix I: Pay Policy 2022/23	(Pages 179 - 192)

12	Appendix J: Budget Consultation 2022/23	(Pages 193 - 200)
j		
12	Appendix K: Assessing the Impact of 2022/23 Budget Proposals	(Pages 201 - 204)
k		
13	Recruitment of Chief Executive	(Pages 205 - 212)
	To receive and consider the report of the Chief Executive.	
14	Questions to the Leader of the Council	
15	Questions to Cabinet Members	
16	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 Paragraphs 1 and 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).	
17	Leyland Town Deal Business Case Report	(Pages 213 - 248)
	To receive and consider the report of the Director of Commercial.	

Electronic agendas sent to Members of the Council.

The minutes of this meeting will be available on the internet at www.southribble.gov.uk

Forthcoming Meetings

6.00 pm Wednesday, 20 April 2022 - Shield Room, Civic Centre, West Paddock, Leyland, PR25 1DH

Minutes of	Council
Meeting date	Wednesday, 26 January 2022
Committee members present:	Councillors Jane Bell (Mayor), David Howarth (Deputy Mayor), Will Adams, Jacky Alty, Renee Blow, Damian Bretherton, Julie Buttery, Aniela Bylinski Gelder, Matt Campbell, Carol Chisholm, Colin Coulton, Mal Donoghue, Bill Evans, James Flannery, Derek Forrest, Paul Foster, Mary Green, Michael Green, Harry Hancock, Jon Hesketh, Mick Higgins, Cliff Hughes, Clare Hunter, Susan Jones, Chris Lomax, Jim Marsh, Keith Martin, Jacqui Mort, Peter Mullineaux, Alan Ogilvie, John Rainsbury, Colin Sharples, David Shaw, Margaret Smith, Phil Smith, David Suthers, Mick Titherington, Caleb Tomlinson, Matthew Tomlinson, Matthew Trafford, Angela Turner, Kath Unsworth, Karen Walton, Paul Wharton-Hardman, Carol Wooldridge and Barrie Yates
Committee members attended virtually (non-voting):	Councillor Gareth Watson
Officers present:	Gary Hall (Chief Executive), Chris Sinnott (Deputy Chief Executive), Chris Moister (Director of Governance), Asim Khan (Director of Customer and Digital), James Thomson (Deputy Director of Finance), Darren Cranshaw (Shared Services Lead - Democratic, Scrutiny & Electoral Services) and Ruth Rimmington (Democratic Services Team Leader)
Public:	0
77 Minute's silence	<p>The Mayor invited Members to observe a minute's silence in memory of former Councillor Jim Minall.</p> <p>Councillors Matthew Tomlinson, David Howarth, Karen Walton and Michael Green paid tribute and sent their condolences to the family.</p>
78 Apologies for absence	<p>Apologies were received from Councillors Caroline Moon, Stephen Thurlbourn and Ian Watkinson.</p> <p>Councillor Gareth Watson attended the meeting via Microsoft Teams and so was not able to participate in voting.</p>

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79 Declarations of Interest

Councillors Michael Green and Barrie Yates declared a non-pecuniary interest in item 16. Greater Lancashire Deal.

80 Minutes of the last meeting

Resolved (by majority 45:0:1)

That the minutes of the Council meeting held on 24 November 2021 be approved as a correct record.

For: Councillors Will Adams, Jacky Alty, Jane Bell (Mayor), Renee Blow, Damian Bretherton, Julie Buttery, Aniela Bylinski Gelder, Matt Campbell, Carol Chisholm, Colin Coulton, Mal Donoghue, Bill Evans, James Flannery, Derek Forrest, Paul Foster, Mary Green, Michael Green, Harry Hancock, Jon Hesketh, Mick Higgins, David Howarth (Deputy Mayor), Cliff Hughes, Clare Hunter, Susan Jones, Chris Lomax, Jim Marsh, Keith Martin, Jacqui Mort, Peter Mullineaux, Alan Ogilvie, John Rainsbury, Colin Sharples, David Shaw, Margaret Smith, Phil Smith, David Suthers, Mick Titherington, Caleb Tomlinson, Matthew Tomlinson, Matthew Trafford, Angela Turner, Kath Unsworth, Karen Walton, Paul Wharton-Hardman, Carol Wooldridge

Abstention: Barrie Yates

81 Mayors Announcements

The Mayor gave an update on her recent duties, and highlighted a valentine's afternoon tea on Friday, 25 February.

The Mayor noted the following day was Holocaust Memorial Day and invited all present to reflect on the theme of One Day.

82 Cabinet

Members received a general report of the Cabinet meetings held on 5 December 2021 and 19 January 2022.

It was proposed by the Leader of the Council, Councillor Paul Foster, seconded by the Deputy Leader of the Council, Councillor Mick Titherington and subsequently

Resolved (unanimously) that the report be noted.

83 Urgent Decisions

Members received a report setting out a number of urgent decisions taken in accordance with urgency procedures outlined in the Council's Constitution since the report to the last meeting of Council.

These urgent decisions include 'key' decisions taken by the Executive (i.e. Cabinet of Individual Executive Members) as defined in the Cabinet Forward Plan / Notice of Executive Decisions, decisions which include confidential or exempt information, and urgent decisions for which the Mayor agreed to waive scrutiny call-in. For

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clarification, these do not relate to urgent decisions arising from the COVID pandemic.

It was proposed by the Leader of the Council, Councillor Paul Foster, seconded by the Deputy Leader of the Council, Councillor Mick Titherington and subsequently

Resolved (unanimously) that the report be noted.

84 Governance Committee

Members received a general report of the Governance Committee meeting held on 29 September.

It was proposed by the Vice Chair of the Governance Committee, Councillor Colin Sharples, seconded by Councillor Ange Turner and subsequently

Resolved (unanimously) that the report be noted.

85 Scrutiny Committee

Members received a general report of the Scrutiny Committee held on 11 January.

It was proposed by the Chair of the Scrutiny Committee, Councillor David Howarth, seconded by the Vice Chair of the Scrutiny Committee, Councillor Michael Green and subsequently

Resolved (unanimously) that the report be noted.

86 Final Recommendations of the Scrutiny Review Task Group on Health Inequalities

The Chair of the Scrutiny Committee, Councillor David Howarth, presented the recommendations of the Scrutiny Review Task Group.

Councillor Howarth thanked all those members and officers who contributed to the task group. A number of typographical errors were noted and an updated version will be considered by the Cabinet.

A number of members spoke in support of the report, including Councillor Karen Walton, Michael Green, Will Adams, Matt Trafford, Jacqui Alty, Derek Forrest and Michael Titherington (Deputy Leader of the Council).

It was proposed by the Chair of the Scrutiny Committee, Councillor David Howarth, seconded by Councillor Karen Walton and subsequently

Resolved (unanimously)

1. That the report be noted.
2. To request Cabinet to consider the recommendations for implementation.

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87 2022/23 Calendar of Meetings

The Leader of the Council, Councillor Paul Foster, presented the report of the Director of Governance which sought approval for the calendar of meetings for the 2022-23 municipal year.

It was noted that school holidays were avoided where possible, but that this was not always possible.

It was proposed by the Leader of the Council, Councillor Paul Foster, seconded by the Deputy Leader of the Council, Councillor Mick Titherington, and subsequently

Resolved (unanimously)

That the 2022-23 calendar of meetings be approved, subject to the following amendments:

- Council Tax setting to be 1 March as there is no 29 February.
Governance Committee to move from
- Monday 26 September to Tuesday 27 September
- Thursday 19 January to Tuesday 10 January
- Wednesday 8 March to Tuesday 7 March (swapped with Licensing)

88 Birch Avenue Playground Refurbishment Budget

The Cabinet Member (Finance, Property and Assets), Councillor Matthew Tomlinson, presented the report of the Director of Customer and Digital which requested a budget uplift as a result of public consultation feedback and an updated survey of the site's condition.

It was noted that the surface of the playground had a limited remaining life and it made sense to replace this whilst the rest of the work was being undertaken.

Several members spoke in support of the proposals, including Councillor Barrie Yates, Ange Turner and Phil Smith.

It was proposed by the Cabinet Member (Finance, Property and Assets), Councillor Matthew Tomlinson, seconded by the Leader of the Council, Councillor Paul Foster, and subsequently

Resolved (unanimously)

That an increase of £70,000 in the capital programme is approved in respect of this scheme to allow the additional works detailed in the body of the report to be carried out.

89 Appointment of the External Auditor

The Vice Chair of the Governance Committee, Councillor Colin Sharples, presented the report of the Director of Governance which set out the options available to the Council for the appointment of an external auditor for the period 2023/24 to 2027/28.

It was proposed by the Vice Chair of the Governance Committee, Councillor Colin Sharples, seconded by Councillor Ange Turner and subsequently

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Resolved (unanimously)

1. To note the recommendation of the Governance Committee.
2. To approve that Public Sector Audit Appointments Limited be recommissioned to act as the appointing person for the appointment of an external auditor for South Ribble Council for the five financial years commencing 1 April 2023.

90 Revised Gambling Policy 2022 - 2025

The Chair of the Licensing and Public Safety Committee, Councillor James Flannery, presented the report of the Director of Planning and Development which outline to Members the proposed revisions required to the Council's Statement of Licensing Policy (Gambling).

It was proposed by the Chair of the Licensing and Public Safety Committee, Councillor James Flannery, seconded by the Cabinet Member (Planning, Business Support and Regeneration) Councillor Bill Evans, and subsequently

Resolved (unanimously)

To approve the revised Gambling Policy 2022 – 2025.

91 Statutory Taxi & Private Hire Vehicle Standards

The Chair of the Licensing and Public Safety Committee, Councillor James Flannery, presented the report of the Director of Planning and Development.

The report considered the outcome of the consultation exercise undertaken between July and August 2021 and recommendations of the Licensing and Public Safety Committee to formally adopt the changes to the Taxi Licensing policy following the recommendations from the department for transport's statutory Taxi and Private Hire Vehicle Standards.

It was proposed by the Chair of the Licensing and Public Safety Committee, Councillor James Flannery, seconded by the Cabinet Member (Planning, Business Support and Regeneration) Councillor Bill Evans, and subsequently

Resolved (unanimously)

1. To note the contents of the report.
2. To formally adopt the agreed proposal following the approval by the Licensing and Public Safety Committee on the 7 December 2021.

92 Nomination of Mayor-elect and Deputy Mayor-elect for 2022/2023

The Leader of the Council, Councillor Paul Foster, presented the report of the Director of Governance which to nominated the Mayor-elect and Deputy Mayor-elect for 2022/2023 (with a view to becoming Mayor 2023/2024). The report also put forward a protocol for the selection of future Mayors based on length of service and political rotation to Full Council.

A typographical error was noted on the report that Councillor Carol Chisholm had served on the Council from 01/05/2003 - 09/05/2011 and then from 16/03/2017 – to the present.

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An amendment was proposed by the Leader of the Opposition, Councillor Karen Walton, and seconded by Councillor Michael Green

5. That Councillor David Howarth will be nominated as Mayor-elect for the year 2022-2023.

6. That Councillor Carol Chisholm be nominated Deputy Mayor for 2022-2023 with a view to becoming Mayor in 2023-2024.

7. That from 2024-25 the Mayor be nominated on the basis of the longest number of years of service as a member of the Council and request that the Monitoring Officer amends the protocol accordingly.

For: Councillors Damian Bretherton, Julie Buttery, Matt Campbell, Colin Coulton, Mary Green, Michael Green, Jon Hesketh, Cliff Hughes, Jacqui Mort, Peter Mullineaux, Alan Ogilvie, John Rainsbury, Margaret Smith, Phil Smith, David Suthers, Karen Walton, Barrie Yates

Against: Councillors Will Adams, Jacky Alty, Jane Bell (Mayor), Renee Blow, Aniela Bylinski Gelder, Mal Donoghue, Bill Evans, James Flannery, Derek Forrest, Paul Foster, Harry Hancock, Mick Higgins, David Howarth (Deputy Mayor), Clare Hunter, Susan Jones, Chris Lomax, Jim Marsh, Keith Martin, Colin Sharples, David Shaw, Mick Titherington, Caleb Tomlinson, Matthew Tomlinson, Matthew Trafford, Angela Turner, Kath Unsworth, Paul Wharton-Hardman, Carol Wooldridge

The Mayor declared that the Amended Motion was lost by 17 votes to 28.

It was proposed by the Leader of the Council, Councillor Paul Foster, seconded by the Deputy Leader of the Council, Councillor Mick Titherington, and subsequently

Resolved (by majority 28 : 17 : 0)

1. That Councillor David Howarth be nominated as Mayor-elect for 2022-2023.
2. That Deputy Mayor for 2022-2023 be Chris Lomax, with a view to becoming Mayor in 2023-2024.
3. That from 2024-25 the Mayor be nominated on the basis of length of service and being a member of the Conservative Group as outlined in this report.

For: Will Adams, Jacky Alty, Jane Bell (Mayor), Renee Blow, Aniela Bylinski Gelder, Mal Donoghue, Bill Evans, James Flannery, Derek Forrest, Paul Foster, Harry Hancock, Mick Higgins, David Howarth (Deputy Mayor), Clare Hunter, Cliff Hughes, Susan Jones, Chris Lomax, Keith Martin, Colin Sharples, David Shaw, Mick Titherington, Caleb Tomlinson, Matthew Tomlinson, Matthew Trafford, Angela Turner, Kath Unsworth, Paul Wharton-Hardman, Carol Wooldridge

Against: Damian Bretherton, Julie Buttery, Matt Campbell, Colin Coulton, Mary Green, Michael Green, Jon Hesketh, Jim Marsh, Jacqui Mort, Peter Mullineaux, Alan Ogilvie, John Rainsbury, Margaret Smith, Phil Smith, David Suthers, Karen Walton, Barrie Yates

93 Greater Lancashire Deal

The Leader of the Council, Councillor Paul Foster, presented the report of the Chief Executive which updated members on work undertaken towards development of strengthened joint working, a long term strategic plan and a County Deal for the Lancashire area and seek agreement to progress this work.

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A number of members spoke in support of the proposals, including Councillors Karen Walton, Michael Green and David Howarth.

It was proposed by the Leader of the Council, Councillor Paul Foster, seconded by the Deputy Leader of the Council, Councillor Mick Titherington, and subsequently

Resolved (unanimously)

1. Support the outline "Our New Deal for a Greater Lancashire" at Appendix 1 as the initial draft basis for further discussion and development of a possible County Deal for the Lancashire area;
2. Agree the principles of governance as set out in Appendix 2 for any future deal; and
3. Agree that the Leader of the Council continues to work with Lancashire Leaders in line with the principles agreed in recommendations 1 & 2 above, and note that any formal proposals will require approval by Full Council at the appropriate time.

94 Notice of Motion

A motion was moved by Councillor Ange Turner, and seconded by Councillor David Howarth.

The motion stated:

This council notes the current roll out of 5G broadband telecommunications masts and accompanying base stations into residential areas to a height of twenty metres in respect of on-street poles, and dimensions in excess of two metres in height and width for accompanying on-street base stations. Council further notes the potential for poles to increase in size to 30 metres where the applicants may deem it necessary.

Council therefore expresses its concerns in line with numerous other local authorities both locally and nationally, that amendments to the General Permitted Development Order 2015 allows telecommunications companies to install any structure to any height on the public highway under permitted development, thereby removing the rights of objection from local residents directly contradicting the localities agenda.

Council is further concerned that despite the adverse impact on the amenity of local residents and the street scene, the National Planning Policy Framework places an unreasonable expectation on planning authorities to approve such applications and the propensity for any appeal against refusal to favour the applicants, removing all rights of reply from those who will be affected the most.

This council therefore calls on the Government to bring the siting of all telecommunications equipment back under planning control, and require full planning permission for all telecommunications masts in residential areas regardless of their height, enabling residents and communities to have a say in decisions which directly impact upon them.

Council therefore resolves to Write to our local Members of Parliament to seek their support, and to Michael Gove the Secretary of State for Levelling Up, Housing and Communities to urge that planning legislation is amended accordingly.

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A number of members spoke in support of the motion, including Councillors Michael Green, Keith Martin, Caleb Tomlinson, Gareth Watson and Bill Evans.

Resolved (unanimously)
That the motion be supported.

95 Questions to the Leader of the Council

Councillor Caleb Tomlinson asked if the Leader agreed that the introduction of substitute members on Committees had been successful. The Leader agreed they had.

Councillor Peter Mullineaux queried if the Leader could look into staff morale at the Council. The Leader advised stakeholders have commented on positive improvements made within the Council in the last few years and that he had recently had a positive meeting with the unions. He requested any evidence be shared to enable any issues to be investigated and resolved.

Councillor Barrie Yates noted the excellent staff who work at the Council and queried a perception that staff were being replaced with colleagues from Chorley Council. The Leader stressed the importance of staff morale, but noted that the council is going through a change process to improve the service delivered to residents. He requested any evidence be shared to enable any issues to be investigated and resolved and highlighted that staff have gone above and beyond to deliver services in challenging circumstances during the pandemic.

Councillor Damian Bretherton noted the recent staff survey and queried staff morale at Chorley Council. The Leader noted that the pandemic has had a negative impact on everyone, but advised it was not appropriate for him to comment on the staff morale of another authority.

Councillor Matthew Tomlinson queried the value for money achieved and how the resilience of services had improved through the implementation of shared services. The Leader undertook to bring a report to a future meeting to outline this information.

96 Questions to Cabinet Members

Deputy Leader and Cabinet Member (Health and Wellbeing) - Councillor Mick Titherington

Councillor Alan Ogilvie asked if an update had been received regarding a community safety issue / vandalism at Worden Park. Councillor Titherington noted that a meeting has been arranged with the Police, and although it is a Police issue the council will work in partnership to resolve it.

Cabinet Member (Communities, Social Justice and Wealth Building) – Councillor Aniela Bylinski Gelder

Councillor Peter Mullineaux queried if the Cabinet Member was aware of issues with phones being answered in Gateway. Councillor Bylinski Gelder noted that a new telephony system had been installed, but that she was not aware of any issues. She had herself got through to Gateway recently, but undertook to investigate the issue.

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Cabinet Member (Finance, Property and Assets) – Councillor Matthew Tomlinson
Councillor Karen Walton queried if there were plans to refurbish the play area at Tardy Gate as some concerns regarding the equipment had been raised by local residents. Councillor Tomlinson advised this issue would be addressed and that there was an ambition for all of the play areas within the Borough to be refurbished as part of an evidenced program.

Cabinet Member Planning, Business Support and Regeneration) – Councillor Bill Evans

Councillor Caleb Tomlinson asked if Councillor Evans thought the staff in the Planning department were happy with the current administration. Councillor Evans advised he thought so, but would ask them later in the week.

Councillor Alan Ogilvie queried the project packages for the Leyland Town Deal and noted that there was no enough funding to achieve all of the projects. Councillor Evans noted this was correct and that some projects could be funded from other sources or may have to be dropped. Further details on the projects will be shared with all members at the appropriate time.

97 Exclusion of Press and Public

The Leader of the Council, Councillor Paul Foster proposed, Cabinet Member (Health and Wellbeing), Councillor Mick Titherington seconded, and subsequently

Resolved (unanimously)

That the press and public be excluded from the meeting for the following item of business on the grounds that it involves the disclosure of exempt information as defined by paragraph 3 of Part 1 of schedule 12A to the Local Government Act.

98 Allocation of Budget for ICT Hardware and Software

The Cabinet Member (Communities, Social Justice and Wealth Building), Councillor Aniela Bylinski Gelder, presented the confidential report of the Director of Customer and Digital.

The report sought approval to allocate the necessary capital funding for the procurement of ICT hardware, software, and professional services.

Members raised a number of queries regarding how the investment was being funded, but acknowledged that the investment was required and how it was being funded.

It was proposed by the Cabinet Member (Communities, Social Justice and Wealth Building), Councillor Aniela Bylinski Gelder, seconded by the Leader of the Council, Councillor Paul Foster, and subsequently

Resolved (unanimously)

1. To establish a capital budget of £0.970million, in respect of the councils share of ICT spend in a joint procurement between Chorley Council and South Ribble Council.
2. To fund capital expenditure through the repurposing of existing budget and reserves, but to note that further work will be undertaken over the coming weeks, as we approach the end of the financial year, to consider if there are

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any advantages to funding some of the costs of the proposal through borrowing; if borrowing is deemed to be preferable, then approval for a change in the proposed funding mechanism will be presented to Council.

3. Agreement in principle to repurpose existing infrastructure and formulae to distribute cost between the respective councils. This be determined later under delegated powers by the Executive Member (Resources) at Chorley Council and Cabinet Member (Finance, Property and Assets) at South Ribble

Mayor

Date

Report of	Meeting	Date
Director of Governance and Monitoring Officer (Introduced by Leader of the Council and Cabinet Member (Strategy and Reform))	Council Scrutiny Committee	Wednesday, 23 February 2022 Tuesday, 17 March 2022

Is this report confidential?	No
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Is this decision key?	No
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Urgent Decisions

Purpose of the Report

1. This report informs Council of a number of urgent decisions taken in accordance with urgency procedures outlined in the Council's Constitution since they were last reported to the relevant meetings of Scrutiny Committee on 11 January 2022 and Council 26 January 2022.

2. These urgent decisions include:-

'key' decisions taken by the Executive (i.e. Cabinet or Individual Executive Members) as defined in the Cabinet Forward Plan / Notice of Executive Decisions, including decisions which contain confidential or exempt information;

urgent reports taken to Cabinet;

urgent decisions taken outside the budget and policy framework;

and urgent decisions for which the Mayor agreed to waive scrutiny call-in.

For clarification, **these do not relate to urgent decisions arising from the COVID pandemic.**

Recommendations to Scrutiny Committee

3. Scrutiny Committee is asked to note the report;
4. To review the process to agree the urgent decisions and to waive the scrutiny call-in on 7 January 2022 and 28 January 2022.

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Recommendations to Council

5. Council is asked to note the report.

Reasons for recommendations

7. This report informs Council and the Scrutiny Committee of the following decisions which have been taken under urgency procedures:-

Part 4C – Access to Agenda and Report Before a Meeting

- **5.5** The Council will always endeavour to publish reports at least three working days before the meeting. Lesser notice than this may only be given if the Mayor decides that there are highly exceptional circumstances.

Part 4C - Reports on Special Urgency Decisions to Council & General Exceptions

- **19.1** The Leader must submit a report to the next available Council meeting setting out the details of any executive decision taken as a matter of special urgency under the procedure set out in Rule 18 (Key Decision - Special Urgency).
- **19.2** The Cabinet must prepare a report to the next available Council meeting setting out the details of any executive decision taken without giving 28 days' notice under the procedure set out in Rule 17 (Key Decision – General Exception).

Part 4D – Urgent Decisions outside the Budget or Policy Framework

- **4 (a)** The Cabinet, a committee of the Cabinet, an individual member of the Cabinet or officers, a Community Hubs chairman or joint arrangements discharging executive functions may take a decision which is contrary to the Council's policy framework or contrary to or not wholly in accordance with the budget approved by full Council if the decision is a matter of urgency. However, the decision may only be taken: i) if it is not practical to convene a quorate meeting of the full Council; and ii) if the chairman of the Scrutiny Committee agrees that the decision is a matter of urgency.

Part 4F – Scrutiny Procedure Rules - Call In and Urgency

- **11.14.** All decisions taken as a matter of urgency must be reported to the next available meeting of the Council, together with the reasons for urgency. The next available meeting of the Scrutiny Committee will review the process for agreeing the urgent decision and make appropriate recommendations.

Other options considered and rejected

8. None, for the reasons given above.

Corporate priorities

9. The report relates to the following corporate priorities: (please bold all those applicable):

An exemplary council	Thriving communities
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A fair local economy that works for everyone	Good homes, green spaces, healthy places
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Background to the report

10. Following the meetings of Scrutiny Committee 11 January 2022 and Council 26 January 2022, the following decisions were taken under the Council's urgency procedures, as detailed below.

Details of urgent decisions taken in accordance with the Constitution

11. The Council will always endeavour to publish reports at least three working days before a meeting. Lesser notice than this may only be given if the Mayor decides that there are highly exceptional circumstances under paragraph 5.5. of Part C of the Council Constitution.
12. Key decisions *for which it was not possible to give 28 days' notice on the Cabinet Forward Plan but published at least 5 workings days before the decision is taken* fall under Council Procedure Rule 17 – Key Decision – General Exception in Part 4C of the Council's Constitution, which requires the Chair of the Scrutiny Committee to be informed of the reasons for the urgency.
13. Key decisions *published less than 5 working days before the decision was taken* fall under Council Procedure Rule 18 - Key Decision – Special Urgency in Part 4C of the Council's Constitution, where the decision may only be made where agreement has been obtained from the Chair of the Scrutiny Committee.
14. Any urgent decision to waive scrutiny call-in must be agreed by the Mayor in accordance with paragraph 11.14 of Part 4F of the Constitution. A decision will be considered urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interests.
15. An individual member of the Cabinet may take a decision which is contrary to the Council's policy framework or contrary to or not wholly in accordance with the budget approved by full Council if the decision is a matter of urgency and agreed by the Chair of the Scrutiny Committee in accordance with paragraph 4a) of Part 4D the Budget and Policy Framework Procedure Rules.

Decision	Date and Decision Maker	Reasons for urgency
Award of Contract for Vernon Carus Scrutiny call in waived	7 January 2022 Cabinet Member (Finance, Property and Assets)	The Mayor agreed to waive call in for the following reasons: i) to get work on site so we can complete the work before the start of the Cricket season in April 2022 ii) to meet the expectations of the Vernon Carus Sports Club

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<p>Mutual Agreement</p> <p>General Exception Procedure</p>	<p>25 January 2022</p> <p>Leader of the Council and Cabinet Member (Strategy and Reform)</p>	<p>This decision was taken under the General Exception Procedure. The reasons are that it concerns an employee of the Council (therefore the report contains confidential information about an individual), and that the decision protects the Council from risk to the organisation.</p>
<p>ICT software and hardware procurement –</p> <p>Approval of contract award for the procurement of Server estate</p> <p>Scrutiny call in waived</p>	<p>28 January 2022</p> <p>Cabinet Member (Communities, Social Justice and Wealth Building)</p>	<p>The reasons that the Mayor agreed to waive scrutiny call in were:</p> <p>i) to ensure that both Councils can benefit from this competitive pricing before the offer expires on 28 January 2022 (contractor year end) and</p> <p>ii) to ensure timely delivery of this hardware in a market which is already struggling due to global demand.</p>
<p>COVID Business Grants Announced December 2021</p> <p>Special Urgency Procedure</p>	<p>4 February 2022</p> <p>Leader of the Council and Cabinet Member (Strategy and Reform)</p>	<p>The Chair of Scrutiny Committee agreed to the urgency of this decision for the following reasons:</p> <p>Whilst we have known about grants since Christmas we have not had the guidance from Government until very recently. Furthermore, we needed to launch and process all grants and ensure payments made by end of March 2022. Any delays in processing the payments and not meeting the deadline of end of March 2022 would mean potentially the funding would have to be returned.</p>

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<p>Mutual Agreement</p> <p>General Exception Procedure</p>	<p>4 February 2022</p> <p>Leader of the Council and Cabinet Member (Strategy and Reform)</p>	<p>This decision was taken under the General Exception Procedure. The reasons are that it concerns an employee of the Council (therefore the report contains confidential information about an individual), and that the decision protects the Council from risk to the organisation.</p>
<p>Mutual Agreement</p> <p>General Exception Procedure</p>	<p>9 February 2022</p> <p>Leader of the Council and Cabinet Member (Strategy and Reform)</p>	<p>This decision was taken under the General Exception Procedure. The reasons are that it concerns an employee of the Council (therefore the report contains confidential information about an individual), and that the decision protects the Council from risk to the organisation.</p>

Climate change and air quality

16. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

17. There are no Equality Impact Assessment (EIA) and Equality Act implications arising from this report.

Risk

18. None.

Comments of the Statutory Finance Officer

19. The Chief Finance Officer (s151) comments have been included on all the urgent decisions referenced in this report.

Comments of the Monitoring Officer

20. It is considered that the Council's Constitution has been followed in this regard. Monitoring Officer comments were included on all of the decisions. This report is just for information.

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Background documents

Council Constitution

[Modern.gov link to Decisions page](#)

Appendices

None.

Report Author:	Email:	Telephone:	Date:
Clare Gornall (Democratic and Member Services Officer)	clare.gornall@southribble.gov.uk		9 Feb 2022

Agenda Item 6

Report of Governance Committee

I am pleased to present the general report of the Governance Committee summarizing the business which was considered on 25 January 2022.

Please note that the report may not reflect the wording used in the minutes, as they have yet to be formally agreed.

Audit Progress Report and Sector Update

1. The committee considered a report of the Council's External Auditor, Grant Thornton which sought to provide a general sector update and information for members on various reports of interest.
2. The External Auditor's explained that the housing benefit certification work was progressing, and an extension had been requested for approximately two weeks past the deadline of 31 January 2022. The External Auditors would shortly be issuing the annual audit, and the value for money opinion to Senior Management and Governance Committee.
3. We sought clarification as to why the housing benefit certification was delayed and we were advised that this was due to difficulties in accessing information remotely.

Internal Audit Interim Report as at 31 December 2021

4. We considered a report of the Director of Governance that gave an update on the work undertaken in respect of the Internal Audit Plan from September 2021 to December 2021. The report also sought amendments to the audit plan and asked members to consider the deferral of four reports.
5. We congratulated the Audit and Risk service on achieving re-certification for ISO9001.
6. We expressed concern at the limited assurance rating of the Buildings and Facilities Management audit and asked what action had been taken to rectify the issues. We were advised that the audit was issued in October and 19 actions agreed, of those actions 15 were implemented in full/ two actions had been given revised dates due to unforeseen circumstances and two actions were not yet due.

Strategic Risk Review

7. The committee considered a report of the Deputy Chief Executive which provided an updated strategic risk register, including 16 strategic risks to the council, actions in progress.
8. Overall we were satisfied that risks are being managed and mitigated. We expressed concern about R10, low staff morale and satisfaction and we requested further information on the results of the staff survey. We were advised that officers were still in the process of analyzing the results which would then

Agenda Item 6

follow due process and be provided to Scrutiny Committee and Cabinet for consideration.

Annual Governance Statement 2020/21 – Action Plan Update

9. We considered a report from the Monitoring Officer that gave us an update on the progress of agreed actions within the Annual Governance Statement action plan.
10. We noted that good progress had been made with some actions completed in full. Officers anticipate that the full plan would be complete by the end of the year.
11. We were advised that significant work had been done in relation to recruitment, with a new e-learning platform launched and management development programme.

RIPA Update – 2021 - 2022

12. We noted that no RIPA investigations had occurred in the last twelve months.

I would like to recommend that Council note the report.

Councillor Ian Watkinson
Chair of the Governance Committee

CA

Agenda Item 7

Report of Scrutiny Committee

1. This report summarises the business considered at the meeting of the Scrutiny Committee held on 8 February 2022.

Draft Budget 2022/23 and Summary Position over the Medium Term

2. The Cabinet Member for Finance, Property and Assets (Councillor Matthew Tomlinson) and the Director of Finance/Section 151 Officer (Louise Mattinson) attended the meeting to present the draft budget position for 2022/23.
3. We queried why the proposed increase of 1.99% to council tax was deemed necessary when the Council has healthy reserves and were advised, in response, that the Council needed to account for rising inflation rates.
4. Confirmation was provided, however, that the 7% inflation rate was not built into the projected cost base for the budget but that it would be subject to review over the forthcoming year.
5. We sought clarity over reference to there being no proposed cuts in services in the budget and assurances were provided that all council services would continue to be provided.
6. We queried how the government-backed council tax rebate of £150 to households in Bands A-D to help with rising energy costs would impact the council and it was explained that further details and guidance on administration was expected imminently.
7. We also welcomed the Cabinet Member's aim to consult residents on the budget earlier in future years as it was questioned whether a 10-day consultation period was sufficient.
8. Some concern was expressed over the increase of the Disabled Facilities Grant administration charge from 5% to 12.5% and the impact this may have on disabled residents. Assurances were provided that this would not result in any increased charges to residents and that it would enable recruitment of an additional officer to support the scheme.
9. Confirmation was also provided in response to a query that the £35,000 government grant for Brexit preparations had not been used and remained within the Council's reserves.
10. We challenged reference to the Community Conversations supporting positive mental health for young people after receiving contradictory information at a previous meeting. It was requested that the Thriving Communities section be updated to reflect that this was not the aim of these events.
11. We also requested that reference to refurbishment works at Margaret Road playground in Penwortham be included within the investment priorities.
12. We queried the £3.1 million allocated for the development of affordable homes and requested further information on the funding streams for these projects.
13. Further information on the Council's promotion of apprenticeships across the borough was also requested.
14. We questioned the role of the Scrutiny Committee with regards to the Capital Programme and were advised that the committee would be best placed to assess and challenge the practicality, resources and capacity of the Capital Programme.

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15. We thanked the Cabinet Member and Director for their attendance and report.

Update on South Ribble Leisure Ltd.

16. The Cabinet Member for Health and Wellbeing, the Director of Commercial and the Assistant Director of Projects and Development attended the meeting to present an update on progress made by South Ribble Leisure Ltd.
17. We queried how feedback from leisure centre customers is continuously gathered and it was explained that South Ribble Leisure now has a website and app where customers can provide feedback. A full customer survey is also anticipated to be undertaken by September 2022.
18. We requested that the full business plan be provided to the Scrutiny Committee.
19. We welcomed collaboration between the leisure company and the Council's Communities teams on the Holiday Activities and Food (HAF) Programme and asked that an upcoming report on this also be provided to the Scrutiny Committee.
20. We also queried whether initial IT issues at the leisure centres had been rectified, to which it was stated that these had not been fully resolved despite significant improvements.
21. We asked that a further update on the Leisure Local Action Plan be included in the next quarterly Leisure Company performance report to the Scrutiny Committee.
22. We thanked the Cabinet Member, Director and Assistant Director for their report and attendance.

Recommendation(s)

That Council note the report.

Councillor David Howarth
Chair of Scrutiny Committee
CL

Report of	Meeting	Date
Director (Customer and Digital) (Introduced by Cabinet Member (Communities, Social Justice and Wealth Building))	Council	Wednesday, 23 February 2022

Fair Collection Charter

Is this report confidential?	No
Is this decision key?	No

Purpose of Report

- To propose that a Fair Collection Charter is adopted.
- To highlight the measures already adopted to help financially vulnerable customers.

Recommendations to Council

- The council adopts the new Fair Collection Charter.
- Delegate authority to the Executive Member (Communities, Social Justice and Wealth Building) to approve cost-neutral changes to the policy.

Reasons for recommendations

- Adopting the measures outlined in the report will achieve the council's objective of taking a more ethical approach to collection including a more supportive recovery process and best practice affordability and means testing.
- They will also lead to improved working relationships with debt advice partners and increased referral and intervention.
- Debt can be a determinant of wider issues and adoption of these measures will help to ensure a joined-up approach to managing residents and local businesses experiencing issues.
- Where residents have no means to pay there is no benefit in pursuing enforcement action, incurring additional costs and increasing their vulnerability impacting upon

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mental health, well-being and self-confidence. This also places additional demand on public services.

Other options considered and rejected

9. Not to adopt the measures proposed in the report would mean failing to provide support to financially vulnerable residents and local businesses in financial difficulties.

Executive summary

10. The Fair Collection Charter incorporates the measures which the council will take to work with and support residents and local businesses in financial hardship.
11. The charter includes the adoption of the Shared Financial Statement and making a public commitment to reducing or ceasing entirely the use of enforcement agents

Corporate priorities

12. The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

13. Local authorities are under significant financial pressure. The council has a duty to collect what it is owed in order to fund vital local services.
14. The council also recognises that some residents and local businesses find themselves in financial hardship and we will do all we can to work with them and support them in making payment.
15. The current debt management policies have been in place since 2015 at Chorley and 2018 at South Ribble.
16. Both councils have more recently adopted some measures and forged partnerships with other organisations in line with best practice recovery.
17. There is currently a move towards more ethical debt recovery and an increased emphasis on fairness in government debt management.
18. As part of a wholesale review of policies as part of the Shared Services Review, a shared collection and recovery policy is needed.

Fair Collection Charter

19. This charter is the council's statement on how it will work with residents, local businesses and partners to fulfil its responsibilities and to support residents and local businesses. It includes actions that residents and local businesses can take to help the council to help them.

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20. The charter will be supported by guidance and training for staff in the practical application of it.
21. A copy of the draft charter is attached at Appendix 1.

Money Advice Trust

22. The Money Advice Trust (MAT) is a national charity which helps residents and businesses with debt and managing money by offering free, independent advice. As part of the Trust's Stop The Knock campaign, the Trust recommends six steps for improving local government debt collection practices. A number of councils have adopted some or all of these initiatives.
 - i. **Signpost residents to free debt advice including** regular reviews of signposting and referral processes for all debt types and all access channels.
 - ii. **Put in place a formal vulnerability policy** either as a specific policy or as part of a wider policy.
 - iii. **Adopt the Standard Financial Statement (SFS)** to objectively assess affordability. The SFS is a tool run by the government-backed Money and Pensions Service and is intended to provide a consistent and fair method of working out affordable repayments for residents in financial difficulty. The statement makes generous allowances for outgoings including food and a savings element.

Should this be adopted for revenues purposes it would be consistent to also adopt it for the means testing for Discretionary Housing Payments. However, this would have an impact on the spend of the cash-limited DHP budget.

- iv. **Sign the Council Tax Protocol** and review practices against the Supportive Council Tax Recovery Toolkit. MAT recommend that councils consider signing up to the Council Tax Protocol, produced by Citizens Advice and the Local Government Association, which aims to support councils in helping residents to avoid arrears in the first place. The protocol is available here. [Citizens Advice Council Tax Protocol 2017.pdf](#)
Many of the principles in the Protocol can be adopted by reviewing current practices against the Money and Pensions Service's Supportive Council Tax Recovery Toolkit. [supportive-council-tax-recovery-for-local-authorities-utilities.pdf](#) ([moneyandpensionservice.org.uk](#)).
- v. **Exempt Council Tax Support recipients from enforcement agent action**
Where a council is no longer providing 100% Council Tax Support, MAT recommend that a policy is introduced of refraining from using bailiffs in the case of CTS recipients, who the council has already identified as requiring additional support and instead, use other targeted approaches with this group.

Both councils have amended their Council Tax Support Schemes so that more claimants receive 100% support. This means there are fewer claimants with council tax to pay. Also, in practice, a case for a CTS claimant would not be referred to an enforcement agent under normal circumstances.

