To register a question for Public Question Time please email your question to democracy@rossendalebc.gov.uk before 9am Monday 21st February.

Rossendale BOROUGH COUNCIL

Meeting of: The Council

Wednesday 23rd February 2022 at 6.30pm or at the conclusion of Question Time and Public Engagement whichever is the later.

***Venue**: Council Chamber, The Business Centre, Futures Park, Bacup. OL13 0BB

***Please note this meeting will be accessible in the Council Chamber for essential attendees only (elected councillors and supporting officers). All other access will be by remote observation as detailed below.**

Join Zoom Meeting (please allow time for set up if accessing for the first time): https://zoom.us/j/95728023249?pwd=T1c5M3ZjVzNrdFVGdzRuUnRoTXdYUT09 Meeting ID: 957 2802 3249 Passcode: 479216 **Please note that a waiting room will be in place for the Zoom meeting and public will be admitted at 6.30pm.**
To join by phone or mobile: Dial 02034815240 then when prompted enter the ID number followed by # e.g. 95728023249# When prompted confirm with another # To mute and unmute yourself press *6 (Alternate dial in number: 02039017895)

Supported by: Carolyn Sharples, Committee and Member Services Manager Tel: 01706 252422
Email: democracy@rossendalebc.gov.uk

ITEM		Lead Member/Contact Officer
A.	**BUSINESS MATTERS**	
A1.	**Apologies for Absence**	Clare Birtwistle, Monitoring Officer 01706 252438 clarebirtwistle@rossendalebc.gov.uk
A2.	To approve and sign as a correct record the minutes of 31st January 2021.	
A3.	**Urgent Items of Business** To note any items which the Chair has agreed to add to the Agenda on the grounds of urgency.	
A4.	**Declarations of Interest** *Members are advised to contact the Monitoring Officer in advance of the meeting to seek advice on interest issues if necessary.* Members are requested to indicate at this stage, any items on the agenda in which they intend to declare an interest. Members are reminded that, in accordance with the Local Government Act 2000 and the Council's Code of Conduct, they must declare the nature of any personal interest and, if the interest is prejudicial, withdraw from the	

	meeting during consideration of the item.	
B.	**Communications from the Mayor, the Leader or Head of Paid Service** To receive any communications from the Mayor, the Leader, or the Head of the Paid Service that they may wish to lay before the Council.	The Mayor, Councillor Oakes, The Leader, Councillor A.Barnes and Neil Shaw, Chief Executive 01706 252447 neilshaw@rossendalebc.gov.uk
C.	**POLICY AND BUDGET FRAMEWORK ITEMS**	
C1.	**2022/23 Council Budget and Medium Term Financial Strategy** To consider the recommendations of the Cabinet on 9th February 2022 in respect of the 2022/23 Council Budget and Medium Term Financial Strategy	Councillor Walmsley/ Karen Spencer, Head of Finance 01706 252465 karenspencer@rossendalebc.gov.uk
C2.	**Capital Programme 2022/23 - 2025/26 and Capital Strategy 2022/23** To consider the recommendations of the Cabinet on 9th February 2022 in respect of the Capital Strategy Capital Strategy 2022/23 to 2025/26 and Capital Programme 2022/23.	Councillor Walmsley/ Karen Spencer, Head of Finance 01706 252465 karenspencer@rossendalebc.gov.uk
C3.	**Treasury Management Strategy & Treasury Management Practises** To consider the recommendations of the Cabinet on 9th February 2022 in respect of the Treasury Management Strategy & Treasury Management Practises	Councillor Walmsley/ Karen Spencer, Head of Finance 01706 252465 karenspencer@rossendalebc.gov.uk
D.	**NOTICES OF MOTION**	
D1.	**To consider a notice of motion submitted by Councillors Neal and Pendlebury** To consider a notice of motion as set out in item D1 regarding new housing developments and household waste collection bins.	Councillor Alan Neal Councillor Margaret Pendlebury

Neil Shaw
Chief Executive

Date Published: 14th February 2022

COUNCILLOR JACKIE OAKES, MAYOR

MINUTES OF:	**THE COUNCIL OF THE BOROUGH OF ROSSENDALE**
DATE OF MEETING:	**31st January 2022**
PRESENT:	**The Mayor Councillor Oakes (in the Chair)** **Councillors A. Barnes, Cheetham, James Eaton, Janet Eaton, Essex, Foxcroft, Haworth, Hughes, Johnson, Kempson, Kenyon, Lythgoe, MacNae, Marriott, Morris, Neal, Pendlebury, Powell, Procter, Rigby, Serridge, Steen, Stevens, Walmsley, Whitehead and Woods.**
IN ATTENDANCE:	**Neil Shaw, Chief Executive / Head of Paid Service** **Clare Birtwistle, Head of Legal Services / Monitoring Officer** **Mandy Lewis, Director of Economic Development** **George Taylor Mayor's Attendant**
ALSO IN ATTENDANCE:	**1 Press** **By remote access: 1 public observer** **Karen Spencer, Head of Finance/S151 Officer** **Craig Finn, Finance Manager** **Adam Allen, Director of Communities** **Lucie Greenwood, Senior Property Officer**

A short silence was held as a mark of respect for former Councillor, Mayor and Honorary Alderman Mollie Disley.

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1. **Apologies for Absence**
Apologies for absence were received for Councillors Adshead, Ashworth, L.Barnes, S.Barnes, Gill, Kostyan, Rooke and Thompson.

2. **Minutes**

Resolved:
That the minutes of the meeting held on 15th December 2021 be signed by the Mayor as a correct record.

3. **Urgent Items of Business**
There were no urgent items of business.

4. **Declarations of Interest**
There were no declarations of interest.

5. **Communications from the Mayor, the Leader or Head of Paid Service**
There were no communications from the Mayor or Head of Paid Service.

The Leader of the Council provided the following updates:

On 12th January the Overview and Scrutiny Committee requested Full Council to commend RAFT for all the valuable work they had done over the last 10 years. Members commended the valuable work of RAFT and in recognition of the 10th anniversary, the Leader asked for a visit from the Mayor to be arranged to present a certificate of achievement.

ORDINARY BUSINESS

6. Our New Deal for Lancashire

The Council considered the Our New Deal for Lancashire report.

Resolved:

That Full Council:

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.
3. Agree that the Leader of the Council continues to work with Lancashire Leaders in line with the principles agreed in recommendations 1.1 & 1.2 above, and note that any formal proposals will require approval by Full Council at the appropriate time.

Reason for Decision

In order for Lancashire to move forward with a strong collective voice, the engagement and support of all councils will be extremely important. This will give Leaders a mandate to collectively move forward on the issues set out in this report, and to engage with government to develop and deliver a great deal for Lancashire, for presentation back to each Full Council in Lancashire to consider and decide.

Alternative Options Considered

None.

7. LGA peer challenge

The Council considered the LGA peer challenge report.

In response to questions from members it was confirmed that:

- A cross party working group had been arranged.

Resolved:

That Full Council:

1. Consider the findings and recommendations of the Local Government Association Corporate Peer Challenge.
2. Agree the action plan to address the challenge's recommendations.

Reason for Decision

The report recognised that the council had a good level of awareness of the challenges it faces and key issues it must address. The action plan puts in place a proposal to clearly explain how the recommendations will be addressed.

Alternative Options Considered

None

(The meeting commenced at 18.40pm and concluded at 19.03pm)

Signed...
(Chair)
Date ....

Rossendale
BOROUGH COUNCIL

ITEM NO. C1

Subject:	2022/23 Council Budget and Medium Term Financial Strategy		**Status:**	For Publication		
Report to:	Council		**Date:**	23rd February 2022		
Report of:	Head of Finance		**Portfolio Holder:**	Resources		
Key Decision:	☒	Forward Plan ☒	General Exception ☐		Special Urgency ☐	
Equality Impact Assessment:		Required:	No	Attached:	No	
Biodiversity Impact Assessment		Required:	No	Attached:	No	
Contact Officer:	Karen Spencer		**Telephone:**	01706 252409		
Email:	karenspencer@rossendalebc.gov.uk					

1. RECOMMENDATIONS

Council approve:-

1.1. A revenue budget for 2022/23 of £8.991m, as detailed in this report.

1.2. A council tax increase of 1.99% which equates to a rate for Band D for 2022/23 of £290.80.

1.3. Use of £56k from the Transitional reserve to support the 2022/23 revenue budget.

1.4. The proposed fees and charges attached as Appendix 1.

1.5. The technical resolution necessary to give effect to these budget proposals attached as Appendix 4.

2. PURPOSE OF REPORT

2.1 Full Council are to consider Cabinet's recommendation to approve the proposed revenue budget and level of Council Tax for 2022/23, together with implications for the council's Medium Term Financial Strategy.

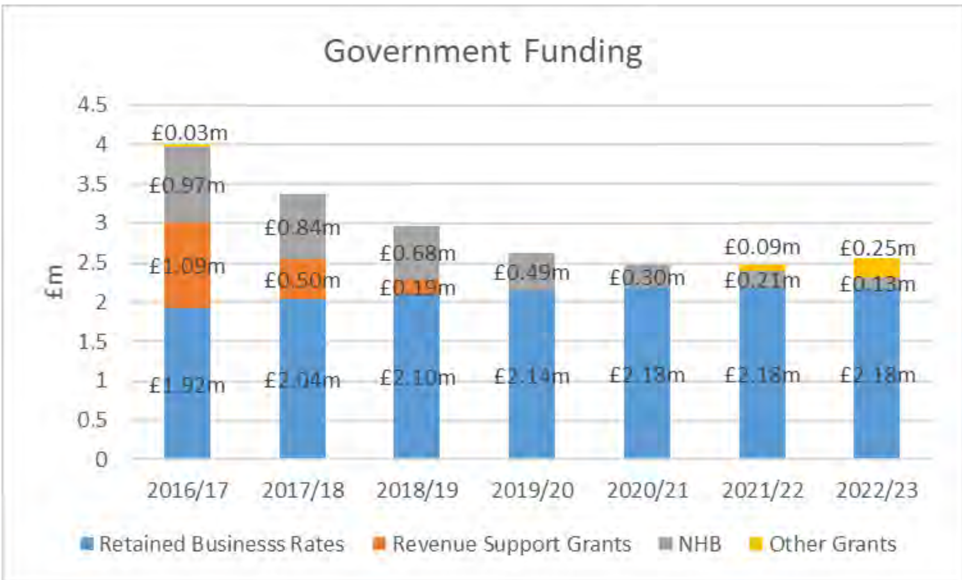
3. BACKGROUND

3.1 The budget process is a key element of the council's strategic planning process. It is part of the service and financial planning approach adopted by the council, is a means of ensuring that resources are best placed to enable the council to deliver its corporate priorities expressed in the Corporate Plan.

3.2 Previous budget reports have set out the level of uncertainty associated with any forward projections with Government funding. This uncertainty remains given the one-year funding settlement from the Government for 2022/23. The Government has announced that during 2022 there will be a comprehensive review of the distribution of local government funding, however it is unclear whether this will include a business rates reset. There will be transitional protections to accompany any funding reforms. The outcome of the review has the potential to significantly impact on the council's future funding.

3.3 For a number of years the council has continued to reduce its net revenue expenditure in line with its own efficiency agenda and the impact of the Government's changes to local government financing over both recent years and the changes proposed for the future. This has resulted in all borough councils now being heavily reliant on the income they generate from their own locality, be it from residents, visitors, property, and/or businesses. The graph below demonstrates how Government funding for Rossendale has reduced over the period 2016/17 to 2022/23, with Revenue Support Grant ceasing from 2019/20.

Table 1



3.4 During 2020/21 the Government announced a wide range of funding programmes in response to the Covid pandemic, these have continued throughout 2021/22. This has included financial support for the council which has partly helped in compensating for lost income. This has had an impact on the 2021/22 revenue budget, it is unknown at this time whether Covid financial support will continue into 2022/23.

3.5 **2022/23 Provisional Finance Settlement**

The provisional one year only Settlement Funding Assessment for 2022/23 was announced on 16th December 2021. The key messages arising from the settlement are:

a. Up to 2% maximum annual increase for Council Tax without triggering a local referendum.
b. Confirmation that the NNDR baseline funding will be the same as 2020/21.
c. New Homes Bonus payments will be made in 2022/23 for one year only, however legacy payments will still be made on 2019/20 allocations.
d. Extension of the 'Lower Tier Services Grant' in to 2022/23.
e. Announcement of a new funding stream for 2022/23 only 'Services Grant'.
f. The Lancashire Business Rates Pool is likely to continue in 2021/22.

3.6 **The Medium Term Financial Strategy**

Taking into account the impact of finance settlement, including an annual increase in Council Tax of 1.99% per annum, the 2022/23 net budget estimates, resources and future forecasts are as follows:

Table 2

		2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Original Budget Estimates		8,903	8,889	9,121	9,385	9,635
2022/23 Budget Proposals			**102**	**(27)**	**(23)**	**(200)**
Budget Estimates		**8,903**	**8,991**	**9,148**	**9,362**	**9,435**
Estimated Funding:						
Council Tax (+1.99%)		5,811	5,985	6,104	6,225	6,349
Council Tax - growth in base	0.75%	-		45	91	138
Collection Fund Surplus - Council Tax						
NNDR (Business rate: Base Line Funding)		2,180	2,180	2,180	2,180	2,180
Lower Tier Services Grant		93	98	-	-	-
Services Grant			150	-	-	-
New Homes Bonus		213	132	-	-	-
NNDR Retained / Pooling		606	390	200	200	200
Resources		**8,903**	**8,935**	**8,529**	**8,696**	**8,867**
Surplus / (further savings required)		**(0)**	**(56)**	**(619)**	**(666)**	**(568)**

3.7 Changes in the base budget costs between 2021/22 and 2022/23 are as follows:

Table 3

Forecast Changes	**£000**
2021/22 Base Budget	**8,903**
Employment Costs (Pay Award, Increments & increased Employers	**244**
Inflation (Fuel, Utilities etc)	**229**
NET Revenues & Benefits Contract savings	**(58)**
Revenue saving from returning hired vehicles and purchasing	**(32)**
Various movements from reserves	**(52)**
Reduced Loan Interest	**(10)**
Net Interest reduction	**7**
MRP reprofiling due to delays in vehicle replacements	**(183)**
Additional impact of last years savings/income plan	**(152)**
Various small technical adjustments	**(7)**
2022/23 Original Budget	**8,889**

3.8 The budget proposals for 2022/23 onwards are set out below:-

Table 4

Budget Proposals	2022-23	2023-24	2024-25	2025-26
	£000	£000	£000	£000
Income/ Efficiencies				
Fees and charges: annual increase in line with inflation	(8)	(8)	(8)	(8)
Trade Waste net increased income	(20)	(20)	(20)	(20)
Increased Garden Waste subscriptions	(10)	(10)	(10)	(10)
Increased Taxi Licence Fees (Subject to Taxi Licencing Committee Approval)	(11)	(11)	(11)	(11)
Supplementary Planning service	(5)	(10)	(10)	(10)
Increased investment property rental income	(17)	(17)	(17)	(17)
Refuse Bins - replace revenue with capital	(50)	(50)	(50)	(50)
Post Empty Homes scheme				(200)
Growth				
Reverse - Household Bin Cleaning	5	10	10	10
Additional revenue requirement arising from the Digital Strategy	41	41	41	41
Additional revenue requirement as a result of transferring vehicle fleet from diesel to hydro treated vegetable oil	60	60	60	60
Extension to Rossendale Works (agreed Cabinet Oct 2021)	30	23		
Make permanent the Operations Supervisor & Education Officer posts - currently due to end 31/03/2021	67	67	67	67
Contribution towards developing the Lancashire County Deal	20			
Total	**102**	**75**	**52**	**(148)**
Future Annual budget movement		(27)	(23)	(200)

3.9 **Impact on reserves**

As shown in Table 1, after the implementation of the Cabinet proposals there is a funding gap of £56k in 2022/23. This is to be funded by the Transitional reserve as set out in the table, below. The table also shows the potential impact on the unringfenced Transitional reserve and the General reserve if no further savings/increased income are found:

Table 5

Use of Reserves if no further savings implemented	£000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Funding gap		**0**	**(56)**	**(619)**	**(666)**	**(568)**
Use of Reserves	Opening Balance					
Transitional Reserve usage	1,789	**0**	(56)	(619)	(666)	(448)
General Fund Reserve	1,000	0	0	0	0	(120)
Reserve Balance	**2,789**	**2,789**	**2,733**	**2,114**	**1,448**	**880**

The table demonstrates an annual deficit from 2022/23 onwards. In the immediate period this can be funded through the use of the Transitional reserve and latterly the General Fund reserve. The total value of the Transitional Reserve was £1.8m at 31st March 2021.

3.10 In addition to the Transitional reserve the Council also holds a General Fund reserve of £1.0m this is in reality the Council's Minimum Working Balance, this is a requirement of Sections 32 and 43 of the Local Government Finance Act 1992 which requires local authorities to consider the establishment and maintenance of reserves. These can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;

- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but legally remain part of the General Fund

In support of this requirement, and as part of the development of the budget for 2022/23, an assessment has been carried out to establish the minimum level of the General Fund Working Balance for this Council. Based on this assessment it is recommended that the minimum working balance should remain at £1.0m. At this level it represents circa 3% of the council's gross revenue expenditure.

3.11 Table 5 demonstrates that if no further savings/efficiencies/income generation schemes are implemented by the end of 2025/26 the Transitional Reserve will be exhausted and the General Fund Reserve will have £880k remaining. The figures above do not include any impact that may arise from the 2021/22 close down.

3.12 In addition to the above reserves the council also holds a Local Business Rate Retention reserve. The Business Rate Collection Fund annual surpluses and deficits are set aside in this earmarked reserve to smooth peaks and troughs in business rate receipts over the life of the forecast. At 31/03/2021 the balance of this reserve was £6.229m. This balance is exceptionally high due to the additional S31 grant receipts during 2020/21, in respect of the extension of the Retail, Hospitality, Leisure and Nursery reliefs which are due to be released equally over the three years, commencing 2021/22, to fund Collection Fund deficits. This is in accordance with amended legislation to fund the 'exceptional balance' incurred as a result of the Covid pandemic on the Collection Fund ('re-phasing the deficit'). In addition £606k of this reserve is currently budgeted to be used during 2021/22. Further information on reserves can be found in Appendix 2.

4. Council Tax for 2022/23

4.1 Cabinet will make its final recommendation for Full Council to approve on 23rd February 2022. Other precepting authorities will announce their Council Tax changes as follows:

- Lancashire County Council – 17th February 2022
- Lancashire Fire & Rescue – 21st February 2022
- Lancashire Police & Crime Commissioner – 1st February 2022
- Whitworth Town Council – 27th January 2022

4.2 The proposed Band D Council Tax for 2022/23 and the previous change across Rossendale is as follows:

Table 6

Precepting Body	% Increase	2021/22 Band D £	2022/23 Band D £	Increase £	% Share	2021/22 Band A £	2022/23 Band A £	Increase £
Rossendale BC	1.99%	**285.13**	**290.80**	5.67	14.3%	**190.09**	**193.87**	3.78
Lancashire County Council *	1.99%	**1,305.55**	***1,334.53***	28.98	65.4%	**870.37**	***889.69***	19.32
LCC Adult Social Care *	2.00%	**150.64**	***179.76***	29.12	8.8%	**100.43**	***119.84***	19.41
Combined Fire Authority *	6.92%	**72.27**	***77.27***	5.00	3.8%	**48.18**	***51.51***	3.33
Police & Crime Commissioner *	4.42%	**226.45**	***236.45***	10.00	11.6%	**150.97**	***157.63***	6.67
Total (Excl' Whitworth)	**3.86%**	**2,040.04**	**2,118.81**	78.77	103.9%	**1,360.03**	**1,412.54**	52.52
Whitworth Parish Council	4.11%	**25.81**	**26.87**					
Total Whitworth Parish	**4.91%**	**2,065.85**	**2,145.68**					

** At the time of publication the proposed increases have not yet been formally approved.*

4.3 **Council Tax Base**

2021/22 saw a reduction in the Council Tax Base due to the increase in Local Council Tax Support claimants, resulting from the Covid pandemic. Across Rossendale as a whole, the level of Council Tax Support granted has not yet returned to pre Covid pandemic levels and therefore even though there has been growth the Council Tax Base has not yet fully recovered. For 2022/23 the Council Band D Tax base has increased by 200 properties – 0.98% to 20,580 Band D equivalents.

Any variation through actual billing will be reflected in the Collection Fund. Future estimated increases in the Council Tax have been assumed at 0.75% c154 Band D equivalents. The Local Plan target is now 185 pa (albeit there is no Band D equivalent published).

4.4 The draft **budget book** for 2022/23 (based on the above) is included at Appendix 3. The key assumptions are:

1. Budget estimates:
    a. Annual pay award 2.5% 2022/23 for all staff, 2% pa 2023/24 onwards for all staff – (1% for all staff equates to c.£60k, inclusive of on costs).
    b. An annual staff vacancy saving of £200k pa
    c. Pension costs for future service now at 17.6% of gross pay the cost of which is fixed for the three-year period (2020/21, 2021/22 & 2022/23) of the Lancashire Pension Fund's Triennial Review. The Council took advantage of the full three-year prepayment option in April 2020.

2. Council tax to increase by 1.99% (previously 1.99% in February 2021) with growth in the tax base of 0.75% pa included from 2023/24 onwards.

3. The Government's provisional settlement (December 2021) confirmed the NNDR baseline funding and New Homes Bonus payment.

4. NNDR:
    a. The benefits of the 2021/22 pooling arrangement are currently forecast to contribute c£390k to reserves, however the Government has recently announced further NNDR reliefs which are likely to reduce this figure. Pooling gains have reduced significantly during the pandemic due to the additional reliefs Government has granted and the impact they have had on the NNDR Collection Fund, as detailed in 3.10 above.
    b. Whilst the pool is retained for 2022/23 it is difficult to predict how the ongoing pandemic will impact on NNDR receipts or whether the Government will announce further reliefs which will also negatively affect any potential pooling gains. This MTFS assumes pooling gains of £390k in 2022/23.
    c. Beyond 2022/23 the outlook is very uncertain as whilst the Government has announced a review of Local Government funding, whether this includes the current business rates retention scheme and/or a business rates reset is unknown. The MTFS does assume a continued retained pooling gain of £200k pa, less than previous assumptions of £1m. Given the Government's previous consultation on business rates retention, this assumption continues to have some risk as the 2023/24 and future position could be that all or some greater proportion of growth will be taken away from council.