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- vi. **Make a clear public commitment to reduce the use of bailiffs** in the form of a decision, motion of Full Council or public statement to make every possible effort to reduce the use of bailiffs over time.

Refernet

23. South Ribble Borough Council and Chorley Council are both partners with Refernet.
24. Refernet is an online referral system used by Citizens Advice, local councils, charities, money advice services and other similar organisations. It provides secure communication between partners, offering organisations a way of referring their customers for help.
25. It provides a means to make appropriate referrals across organisations and supports residents by early intervention and prevention. Pathways to different advice services are not always clear to those in need and Refernet provides a solution to this.

Breathing Space Initiative

26. In May 2021 local authorities were required to implement the government's Breathing Space initiative. These regulations will allow someone in problem debt the right to legal protection from their creditors for a period of 60 days, providing the debtor engages in professional debt advice. In practice this means that the creditor will agree not to contact the person for a limited period to allow them to receive advice and work out a plan for dealing with their debt.
27. These new regulations will potentially cause further delays in recovering outstanding debts, which are currently on hold due to the coronavirus pandemic.

Measures

28. The table below indicates which of the above measures each Council has already adopted and will adopt should the charter be approved:

	South Ribble		Chorley	
	Existing	Proposed	Existing	Proposed
Signpost residents to free debt advice	Yes	Yes	Yes	Yes
Formal vulnerability policy	Yes	Yes	Yes	Yes
Standard financial statement	No	Yes	No	Yes
Council Tax protocol	Yes	Yes	No	Yes

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Exempt CTS recipients from EA action	CTS policy amended to increase the number of residents who are eligible to receive 100% support	Under Review	CTS policy amended to increase the number of residents who are eligible to receive 100% support	CTS policy amended to increase the number of residents who are eligible to receive 100% support
Public commitment to reduce the use of bailiffs	No	Yes	Yes	Yes
Refernet	Yes	Yes	Yes	Yes
Breathing Space	Yes	Yes	Yes	Yes

Consultation

29. Citizens Advice have been informally consulted on the policy and have welcomed the changes as being much, much better for people in poverty.
30. Money Advice Trust have also been informally consulted however no comments have been received.

Financial implications

31. The fair collection policy focusses on a more proactive approach than the previous debt management policies, providing help to residents and local businesses in managing their finances.
32. It also emphasises actively reducing outstanding debt by encouraging residents and local businesses to apply for all available help such as discounts and exemptions, discretionary housing payments and council tax support.
33. Enforcement agent fees are paid by the debtor and so there would be no cost to the council in this respect.
34. It is difficult to predict the impact on the councils' collection rates as there are a number of other factors at play not least the Covid pandemic. The impact of the adoption of the charter will be reviewed in eighteen months' time. Any potential reduction in collection would fall across the preceptors.

Climate change and air quality

35. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

36. The Equality Impact Assessment (EIA) identified that the Fair Collection Charter would have a neutral or positive impact.

Risk

37. The biggest risk is that a change in the approach to collection may impact upon collection rates of council tax and business rates as well as other revenue streams. However,

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collections rates could fall because residents and businesses do not have the money. The help available in the policy could alleviate the risk of this.

38. Adopting the Standard Financial Statement and applying this consistently to include the means testing for Discretionary Housing payments would impact upon the awards under this fixed DHP budget. Potentially fewer residents would be able to receive assistance or the councils would need to fund awards once the Government allocations were spent.
39. Ceasing enforcement action altogether will leave the councils with no recovery options for wilful non-payers that do not require upfront costs for the council, e.g. bankruptcy or a charging order.

Comments of the Statutory Finance Officer

40. As noted at 4. the changes to the policy are expected to be cost-neutral to the council. The policy is designed to provide a more supportive recovery process, adopts best practice in this area and considers affordability in the repayment plans of debts owed to the council for our financially vulnerable residents and local businesses in financial difficulties.
41. The policy focusses on a more proactive approach in providing help to residents and local businesses in managing their finances than previous debt management policies; by working in this way it is hoped to secure an improvement in engagement and increased levels of debt recovery over the longer term.
42. The impact on collection rates for Business Rates and Council Tax, as well as the demand for Discretionary Housing Payments against the fixed DHP funding provided by central government, will be monitored.

Comments of the Monitoring Officer

43. The proposal provides support to those suffering from financial hardship and can be seen to directly contribute to the council priority of thriving communities. Members when considering the reasonableness of the proposal to meet that priority are entitled to consider not just the financial implications for the council which are detailed in the report but the wider financial and social benefits for residents when considering if this proposal represents value for money. The council have full discretion when assessing the terms of the policy and so the integration of the Fair Collection Charter principles and aims are reasonable.

Background documents

There are no background papers to this report.

Appendices

Appendix A: Fair Collection Charter

Report Author:	Email:	Telephone:	Date:
Asim Khan (Director of Customer and Digital)	asim.khan@southribble.gov.uk	01257 515151	18 January 2022

FAIR COLLECTION CHARTER

1. We want to do everything we can to support our residents and businesses in paying their bills.
2. We understand that sometimes people find themselves in financial hardship or vulnerable and will need support and advice. We are here to help and will always work to support them.
3. Where people have no means to pay there is no benefit in pursuing enforcement action, incurring additional costs and increasing their vulnerability especially if this could impact upon mental health, well-being, and self-confidence. Doing so also places additional demand on public services.
4. This charter seeks to support local residents and small and micro businesses, with fewer than 250 employees or sole traders, registered and trading in the borough.
5. This charter will enable us to take a fair and sensitive approach whilst also ensuring that we meet our responsibilities to collect money due to help us to pay for the services we deliver.

This charter:

6. Sets out how we will identify the support and help you may need.
7. Explains what you can do to help us to support you.
8. Provides information about the support and help available.
9. The charter will apply to the collection of money such as:
 - i. Council Tax
 - ii. Business Rates
 - iii. Housing Benefit overpayments
 - iv. Miscellaneous invoices such as rents and fines
 - v. Fixed penalty notices for parking and environmental crime
10. From time-to-time we will review this charter and update it if the law changes or for guidance.

What we will do:

11. We will help you in the following ways:

Early intervention

- i. We will try to identify as early as possible where people may be financially vulnerable and will do what we can to help.
- ii. We will offer help and support if you let us know you are having difficulty paying.
- iii. We will let you know as soon as possible when payments are overdue to avoid further action.

Advice and education

- i. You can request advice and information to help you to manage your finances with confidence.

- ii. We will promote business rate and council tax reliefs and reductions to increase take-up and help you apply for these.
- iii. We will signpost you to help with budgeting advice.
- iv. Where you may feel there is a genuine dispute, we will work with you to resolve this as soon as possible.

Clear and timely communication

- i. We will contact you as soon as possible and will include clear information about what a payment is for, when and how to pay.
- ii. Wherever possible we will make direct contact with you.
- iii. We will make sure you know how to contact us if you are struggling to make payment.
- iv. We will tell you of the amounts due and dates for payments. We will also let you know what may happen next if you don't pay.

Easy and flexible payment

- i. We will offer a range of ways and times to pay and promote these.
- ii. We will help you by offering alternative payment dates wherever possible

Collection and recovery

- i. We collect some types of money by sending letters at certain times because we must do this by law. Please ask for more information.
- ii. We will only take legal action where this is necessary, but we will consider your circumstances wherever possible.

What we ask you to do:

- 12. So that we can better help you:
 - i. Be honest about your circumstances and in dealings with us.
 - ii. Respond quickly if we contact you.
 - iii. Contact us quickly if your payment is going to be late or you are struggling to pay. You can contact us online, by email or by telephone.
 - iv. Tell us as soon as possible when your contact details or bill details change.
 - v. Let us know as soon as possible if your circumstances change.
 - vi. Make payments on time or make your best, affordable payment offer.
 - vii. Use the different options available to you to make sure payment is made on time and contact us quickly if you need more time.
 - viii. Actively engage with the help and support offered.

HELP AND SUPPORT

- 13. We understand that sometimes people are unable to pay. For example, this may be because of a sudden change in financial circumstances, those already on low incomes facing an unexpected situation or where someone's mental health problems affect their ability to manage their finances.
- 14. Where you can show that you are in financial difficulty, we will make sure you are referred to advice services to get the help you need.
- 15. We will consider individual circumstances on a case by case basis and we do our best to reduce any hardship or distress.

16. We will help you to take ownership of your finances and make the most of the support provided to keep to any agreement made.
17. If you are vulnerable, we will look at what we can do differently to help. Where someone is vulnerable, they may still need to pay if the law says so. However, we will provide additional support and try to reduce any distress.
18. What we do will depend on the type of debt. We may:
- i. Allow you longer to pay
 - ii. Agree to a temporary, lower payment arrangement
 - iii. Provide help to claim discounts and benefits
 - iv. Refer you to independent advice and guidance
 - v. Temporarily stop enforcement action
 - vi. Review your eligibility for benefits
 - vii. Refer you to alternative welfare support
 - viii. Ensure that we have up to date information
19. We will make sure that any action taken is proportionate and fair to all our residents and businesses.

SUPPORT FOR RESIDENTS AND BUSINESSES WITH PROBLEM DEBT

20. We will fairly assess the resident's or business's ability to pay and where they are struggling, work with them to help them find a solution.
21. As well as advice or guidance we will support residents and businesses by working with other agencies to agree repayments that are affordable.

Breathing Space

22. We have signed up to the Breathing Space initiative. This allows someone with problem debt the right to legal protection from their creditors for a period of up to 60 days provided that they engage in professional debt advice within this time. The agencies mentioned at the end of this charter can help further.

Council Tax Protocol

23. We have adopted the Council Tax Arrears Good Practice Protocol in partnership with Citizens Advice and the Local Government Association. This ensures better partnership working between the council and other enforcement and advice agencies to make sure money is collected in a fair way and help is available for vulnerable people.

Standard Financial Statement

24. We have adopted the Standard Financial Statement (SFS) as recommended by the Money Advice Trust. We will use this to work out affordable payments for people who are in financial difficulty.

Exceptional Hardship Discretion

25. We have the discretion to reduce the amount of council tax payable on a case by case basis where people can show evidence of exceptional hardship. Please ask for more information.

Covid-19 Hardship Fund 2021-2022

26. As part of the response to the Covid-19 pandemic, there is also additional funding available for 2021-2022 to support financially vulnerable households. Please ask for more information.

Council Tax Support Scheme

27. Council tax support can help towards the cost of council tax where residents are on a low income or receiving some other benefits. More information and an online form are available on our website.

Other initiatives

28. From time to time there may be other initiatives ongoing which may make additional kinds of help or funding available. We work closely with our partners and can refer residents to other community organisations and charities for help.

Enforcement action

29. We will only use enforcement agents where other action has been unsuccessful. Where a resident receives council tax support we will take a different approach. We have made a clear, public commitment to reduce the enforcement action we take.

FREE INDEPENDENT HELP FOR RESIDENTS AND BUSINESSES

30. For free debt and money advice contact:

a. Citizens Advice Lancashire

Chorley office	South Ribble office
35-39 Market Street	Civic Centre
Chorley	West Paddock
Lancashire	Leyland
PR7 2SW	PR25 1DH

Telephone: 0344 245 1294

Website: www.citizensadvicelancashirewest.org.uk

b. StepChange

Telephone: 0800 138 1111

Website: www.stepchange.org/contact-us.aspx

c. National Debt Line

Telephone: 0808 808 4000

Website: www.nationaldebtline.org/

d. Business Debt Line

Telephone: 0800 197 6026

Website: www.businessdebtline.org/

Report of	Meeting	Date
Director of Customer and Digital (Introduced by Cabinet Member (Communities, Social Justice and Wealth Building))	Cabinet	9 February 2022
	Full Council	23 February 2022

Is this report confidential?	No
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Is this decision key?	Yes
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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Review of Council Tax Support Scheme 2022/23

Purpose of the Report

- To set out proposals to change the South Ribble Council Tax Support Scheme from 1 April 2022.

Recommendations to Cabinet

- Cabinet is recommended to approve the following revisions to the Council Tax Support Scheme for submission to Council:
 - Removal of the baseline Council Tax charge of £3.50 per week for working age claimants in receipt of:
 - Universal Credit and some level of earnings or non-disregarded other income
 - Other low-income groups not receiving Universal Credit nor a passported benefit
 - The revised scheme is approved with effect from 1 April 2022.

Recommendations to Council

- Council is recommended to approve the following revisions to the Council Tax Support Scheme:

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- a. Removal of the baseline Council Tax charge of £3.50 per week for working age claimants in receipt of:
 - o Universal Credit and some level of earnings or non-disregarded other income
 - o Other low-income groups not receiving Universal Credit nor a passported benefit
- b. The revised scheme is approved with effect from 1 April 2022.

Reasons for recommendations

4. The revised scheme is fairer and simpler for residents, it is also more focused to support the households most in need.

Other options considered and rejected

5. None.

Corporate priorities

6. The report relates to the following corporate priorities: (please bold all those applicable):

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

7. Council Tax Support is a means tested assessment with the amount of support awarded dependent on the household's Council Tax liability, income, savings, and needs.
8. Since 2013 local authorities have been required to adopt their own local Council Tax Support Scheme for working age claimants.
9. Prescribed regulations apply to claimants who have reached state pension age, so they are not within the scope of this review.
10. The Council Tax Support Scheme was last reviewed at South Ribble in 2020/21.
11. Under the council's current Council Tax Support Scheme, working age claimants in receipt of a passported benefit, and certain groups claiming Universal Credit receive full Council Tax Support meaning they have no Council Tax to pay.
12. However, other groups of qualifying working age claimants pay a Council Tax charge of at least £3.50 per week.
13. Having consulted on the scheme, the proposal is to make the scheme fairer and simpler for residents, and more focused to support the households most in need. This compliments the findings from the Scrutiny Review of Health Inequalities by demonstrating the Council's continued commitment to supporting the most vulnerable households and taking steps to improve the mental health and wellbeing of residents.

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14. The proposed scheme has no adverse impact on administration, the changes simplify the scheme, and will also improve the customer experience.
15. Consultation with precepting authorities on proposed changes to the scheme is statutory.
16. The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 require that any revisions to the scheme are approved by Full Council by 11 March.

Proposed Council Tax Support Scheme

17. Specifically, it is proposed that the £3.50 per week baseline Council Tax charge for the following groups of working age claimants is removed:
 - a. Universal Credit and some level of earnings or non-disregarded other income such as a private pension or Carer's Allowance
 - b. Other low-income groups not receiving Universal Credit nor a passported benefit
18. It is estimated that more than 1,330 South Ribble residents will benefit financially from this proposal from 1 April 2022.
19. More than 240 of these residents have unpaid Council Tax, with over £253,285 accumulating since welfare reform changes were introduced in 2013.

Budget implications

20. The revenue from Council Tax charged is shared between the precepting authorities as follows:

South Ribble Borough Council	11%
Lancashire County Council	74%
Police & Crime Commissioner for Lancashire	11%
Lancashire Combined Fire Authority	4%

21. The financial implications on preceptors of the proposed change are shown below:

South Ribble Borough Council	£26,646
Lancashire County Council	£179,259
Police & Crime Commissioner for Lancashire	£26,646
Lancashire Combined Fire Authority	£9,689
Total	£242,242

Consultation

22. Consultation with precepting authorities on proposed changes to the scheme is statutory.
23. Although consultation is not required with any other stakeholders, direct invitations to comment on the proposals were sent to the following:
 - a. A sample of 5,000 Council Tax payers, in receipt of Council Tax Support and not
 - b. Lancashire County Council
 - c. Lancashire Fire and Rescue Service
 - d. Police & Crime Commissioner for Lancashire

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- e. Citizens Advice Bureau
- f. Councillors
- g. Money Advice Trust
- h. Parish Councils

24. In addition, an online survey was open to residents through the council's website from 24 November 2021 until 3 January 2022.

25. The consultation responses are summarised below:

Please indicate below you agree or disagree that South Ribble Borough Council should remove the £3.50 minimum weekly charge for non-passported working age claimants from 1 April 2022		
Response	Number	%
Agree	39	23%
Strongly Agree	32	19%
Disagree	21	12%
Strongly Disagree	54	32%
Neither Agree nor Disagree	20	12%
Don't know	4	2%
Total	170	100%

26. The low number of consultation responses is disproportionate to the number of South Ribble Council Tax payers, and represents less than 1% of households in the borough.

27. 42% of respondents agreed or strongly agreed with the proposed change whilst 44% disagreed or strongly disagreed.

28. The Citizens Advice Bureau responded strongly agreeing with the proposals to revise the scheme, acknowledging that the change will help vulnerable residents to manage their bills better and stop them falling into debt.

29. Email responses were also received from Lancashire County Council and Lancashire Fire and Rescue Service. Whilst both preceptors were unable to support the proposals due to the reduction in Council Tax revenue, they did acknowledge:

- a. the extra support residents on a low income would receive
- b. the council's desire to reduce the burden on relevant individuals

30. Lancashire County Council also expressed concerns that if all district councils replicated this proposal the sum of losses to the county council would be several million pounds.

31. No response was received from the Police & Crime Commissioner for Lancashire.

Climate change and air quality

32. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

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33. An Equality Impact Assessment has been completed to analyse the impact on different community groups, and how their needs have been considered in developing these proposals. This analysis confirms the proposed change to the scheme will have a positive impact on affected groups, which include working age and disabled residents.

Risk

34. The key risk is financial, but the costs are shared with the precepting authorities.

Comments of the Statutory Finance Officer

35. As outlined in the report at point 18 and 19 above, with an 11% share of Council Tax revenue, the proposed change would result in an estimated cost to the council of £26.6k. The change is however expected to realise efficiencies in providing opportunities to remove complexities within the current scheme to maximise automation, simplify administration and improve the service to the customer.

Comments of the Monitoring Officer

36. The agreement of this scheme is at the discretion of the Council. Appropriate information has been included to assess the financial and wider socio-economic impacts of the recommendation. Value for money can be demonstrated through the benefits to economically vulnerable residents.

There are no background papers to this report.

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Report of	Meeting	Date
Deputy Chief Executive (Introduced by Leader of the Council and Cabinet Member (Strategy and Reform))	Council	Wednesday, 23 February 2022

Future development of shared services

Is this report confidential?	No
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Is this decision key?	Not applicable
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Purpose of the Report

1. To set out the options and proposals for the future development of the councils' shared services relationship. These proposals were endorsed by a majority of the shared services joints committee at an informal meeting on 10 February.

Recommendations to Council

2. That the principles for the shared services relationship with Chorley Council set out at paragraph 23 should be approved.
3. That the approach to the future development of shared services set out at paragraph 24 be approved.
4. To approve the creation of a Strategic Lead (Future Investments) as a shared post.
5. To approve the creation of a Director of Change and Delivery as a shared post.
6. To approve for consultation the creation of a permanent shared arrangement for development projects, with authority delegated to the Leader to approve the final arrangements.
7. To approve for consultation the creation of a shared pest control service, with authority delegated to the Leader to approve the final arrangements.
8. To adjust the membership of the Shared Services Joint Appointments Panel to include one additional Cabinet Member from each council, in recognition of the central role that shared services now plays in the appointment of Chief Officers.

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Reasons for recommendations

9. The recommendations will ensure that the councils have a clear vision for the next steps in the development of their shared services relationship. The additional capacity will ensure that the councils are able to deliver key priorities and services.

Other options considered and rejected

10. The broad options that could have been taken are set out and considered within the report.

Executive summary

11. In September 2019, South Ribble Borough Council and Chorley Council agreed to significantly expand their shared services relationship. This report sets out the broad options for the future development of that relationship and proposes that work should be undertaken to review management capacity for the two councils, as well as defining a targeted phase three. In addition, the report proposes the creation of additional senior capacity to support the councils in delivering their priorities and the creation of shared resources for development projects and pest control.

Corporate priorities

12. The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

13. In line with agreements made by the two partners, the scope of the shared services arrangement between South Ribble and Chorley Councils has increased considerably in the last two years. From the longstanding shared financial and assurances services, shared services now includes:
 - Since April 2020: Governance, Transformation and Partnerships and Communications and Visitor Economy
 - Since January 2021: shared Chief Executive and Directors
 - Currently being implemented: ICT and Customer Services
14. Alongside the sharing of staff and services, the councils have adopted shared terms and conditions and a shared HR policy framework for staff within shared services.
15. This current level of sharing represents 47% of the workforce for the two councils.

2019 proposals

16. The proposals agreed by both councils in September 2019 set out a series of principles to guide the expansion of shared services:
 - Both councils are committed to continuing to represent the needs, priorities and ambitions of their local residents and communities.
 - Both councils will set individual priorities and set their own budgets.
 - The councils are sharing services to reduce costs and to become more sustainable and resilient.

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- The programme for shared services will be developed and prioritised on the basis of likely return in terms of savings, but also on a basis of the needs of the councils.
 - The shared services will build on the existing shared service governance arrangements, building on what works and improving where lessons have been learnt.
 - Full shared services shall mean developing a single delivery model for service delivery except where this does not meet the needs of each sovereign council. The model for delivering services shall continue to represent the needs, priorities and ambitions of their local residents and communities.
 - The management structures will reflect a full shared service model to enable the delivery and development of shared services.
 - Shared services will be developed and implemented on a phased basis. The next phase, phase 1, shall include as a minimum HR, Legal and Democratic Services. It is likely that Communications, Policy and Transformation services shall also be included in phase 1.
 - Shared services shall be created and then transformed into a standard service delivered to both councils.
17. That report also set out an intention for further phases, with the view being that phase two of the expansion would include, as a minimum, ICT and Customer Services.
18. Following the reviews undertaken in customer services and ICT, the Shared Services Joint Committee considered the potential options for the future development of the shared services relationship. This report sets out:
- the broad benefits and issues in the shared services relationship;
 - the options for the future development of shared services and the conclusion of the shared services joint committee;
 - proposals for the future development of shared services; and,
 - proposals for developing additional capacity in key priority areas.

Benefits and issues of shared services

19. The February meeting of the shared services joint committee considered the most recent performance monitoring report. That report is attached as Appendix A, providing an overview of the performance of the existing shared service arrangements.
20. In addition to the performance report set out at Appendix A, the Shared Services Joint Committee considered the broad benefits and issues with the shared services relationship. These are set out in the table below.

Benefits	Issues
<ul style="list-style-type: none"> • Over £1.3m of savings across the two councils secured from shared services • Ability to share resources quickly between the councils to support business continuity - for example, around HGV drivers • Developing support between the councils on areas of technical expertise - for example air quality advice. 	<ul style="list-style-type: none"> • Perception of a Chorley takeover in some parts of South Ribble Borough Council • Less availability of key officers for Member contact • Perception of an adverse impact on service delivery at Chorley • Concerns over the capacity of staff in key teams and roles • Concerns over the speed of change and the impact this has on staff morale.

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Options for the future development of shared services

21. Set out in the table below are the options for the next steps in shared services. Also included are the broad advantages and disadvantages to each approach.

Stop sharing services	Detail	Withdraw the councils either in part or whole from the shared services arrangement. This could lead to the councils providing services entirely separately, or one council providing some services to the other through an SLA rather than a shared model.
	+	<p>This option remains an option to either council if it feels that shared services is no longer appropriate to its needs in a way that cannot be remedied.</p> <p>Undertaking any withdrawal in a planned manner would be more likely to maintain positive relationships between the partners.</p>
	-	This would be relatively complex to achieve and would cause disruption to staff and potentially service delivery. It is likely that one or both councils would incur some significant costs in created separated services or posts.
Pause further expansion	Detail	<p>Either before or after the implementation of shared customer services, the councils could decide to not progress any further expansion of sharing for a period of time.</p> <p>This is an option that has been previously raised by some members of the joint committee.</p>
	+	The advantage of this is that it would allow the councils to adjust to the new shared arrangements without further change. It would provide an opportunity to monitor the ongoing performance of the shared services.
	-	<p>However, there would still be a need for change within the organisations (for example, in services where there are issues with capacity or changing demand).</p> <p>A pause may also lead to perceptions of greater uncertainty around the future relationship between the two councils.</p>
Identify future phases of shared services	Detail	<p>Set out a vision for future shared services and the approach to a further phase. There are a number of approaches that could be taken:</p> <ul style="list-style-type: none"> • Continue with a similar approach to phases one and two – identify a directorate or service to become shared through a review • Focus on areas where one or both councils lack capacity or resilience in services
	+	<p>This would continue to build the relationships between the councils, providing the potential for additional savings and resilience. It also provides a strong signal of the continued commitment of the two councils to shared services.</p> <p>Taking a more focused approach would also provide an opportunity to limit the scope and potential impact of change.</p>

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	-	<p>May create continued uncertainty and a feeling of never-ending change within the organisations.</p> <p>If the next phases seek to shared full directorates, it will demand effective leadership from senior management. If a more focussed approach is taken, the levels of savings that can be expected will be lower.</p>
Review and strengthen existing management arrangements	Detail	<p>The shared senior management team of Chief Executive and Directors has been in place since January. The tiers below (of Service Leads and Assistant Directors) is a mix of shared and non-shared roles. The Chief Executive is currently on a fixed-term contract until December 2022.</p> <p>A review could be undertaken examine any issues that currently exist in the management structure and options for any changes. This review could be undertaken with or without expanding shared services.</p>
	+	Provides an opportunity to strengthen the capacity within the management team and ensure that it fit for purpose with the current and any other planned shared services.
	-	May cause disruption in the management and leadership of the organisations. Changing management structure without the services below may continue existing issues around capacity.
Be opportunistic	Detail	Expand shared services as opportunities present themselves with vacant posts, additional work or other pressures.
	+	Expansion of shared services continues but without the anxiety that can be caused by service reviews. Less likely to lead to compulsory redundancies.
	-	Doesn't provide for a planned approach and will be piecemeal. May lead to delays and temporary gaps in services as shared arrangements are put in place. Waiting for people to leave or ask for ERVS may mean that the change in services does not lead to the right people being in place.

Proposals for the future of shared services

22. This section sets out proposals for the future development of shared services.

Refreshed principles guiding shared services

23. It is an appropriate time to review and refresh the principles that the two councils agreed in 2019 to guide the development of shared services. The proposed refreshed principles are set out below. They aim to provide continuity with the existing principles, while also recognising the changing context that the two councils work in.

- Both councils are committed to continuing to represent the needs, priorities and ambitions of their local residents and communities.
- Both councils remain sovereign, with separate Leader and other decision-making. Shared services is not a pathway to merging the councils.
- Both councils will set individual priorities and set their own budgets.
- The councils are sharing services to reduce costs and to become more sustainable and resilient.

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- Full shared services shall mean developing a single delivery model for service delivery except where this does not meet the needs of each sovereign council. The model for delivering services shall continue to represent the needs, priorities and ambitions of their local residents and communities.
- The management structures will reflect a full shared service model to enable the delivery and development of shared services.
- The councils maintain responsibility for managing their own performance. The shared services joint committee is responsible for ensuring that shared services function effectively in meeting those expectations.
- The councils remain committed to shared services, with the next phase prioritised on the basis of supporting greater resilience in service delivery.

Proposals for future development

24. Following consideration of the available options, the shared services joint committee propose that the councils should pursue two workstreams to further develop shared services:

- a. **Undertake a review of management capacity across the two councils.** The councils already share their Chief Executive, Deputy Chief Executive and Directors. These arrangements have been in place for just over 12 months. The tier below directors is mixed, with shared and non-shared posts. In addition, the level of the posts is also mixed, with Service Leads/Assistant Directors, service managers and team leaders.

There is a potential risk that this mixed approach could lead to challenges in ensuring consistent standards across services, and inconsistent capacity across the councils.

The proposed approach to a review of management capacity is:

- An initial stage will be undertaken separately to assess the current management capacity available to the councils, the strengths, gaps and issues. This will potentially include individual feedback sessions for managers, analysis of service performance, staff satisfaction results and time recording exercises.
- Analysis of potential functions where sharing may be beneficial
- Development of proposals for cohesive management structures for the councils, which may be shared or non-shared

The output of this review will be a report that will be presented to the shared services joint committee before being considered by the relevant council committee.

- b. **Develop proposals for a further phase of shared services.** This would be based on being on a smaller scale than phases one and two. Rather than identifying a full directorate to form the next phase for shared services, it is proposed that the next phase focuses on specific posts or functions where there is an identified need for change.

The approach that will be taken is:

- Work will be undertaken for each council separately to identify the functions or posts where sharing may be beneficial. This may be because

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of; a lack of capacity; existing temporary arrangements; new priorities; the potential for savings or improved staff recruitment and retention.

- Analysis to highlight areas of common need, or where sharing will support one council to deliver a function while maintaining or improving the performance for the other.

The output of the review will be proposals for a roadmap for future development of shared services, which will be presented to the shared services joint committee for consideration before being considered at relevant individual council meetings.

Proposals for developing additional capacity in key priorities

25. The section above sets out proposals to review current challenges and plan for future development of shared services. There are, however, challenges being faced by the councils that need to be addressed in advance of those reviews being completed. Set out below are proposals for additional capacity in key areas.

Future investment and development

26. Both councils continue to be ambitious in seeking to improve their boroughs and the services to residents. Both councils have the potential for significant developments taking place in the coming years that need to be carefully managed to ensure risks are mitigated and the potential benefits realised. This includes:
- The South Ribble Cuerden site linked to the City Deal
 - The large-scale application anticipated for South Ribble at the Cuerdale site
 - A need to identify future development sites within Chorley, including sites that are within and outside the council's ownership.
27. Existing teams, particularly in Planning and Development and Commercial Services will have important roles to play in these pieces of work, but the potential scale and impact of these developments mean that it is important that the councils have additional capacity to manage the work. This will ensure that the councils are well-positioned to ensure that they deliver benefits to the boroughs.
28. In addition, the recently published Levelling Up White Paper also indicates the UK Shared Prosperity Fund will be devolved to local leaders, with most of the fund devolved to and invested by district councils. This means that the councils will need to prepare to make the most of opportunities to attract funding and schemes to their boroughs.
29. It is proposed to create a senior post that will manage the development of future opportunities on behalf of the councils. The post will be responsible for:
- Managing the non-local planning authority relationships and representing the councils with partners and other stakeholders
 - Identifying and evaluating potential land development opportunities for the councils
 - Leading site assembly work and negotiations on behalf of the councils
 - Overseeing work to promote potential sites to developers, including any necessary masterplanning.

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30. The post will be the Strategic Lead for Future Investments. It will report directly to the Chief Executive. As a senior post, it will be paid at a spot salary of £75,000. It will be a shared post, with the costs split 50:50 between the councils.
31. If approved, in line with the councils' relevant policies, the post will be advertised initially internally. The recruitment process will be overseen by the shared services appointment panel.

Organisational change and development

32. Both organisations have gone through significant change in the last two years. The expansion of shared services has been a key catalyst, but change has also come through the pandemic, new uses for technology and new organisational priorities.
33. The councils continue to perform highly, demonstrated through the delivery of Corporate Strategies. There are, however, challenges that have been highlighted in recent discussions at the shared services joint committee. This includes, for example, staff satisfaction in some areas, recruitment and retention of staff, capacity of key officers to manage organisational change.
34. The scale of change faced by the organisations will continue to be extremely high in the coming years. This change is not solely related to shared services (although that work will be continue and develop), and includes, for example:
 - Implementing the Workplace Strategy, adapting to new technology and new ways of working that have been accelerated through the pandemic
 - Developing and implementing a new People Strategy, to ensure that staff are supported and the councils are able to respond to a changed job market with increased competition and ability to work remotely
 - Updating and implementing new technology
 - Continuing to meet financial challenges and respond to external changes
 - Responding to the changing landscape externally in respect of the levelling up white paper and significant changes in Health
 - Supporting the development of new models of service delivery, including the leisure companies and residential accommodation.
35. A key challenge in having a shared senior management team is the capacity of directors to manage this demanding agenda while also leading and managing change and delivering services. Additional capacity is needed to better support organisational change and support the effective working of the senior management team.
36. It is proposed to create a senior post to increase capacity and improve the management of change across the councils. The post would have responsibility for:
 - Be a member of the senior management team, supporting the Leaders and Cabinets in developing and delivering agree priorities.
 - Leading the implementation of the shared services development plans
 - Leading the development and implementation of Organisational Development and People Strategies for the councils
 - Development and oversight of the councils' transformation programmes and key change projects
 - Project lead for the development of the economic development strategies
 - Development of shared services phase three
 - Senior lead for corporate strategy, budget investment and key priority delivery programmes

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- Senior lead for Public Service Reform and partnerships
37. The new post will be Director of Change and Delivery. It will report to the Deputy Chief Executive and the salary will be in line with the existing shared directors, starting at £75,000. The cost of the post will be shared 50:50 between the council.
38. If approved, in line with the councils' relevant policies, the post will be advertised initially internally. The recruitment process will be overseen by the shared services appointment panel.

Capital developments

39. The councils have extensive and ambitious capital developments underway and planned. There are already some temporary sharing arrangements in place, with South Ribble Borough Council making use of internal capacity from Chorley by paying a day rate.
40. Examples of the projects are:

Chorley	South Ribble
<ul style="list-style-type: none">• Whittle GP Surgery• Tatton development• Strawberry Meadows• Bengal Street site development	<ul style="list-style-type: none">• Town Deal• Worden Hall• Extra Care Facility• McKenzie Arms development

41. These arrangements have worked effectively, but there is an opportunity to formalise them. It is proposed that the temporary arrangements should be made permanent. This would encompass:
- Shared Service Lead (Development)
 - Development Manager x 2
 - External client-side project management
 - External specialist support (for example QS)
42. The external resources are associated with individual projects and are budgeted for in those projects.
43. The internal staffing costs will be split on a 50:50 basis. While there are existing postholders working across the two councils through the temporary arrangements, the permanent arrangements will be implemented in line with the councils' Change Policy. This will include consultation with effected staff. Once the consultation is completed, the proposals will be presented for approval via the relevant Executive Member.

Pest Control

44. Shared Services Joint Committee have endorsed a proposal to share the councils' pest control service. Chorley Council is currently making use of an external contract to deliver its pest control service, and there is an opportunity to improve the service available to Chorley while also building resilience for both councils by sharing.
45. The full proposal is included as Appendix B.

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Climate change and air quality

46. The work noted in this report does not impact the climate change and sustainability targets of the Council's Green Agenda and all environmental considerations are in place.

Equality and diversity

47. The proposals within this report do not have a direct impact on equality considerations.

Risk

48. Risk management is regularly reported to the shared services joint committee, with the latest assessment being included in the monitoring report at Appendix A.

Comments of the Statutory Finance Officer

49. The staffing savings achieved through shared services to date are set out at Appendix A. The proposals in this report will likely lead to a smaller and more targeted future phase of shared services, which is likely to reduce the potential scale of further savings. This will be considered in the scoping work for the next stage, as well as in the budget setting process for both councils.
50. The costs and funding for the specific proposals above, including on-costs for Employers National Insurance and Pension costs) are as follows;

POST	CBC	SRBC	TOTAL
Director of Change and Delivery	48,000	48,000	96,000
Funding The costs can be met within the 22/23 budget following receipt of the Final Local Govt Financial Settlement on 7 th February, which provided an increase in funding compared to Provisional Settlement announced back in December 2021.			
Strategic Lead (Future Investments)	48,000	48,000	96,000
Funding			
<ul style="list-style-type: none"> At CBC - the additional costs would be covered by the revenue budget savings generated through the capitalisation of costs of the Development Projects Team costs as noted below. At SRBC - the costs can be met within the 22/23 budget following the increase in funding in the Final Settlement referred to above. 			
Shared Development Projects Team			
re: capitalisation of team costs	(87,750)	-	(87,750)

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re: impact of shared services revenue costs	(43,750)	43,750	-
<p>Funding – It is assumed that moving forward, 50% of the costs of the Shared Development Projects Team will be capitalised and charged against the specific capital schemes that the individual members of the team work on.</p> <p>At CBC, the costs of the team are full charged to revenue and so this would lead to a saving in the existing revenue budget of £87,750.</p> <p>The remaining 50% of costs are assumed to be Revenue costs and would be split 50:50 between the 2 councils.</p> <p>At SRBC - the costs can be met within the 22/23 budget following the increase in funding in the Final Settlement referred to above.</p>			
Shared pest control service	32,700	(2,800)	29,900
<p>Funding</p> <p>At CBC the costs can be met within the 22/23 budget following the increase in funding in the Final Settlement referred to above.</p> <p>There is a slight saving in the existing budget at SRBC.</p>			

Comments of the Monitoring Officer

51. There are no concerns to raise from a Monitoring Officer perspective. The proposals detail how the roles will contribute to how the Councils will deliver best value by prioritising capacity in the highlighted areas and how these roles will contribute to the Councils' outcomes. If any changes to working arrangements and structures are ultimately pursued then the councils will have regard to the relevant provisions of the Change policies and all relevant HR policies.

There are no background papers to this report

Appendices

Appendix A: February monitoring report

Appendix B: Shared pest control

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Appendix A

Shared Services Monitoring Report- February 2022

Savings and budgets

1. The following table shows the cost savings that have been made through reduced staffing budgets including shared posts and the shared services reviews. Staffing savings have been made by realigning resources to meet service priorities, capacity and demand.

	(Savings)/Additional Cost (000's)		
	CBC	SRBC	Total
Original shared services			
Recurring savings delivered through shared financial and assurance services	(306)	(306)	(611)
Initial Phase – Senior Roles	(57)	(252)	(309)
Communications and Visitor Economy	8	(8)	-
Transformation and Partnerships	(91)	7	(85)
Governance	(31)	57	26
Grades and Travel	(6)	36	30
Phase 1 - Total	(177)	(160)	(337)
Chief Executive	(58)	(76)	(134)
Director Posts	(90)	(53)	(143)
ICT Review - Phase one and Two	(48)	(33)	(81)
Corporate Support	(17)	(17)	(34)
Phase 2	(214)	(179)	(392)
Total Savings	(696)	(644)	(1,340)

2. The phase 1 savings relate to the initial senior roles including the Shared Deputy Chief Executive and Shared Service Leads, alongside the service reviews for Governance, Transformation and Partnerships, and Communications and Visitor Economy. Some further staffing savings are expected to be achieved for these services through delivery of the service development plans to achieve a single operating model.
3. Staffing costs have increased in some areas to allow for additional capacity, ensuring resilience and a sustainable model for the services. There has also been the opportunity to increase the services provided across the councils, such as enabling

services to be delivered in house or expanding the functions that are offered in areas such as events and museums, tourism and culture.

4. In phase 2 of shared services, the Chief Executive and shared Director posts have been developed at a saving to both councils. Both phases of the ICT review (management and rest of service) have also generated savings across the councils. The total savings will increase once the Customer Services and Revenues & Benefits review is implemented in March.
5. As other work is undertaken, such as joint procurement and shared systems, savings to non-staffing cash budgets have been achieved. Work will be carried out in the coming months to quantify and record these savings through shared services and will be included in reporting to the Committee.

Budgeted charges across Councils 21/22					
Budget Area	Host Council	Split Basis CBC/SRBC	CBC	SRBC	Total
Audit	SRBC	50/50	173,572	173,572	347,144
Governance	SRBC	50/50	122,779	122,779	245,558
Corporate Admin Team	SRBC	50/50	105,452	105,452	210,904
Democratic	SRBC	50/50	221,101	221,101	442,202
Mayoral Services	SRBC	50/50 (exc 1 post 100% SRBC)	34,751	65,734	100,485
Chorley Civic Services	SRBC	100/0	160,171	0	160,171
Legal	SRBC	50/50 (exc 1 post 100% SRBC)	188,652	214,975	403,627
Procurement	SRBC	50/50	69,111	69,111	138,222
Town Hall and Bengal Street	SRBC	100/0	47,568	0	47,568
Union Street	SRBC	100/0	42,914	0	42,914
Lancastrian	SRBC	100/0	54,721	0	54,721
Communications	SRBC	50/50	163,921	163,921	327,842
Events	SRBC	60/40	85,176	54,214	139,390
Astley	SRBC	100/0	218,210		218,210
Shared Chief Executive, Deputy Chief Executive and Directors	CBC/SRBC	50/50	354,270	354,270	708,540
Finance	CBC	50/50	620,900	620,900	1,241,800
Transformation and partnerships	CBC	50/50 (exc 3 posts 100% CBC)	380,720	261,100	641,820
Human Resources	CBC	50/50	152,410	152,410	304,820
ICT (full year equivalent budgets)	CBC/SRBC	50/50 except for Infrastructure Team 40/60	432,194	498,834	931,028
			3,628,593	3,078,373	6,706,966

6. The above table demonstrates the costing split for shared services across Chorley and South Ribble Councils, with most areas split 50:50 to reflect that staff within the service provide an equal service across both organisations. Where there is an identified need for one council but not the other, the split in costs can vary for example a charge of 60:40 for Events to reflect the demand of the events programme to be delivered at each council. Some areas are charged 100% to Chorley whilst being hosted at South Ribble in order to ensure a balanced number of employees at each council.

Staff Satisfaction

7. Staff satisfaction within shared services has been measured for the second time following the satisfaction survey that was conducted in June 2021. The survey asks staff about understanding of shared services and their role, as well as providing the opportunity for written feedback around what has worked well in shared services and where staff could benefit from further support.
8. Below shows a comparison of the responses between the two surveys:

	June 2021	Nov 2021
Understanding how service contributes to delivering priorities of both councils	88%	91%
Understanding team's role in shared services	84%	91%
Having the skills/training needed for role	94.6%	96.4%
Overall, satisfied in job	75%	78.5%

9. Results showed an improvement in employees' understanding of their role and wider service, with 91% of staff agreeing that they understand the role of their team in shared services and how their service contributes to the priorities of both councils. These show improvements from the previous survey and indicate that the work to embed shared services over the last 6 months has helped to solidify understanding among Shared Services Staff. Areas where staff feel that they do not have a full understanding, include in services that are not fully shared or in newly shared teams.
10. Most staff feel that they have the skills and knowledge needed for their role, with 96.4% either agreeing or strongly agreeing with the statement. This is another improvement from the previous survey and reflects the continued identification of any training needs through shared services development discussions.
11. Overall, the survey demonstrates high levels of satisfaction across shared services and some of the positive feedback around the experience of working in shared services includes:
- Opportunities to share expertise and best practice to maintain our continual desire for improvement.
 - Shared resources allowing for improved efficiency and satisfaction.
 - More opportunity for staff development through challenge, variety, new skills and personal development.
 - Wider variety of projects and tasks allowing for a more varied workday.

12. Only four respondents indicated being less than satisfied with their jobs, which generally relates to individuals in teams that have recently integrated into shared services or teams that are not fully shared.

13. Some of the key areas for further development are as follows:

- Staff remain enthusiastic to meet their Shared Services colleagues as they have returned to the office. Events are being scheduled to provide staff with an opportunity to meet colleagues across Shared Services and help build a shared work culture across the two councils.
- Integrating newly established shared services teams, such as: Events, Museums, Tourism and Culture, and Health and Safety. Service leads and managers will continue to support staff in furthering the integration of teams. This will include ICT and Customer Services once the restructures have been implemented.
- Continuing to support staff across shared services through development reviews, networking opportunities, and Directorate manager meetings to identify and address any issues raised.

Service Level Performance

14. Each service has identified several service development objectives to set out the transformation and development of the shared services to a single operating model. There are currently 8 service development objectives for the Phase 1 services with 4 being complete and 4 still ongoing.

15. Some of the work that has been completed includes:

- Developing a shared performance management system to ensure consistent reporting of data and performance, a more user-friendly system, and reduced data entry time.
- The implementation of the shared Events team and Museums, Tourism and Culture service.
- A review of the shared Audit and Risk team to ensure that resource and capacity are aligned to the priorities of the service and delivering efficiencies for transactional work.

16. Development objectives that are ongoing but scheduled to be completed over the next year are as follows:

- Delivering a shared HR operating model including HR system. This will support increased self-service and access to information for managers whilst enabling HR to focus capacity on case management, workforce planning and providing an advisory function.
- Undertake a review of internal communications and digital channels to ensure that we are using best practice and adapting to the changing use of social media.
- Review Legal services to develop a single operating model for the service.

17. Benefits are also tracked for each service in relation to savings, service development, resilience and capacity, and staff development. Some of the key benefits for each service that have been delivered since the last review are highlighted below.

Transformation and Partnerships

- A shared performance management system to ensure a more user-friendly experience and reduced data entry time for staff. The in-house system replaces the InPhase system at South Ribble which at a nil cost compared to £40,000 for InPhase.
- Shared policies and strategies to share expertise and best practice across the councils including:
 - a) Organisational Development strategies
 - b) Transformation Strategies
 - c) Key Partnerships and Contracts Framework
 - d) HR Policy framework
- The shared strategic partnership aims to utilise shared resource and governance to enable partners to work more closely together. The partnership was agreed in September this year, and has already offered opportunities to align capacity and engagement from shared partners such as through the Shared Economic Summit
- Two graduate development roles have been recruited to, creating career opportunities for local people and developing succession planning.

Communications and Visitor Economy

- Increased capacity for Events from 3 members of staff at Chorley to 5 across the two organisations. Dedicated resource at South Ribble will help to deliver an enhanced events programme and will release capacity across other areas of the organisation.
- Succession planning for apprentice roles has allowed a postholder to take up a permanent position in the team from September 2021, supporting the retention of talented staff at the councils.
- An events intern position has been developed to provide experience to local people whilst bringing in new talent and up to date knowledge of recent developments in the sector.
- Reduction in Astley Hall staffing budget c. £9,000 through sharing of team members. The total number of FTE in the team across the councils as increased from 7.2 FTE to 11.4 creating a flexible resource for both Chorley and South Ribble.
- Improved museum, culture and tourism offer at South Ribble with the capacity to develop a conservation plan for South Ribble Museum, a tourism strategy, and a plan for operation of the Worden Hall site.

Governance

- Reduction in corporate support staffing resource delivering savings of £17k per council.
- The reduction in resource has been enabled by streamlining the corporate support team and looking to create a consistent approach across the councils. The review has still delivered resilience and flexibility to meet demand through a shared team of 8.57 FTE.
- Increased capacity for Health and Safety from 1 officer role at each council to 3 shared posts (team leader, officer, and trainee.)
- The trainee role provides an opportunity for current employees or local residents looking for a career in health and safety and the new structure provides clear succession planning and progression opportunities for key roles.

Risk Register

- The following risk register provides a summary of the key risks for shared services, in addition to the actions and controls that are in place to mitigate the potential impact on the councils.
- Since the last report in June 2021, additional actions have been identified to support staff uncertainty and wellbeing, including more opportunities for staff to meet face-to-face following the easing of Covid-19 restrictions and amendments to the Shared Change Policy to ensure a clear and consistent process is followed during restructure processes.
- 4 risks are identified as **medium-risk** in relation to impact and likelihood, and 2 risks are identified as **low-risk**. Many of the risks are mitigated by the governance arrangements for shared services including the shared services agreement.
- All risks will continue to be monitored as part of the shared services project and corporate risk registers, and any changes in risk will be captured through reporting to Shared Services Joint Committee.

Risk No. (Rnn)	Description	Controls in Place	Impact	Likelihood	Matrix Score	Actions Planned	Action Owner	Target Action Date
R1	Organisational disruption and impact on performance and service delivery	Performance management mechanisms have been strengthened to ensure close corporate oversight throughout any shared services changes.	3	3	9	<p>A delivery programme will be developed with clear timescales and milestones, supported by the transformation team to minimise impact across the councils</p> <p>A reviewed monitoring approach for Shared Services has been proposed to SSJC to allow for more frequent reporting as we move into implementing Phase 2 services.</p> <p>Additional capacity has been proposed for the Customer Services and Revenues & Benefits Review to minimise the risk of service disruption during the transformation to a single operating model.</p>	Transformation	<p>Completed</p> <p>In progress- to be agreed Feb 22</p> <p>In progress- to be agreed following consultation in Jan 22.</p>
R2	Staff uncertainty and impact on workforce wellbeing	Staff will be fully engaged and consulted throughout the changes, both informally and formally in line with the refreshed Change Policy.	3	3	9	<p>Specific training and support plans will be put in place for all staff as well as leadership support for senior management.</p> <p>Lessons learned have been incorporated into the shared Change Policy to ensure that managers follow consistent restructure processes with realistic timescales.</p>	Project Team/ HR & OD	Ongoing

					6	<p>Additional learning and development support is available for teams where there has been a large impact from change.</p> <p>Events are being planned to encourage more face-to-face interaction and communication between shared services colleagues and staff from across both organisations. This will help to develop a shared culture with a strong focus on wellbeing and support.</p>		
R3	Wider strategic changes to local government structures	Both organisations are fully engaged and working proactively to understand the implications of local government reorganisation. Shared services helps to strengthen the strategic position of both councils and the ability to influence and shape change through greater scale.	3	2	6			
R4	Change in political control leading to a lack of cross party support	Arrangements specified in the shared services agreement including an extended agreement and exit arrangements.	3	2	6			

R5	Loss of sovereignty	Both councils retain political independence and decision making. Robust governance and clear protocols within the shared services agreement ensure that both councils maintain individual sovereignty.	3	1	3			
R6	Different levels of future budgets for shared services across both councils	Shared Services provides opportunities for continued savings for both councils. The shared services agreement recognises committed budgets for each council.	3	1	3			

Shared Services- Best Practice

1. One of the benefits of shared services that has been identified as a main objective of the programme is the opportunity for the sharing of skills, expertise, experience, and best practice between the councils.
2. The shared services reviews have provided the opportunity to review the systems and processes in place across both Chorley and South Ribble, with the aim of developing a workable single operating model for the services in line with examples of best practice from each council, alongside other public and private sector organisations. For example, to ensure that new shared systems support the modernisation of services across the councils, the shared ICT review has included principles for ensuring that decisions on system procurement are based on objective measures such as meeting key specifications, usability, and overall contract costs. Similarly, new shared HR policies have been developed with consideration for current industry best practice, with the improved policies offering more robust, user-friendly and future-proof policies and processes across both councils.
3. Some further examples of best practice that has been shared between the councils is outlined below:

South Ribble – Chorley

- **Performance and Project Leads Network:** The network brings together colleagues who are involved in delivering key/ corporate projects and those who have responsibility for collecting and authorising indicators and performance. It provides an opportunity for training and sharing of best practice in these areas, with each session focusing on a specific topic, and also provides an opportunity to discuss how the management of performance and projects could be improved. The sessions are key to improving engagement with the shared project management methodologies and performance management framework in place across the councils.
- **HR Policies:** Shared services has provided an opportunity to review the HR policies across Chorley and South Ribble and develop new shared policies which reflect best practice across the organisations and the wider sector. One example of this is the proposed Improving Attendance Policy which is most similar to the current South Ribble policy and ensures a flexible approach that is supportive of staff. The policy focuses on managers identifying and acting on areas of concern and, if approved, will replace the previous approach at Chorley which has focused on trigger or action points.
- **Systems:** Several business systems that have previously been used at South Ribble have been procured for use in the shared teams due to their efficiencies or ability to offer a more complete solution to meet key specifications. One example of this is the use of the HFX system which will provide functionality for both door access and time management, which are currently managed by two separate solutions at Chorley. Similarly, Citizenspace is now used for surveys and consultation in place of SurveyMonkey as it offers a more comprehensive functionality.

- **Legal specialisms:** The review of legal services has provided an opportunity to review the resource and capacity within the team and how this is focused to meet key priorities and objectives. Shared services has enabled the restructure of the service to consider specialised roles for the legal team, something that was previously in place at South Ribble. The service is split into separate teams which will provide a lead for key aspects of the service's work, enabling staff to be more focused in their specialist areas, develop and maintain expertise, and better manage capacity for key pieces of work.
- **Customer services- specialised teams:** The review of the shared Customer Services and Revenue & Benefits service has introduced a service model and structure based around specialist teams for Customer Services, Revenues, and Benefits functions. This approach is similar to the structure currently in place at South Ribble, with the review focused on enabling customers to have direct access to a specialist in the area related to their enquiry, by creating teams of specialists for the functions with the largest volumes of customer contact. Another benefit of this approach is that it allows staff to practice and maintain specialist skills whilst developing routes of progression for staff as they gain more specialised and technical knowledge.
- **Green agenda:** The expertise and experience at South Ribble in relation to Climate Change and the Green Agenda, alongside the similarities between the boroughs, have been utilised at Chorley to help develop a programme of work to address climate change and other environmental issues. Whilst Chorley have also introduced their own projects in relation to the needs of the borough and the priorities of the administration, the Council has also drawn upon best practice from South Ribble such as the Tree Planting/ Giveaway programme.

Chorley- South Ribble

- **Governance:** Some of the existing policies and frameworks from Chorley have been reviewed and refreshed to meet the needs of South Ribble in relation to the Annual Governance Statement Action Plan. This has included areas such as an Organisational Development Strategy to support increased structure and resource for OD programmes including employee engagement and learning and development. Other examples included a reviewed performance management approach and Key Contracts and Partnerships framework. This has helped to ensure that robust governance systems are in place to ensure that the council is transparent and accountable as an organisation.
- **Service Leads:** The shared services reviews have established a Service Lead management level to provide strategic oversight of priorities, additional management capacity and resource for senior leadership. This has ensured that there is the right level of management resource in place in the shared services at South Ribble, enabling the efficiencies that have been created through the Shared Director posts.
- **Systems:** Some of the in-house systems at Chorley have been adapted for use at South Ribble in order to deliver cost or productivity efficiencies, for example the performance management system and performance review process. Chorley has also carried out a large programme of ICT work over the last few years to ensure automation and best use of systems in order to make the most out of new technology. Where it

has been reviewed to meet user specifications and deliver cost effectiveness, joint procurement has been carried out to deliver increased automation at South Ribble.

- **Events, graphic design and museums:** Shared services has introduced dedicated teams for events, graphic design, and museums, tourism and culture to South Ribble, allowing for the sharing of expertise and specialist knowledge in relation to these areas. This approach has provided additional capacity for service delivery and helped to ensure a consistent approach to branding.
- **OD Programme:** An OD strategy and programme has been introduced at South Ribble based on best practice applied in Chorley for a number of years. Tried and tested initiatives have been shared with teams at South Ribble and adapted to ensure local identity, as well as developing new schemes. Examples include an employee engagement forum, Staff Listening Days, enhanced performance review process and e-learning hub. Benefits include the implementation of more regular 'job and development discussions' to ensure that staff regularly have the opportunity to discuss personal progress with their manager. The online learning hub has enabled key training and development materials to be available and easily accessible to all staff in an interactive and engaging format, particularly during the restrictions of the pandemic.
- **Transformation:** Chorley have used a Transformation Strategy for several years to set out how the council will achieve financial sustainability and support changes to the way that people work including in relation to service delivery or customer needs. The introduction of a similar strategy at South Ribble ensures that there is a clear and measurable approach to transformation at the council.

Appendix B

Pest Control Shared Service Delivery

Purpose of the Report

1. To set out proposals for a shared pest control service.

Background to the report

2. The Pest Control Service in Chorley was highlighted as requiring a review prior to the pandemic as it was recognised the service could be improved. Chorley offered limited services in addition to the free rodent domestic service and had very few commercial contract agreements. The service was delivered externally by a single pest control technician therefore response times could be up to seven days and this posed a risk to business continuity.
3. In March 2020 the contractor delivering the pest control service at Chorley Council was no longer in a position to deliver this service. Therefore, a temporary short-term external service has remained in place during the pandemic. It has remained in place longer than originally anticipated; however, this has now allowed an accurate annual cost comparison in relation to an internal service.

Proposed staffing structure

4. Based on the service delivery requirements the below staffing structure and costings would be required to create a shared service.
5. The capacity already in place at South Ribble (which consists of two Pest Control Officers, managed by a Senior Environmental Health Manager) would be changed and expanded to include:
 - Management – (15%) Senior EHO and (5%) Service Manager
 - 1 Pest Control Officer
 - 3 Pest Control Technicians
6. The posts would be employed on the shared terms and conditions and the employment of existing staff would continue with their existing employer.

Shared Management – existing posts to be recharged for the time they spend managing the service	£11,540
1 FTE Pest Control Officer Grade 6	£36,379
3 FTE Pest Control Technicians – Grade 5	£99,781
Total	£147,700

Plan for implementation

7. As set out above, Chorley Council currently has in place temporary arrangements for the delivery of its pest control service. The service is being undertaken by a third-party operator. While the service is sufficient, the costs mean that a full procurement exercise will need to be undertaken if the contract is extended further. It is for this reason that these proposals are being presented to the Shared Services Joint Committee separate to the more comprehensive consideration of the future development of shared services.
8. If the proposals to create a shared service are endorsed and approved, the capacity of the service will be expanded alongside the wider changes needed for the implementation of a shared service. These are set out in the table below.

Barrier	Short Term Solution	Long Term Requirement
Staffing: there is currently a vacancy within the existing team at South Ribble	Recruitment 1x Pest Control Technician is currently advertised	If the service delivery proposal is agreed – a further 2x Pest Control Technicians will be recruited
ICT – As two separate services, there are different ICT systems in place to manage service requests and appointments	All pest control officers will be trained on the current operations at each authority and continue to use these until required developments and improvements can be implemented	A joint ICT and Pest Control project is agreed to implement an improved or new shared common working mobile platform that is compatible with both CBC and SRBC back office functions
Vehicles –2 additional vehicles required, in addition to the existing two at SRBC. A review and procurement exercise of vehicle usage at Chorley has just recently been undertaken –there is an anticipated wait of up to six months for the vehicles if hire agreements are agreed.	Temporary hire of 2x Vans, until procured lease vehicles can be provided	Agree 2x additional vans to be leased by CBC on behalf of the shared service or ; Purchase of two new electric vans at an approximate cost of £54,000

New Shared Service Costings

9. The below tables break down the anticipated overall shared service costings and comparison to the current allocated budgets:

New Shared Service Costs:

Costs	Combined	SRBC	CBC
Staffing 50/50	£147,700	£73,850	£73,850
Equipment and supplies 50/50	£12,000	£6,000	£6,000
New Vans CBC (lease payments)	£7,000		£7,000
Vans Operational Cost	£5,000	£2,500	£2,500
Total costs before income	£171,700	£82,350	£89,350
Forecast Income	-£66,000	-£46,000	-£20,000
After Income	£105,700	£36,350	£69,350
Current budget – Pest Control	£68,368	£33,368	£35,000
Current Budget – Management Costs	£7,429	£5,770	£1,659
Change in Budget requirement	£29,903	-£2,788	£32,691
One off costs	£2,750 – van fitting out and temporary van rental if required.		

10. The new service shared service would make a small saving of £2.8k for South Ribble on existing service cost and an increase of £32.7k for Chorley. This increase for Chorley should be considered against a £70k overspend in 21/22 following the existing contractor no longer being available.
11. Costs of management time are from existing budgeted employees. There is an increase of cost to Chorley due to an element of South Ribble staff time being charged.
12. South Ribble has historically generated more income than Chorley in relation to pest control. The new structure assumed a continuation of existing income levels at South Ribble and an increase in income of £10k at Chorley bringing the budget to £20k.
13. There is slight budget difference in regard to transport costs as South Ribble own their vehicles and Chorley will look to lease theirs going forward.
14. The costs are shown currently as a 50/50 split, the number of domestic treatments is comparable across each borough. There is a larger income budget at SRBC due to established commercial contracts, although there is a lower income budget at CBC proposed at £20k it is anticipated resources will be required equally in order to initially establish and implement commercial contractual agreements at CBC.

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Report of	Meeting	Date
Director of Finance and Section 151 Officer (Introduced by Cabinet Member (Finance, Property and Assets))	Council	23 February 2022

Revenue Budget 2022/23, Medium Term Financial Strategy and Capital Programme 2022-2025

Is this report confidential?	No
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Is this decision key?	Yes
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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Purpose of the Report

1. To seek approval of the Budget Strategy and proposals for the Revenue Budget 2022/23, together with the Medium Term Financial Strategy (MTFS) and Capital Programme for 2022-2025 brief overview of what you are asking members to consider

Recommendations to Council (delete if not applicable)

2. The Cabinet recommends that Council:
 - a) Approve the budget and proposals set out in this report, including the level of Council Tax as set out in the Formal Council Tax Resolution, including Parish Precepts, for 2022/23, at *Appendix A*;
 - b) Note the advice of the Chief Finance Officer in relation to the robustness of the estimates within the overall budget, including the risks contained within it and the adequacy of the proposed level of financial reserves, as set out in the Statutory Report at *Appendices B1 – B3*;
 - c) Approve the council's Medium-Term Financial Strategy (MTFS) at *Appendix C*;
 - d) Note the council's forecast Cumulative Budget Deficit and Budget Strategy 2021-22 to 2024-25 at *Appendix D*;

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- e) Note the analysis of the movement in the 2022/23 Budget from the position approved by Council in February 2021 at *Appendix E*;
- f) Approve the capital programme for 2021/22 to 2024/25 (*Appendices F1, F2 & F3*);
- g) Approve the Capital Strategy at *Appendix G*;
- h) Approve the Treasury Management Strategy at *Appendix H* and note the advice of the treasury management consultants at *Appendix H1*;
- i) Approve the council's Pay Policy at *Appendix I* for publication on the council's website from April 2022;
- j) Note the budget consultation 2022/23 Report at *Appendix J*;
- k) Note the Assessing the Impact of Budget Proposals 2022/23 Report at *Appendix K*.

Reasons for recommendations

- 3. To ensure the Council complies with the statutory requirement to set a balanced budget for 2022/23.

Other options considered and rejected

- 4. None; setting the budget is a statutory requirement.

Executive summary

- 5. This 2022/23 budget and the MTFs for the next 3 years have been updated to take account of the following:
 - a freeze on council tax in 2022/23.
 - a freeze on council tax in 2023/24 and a 1.99% increase in council tax in 2024/25, although these proposals will be revisited each year as part of the budget setting process and will be dependent upon the outcome of the government's reviews of both the future funding framework and the future distribution of funding between councils;
 - continued investment in ongoing revenue budgets to ensure delivery of corporate strategy priorities of over £1million;
 - capital investments of over £71.6m are included in respect of corporate priority projects;
 - the figures incorporate strategies to reduce the budget deficit over the medium term
- 6. The report presents a balanced budget for 2022/23 and, based on current assumptions detailed within the report, forecasts deficits of £0.619m for 2023/24 and £0.732m for 2024/25, however, the council is ambitious in its approach to meeting the budget deficit through generating efficiency savings, such as those already realised through shared services, and additional income generated through investments within the borough.

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7. The council is expanding its capital programme with large scale investments included in the budget over the coming three years.
8. The budget is set to ensure the objectives of the council's Corporate Strategy priorities are met;
 - *An exemplary council* – we will continue to work with our residents to address climate change and achieve our commitment of being a carbon neutral council by 2030
 - *Thriving communities* – providing support and grants for businesses and developing our approach to apprenticeships, graduate and training posts in areas of high market demand and supporting people into high quality employment;
 - *A fair local economy that works for everyone* – investing in our local play and community facilities, supporting the delivery of affordable homes and improving our leisure centres;
9. *Good homes, green spaces, healthy places* - making improvements across the Borough, supporting our young people, health and wellbeing and local areas is only necessary for reports of longer than 4 sides and should include detail on HR and customer service implications of the decision.

Corporate priorities

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

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

11. A Cabinet considered their 2022/23 Draft Budget and Summary Budget Position over the Medium Term' for recommendation to Full Council at their meeting on 9 February 2022. The report set out the Cabinet's intention for spending and investment in the borough over the course of the 2022/23 financial year.
12. At that time however the government had just published the Final Local Government Settlement which included a change to the figures and information published in the Provisional Local Government Settlement published on 16 December 2021. This has impacted on all councils and relates to additional S31 grant to be paid to compensate councils following restrictions on the uplift in Business Rate charges in 22/23. The additional funding relates to the indexation of this 'lost increase'; as a result the council will receive an additional £300k of funding.
13. In addition, and again related to Business Rates, the council submitted its NNDR1 Business Rates return on 31st January to government. An increase in the Business Rates base has given rise to an additional £300k over and above that included within the 2022/23 Draft Budget report considered by Cabinet.

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14. As a consequence of the above increases, the Cabinet has re-considered the recommendations they were intending to make to Full Council, and also taking into consideration the feedback from the results of the Budget Consultation, and they are now recommending that the additional funding is used to;
- Freeze Council Tax in 2022/23
 - Increase investment in the Boost Funds and in our sports and community organisations
 - Increase the Covid Recovery reserve to support the council, communities, residents and businesses in the recovery from the pandemic.
15. These papers expand upon that report and set out in more detail for Council the Cabinet's budget proposals in 2022/23 short summary of the issues that have led to this report; any previous decisions or history which are relevant and help members understand the issues.

Climate change and air quality

16. The report outlines the council's commitment to climate change and references the successful bid of £5m secured for decarbonisation of the council's buildings

Equality and diversity

17. Consultation has been undertaken regarding this budget with the Integrated Impact Assessment reported at **Appendix K** to this report.

Risk

18. There are no immediate risks associated with this report however not approving the final budget report risks the council being unable to finance its future commitments to its corporate priorities

Comments of the Statutory Finance Officer

19. The financial implications of the 2022/23 Budget are all contained within the report above but to clarify, all proposals are funded and can be accommodated; it should be noted however that the report does contain several assumptions on some future budget elements and on the final out-turn position for 2021/22. Should any of the assumptions or figures change due to unforeseen circumstances arising before 31st March 2022, the financial position will be reviewed and reported.
20. The financial implications for the council over the three year period 2022/23 to 2024/25 are detailed in;
- *Medium Term Financial Strategy 2022/23 to 2024/25* at **Appendix C**;
 - *Chief Finance Officer's Report - robustness of the 2022/23 budget and the adequacy of financial reserves* at **Appendix B**
 - the risks and opportunities regarding the council's capital programme are outlined in the *Capital Strategy* at **Appendix G**.

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Comments of the Monitoring Officer

21. The budget proposals are in accordance with the requirements of legislation

Report Author:	Email:	Telephone:	Date:
Louise Mattinson (Director of Finance)	Louise.mattinson@southribble.gov.uk	01257 515151	14 February 2022

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BUDGET CONSULTATION RESULTS

2. Consultation on the 2022/23 budget ran from the 1 February to the 10 February 2022 and was conducted through an online survey.
3. The consultation was publicised through a structured digital campaign which included eight posts on Facebook which accrued 818 link clicks, 73,588 views, reached 65,018 accounts and had 5676 engagements (likes, comments or shares).
4. There were 220 responses received via the online survey, with 109 participants providing qualitative feedback through one open-ended question. Response levels have increased, compared to last year's budget consultation survey, in which we received 105 responses.
5. Participants were asked to rank on a scale of one ('low priority') to five ('high priority') what should be prioritised when allocating funding; the results are presented in detail at **Appendix J**.
6. Part 2 of the consultation asked whether the respondent agreed with a Council Tax increase in line with inflation. The results showed a marginal disagreement. Open responses reflected the results of this, with residents' concerns primarily being the current economic climate and the impact of what an increase would have in this climate.

Response	%
Agree	46.7%
Disagree	53.2%

2022/23 BUDGET – FUNDING SOURCES

Spending Review 2021 and Final Local Government Finance Settlement

7. Uncertainty continues regarding the council's future funding streams, with the government announcing a further one-year financial settlement for 2022/23 rather than the expected multi-year settlement. The figures included in the 2022/23 Budget have been made based on the Final Local Government Finance Settlement that was published on 7 February 2022.

Business Rates

8. The 2022/23 budget assumes that the Lancashire Business Rates Pool will continue and the council will remain a member; South Ribble Council benefits from additional business rates income of approximately £1.396m as a result of being in the pool. In the absence of any further information regarding Business Rates Retention reform, the pool is assumed to continue throughout the period of the MTFs.
9. Forecasting the level of business rates income beyond 2022/23 remains complicated due to the level of uncertainty in this area. Following various government

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announcements, councils have been expecting reforms to the business rates system for over four years. In March 2020, the government published the Terms of Reference for the Business Rates Review, setting out that the objectives of this were to reduce the overall burden on business, to improve the current business rates system and to consider more fundamental changes in the medium-to-long term. In March 2021, the government published the Interim Report of the review, with the final report issued in October 2021.

10. The government has concluded from their review;
 - that business rates are a vital component of the business tax mix;
 - that they wish to preserve the benefits of business rates but will make changes to make their operation fairer and more effective for businesses;
 - that they are not proposing changing the nature of the tax, or the basis of valuation;
 - moving forward, they have concluded that increasing the frequency of revaluations would represent a fundamental and meaningful improvement to the business rates system and would help to ensure greater distributional fairness; currently, revaluations are scheduled to take place every 5 years although in practice, and due in part to the pandemic, these have only taken place about every 6-7 years. As such government has announced a 3-yearly cycle for business rates revaluations, starting from the next revaluation in 2023.
11. In light of the above, the quantum of business rates that will remain available to the council after the reset is uncertain.
12. It is also likely however that the level of funding that councils retain from business rates will be reviewed across the country as part of the government's 'levelling up' agenda. This is expected to flow from the outcome of the Fair Funding Review, however no date has been set for these reforms. As such, in the absence of any further information, the budget assumes the council will retain the current level of business rates enjoyed as part of the Lancashire Pool throughout the three year period of the MTFS.

Council Tax

13. The Local Government Finance Settlement confirmed a council tax increase limit for district councils of up to 2% or £5 (whichever is the greater) on a Band D equivalent in 2022/23. No announcement has been made regarding future years, however it is assumed that the same principles will continue throughout the future three-year budget period.
14. Following receipt of the Final Govt settlement, after careful consideration as noted in point 13 above, Cabinet has recommended a freeze on Council Tax in 2022/23.

New Homes Bonus

15. Funding from New Home Bonus (NHB) is assumed to discontinue in 2023/24. The provisional settlement announced an allocation of £802k for 2022/23. No further allocation is assumed after 2022/23. The government consulted on the future of NHB between February and April 2021 and is due to consult on proposed reforms shortly,

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with a view to implementing reform in 2023/24. It is expected that a replacement to this funding stream will be announced, however nothing further is known as to how the scheme will operate and what additional levels of funding, if any, will be made available to the council. Once more, this creates a significant degree of uncertainty for the council.

16. It should be noted that this funding in 2022/23 is forecast to be passed to the City Deal as per the original agreement.

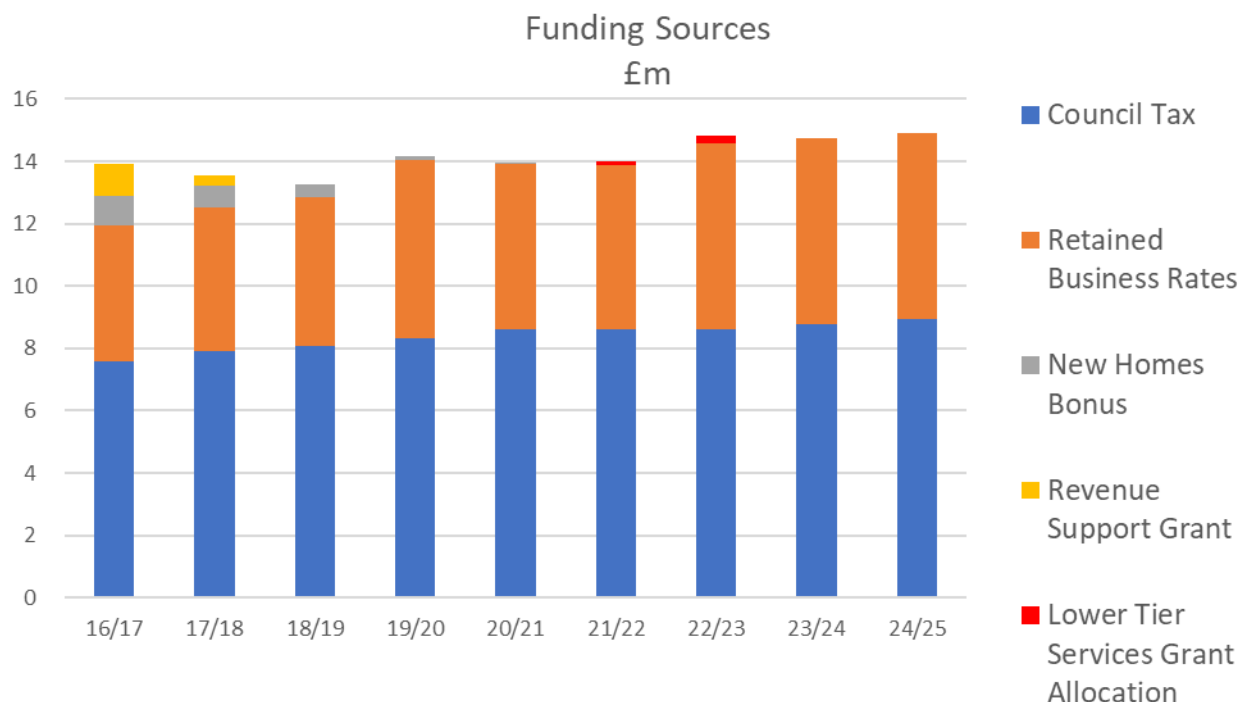
Lower Tier Services Grant and Services Grant

17. As referenced above, every year the Government calculates the council's core spending power; this is a combination of the council's council tax income, business rates income and new homes bonus grant allocation. The government has retained the Lower Tier Services Grant to compensate the council in 2022/23 for the reduction in funding identified through the core spending power calculation; first introduced in 2021/22, this is a non-recurring, un-rinfenced grant of £107k.
18. In 2022/23 the Government has also provided an additional Services Grant, again non-recurring and non-ringfenced, and distributed on the same basis as the Lower Tier Services Grant; the council's allocation for this is £162k.
19. Whilst a benefit to the 2022/23 budget, the one-off nature of this funding stream does mean that the council continues to face significant financial uncertainty over the medium term.

Summary of Major Sources of Council Funding

20. The chart below outlines the forecast level of funding across the next three years in comparison to previous allocations. As the government has only published a one-year settlement, it is assumed that the Lower Tier Services Grant, the Services Grant and the New Homes Bonus will not continue in 2023/24 and beyond.
21. As the graph shows, the funding to South Ribble Council is forecast to have risen slightly £13.9m in 2016/17 to £14.9m by 2024/25.

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2022/23 BUDGET – EXPENDITURE

Salary Budget and Pay Award

22. The 2020 Government spending review announced a pay freeze for 2021/22 for the majority of public sector staff, with a guaranteed a pay rise of at least £250 for all staff that earn less than £24,000 per year. At the time of writing this report, the pay negotiations are still ongoing for 2021/22, with the current offer of 1.75% made by the Employers having been rejected by the Trade Unions. The budget has however been adjusted to reflect an uplift of 1.75% in line with the current offer.
23. In the Spending Review in October 2021, the Chancellor said that pay awards for public sector workers in 2022/23 would be in line with Consumer Price Index (CPI). With the negotiations for 2021/22 yet to conclude, and no fixed point in time announced for the determination of CPI, a provision of 2% has been made in the pay budget, which equates to approximately £230k per year, for South Ribble Borough Council in 2022/23; the Government’s proposals are not yet agreed with public sector unions.
24. The spending review also announced that the National Living Wage will rise from £8.91 to £9.50 an hour and will be extended to workers aged 23 and over from April 2022. This will not affect South Ribble Borough Council’s pay bands for 2022/23 as the council pays above this level already.
25. The salary budget includes a 2.5% allowance to reflect the fact that there will always be turnover of staff during a year that will cause a certain level of underspending due to the time it takes to recruit replacements; this equates to approximately £263k.

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Pensions

26. As part of their triennial pension review in 2019, the Lancashire County Pension Fund announced an increase in employer pension contributions for the council from 14.9% to 17.1% for each of the three financial years 2020/21 to 2022/23, to meet the future costs of the scheme. The same contribution rate is assumed for 2023/24 and 2024/25, although this will be reviewed when the new three-year review is undertaken.