5. New Home Bonus legacy payments ceased being earned in 2018 and end in 2022/23.

4.5 **Fees and charges**

The annual budget requires that any changes to the council's fees and charges be approved by members. Unless there is commercial justification not to increase fees or an alternative statutory regulation, the proposal is to increase all fees and charges by a minimum of 2% having taken into consideration the consumer price index (CPI) impact on the service. The November 2021 CPI published annual inflation at 5.1%. A full list of fees (including previous year comparisons) are included at Appendix 1.

5. Bridging the council's future funding gap

5.1. The council continues to face a funding gap for the future. Therefore the council should continue to give consideration to:

- The future levels of Council Tax
- Maximising the returns from business rates revenue
- The council's ability to support non-statutory activities and partner/community organisations
- The future quality and standard of statutory service provision
- Any future efficiencies within services and ensuring support services are appropriate
- The council's ability to exploit new revenue generating opportunities
- Treasury management initiatives and maximising the strength of the council's balance sheet resources
- Ensuring any contract renewals are to the best advantage of the council

5.2. **Section 25 report**

As part of the final recommendations to Full Council Section 25 of the Local Government Act (2003) places a requirement on the Chief Financial Officer of each local authority to advise councillors during the budget process on "the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves", which includes a financial resilience statement. This provision is designed to ensure that members have information which will support responsible financial management over the longer term. The full section 25 report can be found at Appendix 2.

6. RISK

In managing the council's budget the council is seeking to manage the following larger scale risks.

6.1 **Council Tax:** In setting the 2022/23 budget members should continue to plan and give due regard to the continued financial challenges over the medium term. In particular, members should be aware of the future implications for the council's financial resources of any council tax freeze or any increase below the Governments' referendum trigger of the higher of £5.00 or 2%.

6.2 **Reserves:** Members should note that the 2022/23 budget proposals include the use of £56k from the Transitional reserve. The unringfenced reserves are the Transitional and General Fund reserves. An ongoing reliance on reserves to manage the medium term budget is unsustainable and this will require the council to seek future savings and income generation which members will need to support.

6.3 **Resources:** The Council faces significant financial pressures, with table 1 showing the continued real term reduction in Government funding in particular the impact of the reduction in the annual value of New Homes Bonus (reduced to £130k in 2022/23 from a peak of c£1m in 2016/17). The recently announced revised funding review and the continued uncertainty around Business Rate retention/reset will have an impact on the council's future resources the size of which is as yet unknown.

6.4 **Funding gap:** The medium term financial forecast indicates the underlying deficit has increased to c£0.6m (subject to the assumptions noted above and before future savings initiatives). Members must continue to give due consideration as to how they are to bridge this annual deficit going forward, in order to produce legally balanced budgets for the future.

6.5 **NNDR arrangements for 2022/23:** The Government's planned new national 75% retention scheme will not be implemented in 2022/23, there is uncertainty as to whether this scheme will now be implemented at all. Therefore the arrangements for 2022/23 are the same as 2021/22. The council remains a member of the Lancashire Business Rates Pool which means the council retains 40% of all business rates income and avoids the direct payment of a 50% levy on any end of year surplus. This is beneficial for the council's budget position and the council should continue to lobby for the retention of this model, however as stated in 4.4 the impact of Covid has significantly reduced the current benefits from the pool.

6.6 **Fair Funding Review:** The Fair Funding review as originally proposed will not now be introduced. As part of the provisional financial settlement Government announced that over the coming months the Department for Levelling Up, Housing and Communities will be carrying out a review of council funding to ensure funding allocations for councils are based on an up-to-date assessment of their needs and resources, with a view to implementing the revised funding scheme from 2023/24 onwards. It is not yet known what impact the review will have on the Council's funding levels, however this poses a significant risk to the MTFS.

6.7 **Pay:** The budget assumes a 2.5% pay award in 2022/23 and 2% each year thereafter. The budget also assumes, as in previous years a saving as a result of natural staff turnover and the vacancy saving this creates, this is set at £200k pa. Whilst this is a challenging target, it is achievable and will be closely monitored.

6.8 **Capital:** Members need to be aware of the impact the increased number of capital schemes and expenditure will have on the MTFS in future years. Capital expenditure has to be paid for through the revenue budget spread across the life of the asset, this is called the Minimum Revenue Provision (MRP). The MRP charged to the revenue budget in 2022/23 based on the estimated capital expenditure is c£480k, however based on current schemes this rises to c£870k by 2025/26. This places additional pressure on the MTFS.

6.9 **Empty Homes Scheme:** The project continues to have a significant adverse impact on the council's financial position with several legal claims ongoing. The project team continue to closely monitor the scheme, manage the project risks and challenge the claims where possible thereby reducing the scale of the liability, but the scale of this is very limited given the overall scale of both current works and the nature of the property leases. The scheme is due to end in December 2024.

6.10 **Covid-19:** Covid continues to place additional challenges on the council's finances and staffing resources, this is now anticipated to last into 2022/23. The scale of these are unknown and therefore difficult to manage. The council may continue to suffer from reduced income from Council Tax, Business rates and fees and charges. The Government provided the council with £415k in 2021/22 to support continued delivery of services. The scale of future Government Covid funding, if any, is unknown and if any additional costs in 2022/23 are not covered this would have an adverse impact on the budget.

6.11 **Rossendale Leisure Trust:** Covid has had a significant impact on the leisure/culture sector, severely impacting the Leisure Trusts' financial position. The Trust had a level of reserves which along with the support from the Council approved in February 2021, the Covid Business Grants and the Leisure recovery fund have served to cushion the full financial impact. Whilst the Leisure Trust is now able to trade the membership and income levels have not yet recovered to pre-pandemic levels. The full scale of the Trusts' losses are still unquantifiable as the impact of the pandemic is ongoing. In addition a new private leisure provision is due to open in Rawtenstall in early 2022, which may adversely impact on the Trusts income. The Trust and the council need to continue to work together to control the losses wherever possible. This is a risk for the council in that it provides the day-to-day cashflow for the Trust, and also in respect of the ongoing delivery of leisure services across the borough. It is critical that the Trust remains financially sustainable and financially independent of the council.

6.12 **Corporate Risk register:** The register includes risks around the MTFS, the County Council Budget, Covid-19 and the Leisure Trust. The MTFS is currently a "red" risk, in light of this current MTFS update it is recommended that the current risk rating is retained.

7. FINANCE

7.1 The key financial matters are dealt with throughout this report. The decision to increase Council Tax is a Member decision. In making their decision Members should give consideration of the deficit facing the council over the medium term. Given the council's future deficit an increase of 1.99% in Council Tax is strongly recommended by the s.151 officer. Any change to Council Tax below the maximum allowed, has an ongoing and cumulative negative impact on future year resources.

7.2 The council continues to face a funding gap challenge despite the savings and income generation work already completed this year and in previous years. The council has a statutory duty to produce annually a balanced budget and it is legally bound to find a solution to the future funding gap. There are also some higher risk assumptions in the forecast. Ultimately the use of reserves to balance the funding gap, although legal, is both finite and financially not a sustainable approach to managing the budget in the long-term.

7.3 Given the 2022/23 cost base and the financial gap over the longer term that council needs to continue to develop plans to reduce its net cost base in order to avoid reliance on limited reserves and to deal with the future resource deficit. The key messages for the medium term continue to be:

- Council must continue to increase Council Tax in line with the Government's maximum thresholds.
- Council must give further consideration to either reduce costs or increase revenue.
- The results of the recently announced revised funding review could materially impact future Government funding.
- The future of the retained business rates scheme is unknown and poses a threat to the Council's current share of annual business rates income.

8. LEGAL

The council must calculate and approve its Council Tax Requirement annually for the forthcoming financial year in accordance with s32 and s43 of the Local Government Finance Act 1992 (LGFA 1992). Section 25 of the Local Government Act (2003) also requires the officer having responsibility for the administration of the council's financial affairs, to report to the council on the robustness of the budget estimates and adequacy of financial reserves when determining its budget requirement under the Local Government Finance Act 1992. This report discharges this responsibility.

9. POLICY AND EQUALITIES IMPLICATIONS

The Equality Act (2010) requires the council to have due regard in the exercising of its functions to eliminate discrimination, advance equality of opportunity and foster good relations between people who share a relevant protected characteristic and those who do not share it. Equality impact assessments will be carried out where necessary on any savings proposal. The duty to inform, consult or involve requires that the council must involve communities and those directly affected at the most appropriate and proportionate level in 'routine functions, in addition to one-off decisions.' Consultation took place with:

- Cabinet and Management Team – October and December 2021
- Members - January 2022
- Public (via the council's website) – January 2022
- Overview & Scrutiny - 1 February 2022

10. CONCLUSIONS

The financial position for the council, like all local authorities, is challenging. The council is proposing to set a revenue budget for 2022/23 of £8.991m.

There are a number of significant risks outside the council's control which remain a major concern: Covid, the uncertainty of the recently announced revised funding review and the Business Rates scheme from 2023/24 onwards, also the ongoing impact of Brexit. The council must remain focused on identifying and delivering further savings and income in order to ensure annual balanced budgets over the immediate and medium term. It must also ensure that all its budget resource allocations are directed to the core functions of the council and that the use of its resources drives the delivery of the council's Corporate Plan priorities.

Background Papers	
Document	**Place of Inspection**
Previous updates to the MTFS	Rossendale Borough Council website
Government's Financial Settlement	DCLG website

Appendix 1

Rossendale Borough Council

Fees and Charges for 2022/23

Council may from time to time revise fees and charges partway through a financial year

Trade Waste

Trade Waste Cost per annum one pick up a week size of bin	2021/22 Charge		2022/23 Charge
140ltr	£173.90		£230.00
240ltr	£294.20		£375.00
500ltr	£561.00		£600.00
660ltr	£740.70		£800.00
770ltr	£886.50		£900.00
1100ltr	£996.10		£998.00

Schools/ Charities Cost per annum one pick up a fortnight size of bin	2021/22 Charge		2022/23 Charge
55 - 140ltr Bin, Bag or Box	£75.20		£110.00
240ltr	£127.20		£175.00
500ltr	£242.10		£300.00
660ltr	£319.40		£400.00
770ltr	£382.50		£450.00
1100ltr	£429.00		£499.00

Trade Recycling Cost per annum - fornightly collection size of bin	2021/22 Charge		2022/23 Charge
55 - 140ltr Bin, Bag or Box	£35.30		£50.00
240ltr	£60.90		£60.90
500ltr	£116.10		£116.10
660ltr	£152.60		£152.60
770ltr	£182.60		£182.60
1100ltr	£204.70		£204.70

Sacks etc	2021/22 Charge		2022/23 Charge
Grey Sacks (includes VAT) (50 pack)	£123.30		£200.00
Blue Sacks (50 pack)	£36.40		£50.00
Aqua Sacks (50 pack)	£36.40		£50.00

Bulky Collections

Bulky Collection Charges	2021/22		2022/23
1 item (furniture and electrical items)	£15.50		£17.50
2 items (furniture and electrical items)	£22.50		£25.50
3 items (furniture and electrical items)	£29.50		£33.50
4 items (furniture and electrical items)	£36.50		£41.50
5 items (furniture and electrical items)	£43.50		£49.50
6 items (furniture and electrical items)	£50.50		£57.50
7 items (furniture and electrical items)	£57.50		£65.50
8 items (furniture and electrical items)	£64.50		£73.50
9 items (furniture and electrical items)	£71.50		£81.50
10 items (furniture and electrical items)	£78.50		£89.50
Price per additional item	£7.00 per item thereafter		£7.00 per item thereafter

Bins & Sacks	2020/21		2022/23
Green Bins	£29.50		£33.50

	2020/21		2022/23
Garden Waste (yearly fee)	£40.00		£40.00

No charges for the following Bins
Blue - Glass, Cans & Plastics
Grey - Paper & Cardboard

Parks and Playing Fields

	2021/22	2022/23
Letting of Sites (Per Day)		
Moorlands Park	205.40	218.00
Stubbylee Park	205.40	218.00
Victoria Park	205.40	218.00
Maden Recreation Ground	205.40	218.00
New Hall Hey Bacup Cricket Ground - Property Services	205.40	218.00
Fairview	205.40	218.00
All Other Playing Fields	105.00	112.00

Parks and Playing Fields

	2021/22	2022/23
Memorials / Dedications		
Trees		
Standard option	199.90	212.00
Own selected species	Price on Application	
Benches		
Standard	834.40	885.00
Ornate	1,016.20	1,078.00

Cemeteries

	2021/22 Charges	2022/23 Charges
Purchase of right of burial in numbered grave space	£1,065.20	£1,130.00
Purchase of right of burial in numbered grave space (outside of the Borough)	£1,265.50	£1,342.00
Transfer of Grant	£62.70	£67.00
Right to fix a headstone or monument		
Headstone	£193.80	£206.00
Inscriptions	£52.10	£56.00
Vase / Plinth and Tablets	£89.30	£95.00
Interments		
Earth Grave & Grave Dressing (resident of the Borough)	£858.90	£911.00
Earth Grave & Grave Dressing (non resident of the Borough)	£1,052.10	£1,116.00
Vault – Constructions costs + 5% **(+ VAT)**	£1,052.10	£1,116.00
Vault – Interments	£872.80	£926.00
Vault – Interments (non resident of the Borough)	£954.20	£1,012.00
Interment of Ashes	£202.10	£215.00
Interment of ashes (non resident of the borough)	£217.10	£231.00
Scattering of Ashes	£39.80	£43.00
Bricking of grave to coffin height (additional fee)	£175.40	£186.00
Ashes Chambers (Rawtenstall, Bacup & Haslingden)		
Purchase of Exclusive Right of Burial in Chamber	£663.60	£704.00
Interment of ashes in chamber	£232.90	£247.00
Miscellaneous Charges		
Copy of Regulations and Charges	£6.80	£8.00
Search Fee	£35.20	£38.00
Duplicate Grave Deed	£59.50	£64.00
Use of Chapel	£145.70	£155.00
Garden of Remembrance / Whitworth		
Reserving Space	£30.70	£33.00
Interment of Ashes	£46.30	£50.00
Headstone in above.	£54.70	£58.00
Supply of Engraved Plaque (excluding VAT)	£141.40	£150.00
Supply of Memorial Tree	£348.70	£370.00
New Bench including Plaque	£1,025.90	£1,088.00

Environmental Health

Item	2021/22 Charge	2022/23 Charge
Food Safety		
Export Certificate	**£54.70**	£58.00
Re-inspections of business operators for food hygeine rating	**£148.90**	£175.00
Private water supplies - Risk Assessment	**£41.10** per hour or any part there of, plus £10 per invoiced Household	£44 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Sampling	**£41.10** per hour or any part there of, plus £10 per invoiced Household	£44 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Investigation	**£41.10** per hour or any part there of, plus £10 per invoiced Household	£44 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Granting Authorisation	**£41.10** per hour or any part there of, plus £10 per invoiced Household	£44 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Analysing a sample under Regulation 10	**£41.10** per hour or any part there of, plus £10 per invoiced Household	£44 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Analysing a check monitoring sample	**£41.10** per hour or any part there of, plus £10 per invoiced Household	£44 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Analysing an audit monitoring sample	**£41.10** per hour or any part there of, plus £10 per invoiced Household	£44 per hour or any part there of, plus £12 per invoiced Household
Health & Safety		
Skin Piercing - premises	**£145.20**	**£200.00**
Skin Piercing - persons	**£145.20**	**£200.00**
Factual report to solicitors / injured person	**£207.90**	**£250.00**

Environmental Health

Item	2020/21 Charge	2022-23 Charge
Pollution Health & Housing		
LAPC & LAPPC Fees	**As Prescribed**	**As Prescribed**
Environmental Information Regulation enquires	**£89.90** per hour (minimum 1 hour)	**£90** per hour (minimum 1 hour)
List of permitted processes	**£54.70**	**£58.00**
Enquires related to public register of permitted processes	**£89.90** per hour (minimum 1 hour)	**£90** per hour (minimum 1 hour)
Contaminated Land Enquires	**£89.90** (1st hour), **£44.60** per additional half hour)	**£90** (1st hour), **£45** per additional half hour)
Any Default works	**Hourly rate of officer involved + 16.30% of external works costs** (min £15 and max £500 per household)	**Hourly rate of officer involved + 16.30% of external works costs** (min £15 and max £500 per household)
UK House inspections	**£110.60**	**£118.00**

HMO License	**New Application** **Part A £719.70** **Part B £279.50** **Renewal** **Part A £700.70** **Part B £279.50**	**New Application** **Part A £719.70** **Part B £279.50** **Renewal** **Part A £700.70** **Part B £279.50**
Housing Act 2004 Notices not including Variations and Revocations	**Up to Statutory Maximum of £500**	**Up to Statutory Maximum of £500**
Housing Act 2004 Revocation or Variation of Notice	Officer Time at £41.10 per hour	Officer Time at £45 per hour
The Smoke and Carbon Monoxide Alarm (England) Regulations 2016 Penalty Charge (not exceeding £5000) Reg 8	First offence £2,500 (reduced to £1,250 if paid early). Second offence £5,000 (reduced to £2,500 if paid early). Any other offence £5,000 with no reductions.	First offence £2,500 (reduced to £1,250 if paid early). Second offence £5,000 (reduced to £2,500 if paid early). Any other offence £5,000 with no reductions.
Scrap Metal		
Dealers 3 year Licence	**£387.00**	**£414.00**
Mobile Collections 3 year Licence	**£276.40**	**£293.00**
Variations	**£55.20**	**£59.00**
Replacement licences	**£44.30**	**£47.00**

Animal Welfare

Item	Application Fee	Licence Fee	2021/22 Charge	Application Fee	Licence Fee	2022/23 Charge	NOTES
Keeping or Training Animals for exhibition	£116.00	£264.00	£380.00	£121.00	£274.00	£395.00	
Selling animals as Pets	£116.00	£264.00	£380.00	£121.00	£274.00	£395.00	
Doggy Day Care	£116.00	£264.00	£380.00	£121.00	£274.00	£395.00	
Hiring out Horses	£148.00	£271.00	£419.00	£153.00	£283.00	£436.00	Additional vet fees apply and charged separately prior to issue of licence
Dog Breeding	£148.00	£271.00	£419.00	£153.00	£283.00	£436.00	Additional vet fees apply and charged separately prior to issue of licence
Dog Breeding	£176.00	£285.00	£461.00	£184.00	£295.00	£479.00	Additional vet fees apply and charged separately prior to issue of licence
Boarding for cats	£116.00	£264.00	£380.00	£121.00	£274.00	£395.00	
Boarding dogs in kennels	£116.00	£264.00	£380.00	£121.00	£274.00	£395.00	
Home Boarders (Single Dwelling)	£106.00	£278.00	£384.00	£114.00	£285.00	£399.00	
Arranging boarding/day care where agent not	£240.00	£278.00	£518.00	£250.00	£289.00	£539.00	
Additional fee for every 1 host	£53.00	£29.00	£82.00	£55.00	£30.00	£85.00	
Arranging boarding/day care where Host has	£293.00	£278.00	£571.00	£308.00	£286.00	£594.00	
Add additional activity to existing licence	£85.00		£85.00	£88.00		£88.00	
Licence issue (copy licence or following	£13.00		£13.00	£14.00		£14.00	
Appeal Fee	£79.00		£79.00	£82.00		£82.00	£43 refunded if appeal results in a higher star rating
Re-score Request	£60.00		£60.00	£62.00		£62.00	
Missed vet or inspector appointment fee	£50.00		£50.00	£52.00		£52.00	Where appointment arranged but inspection cannot be undertaken for any reason
Zoo Licence	£179.00	£179.00	£358.00	£186.00	£186.00	£372.00	Additional vet fees apply and charged separately prior to issue of licence
Dangerous Wild Animals Licence	£75.00	£74.00	£149.00	£78.00	£77.00	£155.00	Additional vet fees apply and charged separately prior to issue of licence

Taxi Licensing

	2021-22 Charges	2022-23 Charges
Hackney Carriage Driver Licence (Renewal) 3 years	185.00	223.00
Hackney Carriage Driver New Licence (Renewal) 3 years	185.00	223.00
Hackney Carriage Vehicle Licences	140.00	178.00
Electric Hackney Carriage Vehicle Licenses	0.00	0.00
Hackney Carriage Vehicle Licence (Renewal)	140.00	178.00
Private Hire Vehicle Licence	140.00	178.00
Electric Private Hire Vehicle Licence	0.00	0.00
Private Hire Vehicle Licence (Renewal)	140.00	178.00
Private Hire Driver Licence 3 years	185.00	223.00
Private Hire New Driver License 3 years	185.00	223.00
Private Hire Operators License 5 years	300.00	413.00
Private Hire Operators License 3 years	0.00	294.00
Private Hire Operators License 1 year	0.00	175.00
Driver/ Vehicle/ Operator License only	No charge	No charge
Copy documents	No charge	No charge
Re-booking Fee	35.00	35.00
Basic Skills Assessment / Policy Knowledge Test	70.00	70.00
Change of Vehicle	0.00	42.00
Replacement Door Stickers (each)	0.00	7.50
Replacement ID Plate	0.00	13.00
Replacememnt ID Badge	0.00	5.00
Lanyard	0.00	1.50

Gambling Act Licences

Activity	2021-22 Charge	2022-23 Charge
Bingo Hall – New Licence	1,885.00	1,885.00
Bingo Hall – Non Fast Track	1,540.00	1,540.00
Bingo Hall – Fast Track	274.00	274.00
Bingo Hall – Annual Fee	1,000.00	1,000.00
Bingo Hall – Variations	631.00	631.00
Bingo Hall – Reinstatement of Licence	1,110.00	1,110.00
Bingo Hall – Provisional statement	1,133.00	1,133.00
Bingo Hall – Transfer	567.00	567.00
Betting Shop – New Application	1,681.00	1,681.00
Betting Shop – Non Fast Track	1,485.00	1,485.00
Betting Shop – Fast Track	300.00	300.00
Betting Shop – Annual Fee	600.00	600.00
Betting Shop – Variations	631.00	631.00
Betting Shop – Reinstatement	1,100.00	1,100.00
Betting Shop – Provisional Statement	1,133.00	1,133.00
Betting Shop – Transfer	567.00	567.00
Adult Gaming Centre – New Application	1,335.00	1,335.00
Adult Gaming Centre – Non Fast Track	1,000.00	1,000.00
Adult Gaming Centre – Fast Track	274.00	274.00
Adult Gaming Centre – Annual Fee	1,000.00	1,000.00
Adult Gaming Centre – Variations	631.00	631.00
Adult Gaming Centre – reinstatement of licence	1,110.00	1,110.00
Adult Gaming Centre – provisional licence	1,133.00	1,133.00
Adult Gaming Centre – transfer	567.00	567.00
Family Entertainment Centre – New Application	1,327.00	1,327.00
Family Entertainment Centre – Non Fast Track	1,000.00	1,000.00
Family Entertainment Centre – Fast Track	300.00	300.00
Family Entertainment Centre – Annual Fee	750.00	750.00
Family Entertainment Centre – Variations	750.00	750.00
Family Entertainment Centre – reinstatement of licencer	950.00	950.00
Family Entertainment Centre – provisional statement	1,133.00	1,133.00
Family Entertainment Centre – Transfer	567.00	567.00

Premises Liquor Licences

The cost premises licences are determined in accordance with the Licensing Act 2003 and the regulations made therein. Local Authorities have no discretion in this matter.