Brexit and Covid 19

27. Concerns remain about the impact of the United Kingdom's withdrawal from the European Union (BREXIT). Much speculation continues around the likely financial effects of the leave arrangements, with potential risks to the council including increases in inflation and a slowdown in the local economy, impacting upon rental and property values and on income collected from business rates and council tax. In 2021/22 we have seen costs rise, for example:
- those driven by a shortage of HGV drivers which may continue to impact on the waste contract;
 - increases in the costs of building materials sourced from the continent impacting on the cost of our capital programme, and;
 - increases in the cost of food, both due to the cost of imports and due to the shortage of workers in the agricultural sector within our own economy as European workers have returned home; these cost increases have impacted upon the finances of our residents.
28. The financial impact of Covid-19 has been outlined in the quarterly budget monitoring reports approved by Cabinet throughout 2021/22. This includes:
- Reductions in council tax and business rates collection rates;
 - Government grant funding received to support various initiatives, including support to businesses, providing additional homelessness and food support to residents and support for the test and trace systems;
 - Government support for the reduced level of income received from fees and charges for the first three months of 2021/22, including reduced levels of leisure services income;
 - Reductions in rents at the council's commercial sites.
29. As part of the budget setting process for 2022/23, and the two years beyond, the following assumptions have been made regarding Covid-19 and the economy as a whole:

Income

- That the impact of Covid-19 on the income from fees and charges will not be permanent and that levels will return to those pre-Covid, including the council's major sources of income such as planning fees;

Expenditure

- That any expenditure relating to the council's compliance with current or future government Covid-19 requirements will be met through existing budgets or grants from Government. This may include future grants to businesses, support to the homelessness or support to residents such as additional council tax support;
- That the council will continue to support its wholly owned leisure services company, which was established on 1 September 2021. Whilst the leisure market remains extremely challenging, it is expected that this cost to the

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council will cease over the medium-term as the company develops its services to fully cover its own costs. Officers, as part of the company's board, will develop a business plan for Cabinet to approve on behalf of Full Council. This will set out the plan for the reduction of costs over the coming years. The forecast position reflected in this budget, is that the financial support from the Council to the Leisure company will reduce from £583k in 2022/23 to £357k in 2023/24; the will mean that by 2023/24 the support provided by the Council will be £110k less than that previously paid to the Serco/Leisure Trust partnership. Whilst ambitious, given the national closure of leisure centres during Covid 19 and the resulting falls in membership, it is felt that this is an achievable target and the company will work to get to a position in which it is financially self-sufficient.

BUDGET DEFICIT

30. The Council's total budget deficit is summarised in Table 1 below and is based upon the key elements of funding and expenditure described above, and the budget assumptions outlined below.

Table 1: Total Budget Deficit

	2022/23	2023/24	2024/25
	£m	£m	£m
Council Tax	(8.599)	(8.599)	(8.599)
Retained Business Rates	(5.969)	(5.969)	(5.969)
Lower Tier Services Grant and Services Grant	(0.269)	(0.000)	(0.000)
New Homes Bonus	(0.802)	(0.000)	(0.000)
TOTAL FUNDING	(15.639)	(14.568)	(14.568)
TOTAL NET EXPENDITURE	15.694	15.307	15.582
BUDGET DEFICIT/(SURPLUS)	0.055	0.739	1.014

31. All deficits and savings identified in the Table 1 and in the remainder of this report are cumulative. For example, the deficit of £0.739m in 2023/24 identified above is the result of a £0.055m deficit in 2022/23 and further budget pressures and reduced funding of £0.684m identified for 2023/24.

Table 2: Key Budget Assumptions

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Key Assumptions	2022/23	2023/24	2024/25
Growth in the council's Council Tax base	0.0%	0.0%	0.0%
Council Tax Increases	0.00%	0.00%	1.99%
Increase in Retained Business Rates through Growth	0.0%	0.0%	0.0%
Financial benefit of membership of the Lancashire Business Rate Pool	£1.396m	£1.396m	£1.396m
New Homes Bonus	£802k	£0k	£0k
Lower Tier Services Grant and Services Grant	£269k	£0k	£0k
Future Service Pension Rate	17.1%	17.1%	17.1%
Pay Award	2%	2%	2%

32. A detailed breakdown of the three-year budget, including the gross budget deficit is provided in **Appendix D**, 'Cumulative Budget Deficit and Budget Strategy 2021/22 to 2024/25' of this agenda. Included in this appendix are the revenue budget implications regarding the Council's capital projects.
33. As with other assumptions it should be noted that the profile of expenditure and income is potentially subject to change.
34. Risks surrounding these budget assumptions may be managed through the use of general reserves as outlined at the end of this report. A full description of budget assumptions and risks are provided in **Appendix B1**, 'Report of the Chief Finance Officer - robustness of the 2022/23 budget and the adequacy of financial reserves', and in the supporting **Appendices B2** 'Risks to the Medium Term Financial Strategy' and **B3**, 'Financial Reserves'.

BALANCING THE BUDGET IN 2022/23

35. Funding to South Ribble Borough Council has remained relatively stable since 2016/17 in cash terms from a figure then of £13.909m, to a forecast figure of £14.568m in 2024/25. During the period to date, the council has continued to experience inflationary increases in staffing and non-staff costs, however, the council has been ambitious in its approach to meeting the budget deficit by realising efficiency savings and generating additional income.
36. The council has been successful in controlling its costs whilst continuing to provide the high-quality services that are expected by its residents. The council achieves this by continually reviewing its budgets and contracts as well as exploring and investing in alternative delivery models; this has included sharing services with Chorley Council.
37. The council will continue to invest in the borough to improve housing and to maximise opportunities to generate income, thereby making the council less reliant on the increasingly uncertain funding from Government.

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Table 3: Balancing the Budget

	2022/23 £m	2023/24 £m	2024/25 £m
TOTAL BUDGET DEFICIT	0.055	0.739	1.014
DFG Admin Charge to 12.5%	(0.055)	(0.055)	(0.055)
Net Income from Capital Investment (net of borrowing and running costs)	(0.000)	(0.065)	(0.065)
Council Tax Increase – Freeze in 22/23 and in 23/24 and 1.99% increase in 24/25	(0.000)	(0.000)	(0.162)
NET DEFICIT / (SURPLUS)	0.000	0.619	0.732

38. The council receives approximately £700k per annum external grant funding to deliver its Disabled Facilities programme. This funding enables residents to adapt their homes so that they can continue to live independently. The council currently charges a 5% administration charge to the fund to part-fund South Ribble staffing costs of delivering the programme. A review of the service has indicated that this charge is not sufficient to meet the costs of delivery and so the administration charge will be brought into line with the actual costs of managing the scheme. This charge is in line with the administration charges of other neighbouring authorities. The additional income from this increased charge will also fund an additional post to support the scheme. The increase in the administration charge will not affect the council's obligation to meet the demand for adaptations from its residents and is not an additional charge to residents.

INVESTING IN OUR PRIORITIES

39. The council continues to invest in delivering the ambitions set out in its Corporate Strategy and to ensure that the council delivers high quality services to its residents. The key areas of investment are set out on the following pages.

Investing in corporate priorities

In 2021/22 the council allocated over £1m of revenue investment to deliver corporate strategy priorities through projects and initiatives. These ensured that the right conditions are created and provide the opportunities for everyone in South Ribble to succeed and thrive. In line with our four priorities these investments ensure a healthy and happy community, flourishing together in a safer and fairer borough that is led by a council recognised for being innovative, financially sustainable and accountable.



Thriving communities

£50k which has been provided to support positive mental health for young people. Mental Health First Aid training has been provided, Community Mental Health Awareness sessions have been delivered in Penwortham, Leyland and Bamber Bridge and work continues in the evolution of the South Ribble Together Network, made up of agencies who support the work of the South Ribble Together Hub.

£265k to refurbish Vernon Carus Sports Club, work started on site in January to refurbish the existing club house and changing rooms with completion planned for April ahead of the new Cricket season, this will which provide some of the best sporting facilities for our residents to encourage more and more people to access 'Leisure Local'.



Good homes, green spaces, healthy places

£2m to continue to deliver affordable housing units with the completion of Tom Hanson House has provided nine new affordable flats which enables residents from across the borough to have access to affordable, safe and environmentally friendly housing, and will meet the demand of stock which is vitally needed.

£625k was allocated to fund improvements to play areas and open spaces, in addition a budget of **£2.8m** has been budgeted to construct new state of the art football pitches that are already under construction and due to be finished in early 2022/23.



A fair local economy that works for everyone

£150k which has created a Credit Union that will enable access to safe and ethical banking options for all residents, with nearly 100 new savers during the first two quarters of opening.

Investment of at least £33m to continue to fund the Town Deal, including £25m of external funding and £8m of match funding by the council, to invest in current and new buildings to create a 'new heart' for Leyland, including Leyland market improvements and a business hub development for business for workspace, events and skills.



An exemplary council

£2.9m to continue to refurbish Worden Hall which will see the hall transformed into a flexible community use space with provisions for small events and wedding.

£20,000 to improve digital access for less advantaged school children by providing 150 tablet devices to 10 schools across South Ribble

Looking ahead – investment priorities for 2022/23

In 2022/23 we will see further investment in key programmes all of which aim to support our communities to thrive; to drive forward innovations that allow us to continue being an exemplary council; to develop a fair local economy that works for everyone across the borough; and to deliver good homes and greener spaces for residents.

- We will invest **£1.565m** to improve parks, play areas and open spaces, including improvements to Hurst Grange, Birch Avenue - Penwortham, Moss Side Village Green, Farington Lodges, Strawberry Valley Park - Bent Lane, Withy Grove and Gregson Lane, Ryden Avenue and Hutton in 2022/23 and Longton, New Longton and King George Vand Margaret Road in Penwortham in 2023/24. We will also invest **£200k** for improvements to smaller open space and play areas.
- We will invest **£1.600m** to improve our leisure centre facilities
- **£3.100m** to continue to support the development of affordable homes including 15 new affordable homes on the McKenzie Arms site in Bamber Bridge; this means residents from across the borough can have access to affordable, safe and environmentally friendly housing, and will meet the demand of stock which is vitally needed.
- To support the recovery of the local economy following the pandemic, we will invest **£200k** on business support, advice and grants for local businesses to get back on their feet.
- **£30k** to support communities and residents to organise events to celebrate the Queen's Jubilee.
- **£200k** on targeting fly-tipping and environmental improvements across the borough to enable clean and safe local areas for residents.
- **£250k** to create a community support fund, working alongside our existing the Boost Fund and the community hubs to improve the lives of our residents and provide support for individuals, groups and organisations
- Our sports clubs and community organisations have been badly hit through loss of income and membership during pandemic. They provide the life-blood of the borough and so we will create a **£250k** fund for groups to continue and grow.
- To support people into high quality employment, build resilience and improve quality in our service provision as we recover from the pandemic we will invest **£200k** in creating more apprenticeships, graduates and training posts across the council in areas of high demand.
- Following our successful bid, we will utilise £5m in grant from government to **decarbonise our assets**; this grant will enable the council to significantly reduce its use of fossil fuels to power its leisure centres, vehicle depot and office buildings.

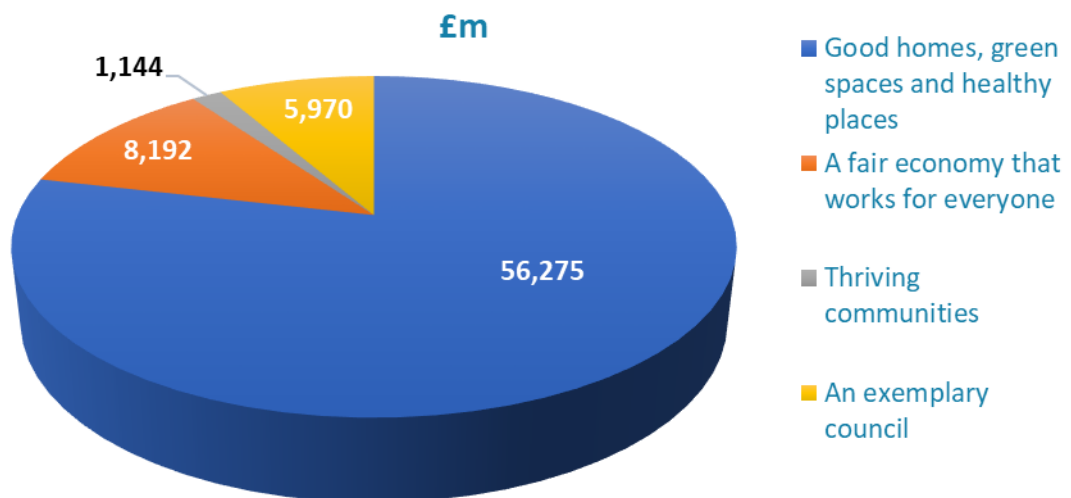
Medium Term Financial Planning and Transformation Strategy

40. Despite the budget savings identified in this report, as outlined above at point xx, there remain forecast budget deficits of £0.619m in 2023/24 and £0.732m in 2024/25. The Council's medium-term plans to reduce the budget deficits are outlined in **Appendix D** – *'Delivering our priorities – Medium Term Financial Strategy 2022/23 to 2024/25'*.
41. The transformation strategy covers many aspects of change both within the council and in partnership with other organisations. The main strands of the strategy that could generate savings and income are outlined within **Appendix D**.

CAPITAL PROGRAMME 2021/22 to 2024/25

42. Details of the capital programme, including new capital investment, are outlined in **Appendix F1**. The capital programme for 2021/22 to 2024/25 totals £71.6m and is an indication of how ambitious the Council is in delivering its Corporate Strategy and the priorities within it.

Capital Investment in South Ribble Borough Council Corporate Strategy 2021/22 to 2024/25



43. South Ribble Council continues to invest through its capital programme to deliver on its ambitions.

This will include:

- Improvements to play areas and open spaces across the borough
- Delivery of affordable homes
- Delivery of neighbourhood improvement projects for residents and communities right across the borough including xxx.

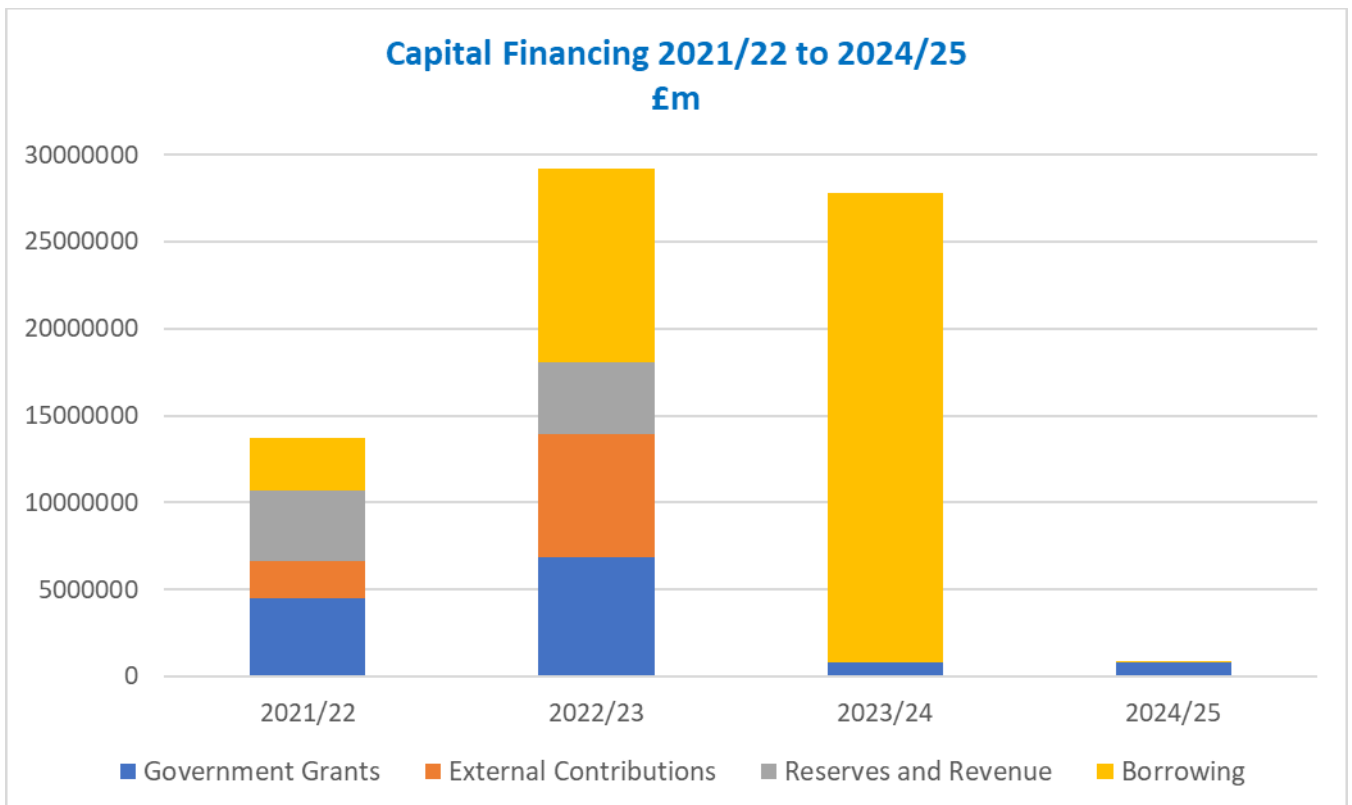
- Improving the leisure centres and leisure and sports facilities to encourage our residents to be active and healthy.
- Supporting our town centre through the delivery of the Towns Fund project
- Supporting our ambition to become carbon neutral by 2030.

44. The council's capital programme is constructed based upon several objectives including the requirement to be affordable and prudent. To do this the council will ensure that whenever possible, the impact of additional investment on revenue budgets will be minimised.

45. The council has a number of sources of funding it can use to invest in the borough including, Community Infrastructure Levy (CIL), section 106 funding, grant funding and capital receipts. Where appropriate the council will also generate future revenue income streams through capital investment to exceed the repayment of borrowing.

CAPITAL FINANCING

46. The financing of the capital programme for the period 2022/23 to 2024/25 is set out in **Appendix F2** to the budget report and summarised in the proceeding chart.



47. The capital programme includes a number of schemes that are forecast to generate revenue that will meet the annual cost of borrowing required to complete the project. These include investment in affordable housing and extra care as well as future investments in sport and leisure services.

48. The council will invest at least £5.4m over the coming three years of contributions from developers as outlined in **Appendix F2**. A summary of s106 funding received and allocated is attached in **Appendix F3**.
49. **Appendix G – Capital Strategy** - to the budget report outlines the council's capital strategy including specific risks within the programme, performance indicators and the council's capital ambition beyond the three-year budget cycle.

CONCLUSIONS

50. This paper outlines for the Council the Cabinet's budget proposals for 2022/23 which are:
 - **A budget that sets out the risk to the council of the future uncertainty in Government funding over the medium-term.**
 - **A budget that has allowed the council to commit to over £1m in revenue investment packages.**
 - **Ensures investments can be made in key areas to support the Corporate Strategy:**
 - An exemplary council
 - Thriving communities
 - A fair local economy that works for everyone
 - Good homes, green spaces, healthy places
 - The assumptions included in the budget have been assessed in the light of the latest information available at this time. They are also compatible with:
 - the proposed *Capital Strategy* as set out in **Appendix G**
 - the proposed *Treasury Management Strategy* as set out in **Appendix H**
 - the proposed *Pay Policy* as set out in **Appendix I**.
51. The MTFs contains the updated budget forecasts to 2023/24 which identifies that further budget savings will be required to bridge the funding gap in future years. The forecasted budget deficit in 2024/25 is estimated to be £0.732m and the MTFs sets out options that can be considered to bridge this gap. Therefore, the MTFs provides a plan to deliver a balanced budget over the longer term in **Appendix C**.
52. The council will develop the Transformation Strategy to deliver efficiencies and additional income to support the continued provision of services to its residents and businesses. There are still factors that may affect the current forecast financial position namely the scheduled reform in business rates retention.

53. The contents of this report are supplemented with additional reports, policies and statements to provide further details as referenced below:

Appendix A	Formal Council Tax Resolution 2022/23 including Special Expenses and Parish Precepts
Appendices B1 - B3	Report of the Chief Finance Officer on the robustness of the estimates within the overall budget, including the risks contained within it and the adequacy of the proposed level of financial reserves
Appendix C	Delivering Our Priorities - Chorley Council Medium Term Financial Strategy 2022/23 to 2024/25
Appendix D	Cumulative Budget Deficit & Budget Strategy 2021-22 to 2024-25
Appendix E	Analysis of movement in the 2022/23 Budget from the position approved by Council in February 2021
Appendix F1	Capital Programme 2021/22 to 2024/25
Appendix F2	Capital Programme Financing 2021/22 to 2024/25
Appendix F3	Developer's Contributions 2017/18 to 2024/25
Appendix G	Capital Strategy
Appendix H	Treasury Management Strategy 2022/23 to 2024/25
Appendix H1	Advice of Treasury Management Consultants
Appendix I	Pay Policy 2022/23
Appendix J	Budget Consultation 2022/23
Appendix K	Assessing the Impact of 2022/23 Budget Proposals

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Report of	Meeting	Date
Director of Finance and Section 151 Officer (Introduced by Cabinet Member (Finance, Property and Assets))	Council	23 February 2022

Report of the Chief Finance Officer

Is this report confidential?	No
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Is this decision key?	Yes
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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PURPOSE OF REPORT

1. Section 25 of the Local Government Act 2003 places a statutory requirement on the council's Chief Financial Officer to report on:
 - a) the robustness of the estimates within the overall budget, and;
 - b) the adequacy of the proposed level of financial reserves.

In setting the Budget for 2022/23, Council is required to have regard to this report when making its budget decisions.

Recommendations to Council

2. An overall assessment of the proposed 2022/23 budget and the assumptions on which this is based, including assumptions regarding cost pressures, income streams, service delivery, inflation and the ongoing Covid-19 pandemic, has identified that whilst there are risks, the overall budget provisions for the year are considered sufficient to meet the council's legal responsibilities and obligations.

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3. A review of risks, mitigations and contingencies has been undertaken alongside the review of reserves and provisions.
4. The Council is recommended to consider the assessment by the Director of Finance (as Chief Finance Officer) of;
 - the robustness of the Revenue Budget and Capital Programme for 2022/23 (as detailed in **Appendices D and F1**) and
 - the adequacy and recommended level of proposed financial reserves (detailed at **Appendix B3**).

Reasons for recommendations

5. The comments of the Chief Finance Officer are required by statute as the Chief Finance Officer should report to members on the robustness of the estimates within the overall budget, including how they have been constructed and the assumptions that underpin them. In addition, the Chief Finance Officer must report to members the adequacy of the proposed financial reserves.

Other options considered and rejected

6. The comments within this report are a statutory requirement and as such no other options are considered

Executive summary

7. The information provided below is to assist Members in their review of the overall Revenue Budget and Capital Programme, and to provide assurance to them that financial advice has been provided throughout the budget setting process
8. The budget is based on the Final Local Government Finance Settlement that was published on 7 February 2022 and also incorporates various financial and economic assumptions that are detailed in the report. The council is operating in a period of change and as such these assumptions may also change over time, such as those pertaining to;
 - the Fair Funding Review
 - the Business Rates system
 - the development of the government's Levelling-Up agenda
9. Members will be kept informed of any developments that impact on the 2022/23 budget and the Medium Term Financial Strategy (MTFS) as the year progresses.
10. In terms of the 2022/23 budget, all key budgets have been reviewed and amended to reflect the ongoing cost of delivering current levels of service. To prepare for the potential impact of any required changes to the assumptions made, the council will retain sufficient levels of reserves to provide flexibility and to cushion the impact of any adverse financial implications arising in the short term.

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11. The forecast is for a balanced budget in 2022/23 and that the council's **general fund balances** will be retained at over £4.0m.
12. The general fund balance is required to manage short-term one-off risks to the revenue budget.
13. In addition, funds are also set aside as **earmarked reserves** that will support the delivery of the council's corporate strategic priorities of;
 - an exemplary council
 - thriving communities
 - a fair local economy that works for everyone
 - good homes, green spaces, healthy places
14. The council continues to develop its **Capital Strategy**; this demonstrates that the council's capital expenditure and investment decisions are taken in line with corporate objectives and take account of stewardship, value for money, prudence, sustainability and affordability. I am satisfied that the Capital Strategy report at **Appendix G**, provides this assurance to Members and outlines the strategic intent for the council over the medium to long-term
15. Having reviewed the robustness of the estimates and the underlying assumptions included in the 2022/23 budget, and commented on the position in relation to key risks and working balances, I am satisfied that the budget assumptions are reasonable, the key financial risks have been considered and the budget is deliverable.
16. Further analysis of the risks to revenue and capital budgets are analysed at the end of this report.

Corporate priorities

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

An exemplary council	✓	Thriving communities	✓
A fair local economy that works for everyone	✓	Good homes, green spaces, healthy places	✓

Background to the report

18. Under the requirements of Section 25 of the Local Government Act 2003 the Chief Finance Officer is required to advise members when setting the budget as to the robustness of the estimates and the adequacy of working balances.

BUDGET STRATEGY

19. The council's overall framework for its medium term budget is contained within the MTFS.

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20. Development of the medium term strategy has been frustrated as, due to the pressures of the pandemic, little movement has been made by the government in progressing their intention to significantly change the way in which councils are funded. Once again, local government has only been provided with a one-year settlement for 2022/23, with significant uncertainty regarding the income streams in future years.
21. Although the government announced back in 2017/18 that consultations would be undertaken to progress local government funding reform, these have been slow to advance. The areas they have specifically stated will be subject to consultation and review include;
 - a Fair Funding Review – resulting in the redistribution of funding across local government;
 - a review of the Business Rates Retention scheme;
 - the future of the New Homes Bonus.

Their work has yet to conclude on this and so we have had to prepare the 22/23 Budget and MTFs over the three year period to 2024/25 with a lack of clarity over future funding and funding mechanisms; we must now wait until more information is provided on future changes to the funding framework before we can model the financial impact on the council and provide more meaningful forecasts.

22. The budget strategy that is presented reflects council-wide involvement across departments, from both Members and Officers, as it is based on an integrated approach to the preparation of capital and revenue plans and the associated strategies of managing risk and maintaining effective internal control; this approach ensures strong financial management and governance.

Budget and Tax Setting Process

23. The annual budget preparation and tax setting process involves the development of robust medium term revenue forecasts and capital plans. In any financial year, the level of government funding, additional cost pressures (including inflation, service specific pressures and areas of investment and growth), together with demand for services, necessitates a re-appraisal of service delivery and identification of efficiency savings to address any funding shortfall in order to deliver a balanced budget. The Budget Strategy and proposals submitted have been formulated to reflect these issues. We have also had to consider the ongoing response to, and future recovery from, the effects of the Covid-19 pandemic.
24. Throughout the formulation of the Budget Strategy, Executive Members have been advised by the Chief Executive and Directors in relation to the operational requirements around policy and legislative initiatives. Likewise, the Director of Finance and senior finance representatives have advised on financial implications and provided comprehensive input to demonstrate financial viability throughout the process. In doing so, and to ensure the robustness of the budget and the budget setting process, we have been mindful of;

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- *Availability of reliable information;*
 - we have sought to ensure that the budget is based on the most up-to-date and realistic assumptions (for example government and Bank of England forecasts for pay and price increases and interest rate movements);
 - we have incorporated information provided by government on funding, as detailed within the one-year, 2022/23 Final Local Government Finance Settlement, published on 7 February 2022;
 - we have reviewed and realigned departmental budgets at the lowest transactional level within overall department cash limits, to reflect changes over time to ensure budgets are broadly in line with current levels of income and expenditure;
 - we have considered the financial consequences of the ongoing Covid-19 pandemic and the funding made available by government.

- *Council's guidance and strategy;*
 - the council's Constitution which contains a clear Budget and Policy framework;
 - the council's Budget Strategy and approach to budget setting;
 - consultation with residents, partners and businesses within the borough and targeted engagement with service users. Over the year this has included consultation on the budget proposals which was split into three parts, in the first part participants were presented with eight priority categories for investment and asked to score each of them accordingly, the second part asked if residents agree with a council tax increase and the final part was an open ended question for general feedback. The consultation ran from the 1st February to the 10th February 2022 and was publicised through various council channels. We received of 220 responses to the online survey, with 109 open comments through an online survey, and 39 responses through social media.

- *Corporate approach and integration;*
 - service departments have identified budget pressures and risks throughout the course of the year, not only in relation to their continued response to Covid-19, but also in respect of delivering their 'business as usual' service plans. These have been developed throughout the course of 2021/22 in readiness for 2022/23, with regular monitoring and progress reporting by Officers at Senior Management Team (SMT) meetings, and in briefings and meetings with Executive Members collectively and individually;
 - the system of controllable budgets for each Department provides a transparent and accountable arrangement to budget setting; consideration is given to both service specific and corporate cost pressures when determining the allocated cash limit and each Department is required to formulate a strategy to ensure a balanced budget and to deliver savings as necessary;
 - the council continues to closely monitor and instigate early action to meet both its immediate and medium term financial challenges. This method has been effective in providing a level of resilience to address the government's funding reductions over the period to date. Despite the redirection of resources and efforts to focus on the council's response to the pandemic, through a combination of increases in income and cost reductions that are contained within the proposals presented to Council, the forecast budget gap for 2022/23 presented to the Council back in February 2021 has now been closed.

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- *Flexibility;*
 - mechanisms to review options for service delivery are linked into the budget process
 - flexibility to free up resources to deliver service improvement and to deliver the council's priorities
 - flexibility in budget management as included within the Council's Constitution

Capital Programme

25. Affordability of capital expenditure plans is important in determining the overall robustness of the budget and adequacy of reserves to deal with potential variations.
26. The proposed Capital Programme for 2021 to 2025 of £71.582 million is included at **Appendix F1** of the budget reports. This predominantly comprises of existing commitments including investment in;
 - Improvements to play areas and open spaces across the borough
 - Delivery of affordable homes
 - Delivery of neighbourhood improvement projects for residents and communities right across the borough
 - Improving the leisure centres and leisure and sports facilities to encourage our residents to be active and healthy.
 - Supporting our town centre through the delivery of the Towns Fund project
 - Supporting our commitment to becoming carbon neutral by 2030
27. Before projects are allocated funding, they are subject to a business case approval process and detailed Member reports are produced in line with the council's financial procedures.

In year financial Monitoring Process

28. The council continuously seeks to strengthen its financial processes and controls. This approach, combined with existing effective arrangements, will provide a strong foundation enabling Members and Officers to continue to deliver the demanding targets and plans set within the Budget Strategy and the challenges identified for future years. In any budget however there are likely to be risks. In year financial monitoring processes are in place to mitigate these;
 - overall budget monitoring takes place throughout the year at both Department and Executive Cabinet level to identify potential areas of pressure and to develop and implement corrective action. This in itself provides a strong control environment and is commensurate with sound corporate governance.
 - at the Senior Management Team meetings, the Chief Executive and Directors review the council's overall financial position alongside progress made in the identification of new and emerging financial pressures and in delivering savings, as well as considering the impact of changes in the local government financial landscape

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- the Scrutiny Budget and Performance Panel meet to review the council's budget position and to challenge delivery and performance against this.
- other specific Boards and Groups such as the Governance Committee, the Shared Services Joint Committee (in conjunction with Chorley Borough Council) and the Transformation Focus Group meet regularly to oversee the activities within their specific remit.
- the financial model that underpins the MTFs is subject to review throughout the year to enhance forward planning, policy prioritisation, resource allocation and assess opportunities to invest in achieving future efficiency savings. The assumptions, variables and information within the model are updated to ascertain the impact of known changes (e.g. legislative changes such as the National Insurance Contributions and National Living Wage), potential changes (such as adjustments to government funding and precept levels), and also for the refinement of variables (such as inflation, interest rates and employers pension rates) in light of emerging information.
- the council adopts a risk based approach to financial management which provides added value to the governance process and identifies risks associated with both the revenue and capital programme. The provision of sufficient levels of General or Unallocated Reserves, mitigates against the financial risks from unforeseen financial issues so that these can be addressed in a responsive and controlled manner. As part of its approach to risk management the council also makes provision for Earmarked Reserves, i.e. funding reserved to address specific future needs.

Risk

29. Ultimately the robustness of the budget is dependent on the strength of the arrangements in place to deliver the component parts, and to manage the associated risks of these.
30. It must be recognised that given the reduction in resources over the past decade of austerity, along with changes made in service delivery together with the social, economic, public health and financial impact of the global Covid-19 pandemic, the council faces significant risks which impact upon the financial estimates included in this budget.
31. These risks, many of which have been exacerbated by the effects of the Covid-19 pandemic, include:
 - the ability to raise and collect revenue from taxes (both Business Rates and Council Tax), and from sales, fees and charges;
 - increases in the number of residents claiming Council Tax Support;
 - potential increase in demand for services from residents, which may be exacerbated by reductions in public sector expenditure in other areas such as the NHS and as a result of Welfare Reform;
 - under-achievement against income targets given the exposure to external factors, principally stemming from the Covid-19 crisis, the impact of any resulting economic downturn and in any resulting change in consumer demand;

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- changes in statutory and legislative requirements, including employment law;
 - changes by government in funding;
 - contractual obligations;
 - potential loss of skilled and experienced staff.
32. Whilst the 4 year settlement, which covered the period 2016/17 to 2019/20, provided some stability to assist in financial planning, uncertainty has prevailed since 2020/21 with regards to the government's plans for, and impact of;
- the development and implementation of a revised Business Rates Retention Scheme,
 - the development and implementation of a new Fair Funding formula,
 - the potential change to funding streams linked to the government's 'Levelling-Up' agenda and proposed future shared prosperity funds
 - devolution and potential local government reorganisation
33. The fact that again we have only received a one year settlement has exacerbated the uncertainty and the risk in our financial planning beyond 2022/23, and indeed in the absence of any figures, assumptions or framework, it has been almost impossible to prepare a credible financial strategy for the medium term with any degree of confidence in the underlying assumptions.
34. However, the approaches outlined in this paper in relation to risk management, scrutiny, continuous monitoring of both the current and forecast financial position, as well as regular modelling through the MTFS of the financial impact of changes in the external environment, should mitigate these risks; by identifying the risks and providing an assessment of exposure, magnitude and potential financial impact, plans can be developed and implemented to address them. Therefore, this Budget Strategy is achievable with strong project and risk management and with effective financial control.

Adequacy of Proposed Financial Reserves

35. Reserves are an essential part of good financial management; they help the council to cope with unpredictable financial pressures and help to smooth the impact of known spending requirements over time.
36. There is no set formula for deciding an appropriate, or required, level of reserves and every council is free to determine the level they hold; holding a low level of reserves offers little resilience to financial shocks and sustained financial challenges, however if reserves are too high, there may be opportunity costs of holding these, resulting in a lack of investment in services that could provide better outcomes for residents, and/or increased savings, and/or revenue generation.

Unallocated Reserve

37. A General or Unallocated Reserve has been established within the budget to provide a contingency to cushion the impact of unexpected events or emergencies, and to meet potential, future liabilities.

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38. The target level of general fund reserves is £4m over the medium term and importantly, the MTFS does not rely on utilising general fund balances to meet any deficits over the three-year period. General fund balances are there to manage potential risks contained in the budget.
 39. There can be no guarantee that expenditure will be contained within each and every budget. The nature of the council's business means that varying demands will be faced during the year and under and over achievement will occur.
 40. However, the aim should be that the budget in total is sustainable taking into account resources available, assumptions made, delivery of savings and the availability of reserves to mitigate "in year" pressures.
 41. Estimates have been based on the best and latest information available and provision has been made within the minimum balances to meet unforeseen eventualities.
 42. Close monitoring of the budget, together with responsive management action, will continue to ensure that income and expenditure remain within budget.
 43. Subject to;
 - the volatility in the funding system in relation to business rate retention
 - possible re-profiling of savings and income generation proposals into future years
 - unexpected costs or income losses
- and, in light of;
- The effectiveness of the council's Internal Control framework
 - The risk based provision made in the level of General Fund balances
 - The council's overall reserves position
44. Then as the section 151 Officer I can confirm that I believe the budget for 2022/23 and level of reserves to be robust.

Earmarked Reserves and Provisions

45. Earmarked Reserves are established to meet known or expected future liabilities where it is difficult to be specific about the exact financial amount of liability.
46. There are several categories of Earmarked reserves that the council holds;
 - sums set aside for the specific investment priorities of the Administration for 2022/23;
 - reserves to fund future asset maintenance
 - reserves set aside to manage the impact of any adverse impact arising from government changes to the Business Rates funding mechanisms and one-off reductions in income;
 - reserves specifically set aside to support the council in its ambition to become carbon neutral by 2030;
 - reserves created from government funding provided to assist in addressing the ongoing pressures of Covid-19, both now and in the future, to aid the recovery of our residents, communities and economy; these reserves will be drawn down, as

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required, to meet the ongoing direct and indirect costs of the pandemic over the short and medium term.

47. The current forecast for Earmarked reserves at 1st April 2022 is £13.957m; a full breakdown of the Earmarked Reserves is attached at **Appendix B3.xx**

Climate change and air quality

48. The report outlines the council's commitment to climate change and references the successful bid of £5m secured for decarbonisation of the council's buildings.

Equality and diversity

49. An Equality Impact Assessment (EIA) and Equality Act implications are detailed in Appendix K to the report.

Risk

50. The risks associated with the 2022/23 Budget and MTFs are noted throughout the report and specifically at Appendix B2 on the agenda

Comments of the Statutory Finance Officer

51. These are contained within the body of the report.

Comments of the Monitoring Officer

52. The report is designed to ensure that the relevant legislation is complied with in terms of Statutory Officer advice.

Report Author:	Email:	Telephone:	Date:
Louise Mattinson – Director of Finance	louise.mattinson@southribble.gov.uk,	01257 515151	14 February 2022

RISKS TO MEDIUM TERM FINANCIAL STRATEGY

The Medium-Term Financial Strategy outlines how the council will achieve its corporate strategic priorities whilst recognising the budgetary pressures of that are expected over the coming 3 years. Within the strategy are a number of risks that are outlined below;

RISKS TO REVENUE BUDGET

HIGH RISK

Changes to the Business Rates Retention Scheme and the Fair Funding Review

Forecasting the level of business rates income beyond 2022/23 remains complicated due to the level of uncertainty in this area. Following various government announcements, councils have been expecting reforms to the business rates system for over four years. In March 2020, the government published the Terms of Reference for the Business Rates Review, setting out that the objectives of this were to reduce the overall burden on business, to improve the current business rates system and to consider more fundamental changes in the medium-to-long term. In March 2021, the government published the Interim Report of the review, with the final report issued in October 2021

The government has concluded from their review;

- that business rates are a vital component of the business tax mix;
- that they wish to preserve the benefits of business rates but will make changes to make their operation fairer and more effective for businesses;
- that they are not proposing changing the nature of the tax, or the basis of valuation;
- moving forward, they have concluded that increasing the frequency of revaluations would represent a fundamental and meaningful improvement to the business rates system and would help to ensure greater distributional fairness; currently, revaluations are scheduled to take place every 5 years although in practice, and due in part to the pandemic, these have only taken place about every 6-7 years. As such government has announced a 3-yearly cycle for business rates revaluations, starting from the next revaluation in 2023.

In light of the above, the quantum of business rates that will remain available to the council after the reset is uncertain. It is likely that the level of funding that councils retain from business rates will be reviewed across the country as part of the government's 'levelling up' agenda. This is expected to flow from the outcome of the Fair Funding Review, however no date has been set for these reforms. As such, in the absence of any further information, the budget assumes the council will retain the current level of business rates enjoyed as part of the Lancashire Pool throughout the three year period of the MTFS.