Rateable Value	Band
Rateable < £4,300	A
£4,300 to £33,000	B
£33,001 to £87,000	C
£87,001 to £125,000	D
£125,001 and above	E

License	Description	2021-22 Charge	2022-23 Charge
Premises Licence - Alcohol Band A	New	100.00	100.00
Premises Licence - Alcohol Band B	New	190.00	190.00
Premises Licence - Alcohol Band C	New	315.00	315.00
Premises Licence - Alcohol Band D	New	450.00	450.00
Premises Licence - Alcohol Band E	New	635.00	635.00
Premises Licence - NO Alcohol Band A	New	100.00	100.00
Premises Licence - NO Alcohol Band B	New	190.00	190.00
Premises Licence - NO Alcohol Band C	New	315.00	315.00
Premises Licence - NO Alcohol Band D	New	450.00	450.00
Premises Licence - NO Alcohol Band E	New	635.00	635.00
Club Premiese Certificate - Alcohol Band A	New	100.00	100.00
Club Premiese Certificate - Alcohol Band B	New	190.00	190.00
Club Premiese Certificate - Alcohol Band C	New	315.00	315.00
Club Premiese Certificate - Alcohol Band D	New	450.00	450.00
Club Premiese Certificate - Alcohol Band E	New	635.00	635.00
Club Premiese Certificate - NO - Alcohol Band A	New	100.00	100.00
Club Premiese Certificate - NO - Alcohol Band B	New	190.00	190.00
Club Premiese Certificate - NO - Alcohol Band C	New	315.00	315.00
Club Premiese Certificate - NO - Alcohol Band D	New	450.00	450.00
Club Premiese Certificate - NO - Alcohol Band E	New	635.00	635.00
Premises Licence - Alcohol Band A	Annual Fee	70.00	70.00
Premises Licence - Alcohol Band B	Annual Fee	180.00	180.00
Premises Licence - Alcohol Band C	Annual Fee	295.00	295.00
Premises Licence - Alcohol Band D	Annual Fee	320.00	320.00
Premises Licence - Alcohol Band E	Annual Fee		
Premises Licence - NO Alcohol Band A	Annual Fee	70.00	70.00
Premises Licence - NO Alcohol Band B	Annual Fee	180.00	180.00
Premises Licence - NO Alcohol Band C	Annual Fee	295.00	295.00
Premises Licence - NO Alcohol Band D	Annual Fee	320.00	320.00
Premises Licence - NO Alcohol Band E	Annual Fee	350.00	350.00
Copy premises license or summary	Section 25	10.50	10.50
Provisional Statement	Sectio 29	315.00	315.00
Notification of Change of Name or address - premise license	Section 33	10.50	10.50
Variation of DPS	Section 37	23.00	23.00
Transfer Premises License	Section 42	23.00	23.00
Interim Authoirty Notice	Section 47	23.00	23.00
Copy club premises certificate or summary	Section 79	10.50	10.50
Notification of Change of Name or alteration of rules	Section 82	10.50	10.50
Change of registered address of club	Section 83	10.50	10.50
Temporary Event Notice	Section 100	21.00	21.00
Copy Temporary Event Notice	Section 100	10.50	10.50
Personal Licence	New	37.00	37.00
Personal Licence	Renewal	37.00	37.00
Copy personal license	Section 126	10.50	10.50
Notification of change of name or address - personal license	Section 127	10.50	10.50
Notification of interest	Section 178	21.00	21.00

Street Trading

Licence	Details	2021-22 Charge	2022-23 Charge	Notes
Street Trading Consent - 12 mth consent	New	78.00	80.00	Application Fee. A further £275 will be charged for issue of consent (below)
Street Trading Consent - 12 mth consent	New	285.60	293.00	Issue fee
Street Trading Consent - 12 mth consent	Renewal	363.10	373.00	
Street Trading Consent - 14 day consent	New	78.00	80.00	Fee is not payable if the consent is a community event (as determined by the licencing manager)
Variation of Street Trading Consent	Variation	0.00	0.00	
Change of personal details		0.00	0.00	
Change in employee details		0.00	0.00	
Copy of street trading consent		0.00	0.00	

Second Hand Goods Dealers Fees

Licence	Details	2021-22 Charge	2022-23 Charge
Second hand Goods Dealer Registration	Registration	78.00	80.00
Copy registration certificate	Copy	0.00	0.00

Other

Licence	Details	2021-22 Charge	2022-23 Charge
Sex Shop	New	1,815.60	2,500.00

Planning Applications

The planning application costs are determined in accordance with the Town and Country Planning Regulations 2012. Local Authorities have no discretion in this matter.

All Outline Applications		**2021-22 Charges**	**20% fixing broken Hsg Mrkt element**	**2022-23 Charges**	**20% fixing broken Hsg Mrkt element**
Site Area	Not more than 2.5 hectares	£462 per 0.1 hectare	£77	£462 per 0.1 hectare	£77
Site Area up to a maximum fee of £150,000	More than 2.5 hectares	£11,432 + £138 per 0.1 hectare	£1905 + £23	£11,432 + £138 per 0.1 hectare	£1905 + £23

Householder Applications		**2021-22 Charges**	**20% fixing broken Hsg Mrkt element**	**2022-23 Charges**	**20% fixing broken Hsg Mrkt element**
Alterations/extensions to a **single dwelling,** including works within boundary	Single dwelling (excluding flats)	£206	£34	£206	£34

Full Applications (and First Submissions of Reserved Matters)		**2021-22 Charges**	**20% fixing broken Hsg Mrkt element**	**2022-23 Charges**	**20% fixing broken Hsg Mrkt element**
Erection of dwellings					
Permission in Principle		£402 for each 0.1 hectare		£402 for each 0.1 hectare	
Alterations/extensions to **two or more dwellings**, including works within boundaries	Two or more dwellings (or one or more flats)	£407	£68	£407	£68
New dwellings (up to and including 50)	New dwellings (not more than 50)	£462 per dwelling	£77	£462 per dwelling	£77
New dwellings (for *more* than 50) up to a maximum fee of £300,000	New dwellings (more than 50)	£22,859 + £138 per additional dwelling	£3810 + £23	£22,859 + £138 per additional dwelling	£3810 + £23
Erection of buildings (not dwellings, agricultural, glasshouses, plant nor machinery):					
Increase of floor space	No increase in gross floor space or no more than 40m²	£234	£39	£234	£39
Increase of floor space	More than 40m² but no more than 75m²	£462	£77	£462	£77
Increase of floor space	More than 75m² but no more than 3,750m²	£462 for each 75m² or part thereof	£77	£462 for each 75m² or part thereof	£77
Increase of floor space	More than 3,750m²	£22,859 + £138 for each additional 75m² in excess of 3750 m² to a maximum of £300,000	£3810 + £23	£22,859 + £138 for each additional 75m² in excess of 3750 m² to a maximum of £300,000	£3810 + £23
The erection of buildings (on land used for agriculture for agricultural purposes)					
Site area	Not more than 465m²	£96	£16	£96	£16
Site area	More than 465m² but not more than 540m²	£462	£77	£462	£77
Site area	More than 540m² but not more than 4,215m²	£462 for first 540m² + £462 for each 75m² (or part thereof) in excess of 540m²	£77 + £77	£462 for first 540m² + £462 for each 75m² (or part thereof) in excess of 540m²	£77 + £77
Site area	More than 4,215m²	£22,859 + £138 for each 75m² (or part thereof) in excess of 4,215m² up to a maximum of £300,000	£3810 + £23	£22,859 + £138 for each 75m² (or part thereof) in excess of 4,215m² up to a maximum of £300,000	£3810 + £23

Erection of glasshouses (on land used for the purposes of agriculture)		**2021-22 Charges**	**20% fixing broken Hsg Mrkt element**	**2022-23 Charges**	**20% fixing broken Hsg Mrkt element**
Floor space	Not more than 465m²	£96	£16	£96	£16
Floor space	More than 465m²	£2,580	£430	£2,580	£430

Erection/alterations/replacement of plant and machinery					
Site area	Not more than 5 hectares	£462 for each 0.1 hectare (or part thereof)	£77	£462 for each 0.1 hectare (or part thereof)	£77
Site area	More than 5 hectares	£22,859 + additional £138 for each 0.1 hectare (or part thereof) in excess of 5 hectares to a maximum of £300,000	£3810 + £23	£22,859 + additional £138 for each 0.1 hectare (or part thereof) in excess of 5 hectares to a maximum of £300,000	£3810 + £23

Applications other than Building Works		**2021-22 Charges**	**20% fixing broken Hsg Mrkt**	**2022-23 Charges**	**20% fixing broken Hsg Mrkt**

Planning Applications

Car parks, service roads or other accesses	For existing uses	£234	£39	£234	£39
Waste (Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals)					
Site area	Not more than 15 hectares	£234 for each 0.1 hectare (or part	£39	£234 for each 0.1 hectare (or part	£39
Site area	More than 15 hectares	£34,934 + £138 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £78,000	£5822+ £23	£34,934 + £138 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £78,000	£5822+ £23
Operations connected with exploratory drilling for oil or natural gas					
Site area	Not more than 7.5 hectares	£508 for each 0.1 hectare (or part	£123	£508 for each 0.1 hectare (or part	£123
Site area	More than 7.5 hectares	£36,070 + additional £151 for each 0.1 hectare (or part thereof) in excess of 7.5 hectares up to a maximum of £300,000	£7320 + £36	£36,070 + additional £151 for each 0.1 hectare (or part thereof) in excess of 7.5 hectares up to a maximum of £300,000	£7320 + £36
Other operations (winning and working of minerals)					
Site area	Not more than 15 hectares	£234 for each 0.1 hectare (or part	£39	£234 for each 0.1 hectare (or part	£39
Site area	More than 15 hectares	£34,934 + additional £138 for each 0.1 in excess of 15 hectare up to a maximum of £78,000	£5822 + £23	£34,934 + additional £138 for each 0.1 in excess of 15 hectare up to a maximum of £78,000	£5822 + £23
Other operations (not coming within any of the above categories)					
Site area	Any site area	£234 for each 0.1 hectare (or part thereof) up to a maximum of £2,028	£39	£234 for each 0.1 hectare (or part thereof) up to a maximum of £2,028	£39

Lawful Development Certificate		**2021-22 Charges**	**20% fixing broken Hsg Mrkt element**	**2022-23 Charges**	**20% fixing broken Hsg Mrkt element**
LDC – Existing Use - in breach of a planning condition		Same as Full		Same as Full	
LDC – Existing Use LDC - lawful not to comply with a particular condition		£234	£39	£234	£39
LDC – Proposed Use		Half the normal planning fee.		Half the normal planning fee.	
Reserved Matters					
Application for approval of reserved matters following outline approval		Full fee due or if full fee already paid then £462 due	£77	Full fee due or if full fee already paid then £462 due	£77
Approval/Variation/discharge of condition					
Application for removal or variation of a condition following grant of planning permission		£234	£39	£234	£39
Application relates to planning permission for development already carried out (Section 73A)		£234	£39	£234	£39
Request for confirmation that one or more planning conditions have been complied with		£34 per request for Householder otherwise £116 per request	£6 and £19	£34 per request for Householder otherwise £116 per request	£6 and £19
Change of Use of a building to use as one or more separate dwellinghouses, or other cases					
Number of Dwellings	Not more than 50 dwellings	£462 for each	£77	£462 for each	£77
Number of Dwellings	More than 50 dwellings	£22,859 + £138 for each in excess of 50 up to a maximum of £300,000	£3810 + £23	£22,859 + £138 for each in excess of 50 up to a maximum of £300,000	£3810 + £23
Other Changes of Use of a building or land		£462	£77	£462	£77
Advertising					
Relating to the business on the premises		£132	£22	£132	£22
Advance signs which are not situated on or visible from the site, directing the public to business		£132	£22	£132	£22
Other advertisements		£462	£77	£462	£77

Prior Approval					
Agricultural and Forestry buildings & operations or demolition of buildings		£96	£16	£96	£16

Planning Applications

Telecommunications Code Systems Operators		£462	£77	£462	£77
Proposed Change of Use to State Funded School or Registered Nursery		£96	£16	£96	£16
Proposed Change of Use of Agricultural Building to a State-Funded School or Registered Nursery		£96	£16	£96	£16
Proposed Change of Use of Agricultural Building to a flexible use within Shops, Financial and Professional services, Restaurants and Cafes, Business, Storage or Distribution, Hotels, or Assembly or Leisure		£96	£16	£96	£16
Proposed Change of Use of a building from Office (Use Class B1) Use to a use falling within Use Class C3 (Dwellinghouse)		£96	£16	£96	£16
Proposed Change of Use of Agricultural Building to a Dwellinghouse (Use Class C3), where there are no Associated Building Operations		£96	£16	£96	£16
Proposed Change of Use of Agricultural Building to a Dwellinghouse (Use Class C3), and Associated Building Operations		£206	£34	£206	£34
Proposed Change of Use of a building from a Retail (Use Class A1 or A2) Use or a Mixed Retail and Residential Use to a use falling within Use Class C3 (Dwellinghouse), where there are no Associated Building Operations		£96	£16	£96	£16
Proposed Change of Use of a building from a Retail (Use Class A1 or A2) Use or a Mixed Retail and Residential Use to a use falling within Use Class C3 (Dwellinghouse), and Associated Building Operations		£206	£34	£206	£34
Notification for Prior Approval for a Change Of Use from Storage or Distribution Buildings (Class B8) and any land within its curtilage to Dwellinghouses (Class C3)		£96	£16	£96	£16
Notification for Prior Approval for a Change of Use from Amusement Arcades/Centres and Casinos, (Sui Generis Uses) and any land within its curtilage to Dwellinghouses (Class C3)		£96	£16	£96	£16
Notification for Prior Approval for a Change of Use from Amusement Arcades/Centres and Casinos, (Sui Generis Uses) and any land within its curtilage to Dwellinghouses (Class C3), and Associated Building Operations		£206	£34	£206	£34
Notification for Prior Approval for a Change of Use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops and Casinos (Sui Generis Uses) to Restaurants and Cafés (Class A3)		£96	£16	£96	£16
Notification for Prior Approval for a Change of Use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops and Casinos (Sui Generis Uses) to Restaurants and Cafés (Class A3), and Associated Building Operations		£206	£34	£206	£34
Notification for Prior Approval for a Change of Use from Shops (Class A1) and Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops (Sui Generis Uses) to Assembly and Leisure Uses (Class D2)		£96	£16	£96	£16
Application for a Non-material Amendment Following a Grant of Planning Permission					
Applications in respect of householder developments		£34	£6	£34	£6
Applications in respect of other developments		£234	£39	£234	£39
Local Authority Involvement in High Hedge Complaints					
High Hedge Complaint		£500	N/A	£500	N/A
Pre-Application Advice Fees	**Small scale- Householders** **Medium Scale - 1-9 houses** **Majors** **Significant Majors** **Listed Building Consent & Conservation Works**	£90 £450 £2,000 £3,000 £250	N/A	£90 £450 £2,000 £3,000 £250	N/A
Planning History Checks		£72	N/A	£72	N/A
Supplementary Planning Application Advice		POA	N/A	POA	N/A

S106 Fees

Type of Obligation Monitoring Fee

Commuted Sum	1% of each payment instalment	This will be included within each invoice requesting payment
Land Contribution	£1,000 per development site	This payment is to be made at the time that the land transfer takes place
On-site Affordable Housing	£1,000 per development site	Payment is to be made on the first occupation of the affordable units
Other obligation	£1,000 per obligation	This is to ensure compliance with obligations such as providing a woodland management strategy etc
Overage Clause1	At least £1,000 or 1% of any additional payments due	This is to report on any commuted sum payments arising from greater profits.

Building Control - Table A

New Build - Houses 2021-22

Standard Charge for New Housing (up to 300m2 Floor Area including flats and maisonettes but not conversions)

No of Dwellings	Plan Fee	VAT	**Plan Total**	Inspect Fee	VAT	**Inspect Total**	Building Notice Fee	VAT	**Building Notice Total**
1	£233.33	£46.67	**£280.00**	£650.00	£130.00	**£780.00**	£1,060.00	£212.00	**£1,272.00**
2	£308.33	£61.67	**£370.00**	£775.00	£155.00	**£930.00**	£1,300.00	£260.00	**£1,560.00**
3	£341.67	£68.33	**£410.00**	£910.00	£182.00	**£1,092.00**	£1,502.00	£300.40	**£1,802.40**
4	£408.33	£81.67	**£490.00**	£1,050.00	£210.00	**£1,260.00**	£1,750.00	£350.00	**£2,100.00**
5	£491.67	£98.33	**£590.00**	£1,200.00	£240.00	**£1,440.00**	£2,030.00	£406.00	**£2,436.00**

Standard Charge for New Housing (Floor Area between 301m2 and 700m2)

	Plan Fee	VAT	**Plan Total**	Inspect Fee	VAT	**Inspect Total**	Building Notice Fee	VAT	**Building Notice Total**
Single Dwelling with Floor Area between 301m2 and 500m2	£270.83	£54.17	**£325.00**	£733.33	£146.67	**£880.00**	£1,205.00	£241.00	**£1,446.00**
Single Dwelling with Floor Area between 501m2 and 700m2	£270.83	£54.17	**£325.00**	£945.83	£189.17	**£1,135.00**	£1,460.00	£292.00	**£1,752.00**

Please note for more than 5 Dwelling or if the floor area of a dwelling exceeds 700m2 the charge is individually determined

All the above charges are on the basis that any controlled electrical work is carried out by a person who is a member of a registered competent person scheme, if this is not the case an additional charge may apply

Building Control - Table A

New Build - Houses 2022-23

Standard Charge for New Housing (up to 300m2 Floor Area including flats and maisonettes but not conversions)

No of Dwellings	Plan Fee	VAT	**Plan Total**	Inspect Fee	VAT	**Inspect Total**	Building Notice Fee	VAT	**Building Notice Total**
1	£237.50	£47.50	**£285.00**	£663.33	£132.67	**£796.00**	£1,080.83	£216.17	**£1,297.00**
2	£314.17	£62.83	**£377.00**	£790.83	£158.17	**£949.00**	£1,325.83	£265.17	**£1,591.00**
3	£348.33	£69.67	**£418.00**	£928.33	£185.67	**£1,114.00**	£1,531.67	£306.33	**£1,838.00**
4	£416.67	£83.33	**£500.00**	£1,070.83	£214.17	**£1,285.00**	£1,785.00	£357.00	**£2,142.00**
5	£500.00	£100.00	**£600.00**	£1,225.00	£245.00	**£1,470.00**	£2,070.00	£414.00	**£2,484.00**

Standard Charge for New Housing (Floor Area between 301m2 and 700m2)

	Plan Fee	VAT	**Plan Total**	Inspect Fee	VAT	**Inspect Total**	Building Notice Fee	VAT	**Building Notice Total**
Single Dwelling with Floor Area between 301m2 and 500m2	£275.00	£55.00	**£330.00**	£750.00	£150.00	**£900.00**	£1,230.00	£246.00	**£1,476.00**
Single Dwelling with Floor Area between 501m2 and 700m2	£275.00	£55.00	**£330.00**	£966.67	£193.33	**£1,160.00**	£1,490.00	£298.00	**£1,788.00**

Please note for more than 5 Dwelling or if the floor area of a dwelling exceeds 700m2 the charge is individually determined

All the above charges are on the basis that any controlled electrical work is carried out by a person who is a member of a registered competent person scheme, if this is not the case an additional charge may apply

Building Control - Table B

Charges for small buildings, extensions and alterations to dwellings 2021/22
Valid for applications received between 01/04/2020 & 31/03/2021

Proposal	Plan Fee	VAT	Plan Total	Inspect Fee	VAT	Inspect Total	Building Notice Fee	VAT	Building Notice Total
Category 1: Extensions to Dwellings									
Extension Internal Floor area not exceeding 10m2	£327.50	£65.50	**£393.00**	inc	inc	**inc**	£393.00	£78.60	**£471.60**
Extension Internal Floor Area over 10m2 but not exceeding 40m2	£166.67	£33.33	**£200.00**	£310.00	£62.00	**£372.00**	£572.00	£114.40	**£686.40**
Extension Internal Floor Area over 40m2 but not exceeding 60m2	£166.67	£33.33	**£200.00**	£443.33	£88.67	**£532.00**	£732.00	£146.40	**£878.40**
Extension - Internal Floor Area over 60m2 but not exceeding 80m2	£166.67	£33.33	**£200.00**	£577.00	£115.40	**£692.40**	£892.40	£178.48	**£1,070.88**
Category 2 - Garages & Carports Erection or Extension of a detached or attached building or extension to a dwelling									
Which consists of a garage, carport or both; having a floor area not exceeding 40m2 in total and is intended to be used in common with an existing building	£251.67	£50.33	**£302.00**	inc	inc	**inc**	£302.00	£60.40	**£362.40**
The conversion of an attached garage into a habitable room	£221.67	£44.33	**£266.00**	inc	inc	**inc**	£266.00	£50.00	**£316.00**
Where the Garage extension exceeds a floor area of **40m2** but does not exceed 60m2	£361.67	£72.33	**£434.00**	inc	inc	**inc**	£434.00	£86.80	**£520.80**
Category 3: Loft Conversation and Dormers Formation of a room in a roof space, including means of access thereto. Fees for lofts greater than 40m2 are to be based on the cost of work. The Fee cannot be less than shown below									
Without a dormer but not exceeding 40m2 in floor area	£335.00	£67.00	**£402.00**	inc	inc	**inc**	£402.00	£80.40	**£482.40**
With a dormer but not exceeding 40m2 in floor area	£166.67	£33.33	**£200.00**	£276.67	£55.33	**£332.00**	£532.01	£106.40	**£638.41**

Where the extension to the dwelling exceeds 80m2 in floor area, the charge is based on the estimated cost in Table E, subject to the sum of the plan charge and inspection charge being not less than £761.67 (excluding VAT). The total estimated cost of the work must therefore be at least £50,001.