Post-Covid Recovery

The pandemic has impacted on the council finances as well as the wider economic environment. This has created uncertainty in the MTFS.

To help manage this uncertainty the council has set aside reserves from government grant funding, received;

- £675k Covid-19 recovery reserves
- £104k Covid-19 ongoing commitments

These reserves will help the council manage the Covid recovery period however the full, medium-term impact of this recovery is not yet clearly understood. This could impact further on council expenditure, income and government funding levels.

MEDIUM RISKS

Business Rates Appeals and Other Business Rates Adjustments

The council's share of the provision for business rates appeals stands at £2.694m in 2021/22. Allowance has been made for an additional provision of £0.536m to allow for any further appeals against the 2017 rating list and any appeals resulting from the impact of Covid 19 e.g. reduced demand for office accommodation.

The impact of appeals will be continually monitored, however based upon current information, this increased level of provision is deemed to be sufficient.

Pay Inflation

The 2020 Government Spending Review announced a pay freeze for 2021/22 for the majority of public sector staff, with a guaranteed a pay rise of at least £250 for all staff that earn less than £24,000 per year. At the time of writing this report, the pay negotiations are still ongoing for 2021/22, with the current offer of 1.75% made by the Employers having been rejected by the Trade Unions. The budget has however been adjusted to reflect an uplift of 1.75% in line with the current offer.

In the Spending Review in October 2021, the Chancellor said that pay awards for public sector workers in 2022/23 would be in line with CPI. With the negotiations for 2021/22 yet to conclude, and no fixed point in time announced for the determination of CPI, a provision of 2% has been made in the pay budget, which equates to approximately £230k per year, for South Ribble Council in 2022/23; the government's proposals are not yet agreed with public sector unions.

Delivery of Budgeted Savings and Additional Income

The MTFs includes forecast cumulative gross budget deficits of £0.619m and £0.732m in 2023/24 and 2024/25 respectively. To balance the budget over the course of the MTFs we will need to continue to develop the Transformation Programme and savings programme, including opportunities for income generation. The monitoring and robust challenge of all proposals is overseen by the council's Shared Services Management Team and Shared Senior Leadership Team. Risks are reported to the Shared Services Management Team as well as Members, and actions are taken when required. Given the council's likely increased dependency on generating income there will always be some risks that sit outside of the council's control and are therefore more difficult to manage.

The council's minimum general fund balance of £4m has been set such that potential delays in bringing forward income or generating savings can be temporarily managed within council resources.

The council is still able to borrow from PWLB at low rates to fund its capital programme. However, government reforms have meant that in order to utilise these funds the council is prohibited from investing 'primarily for yield'. This will not however prevent investment in schemes that meet the economic, regeneration and/or housing needs of the borough, and which may generate an income as a consequence or by-product of the investment. Although this will not affect the council's current capital programme, this will need to be carefully considered when making future investment decisions.

Existing Income

The major income streams that the council benefits from include planning, garden waste subscriptions and car parking, as well as commercial income from assets the council owns. Reductions in income outside the control of the council could leave services under-funded. Therefore the council has been prudent when budgeting for income and has set aside an income equalisation reserve of £150k

Inflation

The council's expenditure is subject to annual inflation. In December 2021 the CPI inflation figure rose to 5.1%, with the Bank of England forecasting for inflation to peak at 6% next April.

The impact upon the council will be mitigated where possible through cost control and effective contract management.

The impact of inflation will be assessed continually through the budget monitoring process, and budgets will be reviewed annually when updating the MTFS.

RISKS TO CAPITAL BUDGET

MEDIUM RISKS

Overspends on Capital Projects

All capital projects are monitored on a quarterly basis, with the major capital projects monitored on an ongoing basis by council officers and commissioned external project managers. Any potential overspends are highlighted by the relevant project group or officer and reported to the Director of Finance.

Actions plans are agreed to manage potential overspends and managed by the project officer. If necessary, financing is identified within the capital programme to meet any additional required resources. Changes to the capital programme are reported quarterly to Executive Cabinet. Changes to a capital project between these periods are taken on a separate report to Executive Cabinet or Full Council, in line with the council's financial regulations.

LOW RISK

Insufficient Financing to Delivery Capital Programme

The council continues to have a significant gap between its capital funding requirement and current borrowing levels. As such borrowing is available to the council if funding sources previously allocated to projects no longer become available.

Insolvency of Major Contractor

As part of the tender process the financial standing of each contractor has been thoroughly assessed. These checks are regularly and the council's subscription to a credit check agency provides alerts were the credit status to change.

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RESERVES

- The council has made ambitious investments to help enable the delivery of a balanced budget whilst ensuring a prudent and affordable approach to delivering the medium-term financial strategies. The council has set aside and increased the balance of reserves as outlined in the table below.
- The expected balance of these reserves at the beginning of 2022/23 is;

Reserves	Forecasted Balance 1st April 2022 £'000
General Fund Balance	(4,534)
Corporate Reserves	
Borough Investment account	(2,581)
Brexit Preparation Grant	(36)
Business rates retention reserve	(2,843)
Business rates temporary surplus to be repaid	(354)
Capital Funding Reserve	(737)
City Deal	(1,851)
Climate Emergency	(250)
Community Wealth Building	(150)
Covid Commitments Reserve	(104)
Covid Recovery Fund	(675)
Income Equalisation Reserve	(150)
Income Investment Reserve	(233)
New Burdens Grant	(80)
Restructure costs	(200)
Shared Services Implementation	(48)
Queens Jubilee Celebrations	(30)
Business Support Advice and Grants	(200)
Grot Spots and Environmental Improvements	(200)
Apprentice, Graduate and Trainee Posts	(200)
Community Hub Boost	(200)
Sports Club and Community Organisations	(200)
IT Transformation Reserve	(816)
Commercial and Property	(510)
Communities	(610)

Customer and Digital	(12)
Governance	(160)
Planning and Development	(362)
Policy	(163)
Total Earmarked Reserves	(13,957)
Total Reserves - General and Earmarked	(18,490)

3. These reserves are necessary to fund the priorities that matter to residents as well as mitigating the financial impact of the uncertainty that the council faces. This includes the reforms to future funding levels and the impact of Covid-19 on its residents and local businesses.
4. As referenced early on in the report the council's outturn position and reserves will be reviewed throughout the remainder of the financial year. It is expected that additional underspends and movement between reserves will fund the additional reserves set out in the table above.
5. The council has set aside £4.534m in general funds, approximately 29% of the annual net expenditure budget, to manage future uncertainty in expenditure and income over the medium-term. The council has not budgeted to utilise this reserve to manage budget deficits however this will be reviewed as part of the council's continual budget management process.
6. The council has set aside £2.843m to manage any one-off reductions in business rates such as unbudgeted changes to valuations or the implementation of future expected Government reforms. This reserve represents approximately 48% of annual retained business rates.
7. The council is committed to supporting its local workforce and local businesses and has set aside reserves for the following:
 - Continue to support the council's apprenticeship factory that offers placements for apprentices to gain experience in the workplace whilst studying towards a qualification. An additional £200k will be invested to provide additional apprenticeship, graduate and training posts
 - The council will support businesses across the borough by providing business advice and offering grants so that businesses can recover and prosper in the Borough. An additional £200k will be set aside to support this programme.
8. As part of the City Deal arrangement the council receives £492k per annum for 10 years from LCC for community provision and to mitigate the significant financial risks that could impact on the deliverability of the City Deal. This contribution will cease in October 2023 when the City Deal arrangement is scheduled to finish. This income has been set aside in a reserve that now stands at £1.851m. It is proposed this reserve is

utilised over the MTF period to offset the reduction in income that will be experienced when the agreement finishes.

9. The council continues to invest in its communities including:
 - £150k reserves set aside to promote community wealth building to redirect wealth back into the local community
 - A reserve of £115k plus an additional £250k to resource the council's community hubs to continue to provide a range of high-quality support services to residents
 - There remains £144k in reserve to fund any increased costs relating to the support of homelessness services. This has been especially important during the Covid-19 pandemic.
 - £250k to fund support to community-based organisations - building resilience and capacity in the community and aiding recovery post-Covid. This includes grants for local sports clubs to ensure inclusive access to facilities and promoting healthy lifestyles
 - The budget proposes to set aside £30k of funding in reserve to support communities celebrate the Queen's Jubilee

10. The total reserves for Covid consist of:
 - Covid Recovery Fund - £675k has been set aside to enable the council to support businesses and residents once the pandemic has subsided. This will be increased in 2022/23 by £251k as a result of the late notification of increase in S31 funding for Business Rates included within the final Local Government Finance Settlement.

11. The council continues its commitment to become carbon neutral by 2030. The council has set aside £250k from reserves to continue this ambition, this is on top of £1m the council will invest in green infrastructure and the construction of low carbon affordable housing in the Borough. The budget also includes £200k additional funding to enable the council to make improvements to the local environment.

12. The council has set aside £2.964m towards funding investment within the Borough, this includes:
 - £2.581m Borough Investment Fund that is fully committed over the medium-term to fund capital investment including the regeneration of Leyland Town Centre and Worden Hall refurbishments.
 - £150k investment income equalisation reserve to manage any temporary reduction in the income the council generates through its commercial assets.
 - £233k income investment reserve to fund any initial revenue costs of bringing forward capital investments that meet the council's corporate objective priorities whilst also generating a net income to the council.

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SOUTH RIBBLE MEDIUM TERM FINANCIAL STRATEGY

2022/23 to 2024/25

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FOREWARD



Councillor Matthew Tomlinson

Cabinet Member
(Finance, Property
and Assets)

Over the last year, as well as continuing to support our residents and borough through the pandemic, we have also continued to improve our services and support our communities. This proposed budget will allow us to continue using our resources and budgets to sustain vital services and ensure a strong recovery from the pandemic by investing in neighbourhoods, communities and businesses.

To support South Ribble residents and despite the expectation from Government to do so, we will not increase council tax in 2022/23 while still setting a balanced budget.

With changes in local government funding looking imminent, particularly in respect of the future level of business rates income to be retained by the council, we have plans in place to meet the financial challenges we face. We will continue to transform services to deliver efficiencies as well as investing in capital expenditure projects throughout the borough.

This year, our work to build more affordable housing and an extra care facility will continue. We will undertake more work to tackle climate change, provide support to community groups and improve our local environment.

A newly refurbished Worden Hall will open and we will host new events for residents and visitors to enjoy. We will review and refresh the support we give to our businesses as they recover from the pandemic and drive inclusive economic growth.

Although the financial uncertainty prevails, the council will continue to deliver its priorities as set out in this Medium Term Financial Strategy to make South Ribble a healthy and happy community, flourishing together in a safer and fairer borough.

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INTRODUCTION

1. The approval of the Annual Budget is an important stage in the council's annual planning and budgetary process, as the revenue estimates form the basis for setting the Council Tax for the following year. This section aims to put finance into its corporate context. Not all matters can be covered in detail, but it is intended to give a flavour of how finance influences the way that South Ribble Borough Council operates and is governed.

FINANCE AND CORPORATE PLANNING

1. Within the framework of legislation and Government controls, local authorities retain responsibility for determining the level of their budgets and how those budgets will be spent, subject to legislation and grant conditions.
2. The purpose of the council's budget is;
 - To enable the council to fulfil its statutory duty to set Council Tax each financial year
 - To ensure that use of the council's financial resources is planned and that a balanced budget is set in 2022/23.
 - To set financial targets for service managers against which their use of financial resources can be measured and controlled.
 - To facilitate the delivery of the council's corporate strategy and subsequent priorities by allocating resources between services according to agreed strategies and plans.
3. The first is a statutory requirement and the council, if it does nothing else, must fulfil this obligation. All these points are important, especially the last regarding the delivery of the council's Corporate Strategy. It means that finance always needs to be seen in the context of other council plans, whether at service level or, ultimately, at corporate level. South Ribble Borough Council will ensure that its financial resources, subject to all other constraints, are allocated in accordance with council priorities.
4. In practice there are a number of constraints that might prevent the council from spending purely in accordance with its current priorities, for example: -
 - Government constraints over use of resources
 - Legal requirements to provide certain services
 - Financial and legal commitments, and other agreements, e.g. staff contracts
 - Costs incurred in implementing change
 - Limited availability of resources
 - Time needed to plan for change
 - Pressure to maintain and improve services and not to cut back
5. It is important for the council to recognise these constraints and to plan the use of resources over the short and medium term.

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THE FINANCIAL CONTEXT

6. The purpose of the Medium Term Financial Strategy (MTFS) is to set the financial framework for the council for the medium term to ensure delivery of strategic objectives and major projects. This requires a review and assessment of revenue budgets, the capital programme, levels of reserves and potential future Council Tax levels, based on funding projections and other financial and economic assumptions.
7. The fact we have only received a one year settlement has exacerbated the uncertainty and the risk in our medium term financial planning; in the absence of any figures or framework from Government, it has been almost impossible to prepare a credible financial strategy beyond 31 March 2023 with any degree of confidence in the underlying assumptions. Uncertainty prevails in respect of:
 - the development and implementation of a new Fair Funding Review;
 - changes to the Business Rates Retention Scheme;
 - the funding changes linked to the government's 'levelling up' agenda and future shared prosperity funds;
 - devolution and potential local government reorganisation and;
 - in the public health, social, economic and financial impact of the global Covid-19 pandemic in both the short and medium term.

It is within this financial context that we have developed the MTFS

Fair Funding Review

8. The current funding baselines for local authorities in England, as determined by the annual Local Government Finance Settlement, are based on an assessment of each authority's relative needs and resources. The methodology behind this assessment was first introduced over ten years ago and has not been updated since the introduction of the 50% business rates retention system in 2013-14.
9. Whilst this approach has ensured that those councils who have grown their business rates since this time have benefited from the additional income generated, it also means that the changes in the underlying level of 'need' within individual councils, has not been updated since the 2013-14 settlement. In addition, a desire to fully capture every aspect of a local authority's needs has led to increasingly large numbers of variables being included in the formulas, many of which have had a relatively minimal impact on the overall distribution of funding.
10. A consultation was issued at the end of 2018, which closed on 21 February 2019, on proposals for a new and simplified needs assessment formula, based on a smaller number of indicators; three years later, we are still awaiting the response.

Business Rates Retention

11. Forecasting the level of business rates income beyond 2022/23 remains complicated due to the level of uncertainty in this area.
12. As for the Fair Funding Review, although a consultation outlining suggestions and inviting comments for a future approach to Business Rates was undertaken in late 2018, closing in February 2019, given the political turmoil of 2019 and Brexit, followed by global

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crisis due to Covid-19, there has been little progress in the development of a new scheme.

13. In March 2020, the government published the Terms of Reference for the Business Rates Review, setting out that the objectives of this were to reduce the overall burden on business, to improve the current business rates system and to consider more fundamental changes in the medium-to-long term. In March 2021, the government published the Interim Report of the review, with the final report issued in October 2021.
14. The government has concluded from their review;
 - that business rates are a vital component of the business tax mix;
 - that they wish to preserve the benefits of business rates but will make changes to make their operation fairer and more effective for businesses;
 - that they are not proposing changing the nature of the tax, or the basis of valuation;
 - moving forward, they have concluded that increasing the frequency of revaluations would represent a fundamental and meaningful improvement to the business rates system and would help to ensure greater distributional fairness; currently, revaluations are scheduled to take place every 5 years although in practice, and due in part to the pandemic, these have only taken place about every 6-7 years. As such government has announced a 3-yearly cycle for business rates revaluations, starting from the next revaluation in 2023.
15. In light of the above, the quantum of business rates that will remain available to the council after the reset is uncertain. Likewise, the level of funding that councils will retain from business rates will be reviewed across the country and is expected to flow from the outcome of the Fair Funding Review, however no date has been set for these reforms.

Levelling-Up Agenda

16. The 'Levelling up the United Kingdom' White Paper was issued by the Government on 2 February 2022. The paper states that this agenda is a long-term endeavour requiring a programme of change that will facilitate a shift in how central and local government, the private sector and civil society operate.
17. A consultation will follow and further details will be provided in due course on several of the policy commitments referred to within the paper. In addition, legislation will be required before Parliament to underpin in statute the changes that will be fundamental to levelling up, alongside wider planning measures.
18. As such, it is not anticipated that this agenda will have imminent impact on the finances of the council at this stage.

ASSUMPTIONS MADE WITHIN THE MTFS

19. In preparing the MTFS, careful consideration has been given to the assumptions on which both income and expenditure budgets have been based, taking a prudent but realistic view and considering these at a detailed level utilising the best information

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available both internally and externally, and consulting with advisors and leading experts across the areas covered.

20. The key assumptions that underpin the most significant income and expenditure budgets that have been incorporated into the MTFS are detailed below;

GENERAL FUND FORECAST ASSUMPTIONS

The following assumptions have been made as part of reporting a balanced budget in 2022/23 gross deficit of £0.619m in 2023/24 and reporting a gross deficit of £0.732m in 2024/25.

Key Assumption	22/23	23/24	24/25	Comment
<u>INCOME/FUNDING</u>				
Increase in Council Tax	0.00%	0.00%	1.99%	The MTFS assumes that Council Tax will freeze over the next two years based on current financial forecasts and assumptions regarding funding and costs. However given the uncertainty that prevails, we will revisit this each year as part of the budget setting process as the position will be dependent on the outcome of the government's reviews of both the future funding framework and the future distribution of funding between councils as referred to above.
Council Tax Base Increases	0.00%	0.00%	0.00%	A prudent assumption has been made within the MTFS of growth in the council tax base; this will be kept under review over the course of the year and projections refined, including any associated financial impact.
Increase in Retained Business Rates through Growth	0%	0%	0%	Revaluations, appeals and possible changes to the baseline mean that the council assumes no increase in the business rates base through growth. For the reasons highlighted, the council will monitor gross levels of business rates and collection rates as well as continuing to focus resources on attracting new and expanding local businesses.
Additional Business Rates - Lancashire Pooling Arrangements	£1.396m	£1.396m	£1.396m	South Ribble Borough Council has benefited for several years from membership of the Lancashire Business Rates Pool. In the absence of any further information, the budget assumes the council will retain the current level of business rates enjoyed as part of the Lancashire Pool throughout the three year period of

Key Assumption	22/23	23/24	24/25	Comment
				<p>the MTFS, and the current mechanisms of Business Rate Retention will remain.</p> <p>The 2022/23 figure is the additional business rates retained by South Ribble Borough Council as part of its membership to the Lancashire business rates pool.</p> <p>It is assumed the pool does continue during the next three-year period. It is possible the implementation of the fair funding review eliminates these gains. No timetable has been set regarding the review however retaining this income does still present a risk to the council over the medium term.</p>
Business Rates Equalisation Reserve	£2.843m	£2.843m	£2.843m	<p>A consideration within the MTFS is the impact that a national economic slow-down could have on the level of business rates income. This could result in an increase in the number of appeals against rateable values, as well as reducing local economic activity and therefore reducing retained business rates. The council's share of the provision for appeals currently stands at approximately £3.23m in 2022/23 which is comparable to the national average.</p> <p>In addition, the council's business rates income equalisation reserve has approximately £2.843m set aside over the medium-term to manage the risk of temporary reductions in retained business rates; this equates approximately to a 48% reduction in 2022/23 levels of retained business rates income. It is assumed that this level of reserve will be maintained across the period of the MTFS.</p>
Total Forecast New Homes Bonus	£0.802m	£0.000m	£0.000m	<p>New Homes Bonus was introduced in 2011 as a stimulus for the provision of new homes and is a non-ringfenced grant, distributed between local authorities based upon new growth in housing provision in their area. The length of time that the bonus is paid for, for each new home built, has reduced from 6 years when it was first introduced, down to 5 years with effect from 2017/18, and down to 4 years from 2018/19.</p>

Key Assumption	22/23	23/24	24/25	Comment
				<p>For the past 2 years a one-year, non-recurring allocation has been provided but it is expected that this will be the final year of funding, and therefore the MTFS assumes no further income beyond 22/23.</p> <p>The funding for 2022/23 is forecast to be passed to the City Deal as per the original agreement.</p>
Lower Tier Services Grant and Services Grant	£0.269m	£0.000m	£0.000m	<p>Every year the Government calculates the council's core spending power which is a combination of the council's council tax income, business rates income and new homes bonus grant allocation. The Lower Tier Services Grant, first introduced in 2021/22, has been allocated again in 2022/23 to compensate the council for the reduction in funding identified through the core spending power calculation.</p> <p>The Government has also provided additional funding for 2022/23 in the form of the Services Grant. Again this is non-recurring and non-ringfenced grant, that is distributed on the same basis as the Lower Tier Services Grant.</p> <p>Both grants are non-recurring and as such they have not been included in the MTFS for 2023/24 or 2024/25; the one-off nature of this funding stream does mean that the council continues to face significant financial uncertainty over the medium term.</p>

EXPENDITURE

Key Assumption	22/23	23/24	24/25	Comment
Pay Award 21/22	1.75%	1.75%	1.75%	<p>The Government spending review announced a pay freeze in 2021/22 for the majority of public sector staff with a guaranteed a pay rise of at least £250 for all staff that earn less than £24,000 per year. Following NJCC negotiations, a final offer of 1.75% has been made by the Employers.</p> <p>Although rejected by the public sector unions, in the absence</p>

Key Assumption	22/23	23/24	24/25	Comment
				of further information, this level of award has been assumed in the pay budget for South Ribble Borough Council in 2022/23.
Pay Award 22/23	2.0%	2.0%	2.0%	The MTFs assumes a 2% pay increase for all staff in each of the three years covered. This assumption adds approximately £230k to the pay budget each financial year. The spending review also announced that national living wage will rise from £8.91 to £9.50 an hour and will be extended to workers aged 23 and over from April 2022 This will not affect South Ribble Borough Council's pay bands for 2022/23 as the council pays above this level already. No adjustments have been made for any further living wage increases as it is assumed that the council's pay bands will continue to exceed this over the course of the MTFs.
Vacancy Saving	2.5%	2.5%	2.5%	Given the inevitable turnover in staffing, there is more often than not a period of time between an employee leaving and their replacement commencing in post. With turnover levels of approximately 10% in 21/22, an assumption has been made that underspends of 2.5% will be generated as a consequence of the timing of recruitment.
Future Service Pension Rate	17.1%	17.1%	17.1%	As part of their triennial pension review in 2019, the Lancashire County Pension Fund announced an increase in employer pension contributions for the council from 14.9% to 17.1% for each of the three financial years 2020/21 to 2022/23, to meet the future costs of the scheme. Within the MTFs, the same contribution rate is assumed for 2023/24 and 2024/25, although this will be reviewed when the new three-year review is undertaken later this year.
Covid-19	-	-	-	The pandemic has impacted on the council finances as well as the wider economic environment. The Government has provided funding to mitigate this risk which the council has utilised in part, but given that costs are expected to continue as we enter the stages of recovery, some of these funds have been placed into reserves to cushion the impact of this over the period of the MTFs. The council has increased the Covid Recovery reserve to further assist in this.

PLANNING AND DELIVERY OF THE COUNCILS CORPORATE STRATEGY

21. Despite these financial challenges, South Ribble Council continues to deliver projects that meet the priorities of its residents. These projects are outlined as part of the council's Corporate Strategy. The Corporate Strategy provides a clear statement of what the council aims to achieve over the next three years. The strategy sets out not only the council's vision, priorities, and long-term outcomes for the period 2021/22 – 2023/24 but also priority activities to be delivered through the corporate projects and how we intend to measure success over the year ahead. The Corporate Strategy identifies our key priorities as a council which are:
- an exemplary council
 - thriving communities
 - a fair local economy that works for everyone
 - good homes, green spaces, healthy places

Corporate Strategy 2021/22 to 2023/24

22. South Ribble Council's corporate strategy 2021/22 – 2023/24 was approved by Full Council on 24 November 2021. The focus of the Corporate Strategy to date has been on delivering schemes and initiatives that achieve visible and tangible outcomes against corporate priorities.
23. The Corporate Strategy for 2020/21 has progressed well and delivered some key outcomes including new affordable housing units, implementing the new community hub model, progress with Worden Hall and the Leyland Town Deal and establishing a joint partnership comprised of key partners for Chorley and South Ribble.
24. The council continues to be an exemplary council with the development of a joint partnership strategy to improve outcomes for residents by bringing public services together to make the best use of collective resources and further shared services have been developed ensuring the council can continue to deliver value for money, efficient and effective services to all residents. The strategy has enabled communities to thrive through the development of community hubs in five neighbourhood areas, multiple food banks have been brought together through the council to form a network to help coordinate resources effectively and mental health first aid sessions have been delivered to 43 officers who are now Mental Health First Aiders to help support young people.
25. 'A fair and local economy' remained a top priority to ensure a strong recovery from Covid with a programme of support and grants for businesses, and the opening of a credit union enabling access to financial services for those who may find it difficult to access high street banking. The council has continued to deliver good homes, green spaces and healthy places to residents through completing its first development of affordable homes, with nine affordable apartments delivered through the Tom Hanson House project. The completion of the first scheme provides a strong foundation for the Council moving forward to deliver a further 15 new quality affordable homes in Bamber Bridge

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and to continue with consultation on delivering an Extra Care scheme, progressing to the second stage of its design.

26. For 2021/22 – 2023/24 key projects have been identified for delivery including work to support thriving communities through the enhancement of community hubs and a programme of events and attractions to provide things to do and places to go. The Worden Hall complex will be completed as a flagship venue, more affordable housing will be developed, and the leisure centres will be revitalised through an extensive programme of improvement to ensure good homes, green spaces and healthy places. Across the borough, the council will support residents and businesses with advice and support so that they can get back on their feet following the pandemic driving forward the principles of cooperation and community wealth building. We will also drive forward plans to transform the town and village centres to promote a strong and inclusive economy. The Council will continue its improvement journey by delivering the recommendations of the peer challenge and develop more effective working practices in response to the changing environment, continuing to support our staff development. We will also work more closely with partners to ensure that services make sense for residents and customers. Addressing climate change is a major priority cutting across all of our projects, but the council will also undertake specific work to improve our own assets and proactively encourage positive action across the borough by providing infrastructure and incentives.
27. The Medium-Term Financial Strategy delivers a budget that is robust and sustainable and that also delivers both the capital and revenue commitments required to deliver the corporate strategy priorities. A few of the key projects that have been delivered and will be delivered over the next 3 years are as follows:

An exemplary council

Delivered;

- £2.9m to continue to refurbish Worden Hall which will see the hall transformed into a flexible community space with provision for small events and weddings;
- £20k to improve digital access for less advantaged school children by providing 150 tablet devices to 10 schools across South Ribble.

To be delivered;

- £200k to target fly tipping and environmental improvements across the borough to enable clean and safe local areas for residents.
- £30k to support communities and residents to organise events to celebrate the Queen's Jubilee

Thriving communities

Delivered;

- £50k which has been provided to support positive mental health for young people. Mental Health First Aid training has been provided, Community Mental Health Awareness sessions have been delivered in Penwortham, Leyland and Bamber Bridge and work continues in the evolution of the South Ribble Together Network, made up of agencies who support the work of the South Ribble Together Hub.

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- £265k to refurbish the Vernon Carus Sports Club; work started on site in January to refurbish the existing club house and changing rooms, with completion planned for April ahead of the new cricket season. This will provide some of the best sporting facilities for our residents to encourage more and more people to access 'Leisure Local'.

To be delivered

- Our sports clubs and community organisations have been badly hit through loss of income and membership during pandemic. They provide the life-blood of the borough and so we will create a £250k fund for groups to continue and grow.
- £250k to create a community support fund, working alongside our existing the Boost Fund and the community hubs to improve the lives of our residents and provide support for individuals, groups and organisations

A fair local economy that works for everyone

Delivered;

- £150k which has created a Credit Union that will enable access to safe and ethical banking options for all residents, with nearly 100 new savers during the first two quarters of opening;

To be delivered;

- To support the recovery of the local economy following the pandemic, we will invest £200k on business support, advice and grants for local businesses to get back on their feet.
- To support people into high quality employment, build resilience and improve quality in our service provision as we recover from the pandemic we will invest £200k in creating more apprenticeships, graduates and training posts across the council in areas of high demand.

Good homes, green spaces, healthy places

Delivered;

- £2m to continue to deliver affordable housing units. The completion of Tom Hanson House has provided nine new affordable flats which enables residents from across the borough to have access to affordable, safe and environmentally friendly housing, and will meet the demand of stock which is vitally needed;
- £625k was allocated to fund improvements to play areas and open spaces. In addition a budget of £2.8m has been provided to construct new 'state of the art' football pitches that are already under construction and due to be finished in early 2022/23.

To be delivered

- We will invest to improve parks, play areas and open spaces, including improvements to Hurst Grange, Birch Avenue - Penwortham, Moss Side Village Green, Farington Lodges, Strawberry Valley Park - Bent Lane, Withy Grove and Gregson Lane, Ryden Avenue, Hutton and Worden Park in 2022/23 and Longton, New Longton and King George V and Margaret Road in Penwortham in 2023/24. We will also invest £200k for improvements to smaller open space and play areas.

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- £3.1m to continue to support the development of affordable homes with 15 new affordable homes on the McKenzie Arms site in Bamber Bridge; this means residents from across the borough can have access to affordable, safe and environmentally friendly housing, and will meet the demand of stock which is vitally needed.
- We will invest £1.600m to improve our leisure centre facilities

MEETING THE FINANCIAL CHALLENGE

29. The last medium-term financial strategy reported to Full Council in February 2021 set out the council's approach in meeting the financial challenges over the period 2021/22 to 2023/24. The council's MTFs has guided work to bridge the gap and deliver a balanced budget through through:

- productivity savings including modernisation of services, delivery of the Digital Strategy and continually reviewing its staffing structures to ensure they are efficient and fit-for purpose.
- delivery of shared services, realising significant savings while improving and building resilience in services

SENIOR LEADERSHIP TEAM

28. In terms of transformation, the purpose of the Senior Leadership Team is to:
- Monitor project progress and issues
 - Ensure proposals meet with the overall objectives of the Transformation Strategy and anticipated savings
 - Consider dependencies between projects to make sure that activity is coordinated (particularly with regard to consultation/service reviews) and monitor overall demands on capacity
 - Review and scrutinise corporate performance.

WHAT IS THE BUDGET GAP?

29. The estimated budget gap based prior to actions being taken to balance the budget is:

South Ribble Borough Council Transformation Programme

	2022/23 £m	2023/24 £m	2024/25 £m
TOTAL BUDGET DEFICIT	0.000	0.739	1.014
Council Tax Increase – Freeze in 22/23 and 23/24 & 1.99% increase in 24/25	(0.000)	(0.000)	(0.162)
Net Income from Capital Investment	(0.000)	(0.065)	(0.065)
DFG Admin Charge to 12.5%	(0.055)	(0.055)	(0.055)
NET DEFICIT / (SURPLUS)	0.000	0.619	0.732

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30. The key challenge to the council to find forecast efficiency savings of £0.732m by 2024/25.

To achieve this the council's strategy will be:

- To make the council more financially self-sufficient with specific emphasis on creating investment that provides benefits to residents and businesses whilst also generating income.
- To realise savings through the procurement of its contracts including joint contractual arrangements with Chorley Council.
- To identify efficiencies through investment in infrastructure, ICT and through exploring alternative delivery models that will enable the council to balance the budget whilst seeking to minimise the impact on front line service users

Transformation Strategy

31. The transformation strategy covers many aspects of change both within the council and in partnership with other organisations. At this stage, the main strands of the strategy that could generate savings and income are outlined further below.

Income Generation

32. The Local Government Finance Settlement outlines the Core Spending Power available to local authorities. This is the level of resources the government assumes councils will have available and is predicated on all councils across the country increasing council tax up to the referendum limit of 2% (5% for authorities with social care responsibilities) year-on-year.
33. Whilst the proposed freeze on Council Tax for 2022/23 and 2023/24 has implications for future year budgets, based on current information, this is offset by the increase in Business Rates income from growth in 2021/22 and in S31 grant announced in the Final Settlement announced on 7 February. As such the proposed freeze is contained within the current overall budget position and is deliverable whilst still achieving a balanced budget in 2022/23.
34. The Council Tax rate for South Ribble Council sits broadly within the middle of the range of other Lancashire District authorities. There is a wide range of charges across Lancashire and the gap between South Ribble and the next authority (Lancaster) is over 6%.

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	Band D Equivalent 2021/22 £
Preston	327.13
Burnley	312.28
Rosendale	285.13
Pendle	276.01
Hyndburn	255.53
Lancaster	236.95
South Ribble	223.24
Fylde	214.91
West Lancs.	213.39
Wyre	209.74
Chorley	195.76
Ribble Valley	155.69

35. The council will remain committed to supporting those who may struggle to pay their council tax because of the challenging circumstances they find themselves in. On that basis, the council will make use of the monies it has available to support council taxpayers.

Investment sites

36. The council owns several sites that are being developed to bring forward the expansion of employment and housing within the borough. These include:
- McKenzie Arms – 15 high quality affordable homes that offer a high level of comfort whilst using minimal energy for heating. This development is also expected to generate £65k of annual net income to the council from April 2023 onwards.
 - West Paddock Extra Care scheme - that will develop over 70 self-contained homes embracing the principles of the lifetime homes standard that ensures the homes will be accessible and adaptable. It is forecast this development will generate a net income to the council in 2025/26 onwards.
 - Worden Hall – the council is investing £2.9m in the refurbishment of the hall enhancing the visitor experience whilst also generating an increase in income to the council through hire of community spaces, additional events and improved café facilities. Over the medium term, this enhanced facility will be cost-neutral to the council while attracting more visitors to the borough.

Future Savings

37. The council has been successful in generating efficiency savings and additional income to bridge the budget gap whilst continuing to deliver outstanding services to its residents. Required savings of approximately £0.732m, subject to future Government announcements, are forecast over the period of the MTFS to manage increases in costs as well as potential reductions in future Government funding.

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38. Whilst there is continued uncertainty about the potential level of savings required over the medium term, it is prudent to put in place plans to identify and secure the savings that may be required over the medium term. Through the Transformation Strategy and Medium Term Financial Strategy, the following are the key areas of savings that will be targeted for future;
- **Service savings.** An exercise has been undertaken that has identified a potential of £0.470m of savings over the next 3 years. An exercise has been undertaken to prioritise the options with an aim of minimising any adverse impact on service delivery;
 - the council has been successful in **investing within the borough** to generate jobs, improve health services as well as improving the retail and night-time economy. Whilst delivering this, the council has also generated additional net income that supports other council services. The council will continue this approach, and in the continued redevelopment of the town centre, working to identify further opportunities to provide net income. The council has successfully brought in additional external funding from various sources to support investment in the borough including Homes England, Lancashire Enterprise Partnership (LEP), Community Infrastructure Levy (CIL) and S106 funding from developers in the borough. The council will build on this success to deliver future investments;
 - the council is ambitious in its delivery of services and will continue to pursue **alternative models of delivering its services.** The MTFS includes efficiency savings that have already been secured through the expansion of shared services with Chorley Council. As Phase 2 of the Shared Services model reaches the final stages of implementation, no additional savings have been identified, however the council will consider further opportunities alongside its wider priorities if improvements and efficiencies can be attained. The council will also seek to reduce the costs of leisure services, now delivered by the council's wholly owned company, South Ribble Leisure Ltd, established in September 2021. Over the course of the MTFS we will work with the new company to reduce its net operating costs to move to generating a net benefit to the council.
 - the council has an **ambitious capital programme** that will deliver improvements to assets across the Borough. The council has successfully bid for a £25m Town Fund grant with proposed match funding. This will deliver transformational change to areas of Leyland including new housing and employment opportunities. It is expected that this will also deliver a net income stream to the council helping it to manage future budget deficits.
 - the council is committed to reducing its impact on the environment with the aim of being carbon neutral by 2030. A £5m bid to **decarbonise its assets** has been approved by Government; this grant will enable the council to significantly reduce its use of fossil fuels to power its leisure centres, vehicle depot and office buildings. As well as reducing the council's carbon footprint, it is also expected that the investment will reduce the ongoing revenue costs of operating its buildings with estimate savings of approximately £600k over an 8 year period, as per the report to Council on 21 July 2021.
39. Following a request from the unions, and in working to mitigate the risks highlighted in the Strategic Risk Register around staff satisfaction and retention in a changing jobs market, it is proposed that work is undertaken during 2022/23 to move staff to the

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shared terms and conditions. The costs of such a move would then be built into the Budget for 2023/24 and the MTFS beyond.

CONCLUSION

40. The review of the MTFS has again been undertaken against a background of significant reductions in funding and increasing costs. These factors present a risk to the council's sustainable financial position unless budget savings continue to be delivered and additional income opportunities are provided alongside the delivery of the council's Corporate Strategy priorities.
41. The MTFS covers three years between 2022/23 and 2024/25 and whilst the budget has been balanced for 2022/23, through a combination of efficiency savings and income generation, budget gaps remain for 2023/24 and 2024/25.
42. The financial context continues to be increasingly challenging and uncertain. Strategies are outlined in the MTFS as to how the budget gap of £0.619m (2023/24) and £0.732m (2024/25) can be addressed. The strategies build on the work undertaken to date and continued exploration of innovative approaches to service delivery as well as investing in income generating assets.
43. The Council will continue to keep the MTFS under review given:
 - the level of efficiency savings and income generation required to balance the budget over the medium term. The timing of the delivery of these targets will need to be closely managed and where necessary reserves utilised to meet temporary delays in transformation strategy net budget reductions.
 - the high degree of uncertainty surrounding the changes to Government policy such as business rates retention and the fair funding review as well as the uncertainty regarding the ongoing implications of Covid-19 and rising levels of inflation.