Note: All the above charges are on the basis that any controlled electrical work is carried out by a person who is a member of a registered Competent Person Scheme, if this is not the case an additional charge may apply.

Building Control - Table B

Charges for small buildings, extensions and alterations to dwellings 2022-23
Valid for applications received between 01/04/2022 & 31/03/2023

Proposal	Plan Fee	VAT	Plan Total	Inspect Fee	VAT	Inspect Total	Building Notice Fee	VAT	Building Notice Total
Category 1: Extensions to Dwellings									
Extension Internal Floor area not exceeding 10m2	£333.33	£66.67	**£400.00**	inc	inc	**inc**	£400.00	£80.00	**£480.00**
Extension Internal Floor Area over 10m2 but not exceeding 40m2	£166.67	£33.33	**£200.00**	£320.00	£64.00	**£384.00**	£584.00	£116.80	**£700.80**
Extension Internal Floor Area over 40m2 but not exceeding 60m2	£166.67	£33.33	**£200.00**	£455.83	£91.17	**£547.00**	£747.00	£149.40	**£896.40**
Extension - Internal Floor Area over 60m2 but not exceeding 80m2	£166.67	£33.33	**£200.00**	£591.67	£118.33	**£710.00**	£910.00	£182.00	**£1,092.00**
Category 2 - Garages & Carports Erection or Extension of a detached or attached building or extension to a dwelling									
Which consists of a garage, carport or both; having a floor area not exceeding 40m2 in total and is intended to be used in common with an existing building	£256.67	£51.33	**£308.00**	inc	inc	**inc**	£308.00	£61.60	**£369.60**
The conversion of an attached garage into a habitable room	£226.67	£45.33	**£272.00**	inc	inc	**inc**	£272.00	£54.40	**£326.40**
Where the Garage extension exceeds a floor area of **40m2** but does not exceed 60m2	£369.17	£73.83	**£443.00**	inc	inc	**inc**	£443.00	£88.60	**£531.60**
Category 3: Loft Conversation and Dormers Formation of a room in a roof space, including means of access thereto. Fees for lofts greater than 40m2 are to be based on the cost of work. The Fee cannot be less than shown below									
Without a dormer but not exceeding 40m2 in floor area	£341.67	£68.33	**£410.00**	inc	inc	**inc**	£410.00	£82.00	**£492.00**
With a dormer but not exceeding 40m2 in floor area	£166.67	£33.33	**£200.00**	£285.83	£57.17	**£343.00**	£543.00	£108.60	**£651.60**

Where the extension to the dwelling exceeds 80m2 in floor area, the charge is based on the estimated cost in Table E, subject to the sum of the plan charge and inspection charge being not less than £761.67 (excluding VAT). The total estimated cost of the work must therefore be at least £50,001.

Note: All the above charges are on the basis that any controlled electrical work is carried out by a person who is a member of a registered Competent Person Scheme, if this is not the case an additional charge may apply.

Building Control - Table C

Standard Charges for Alterations to Dwellings 2021/22

Proposal	Plan Fee	VAT	**Plan Total**	Inspect Fee	VAT	**Inspect Total**	Building Notice Fee	VAT	Building Notice Total	**Regularisation**
Installation of Replacement windows and doors in a dwelling where the number of windows / doors does not exceed 20							£70.00	£14.00	**£84.00**	
Installation of Replacement windows and doors in a dwelling where the number of windows / doors does not exceed 20 (retrospective)								£0.00		**£109.00**
Underpinning with a total cost not exceeding £30,000	£253.33	£50.67	**£304.00**	inc	inc	**inc**	£304.00	£60.80	**£364.80**	
Controlled Electrical Work to a single dwelling (not carried out in conjunction with work being undertaken that falls within Table B)	£225.00	£45.00	**£270.00**	inc	inc	**inc**	£270.00	£54.00	**£324.00**	
Renovation of a thermal element i.e. Work involving recovering of a roof, replacement of a floor or ronovation of an external wall to which L 1b applies							£106.67	£21.33	**£128.00**	
Renovation of a thermal element i.e. Work involving recovering of a roof, replacement of a floor or ronovation of an external wall to which L 1b applies (retrospective)										**£160.00**
Formation of a single en suite bathroom / shower room or cloakroom within an existing dwelling (excluding electrical work)	£217.50	£43.50	**£261.00**	inc	inc	**inc**	£255.00	£51.00	**£306.00**	**£366.00**
Removal or partial removal of chimney breast (accompanied by Structural Engineering Details)	£136.67	£27.33	**£164.00**				£136.67	£27.33	**£164.00**	**£195.00**
Installation of New or Replacement Sewage Treatment Plant and associated discharge	£208.33	£41.67	**£250.00**			**inc**	£229.17	£45.83	**£275.00**	**£330.00**
Removal of wall and insertion of one or two steel beams maximum span 4 metres (accompanied by Structural Engineering Details)	£136.67	£27.33	**£164.00**				£136.67	£27.33	**£164.00**	**£195.00**
Structural Alterations not supported by Structural Calculations to be individually assessed (Calculations may still be required)	POA					**inc**	POA			**POA**
The insertion of insulating material in a cavity wall of an existing property*							£70.00	£14.00	**£84.00**	
Installation of a multi fuel appliance including associated Flue liner and hearth* to a single dwelling							£250.00	£50.00	**£300.00**	**£360.00**

* Not carried out under a Competent Person Scheme

Where it is intended to carry out additional work internally within a dwelling at the same time as undertaking alterations as defined in Table C then the charge for all of the internal work (including work as defined in table C) may be assessed using the total estimated cost of work as set out in table E. All other work within dwellings will be charged as set out in Table E.

Building Control - Table C

Standard Charges for Alterations to Dwellings 2022/23

Proposal	Plan Fee	VAT	**Plan Total**	Inspect Fee	VAT	**Inspect Total**	Building Notice Fee	VAT	Building Notice Total	**Regularisation**
1A Installation of Replacement windows and doors in a dwelling where the number of windows / doors does not exceed 20							£70.83	£14.17	**£85.00**	
1B Installation of Replacement windows and doors in a dwelling where the number of windows / doors does not exceed 20 (retrospective)								£0.00		**£111.00**
2 Underpinning with a total cost not exceeding £30,000	£258.33	£51.67	**£310.00**	inc	inc	**inc**	£310.00	£62.00	**£372.00**	
3 Controlled Electrical Work to a single dwelling (not carried out in conjunction with work being undertaken that falls within Table B)	£229.17	£45.83	**£275.00**	inc	inc	**inc**	£275.00	£55.00	**£330.00**	
4A Renovation of a thermal element i.e. Work involving recovering of a roof, replacement of a floor or ronovation of an external wall to which L 1b applies							£108.33	£21.67	**£130.00**	**£163.00**
4B Renovation of a thermal element Replacement conservatory Roof	POA						POA			**POA**
5 Formation of a single en suite bathroom / shower room or cloakroom within an existing dwelling (excluding electrical work)	£221.67	£44.33	**£266.00**	inc	inc	**inc**	£266.00	£53.20	**£319.20**	**£374.00**
6 Removal or partial removal of chimney breast (accompanied by Structural Engineering Details)	£139.17	£27.83	**£167.00**				£139.17	£27.83	**£167.00**	**£199.00**
7 Installation of New or Replacement Sewage Treatment Plant and associated discharge	£212.50	£42.50	**£255.00**			**inc**	£233.33	£46.67	**£280.00**	**£337.00**
8 Removal of wall and insertion of one or two steel beams maximum span 4 metres (accompanied by Structural Engineering Details)	£139.17	£27.83	**£167.00**				£139.17	£27.83	**£167.00**	**£199.00**
9 Structural Alterations not supported by Structural Calculations to be individually assessed (Calculations may still be required)	POA					**inc**	POA			**POA**
10 The insertion of insulating material in a cavity wall of an existing property*							£71.67	£14.33	**£86.00**	
11 Installation of a multi fuel appliance including associated Flue liner and hearth* to a single dwelling							£255.00	£51.00	**£306.00**	**£368.00**

* Not carried out under a Competent Person Scheme

Where it is intended to carry out additional work internally within a dwelling at the same time as undertaking alterations as defined in Table C then the charge for all of the internal work (including work as defined in table C) may be assessed using the total estimated cost of work as set out in table E. All other work within dwellings will be charged as set out in Table E.

Building Control - Table D

Extensions and New Build - Other than to Dwellings 2021/22
(i.e. Shops, Offices, industrial, hotels, storage, assembly etc.)
Note - must be submitted as a full plans application (other than application for replacement windows)

Category of Work	Proposal	Plan Fee	VAT	Plan Total	Inspect Fee	VAT	Inspect Total
1	Internal Floor Area not exceeding 6**m2**	£330.00	£66.00	**£396.00**	inc	inc	**inc**
2	Internal Floor Area over 6**m2** but not exceeding **40m2**	£166.67	£33.33	**£200.00**	£310.00	£62.00	**£372.00**
3	Internal Floor Area over **40m2** but not exceeding **80m2**	£166.67	£33.33	**£200.00** **£0.00**	£490.00	£98.00	**£588.00**
4	**Shop fit** out not exceeding a value of £50,000	£320.00	£64.00	**£384.00**	inc	inc	**inc**
5	**Replacement Windows**						
	a - not exceeding 10 windows	£120.00	£24.00	**£144.00**	Inc	Inc	**inc**
	b - between 11 - 20 windows	£212.50	£42.50	**£255.00**	Inc	Inc	**inc**

Building Control - Table D

Extensions and New Build - Other than to Dwellings 2022/23
(i.e. Shops, Offices, industrial, hotels, storage, assembly etc.)
Note - must be submitted as a full plans application (other than application for replacement windows)

Category of Work	Proposal	Plan Fee	VAT	Plan Total	Inspect Fee	VAT	Inspect Total
1	Internal Floor Area not exceeding 6**m2**	£336.67	£67.33	**£404.00**	inc	inc	**inc**
2	Internal Floor Area over 6**m2** but not exceeding **40m2**	£166.67	£33.33	**£200.00**	£320.00	£64.00	**£384.00**
3	Internal Floor Area over **40m2** but not exceeding **80m2**	£166.67	£33.33	**£200.00** **£0.00**	£503.33	£100.67	**£604.00**
4	**Shop fit** out not exceeding a value of £50,000	£326.67	£65.33	**£392.00**	inc	inc	**inc**
5	**Replacement Windows**						
	a - not exceeding 10 windows	£122.50	£24.50	**£147.00**	Inc	Inc	**inc**
	b - between 11 - 20 windows	£216.67	£43.33	**£260.00**	Inc	Inc	**inc**

Building Control - Table E

Standard Charges for all work not in Tables A,B,C & D for 2021/22
(excludes individually determined charges)

Estimated Cost										
From	To	Plan Fee	VAT	**Plan Total**	Inspect Fee	VAT	**Inspect Total**	Building Notice Fee	VAT	**Building Notice Total**
£0.00	£1,000.00	£113.33	£22.67	**£136.00**	inc	inc	**inc**	£136.67	£27.33	**£164.00**
£1,001.00	£2,000.00	£208.33	£41.67	**£250.00**	inc	inc	**inc**	£250.00	£50.00	**£300.00**
£2,001.00	£5,000.00	£235.00	£47.00	**£282.00**	inc	inc	**inc**	£281.67	£56.33	**£338.00**
£5,001.00	£7,000.00	£252.50	£50.50	**£303.00**	inc	inc	**inc**	£303.33	£60.67	**£364.00**
£7,001.00	£10,000.00	£291.67	£58.33	**£350.00**	inc	inc	**inc**	£350.00	£70.00	**£420.00**
£10,001.00	£20,000.00	£360.00	£72.00	**£432.00**	inc	inc	**inc**	£432.50	£86.50	**£519.00**
£20,001.00	£30,000.00	£166.67	£33.33	**£200.00**	£302.50	£60.50	**£363.00**	£563.33	£112.67	**£676.00**
£30,001.00	£40,000.00	£212.50	£42.50	**£255.00**	£346.67	£69.33	**£416.00**	£671.67	£134.33	**£806.00**
£40,001.00	£50,000.00	£258.33	£51.67	**£310.00**	£416.67	£83.33	**£500.00**	£810.00	£162.00	**£972.00**
£50,001.00	£75,000.00	£304.17	£60.83	**£365.00**	£508.33	£101.67	**£610.00**	£975.00	£195.00	**£1,170.00**
£75,001.00	£100,000.00	£345.83	£69.17	**£415.00**	£641.67	£128.33	**£770.00**	£1,185.00	£237.00	**£1,422.00**
£100,001.00	£150,000.00	£387.50	£77.50	**£465.00**	£737.50	£147.50	**£885.00**	£1,350.00	£270.00	**£1,620.00**

Where it is intended to carry out additional work on a dwelling at the same time as undertaking an extension within table B, then the charge for this additional work (as indicated in Table E) shall be discounted by 50%, subject to a maximum estimated cost of less than £10,000

Note: In respect of domestic work the above charges are on the basis that any controlled electrical work is carried out by a person who is a member of a registered Competent Person Scheme, if this is not the case an additional charge may apply.

Where the estimated cost of work exceeds £150,000 the charge will be individually assessed by Rossendale Borough Council Building Control Services.

Building Control - Table E

Standard Charges for all work not in Tables A,B,C & D for 2022/23
(excludes individually determined charges)

Estimated Cost										
From	To	Plan Fee	VAT	**Plan Total**	Inspect Fee	VAT	**Inspect Total**	Building Notice Fee	VAT	**Building Notice Total**
£0.00	£1,000.00	£115.83	£23.17	**£139.00**	inc	inc	**inc**	£139.17	£27.83	**£167.00**
£1,001.00	£2,000.00	£221.50	£44.30	**£265.80**	inc	inc	**inc**	£265.83	£53.17	**£319.00**
£2,001.00	£5,000.00	£240.00	£48.00	**£288.00**	inc	inc	**inc**	£288.33	£57.67	**£346.00**
£5,001.00	£7,000.00	£257.50	£51.50	**£309.00**	inc	inc	**inc**	£309.17	£61.83	**£371.00**
£7,001.00	£10,000.00	£297.50	£59.50	**£357.00**	inc	inc	**inc**	£356.67	£71.33	**£428.00**
£10,001.00	£20,000.00	£367.50	£73.50	**£441.00**	inc	inc	**inc**	£440.83	£88.17	**£529.00**
£20,001.00	£30,000.00	£166.67	£33.33	**£200.00**	£311.67	£62.33	**£374.00**	£574.17	£114.83	**£689.00**
£30,001.00	£40,000.00	£216.67	£43.33	**£260.00**	£353.33	£70.67	**£424.00**	£684.17	£136.83	**£821.00**
£40,001.00	£50,000.00	£263.33	£52.67	**£316.00**	£425.00	£85.00	**£510.00**	£825.83	£165.17	**£991.00**
£50,001.00	£75,000.00	£310.00	£62.00	**£372.00**	£518.33	£103.67	**£622.00**	£994.17	£198.83	**£1,193.00**
£75,001.00	£100,000.00	£353.33	£70.67	**£424.00**	£654.17	£130.83	**£785.00**	£1,209.17	£241.83	**£1,451.00**
£100,001.00	£150,000.00	£395.00	£79.00	**£474.00**	£752.50	£150.50	**£903.00**	£1,376.67	£275.33	**£1,652.00**

Where it is intended to carry out additional work on a dwelling at the same time as undertaking an extension within table B, then the charge for this additional work (as indicated in Table E) shall be discounted by 50%, subject to a maximum estimated cost of less than £10,000

Note: In respect of domestic work the above charges are on the basis that any controlled electrical work is carried out by a person who is a member of a registered Competent Person Scheme, if this is not the case an additional charge may apply.

Where the estimated cost of work exceeds £150,000 the charge will be individually assessed by Rossendale Borough Council Building Control Services.

Building Control - Table F

Demolition (2021/22)

Category of Work	Proposal	VAT Exempt Fee
1	Application to demolish existing property under Section 80 of the Buildings Act 1984 & issuing the counter notice under Section 81 of the Building Act 1984.	FOC

Building Control - Table G

Other Charges (2020/21)

Category of Work	Proposal	Net	VAT	Gross Fee
1	Copy of Decision Notice or Completion Certificates (within the past 3 years)	£22.92	£4.58	£27.50
2	Additional copy from same file.	£5.83	£1.17	£7.00
3	Re- opening of archived applications (Charge per Hour - minimum 1 hour £75) plus decision notice and completion certificate	£62.50	£12.50	£75.00
4	Re- opening of archived applications (Charge per Hour - minimum 1 hour £75) plus decision notice, completion certificate and site visit	£87.50	£17.50	£105.00
5	Withdrawal of an application and any associated charges (Charge per Hour - minimum 1 hour £75)	£62.50	£12.50	£75.00
6	Building Regulation Confirmation letter	£62.50	£12.50	£75.00
7	Change of applicants details on valid application (New)	£62.50	£12.50	£75.00
8	Supply of non-standard data and information, including responding to solicitors enquiries (Charge per Hour - minimum 1 hour £75)	£62.50	£12.50	£75.00

Building Control - Table F

Demolition (2022/23)

Category of Work	Proposal	VAT Exempt Fee
1	Application to demolish existing property under Section 80 of the Buildings Act 1984 & issuing the counter notice under Section 81 of the Building Act 1984.	FOC

Building Control - Table G

Other Charges (2022/23)

Category of Work	Proposal	Net	VAT	Gross Fee
1	Copy of Decision Notice or Completion Certificates (within the past 3 years)	£24.17	£4.83	£29.00
2	Additional copy from same file.	£6.67	£1.33	£8.00
3	Re- opening of archived applications (Charge per Hour - minimum 1 hour £75) plus decision notice and completion certificate	£64.17	£12.83	£77.00
4	Re- opening of archived applications (Charge per Hour - minimum 1 hour £75) plus decision notice, completion certificate and site visit	£90.00	£18.00	£108.00
5	Withdrawal of an application and any associated charges (Charge per Hour - minimum 1 hour £75)	£64.17	£12.83	£77.00
6	Building Regulation Confirmation letter	£64.17	£12.83	£77.00
7	Change of applicants details on valid application (New)	£64.17	£12.83	£77.00
8	Supply of non-standard data and information, including responding to solicitors enquiries (Charge per Hour - minimum 1 hour £75)	£64.17	£12.83	£77.00
9	Pre Application site visit discountably against full application	£64.17	£12.83	£77.00
10	Exemption Certificate (Charged per Hour - minimum 1 hour £76.50) additional charges for site visits.	£64.17	£12.83	£77.00

Street Naming & Numbering

Existing Properties	**2021/22 Charge**	**2022/23 Charge**
Individual House Name / Individual House re-name or re-number	£65	£75
Conversions of existing Properties into multiples	£117 up to a maximum of 4 units; additional Units £25 per unit	£120 up to a maximum of 4 units; additional Units £26 per unit
Newbuild / Conversion to a property		
Development of 10 plots or less	£66 per plot up to a maximum of £250	£75 per plot up to a maximum of £300
Development of 11 plots or more	Charges individual assessed	Charges individually assessed
Additional charge, where this includes the naming of a street	£107	£120
Additional charge, where this includes the naming of a building (e.g. block of flats)	£107	£120

Local Land Charges

	2021/22 Fee	2021/22 VAT	2021/22 TOTAL	2022/23 Fee	2022/23 VAT	2022/23 TOTAL
Offical Search / Enquiries / Con29R form / LLC1	£60.00	£12.00	£92.00	£65.00	£13.00	£103.00
	£20.00	£0.00	£20.00	£25.00	£0.00	£25.00
Con 29R - Each additional parcel of land	£14.20	£2.84	£17.04	£20.00	£4.00	£24.00
Offical Search - LLC1	£20.00	£0.00	£20.00	£25.00	£0.00	£25.00
Supplementary Questions Con 29O *	£10.00	£2.00	£12.00	£15.00	£3.00	£18.00
Supplementary Question Con 29O (Question 22) *	£20.00	£4.00	£24.00	£25.00	£5.00	£30.00
Each additional Enquiry	£17.50	£3.50	£21.00	£20.00	£4.00	£24.00

Legal Services

	2021/22			2022/23		
	Net	VAT	Gross	Net	VAT	Gross
Sales of land and property and freehold reversion						
Up to £5,000			**£550.00**			**£560.00**
£5001 - £15,000			**£750.00**			**£765.00**
£15,001 - £100,000			**£1,700.00**			**£1,730.00**
over £100k		**2% of sale price**			**2% of sale price**	
Leases and Licences						
Industrial Unit Lease		*min	**£350.00**		*min	**£360.00**
Industrial Unit Licence		*min	**£200.00**		*min	**£205.00**
Garden/Garage Tenancy		*min	**£300.00**		*min	**£305.00**
Wayleave/Easement		*min	**£400.00**		*min	**£500.00**
Commercial Lease		* min	**£750.00**		* min	**£765.00**
Notice of Assignment			**£80.00**			**£85.00**
Agricultural Tenancy			**£350.00**			**£360.00**
Agricultural Tenancy Renewal			**£250.00**			**£255.00**
Lease Renewal		*min	**£250.00**		*min	**£255.00**
Deed of Variation/Surrender/Release		*min	**£350.00**		*min	**£360.00**
S106 Agreements						
Preparation		* min	**£1,500.00**		* min	**£1,550.00**
Checking Fee		* min	**£500.00**		* min	**£510.00**
Deed of Variations		* min	**£750.00**		* min	**£765.00**
Footpath Diversions			**£2,750.00**			**£2,800.00**
+ any disbursements (assuming unopposed)						
Commercial Road Closures under TPCA			**£0.00**			**£100.00**
Commercial Event Licences		*min	**£200.00**		*min	**£250.00**
Misc' Commercial Licence		* min	**£200.00**		* min	**£250.00**

Property Services

	2021/22 Net	VAT	Gross
Garage sites	£173.67	£34.73	**£208.40**
Departure Charge (Rawtenstall Bus Terminal, Bacup Road)	**46.00 p**		
Information regarding industrial units have not been included due to the sensitivity of individual pricing			
Garage bond scheme to be introduced to all new and renewing tenancies from 01/04/20			

Valuation Services	2021/22 Net	VAT	Gross
Up to £10,0000	N/A	Fixed valuation pricing to be provided for 2021-22 pending on tender results to appoint new surveyors.	
Up to £30,000	N/A		
Up to £60,000	N/A		
Up to £100,000	N/A		
Up to £150,000	N/A		
£150,001 to 250,000	N/A		
Above £250,000 - Fee to be agreed			
Minimum net fee of £200. All valuations are priced on application & vary depending on complexity	Min net fee of £200		

	2021-22 Net	VAT	Gross
Application to Purchase/Lease/Rent	108.33	21.67	**130.00**
Charity / CIC Application to Purchase/Lease/Rent	10.00	2.00	**12.00**
Licence / Lease Instruction Fee	58.33	11.67	**70.00**
Charity Licence / Lease Instruction Fee	10.00	2.00	**12.00**
Allotments			
Tenancy agreement	23.40	4.68	**28.08**
pr sq. m.	0.34	0.07	**0.40**

Property Services

	2022/23 Net	VAT	Gross
Garage sites (adopted TH sites wll be held at current rate for a period of 12 months)	£178.33	£35.67	**£214.00**
Departure Charge (Rawtenstall Bus Terminal, Bacup Road)	**78.00 p**		
Garden Licences (a garden must be formed of land adjoining Rental £1.50 per sq.m			
Information regarding industrial units or managed offices have not been included due to the sensitivity of individual pricing			
Garage bond scheme to be introduced to all new and renewing tenancies from 01/04/20			

Valuation Services Residential	2022/23 Net	VAT	Gross
Band A (£1,000 - £5,000)	280.00	56.00	336.00
Band B (£5001 - £15,000)	280.00	56.00	336.00
Band C (£15,001 - £25,000)	300.00	60.00	360.00
Band D (£5,001 - £50,000)	300.00	60.00	360.00
Band E (£50,001 - £100,000)	320.00	64.00	384.00
Band F (£100,001 +)	450.00	90.00	540.00
Minimum rental fee of £200 per annum. Minimum purchase value of £1000. Valuations on a price banding basis based on letterhead valuation for purchase.			

Valuation Services Commercial	2022/23 Net	VAT	Gross
Band A (£1,000 - £5,000)	£250	£50	£300
Band B (£5001 - £15,000)	£250	£50	£300
Band C (£15,001 - £25,000)	£250	£50	£300
Band D (£5,001 - £50,000)	£250	£50	£300
Band E (£50,001 - £100,000)	£300	£60	£360
Band F (£100,001 +)	£300	£60	£360
	Min net fee of £200		
Minimum rental fee of £200 per annum. Minimum puhcase value of £1000. Valuations on a price banding basis based on			

	2022/23 Net	VAT	Gross
Application to Purchase/Lease/Rent	110.00	22.00	**132.00**
Charity / CIC Application to Purchase/Lease/Rent	10.00	2.00	**12.00**
Licence / Lease Instruction Fee	60.00	12.00	**72.00**
Charity Licence / Lease Instruction Fee	10.00	2.00	**12.00**
		0.00	
Estates Administration Fee	25.00	5.00	**30.00**
Allotments			
Tenancy agreement	25.00	5.00	**30.00**
pr sq. m.	0.35	0.07	**0.42**
Minimum fee of £50 per annum			

Appendix 2

Draft - Rossendale Borough Council Budget 2022/23 Risk Analysis and Report Under s25 of the Local Government Act 2000

1. This analysis is produced in order to:

a) Support the conclusions as to the robustness of the budget and adequacy of reserves set out in the Chief Finance Officers report under 25 of the Local Government Act 2003.

b) Inform members of the financial risks facing the Council for consideration as part of their debates around the setting of the budget and approving the Medium Term Financial Strategy.

2. Financial risks are clearly of various sorts but can broadly be characterised as follows:

- The chance of overspending against budget
- The chance of under spending against budget
- The chance of an unforeseen event with a major financial impact (for example a flood or similar event)
- The chance of a significant reduction in previously available financial resources (eg New Homes Bonus, National Non-Domestic Rates, Council Tax, Fees & Charges, etc)

3. Clearly such risks have either a positive or negative effect on the Council's overall financial position. It is the purpose of the financial management process to allow the Council to both identify the risks it faces and the steps required to either mitigate them in the case of negative risks or exploit them in the case of positive risks.

4. The degree to which the Council is exposed to such risks is influenced by a number of factors:

- The robustness of the budget estimates. In preparing the budget a line by line review of spending and income is carried out by finance staff and Managers to ensure that budgets reflect the reality of operations and Council policies. This process gives some assurance that underlying budget issues are identified and dealt with.
- The achievability of major variations to spending plans such as growth or savings items. Where major change is undertaken it is always possible that there will be some delays in delivery, for example due to delays in filling posts or restructuring departments. These issues are dealt with in the costing of the business case for change which should tend to underestimate the achievement of savings and overestimate new costs thus presenting a prudent estimate for inclusion in the budget.
- External factors such as: the Covid-19 Pandemic, Brexit, inflation, the economy, changes to local government financing and fluctuations in the property market,

all of which have an influence on costs and income. These issues and how they can be managed are dealt with in the next section of this report.

- The budget reflects the ongoing cost of business previously approved by Members. Any policy changes which impact on the core financial budget requirement are always brought before Members for approval.

Turning to the specific risk areas within the Council's budget for 2022/23 and the medium term the following specific areas of risks have been identified:

Table 1

Expenditure/ Income Heading	Impact	Likelihood	Comments
Employee Costs			
Pay awards	Medium / High	Medium	The 2021/22 pay award has not yet been agreed. The final offer from National Employers is 1.5% for Chief Officers and 1.75% for all other staff (subject to Foundation Living Wage override), the budget therefore includes these proposals for 2021/22. For 2022/23 the budget assumes an average increase of 2.5% for pay awards for all employees – from 2022/23 onwards the MTFS assumes a 2% pay award for all employees.
Vacancies / structures	Medium	High	Vacancies normally occur during the year generating savings - this has been the experience in recent years. The budgets include an estimate from the savings associated with natural turnover of staff during 2022/23 being £200k for the year. This is a challenging but achievable target. .
Pension Contributions	High	Low	The latest actuarial valuation published December 2019 together with a 3 year pre-payment (April 2020) confirmed the budget and MTFS assumptions. 2022/23 is the final year of the current triennial review.
Running Costs			
Energy and Fuel	Medium	High	Both energy and fuel prices have increased significantly during 2021/22. The 2022/23 budget has been uplifted to cover the known increased costs. We are in a fixed price contract for energy costs, however if vehicle fuel costs

Expenditure/ Income Heading	Impact	Likelihood	Comments
			continue to rise this will place additional pressure on the revenue budget.
Repairs and maintenance	Medium	High	High risk/cost areas remain with. Amongst others, the many drainage culverts within RBC land ownership, uninsured malicious damage to property and resolution of potential public liability matters. Capital requirements continue to experience increasing demand. The budget proposes to continue the £100k pa capital scheme (£500k over the life of the MTFS, funded from either capital receipts, internal or external borrowing. In addition a further scheme has been added to cover any potential future unknown legacy liabilities.
Insurance	Medium	High	The Council's insurance portfolio was tendered during 14/15 with the potential for a new 7 year max'm relationship, due to the Covid pandemic this has been extended for a further two year period. Sporadically we have in recent years experienced a number of occupational health claims in relation to past employment. Councils are often seen, mistakenly, as resource rich by the legal system as liability is deemed to be with the local government public sector even though working life could have been, in part, within the private sector. MMI the Councils insurer in 1992 triggered the Creditors Scheme of Arrangement, during 2013/14. MMI now require contribution rates of 25% per claim. Adequacy of provisions will be reviewed at the close of 2021/22. We have processed one claim during 2021/22 The Council has <u>not</u> been able to identify its insurance providers pre – 1971. Any

Expenditure/ Income Heading	Impact	Likelihood	Comments
			financial claims pre-1971 will fall entirely on the Council – effectively self-insured for pre 1971 claims.
Contract Costs			
ICT	Low/Medium	Medium	The Civica Financial & Icon contracts have been renewed during 2021/22 through a framework.
Leisure	High	High	Rossendale Leisure Trust has been self-financing in recent years, albeit supported by the Council's "back office" teams. However the covid-19 pandemic has impacted significantly on the leisure industry and whilst the Trust is recovering, income streams have not yet returned to pre-pandemic levels. During 2021/22 the Trust also took over responsibility for running the ski slope, CLAW and the Whitaker. As the Council provides the day to day cash flow for the Leisure Trust should the Trust get into financial difficulties they may not be able to reimburse the Council. This is a significant risk which increases the longer the pandemic lasts.
Revenues Benefits and Customer Contracts	High	Medium	The Council has a contract with Capita to deliver its Revenues, Benefits and One Stop Shop the contract commenced in December 2019 and is to run for 10 years with options to extend. The contract is subject to annual indexation increases.
Housing Benefits	High	Medium/High	Expenditure in this area is c. £19m and is the largest single item of expenditure in the Council's budget. Whilst this expenditure, is in the main, fully funded by grant there is an extremely complex system of rules that determine what is and what is not eligible for grant. Given that a 1% variance on this budget amounts to c.£190k and with some previous history of variances in this area,

Expenditure/ Income Heading	Impact	Likelihood	Comments
			significant caution needs to be exercised.
Council Tax Support	High	High	Since 2013/14 the council is now exposed to the cost of increased take up from claimants (be they of working age or pensioners). A 2% allowance has been factored into our tax base for additional growth. The Council and other precept authorities continue to be exposed to the risk of additional growth and the cost of non-collection from those who are not eligible to a maximum 80% benefit. The Covid Pandemic led to an increase in the number of Local Council Tax Support claimants, because this forms part of the Council Tax base calculations it adversely impacted on the Council Tax Base in 2021/22. Whilst the level of claimants is reducing it is not back to pre-pandemic levels, therefore the 2022/23 Council Tax base has not fully recovered.
Income			
Property Related (Planning Fee, Building Control, licencing & Land charges) and other income	Medium	Medium/High	A prudent view has been taken for all income streams based on recent experience plus an inflation uplift where appropriate.
Market Rents	Medium	High	Reflects the previous decisions by Members on: management, pricing and policy changes (eg Rawtenstall).
Waste Collection / Recycling income	Medium	Medium	The LCC Cost share agreement ended on 31st March 2018. The value of the recycling market remains negligible. Council is not currently budgeting for any recycling income for 2022/23 and beyond.
Capital Financing and Interest	High	Medium	The Councils ability to make interest gains has significantly reduced over the

Expenditure/ Income Heading	Impact	Likelihood	Comments
			last few years as bank rates have remained low, the Covid pandemic has meant that current investment interest rates have been at 0% for the majority of 2021/22, rising in December 21 to 0.25%. The MTFS assumes interest rates will remain low throughout 2022/23. The use of cash balances to support capital projects will reduce our balances to close to day to day working capital requirements. Estimates of future interest rates can be seen in the Councils Treasury Management Strategy.
NNDR (Business Rates)	High	low	Estimating the Council's share of income from business rates for 2022/23 remains a challenge, not only due to the Covid-19 pandemic but also due to the ongoing uncertainty on the timing and level of appeals. Therefore it is prudent to earmark the Business Rates Reserve to provide a degree of contingency should income fall below projected levels. This is important given the Council remains a member of the Lancashire Business Rates Pool and by virtue of this does not benefit from any safety net protection under the current scheme of business rates retention. The Covid pandemic itself along with the reliefs given by Government as a result, combined to reduce the Council's 2020/21 pooling gain to c£92k from previous highs of up to £1m. Covid-19 has continued to have a significant impact on our 2021/22 business rates income, however actual income from business rates will not be finalised until after the end of the financial year.

Expenditure/ Income Heading	Impact	Likelihood	Comments
New Homes Bonus	Medium	High	2018/19 was the final year for the 4 year NHB funding. There has been no similar replacement scheme. Funds due for 2022/23 are as per the Government's Finance Settlement. There is an increased risk as to the value of the replacement scheme for 2023/24 and future years. The details of which have yet to be announced.
Housing	High	High	During 2021/22 the Council has continued to face a significant capacity challenge as it continues to work through the Empty Homes Scheme. The Council is currently facing several legal claims and challenges.
Current Economic Outlook	High	High	Covid-19 has had a significant impact on the economic outlook, and to a certain extent as we are still in the middle of the pandemic the future is still very uncertain. Coupled with that is the ongoing impacts of Brexit. The Councils Treasury Management advisors are predicting that inflation will peak at c6%, however whilst interest rates are likely to increase they will remain relatively low throughout 2022/23.
Use of Transitional Reserves	High	High	The Council will continue to grow when and where possible this reserve in order to support and balance future in year budget deficits. 2022/23 will require the use of £56k from the Transitional Reserve. The forecast balance for 31/03/22 is c£2.78m.
Level of Council Tax	High	High	This is the Council's most significant income source.

Expenditure/ Income Heading	Impact	Likelihood	Comments
			As a district Council, Rossendale is able to increase its CTax by a maximum of 2% or £5 (whichever is the higher) in order to avoid the risk of a referendum. Each 1% increase is worth c£55k cumulative resources for each year With NHB coming to an end and share of future NNDR uncertain, the decision on the level of Council tax is fundamental to the Council's medium term resources, future financial planning and ability to set a legally balanced budget,

5. Adequacy of Reserves

Having conducted a review of the Council's requirement for the minimum working balance, taking into consideration various matters including:-

- the Council's spending plans for 2022/23 and the medium term financial position;
- adequacy of estimates of inflation, interest rates;
- treatment of demand led pressures;
- impact of external partnerships;
- the need to respond to emergencies.
- Capital programme variations.

I can confirm that an amount of £1.0m set aside in the General Reserve is considered adequate for this purpose. £1m equates to c3% of the Council's gross expenditure.

In relation to other financial reserves, a review has also been conducted to determine their adequacy. In addition to the matters referred to above, and taking into account the Medium Term Financial Plan, the review concluded that the level of such reserves is adequate based on current information in relation to anticipated risk, existing commitments and known future plans. That said, should there be a significant call on those reserves another review will need to be carried out.

However, it is important to note the proposed usage of reserves to support the General Fund Revenue Budget is not sustainable over the medium term without the need to align expenditure more closely with ongoing resources.

In particular, during the lifetime of the current Medium Term Financial Plan, it is projected that the entirety of the Transitional Reserve will be used. By that time, the Council will have had to take the necessary action to balance expenditure with ongoing resources. This statement is made on the understanding that any use of reserves and balances is undertaken in accordance with the Council's existing Financial Procedure Rules and that a further review of reserves and balances will be undertaken in September 2022 following the preparation of the Council's accounts for 2021/22.

The table below sets out the opening balances at 31/03/2021 of the Council's revenue reserves, planned usage during the year and the estimated balances at 31/03/2022.

Table 2

Revenue Earmarked Reserves	Opening Balance 31/03/2021 £000	Estimated Net Contributions to/(from) £000	Estimated balance 31/03/2022 £000
General Reserve	1,000	-	1,000
Transitional Reserve	1,790	997	2,787
Local Business Rates Retention Reserve	6,229	(423)	5,806
Response & Recovery Reserve	1,389	(1,229)	160
Other Earmarked Reserves	2,309	(691)	1,618
Total Reserves	12,717	(1,346)	11,371

6. Financial Assurance Statement

The Council must set a balanced budget each year. As the Council's designated Finance Officer, I have a legal duty to report to Full Council in February 2022 on the robustness of the Council's budget and the adequacy of reserves.

I have considered the major items of expenditure and income and their sensitivity to change, together with the budget proposals and assessed the impact on the Council's future forecasts and level of reserves. It is my opinion that the estimates have been prepared and reviewed utilising the most up to date and accurate information available and that all assumptions made are reasonable in the current uncertain economic climate.

I can confirm the recommendations contained in this report will provide the Council with a robust financial position in 2022/23.

I am of the view that the Council is pursuing a sound financial strategy in the context of the challenging financial position. However there is still a significant level of uncertainty from the major risks, e.g. the ongoing Covid pandemic, impact of Brexit and the implementation of the proposed revised Fair Funding Review from April 2023 onwards. Also the uncertainty as to when a Business Rates reset will be implemented. Combined with this is the projected scale of savings required by the Council to ensure a balanced budget in future years which means I cannot comment on the robustness of the estimates beyond 2022/23.

7. Therefore, in conclusion for 2022/23, being the current year ahead, I am able to give positive assurance to Members as to:

- The adequacy of General and earmarked reserves to address the risks against which they are held and

- The robustness of the budget for 2022/23.

Karen Spencer
Chief Finance Officer
February 2022

Appendix 3

Rossendale
BOROUGH COUNCIL

Revenue & Capital Budget Book 2022/23

To be presented to Full Council on 23rd February 2022

Summary of Revenue Budget 2022/23

General Fund Summary

Service	2021/22 Original Estimate £000	In Year Virements £000	2021/22 Revised Baseline £000	Changes within 2021/22: Inflation Pay Award £000	Employee Increments £000	Other Inflation £000	Savings £000	Inter-service Virements £000	Volume/ Technical Changes £000	2022/23 Original Budget £000
Communities Directorate										
Customer Services	**1,406**	0	**1,405**	9	8	15	50	(126)	(83)	**1,279**
Operational Functions	**1,833**	0	**1,833**	39	(15)	81	12	0	(99)	**1,850**
Communities	**702**	0	**702**	16	(30)	4	(7)	0	2	**687**
Environmental Health / PPU unit	**339**	0	**339**	9	41	1	(2)	0	(36)	**352**
Licensing & Enforcement	**115**	0	**115**	5	(7)	1	(28)	(1)	6	**90**
Housing	**497**	0	**497**	8	31	0	(0)	0	(4)	**532**
	4,893	**0**	**4,892**	**86**	**27**	**102**	**25**	**(127)**	**(214)**	**4,790**
Economic Development Directorate										
Planning Services	**291**	0	**291**	13	43	1	(5)	0	(32)	**311**
Building Control Services	**(7)**	0	**(7)**	4	36	0	(2)	0	0	**31**
Housing and Regeneration Service	**336**	0	**336**	7	32	2	(22)	(4)	9	**360**
Property Services	**265**	0	**265**	2	1	98	(37)	1	(24)	**306**
	885	**0**	**885**	**26**	**112**	**101**	**(67)**	**(3)**	**(46)**	**1,007**
Corporate Services										
Legal Services	**172**	0	**172**	4	8	0	(4)	0	0	**180**
Democratic Services	**585**	0	**585**	6	(18)	3	(21)	(0)	1	**555**
Local Land Charges	**(20)**	0	**(20)**	1	1	0	0	0	(0)	**(18)**
Corporate Management	**466**	1	**466**	9	13	0	19	0	(31)	**476**
Financial Services	**553**	0	**553**	10	17	0	(0)	0	4	**585**
People & Policy	**641**	0	**641**	16	23	0	(1)	4	3	**686**
Non-Distributed Costs	**72**	0	**72**	0	0	23	0	0	37	**132**
Capital Financing and Interest	**657**	0	**657**	0	0	0	0	126	(186)	**597**
	3,127	**1**	**3,127**	**46**	**43**	**26**	**(7)**	**130**	**(172)**	**3,194**
Total General Fund	**8,904**	**1**	**8,904**	**159**	**182**	**229**	**(49)**	**0**	**(432)**	**8,991**
Funded by										
Revenue Support Grant	0									0
NNDR (Business rates baseline share)	2,180									2,180
New Homes Bonus	302									132
Lower Tier Services Grant	0									98
Services Grant	0									150
Use of Reserves	686									56
Collection Fund Surplus - Council Tax	69									0
Collection Fund Surplus - Business Rates	241									0
Contibution (to)/from Business Rates Reserves	(241)									390
Council Tax Requirement	**5,667**									**5,985**
Number of Band D Equivalent Properties	20,635									20,580
Council Tax at Band D (excluding Whitworth)	**£279.57**							**Change in 2022/23**	**1.99%**	**£290.80**