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Analysis of Budget Variations 2022/23 to 2024/25

Appendix D

	2022/23 See App E for details £'000	2023/24 £'000	2024/25 £'000
Cash Base Budget Requirement	14,480	15,639	15,311
Cash Movements			
Staffing - Assumed 2% pay award in 23/24 and 24/25	1,112	230	233
Leisure - reduction in payment to SRLL	(729)	(227)	-
Contracts inflation	333	65	44
Growth	136	-	-
Income	(242)		
- Interest receipts reduced in 23/24		50	-
- McKenzie Arms		(65)	-
- Inflation		(6)	(7)
Non-recurring changes	175		
- Sports Club contribution 22/23 only		(50)	-
- Community Hubs grant increase 22/23 only		(50)	-
- Dial-a-ride contribution ends after 22/23		(20)	-
Other Adjustments	374		
- New Homes Bonus assumed no grant in 23/24 and therefore no pay-over to City Deal		(802)	-
- MRP and Interest payable increases		173	4
Contributions To Reserves			
Contribution to Transformation Reserve		(127)	-
Reinstatement of Reserves for Maintenance		500	-
Total Net Expenditure	15,639	15,311	15,586
Funding Sources			
Council Tax - Base	(8,599)	(8,599)	(8,599)
Council Tax - Freeze in 22/23 and 23/24 1.99% in 24/25	-	-	(162)
New Homes Bonus payable to City Deal	(802)	-	-
Retained Business Rates	(3,201)	(3,201)	(3,201)
Section 31 Government Grants	(2,768)	(2,768)	(2,768)
Lower Tier and Service Grant	(269)	-	-
Use of Reserves			
Business Rates Retention Reserve	-	(124)	(124)
Total Funding	(15,639)	(14,692)	(14,854)
(Surplus) / Deficit	-	619	732

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Cash Budget Movements 2022/23 Compared to Original Estimates 2021/22

Appendix E

	2022/23 Budget Changes £'000
Cash Base Budget Requirement	14,480
Staffing	
Staffing increased- assumed 1.75% in 21/22 but base assumed nil, 2% 22/23, NI increase, other changes	549
Turnover target increase	(113)
Apply living wage to apprentices	26
Environmental Health job evaluation increases	72
Building Control new post	30
IT temporary staff (offset by additional income below)	80
Museum, culture and tourism restructure (offset by additional income below)	121
Revenues and Benefits management restructure	(29)
Waste Management net increase from new post and deleting Asst Director	10
Pension contributions increase	253
Pension to former employees	(17)
Shared Services future developments	140
Other miscellaneous adjustments	(11)
	1,112
Leisure	
Remove budget based on in-house provision	(1,387)
Remove base budget contribution from reserve	75
Recognise agreed amount to be paid to SRL Ltd	583
	(729)
Contracts	
Insurance	9
Treasury Management	28
Trade Waste	10
Waste Management	287
	333
Growth	
Inflationary, Service Delivery and Cost Pressures	100
Events Team	20
Moss Side community centre	16
	136
Income (Increases) / Decreases	
Short term interest	50

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	2022/23 Budget Changes £'000
Homelessness Prevention Grant	(158)
Investment Property	(15)
Legal services sharing cost of publications	(11)
Local Council Tax Support grant	(14)
Sports Development	(9)
Trade Waste	(21)
Worden Hall	(65)
	(242)
Non-recurring changes	
IT vacancy to fund pension strain in a prior year now reinstated	27
Increased contribution to Sports Clubs	50
Community Hubs grant increase 22/23	50
Contribution to Covid Recovery Reserve	251
IT use of reserves for temporary staff	(80)
	299
Other Adjustments	
Shared Services savings	(86)
Transfers (to reserves)	(124)
DFG admin % increased to 12.5%	(55)
Housing Benefits - net movement in revised subsidy and expenditure	67
New Homes Bonus - Increase in the amount to be paid to City Deal	439
MRP and Interest	33
Other minor adjustments	(24)
	250
Revised Cash Budget Requirement	15,639

Capital Programme 2021/22 to 2024/25

Appendix F1

Scheme Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Spend in Prior Years £'000	Total Cost £'000
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Good homes, green spaces and healthy places

Green Infrastructure

Green Infrastructure	-	275	280	-	555	-	555
Green Link - Penwortham Holme to Howick	-	250	-	-	250	-	250
Leyland Loop	105	26	-	-	131	-	131
Bridleway in western Leyland	81	-	-	-	81	-	81
Electric Vehicle Charging Points	106	180	-	-	286	-	286
Green Infrastructure Total	292	731	280	-	1,302	-	1,302

Worden Park

Arboretum landscaping	30	-	-	-	30	-	30
Craft Units Windows and Security Grills	-	40	-	-	40	-	40
Farmyard Cottages Windows and rendering	76	-	-	-	76	-	76
Farmyard Cottages - Heating	-	24	-	-	24	-	24
Ice House front façade	-	10	-	-	10	-	10
Sewerage pumping station and sceptic tanks	20	20	-	-	40	-	40
Shaw Brook weirs and banking	-	25	25	-	50	-	50
Shaw Wood footpaths	-	25	25	-	50	-	50

Scheme Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Walled garden pot house - replace the building frame and base walls	-	100	-	-	100
Worden Park fountain	-	80	-	-	80
Worden Park infrastructure and landscaping	-	250	250	-	500
Worden Hall refurbishment	2,195	598	-	-	2,793
Worden Park Total	2,321	1,172	300	-	3,793

Spend in Prior Years £'000	Total Cost £'000
-	100
-	80
-	500
122	2,915
122	3,915

Other Parks and Open Spaces

Hurst Grange Park drainage	16	9	-	-	25
Hurst Grange Park Paths	-	40	-	-	40
Hurst Grange Coach House Phase 2	483	60	-	-	543
Open Spaces - Bent Lane	150	-	-	-	150
Open Spaces - Mounsey Road	-	80	-	-	80
Other Parks - Footpaths (Fossdale Moss, Priory, Valley Road)	45	-	-	-	45
Playground - Haig Avenue	175	-	-	-	175
Playground - Hurst Grange	-	-	-	-	-
Playground - Bellis Way	22	-	-	-	22
Playground - Bent Lane	175	-	-	-	175
Playground - The Holme, Bamber Bridge	175	50	-	-	225
Playground - Moss Side Village Green	-	175	-	-	175

-	25
-	40
189	733
-	150
-	80
-	45
-	175
-	-
37	59
-	175
-	225
-	175

Scheme Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Spend in Prior Years £'000	Total Cost £'000
Playground - Birch Avenue, Penwortham	-	145	-	-	145	-	145
Playground - Margaret Road, Penwortham	-	-	-	100	100	-	100
Playground - Ryden Avenue	-	70	-	-	70	-	70
Playground - Hutton	-	95	-	-	95	-	95
Playground - Longton	-	-	120	-	120	-	120
Playground - King George V, Penwortham	-	-	90	-	90	-	90
Playground - New Longton	-	-	135	-	135	-	135
Lighting upgrade to LED - Tardy Gate Playground & 3 other sites	-	-	25	-	25	-	25
Sand/woodchip pit edge replacements - Withy Grove & Gregson Lane Playgrounds	-	40	-	-	40	-	40
Hurst Grange Park - New link path	-	-	45	-	45	-	45
Strawberry Valley Park, Bent Lane Phase 2	-	40	-	-	40	-	40
Hurst Grange Park - new signage	-	15	-	-	15	-	15
Farington Lodges - path improvements and dipping platform	-	41	-	-	41	-	41
Parks - Smaller parks and play areas	-	200	-	-	200	-	200
A tree for every resident	30	30	-	-	60	-	60
Withy Grove Park	-	-	60	-	60	-	60
Other Parks and Open Spaces Total	1,272	1,090	475	100	2,936	226	3,163

Scheme Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Spend in Prior Years £'000	Total Cost £'000
Sports and Leisure							
King George V Playing Fields, Higher Walton	19	-	-	-	19	31	50
King George V Playing Fields, Higher Walton Additional works	-	25	-	-	25	-	25
Leisure Facility	-	-	18,988	-	18,988	-	18,988
Leisure Centre refurbishments	-	1,100	-	-	1,100	-	1,100
Tennis Centre car park	100	-	-	-	100	-	100
Leisure Centre receptions	400	-	-	-	400	-	400
Lostock Hall Football Facility (St Gerard's)	120	-	-	-	120	-	120
Sport Pitch Hub	2,000	800	-	-	2,800	-	2,800
Council Leisure Facilities other than Leisure Centres	100	175	-	-	275	-	275
Decarbonisation	-	5,269	-	-	5,269	-	5,269
Sports and Leisure Total	2,739	7,369	18,988	-	29,096	31	29,127

Housing							
Affordable Housing - former McKenzie Arms, Bamber Bridge	800	2,206	-	-	3,006	58	3,064
Affordable Housing - Pearson House, Station Road, Bamber Bridge	151	-	-	-	151	445	596
Disabled Facilities Grants	1,000	1,041	774	774	3,589	-	3,589
Extra Care scheme	200	6,000	3,800	-	10,000	-	10,000

Scheme Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Spend in Prior Years £'000	Total Cost £'000
Empty Homes grants	-	39	-	-	39	61	100
Next Steps Accom - Purchase 2 houses	70	-	-	-	70	-	70
Private Sector home improvement grants	50	122	122	-	294	206	500
Sumpter Horse Site	-	1,000	1,000	-	2,000	-	2,000
Housing Total	2,271	10,408	5,696	774	19,149	769	19,918

Good homes, green spaces and healthy places	8,894	20,769	25,739	874	56,275	1,149	57,425
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A fair economy that works for everyone

Car Park resurfacing, Ryefield Avenue, Penwortham	40	-	-	-	40	-	40
Church Road, Bamber Bridge	40	-	-	-	40	-	40
Leyland Train Station Ticket Office	-	60	-	-	60	-	60
Acquisitions Quin St	1,123	-	-	-	1,123	-	1,123
Masterplanning & Regen - Leyland	-	2,000	-	-	2,000	-	2,000
Masterplanning & Regen - Penwortham	50	1,000	1,000	-	2,050	-	2,050
New Longton Regeneration	75	-	-	-	75	-	75
Parking Meters replacements	30	-	-	-	30	-	30
Town Deal RIBA Stage 3	1,248	1,527	-	-	2,774	-	2,774
Town Deal A Town Centre Transformation	-	-	-	-	-	-	-

Scheme Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Spend in Prior Years £'000	Total Cost £'000
Town Deal B Market Regeneration	-	-	-	-	-	-	-
Town Deal C The Base2	-	-	-	-	-	-	-
A fair economy that works for everyone	2,606	4,587	1,000	-	8,192	-	8,192

Thriving communities

Leisure Local	-	310	-	-	310	-	310
Kingsfold Community Centre Improvements	-	100	-	-	100	-	100
Neighbourhood Improvements	-	350	-	-	350	-	350
St Mary's, Penwortham - Churchyard wall repairs	33	86	-	-	119	-	119
Vernon Carus Sports Club	265	-	-	-	265	-	265
Thriving communities	298	846	-	-	1,144	-	1,144

An exemplary council

Information Technology Programme

IT Unallocated Funding	-	383	200	-	583	-	583
Mobile Devices, Citrix, CCTV, Software and Cloud-based upgrades	100	870	-	-	970	-	970
Civic Centre conference centre hearing loop	-	35	-	-	35	-	35
Capita Software Upgrade (c/f)	52	-	-	-	52	-	52
Idox (c/f)	-	-	-	-	-	-	-

Scheme Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Spend in Prior Years £'000	Total Cost £'000
Single Sign On and Calendar Integration	-	-	-	-	-	-	-
Help Desk System	-	-	-	-	-	-	-
Front to Back Office Automation	-	-	-	-	-	-	-
Tablet refresh (agile working)	-	-	-	-	-	-	-
Mobile phone upgrade	-	-	-	-	-	-	-
Network switching and wireless infrastructure	150	-	-	-	150	-	150
IT Programme Total	302	1,288	200	-	1,790	-	1,790

Other non-ICT projects

Air Quality Monitors	24	-	-	-	24	-	24
Corporate Buildings	70	200	200	-	470	-	470
Corporate Buildings - Civic Centre	50	50	50	-	150	-	150
Civic Centre Building Management System	36	-	-	-	36	-	36
Civic Centre Hot Water System	3	-	-	-	3	-	3
Civic Centre LED Lighting	58	-	-	-	58	-	58
Civic Centre Solar Panels	53	-	-	-	53	-	53
Civic Centre 3rd Floor	-	50	-	-	50	-	50
Civic Centre New Entrance	-	150	-	-	150	-	150
Fire Safety - Civic, Depot, Kingsfold	145	-	-	-	145	-	145

Scheme Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Spend in Prior Years £'000	Total Cost £'000
Fire Doors at Kingsfold	16	-	-	-	16	-	16
Vehicles and Plant replacement programme	1,184	1,253	588	-	3,025	-	3,025
Other non-ICT projects Total	1,639	1,703	838	-	4,180	-	4,180
An exemplary council	1,942	2,991	1,038	-	5,970	-	5,970
Total	13,739	29,192	27,776	874	71,582	1,149	72,731

Capital Financing

Appendix F2

Funding Source	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
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External Funding

Government Grants	4,471	6,843	774	774	12,862
CIL	250	250	-	-	500
External Contributions	182	3,041	-	-	3,223
Section 106 - Affordable	938	3,531	-	-	4,469
Section 106 - Other	691	274	-	-	965
Total External Funding	6,532	13,938	774	774	22,019

Council Resources

Capital Receipts	70	-	-	-	70
Revenue Contributions	219	-	-	-	219
Reserves	3,889	4,153	-	-	8,042

Borrowing

Green Infrastructure	115	301	280	-	695
Worden Park	253	591	300	-	1,143
Other Parks and Open Spaces	600	860	475	100	2,035
Sport and Leisure	1,284	2,375	18,988	-	22,647
Housing	250	2,161	4,922	-	7,333
Car Park, Ryefield Avenue, Penwortham	40	-	-	-	40
Masterplanning & Regen - Penwortham	50	1,000	1,000	-	2,050
Parking Meters replacements	30	-	-	-	30
Leyland Town Deal	-	1,527	-	-	1,527
Churchyard wall repairs – St Mary's	33	86	-	-	119
Kingsfold Community Centre	-	100	-	-	100
Neighbourhood Improvements	-	350	-	-	350
Leisure Local	-	310	-	-	310
Vernon Carus Sports Club	65	-	-	-	65
IT	-	271	200	-	471
Vehicle Replacements	-	719	588	-	1,307
Corporate Buildings	310	450	250	-	1,010
Total Borrowing	3,029	11,101	27,002	100	49,563

Total Financing	13,739	29,192	27,776	874	71,582
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Developers Contributions

Appendix F3

The council receives Section 106 contributions from developers of housing sites throughout the borough. Most of these contributions come with restrictions as to what they can be spent on. The main categories are:

- Affordable Housing
- Infrastructure
- Public Open Space, Sports and Recreation
- Town Centre Enhancements
- Transport

Contributions towards affordable housing are also referred to as 'commuted sums'. They are paid by a developer when the size or scale of a development triggers a requirement for certain number of affordable housing units on site but the actual number delivered is lower. The council then uses the commuted sums to ensure affordable housing is delivered in alternative schemes either by the council itself as the developer or paying over to another developer.

For receipts in the 'Transport' category, the work is carried out by LCC, as the highways authority, and the receipt is paid over on completion. The Council is reliant on LCC planning and delivering these projects.

Table 1 (below) summarises the forecasted use of Section 106 in the current financial year 2021/22 and across the next 3 financial years. The vast majority of the 'use' of the receipts relates to capital expenditure on schemes within the capital programme. Occasionally there are minor amounts that are used for revenue expenditure. No new receipts have been assumed due to there being too much uncertainty about timing and potential values.

Table 2 (below) lists the schemes within the capital programme that are forecasted to utilise Section 106.

Community Infrastructure Levy (CIL)

The Council publishes an annual Infrastructure Funding Statement that outlines what projects CIL can be spent against. There are two schemes in the capital programme that is forecasted to use CIL – "Green Link Penwortham Holme to Howick" which has a total budget of £250,000 and "Worden Hall refurbishment" which has an allocation of £250,000 CIL funding. Any CIL received in relation to sites within the City Deal are required to be paid over. The balance of CIL that has been received and not yet committed is £1.320m.

Table 1 – Summary of Section 106 Usage

Category	Balance B/F 21/22	Received 21/22	Forecast Use 21/22	Balance C/F 21/22	Forecast Use Future Years	Balance Not Allocated
Affordable Housing	4,791	323	(938)	4,176	(3,639)	537
Infrastructure	242	-	-	242	(242)	-
Public Open Space, Sports or Recreation	1,063	556	(635)	985	(248)	737
Town Centre	82	-	-	82	(57)	25
Transport	1,067	-	(64)	1,003	(843)	160
Miscellaneous	-	35	-	35	-	35
Total	7,245	914	(1,637)	6,523	(5,029)	1,494

Table 2 – Section 106 funding to be applied to capital schemes

Scheme Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
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Good homes, green spaces and healthy places

Green Infrastructure

Bridleway in western Leyland	21	-	-	-	21
Green Infrastructure Total	21	-	-	-	21

Other Parks and Open Spaces

Open Spaces - Bent Lane	61	-	-	-	61
Playground - Haig Avenue	175	-	-	-	175
Playground - Birch Avenue, Penwortham	-	13	-	-	13
Playground - Hutton	-	82	-	-	82
Parks - Smaller parks and play areas	-	64	-	-	64
A tree for every resident	30	30	-	-	60
Other Parks and Open Spaces Total	266	189	-	-	455

Sports and Leisure

King George V Playing Fields, Higher Walton	19	-	-	-	19
King George V Playing Fields, Higher Walton Additional works	-	25	-	-	25

Scheme Name	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Lostock Hall Football Facility (St Gerard's)	120	-	-	-	120
Sports and Leisure Total	139	25	-	-	164

Housing

Affordable Housing - former McKenzie Arms, Bamber Bridge	717	1,531	-	-	2,248
Affordable Housing - Pearson House, Station Road, Bamber Bridge	151	-	-	-	151
Extra Care scheme	-	2,000	-	-	2,000
Next Steps Accom - Purchase 2 houses	70	-	-	-	70
Housing Total	938	3,531	-	-	4,469

Good homes, green spaces and healthy places	1,364	3,745	-	-	5,109
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A fair economy that works for everyone

Church Road, Bamber Bridge	40	-	-	-	40
Leyland Train Station Ticket Office	-	60	-	-	60
New Longton Regeneration	75	-	-	-	75
A fair economy that works for everyone	115	60	-	-	175

Thriving communities

Vernon Carus Sports Club	150	-	-	-	150
Thriving communities	150	-	-	-	150
Total	1,629	3,805	-	-	5,434

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South Ribble Borough Council - Capital Strategy

Introduction

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to provide a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with corporate objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

Purpose

2. The capital strategy sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward an impact on the achievement of corporate strategy priorities.
3. The capital strategy sets out a framework for the self-management of capital finance and examines the following areas:
 - Capital expenditure
 - Treasury Management
 - Commercial Activity
 - The future ambition of the council's capital programme
4. The capital strategy is to be approved annually by Full Council alongside the budget setting papers.

Changes to the Strategy

5. The performance indicators included in the strategy are updated and included below with commentary.
6. The only other proposed updates to the strategy for the 2022/23 budget will be changes to the governance of new capital proposals, two changes have been identified:
 - Due to the restrictions now imposed regarding borrowing from PWLB, a new pro forma must be completed when a project requests funding through borrowing. This will be signed off by the S151 Officer and will ensure the council meets the requirements of the Government that council's do not borrow solely for yield.
 - A more thorough evaluation of business cases is being developed to ensure the council fully evaluates the rewards and risks of new investments. This was

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a requirement of our external auditors. It will also ensure the correct procurement route is being followed, legal implications are correctly considered, and project milestones are identified.

Capital Expenditure

7. The council's capital programme forms part of the council's overall financial strategy to deliver some of its key objectives contained in the Corporate Priorities. The capital programme must be affordable and based upon prudence. The current local government financial position and the need to make revenue savings will impact on the council's ability to finance further capital spending unless additional funding is secured from external sources. The capital programme is constructed based upon the following objectives.

Capital Programme Objectives

The resources available will be targeted at areas that deliver corporate priorities as described in the annual Corporate Strategy

Borrowing will be managed to ensure the future impact on revenue is minimised

The council will consider the purchase and/or development of assets to generate a sustainable revenue stream to counteract against the risk of future reductions in grant funding and year to year fluctuations in locally sourced funding; however only where this investment supports the regeneration of the Borough.

Borrowing solely for the purpose of generating yield is no longer permissible.

The council will consider working with partners to assist them to meet both their objectives and the council's objectives; this must have no impact on revenue budgets. This support may include granting loans to organisations at a rate that generates a greater return to the council.

The council will continue to identify land to assist in delivering its affordable housing targets.

The council will look to maximise opportunities to attract external finance to sustain its programme of work.

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Governance

8. Democratic decision-making and scrutiny provide overall political direction and ensure accountability for investment in the capital programme. These processes include:
 - Full Council approves the Council's Corporate Strategy that is refreshed every year, this strategy features numerous capital projects that are then built into the council's budget setting process.
 - The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the executive before submission to the Full Council.
 - Full Council approves the capital programme as well as the Treasury Management and Investment Strategy. The revenue implications of these strategies are included in the annual budget and Medium-Term Financial Strategy, all of which is approved by Full Council.
 - Cabinet receives quarterly revenue and capital budget monitoring reports, approves variations (or recommends approvals to Full Council) and considers new bids for inclusion in the capital programme.
 - Portfolio holders are assigned projects in line with their responsibilities
 - Scrutiny can call in Cabinet reports, receive and scrutinise reports
 - All projects progressing to the capital programme follow the constitution and financial regulations, this includes adjustments to the projects as they progress
 - The capital programme is subject to review from internal and external audit.
9. The definition of 'capital' will be determined by the Chief Finance Officer, having regard to government regulations and accounting requirements.

New Capital Proposals

10. A new proposed scheme must be assigned a project manager and a new project must focus on the benefits it can deliver through the measurable project outcomes, not just time and cost.
11. Where necessary, business cases are created and scrutinised by the finance team to ensure all financing, capital and revenue expenditure and income implications have been considered across the lifecycle of the investment with appropriate levels of sensitivity analysis surrounding key assumptions. If required, external expertise will be sought to provide specialist support such as VAT and governance advice. Outline risk registers are included and scrutinised by internal audit, finance and the service managers.
12. New proposals along with the business cases are reported to the Shared Senior Management Team (SMT) and Senior Leadership Team (SLT) to ensure schemes are compliant with the council's overall strategic objectives. The role of SLT is to ensure that new proposals are not considered in isolation but rather considered alongside existing schemes and other new proposals. In doing this SLT ensures the council's corporate priorities are driving future capital investment. For example, the council's Medium-term

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Financial Strategy includes the ambition to create future efficiency savings, contract savings and income generation, as well as benefit residents and local communities. Projects that are brought forward to SLT must meet one or more of these objectives.

13. Once considered by SLT new proposals are taken to the Shared Senior Management Team (SMT), including the Chief Finance Officer, and if accepted they are taken to the administration for approval. In line with the requirements of the constitution, the new project may be taken to Cabinet or Full Council for final approval. Projects are monitored through the council's bespoke project management framework and toolkit (based on Prince 2 principles) to ensure responsible officers are identified, business cases are reviewed, risks managed, stakeholders suitably engaged, outputs achieved and benefits realised.

Affordability, Prudence and Sustainability

14. The Prudential Code requires that the Authority shall ensure that all capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the council's overall fiscal sustainability.
15. The Authority is required to make reasonable estimates of the total capital expenditure that it plans to incur in the forthcoming financial year and at least the following two financial years.
16. The capital programme outlined in Table 1; subject to approval at Full Council on 23 February 2022.

Table 1: Capital Programme 2021/22 to 2024/25

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Good homes, green spaces and healthy places	8.894	20.769	25.739	0.874	56.275
A fair economy that works for everyone	2.606	4.587	1.000	0.000	8.192
Thriving communities	0.298	0.846	0.000	0.000	1.144
An exemplary council	1.942	2.991	1.038	0.000	5.970
Total Capital Expenditure	13.739	29.192	27.776	0.874	71.582
Developer Contributions (incl. s106 & CIL)	2.061	7.096	0.000	0.000	9.157
Grants	4.471	6.843	0.774	0.774	12.862
Capital Receipts	0.070	0.000	0.000	0.000	0.070
Reserves	3.889	4.153	0.000	0.000	8.042
Revenue Contribution	0.219	0.000	0.000	0.000	0.219
Prudential Borrowing	3.029	11.100	27.002	0.100	41.232
Total Financing	13.739	29.192	27.776	0.874	71.582

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17. The Capital Expenditure Prudential Indicator (Table 1) is the platform from which most Prudential Indicators of the Council are formed; this Prudential Indicator (PI) is grounded in the Council's capital programme and is a stated affordability indicator within the Prudential Code.
18. The predominantly high value projects within any capital programme means capital expenditure is a significant source of risk for any Council; the nature of these projects means they are often subject to cost variations, slippage or changes in specification.
19. Having established through the governance process that the capital programme is affordable, the monitoring of agreed against actual is a key element of risk management which this PI is designed to assist with; quarterly monitoring, using this PI as its cornerstone, will help sign-post where schemes are straying from expectation either in regard to cost or timeframe
20. A typical measure of affordability is to compare the council's capital financing costs (interest and MRP) to the net revenue stream (council tax, business rates, revenue support grant and new homes bonus income). An increasing percentage would mean a greater proportion of the council's funding being used to meet its debt.

Table 2: Capital Financing / Net Revenue Stream

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
MRP and Interest	0.352	0.394	0.648	1.073
Council Tax	(8.599)	(8.599)	(8.599)	(8.599)
Business Rates including grants for reliefs	(5.294)	(5.969)	(5.969)	(5.969)
Services Grant	(0.100)	(0.269)	0.000	0.000
New Homes Bonus	(0.363)	(0.802)	0.000	0.000
Funding	(14.356)	(15.639)	(14.568)	(14.568)
Net Income* - Tom Hansen site	(0.033)	(0.033)	(0.033)	(0.033)
Net Income* - McKenzie Arms site	0.000	0.000	(0.065)	(0.065)
Net Income from Investment Assets	(0.033)	(0.033)	(0.098)	(0.098)
Adjusted Net Revenue Stream	(14.389)	(15.672)	(14.666)	(14.666)
Capital Financing/Net Revenue Stream	2.45%	2.51%	4.42%	7.32%

* Both projects do not include any borrowing

21. Table 2 gives a proposed performance indicator regarding the affordability of the council's capital strategy. It should be noted however that this indicator will increase due to

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reductions in Government funding such as the elimination of New Homes Bonus and Services Grants.

Prudence

22. The Code also states that “In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.” This is a key indicator of prudence.

Table 3: Capital Financing Requirement 2020/21 to 2023/24

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Opening Capital Financing Requirement	2.500	5.259	16.058	42.754
Increase in prudential borrowing	3.029	11.100	27.002	0.100
Provision made for debt repayments	(0.270)	(0.301)	(0.307)	(0.728)
Closing Capital Financing Requirement	5.259	16.058	42.754	42.126

23. As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2022/23 does not, except in the short term, exceed **£16.058m**.

Income Generating Investments

24. The council owns over 130 units across numerous sites that generate a rental income to the council. There are currently five vacant units with strong demand for these units. Any temporary reduction in income from these sites will be met through a £150k reserve that has been created.

25. The council assets that generate net income are summarised below

Table 4: Summary of Net Income from Investment in Capital Assets

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Income from Investment Properties	(1.105)	(1.120)	(1.120)	(1.120)
Income - Tom Hansen site	(0.033)	(0.033)	(0.033)	(0.033)
Income - McKenzie Arms site	0.000	0.000	(0.065)	(0.065)
Total Net Income from Investments	(1.138)	(1.153)	(1.218)	(1.218)
Gross Directorate Budgets South Ribble Council	15.171	15.694	15.307	15.582
% Net Income to Gross Directorate Budgets	7.50%	7.35%	7.96%	7.82%

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26. The council's gross directorate budgets are funded by approximately 8% through the income generated by these assets. As the council invests in income generating assets throughout the MTFs period the percentage identified above will increase. As such it is important to monitor this performance indicator and analyse the risk associated with the income assumed in the budget.

Risk Appetite

27. A key element of the capital strategy is to define the council's risk appetite. South Ribble Borough Council is exposed to a number of investment and commercial risks:

- **Financial risk** relating to the investment of cash, market volatility, currency markets, etc
- **Economic risk** relating to whether the local / national economy is growing or contracting
- **Counterparty risk** relating to investments, loans to third parties and business transactions
- **Operational risk** arising from transactions
- **Strategic risk** relating to the decisions taken by the council in pursuit of its corporate objectives, i.e. the purchase of major new assets.
- **Reputational risk** relating to the adverse impact of the council's dealings
- **Environmental and social risks** arising from the adverse impact of investments
- **Governance risk** relating to the transparency and accountability of decisions and decision-makers.

28. The council has no appetite for **reputational, governance and foreign currency risk**. Its approach to other risks is as follows:

- **Financial** – subject to full due diligence and appropriate external advice the council will have a moderate risk appetite for investment / expenditure on a range of asset classes, property and longer-term investments. Security and liquidity will be appropriate for the type of investment made. Income generation will prevail over capital appreciation. The council will have no appetite for volatile or emerging market sector investments.
- **Economic** – The council will have a high-risk appetite for appropriate investments / expenditure in the Borough, it has no risk appetite for investments outside the Borough. The council will have a low appetite for interest rate risk exposure. The key challenge for 2022/23 will be to restore economic activity in the wake of the ongoing Covid-19 pandemic.
- **Counterparty** – the council will have a high appetite for highly rated counterparties and financial institutions and a low appetite for unsecured non-investment debt. All investments will be subject to careful due diligence and an assessment of the council's corporate priorities and liquidity profile.

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- **Operational** – the council will have a low risk appetite for all operational risk arising from factors such as: price errors, administrative errors, IT security, etc. Specific business risks are identified at business unit level and business continuity plans identify and mitigate as appropriate. There is no appetite for fraud, regulatory breaches and exceeding approved limits.
- **Strategic** – The council will have a high appetite for investments which further its corporate priorities, increase revenue streams and / or facilitate the efficient and effective delivery of core service objectives,
- **Environmental and social** – the council will have no appetite for environmental and social risk

Future Capital Investment Ambition

29. The council's ambition to invest within the borough stretches beyond the time scales of its approved capital programme. The council will invest to deliver efficiency savings, generate additional income to be reinvested in services and invest to support local residents and communities.

Income Generating investment

30. The council is committed to investing within the borough to bring forward sites that will further enhance local employment as well as generating a revenue stream for the council. The council's local plan is undergoing a review to be concluded within the MTFs period. Employment sites identified from this review will be considered for development whether controlled by the council or in partnership with other developers.
31. The council will identify external funding wherever possible to deliver its investment ambitions. The council has already successfully bid for and received £750k to purchase sites in Leyland town centre and has received a further £160k to create a Leyland town investment plan. The council has successfully bid for a £25m **Town Fund** grant with proposed match funding of £8m. This will deliver transformational change to areas of Leyland including new housing and employment opportunities. It is expected that this will also deliver a net income stream to the council helping it to manage future budget deficits.
32. **Worden Hall** – the council is investing £3m in the refurbishment of the hall enhancing the visitor experience whilst also generating an increase in income to the council through hire of community spaces, additional events and improved café facilities. This is forecast to generate additional income of £65k from the site which will fund additional staff in the museums and events teams.

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Housing

33. The council already has included in the capital programme several large scale projects to bring forward affordable housing in the borough. The council will continue to implement these projects bringing forward the development of better quality of homes in South Ribble.
34. The council will develop over 70 self-contained **extra care** units embracing the principles of the lifetime homes standard that ensures the homes will be accessible and adaptable. It is forecast this development will generate a net income to the council in 2025/26 onwards.
35. The council will continue to bid for and utilise external funds to complete housing projects including One Public Estate, funding from Homes England and Commuted (s106) sums.

Investing to Generate Efficiency Savings

36. The council's Medium-Term Financial Strategy identifies, as a minimum, a further £732k revenue budget efficiency savings to be realised by 2024/25. These savings will come through reduced revenue budgets and additional income generation. The council's Corporate Strategy recognises the need to invest in services to deliver these savings.
37. The council has approved a capital budget of £0.970m for investment in its **ICT infrastructure**. Capital investment is necessary to keep pace with the changing demands in technology and enable delivery of the councils Shared Digital Strategy and Workplace Strategy. The investment will replace outdated CCTV infrastructure and expand internet connectivity to improve the security of the council's buildings.
38. The council is committed to reducing its impact on the environment with the aim of being carbon neutral by 2030. A £5m bid to **decarbonise** its assets has been made to Government. If approved, this grant will enable the council to significantly reduce its use of fossil fuels to power its leisure centres, vehicle depot and office buildings. As well as reducing the council's carbon footprint, it is also expected that such investment will reduce the ongoing revenue costs of operating its buildings with estimate savings of approximately £600k over an 8 year period, as per the report to Council on 21 July 2021.

Knowledge and Skills

39. The council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills. The council establishes project teams from all the professional disciplines from across the council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.

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40. Internal and external training is offered to members to ensure they have up to date knowledge and expertise to understand and challenge capital and treasury decisions taken by the strategic director of finance and governance.

Recommendations

41. It is recommended that the prudential indicators outlined in Table 5 are approved as part of the 2022/23 budget.

42. It should be noted that these performance indicators are specific to South Ribble Borough Council due both to its composition of funding and its unique level of commercial activity. As such these cannot be benchmarked effectively against other council's indicators. The indicators can however be monitored over time. As such it is proposed that these performance indicators will be monitored, reported and, where necessary adjusted, every six months. They will be reported to Governance Committee and Full Council.

Table 5 – Prudential Indicators 2020/21 to 2023/24

Indicator	2021/22	2022/23	2023/24	2024/25
Estimated Capital Expenditure (Table 1)	£13.739m	£29.192m	£27.776m	£0.874m
Capital Financing / Net Revenue Stream (Table 2)	2.45%	2.51%	4.42%	7.32%
Estimated Capital Financing Requirement (Table 3)	£5.259m	£16.058m	£42.753m	£42.125m
% Net Income to Gross Directorate Budgets (Table 4)	7.50%	7.35%	7.96%	7.82%

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APPENDIX H1

Treasury Management Strategy Statement 2022/23 to 2024/25

PURPOSE OF THE REPORT

- 1.1 To present for approval the Prudential and Treasury Indicators and Treasury Management and Investment Strategies for 2022/23 to 2024/25, and the Minimum Revenue Provision Policy Statement for 2022/23.

2. RECOMMENDATION(S)

2.1 That Council approve:

- The capital expenditure Prudential Indicators for 2022/23 to 2024/25 in Tables 1 to 5.
- The revised annual Minimum Revenue Provision (MRP) Policy statement starting at paragraph 10.3.
- The Treasury Management Strategy and treasury management Prudential Indicators for 2021/22 to 2023/24, in Tables 6 to 10.
- The Annual Investment Strategy 2021/22 including Investment Counterparties starting at paragraph 12, including the revised investment benchmark as set out in paragraph 12.5.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Setting the annual budget is a statutory requirement part of which is the Treasury Management Policy.

4. OTHER OPTIONS CONSIDERED AND REJECTED

- 4.1 None

5. CORPORATE OUTCOMES

1. The report relates to the following corporate priorities:

An exemplary council	✓	Thriving communities	
A fair local economy that works for everyone		Good homes, green spaces, healthy places	

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6. BACKGROUND TO THE REPORT

- 6.1 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.
- 6.2 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.
- 6.3 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."*
- 6.4 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.
- 6.5 The Treasury Management Policy Statement for 2022/23 is based upon the Director of 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
- 6.6 Council of 24 February 2021 approved the Treasury Management Strategy for 2021/22, including Prudential and Treasury Indicators, the Treasury Management and Investment Strategies, and the annual Minimum Revenue Provision (MRP) Policy Statement for 2021/22. Treasury Management activities during the year have been overseen by the Governance Committee.
- 6.7 This report updates Prudential and Treasury Indicators for financial years 2022/23 to 2024/25. It presents updated Treasury Management and Investment Strategies and proposes the Minimum Revenue Provision Policy Statement for 2022/23.

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7. TREASURY MANAGEMENT STRATEGY 2022/23

7.1 The strategy for 2022/23 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.

7.2 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.

7.3 The Statutory Guidance on Minimum Revenue Provision remains that issued by the Ministry of Housing, Communities & Local Government on 2 February 2019 and effective from 1 April 2019.

8. TRAINING

8.1 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.

8.2 The training needs of treasury management officers are reviewed periodically. Both CIPFA and Link Asset Services provide workshops and seminars.

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9. TREASURY MANAGEMENT CONSULTANTS

9.1 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.

9.2 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.

9.3 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.

10. CAPITAL PRUDENTIAL INDICATORS 2021/22 – 2024/25 AND MRP POLICY STATEMENT

10.1 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.

10.2 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	2021/22	2022/23	2023/24	2024/25
	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Good homes, green spaces and healthy places	8,893	20,768	25,738	874
A fair economy that works for everyone	2,606	4,587	1,000	0
Thriving communities	298	846	0	0
An exemplary council	1,942	2,991	1,038	0
Capital Expenditure Total	13,739	29,192	27,776	874

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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	2021/22 Revised £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Capital expenditure from Table 1	13,739	29,192	27,776	874
Grants & Contributions	(6,532)	(13,938)	(774)	(774)
Capital Receipts	(70)	0	0	0
Revenue and Reserves	(4,108)	(4,153)	0	0
Net financing needed for year	3,029	11,101	27,002	100

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	2021/22 Revised £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Opening CFR	2,500	5,259	16,059	42,754
Net financing need for the year (Table 2)	3,029	11,101	27,002	100
Less MRP/VRP	(270)	(301)	(307)	(728)
Closing CFR	5,259	16,059	42,754	42,126

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10.3 Minimum Revenue Provision (MRP)

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

In setting the 2022/23 Budget, the Council has reviewed its approach to MRP, key changes are summarised in the table below;

	Previous Approach	Proposed Approach
Pre 2008 Debt	<p>The Council has charged the MRP on pre-2008 debt on a “reducing balance” basis at a rate of 4% of the balance at the end of the preceding financial year.</p> <p>This method is no longer considered prudent as the total value of debt is never actually written off – a residual balance always remains using the reducing balance method.</p>	<p>It is proposed to charge MRP in “equal annual instalments” over asset lives; this is a prudent approach as it ensures debt is fully cleared.</p>
Post 2008 Debt	<p>The Council has previously charged MRP in equal instalments over the life of an asset.</p> <p>However using an annuity basis would recognise the “real terms” value of money over time (£1 now being worth less in future years); this is considered more equitable.</p>	<p>On the grounds of adopting a more equitable approach, it is proposed to adopt the “annuity basis” for <u>all</u> post 2008 debt.</p> <p>The proposed change remains prudent as it still spreads the MRP fully over the life of the asset.</p>

The Council is recommended to approve the following MRP Policy Statement:

Annual Statement of MRP Policy 2022/23

The aim of the policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure which gave rise to the debt provides benefits.