Revenue Budget 2022/23

Communities Directorate

Service	2021/22 Original Estimate £000	In Year Virements £000	2021/22 Revised Baseline £000	Changes within 2021/22 Inflation Pay Award £000	Employee Increments £000	Other Inflation £000	Savings £000	Inter-service Virements £000	Volume/ Technical Changes £000	2022/23 Original Budget £000
Customer Services										
Benefits Administration	(253)	0	(253)	0	0	0	0	0	(15)	(268)
Benefits Granted	(24)	0	(24)	0	0	0	0	0	0	(24)
Revenues Collection	(360)	0	(360)	0	0	0	0	0	0	(360)
One Stop Shop / Switchboard (Capita)	5	0	5	0	0	0	0	0	0	6
E-Government (ICT Support)	713	0	712	4	1	4	51	0	0	772
Central Printing	4	0	4	0	0	0	0	0	0	4
Revs & Bens Partnership	1,047	0	1,047	0	0	10	0	0	(69)	988
Customer Services Management	75	0	75	2	2	0	(1)	0	0	78
Service Assurance Team & STAN	129	0	129	3	6	0	0	0	0	137
Leisure Services	70	0	71	0	0	0	0	(126)	0	(55)
Concessionary Travel	0	0	0	0	0	0	0	0	0	0
Pest Control	0	0	(1)	0	0	0	0	0	1	0
	1,406	0	1,405	9	8	15	50	(126)	(83)	1,279
Operational Functions										
Operations & Fleet Management	338	0	338	8	(21)	5	47	2	(30)	349
Refuse & Recycling	1,132	0	1,132	26	7	73	(34)	(2)	(36)	1,164
Street Sweeping	363	0	363	5	(1)	4	(1)	0	(31)	339
Markets	0	0	0	0	0	0	0	0	(1)	(1)
	1,833	0	1,833	39	(15)	81	12	0	(99)	1,850
Communities										
Playing Fields (Sports Facilities)	3	0	3	0	0	0	0	0	0	3
Parks	73	0	73	0	0	0	0	0	0	73
Cemeteries	(227)	0	(227)	0	0	0	(5)	0	0	(232)
Parks & Open Spaces	829	0	829	16	(30)	3	(2)	0	2	818
Dog Warden	24	0	24	0	0	0	0	0	0	24
	702	0	702	16	(30)	4	(7)	0	2	687
Environmental Health	339	0	339	9	41	1	(2)	0	(36)	352
Licensing and Enforcement	115	0	115	5	(7)	1	(28)	(1)	6	90
Housing										
Housing Strategy	57	0	57	1	1	0	(0)	0	0	59
Private Sector Housing Renewals	(1)	0	(1)	3	30	0	(0)	0	(1)	31
Homelessness	142	0	142	3	(2)	0	(0)	0	(1)	142
Empty Homes	300	0	300	1	1	0	0	0	(2)	300
	497	0	497	8	31	0	(0)	0	(4)	532
Communities Directorate Total	4,893	0	4,892	86	27	102	25	(127)	(214)	4,790

Revenue Budget 2022/23

Economic Development Directorate

Service	2021/22 Original Estimate £000	In Year Virements £000	2021/22 Revised Baseline £000	Changes within 2021/22 Inflation Pay Award £000	Employee Increments £000	Other Inflation £000	Savings £000	Inter-service Virements £000	Volume/ Technical Changes £000	2022/23 Original Budget £000
Planning										
Development Control	**143**	0	**143**	10	41	1	(5)	0	(32)	**157**
Forward Planning	**147**	0	**147**	4	2	0	0	0	0	**154**
	291	**0**	**291**	**13**	**43**	**1**	**(5)**	**0**	**(32)**	**311**
Building Control										
Fee Earning	**(43)**	0	**(43)**	3	35	0	(0)	0	0	**(4)**
Statutory Function	**32**	0	**32**	1	1	0	(0)	0	(0)	**33**
Street Signs	**4**	0	**4**	0	0	0	(2)	0	0	**3**
	(7)	**0**	**(7)**	**4**	**36**	**0**	**(2)**	**0**	**0**	**31**
Regeneration										
Regeneration Management	**139**	0	**139**	5	30	0	(1)	0	(28)	**145**
Economic Regeneration	**111**	0	**111**	3	2	2	30	(4)	37	**180**
Whitaker Park Museum	**71**	0	**71**	0	0	0	(51)	0	0	**20**
Area Forums	**15**	0	**15**	0	0	0	0	0	0	**15**
Other Grants	**0**	0	**0**	0	0	0	0	0	0	**0**
	336	**0**	**336**	**7**	**32**	**2**	**(22)**	**(4)**	**9**	**360**
Property Services										
Land Drainage	**15**	2	**17**	0	0	0	0	0	0	**17**
Public Conveniences	**20**	(2)	**18**	0	0	(1)	0	0	0	**17**
Depots	**71**	0	**71**	0	0	4	0	(12)	0	**63**
Cemeteries	**68**	0	**68**	0	0	2	0	2	0	**72**
Sports Grounds	**70**	0	**70**	0	0	3	0	1	0	**73**
Allotments	**6**	0	**6**	0	0	0	0	0	0	**6**
Whittaker Park Museum	**11**	0	**11**	0	0	0	0	(2)	0	**9**
Car Parks	**69**	0	**69**	0	0	3	0	0	0	**72**
Xmas Lights	**33**	0	**33**	0	0	0	0	0	0	**33**
Markets	**41**	0	**41**	0	0	6	0	0	0	**47**
Public Baths	**13**	0	**13**	0	0	22	0	0	(0)	**35**
Public Halls	**16**	0	**16**	0	0	10	0	0	0	**26**
Sports Facilities	**25**	0	**25**	0	0	18	0	0	0	**43**
Council Offices	**32**	0	**32**	0	0	7	0	4	(82)	**(38)**
Bus Shelters / Stations	**57**	0	**57**	0	0	0	0	3	48	**108**
Public Clocks & Memorials	**8**	0	**8**	0	0	0	0	0	0	**8**
Facilities Management	**90**	0	**90**	0	0	1	(0)	(4)	0	**87**
Courier (vehicle related costs)	**4**	0	**4**	0	0	0	0	0	0	**4**
Corporate Estates & Industrial Units	**(516)**	0	**(516)**	2	1	10	(35)	0	11	**(528)**
Business Centre	**134**	0	**134**	0	0	14	(2)	9	0	**154**
	265	**0**	**265**	**2**	**1**	**98**	**(37)**	**1**	**(24)**	**306**
Economic Development Directorate Total	**885**	**0**	**885**	**26**	**112**	**101**	**(67)**	**(3)**	**(46)**	**1,007**

Revenue Budget 2022/23

Corporate Directorate

Service	2021/22 Original Estimate £000	In Year Virements £000	2021/22 Revised Baseline £000	Changes within 2021/22: Inflation Pay Award £000	Employee Increments £000	Other Inflation £000	Savings £000	Inter-service Virements £000	Volume/ Technical Changes £000	2022/23 Original Budget £000
Legal Services	**172**	**0**	**172**	**4**	**8**	**0**	**(4)**	**0**	**0**	**180**
Local Land Charges	**(20)**	**0**	**(20)**	**1**	**1**	**0**	**0**	**0**	**(0)**	**(18)**
Democratic Services										
Electoral Registration	**77**	0	**77**	1	(5)	0	0	(0)	(0)	**73**
Elections	**80**	0	**80**	1	(5)	0	0	0	(0)	**75**
Individual Electoral Registration	**0**	0	**0**	0	0	0	0	0	0	**0**
Direct Member Costs (including allowances)	**210**	0	**210**	0	0	1	(7)	0	1	**206**
Democratic Support	**162**	0	**162**	3	(8)	0	(15)	0	0	**143**
Mayorality & Civic Events	**54**	0	**54**	1	0	1	(0)	0	0	**56**
Town Twinning	**3**	0	**3**	0	0	0	0	0	0	**3**
	585	**0**	**585**	**6**	**(18)**	**3**	**(21)**	**(0)**	**1**	**555**
Corporate Management										
Executive Office	**351**	0	**351**	9	13	0	(1)	0	0	**372**
Corporate Contingency	**50**	0	**50**	0	0	0	20	0	0	**70**
Executive Support /Corporate Subscriptions	**65**	0	**65**	0	0	0	0	0	(31)	**34**
Community Safety	**0**	0	**0**	0	0	0	0	0	0	**0**
	466	**0**	**466**	**9**	**13**	**0**	**19**	**0**	**(31)**	**476**
Finance										
Treasury Mgmt	**81**	0	**81**	0	0	0	0	0	0	**81**
Insurance Risk & Internal Audit	**65**	0	**65**	0	0	0	0	0	0	**65**
Accountancy	**309**	0	**309**	8	15	0	(0)	0	4	**336**
Exchequer	**98**	0	**98**	2	2	0	0	0	0	**103**
	553	**0**	**553**	**10**	**17**	**0**	**(0)**	**0**	**4**	**585**
People & Policy										
People & Policy	407	0	**407**	10	37	0	(1)	3	0	**457**
Corporate Support	230	0	**230**	6	(15)	0	0	1	3	**224**
Publicity & Tourism	4	0	**4**	0	0	0	0	0	0	**4**
	641	**0**	**641**	**16**	**23**	**0**	**(1)**	**4**	**3**	**686**
Non-Distributed Costs										
Pension Costs	**53**	0	**53**	0	0	23	0	0	37	**113**
Other Non Distributed costs	**19**	0	**19**	0	0	0	0	0	0	**19**
	72	**0**	**72**	**0**	**0**	**23**	**0**	**0**	**37**	**132**
Capital Financing										
Minimum Revenue Provision	**535**	0	**535**	0	0	0	0	126	(183)	**478**
Interest & Misc expenses	**122**	0	**122**	0	0	0	0	0	(3)	**119**
Reversal of Capital Charges	**0**	0	**0**	0	0	0	0	0	0	**0**
	657	**0**	**657**	**0**	**0**	**0**	**0**	**126**	**(186)**	**597**
Corporate Directorate Total	**3,127**	0	**3,127**	46	43	26	(7)	130	(172)	**3,194**

Appendix A

Schemes in Progress	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total 2021/22 - 2025/26 inc slippage £'000
Schemes						
Vehicles / Equipment	1,055	977	471	614	404	3,521
Wheeled & Litter Bins	-	70	70	50	50	240
Playgrounds	25	10	10	-	-	45
Cemeteries	40	10	10	10	10	80
Pathways	80	20	-	-	-	100
CPO / Enforced Sales	81	-	-	-	-	81
Empty Homes Scheme	675	500	500	500	-	2,175
General Building Renovations & Maintenance	226	100	100	100	100	626
Whitworth pool - Boilers	-	-	-	-	76	76
Waterside Mill Emergency Works	25	-	-	-	-	25
Spinning Point - Building Phase1	33	-	-	-	-	33
Waste Transfer Station Henrietta St	22	-	-	-	-	22
Carbon Reduction Fund	250	250	250	250	-	1,000
	2,512	**1,937**	**1,411**	**1,524**	**640**	**8,024**
Schemes funded wholly/partly by External Finance or Government Grants	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**Total 2021/22 - 2025/26 inc slippage £'000**
Whitworth wild play	23	-	-	-	-	23
Sports Playing Fields	-	-	157	-	-	157
Haslingden Sports Centre playing fields	-	-	49	-	-	49
DFG'S - Mandatory Grants	3,008	1,000	1,000	1,000	1,000	7,008
Plot 1 Futures Park	1,183	-	-	-	-	1,183
Plot 5 Futures Park	191	-	-	-	-	191
Futures Park Infrastructure	350	-	-	-	-	350
Whittaker Park Museum Refurb	787	-	-	-	-	787
Spinning Point - Town Square	366	-	-	-	-	366
Bacup Historic England	472	484	285	-	-	1,241
Haslingden 2040 NLHF	500	800	725	-	-	2,025
Marl Pits Running Track	225	-	-	-	-	225
EV Charge Point Installation	101	-	-	-	-	101
	7,206	**2,284**	**2,216**	**1,000**	**1,000**	**13,706**
Total of Schemes in Progress	**9,718**	**4,221**	**3,627**	**2,524**	**1,640**	**21,730**

New Schemes or Schemes awaiting external funder approval	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total 2021/22 - 2025/26 £'000
Digital Access		80				80
Various Digital Solutions		25				25
Stubbylee and Whitaker Parking		22	30			52
Henrietta Street Depot Improvements		206				206
Printer Replacement		30				30
Christmas Lighting Catenary		33				33
Stubbylee Skate Park		21				21
Victoria Park		40	40			80
Hareholme Viaduct		100				100
Car Parks		50	30	30	30	140
Rawtenstall Market Electrical Works	101					101
Edgeside Tennis Courts		34				34
Leisure Facilities upgrades		120				120
Legacy Liabilities		100	100			200
Total	**101**	**861**	**200**	**30**	**30**	**1,222**
Grand Total	**9,819**	**5,082**	**3,827**	**2,554**	**1,670**	**22,952**

Description	
Digital Access	Improving the accessibility of the Councils website
Various Digital Solutions	Includes Customer GIS Map info, Customer Citizens Access, and staff management system
Stubbylee and Whitaker Parking	Review and upgrade to the parking facilities at Stubbylee and Whitaker parks
Henrietta Street Depot Improvements	Various improvements including increasing wall height, roof works, culvert works and resurfacing
Printer Replacement	Replacing printers at Futures Park and Henrietta Street as existing printers at their end of the useful life
Christmas Lighting Catenary	Replacing the end of life across street Christmas lighting catenary in areas across the Borough
Stubbylee Skate Park	Replacing the existing end of life steel skate park with improved concrete structure - this is the Councils anticipated contribution to an externally funded scheme
Victoria Park	To fund improvements arising out of the masterplan
Hareholme Viaduct	Health and Safety works required to Hareholme Viaduct.
Car Parks	Improvements to car parks across the Borough
Rawtenstall Market Electrical Works	Upgrade to the Rawtenstall market electrical system and installation of sub-meters to market stalls
Edgeside Tennis Courts	Refurbishing the derelict tennis courts as per the masterplan - this is the Councils anticipated contribution to an externally funded scheme
Leisure Facilities upgrades	Implementing the proposals arising from the leisure feasibility study - this is the Councils anticipated contribution to an externally funded scheme
Legacy Liabilities	A fund to support potential future liabilities arising from Council assets

MTFS Forecast 2022/23
Rossendale Borough Council Capital Financing Statement

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'0002	Total Estimate 2021/22 - 2025/246 £000
Estimated Expenditure						
Schemes in Progress	9,718	4,221	3,627	2,524	1,640	21,730
New Schemes	101	861	200	30	30	1,222
Total Estimated Capital Payments	**9,819**	**5,082**	**3,827**	**2,554**	**1,670**	**22,952**
Estimated Resources						
Direct Revenue Finance	0	0	0	0	0	0
Disabled Facilities Grant	3,008	1,000	1,000	1,000	1,000	7,008
Other External Finance (see below)	2,504	1,190	1,154	0	0	4,848
Prudential Borrowing	1,581	2,585	1,632	1,554	670	8,022
Earmarked Reserves	189	107	41	0	0	337
Capital Receipts	2,537	200	0	0	0	2,737
Total Resources	**9,819**	**5,082**	**3,827**	**2,554**	**1,670**	**22,952**

ANALYSIS OF OTHER EXTERNAL FINANCE

	Funder	Estimate 2021/22 £'000	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000
Plot 1 & 5 Futures Park Futures Park Infrastructure	Lancashire Enterprise Partnership	465	-	-	-	-
Whittaker Park Museum Refurb	NLHF	682	-	-	-	-
Spinning Point - Town Square	Lancashie County Council & Bequest	216	-	-	-	-
Bacup Historic England	Historic England	438	463	289	-	-
Haslingden 2040 NLHF	NLHF	454	727	659	-	-
Whitworth Wild Play	Section 106	23	-	-	-	-
EV Charge Point Installation	Lancaster Council	101	-	-	-	-
Marl Pits Running Track	Various	125	-	-	-	-
Sports Playing Fields	S106	-	-	157	-	-
Haslingden Sports Centre playing fields		-	-	49	-	-
Total External Funding :		**2,504**	**1,190**	**1,154**	**-**	**-**

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اگر آپ کو ان معلومات کا خلاصہ بڑے حروف میں، آڈیو کیسٹ پر، یا انگریزی کے علاوہ کسی اور زبان میں درکار ہے تو براہ
مہربانی ہمیں بتائیں، ہم بخوشی آپ کے لئے اس کا انتظام کریں گے۔
براہ مہربانی 01706 217777 پر ٹیلیفون کریں یا کمیونیکیشن سیکشن سے اس پتہ پر رابطہ قائم کریں:

আপনি যদি এসব তথ্যের সার সংক্ষেপ বড় হরফের ছাপায়, অডিও ক্যাসেটে অথবা ইংরেজী ছাড়া অন্য কোন ভাষায় পেতে চান তাহলে অনুগ্রহ করে আমাদেরকে জানালে আমরা অত্যন্ত খুশী মনে তার ব্যবস্হা করব।

অনুগ্রহ করে ০১৭০৬ ২১৭৭৭৭ এই নাম্বারে অথবা কমিউনিকেশন সেকশন, টাউন সেন্টার অফিস, রটেন্সটল বি.বি.৪ ৭এল.জেড. এই ঠিকানায় যোগাযোগ করুন।

Other formats available on request.
Tel: 01706 217777 or contact:
Rossendale Borough Council
PO BOX 74, Bacup, OL13 0WU

اردو বাংলা

Large Print Tape CD Braille

Appendix 4

Rossendale Borough Council

Council Meeting – 23rd February 2022

Revenue Budget and Council Tax 2022-23

RECOMMENDATIONS

1 – Budget Requirement

1.1. Use of Earmarked Reserves:

Description	£000
Transitional Reserve	56
Total	**56**

1.2. Reduction in expenditure:

Description	£000
No specific matters	Nil

1.3. That consequent upon resolutions 1.2, and the Head of Finance opinion on the robustness of the 2022-23 Estimates and the level of balances (Appendix 2), the Council's Budget for 2022-23 is approved in the sum of £8,902,880 (before the use of reserves and Government grants).

2 – 2022-23 Precepts / 2021-22 Collection Fund Surplus

2.1 That the receipt, or anticipated receipt, of the following precepts for 2022-23 be noted:

	£

Lancashire Police & Crime Commissioner (General Expenses)	4,866,141
Lancashire County Council (General Expenses / Adult Social Care)	31,164,088
Lancashire Combined Fire Authority (General Expenses)	1,590,217
Rossendale Borough Council (General Expenses)	5,984,664
Whitworth Parish Council (Special Expenses)	58,335

2.2 That estimated amounts due in relation to collection fund surplus 2021-22 are noted:

	£
Lancashire Police & Crime Commissioner	50,561
Lancashire County Council	325,138
Lancashire Combined Fire Authority	16,125
Rossendale Borough Council	63,769

3 Council Tax Base

3.1 That it is noted that The Head of Finance calculated the following amounts for the year 2022-23 for the whole area of the Borough **20,580** “D” Band equivalent units [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended by the Localism Act 2011]

3.2 For that part of the Council’s area being Whitworth Parish, the amount of **2,171** “D” Band equivalent units, being the amounts calculated by the Council in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax for the year for dwellings in that part of its area to which the Special Items relate.

4 Council Tax Declaration

The Council is recommended to resolve as follows:-

4.1 Calculate that the Council Tax Requirement for the Council's own purposes for 2022/23 (excluding Parish precepts) is £ 5,984,664**;**

4.2 That the following amounts be calculated for the year 2022/23 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:-

(a) **£30,752,058** Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

(b)	**£24,709,086**	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	**£6,042,999**	Being the amount by which the aggregate at 4.2(a) above exceeds the aggregate at 4.2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
(d)	**£293.63**	Being the amount at 4.2(a) above less the amount at 4.2(b) above, divided by the amount at 3.1 above, calculated by the Council, in accordance with Section 31(B) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
(e)	**£58,335**	Being the aggregate amounts of all special items (Parish precepts) referred to in Section 34(1) of the Act.
(f)	**£290.80**	Being the amount at 4.2(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council tax for the year for dwellings in those parts of its area to which no Parish precept relates.
(g)	**£317.67**	for part of the Council's area, Parish of Whitworth, being the amounts given by adding to the amount at 4.2(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 3.2 above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(h) Being the amounts shown below that are given by multiplying the amounts at 4.2(f) and 4.2(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

VALUATION BANDS								
	A	B	C	D	E	F	G	H
Parish of Whitworth	211.79	247.08	282.37	317.67	388.26	458.85	529.46	635.34
All other parts of the Borough	193.87	226.18	258.49	290.80	355.42	420.04	484.67	581.6

(i) That it be noted that for the year 2022-23 the Lancashire County Council have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the Categories of dwellings shown below:-

VALUATION BANDS								
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Lancashire County Council	889.69	1,037.97	1,186.25	1,334.53	1,631.09	1,927.66	2,224.22	2,669.06
LCC Adult Social Care	119.84	139.81	159.79	179.79	219.71	259.65	299.60	359.52
Total	1,009.53	1,177.78	1,346.04	1,514.29	1,850.80	2,187.31	2,523.82	3,028.58

(j) That it be noted that for the year 2022-23 the Police and Crime Commissioner for Lancashire has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

VALUATION BANDS								
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Police & Crime Commissioner for Lancashire	157.63	183.91	210.18	236.45	288.99	341.54	394.08	472.90

(k) That it be noted that for the year 2022-23 the Lancashire Combined Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

VALUATION BANDS								
	A	B	C	D	E	F	G	H
Lancashire Combined Fire Authority	51.51	60.10	68.68	77.27	94.44	111.61	128.78	154.54

(l) That, being calculated the aggregate in each case of the amounts at 4.2(h) above and 4.2(i), (j) and (k) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2022-23 for each of the categories of dwellings show below:-

	VALUATION BANDS							
	A	B	C	D	E	F	G	H
Rossendale Borough Council	193.87	226.18	258.49	290.80	355.42	420.04	484.67	581.60
Lancashire County Council	1009.53	1177.78	1346.04	1,514.29	1850.8	2187.31	2523.82	3028.58
Police & Crime Commissioner for Lancashire	157.63	183.91	210.18	236.45	288.99	341.54	394.08	472.90
Lancashire Combined Fire Authority	51.51	60.1	68.68	77.27	94.44	111.61	128.78	154.54
Total Non Parished Area	**1,412.54**	**1,647.97**	**1,883.39**	**2,118.81**	**2,589.65**	**3,060.50**	**3,531.35**	**4,237.62**
Parish of Whitworth	1,430.46	1,668.87	1,907.27	2,145.68	2,622.49	3,099.31	3,576.14	4,291.36

5 To determine in accordance with Section 52ZB of the Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2022/23 is not excessive in accordance with principles determined by the Secretary of State under Section 52ZC. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2022/23 is excessive and therefore the billing authority is not required to hold a referendum in accordance with section 52ZK of the Local Government Finance Act 1992.

6 **Council Tax**

Collection - That the Head of Customer Services and e-Government, officers and partners be authorised to take all necessary steps to ensure collection and recovery of the Council Tax and National Non-Domestic Rates (NNDR).

7 **NNDR1**

In accordance with Section 59A of The Local Government Finance Act 1988, as amended by The Local Government Finance Act 2012, the report informs members of the calculations carried out in estimating the level of National Non-Domestic Rates (the business rates tax base) the Council anticipates collecting in 2022-23. The business rates tax base, reported in the NNDR1 submission to the Department for Communities and Local Government (DCLG), is noted as £11,291,398 (Part 1a, line 11).

That estimated amounts due from each authority in relation to NNDR collection fund for 2021-22 are noted:

	£
Lancashire County Council	(111,810)
Lancashire Combined Fire Authority	(12,423)
Rossendale Borough Council	(496,932)

Rossendale BOROUGH COUNCIL

ITEM NO. C2

Subject:	Capital Programme 2022/23 - 2025/26 and Capital Strategy 2022/23	**Status:**	For Publication
Report to:	Council	**Date:**	23rd February 2022
Report of:	Chief Finance Officer	**Portfolio Holder:**	Resources
Key Decision:	☒ Forward Plan ☒	General Exception ☐	Special Urgency ☐
Equality Impact Assessment:	Required: No	Attached:	No
Biodiversity Impact Assessment	Required: No	Attached:	No
Contact Officer:	Karen Spencer	**Telephone:**	01706 252409
Email:	karenspencer@rossendalebc.gov.uk		

RECOMMENDATIONS

Council approve:

1.1. The capital programme for 2022/23 -2025/26 and associated capital expenditure of £5.082m in 2022/23.
1.2. The Capital Strategy 2022/23 including Prudential Indicators attached at Appendix B

2. PURPOSE OF REPORT

To propose a capital expenditure programme for 2022/23 – 2025/26, including new capital projects approved during 2021/22 subject to further due diligence and legal contracts. The Capital Strategy for 2022/23 is attached at Appendix B.

3. BACKGROUND

3.1 Capital expenditure refers to larger projects, typically over £10k in value, and those where the benefit will last for more than one year, such as vehicles and buildings.

3.2 The council has a five-year capital spending programme. The programme includes capital expenditure scheduled for the council's operational assets. The council ensures all capital expenditure is directly linked to the council's priorities, affordable and delivered through key corporate projects. Any spend on the council's operational assets is scheduled in line with the council's Major Asset Plan. Expenditure in respect of grants or financial assistance is included if the nature of expenditure, when incurred by the council, is classed as capital expenditure.

3.3 The capital programme is updated continually for agreed changes and reported to Cabinet on a quarterly basis and to Council as part of any financial forecast updates. A prudent approach is taken when preparing the programme to ensure that financing resources are only estimated for when there is relative certainty that they will be received.

3.4 In accordance with CIPFA's Prudential Code the council's Chief Finance Officer is required to have full regard for affordability, sustainability and prudence when making recommendations about the council's future capital programme. Such consideration includes the level of long-term revenue commitments. The Council considers the affordability of capital investment and the impact on revenue forecasts when formulating its capital spending plans.

4. AN AFFORDABLE CAPITAL PROGRAMME 2021/22

4.1 In order to meet the council's strategic plans and operational requirements the council have drawn up an affordable capital programme for five years. Please note for the ease of understanding the programme below excludes the implications of the International Financial Reporting Standard (IFRS) 16 (Leases), this is shown in the Capital Strategy.

4.2 The full detail capital programme is attached at Appendix A and totals £22.952m. The planned spend over the life of the programme is continuously reviewed and any scheme profiling changes are reflected in quarterly monitoring reports. The table, below, sets out the latest capital programme summary. This has been updated for agreed changes up to the end of December 2021 and the proposed new additions on page 6:

Table 1

Capital Expenditure	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total Expenditure £'000
Operations & Communities	1,470	1,530	837	674	464	4,975
Corporate Services & Buildings	352	518	230	130	206	1,436
Housing	3,764	1,500	1,500	1,500	1,000	9,264
Regeneration	3,983	1,284	1,010	-	-	6,277
Climate change	250	250	250	250	-	1,000
Estimated Expenditure	9,819	5,082	3,827	2,554	1,670	**22,952**

4.3 The council carries out stock condition surveys to establish a rolling programme of improvement and refurbishment of its operational properties. The programme takes account of the need for efficiency and environmental impact issues. The council's properties include office accommodation, the depot and venues such as the markets and open space facilities.

4.4 The council has a small investment property portfolio managed to generate income to support the revenue budget and maximise opportunities for regeneration. Plot 1 Futures Park has been added during 2021/22.

4.5 The council currently has three major on-going capital projects, these are the Bacup Historic England Project, Haslingden 2040 NLHF scheme and the Carbon Reduction Fund.

4.6 The council have developed a comprehensive replacement plan for the operational vehicle fleet over the life of the Medium Term Financial Strategy (MTFS). There has been delays in the procurement of some vehicles in 2021/22, due to the Covid pandemic, these have been re-scheduled into 2022/23.

4.7 There are a number of smaller projects on-going including the Rawtenstall Town Square public realm scheme and the Futures Park infrastructure scheme.

4.8 During 2021/22 there have been three additions to the programme these are:-

- Marl Pits running track
- Electric Vehicle Charging Points a (Futures Park)
- Futures Park Building Works, which has been added to the General Buildings and Maintenance scheme for presentation purposes

4.9 The Council is currently compiling a bid for submission to the Levelling Up Fund, in 2021/22 the Council received £125k capacity funding to develop the bid for submission in early

2022/23, the final date is yet to be announced. If the bid is successful the new projects will be added to the programme during 2022/23.

4.10 In line with the Councils contract procedure rules this report is also seeking Cabinet approval to go out to tender for the renovation of 8 empty homes properties with an estimated total value of c£200k.

From 2022/23 it is proposed to include several new schemes which are detailed in page 6

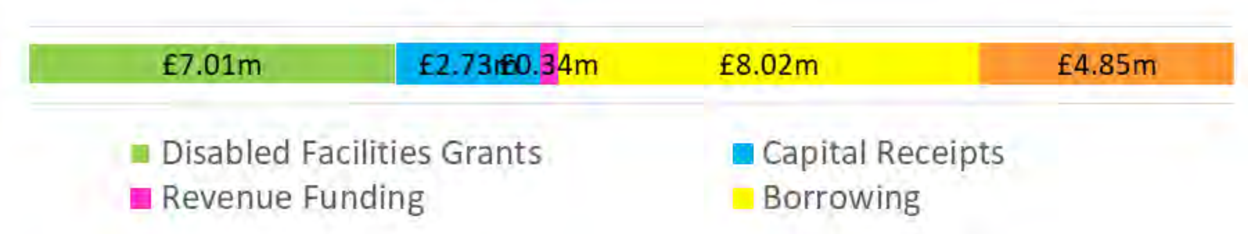
5. FINANCING THE CAPITAL PROGRAMME

5.1 Capital resources come from three sources:

- Capital receipts from sales of land or other assets
- Capital grants or contributions from outside agencies, organisations or community groups or from property developers through s106 agreements
- Revenue Contributions to Capital Outlay (RCCO) from either the council's own budgets, or from property developers through s106 agreements.

The council has estimated the following financing sources will be available to fund the capital investment programme:

Table 2



6. FUTURE PLANS

6.1 The council has an ambitious agenda for improving Rossendale. Projects requiring capital funding must be financial sustainable. Other potential future schemes could include:

- Projects included within a successful Levelling Up fund bid, which would include proposals for the redevelopment of Bacup town centre
- Future Health and Leisure Facilities improvements arising from the feasibility study which is due to conclude Spring 2022
- Improvement projects recommended within the Play Strategy.
- Rossendale Valley Growth Corridor aimed at opening up new employment sites along the A56/M66 corridor.
- Regeneration scheme for a future Cockerill Square in Haslingden.
- An 'Outdoor Rossendale' project.

6.2 Each of these proposals is either at feasibility stage or earlier. Each proposal will be considered for approval by members in 2022/23. If the above projects are approved by Members they will require capital funding. If this is funded using the council's own resources or prudential borrowing it will impact on the councils revenue budget and the capital programme would need to be reviewed and adjusted.

7. RISK

All the issues raised and the recommendations in this report involve risk as set out below.

7.1 The council needs to ensure that it is able to generate adequate sources of capital funding to support its capital commitments over the medium term and that it does not over stretch itself in terms of borrowing exposure. This risk is mitigated by the on-going monitoring of the capital programme and the agreement of any additions to the programme only following member approval, which will include considerations of the implications for the council's capital and revenue position.

7.2 In the current economic climate there is some uncertainty surrounding the council's ability to generate resources from the disposal of its surplus assets. Regular reporting will continue to be made to members to explain any additional resources achieved and account for their allocation to the programme as and when they become available.

7.3 The potential for unforeseen events or liability. For example, emergency works such as those to culverts, properties and other council assets.

8. FINANCE

The financial implications are contained within the body of the report.

9. LEGAL

None.

10. POLICY AND EQUALITIES IMPLICATIONS

The capital programme forms part of the council's 2021/22 MTFS proposals and has been included as part of the MTFS equality considerations and consultation process.

11. CONCLUSIONS

11.1 The proposed capital programme for 2022/23 and up to 2025/26 represents an affordable plan, as indicated by the prudential borrowing performance indicators the Capital Strategy (Appendix B).

11.2 The deficit between capital resources and requirements over the future years looks set to continue. With severe pressures on the council's revenue resources throughout the MTFS it is likely that the council will need to take out further external borrowing, as reflected in the capital programme financing estimates. This will lead to interest costs which will need to be included within the business case for each investment. When approving new schemes it is important that consideration is given to the impact they will have on the Councils revenue budget through the Minimum Revenue Provision (MRP) charge.

Background Papers	
Document	Place of Inspection
Revenue Budget 2022/23 and the MTFS update being reported to this committee and Cabinet in Feb 2022	Financial Services working papers

Appendix A

Schemes in Progress	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total 2021/22 - 2025/26 inc slippage £'000
Schemes						
Vehicles / Equipment	1,055	977	471	614	404	3,521
Wheeled & Litter Bins	-	70	70	50	50	240
Playgrounds	25	10	10	-	-	45
Cemeteries	40	10	10	10	10	80
Pathways	80	20	-	-	-	100
CPO / Enforced Sales	81	-	-	-	-	81
Empty Homes Scheme	675	500	500	500	-	2,175
General Building Renovations & Maintenance	226	100	100	100	100	626
Whitworth pool - Boilers	-	-	-	-	76	76
Waterside Mill Emergency Works	25	-	-	-	-	25
Spinning Point - Building Phase1	33	-	-	-	-	33
Waste Transfer Station Henrietta St	22	-	-	-	-	22
Carbon Reduction Fund	250	250	250	250	-	1,000
	2,512	**1,937**	**1,411**	**1,524**	**640**	**8,024**
Schemes funded wholly/partly by External Finance or Government Grants	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**Total 2021/22 - 2025/26 inc slippage £'000**
Whitworth wild play	23	-	-	-	-	23
Sports Playing Fields	-	-	157	-	-	157
Haslingden Sports Centre playing fields	-	-	49	-	-	49
DFG'S - Mandatory Grants	3,008	1,000	1,000	1,000	1,000	7,008
Plot 1 Futures Park	1,183	-	-	-	-	1,183
Plot 5 Futures Park	191	-	-	-	-	191
Futures Park Infrastructure	350	-	-	-	-	350
Whittaker Park Museum Refurb	787	-	-	-	-	787
Spinning Point - Town Square	366	-	-	-	-	366
Bacup Historic England	472	484	285	-	-	1,241
Haslingden 2040 NLHF	500	800	725	-	-	2,025
Marl Pits Running Track	225	-	-	-	-	225
EV Charge Point Installation	101	-	-	-	-	101
	7,206	**2,284**	**2,216**	**1,000**	**1,000**	**13,706**
Total of Schemes in Progress	**9,718**	**4,221**	**3,627**	**2,524**	**1,640**	**21,730**

New Schemes or Schemes awaiting external funder approval	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total 2021/22 - 2025/26 £'000
Digital Access		80				80
Various Digital Solutions		25				25
Stubbylee and Whitaker Parking		22	30			52
Henrietta Street Depot Improvements		206				206
Printer Replacement		30				30
Christmas Lighting Catenary		33				33
Stubbylee Skate Park		21				21
Victoria Park		40	40			80
Hareholme Viaduct		100				100
Car Parks		50	30	30	30	140
Rawtenstall Market Electrical Works	101					101
Edgeside Tennis Courts		34				34
Leisure Facilities upgrades		120				120
Legacy Liabilities		100	100			200
Total	**101**	**861**	**200**	**30**	**30**	**1,222**
Grand Total	**9,819**	**5,082**	**3,827**	**2,554**	**1,670**	**22,952**

Description	
Digital Access	Improving the accessibility of the Councils website
Various Digital Solutions	Includes Customer GIS Map info, Customer Citizens Access, and staff management system
Stubbylee and Whitaker Parking	Review and upgrade to the parking facilities at Stubbylee and Whitaker parks
Henrietta Street Depot Improvements	Various improvements including increasing wall height, roof works, culvert works and resurfacing
Printer Replacement	Replacing printers at Futures Park and Henrietta Street as existing printers at their end of the useful life
Christmas Lighting Catenary	Replacing the end of life across street Christmas lighting catenary in areas across the Borough
Stubbylee Skate Park	Replacing the existing end of life steel skate park with improved concrete structure - this is the Councils anticipated contribution to an externally funded scheme
Victoria Park	To fund improvements arising out of the masterplan
Hareholme Viaduct	Health and Safety works required to Hareholme Viaduct.
Car Parks	Improvements to car parks across the Borough
Rawtenstall Market Electrical Works	Upgrade to the Rawtenstall market electrical system and installation of sub-meters to market stalls
Edgeside Tennis Courts	Refurbishing the derelict tennis courts as per the masterplan - this is the Councils anticipated contribution to an externally funded scheme
Leisure Facilities upgrades	Implementing the proposals arising from the leisure feasibility study - this is the Councils anticipated contribution to an externally funded scheme
Legacy Liabilities	A fund to support potential future liabilities arising from Council assets

MTFS Forecast 2022/23
Rossendale Borough Council Capital Financing Statement

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'0002	Total Estimate 2021/22 - 2025/246 £000
Estimated Expenditure						
Schemes in Progress	9,718	4,221	3,627	2,524	1,640	21,730
New Schemes	101	861	200	30	30	1,222
Total Estimated Capital Payments	**9,819**	**5,082**	**3,827**	**2,554**	**1,670**	**22,952**
Estimated Resources						
Direct Revenue Finance	0	0	0	0	0	0
Disabled Facilities Grant	3,008	1,000	1,000	1,000	1,000	7,008
Other External Finance (see below)	2,504	1,190	1,154	0	0	4,848
Prudential Borrowing	1,581	2,585	1,632	1,554	670	8,022
Earmarked Reserves	189	107	41	0	0	337
Capital Receipts	2,537	200	0	0	0	2,737
Total Resources	**9,819**	**5,082**	**3,827**	**2,554**	**1,670**	**22,952**

ANALYSIS OF OTHER EXTERNAL FINANCE

	Funder	Estimate 2021/22 £'000	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000
Plot 1 & 5 Futures Park Futures Park Infrastructure	Lancashire Enterprise Partnership	465	-	-	-	-
Whittaker Park Museum Refurb	NLHF	682	-	-	-	-
Spinning Point - Town Square	Lancashie County Council & Bequest	216	-	-	-	-
Bacup Historic England	Historic England	438	463	289	-	-
Haslingden 2040 NLHF	NLHF	454	727	659	-	-
Whitworth Wild Play	Section 106	23	-	-	-	-
EV Charge Point Installation	Lancaster Council	101	-	-	-	-
Marl Pits Running Track	Various	125	-	-	-	-
Sports Playing Fields	S106	-	-	157	-	-
Haslingden Sports Centre playing fields		-	-	49	-	-
Total External Funding :		**2,504**	**1,190**	**1,154**	**-**	**-**

Rossendale
BOROUGH COUNCIL

The 2022/23 Capital Strategy

Capital Strategy Report 2022/23

1. Introduction

The capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The development of the Corporate Capital Strategy is an iterative process insofar as it will be updated as new issues arise, for example, during the development and updating of the Council's Corporate Priorities or as new issues that have an impact on the Council emerge. At the present time, the Strategy is updated on an annual basis.

A sound capital programme must be driven by the Corporate Priorities and capital decisions must balance the long-term gains with the initial capital costs and the ongoing revenue implications in terms of running costs and potential income generation opportunities. Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future, therefore they are subject to both a national regulatory framework and to local policy framework. The Prudential Code recognises that in making its capital investment decisions the council must have explicit regard to option appraisal, asset management planning, strategic planning for the council and achievability of the capital programme.

2. Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

In 2022/23, the Council is planning capital expenditure of £5.461m summarised in Table 1.

Table 1 - Prudential Indicator: Estimates of Capital Expenditure

Capital Expenditure	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total Expenditure £'000
Operations & Communities	1,470	1,530	837	674	464	4,975
Corporate Services & Buildings	352	518	230	130	206	1,436
Housing	3,764	1,500	1,500	1,500	1,000	9,264
Regeneration	3,983	1,284	1,010	-	-	6,277
Climate change	250	250	250	250	-	1,000
Sub Total	9,819	5,082	3,827	2,554	1,670	**22,952**
IFRS16 Leases	-	379	300	3	-	682
Estimated Expenditure	9,819	5,461	4,127	2,557	1,670	**23,634**

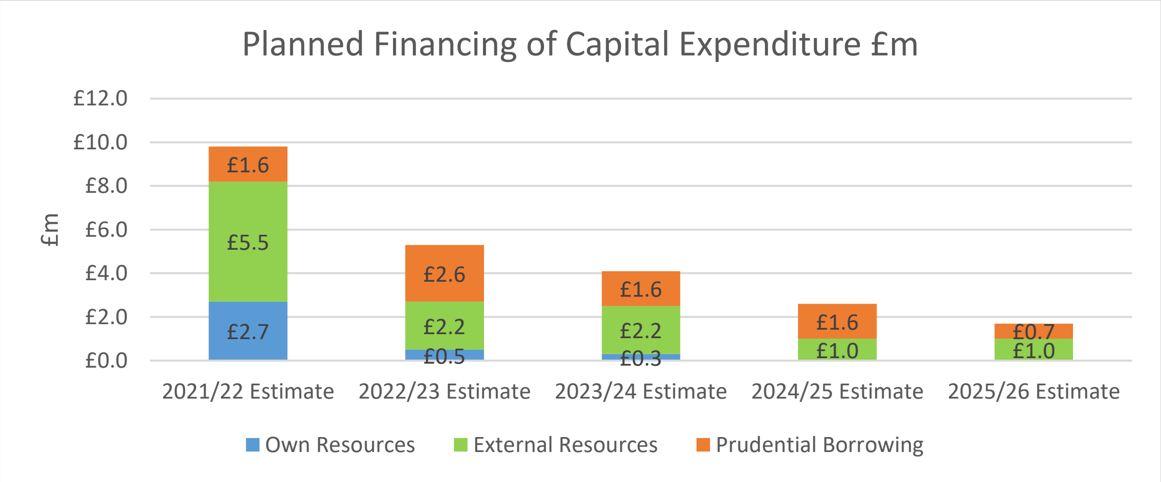
Note – The capital expenditure shown in the table above against 'IFRS16 leases' arises from a change in the accounting treatment for leases and does not represent cash expenditure.

Governance: A strategic review of the Capital Programme including a review of the Council's investment assets and operational assets is carried out annually. The reviews take into consideration works identified from stock condition surveys and investments/capital expenditure resulting from the Council's Corporate Priorities. Bids are formulated based on the outcome of reviews and recommend projects for inclusion in the Council's capital programme. Bids are reviewed by Finance who calculate the financing cost (which can be nil if the project is fully externally financed). Cabinet Members and Corporate Management Team appraise all bids based on a comparison of service priorities against financing costs. The final capital programme is then presented along with the Cabinet budget proposals in January and to Council in February each year.

- Full details of the Council's capital programme are shown in Appendix A of the Capital Programme report to Council each February.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing or leasing). The planned financing of the expenditure in Table 1 is as follows:

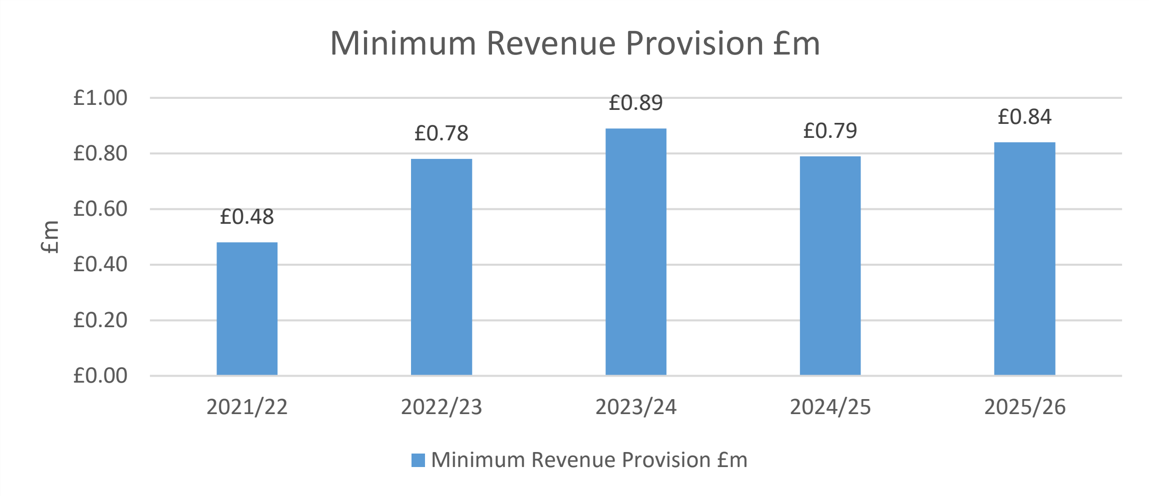
Table 2: Capital financing



Note. £379k of debt financing in 2022/23 arises from a change in the accounting for leases and does not represent new payments.

Prudential Borrowing is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP repayments are as follows.