MRP shall commence in the financial year following that in which the capital expenditure is incurred, or in the year following that in which the relevant asset becomes operational.

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In respect of the proportion of the Capital Financing Requirement which relates to debt incurred prior to 2008/09, MRP shall be charged in equal annual instalments over the life of assets (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. This method is considered prudent as it ensures the debt is cleared in full over the life of the asset.

The MRP liability on debt incurred from 2008/09 onwards shall be based on the estimated useful life of the asset. The MRP shall be calculated using the annuity basis where the principal repayments increase over the life of the asset to reflect the “real terms” value of money over time.

Estimated life periods shall be determined under delegated powers, with reference to the guidance and advice of appropriate professional advisers, in the year that MRP commences. As some types of capital expenditure are not capable of being related to an individual asset, the MRP shall be assessed on a basis which most reasonably reflects the anticipated period of benefit arising from the expenditure.

The change in MRP policy has the following financial impact;

Years	Saving (-) / Additional Cost (£)
0 – 5	-354,514
6 – 10	83,395
11 – 15	89,474
16 – 20	96,666
21 – 25	104,998
26 – 30	114,517
31 - 35	125,286
36 – 40	137,389
41 – 45	-378,022
46 - 50	1,760
TOTAL	20,951

Notes:

- Essentially the proposed policy is a reprofiling exercise to reflect the real terms value of money over time.
- There is a marginal additional cost over time, as the proposed approach now fully recovers the MRP charge over the life of assets (previously the reducing balance method did not do this). This is considered a more prudent approach.
- Figures are based upon current forecasts of Capital Expenditure; inevitably these will change as schemes slip / new schemes are introduced; for this reason, the MRP Policy and budgets are reviewed annually.

The Government (DLUHC) is currently consulting on proposed changes to MRP regulation as follows;

- Capital receipts may not be used in place of the revenue charge. The intent is to prevent authorities avoiding, in whole or part, a prudent charge to revenue. It is not the intention to prevent authorities using capital receipts to reduce their overall debt position, which may have the effect of reducing the MRP made with respect to the remaining debt balance.
- Prudent MRP must be determined with respect to the authority’s total capital financing requirement. The intent is to stop the intentional exclusion of debt from the

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MRP determination because it relates to an investment asset or capital loan. Authorities should still be able to charge MRP over the period in which their capital expenditure provides benefits and begin charging MRP in the year following capital expenditure, in accordance with proper accounting practices set out in the government's statutory guidance on Minimum Revenue Provision.

Neither of these changes impact upon either the current or proposed MRP Policy at the Council.

Members will be informed of the outcome of this consultation and if there are any relevant changes to the Council's MRP Policy in the mid-year Treasury Management Review Report 2022/23.

10.4 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.

Table 4 - Ratio of Financing Costs to Net Revenue Stream	2021/22 Revised %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
Ratio	2.45%	2.51%	4.42%	7.32%

The estimates of financing costs include current capital commitments and the proposals in the Budget and Capital and Capital 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.

10.5 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.).

Table 5 - Year-End Resources	2021/22 Revised £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Core Funds/Working Balances	(52,259)	(37,198)	(37,144)	(36,977)
Under/(over) borrowing (Table 6)	5,259	16,059	21,752	21,124
Expected investments	(47,000)	(21,139)	(15,392)	(15,853)

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The projected reduction in Core Funds/Working Balances in 2022/23 is driven by two main factors:

- The unwinding of cash flow impacts of measures taken in response to the Covid-19 pandemic.
- The use of reserves and application of capital grants in financing the capital programme (see Table 2).

The balance of investments is then further decreased by the use of internal funds to finance the borrowing requirement for the year (see Tables 2 and 6).

11. BORROWING

11.1 The capital expenditure plans set out in paragraph 10.2 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.

11.2 Current portfolio position

11.3 The Council's treasury portfolio position at 31 March 2022, 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.

Table 6 - Portfolio Position	2021/22 Revised £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Debt at 1 April	0	0	0	21,002
Other long-term liabilities (OLTL)	0	0	0	0
Total gross debt 1 April	0	0	0	21,002
Expected change in Debt	0	0	21,002	0
Expected change in OLTL	0	0	0	0
Expected change in gross debt	0	0	21,002	0
Gross debt 31 March	0	0	21,002	21,002
Capital Financing Requirement (Table 3)	5,259	16,059	42,754	42,126
Under / (over) borrowing	5,259	16,059	21,752	21,124

The figures for long-term liabilities in the above table relates to leases which the Council has entered into, based on current accounting requirements. Currently, a new accounting standard for leasing, IFRS 16, is due to be introduced for application in the Council's 2022/23 financial statements. The impact of this on those statements will be fully assessed during the year and, if necessary, a revision to the figures shown here may be brought to Council for approval. However, CIPFA is currently undertaking a review which may result in the further deferment of the implementation of IFRS 16 to 2023/24 or even to 2024/25.

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Treasury Indicators: limits to borrowing activity

- 11.4 Within the prudential indicators there are two key indicators to ensure that the Council operates its activities within well-defined limits. These are the Operational Boundary and the Authorised Limit. The principal aim is to ensure that borrowing is only undertaken in respect of previous and approved future capital spending and not for revenue or speculative purposes. This is achieved by setting limits which restrict the amount of borrowing which can be undertaken to that required to finance the current underlying borrowing requirement (ie the CFR), plus the impacts of approved capital schemes for each of the coming three financial years. This is the Operational Boundary. To allow for some operational flexibility in the timing of borrowing, scope is provided for some headroom above this, but this is only to be used on a short-term basis and is subject to a maximum limit which may not be exceeded. This is the Authorised Limit. Further detail of both indicators is set out below.
- 11.5 The S151 Officer reports that 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.

11.6 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.

Table 7 - Operational Boundary	2021/22	2022/23	2023/24	2024/25
	Revised £000	Estimate £000	Estimate £000	Estimate £000
Debt	0	3,600	26,402	26,502
Other long-term liabilities	0	0	0	0
Operational Boundary	0	3,600	26,402	26,502

To allow for operational flexibility, this table allows for the possibility that part of the projected use of internal borrowing assumed in Table 6 will not be available and a higher level of external borrowing therefore be required.

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.

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Table 8 - Authorised Limit	2021/22	2022/23	2023/24	2024/25
	Revised £000	Estimate £000	Estimate £000	Estimate £000
Debt	3,000	6,600	29,402	29,502
Other long-term liabilities	0	0	0	0
Authorised Limit	3,000	6,600	29,402	29,502

11.7 Maturity structure of borrowing

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

Table 9 - Maturity Structure of Borrowing		
Maturity structure of fixed interest rate borrowing 2022/23		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	30%
5 years to 10 years	0%	50%
Over 10 years	0%	100%

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

11.8 Control of interest rate exposure

Please see paragraphs 11.9, 12.4 and Appendix H2.

Appendix H2 compares the forecast of a year ago with that prepared for the mid-year review, and the current forecast.

11.9 Prospects for borrowing interest rates

The Bank of England's Monetary Policy Committee (MPC) made a significant move at its meeting in the first week of February 2022, raising Bank Rate by another 0.25% to 0.50% and only narrowly deciding against a 0.50% increase by a 5-4 voting margin. The Council's treasury advisor's forecast now expects the MPC to deliver another 0.25% increase in March; with its position seeming to be to go for sharp increases to get address its objectives quickly. The March increase is expected to be followed by an increase to 1.0% in May and then to 1.25% in November. The Committee is currently much more closely focused on combating inflation than on protecting economic growth.

In respect of PWLB rates, the advice received is that the yield curve has flattened out considerably, with the view being that the markets as have already built in nearly all the effects on gilt yields of the likely increases in Bank Rate. Since the start of 2021, there has been a lot of volatility in gilt yields, and hence in PWLB rates. Current forecasts show little overall increase in gilt yields during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period.

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Based upon the capital plans set out above, the Council will need to enter into further long-term external borrowing during the term of this strategy.

11.10 **Borrowing strategy**

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (ie 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 2022/23 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, 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.

11.11 **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.

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12. ANNUAL INVESTMENT STRATEGY

12.1 Investment Policy

The Council's investment policy has regard to the DLUHC's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in the Public Services: Guidance Notes for Local Authorities incl Police and Fire Authorities (2021) ("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 DLUHC 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.

12.2 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:

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

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.

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Investment Counterparties 2022/23

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

This list is unchanged from that for 2021/22.

12.3 Country limits

In addition to the detailed UK counterparties, the above list includes non-UK banks from countries which have a minimum sovereign credit rating of AA- from Fitch. To this are added the requirement for the individual institution to itself have a high credit rating and a limit of £4m per institution/group and £8m in total in this category of investment.

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.

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.

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APPROVED COUNTRIES FOR INVESTMENTS – United Kingdom plus the following:

AAA

Australia
Denmark
Germany
Luxembourg
Netherlands
Norway
Singapore
Sweden
Switzerland

AA+

Canada
Finland
U.S.A.

AA

Abu Dhabi (UAE)
France

AA-

Belgium
Hong Kong
Qatar

12.4 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 reach 0.75% by the end of March 2022, rising to 1.25% by the end of March 2023, before then remaining steady across the whole of the remaining period covered by this strategy report. Current Bank Rate forecasts for financial year ends (March) are shown below, compared to those from twelve months ago:

2021/22	0.75%	Was 0.10% in 2021/22 Treasury Strategy report
2022/23	1.25%	Was 0.10%
2023/24	1.25%	Was 0.10%
2024/25	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:

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	Now	2021/22 report
2022/23	1.00%	0.10%
2023/24	1.25%	0.10%
2024/25	1.25%	0.10%
2025/26	1.25%	0.20%
Following five years	1.50%	2.00%
Long-term later years	2.00%	2.00%

The overall balance of risks to economic growth in the UK is now to the downside. This includes risks from Covid and its variants, both domestically and their potential effects worldwide.

It is not expected that Bank Rate will go up fast after the initial rate sharp rises over the next few months, as the supply potential of the economy is not likely to have taken a major hit during the pandemic. It should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after a spike up to around 5%. The forecast includes four increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons: -

- We do not know how severe an impact continuing variants of the virus may have on the economy
- Some of the current key supply shortages may spill over into causing economic activity in some sectors to take a significant hit.
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- It looks as if the economy coped well with the end of furlough on 30th September. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike up in unemployment. The other side of the coin is that vacancies have been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages.
- There could be further severe impacts from continuing Covid variations.

In summary, with the high level of uncertainty prevailing on several different fronts and the expectation is that forecasts will have to be revised again during the year.

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.

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Table 10 - Maximum Principal Sums Invested > 365 Days	2021/22 Revised £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
UK Government	0	0	0	0
UK Local Authorities	6,000	6,000	6,000	6,000
UK Banks & Building Societies	0	0	0	0
Non-UK Banks	0	0	0	0
Total	6,000	6,000	6,000	6,000

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.

12.5 Investment Risk Benchmarking

The Council has previously set its investment performance benchmark based on the 7-day LIBID compounded rate. As was expected at the time when the 2021/22 Strategy was approved, the publication of official LIBOR figures and related LIBID calculations ceased at the end of December 2021. The replacement recommended by the Council's treasury management advisors is SONIA (Sterling Overnight Index Average), which is the risk-free rate for sterling markets administered by the Bank of England. SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

SONIA is the Working Group on Sterling Risk Free Reference Rates' preferred benchmark for the transition to sterling risk-free rates from LIBOR/LIBID. To support this transition, the Bank of England began publishing the SONIA Compounded Index from 3 August 2020. This simplifies the calculation of compounded interest rates and in doing so provides a standardised basis through its publication as an official source.

Going forwards, the Council's advisors will be providing compounded SONIA rates to clients in the same way that they previously did with LIBOR / LIBID rates. Rates will be available for overnight, 7 day, 1, 3, 6 or 12 month compounded / SONIA, allowing a choice of the benchmark rate which is the most appropriate to the individual council.

It is recommended that the Council adopt SONIA for investment performance benchmarking purposes and that it applies the 3-month compounded rate, as being the most suitable to the Council's cashflows, the typical pattern of which produces a mix of term investments and funds held at short or immediate notice.

12.6 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.

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12.7 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.

13. Risk

The financial risks are outlined throughout the report as well as the appendices to the report.

14. Equality and diversity

None

15. Air quality implications

None

COMMENTS OF THE STATUTORY FINANCE OFFICER

These are contained in the report.

COMMENTS OF THE MONITORING OFFICER

The recommendations are appropriate as explained in the body of the report.

16. BACKGROUND DOCUMENTS

CIPFA Treasury Management in the Public Services: Code of Practice & Cross-Sectoral Guidance Notes (2021 edition)

CIPFA Treasury Management in the Public Services: Guidance Notes for Local Authorities (2021 edition)

CIPFA Prudential Code for Capital Finance in Local Authorities (2021 edition)

CIPFA Standards of Professional Practice: Treasury Management

DLUHC Guidance on Local Government Investments

DLUHC Guidance on Minimum Revenue Provision

APPENDIX H2 – Link Advisory Service – Commentary on Economic Background / Interest Rate Forecasts

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ECONOMIC BACKGROUND PROVIDED BY LINK ASSET SERVICES

COVID-19 vaccines.

These were a significant development during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the emergence of the Omicron mutation at the end of November dampened this.

The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid.

The big question still remains as to whether any further mutations could emerge.

MPC MEETING 16^H DECEMBER 2021

- The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.
- The MPC did not raise the Bank Rate at its November meeting. Until the Omicron variant emerged, most forecasters, viewed a Bank Rate increase as being near certain at this December meeting due to the way that worldwide inflationary pressures have been building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.
- **On 10th December we learnt that the rise in GDP in October was just 0.1% m/m**, Early evidence suggests growth in November might have been marginally better.
- **On 14th December, the labour market statistics** for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested that unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.
- These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron complicated matters as it poses a risk to the economy. The financial markets again swung round to expecting no change in Bank Rate.
- **On 15th December we had the CPI inflation** figure for November which rose from 4.2% to 5.1%, confirming again how worldwide inflationary pressures have been building. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

- **Other elements of inflation are also transitory** e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.
- This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC increased the **Bank Rate from 0.10% to 0.25%**. Indications are that the MPC is now concerned that inflationary pressures are building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022.
- It did also comment that **“the Omicron variant is likely to weigh on near-term activity”**. But it stressed that at the November meeting it had said it would raise rates if the economy evolved as it expected and that now “these conditions had been met”. It also appeared more worried about the possible boost to inflation from Omicron itself. It said that “the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation”.
- On top of that, there were no references this month to inflation being expected to be below the **2% target in two years’ time**, which at November’s meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.
- These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only a **“modest tightening”** in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.
- In as much as a considerable part of the inflationary pressures at the current time are indeed **transitory**, and will naturally subside, this would appear to indicate that this tightening cycle is likely to be comparatively short.
- As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November’s statement that Bank Rate would be raised “in the coming months”. That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).
- **The MPC’s forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
 - Raising Bank Rate as “the active instrument in most circumstances”.
 - Raising Bank Rate to 0.50% before starting on reducing its holdings.
 - Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
 - Once Bank Rate had risen to at least 1%, it would start selling its holdings.

LINK TREASURY SERVICES INTEREST RATE FORECASTS

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- The threat from Omicron was a matter of considerable national concern at the time of December's MPC meeting; but is now seen as much reduced.
- The MPC shifted up a gear last week in raising Bank Rate by another 0.25% and narrowly avoiding making it a 0.50% increase by a 5-4 voting margin.
- Our forecast now expects the MPC to deliver another 0.25% increase in March; their position appears to be to go for sharp increases to address the underlying issues quickly.
- The March increase is likely to be followed by an increase to 1.0% in May and then to 1.25% in November.
- The MPC is currently much more heavily focused on combating inflation than on protecting economic growth.
- The major question is whether the current spike in inflation will lead to a second-round effect in terms of labour demanding higher wages.
- If the labour market remains very tight during 2022, then wage inflation poses a greater threat to overall inflation being higher for longer, and the MPC may then feel it needs to take more action.

PWLB RATES

- The yield curve has flattened out considerably.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate.
- It is difficult to say currently what effect the Bank of England starting to sell gilts will have on gilt yields once Bank Rate rises to 1%: it is likely to act cautiously as it has already started on not refinancing maturing debt. A passive process of not refinancing maturing debt could begin in March when the 4% 2022 gilt matures; the Bank owns £25bn of this issuance. A pure roll-off of the £875bn gilt portfolio by not refinancing bonds as they mature, would see the holdings fall to about £415bn by 2031, which would be about equal to the Bank's pre-pandemic holding. Last August, the Bank said it would not actively sell gilts until the "Bank Rate had risen to at least 1%" and, "depending on economic circumstances at the time."
- It is possible that Bank Rate will not rise above 1% as the MPC could shift to relying on quantitative tightening (QT) to do the further work of taking steam out of the economy and reducing inflationary pressures.

MPC MEETING 4TH FEBRUARY 2022

- After the Bank of England became the first major western central bank to put interest rates up in this upswing in December, it has quickly followed up its first 0.15% rise by another 0.25% rise to 0.50%, in the second of what is likely to be a series of increases during 2022.
- The Monetary Policy Committee voted by a majority of 5-4 to increase Bank Rate by 25bps to 0.5% with the minority preferring to increase Bank Rate by 50bps to 0.75%. The Committee also voted unanimously for the following: -
 - to reduce the £875bn stock of UK government bond purchases, financed by the issuance of central bank reserves, by ceasing to reinvest maturing assets.
 - to begin to reduce the £20bn stock of sterling non-financial investment-grade corporate bond purchases by ceasing to reinvest maturing assets and by a programme of corporate bond sales to be completed no earlier than towards the end of 2023.
- The Bank again sharply increased its forecast for inflation – to now reach a peak of 7.25% in April, well above its 2% target.

- The Bank estimated that UK GDP rose by 1.1% in quarter 4 of 2021 but, because of the effect of Omicron, GDP would be flat in quarter 1, but with the economy recovering during February and March. Due to the hit to households' real incomes from higher inflation, it revised down its GDP growth forecast for 2022 from 3.75% to 3.25%.
- The Bank is concerned at how tight the labour market is with vacancies at near record levels and a general shortage of workers.
- As in the December 2021 MPC meeting, the MPC was more concerned with combating inflation over the medium term than supporting economic growth in the short term. However, what was notable was the Bank's forecast for inflation: based on the markets' expectations that Bank Rate will rise to 1.50% by mid-2023, it forecast inflation to be only 1.6% in three years' time. In addition, if energy prices beyond the next six months fell as the futures market suggests, the Bank said CPI inflation in three years' time would be even lower at 1.25%. With calculations of inflation, the key point to keep in mind is that it is the rate of change in prices – not the level – that matters. Accordingly, even if oil and natural gas prices remain flat at their current elevated level, energy's contribution to headline inflation will drop back over the course of this year. That means the current energy contribution to CPI inflation, of 2% to 3%, will gradually fade over the next year.
- So the message to take away from the Bank's forecast is that they do not expect Bank Rate to rise to 1.5% in order to hit their target of CPI inflation of 2%. The immediate issue is with four members having voted for a 0.50% increase in February, it would only take one member more for there to be another 0.25% increase at the March meeting.

The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative tightening) holdings of bonds is as follows: -

1. Raising Bank Rate as "the active instrument in most circumstances".
2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

OUR FORECASTS

a. Bank Rate

- Covid remains a major potential downside threat as we are most likely to get further mutations. However, their severity and impact could vary widely, depending on vaccine effectiveness and how broadly it is administered.

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again.

b. PWLB rates and gilt and treasury yields

Gilt yields. Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. Our forecasts show little overall increase in gilt yields during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period.

While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on gilt yields. As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for medium to longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.

The balance of risks to the UK economy: -

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

- **Mutations** of the virus render current vaccines ineffective
- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.
- **Bank of England** acts 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.
- **Geopolitical risks**, for example in Ukraine/Russia, Iran, China, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

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

- **The Bank of England** is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **Longer term US treasury yields** rise strongly and pull gilt yields up higher than forecast.

Comparison of Interest Rate Forecasts – Treasury Strategy 2021/22 – 2023/24 (Jan 2020), and Treasury Strategy 2022/23 – 2024/25 (Feb 2022)

	Bank Rate %			PWLB Borrowing Rates % (including 0.20% certainty rate adjustment)											
				5 year			10 year			25 year			50 year		
	Feb 22	Nov 21	Feb 21	Feb 22	Nov 21	Feb 21	Feb 22	Nov 21	Feb 21	Feb 22	Nov 21	Feb 21	Feb 22	Nov 21	Feb 21
Mar-22	0.75	0.25	0.10	2.20	1.50	1.00	2.30	1.90	1.40	2.40	2.20	2.00	2.20	2.00	1.80
Jun-22	1.00	0.50	0.10	2.30	1.60	1.00	2.40	1.90	1.40	2.50	2.30	2.00	2.30	2.10	1.80
Sep-22	1.00	0.50	0.10	2.30	1.60	1.10	2.40	2.00	1.50	2.50	2.40	2.10	2.30	2.20	1.90
Dec-22	1.25	0.50	0.10	2.30	1.70	1.10	2.40	2.00	1.50	2.60	2.40	2.10	2.40	2.20	1.90
Mar-23	1.25	0.75	0.10	2.30	1.70	1.10	2.40	2.10	1.50	2.60	2.40	2.10	2.40	2.20	1.90
Jun-23	1.25	0.75	0.10	2.30	1.70	1.20	2.40	2.10	1.60	2.60	2.50	2.20	2.40	2.30	2.00
Sep-23	1.25	0.75	0.10	2.30	1.80	1.20	2.40	2.20	1.60	2.60	2.50	2.20	2.40	2.30	2.00
Dec-23	1.25	0.75	0.10	2.30	1.80	1.20	2.40	2.20	1.60	2.60	2.60	2.20	2.40	2.40	2.00
Mar-24	1.25	1.00	0.10	2.30	1.80	1.20	2.40	2.20	1.60	2.60	2.60	2.20	2.40	2.40	2.00
Jun-24	1.25	1.00		2.30	1.90		2.40	2.30		2.60	2.60		2.40	2.40	
Sep-24	1.25	1.00		2.30	1.90		2.40	2.30		2.60	2.60		2.40	2.40	
Dec-24	1.25	1.00		2.30	2.00		2.40	2.30		2.60	2.70		2.40	2.50	
Mar-25	1.25	1.25		2.30	2.00		2.40	2.40		2.60	2.70		2.40	2.50	

The February 2021 forecasts were included in Treasury Strategy 2021/22 to 2023/24. Link Asset Services provided an updated forecast in February 2022.

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SOUTH RIBBLE BOROUGH COUNCIL PAY POLICY 2022/23 POLICY STATEMENT

1. INTRODUCTION

Under Chapter 8 of the Localism Act 2011 Local Authorities in England and Wales were required to produce a pay policy statement for 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.

Additional information is also reported in compliance with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (Policy Procedure paragraph 6).

In addition, this Policy must be agreed and signed off by the Full Council and be publicly available.

2. POLICY OBJECTIVE

The purpose of the Pay Policy is to provide transparency with regard to 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 and levels of remuneration and any other benefits of the Council's most senior staff.
- The relationship between the remuneration of its most senior staff and other staff within the Council.
- Details relating to the Council's lowest paid staff.
- 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 publically available through its website.
- The policy is applied fairly and consistently and complies with all relevant legislation.

4. OUTCOMES

The aim of the policy is to ensure that the Council's approach to determining the remuneration of all its employees is fair and transparent.

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POLICY PROCEDURE

1. 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.

2. PAY STRUCTURE

The Council uses the nationally negotiated pay spine (i.e. a defined list of salary points) as the basis for its local pay structure, however, whilst the national pay structure goes up to spinal column point 43, the Council's pay structure for posts paid in accordance with it, only uses the spinal column points up to 39. The Council also adheres to the national pay bargaining arrangements in respect of increases to the national pay spine.

The Employers side of the NJC for Local Government Services made a final pay offer of 1.75% for all spinal column points within South Ribble Borough Council's pay spine, however, this has been rejected by the employee side Trade Unions and therefore negotiations will continue. Consequently, the pay spine will remain unchanged from 2020/21 as reported in last years' Pay Policy, until such time as any pay award is agreed.

The agreed National pay spine for 2020/21 is detailed at the end of this Policy and all salaries within the Pay Policy are those which were effective from 01 April 2020 and will remain unchanged until any nationally agreed pay award is agreed, as detailed above.

This pay spine is used to determine the salaries of all Council employees apart from the Chief Executive, Directors, Assistant Directors and Service Leads which are addressed separately within this policy. All non-shared Services posts, apart from the Chief Executive, Directors, Assistant Directors and Service Leads, have been evaluated using the Greater London Provincial Council Job Evaluation Scheme, from which the current grading structure was established. The scheme takes into account the need to ensure value for money balanced with the requirement to recruit and retain employees who are able to meet the needs of the service. All Shared Services posts, apart from the Chief Executive, Directors, Assistant Directors and Service Leads, have been evaluated using the nationally agreed Job Evaluation Scheme, from which the current Shared Services grading structure was established. The scheme also takes into account the need to ensure value for money balanced with the requirement to recruit and retain employees who are able to meet the needs of the service.

The grading of the majority of the posts within South Ribble Borough Council was initially established following the culmination of the Single Status Job Evaluation process in October 2007. New posts and posts which changed significantly are evaluated in accordance with the relevant Job Evaluation Scheme.

The Council also has a process by which it could consider paying market supplements where there have been difficulties in recruiting to the post and there is a general industry shortage which has led to comparable posts within other Councils being considerably higher. All market supplements would have to be agreed with the Human Resources Services Manager and the relevant Director and are reviewed regularly.

There are no posts currently where the Council pays a market supplement.

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All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.

3. SHARED SERVICES

There are a number of service areas which are shared between South Ribble Borough Council and Chorley Borough Council and detailed below:

- Communications and Visitor Economy
- Transformation & Partnerships
- IT Services
- Customer Services
- Audit and Risk
- Legal Services
- Financial Services
- Customer & Digital
- Democratic, Scrutiny & Electoral Services

In order to amalgamate services from the different Councils it was necessary to implement a new pay structure, still based upon the nationally negotiated pay spine including all salaries up to spinal column point 43, for employees from both Councils to be paid in accordance with. A copy of the new pay structure is at the end of this policy. In order to ensure equality for employees from each Council, Shared Services employees on levels 10 to 17 receive an additional 6% of salary in lieu of access to the lease car scheme for which former Chorley Council employees, now employed by South Ribble Borough council, previously had access to, in order to provide parity.

4. LEISURE SERVICES

Employees who were employed by South Ribble Borough Council who were engaged on the Leisure Services Contracts for South Ribble were all TUPE transferred to South Ribble Leisure Services with effect from 1 September 2021. The employees are no longer employed by South Ribble Borough Council and therefore they are not included within the Pay Policy Statement for South Ribble Borough Council.

5. SENIOR MANAGEMENT REMUNERATION

The Localism Act refers to Chief Officers and Deputies, though it should be noted that the definition is very broad and relates to Metropolitan and County Council's as well as much smaller District Council's with far fewer management levels, such as South Ribble Borough Council.

Therefore, for the purpose of this policy, senior management is determined by those officers who are paid in accordance with the Chief Officer and Chief Executive National Conditions of Service, i.e.:

- The Chief Executive
- Deputy Chief Executive
- Director (Customer & Digital)
- Director (Commercial Services)
- Director of Finance - S151 Officer
- Director (Governance) – Monitoring Officer
- Director (Communities)

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- Director (Planning and Development)

Senior Management pay increases

The JNC for Chief Executives and the JNC for Chief Officers negotiate the pay awards for these employees and the employers side have offered a full and final pay settlement of 1.5%, which has been accepted by the JNC for Chief Executives but not yet by the NJC for Chief Officers. As the pay award is given consideration for increasing the salary of the Chief Executive it is not necessarily implemented. This is similar of the Chief Officers and therefore consideration will not be given to implementing any pay award until both NJC are in agreement.

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 Shared Services Joint Appointment Panel, the membership of which is agreed annually by Full Council, and the panel would make a recommendation to appoint which must be then approved by Full Council.

The level of salary for the Chief Executive, who is the Head of Paid Services, was set by the Council at £145,000. The Chief Executive has responsibility for both South Ribble Borough Council and Chorley Council, and the salary was set to reflect those responsibilities, and the post is currently employed by South Ribble Borough Council.

This figure is a single spot point and therefore there is no incremental progression. The salary was effective from 1 April 2020 and will continue until consideration is given to the pay award for 2021/22, as detailed above.

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 fees earned through the role of Chief Executive or in respect of intellectual property gained through the role of Chief Executive would be payable to the Council. Furthermore, the Chief Executive would not normally be entitled to undertake any other gainful employment.

Professional fees, where membership of a particular professional organisation is required by the council for the Chief Executive to carry out the full role of the post, will be reimbursed.

Comparison of the Chief Executive salary level to the median salary level within South Ribble Borough Council (required under the Localism Act 2011). The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.

Chief Executive Salary (including lease car contribution)	Median salary (SCP 20)	Ratio
£145,000	£25,991	1:5.6

Deputy Chief Executive

Prior to the appointment of any Director, Full Council will determine the salary of the post to be advertised. Appointment to the post is undertaken by the Shared Service Appointment Panel, with the final appointment agreed by Full Council.

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The Deputy Chief executive is employed by Chorley Council.

The level of salary for the Deputy Chief Executive is a single spot salary of £102,750

This amount is reviewed in accordance with any pay award settlement for Chief Officers, though not necessarily increased in line with any award. As this figure is a single spot point there is no incremental progression. However, the rate of pay would be reviewed in light of any national agreements relating to pay awards under the Chief Officers Conditions of Service.

The level of pay for the Deputy Chief Executive was set with regard to:

- The post works across South Ribble Borough Council and Chorley Council with whom we have a number of shared services which are expanding.
- The wide range of functions which the Deputy Chief Executive is responsible for.
- Market analysis of similar posts within other local authorities.
- Deputising function for the Chief Executive.

Should the Deputy Chief Executive or the other Directors detailed below participate in any of the electoral processes, then a relevant payment would be made, from monies received for carrying out elections, depending upon the role which they undertook.

Any fees earned through the role of Deputy Chief Executive or the other Directors detailed below or in respect of intellectual property gained through their role of Director would be payable to the Council. Furthermore, the Deputy Chief Executive or the other Directors detailed below would not normally be entitled to undertake any other gainful employment.

Comparison of the Deputy Chief Executive level to the median salary level within South Ribble Borough Council (required under the Localism Act 2011). The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.

Deputy Chief Executive Salary (including lease car contribution)	Median salary (SCP 20)	Ratio
£102,750	£25,991	1:4.6

Directors

As detailed within Section 3, South Ribble Borough Council has a number of shared services with Chorley Council. All the Directors employed by South Ribble Borough Council have responsibility for services across the two Councils. Similarly, the Director of Customer and Digital, Director of Commercial Services and Director of Finance, similarly have responsibility across the two councils and as they are employed by Chorley Council (CBC), details of their remuneration is contained within the CBC pay policy.

Directors employed by South Ribble Borough Council

- **Director of Communities**
- **Director of Planning & Development**
- **Director of Governance**

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Prior to the appointment of any Director Full Council will determine the salary of the post to be advertised. Appointment to the post is undertaken by the Shared Services Joint Appointment Panel, the membership of which is agreed annually by Full Council.

The level of salary for all the Directors are all single spot salaries. Details of the annual salaries are shown below:

- Director of Communities – salary band of £75,000 to £80,000.
- Director of Planning & Development - salary band of £75,000 to £80,000.
- Director of Governance – spot salary of £77,063.

These amounts are reviewed in accordance with any pay award settlement for Chief Officers, though not necessarily increased in line with any award. The rate of pay would be reviewed in light of any national agreements relating to pay awards under the Chief Officers Conditions of Service, as detailed above.

The level of pay for the Directors was set with regard to:

- The wide range of functions which the Directors are responsible for.
- Market analysis of similar posts within other local authorities.
- Further details regarding the rationale for the specific Director posts is at the end of this policy.

Comparison of the Directors salary levels to the median salary level within South Ribble Borough Council (required under the Localism Act 2011). The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.

Director Salary (including lease car contribution)	Median salary (SCP 20)	Ratio
Director of Communities £75,000 - £80,000	£25,991	1:3.1 (at maximum of salary band)
Director of Planning & Development £75,000 - £80,000	£25,991	1:3.1 (at maximum of salary band)
Director of Governance £77,063	£25,991	1:3.0

Professional fees, where membership of a particular professional organisation is required by the Director to carry out the full role of the post will be reimbursed.

Service Leads/Assistant Director

Reporting directly to the relevant Director are four Shared Service Leads and an Assistant Director employed by South Ribble Borough Council. Details of their remuneration and shared service status is below:

Service Lead	Shared services with South Ribble Borough Council	Salary	Ratio to median salary of £25,991
Shared Service Lead Democratic, Scrutiny & Electoral Services	Yes	£51,616	1:2.0

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Shared Service Lead Audit & Risk	Yes	£54,663	1:2.1
Shared Service Lead Legal	yes	£61,650	1:2.4
Shared Service Lead Communications and Visitor Economy	Yes	£61,650	1:2.4
Assistant Director of Projects & Development	Yes	£52,403	1:2.0

The level of pay for the Service Leads and the Assistant Director were set with regard to:

- The wide range of functions which the Directors are responsible for.
- Market analysis of similar posts within other local authorities.
- Those posts which work across South Ribble Borough Council and Chorley Council.
- Further details regarding the rationale for the specific Service Lead posts is at the end of this policy.

6. OTHER CONDITIONS RELATING TO SENIOR MANAGEMENT AND OTHER EMPLOYEES

Pension Arrangements

All permanent and temporary employees, including senior management, 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.

Enhancements to employee's pension entitlements will not normally be provided for any Council employee, unless there are exceptional circumstances.

Performance Related Pay

South Ribble Borough Council does not have any scheme relating to performance related pay for any employees including Senior Management.

Bonuses

South Ribble Borough Council does not have any schemes relating to the payment of bonuses for any employees including Senior Management, and therefore none are received.

Payments on the termination of employment

An employee being made redundant would receive a payment in accordance with the Council's Redundancy Policy which is applicable to all permanent and temporary employees. Payments are based upon the statutory redundancy ready reckoner and the employee's actual weekly wage with no automatic further enhancements to redundancy payments. Additional payments may be considered in exceptional circumstances.

Adherence will be made to any restriction of public sector exit payments that may be implemented during the period of this Pay Policy Statement.

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Senior Managers returning to South Ribble Borough Council

The Relevant Appointment Panel would consider applications from former Senior Managers of either South Ribble Borough Council or another local authority who received either a redundancy payment or who was in receipt of a Local Government Pension, to determine whether it would be appropriate to appoint them to a Senior Management post within South Ribble Borough Council.

Professional Subscriptions

A number of employees are members of professional organisations in connection with their employment at the Council though membership is not essential to enable them to undertake their duties on behalf of the Council. Therefore, it is the policy of the Council to only pay for an employee's subscription to a professional organisation where they have a statutory responsibility.

Health care

South Ribble Borough Council pays for all employees, including the senior managers detailed within this policy, to have level 1 access to a Health Care Plan, if they so wish. For all those employees participating in the scheme the value of the benefit is £66 per employee per annum. Anyone wanting to increase the level of cover, or include partners or spouses on the Health Care Plan must pay any additional premium themselves, through their salary.

Reservists Leave

The Council will grant up to an additional 10 days (pro-rata for part-time employees) of paid leave per annum to employees who are Reservists under the 'Special Leave for Public Duties' to attend military training and annual camp.

7. LOWEST PAID EMPLOYEES

Lowest Paid Employees

At a meeting of the Council on the 8th January 2013, South Ribble Borough Council adopted the "Living Wage Foundation" rates for all its employees, excluding apprentices (see below), to address the issue of low pay. The Living Wage Foundation, which is a national body, established and annually updates what it considered to be a "living wage" which is an hourly rate. The rate from April 2021 was £9.50 per hour and £9.90 per hour for outside London. The rate is set by the Centre for Research in Social Policy and is based upon what it considers to be the basic cost of living to provide a minimum income standard. This compares with the National Living Wage from April 2021 of £9.20 per hour for employees aged 23 and over, and £9.50 per hour from April 2022.

Posts at Grade 1 and employees on the bottom three points of grade 2 are paid below the Foundation Living Wage despite the last national pay awards providing greater increases to the bottom points of the pay scale in order to address the Government proposals relating to the National Minimum wage.

In light of its commitment to the Living Wage Foundation rates, a supplement is paid to employees on the bottom points of the pay structure to ensure that they receive the Living Wage Foundation rate.

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Therefore, with effect from 1st April 2022 all posts within South Ribble Borough Council, excluding apprentices, will be paid at the Living Wage Foundation rate as a minimum, as detailed below.

Grade	SCP	Annual salary	Hourly rate	Annual supplement	Annual	Inclusive hourly rate
Grade 1	1	£17,842	£9.25	£1,258	£19,100	£9.90
Grade 2	2	£18,198	£9.43	£902	£19,100	£9.90
	3	£18,562	£9.62	£538	£19,100	£9.90
	4	£18,933	£9.81	£167	£19,100	£9.90
	5	£19,312	£10.01	£0	£19,312	£10.01
	6	£19,698	£10.21	£0	£19,698	£10.21

The supplement will be reviewed in light of the nationally agreed pay award for 2021/2022 and further reviewed in light of any nationally agreed pay award relating to 2022/2023.

Progression through the grade is by annual increments until the maximum of the scale is reached.

Apprenticeships

There are no apprentices currently employed by South Ribble Borough Council, previous apprentices are no longer undertaking their apprenticeship.

For any future apprentices employed by South Ribble Borough Council with effect from 1st April 2022 in their first year they would receive the current National Living Wage regardless of their age and in the second year of their apprenticeship receive the Living Wage Foundation rate as detailed below:

First year	£9.50 per hour
Second year	£9.90 per hour

8. GENDER PAY INFORMATION

This information is published in compliance with the The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and relates to the salary levels of employees at the 31 March 2022.

Average hourly rates of pay for male and female employees (Regulations 8 and 9):

	Male	Female	Difference
Mean hourly rate	£15.11	£13.95	7.7%
Median hourly rate	£10.83	£10.83	0%

Bonus payments made to male and female employees (Regulations 10, 11 and 12):

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This information is not reported, as bonuses are not paid to any employee of South Ribble Borough Council.

The proportions of male and female employees in the lower, lower middle, upper middle and upper quartile pay bands:

	Male	Female
Lower quartile	41.5%	58.5%
Lower middle quartile	51.2%	48.8%
Upper middle quartile	40.2%	59.8%
Upper quartile	54.2%	45.8%

The higher percentage of female employees in the lower quartile is in part due to the number of cleaners paid at the lowest rate. The situation was further exacerbated by a number of cleaners who were transferred from Chorley Council to South Ribble Council as part of the Shared Services arrangements.

9. OVERTIME PAYMENT ARRANGEMENTS

A number of recent Tribunal decisions have established the principle that employees should not be deterred from taking annual leave by being worse off for being on leave than if they had been in work. This primarily relates to overtime payments not being taken into account when calculating holiday pay, and employees just receiving their basic pay regardless of the level or regularity of overtime undertaken.

Advice from ACAS is that “Workers should usually receive the same pay while they are on annual leave as they normally receive while they are at work” and go on to say that “All types of overtime, including voluntary, must be included when calculating a worker’s statutory holiday pay entitlement, apart from overtime that is only worked on a genuinely occasional and infrequent basis.”

<http://www.acas.org.uk/index.aspx?articleid=4109>

The requirement to recognise overtime when calculating holiday pay, however, only applies to the 4 weeks of annual leave required by the EU Working Time Directive. It would be impractical to determine what overtime is regular and therefore should be reflected in holiday pay, in light of the resources required to monitor this, the lack of any legal definition as to what constitutes regular overtime and that this approach may encourage employees to undertake unnecessary overtime to establish a level of regularity.

Therefore, an additional 7.69% is added to overtime payments to accommodate the requirement to reflect overtime in holiday pay calculations for the 4 weeks of annual leave required by the EU Working Time Directive.

It is anticipated that this proactive approach avoids claims for back pay and should be taken in the context of a continuing review of the levels of overtime, including exploring ways in which overtime costs may be reduced.

It is not proposed that standby payments are enhanced, as arrangements to undertake standby are rostered around annual leave. Therefore, employees do not suffer any detriment as a result of taking annual leave.

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Should there be subsequent case law which impacts upon this issue then the council will review the measures and potentially implement alternative arrangements.

The arrangements for all overtime worked were implemented from the 1st April 2018. Unison agreed to the proposals and all staff were written to informing them of the changes prior to implementation

10. COMPLIANCE

It is the responsibility of the Council's Human Resources Services Manager to ensure that the Pay Policy is adhered to and is required to report any deviation from the Policy to the Leader of the Council.

11. PUBLICATION

This policy will be published on the South Ribble Borough Council website as soon as possible after it has been approved by Full Council.

12. GLOSSARY OF TERMS

Shared Services Joint Appointment Panel - Member Panel appointed annually at Full Council

Head of Paid Service – Statutory Officer appointed in accordance with section 4 of the Local Government and Housing Act 1989. The Chief Executive and Senior Officer at the Council with responsibility for co-ordinating and organising council business and ensuring proper management of staff.

Returning Officer – Statutory Officer appointed in accordance with section 35 of the Representation of the People Act 1983. The RO has responsibility for the conduct of Council elections. The role is an independent statutory function which is appointed to by, but sits separate to, the Council. The Constitution appoints the Chief Executive as RO.

Monitoring Officer - The Monitoring Officer has the specific duty to ensure that the Council, its officers, and its Elected Councillors, maintain the highest standards of conduct in all they do.

Statutory Finance Officer - Statutory Officer appointed in accordance with section 151 of the Local Government Act 1972. The officer with responsibility for the proper administration of the Council's financial affairs.

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NJC FOR LOCAL GOVERNMENT SERVICES PAY SCALES 01/04/2020 TO 31/03/2021 NON-SHARED SERVICES

Grade	SCP	Annual salary	Hourly rate
Grade 1	1	17842	9.2477
Grade 2	2	18198	9.4325
	3	18562	9.6211
	4	18933	9.8133
	5	19312	10.0099
	6	19698	10.2101
Grade 3	6	19698	10.2101
	7	20092	10.4141
	8	20493	10.6223
	9	20903	10.8348
Grade 4	9	20903	10.8348
	10	21322	11.0516
	11	21748	11.2726
	12	22183	11.4979
	13	22627	11.7280
	14	23080	11.9628
	15	23541	12.2020
Grade 5	15	23541	12.2020
	16	24012	12.4459
	17	24491	12.6946
	18	24982	12.9486
	19	25481	13.2075
	20	25991	13.4716
	21	26511	13.7411
	22	27041	14.0159

Grade	SCP	Annual salary	Hourly rate
Grade 6	22	27041	14.0159
	23	27741	14.3791
	24	28672	14.8617
	25	29577	15.3303
	26	30451	15.7836
Grade 7	26	30451	15.7836
	27	31346	16.2474
	28	32234	16.7076
	29	32910	17.0580
	30	33782	17.5102
Grade 8	30	33782	17.5102
	31	34728	18.0007
	32	35745	18.5274
	33	36922	19.1377
	34	37890	19.6394
	35	38890	20.1576
Grade 9	35	38890	20.1576
	36	39880	20.6710
	37	40876	21.1871
	38	41881	21.7080
	39	42821	22.1953

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NJC PAY SCALE FOR SHARED SERVICES EMPLOYEES (Excluding travel allowance)

Level	SCP	2020/2021		Level	SCP	2020/2021	
		Annual	Per hour			Annual	Per hour
1	1	£17,842	9.4391	15	40	£43,857	23.2025
	2	£18,198	9.6277		41	£44,863	23.7346
	3	£18,562	9.8201		16	42	£45,859
2	4	£18,933	10.0164	43		£46,845	24.7832
	5	£19,312	10.2170	17	44	£47,853	25.3165
3	6	£19,698	10.4213		45	£48,872	25.8558
	7	£20,092	10.6295		46	£49,878	26.3879
4	8	£20,493	10.8421				
	9	£20,903	11.0590				
5	10	£21,322	11.2802				
	11	£21,748	11.5058				
	12	£22,183	11.7358				
	13	£22,627	11.9706				
6	14	£23,080	12.2103				
	15	£23,541	12.4544				
	16	Inactive					
	17	£24,491	12.9572				
7	18	£24,982	13.2165				
	19	£25,481	13.4807				
	20	£25,991	13.7503				
	21	Inactive					
	22	£27,041	14.3059				
8	23	£27,741	14.6766				
	24	£28,672	15.1691				
	25	£29,577	15.6475				
	26	£30,451	16.1101				
9	27	£31,346	16.5836				
	28	£32,234	17.0533				
10	29	£32,910	17.4109				
	30	£33,782	17.8725				
11	31	£34,728	18.3731				
	32	£35,745	18.9107				
	33	£36,922	19.5337				
12	34	£37,890	20.0458				
	35	£38,890	20.5747				
13	36	£39,880	21.0987				
	37	£40,876	21.6255				
14	38	£41,881	22.1571				
	39	£42,821	22.6545				

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Additional information relating to the salary determination for the Specific Director and Specific Service Lead posts.

South Ribble Borough Council Director posts

1	Shared Director reporting into the Chief Executive Shared Director reporting to Deputy Chief Executive with additional statutory responsibilities	£77,063	Director of Governance
2	Shared Director reporting into the Chief Executive with additional statutory, large budgetary and staffing responsibilities	£75,000 to £80,000	Director of Communities Director of Planning & Development

South Ribble Borough Council Service Lead posts

Tier	Criteria	Spot salary	Roles
1	Shared Service Lead reporting to a Director with limited staffing responsibilities	£51,616	Shared Service Lead Democratic, Scrutiny & Electoral Services
2	Assistant Director with medium staffing responsibilities and a range of services	£52,403	Assistant Director of Projects and Development
3	Shared Service Lead	£54,663	Shared Service Lead Audit & Risk
4	Shared Service Lead reporting into the Deputy CE or Chief Executive Shared Service Lead reporting into a Director with essential professional qualifications/statutory responsibilities.	£61,650	Shared Service Lead - Communications & Visitor Economy Shared Services Lead - Legal

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APPENDIX J

BUDGET CONSULTATION 2022/23

PURPOSE OF THE REPORT

1. This report provides the Council with the results from the public consultation carried out on the Executive's draft budget proposals for 2022/23.

RECOMMENDATION(S)

2. It is recommended that Members use the results from the consultation, which represent the views of residents, to inform their decisions when setting the budget for 2022/23.

EXECUTIVE SUMMARY OF REPORT

3. The consultation on the proposed budget principles for 2022/23 received a total of 220 responses to the online survey, with 109 open comments and 39 comments through social media. This is in comparison to 105 responses received to the 2021/22 budget consultation.
4. Participants were asked to indicate their preferred priorities for investment and to also make suggestions on what they think the council should be doing. Analysis showed a broad level of support for the areas of investment with some options prioritised more highly than others. The open comments were positive in relation to the council tax proposals and generally supportive of wider principles including ensuring a strong recovery from the pandemic and protecting the most vulnerable.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

5. This report relates to the following corporate priorities:

An exemplary council	✓	Thriving communities	✓
A fair local economy that works for everyone	✓	Good homes, green spaces, and healthy spaces	✓

BACKGROUND

6. The budget consultation aimed to gather feedback from residents and promote engagement around the budget proposals for the next financial year.
7. The 2022/23 budget consultation ran from the 1st February to the 10th February 2022 and was conducted through an online survey. The consultation relates to the proposals set out in the budget positions statement, forecast budget and guiding principles for application of the budget over the next 3-year financial period.
8. The survey was structured into three parts. In part one, participants were presented with eight priority categories for investment and asked to score each of them on a scale of one ('low priority') to five ('high priority'). The categories included:

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- Supporting businesses to get back on their feet after Covid
- Improving Leyland town centre including delivering the plans set out in the Town Deal.
- Support communities and community facilities to thrive through the community hub boost fund.
- Work to target fly-tipping and environmental improvements
- Delivering excellent leisure services and running leisure centres efficiently
- Taking steps to retain wealth within the borough through local job creation
- Improvements to play areas and open spaces across the borough
- Support the development of affordable homes

9. In part two, participants were asked whether they agreed to a Council Tax increase in line with inflation. In part three, participants were asked to share any additional suggestions or comments in an open format.
10. The consultation was publicised through a structured digital campaign which included eight posts on Facebook which accrued 818 link clicks, 73,588 views, reached 65,018 accounts and had 5676 engagements (likes, comments or shares).

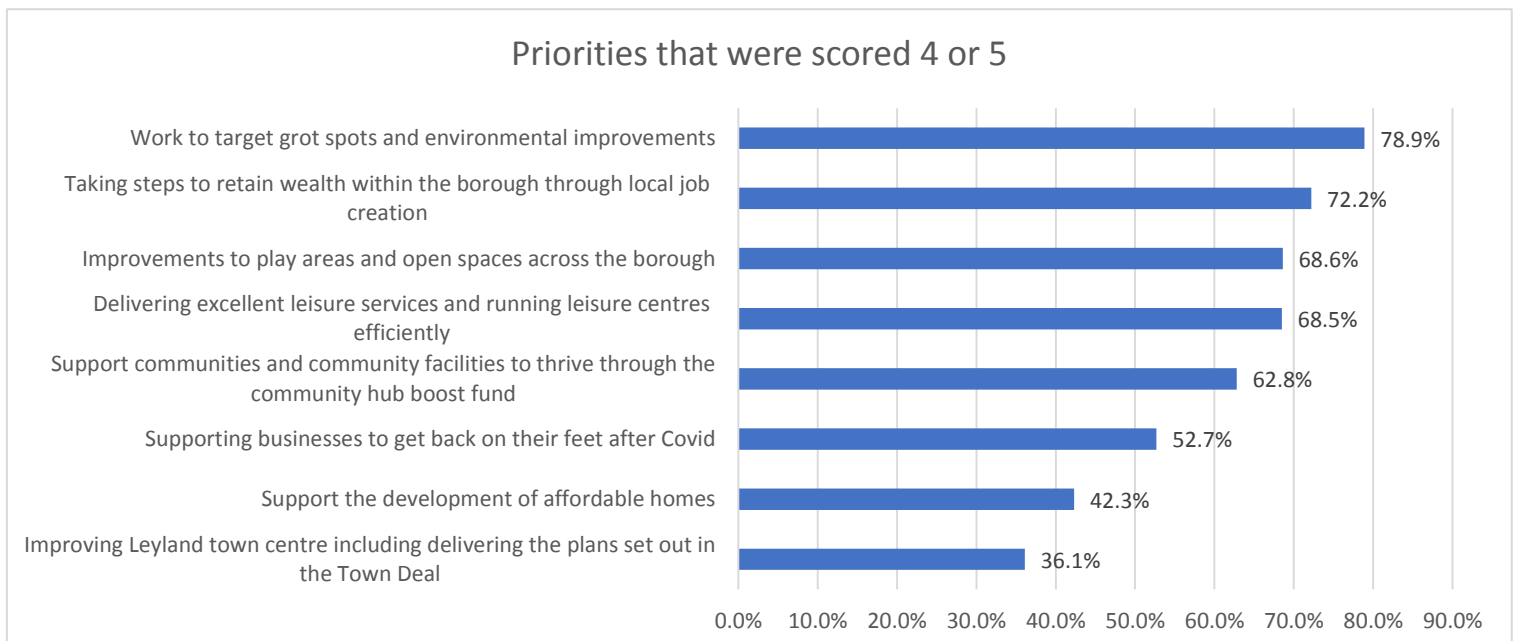
CONSULTATION FINDINGS

Overview

11. There were 220 responses received via the online survey, with 109 participants providing qualitative feedback through one open-ended question. Response levels have increased, compared to last year's budget consultation survey, in which we received 105 responses.

Part 1: High Priority Areas

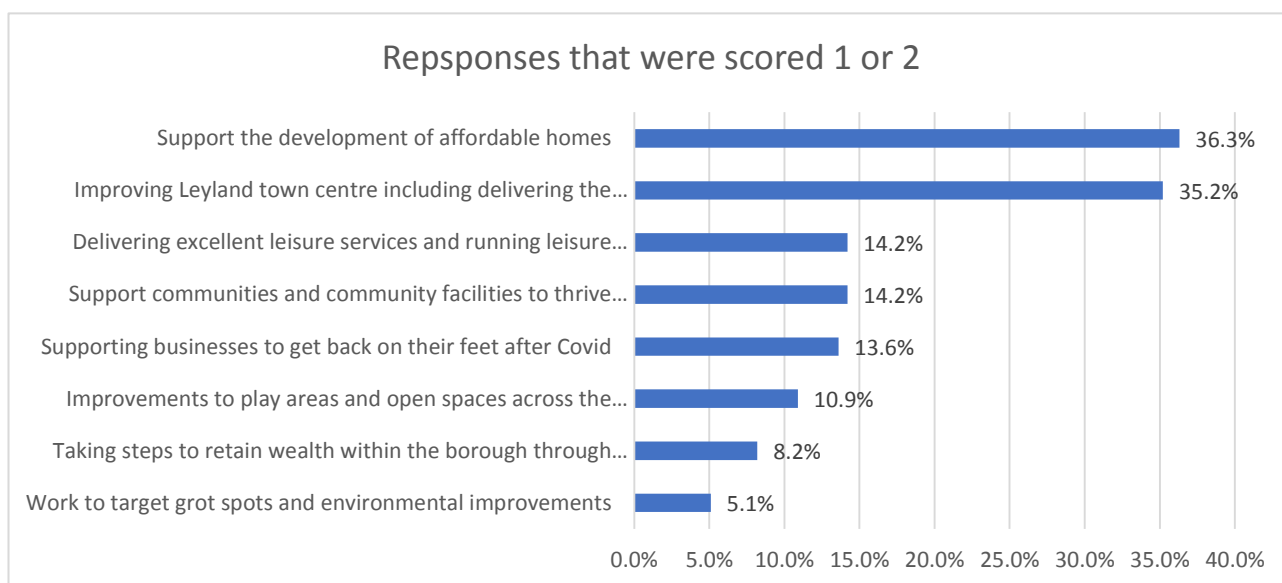
12. Participants were asked to rank on a scale of one ('low priority') to five ('high priority') what should be prioritised when allocating funding. The chart below



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presents the categories that were scored the highest priorities (four or five):

13. The highest priority scored by participants was work to target fly-tipping and environmental issues (78.9%). The second highest priority identified by participants was taking steps to retain wealth within the borough through local job creation (72.2%). The latter was also highly prioritised in the budget consultation for 2021/22.
14. Supporting communities and community facilities to thrive through the community hub boost fund (62.8%), delivering excellent leisure services and running leisure centres efficiently (68.5%) and improvement to play areas (68.6%) were also highly prioritised.
15. The categories that were scored the lowest priorities (one or two), are presented in the chart below:



16. The priority that was scored lowest was the development of affordable homes with 36.4% ranking this as low priority. The area that was scored as the lowest priority overall was improving Leyland town centre including delivering the Leyland town deal, with 35.2% participants scoring it as low priority and 36.1% scoring it as high priority.
17. For a detailed outline of the scoring of each priority area, see Appendix A.

Part 2: Council Tax

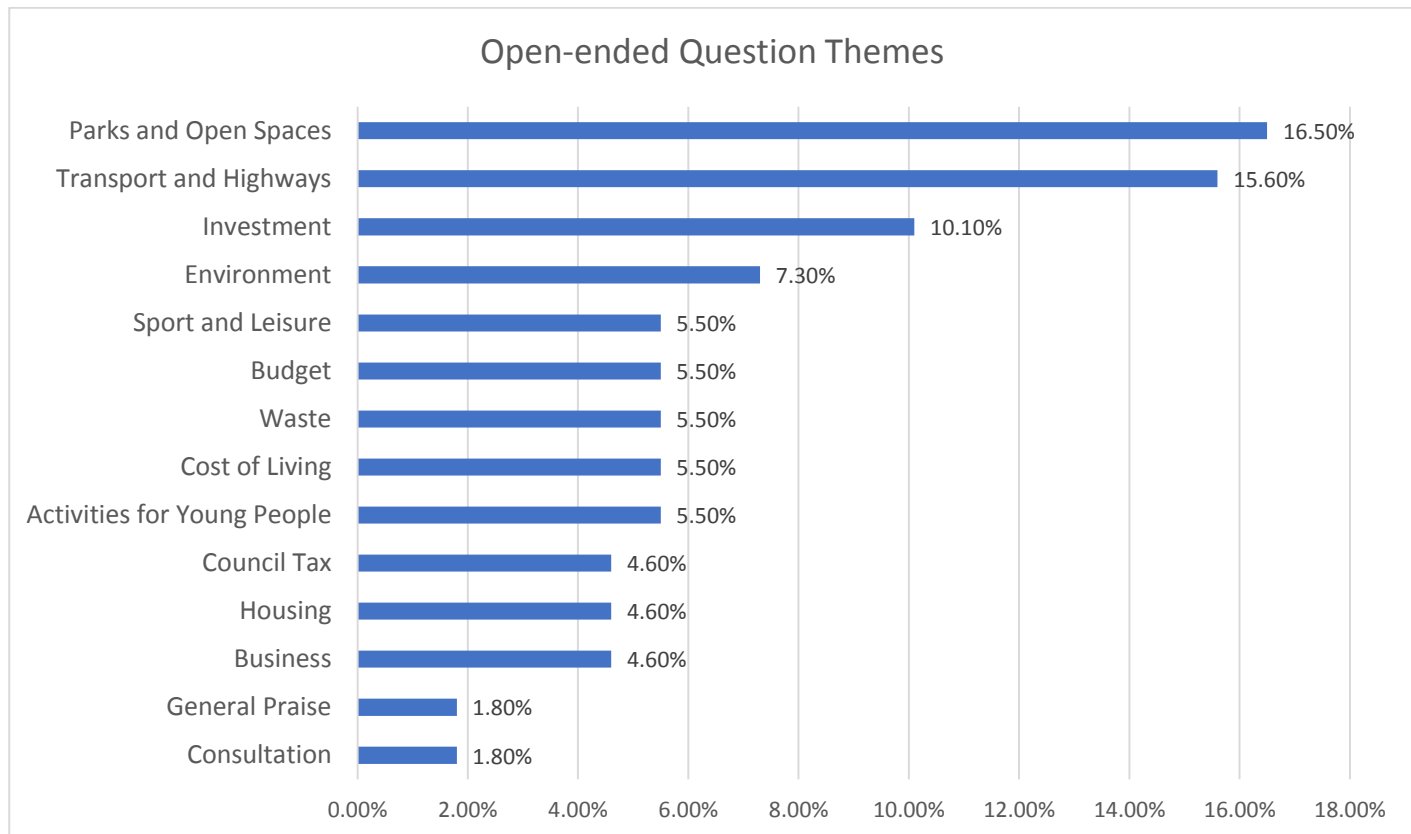
18. Respondents were asked whether they agree with a Council Tax increase in line with inflation. The results showed a marginal disagreement. Open responses reflected the results of this, with residents' concerns primarily being the current economic climate and the impact of what an increase would have in this climate.

Response	%
Agree	46.7%
Disagree	53.2%

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Part 3: Open-ended Question Results

19. Respondents were asked to review the budget proposals and provide their suggestions through an open-ended question, with the intention of gaining more qualitative feedback and wider suggestions perhaps not covered in the proposals. Responses were grouped together and categorised by theme with the frequency shown in the chart below:



20. The most common theme amongst the participant feedback was parks and open spaces, which featured in 18 (16.5%) responses. This included general suggestions for improvements to outdoor facilities, including adding CCTV and provisions for outdoor sports.
21. The second most common theme was transport and highways, which was mentioned by 17 (15.6%) participants. Feedback included areas outside of the Council's remit, with the fixing Tram Road bridge being a popular theme.
22. Other common themes included the environment, with residents indicating further wildlife meadows and trees as a key priority, which was reflected as a high priority among residents more broadly.
23. The comments from the five most recurring themes are presented in Appendix B.

Social Media Responses

24. Alongside the online survey, there were a number of structured Facebook posts during the consultation period. These received 39 comments. These comments broadly reflected the themes of the consultation.

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IMPLICATIONS OF REPORT

25. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		✓	Customer Services	
Human Resources			Equality and Diversity	
Legal			Integrated Impact Assessment required?	
No significant implications in this area			Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

26. There are no comments.

COMMENTS OF THE MONITORING OFFICER

27. There are no comments.

CHRIS SINNOTT
DEPUTY CHIEF EXECUTIVE

Report Author	Date	Doc ID
Sophie Tsang	11/02/2022	Budget Consultation Report 2022

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APPENDIX A – Investment Priorities (Part One)

The table below presents the response received to part one of the survey, where participants were presented with several categories and asked to rank on a scale of one ('low priority') to five ('high priority') what should be prioritised when allocating funding:

I want the council to allocate money to:	Responses scoring 4 or 5 (Percentage)
Work to target fly-tipping and environmental improvements	79%
Taking steps to retain wealth within the borough through local job creation	72%
Improvements to play areas and open spaces across the borough	69%
Delivering excellent leisure services and running leisure centres efficiently	68%
Support communities and community facilities to thrive through the community hub boost fund	63%
Supporting businesses to get back on their feet after Covid	53%
Support the development of affordable homes	42%
Improving Leyland town centre including delivering the plans set out in the Town Deal	36%

I want the council to allocate money to:	Responses scoring 1 or 2 (Percentage)
Support the development of affordable homes	36%
Improving Leyland town centre including delivering the plans set out in the Town Deal	35%
Supporting businesses to get back on their feet after Covid	14%
Support communities and community facilities to thrive through the community hub boost fund	14%
Delivering excellent leisure services and running leisure centres efficiently	14%
Improvements to play areas and open spaces across the borough	11%

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Taking steps to retain wealth within the borough through local job creation	8%
Work to target fly-tipping and environmental improvements	5%

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APPENDIX B – Respondent Comments (Part Two)

The table below presents a selection of comments from part two of the survey. These are comments from the five most reoccurring themes when participants were asked to make suggestions on what they believe the council should be doing:

Parks and Open Spaces
Great improvement to Strawberry Valley Park, however CCTV and better lighting, especially on the middle of the footbridge to Hargreaves Avenue, would be very welcome.
Protecting green spaces for both nature and for peoples wellbeing. This includes parks, fishing ponds, fields, woodland
Transport and Highways
Please put aside money to support the re-opening of the tram bridge. Some sharing of costs with PCC may get the project off the ground.
Cycling Leyland loop. Please finish the route with signage.. Make route traffic free at least 10 miles. Preston guide is 21 mile
Investment
Would like to see some investment in Lostock Hall village centre.
Money spent on ALL areas of South Ribble and not just Leyland. More involvement with the local communities and the smaller parishes, More help for the disabled, and more disabled parking near parks and leisure areas.
Cost of Living
I think in times like we have at the moment, increasing Council Tax should be the bear minimum. I do like the plans suggested, but many people are worried more about "heating or eating" than more expensive issues. Please invest more to help people in need
Use some of the money to support the poorest through the cost of living crises. Increase council tax for the rest of us in line with inflation (or even a little more) but apply a discount to those who are struggling
Activities for Young People
More activities/youth groups to encourage teenagers to come off the streets and discourage antisocial behaviour. Especially when new parks are being built for younger children and potentially face being ruined by teenagers with nothing better to do.
We need to focus on children's, groups from 5 to 18 actives, physical, social and mental health and groups for LGBT as thire are several parents and children who need to feel part of the community. Also youth groups as well as showing or helping them to gain skills and not follow the wrong path. Budgeting classes for those who struggle. The Base on broadfield drive do exelent work and offer groups and support to families. So why not invest in a purpose built community hub like the one in Chorley. run by the volunteers at the base this would benefit the whole community and we would reep the reward of better positive outcomes for those less fortunate.
Environment
Need more trees and wildflower meadows, help to fund maintaining natural areas to walk and enjoy to help mental health and physical health, help to encourage and protect wildlife and help for small independent businesses to recover from the pandemic
Please invest more funds into protecting our green spaces and increasing biodiversity. Where I live in lower Pemwortham, hundreds of tree are being felled to make way for the flood defences. There are so many areas where grass could be turned into wildlife areas, small wooded areas or community gardens/orchards. Less grass and more trees please!

Equality Impact Assessment

Name of Project or Policy:	Budget 2022/23	Project Lead or Service Lead:	Shared Service Lead – Transformation and Partnerships
Senior Responsible Officer:	Deputy Chief Executive	Corporate Outcome:	An exemplary council
Date EIA completed:	07/02/2022	Review date:	07/02/2023
Description and aims of Policy or Project:	<p>The Budget 2022/23 outlines the budget for the next financial year as well as the forecast for the following two years to 2024/25. This includes outlining the use of forecast resources for 2022/23, which will have a significant effect on our communities and residents as it determines what will be delivered.</p> <p>The Budget aims to improve outcomes in our communities and deliver the corporate priorities whilst taking the necessary steps to reduce the budget deficit in the medium term.</p>		
Who are the stakeholders:	Residents and Businesses		
Please provide more detail:	<p>Our residents and businesses will be affected due to how the Budget determines how resources are allocated and its fundamental aim to provide high quality services and improve outcomes in our communities. The budget has been developed with the use of data to ensure it is evidence based and has been out to public consultation. This will ensure all stakeholder groups that will be impacted by the Budget can have a say on the proposals for 2022/23, which will be considered by Members on 24/02/2022.</p>		
How will success in relation to equality be measured:	<p>Success will be measured through the impact of the resource allocation for 2022/23 and its effect(s) on stakeholders, with a specific focus on outcomes. This will be monitored as part of corporate delivery.</p>		

Brief summary of research and background data:	The Budget was developed with the use of relevant and up-to-date data to ensure that is evidenced based. Research was conducted into current and possible funding streams and expenditure. Additionally, the budget deficit was reviewed. The investment items as part of the budget proposals were identified using the Corporate Strategy, which was reviewed and refreshed using local neighbourhood statistics, priorities, and performance information.
Methods and outcome of consultation:	<p>An online survey was conducted between 01/02/2022 and 10/02/2022 using our digital consultation platform (CitizenSpace). The survey featured three questions. Question one presented eight different priority categories for investment and asked respondents to each of them on a scale of one ('low priority') to five ('high priority'). Question two asked residents if they approved of an increase in Council Tax in line with inflation, through 'yes' or 'no' options. Question three asked participants to provide their suggestions in response to the budget via an open-ended question, with the intention of gaining more qualitative feedback to gain a deeper insight into views and opinions.</p> <p>The consultation was publicised through a structured digital campaign, including on social media such as Facebook (which reached 65,018 users).</p> <p>The results will be analysed and presented via a report to the Council on 24/02/2022 to ensure Members use the results from the consultation, which represents the views of residents, to inform their decisions when setting the budget for 2022/23.</p>

Equality and Diversity

Age - How does this Project/Policy impact this particular characteristic:	<p>The following interventions will have a positive impact on older and younger residents:</p> <ul style="list-style-type: none"> • Accommodation for older residents – Investment into Extra Care scheme will produce high quality accommodation to meet the future needs of the residents from across the borough. • Play area improvements – to improve parks, play areas and open spaces and for improvements to smaller open space and play areas.
What impact will this have:	Positive

Disability - How does this Project/Policy impact this particular characteristic:	<ul style="list-style-type: none"> Investment into Extra Care scheme will help residents with long term conditions
What impact will this have:	Positive
Gender Reassignment - How does this Project/Policy impact this particular characteristic:	No proposals should have a differential effect on any residents because of these characteristics.
What impact will this have:	No Impact
Marriage / Civil Partnership - How does this Project/Policy impact this particular characteristic:	No proposals should have a differential effect on any residents because of these characteristics.
What impact will this have:	No Impact
Race - How does this Project/Policy impact this particular characteristic:	No proposals should have a differential effect on any residents because of these characteristics.
What impact will this have:	No Impact
Sex - How does this Project/Policy impact this particular characteristic:	No proposals should have a differential effect on any residents because of these characteristics.
What impact will this have:	No Impact
Sexual Orientation - How does this Project/Policy impact this particular characteristic:	No proposals should have a differential effect on any residents because of these characteristics.
What impact will this have:	No Impact
Religion or Belief - How does this Project/Policy impact this particular characteristic:	No proposals should have a differential effect on any residents because of these characteristics.
What impact will this have:	No Impact
Living with dementia - How does this Project/Policy impact this particular characteristic:	<ul style="list-style-type: none"> Investment into Extra Care scheme will help develop homes that will be accessible and adaptable.

What impact will this have:	Positive
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Agenda Item 13



Report of	Meeting	Date
Chief Executive (Introduced by the Leader of the Council and Cabinet Member (Strategy and Reform))	Council	Wednesday, 23 February 2022

Recruitment of Chief Executive

Is this report confidential?	No
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Is this decision key?	Not applicable
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Purpose of the Report

1. To set out proposals for the recruitment of a new Chief Executive.

Recommendations to Council

2. That council approve the proposals for the recruitment for a new Chief Executive.

Reasons for recommendations

3. The recommendation is necessary to ensure continuity of delivery of the role Chief Executive/Head of Paid Service.

Other options considered and rejected

4. It was considered commencing an external recruitment process, however, this departs from council policy and it was not felt appropriate in the circumstances.

Corporate priorities

5. The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

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Background to the report

6. As part of the expansion of shared services, the councils agreed to share their Chief Executive post on a permanent basis. At that point, the existing postholder moved onto a fixed term contract that comes to an end on 31 December 2022, when he will retire.
5. This means that the Chief Executive post will become vacant. It is the intention of both Chorley Council and South Ribble Borough Council to continue their shared service relationship. Therefore, plans need to be put in place to recruit to the post and this report sets out proposals for that process and subsequent changes.
6. Our refreshed Policy states that all roles will be advertised internally (for a reasonable time) unless there is a business reason not to. All permanent, temporary, casual and agency staff will be eligible to apply for internal vacancies if they work for Chorley or South Ribble Councils, or their wholly owned companies. For information on recruitment as part of an organisational change process the Change policy should be consulted.

Chief Executive Role and Salary

7. A new job description for the shared Chief Executive was created and approved in December 2020. It is proposed that this job description will continue to be used and it is attached as Appendix A.
8. The salary of the Chief Executive post is proposed to be set at £145,000, which is the salary agreed when the post was established. The costs of the post will be split 50:50 between the councils.

Recruitment process

9. As a shared post, the Shared Services Appointment Panel will be responsible for undertaking the recruitment and making a recommendation to the full council meetings for an appointment. It is intended that in the first instance that the post will be advertised internally with external recruitment undertaken if an internal appointment is not made.
10. It is important that the recruitment process is robust, and that both councils are confident that an appropriate candidate who will be able to fulfil the role effectively is appointed. Set out below is a proposed process and timetable for the initial internal recruitment process.

Advertise the post internally Applicants will be asked to apply for the role by submitting: <ul style="list-style-type: none">• CV• Supporting statement that sets out the candidate's experience and skills in leadership, partnership working and change management• Supporting statement setting out the candidate's approach to supporting the councils to deliver their visions and services	28 February to 13 March
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<p>Shortlisting</p> <p>Review of the applications and shortlisting by the shared services appointment panel. Supported by an external advisor (such as North West Employers or other recruitment advisor)</p> <p>The panel will also agree the arrangements for the assessment centre, including the questions and assessment criteria.</p>	w/c 14 March
<p>Assessment centre</p> <p>The shared service appointments panel will agree the process for the assessment centre, but it will likely include:</p> <ul style="list-style-type: none"> • One to one meetings with the Leaders • Staff panel • Partner panel • Presentation • Panel interview <p>The process will be supported and advised by external advisors</p>	w/c 21 March
<p>If the appointments panel view that there is a suitable internal candidate, then they will make a recommendation to full council meetings</p>	<p>19 April (Chorley Council)</p> <p>20 April (South Ribble Borough Council)</p>

11. The timescales set out above provide time for an external recruitment exercise to be undertaken if needed while still providing the opportunity for a planned transition to the new Chief Executive. Delaying the process will decrease the time available for handover and increase the risk that the council are not able to appoint a suitable candidate before the current Chief Executive's retirement.
12. If an appointment is made through the initial recruitment, a transition plan will be developed between the current and new postholders.
13. If an internal appointment is not made, the same process will be followed for an external recruitment, with the additional stage of advertising through greater.jobs and local government trade press such as The MJ and LGC.

Climate change and air quality

14. The work noted in this report does not impact the climate change and sustainability targets of the Council's Green Agenda and all environmental considerations are in place.

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Equality and diversity

15. The proposed recruitment will be in accordance with the two Council's policies. These policies were prepared to be complaint with equality and diversity legislation.

Risk

16. The risks are contained in the body of the report. The proposal is to mitigate the risks presented by the impending departure of the current Chief Executive. The early commencement of this process will further mitigate the risk.

Comments of the Statutory Finance Officer

17. The council's share of the salary costs of the post are already including in the budget.
18. The council's share of the recruitment costs will be managed within existing budgets; costs associated with an internal recruitment process are minimal, and will extend to an external advisor, whereas with external recruitment additional costs would be incurred in respect of advertising the post in the local government publications.

Comments of the Monitoring Officer

19. As detailed in the report the proposal seeks to manage the transition in the role of Chief Executive on the retirement of the current post holder. The proposal is in accordance with council procedure and risk mitigations are appropriately addressed.

Background documents

There are no background papers to this report.

Appendices

Appendix A

Report Author:	Email:	Telephone:	Date:
Gary Hall	gary.hall@southribble.gov.uk	01257 515104	10 February 2022

Job Description

Shared Chief Executive

Spot Salary: £145,000

Responsible To:

The Full Councils of Chorley Council and South Ribble Borough Council

Responsible For:

All employees of Chorley Council and South Ribble Borough Council

About the job:

To deliver the councils' corporate and partnership priorities in line with the councils' Corporate Strategies.

As the Head of Paid Service to ensure the effective strategic leadership of the council's Senior Management Team and be the Council's principal policy adviser in order to support the delivery of excellent services in accordance with Council policy, budgetary and statutory requirements.

Role:

To act as the councils' principal adviser to the elected leadership of the councils on policy options and the forward planning of objectives, services, and resources to deliver the sovereign councils' ambitions for the boroughs.

To provide leadership, direction and management of the officers of the councils to ensure the delivery of the council's Corporate Strategies and the provision of high quality, cost effective services based on community needs.

Manage the interface between Elected Members and Senior Officers, promoting a positive and respectful relationship between Members and Officers.

Provide strong visible leadership and direction to the councils' workforces to deliver Council and community priorities, maximising potential and developing a culture of accountability and empowerment.

To ensure that the councils have appropriate governance and regulatory systems and controls in place and adhered to, which are modern, flexible, fit for purpose and proportionate.

Ensure the performance of such emergency planning functions together with any other reasonable duties that may be required to maintain services.

To undertake any other duties incidental to the role of Chief Executive of the councils.

Responsibilities:

Team:

- You will manage individual and team performance to ensure that agreed targets and outcomes are achieved and that quality services are provided at all times, in line with our HR policies
- You will be responsible for all aspects of staffing matters related to the Team including recruitment, appraisals, absence management, capability and discipline
- You will participate in and deliver staff development activities as required

Corporate:

- You will carry out your duties and responsibilities in line with the Health & Safety Policy and associated legislation.
- You will actively engage with customer care, value for money and performance management.
- Your duties will be carried out in line with our equality scheme.
- You will be compliant at all times with GDPR and data protection legislation.
- You will constructively participate in communication and promotional activities.

Organisational:

- You will be committed to ensuring that shared services works for each organisation and act as an advocate for its development over time
- You will be prepared to take on responsibilities and projects that may be outside of your normal work area but are relevant to your role.
- You will support an inclusive culture which provides opportunities for everyone to participate and progress.
- You will support effective relationships across all directorates, with stakeholders and external partners to ensure each council's priorities and objectives are met.
- You will positively promote and represent each council at all times.

What the successful candidate will have:

- Relevant postgraduate master's degree or equivalent qualification and/or extensive relevant experience
- Be able to demonstrate a commitment to professional development
- Have significant experience of managing relevant teams and functions with demonstrable success at a comparable scale and level of complexity
- Have experience of managing a range of multi – disciplinary projects using transferable skills to move between projects and teams to drive delivery and achieve benefits
- Be able to demonstrate effective written and verbal communication skills
- Be able to work as part of a team, maximising available resources
- Be able to plan and organise a varied workload with shifting deadlines and priorities.
- Be able to challenge service performance, identifying and implementing improvements

You will play a key part in our organisational culture:

A LEARNING FORWARD THINKING ORGANISATION – Plans and prioritises effectively deciding what to do and what not to do, if unsure ask

RESPECT AND INTEGRITY – Is visible, approachable, open and honest with colleagues.

PRIDE – Creates an upbeat, positive culture among colleagues.

TWO COUNCILS, ONE SHARED SERVICE – Builds effective relationships outside their immediate team, with win-win relationships for all

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