Table 3: Replacement of Debt Finance

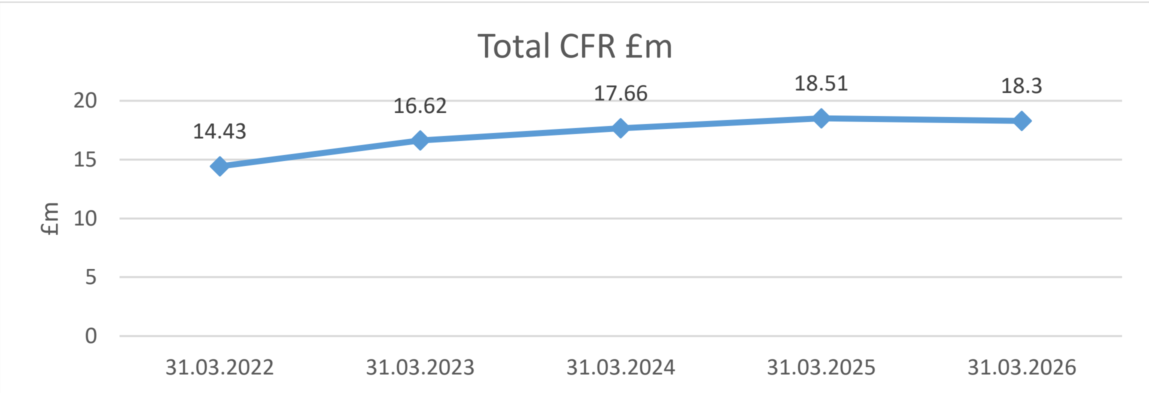


Note. The MRP for 2022/23, 2023/24 and 2024/25 includes the impact arising from the change in the accounting for leases and does not represent new payments.

- The Council's Minimum Revenue Provision statement is available in the Treasury Strategy

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts. The CFR is expected to increase by £2.2m during 2022/23. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4 - Prudential Indicator: Estimates of Capital Financing Requirement



Asset management: To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy. Also wherever possible the Council investigates opportunities to dispose of property assets for development, and explores other opportunities to maximise the return on the investment property portfolio income or increase financial receipts. As well as future investments, Members must also consider the costs of holding onto some assets compared with their contribution towards the Corporate Priorities. Holding costs include revenue running costs and general maintenance, but often capital maintenance costs are overlooked and these can mount up over time if not addressed. The last comprehensive stock condition survey was undertaken in 2013 and since then the Council has only had the resources to deal with the highest priority capital maintenance works in a rolling programme of around £100k per annum. That said, the Facilities Management Team is confident that all the Council's assets are being adequately maintained. The Property Service team are currently carrying out a review of all the Council's assets on a ward by ward basis, this is to enable the Council to better understand the scope of its property and land assets portfolio i.e. location, suitability, condition and value.

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council's ability to raise capital receipts from land sales is dependent upon the current property market and its appetite to dispose of non-operational assets. The opening value of capital receipts from sale of assets is forecast to be £200k.

Housing capital receipts in the future are only expected from the sale of CPO properties and these are dependent upon, and directly related to, any CPO costs.

Regular reporting will continue to be made to Members to explain any additional resources achieved and account for their allocation to the programme as and when they become available. The Council estimates it will receive £0.6m of capital receipts in the coming financial years as follows:

Table 5: Capital Receipts

	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	Total Estimate £m
Asset Sales	0.40	0.20	0.00	0.00	0.00	0.60

Further details of planned asset disposals are included within the capital programme.

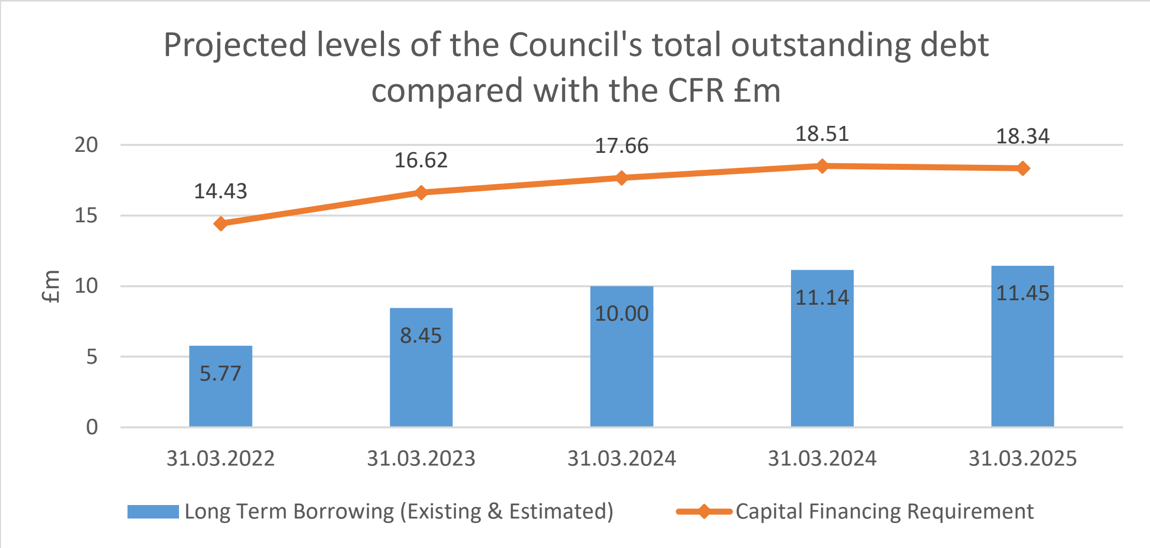
3. Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future.

Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement.

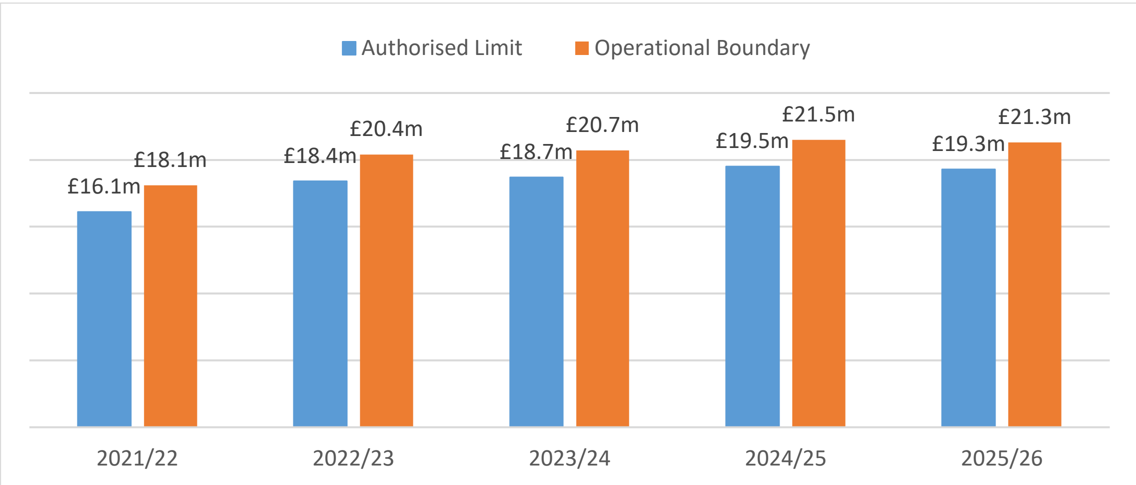
Table 6: Prudential Indicator Gross Debt and the Capital Financing Requirement



Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 7 - Prudential Indicators: Authorised limit and Operational Boundary for External Debt

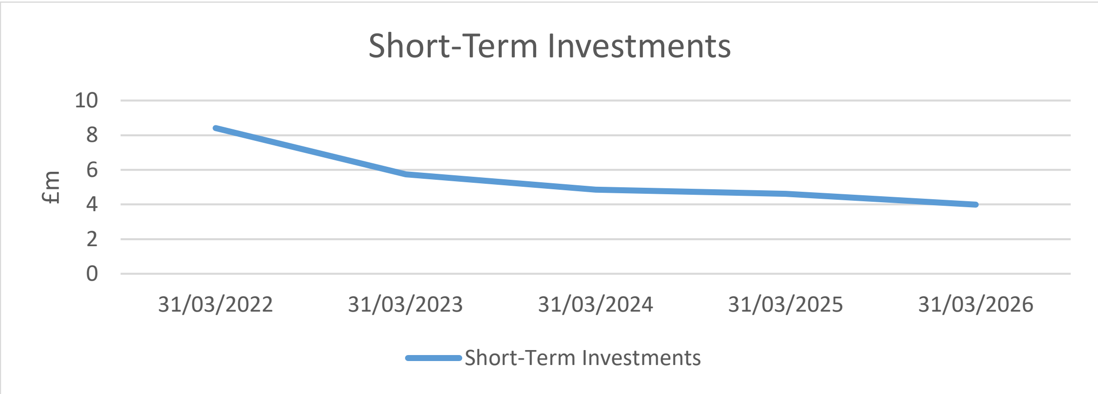


Further details on borrowing are in the Treasury Management Strategy

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield. That is to focus on minimising risk rather than maximising returns**.** Cash is invested securely, for example with the government or selected high-quality banks, to minimise the risk of loss. The Council does not make investments for period over 365 days.

Table 8: Treasury Management Investments (cash balances)



The estimated level of cash balances held at 31/03/22 is higher than normal due to the amount of Government funds held due to Covid.

Further details on treasury investments are in the Treasury Management Strategy.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer who must act in line with the treasury management strategy approved by Council. Treasury Management Activity is included within the quarterly monitoring reports which are presented to the Cabinet. The Audit and Accounts Committee is responsible for scrutinising treasury management decisions.

4. Investments for Service Purposes

These investments, including loans, are made for their contribution toward service delivery objectives. For example, the Council has provided loans to Rossendale Trust for equipment purchase and to the Whitaker to enable the delivery of the recent capital works. These loans are made to benefit the local community. In light of the public service objective, the Council is willing to take more risk in making service investments than it is with treasury investments, however it still aims for such investments to contribute to its corporate priorities.

Governance: Decisions on service investments are made by either Cabinet or the Council, in line with the Council's constitution. Most loans are capital expenditure and purchases will therefore be approved as part of the capital programme.

5. Investment Properties

With central government financial support for local public services declining, the Council invests in commercial property within Rossendale, mainly for the aim of regeneration of the Borough including job retention and creation, whilst seeking to achieve financial gain in order to produce a balanced overall financial budget and to minimise the charges to Council Tax payers. At 31/03/21 the Councils investment properties were valued at c£550k providing a net return after all costs of 4.55%.

With regeneration and financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include increased vacancies and potential fall in capital values. These risks are managed by the Property Services team monitoring and actively seeking to lease vacant premises and effective monitoring of performance of the investment portfolio. A programme of works was developed which to-date has included the development of Futures Park Plots 1 & 5, carrying out rent reviews and identifying surplus areas of land and property assets to maximise the rental returns and achieve future capital receipts. The Council's level of commercial investments are modest and considered relatively small in proportion to the size of the authority, however to ensure commercial investments remain in proportion they are subject to an overall maximum investment limit of £8m. The level of the commercial investment returns is not material to the Council’s overall budget, however should expected yields not materialise the contingency would be to use earmarked reserves in the short term and review the assets future.

Governance: Decisions relating to capital expenditure for all purposes, including for the acquisition of property assets, are made in accordance with the Financial Regulations of the Council, this requiring the approval of Full Council/Cabinet as appropriate. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

6. Liabilities

In addition to the debt in Table 6 above, the Council is committed to making future payments to cover its pension fund deficit (valued at £30m at 31st March 2021). It has also set aside c£1.5m (as at 31st March 2021) in a Business Rates Appeal Provision to cover risks arising from the costs of Business Rates appeals as a consequence of the transference of such risks under the localisation of business rates arrangements introduced in 2013.

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Governance: Decisions on incurring new discretional liabilities are taken in consultation with the Section 151 Officer.

Revenue Budget Implications Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 9: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream

	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Financing Costs	139	128	152	197	219	261
Proportion of net revenue stream	1.69%	1.44%	1.69%	2.15%	2.34%	2.77%

Further details on the revenue implications of capital expenditure are included within the Capital Programme.

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years may extend for up to 50 years into the future. The Head of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable.

7. Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance is a qualified accountant with over 20 years' of Local Government experience. The Council pays for accountancy staff to study towards relevant professional accountancy qualifications and the staff involved in treasury management attend treasury seminars and workshops provided by CIPFA and other external service providers. Training is provided to Councillors as part of the financial management training delivered by the Section 151 Officer and more detailed treasury management training to Councillors on the Audit & Accounts Committee by treasury management advisors Link Asset Management Limited. Where appropriate the Council appoints external advisors and consultants that are specialists in their field. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Rossendale BOROUGH COUNCIL

ITEM NO. C3

Subject:	Treasury Management Strategy & Treasury Management Practises		**Status:**	For Publication		
Report to:	Council		**Date:**	23rd February 2022		
Report of:	Chief Finance Officer		**Portfolio Holder:**	Resources		
Key Decision:	☒	Forward Plan ☒	General Exception ☐	Special Urgency ☐		
Equality Impact Assessment:		Required:	No	Attached:	No	
Biodiversity Impact Assessment		Required:	No	Attached:	No	
Contact Officer:	Karen Spencer		**Telephone:**	01706 252409		
Email:	karenspencer@rossendalebc.gov.uk					

RECOMMENDATIONS

Cabinet recommends that Council approves:-

1.1. The Treasury Management Strategy Statement incorporating the Investment Strategy, Investment Indicators and Borrowing Strategy and the Treasury Management Policy and Practises.

1.2. To delegate any further minor amendments to the Head of Finance in consultation with the Portfolio Holder for Resources.

2. PURPOSE OF REPORT

The purpose of the report is to obtain Council approval of the updated Treasury Management Strategy Statement (TMS) and Treasury Management Policy and Practises (TMP).

3. BACKGROUND

3.1 This is an annual update of the Treasury Management Strategy including the Investment Strategy, Investment Indicators and Borrowing Strategy (Appendix 1) and the Treasury Management Policy and Practices (Appendix 2), based upon the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management and Prudential Codes 2021.

3.2 Treasury management is concerned with how organisations manage their cash resources and its scope covers borrowing, investment and hedging instruments and techniques. Risk is inherent in all treasury management activities and it is necessary to balance risk and return. In the public services it is generally considered that the priority is to protect capital rather than maximize return.

3.3 The Treasury Management Strategy for 2022/23 at Appendix 1 is written in conjunction with both the revenue budget for 2022/23 and the Capital Strategy and Capital Programme 2022/23 to 2025/26 which are also being placed before members for consideration, specifically in respect of the TMSS at Appendix 1:

- Capital Strategy at 1.2.1
- Capital Expenditure at 2.1 and 5.1.1
- The Capital Financing Requirement (CFR) at 2.2
- Minimum Revenue Provision (MRP) and Voluntary Revenue Provision (VRP) at 2.4

- Interest expenditure and income at 5.1.2

3.4 The interest rates quoted at paragraphs 3.3 and 5.2 of the strategy reflect the average of samples gathered by Link Asset Services as at the 20th December 2021 from city and non-city forecasters, including HM Treasury. The forecasts are an estimate based on today's financial climate. Whilst forecasters are comparatively confident about their estimates for the coming financial year, those for longer term are far less reliable.

3.5 The Treasury Management Strategy Statement covers:
- treasury controls and reporting mechanisms required to limit the treasury risk and activities of the Council
- the current and expected cash and reserve balances (2.3)
- the borrowing requirement and borrowing limits (3.1)
- prospects for interest rates (3.3)
- policy on borrowing in advance of need (3.5)
- the investment strategy and expected rates of return (4.4)
- Prudential Indicators and the MRP strategy (5.1)
- treasury management scheme of delegation (5.6) and the relevant roles and responsibilities of delegated officers (5.7)

3.6 As part of the council's budget-setting work the estimates of future interest rates, capital resources and expenditure and capital financing costs (through the Minimum Revenue Provision) have been included in arriving at a balanced budget for 2022/23.

3.7 Members are asked to note the proposed change in Minimum Revenue Provision (MRP) Policy in section 2.4. From April 2022 the Council's Financial Accounts have to be prepared in line with International Financial Reporting Standard (IFRS) 16 (Leases). This means that from April 2022 all operating leases have to be brought onto the Councils balance sheet and treated as assets, the annual MRP charge will be adjusted so that the charge to revenue remains unaffected by the new standard. This is a technical adjustment which will have no impact on the Council's budget.

3.8 The Treasury Management Policy and Practices at Appendix 2 provide further operational detail on the plans within the Treasury Management Strategy Statement. For 2022/23 there have been only very minor amendments to the Treasury Management Policy and Practises to cover the works with related parties and subsidiaries and to keep it in line with updates in the TMSS above.

3.9 The Treasury Management Practises cover :
- risk management arrangements and techniques
- performance measurement
- decision making and operational controls within the day to day administration of treasury and cash flow management
- measures to prevent money laundering
- training requirements for staff included within the delegation arrangements in the Treasury Management Strategy Statement
- further details on the use of external service providers

3.10 At times of low interest rates from banks, one alternative use of resources open to the council is the pre-payment of revenue creditors in order to achieve early payment discounts. These transactions are not treated as investments, therefore do not fall under the TMS or TMPs in the appendices attached. However, the same considerations of risk and reward should be considered prior to entering into any such agreement. The Head of

Finance must be sure of the nature and obligation of the future transactions, their expected value and the credit worthiness of the supplier/counterparty involved.

The ongoing impact on the UK from coronavirus as well as the new trading arrangements with the European Union, will remain major influences on the council's treasury management strategy for 2022/23.

4. RISK

4.1 The key risks associated with the strategy include:

- Overpayment of contributions cannot be returned.
- An unexpected increase in bank base rates.
- Agreeing the accounting treatment with external auditors.
- An unexpected reduction in cash balances. Each individual opportunity would be assessed on its own merits and reported to members at the next available opportunity.

4.2 All the issues raised and the recommendations in this report involve risk considerations as set out below:

- Failure to comply with legal statute, Codes of Practice and regulations of the council.
- Financial risks and credit risks exposure as a result of treasury management decisions. The TMS lays the ground rules for balancing the desire to maximize interest earning capacity with the potential risks of investments in the financial sector, especially in the current economic climate.

5. FINANCE

Financial matters are dealt within the report.

6. LEGAL

There are no material implications.

7. POLICY AND EQUALITIES IMPLICATIONS

7.1 Consultation has taken place with the council's treasury management advisors - Link Asset Services.

7.2 Officers have ensured that the documents attached meet the requirements of the current CIPFA revised Treasury Management Code of Practice and revised Prudential Code 2017 by adopting the proforma documents provided by Link Asset Services with only minor adaptations for local considerations.

8. CONCLUSIONS

8.1 Following consideration at Full Council, Members are asked to approve the adoption of the updated Treasury Management Strategy Statement and Treasury Management Policy and Practises, which will ensure continued compliance with the Code and continue to manage the council's exposure to financial risk.

8.2 In light of the current economic climate and resultant changing cash flow requirements, Members are asked to delegate any minor amendments required within year to the Head of Finance in consultation with the Portfolio Holder for Resources.

Background Papers	
Document	Place of Inspection
Template TMSS and TMPs provided by Link Asset Services	Financial Services and Link website (client area)
Previously adopted 2021/22 TMS & TMP	Website: Full Council February 2021

Rossendale
BOROUGH COUNCIL

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2022/23

Responsible Section/Team	Financial Services	**Page**	1
Responsible Author	Head of Finance	**Version**	v1
Date last amended	January 2022	**Due for review**	Feb 2023

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1.1 Background

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

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

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

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

The authority has not engaged in any commercial investments and has no non treasury investments.

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

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

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

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
   - the capital plans, (including prudential indicators);
   - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
   - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
   - an investment strategy, (the parameters on how investments are to be managed).

This report is required to be adequately reviewed and scrutinised by Cabinet before being recommended for approval by Council.

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. This is included within each of the Council's monitoring reports presented to Cabinet quarterly.

c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy. This is included within the Council's end of year financial monitoring report presented to Cabinet.

1.3 Treasury Management Strategy for 2022/23

The strategy for 2022/23 covers two main areas:

Capital issues
- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

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

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

1.4 Training

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. Financial training for members is undertaken annually, typically in June of each year. The training needs of treasury management officers are reviewed annually.

1.5 Treasury management consultants

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

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 the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2022/23 – 2025/26

The Prudential and TM Codes require local authorities to undertake financial planning for periods longer than the three years. This minimum period is required for prudential and treasury indicators.

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.

2.1 Capital expenditure and financing

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Table 1

Capital Expenditure	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total Expenditure £'000
Operations & Communities	1,470	1,530	837	674	464	4,975
Corporate Services & Buildings	352	518	230	130	206	1,436
Housing	3,764	1,500	1,500	1,500	1,000	9,264
Regeneration	3,983	1,284	1,010	-	-	6,277
Climate change	250	250	250	250	-	1,000
Sub Total	9,819	5,082	3,827	2,554	1,670	**22,952**
IFRS16 Leases	-	379	300	72	-	751
Estimated Expenditure	9,819	5,461	4,127	2,626	1,670	**23,703**

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

Other long-term liabilities - the net financing need below excludes other long-term liabilities, eg leasing arrangements that already include borrowing instruments.

Table 2

Financing of Capital Expenditure	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total Expenditure £'000
Capital Receipts	2,537	200	-	-	-	2,737
Capital Grants	5,512	2,190	2,154	1,000	1,000	11,856
Capital Reserves	-	-	-	-	-	0
Earmarked Reserves	189	107	41	-	-	337
Total in-year resources	8,238	2,497	2,195	1,000	1,000	**14,930**
Net Financing need for year	1,581	2,964	1,932	1,626	670	8,773

2.2 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 through a revenue or capital resource, 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 asset's life, and so charges the economic consumption of capital assets as they are used.

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

The Council is asked to approve the CFR projections below:

Table 3

Capital Financing Requirement (CFR)	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Opening CFR	10,979	13,328	14,433	16,620	17,664	18,511
Movement in CFR	(465)	1,105	2,187	1,044	847	(167)
Closing CFR	10,514	14,433	16,620	17,664	18,511	18,344
Movement in CFR is repesented by						
Net Financing need for year		1,581	2,964	1,932	1,626	670
Less MRP repayments	465	476	777	888	779	837
Movement in CFR	(465)	1,105	2,187	1,044	847	(167)

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 asset's life, and so charges the economic consumption of capital assets as they are used.

The movement in CFR in 2022/23 is £2,187k, which includes the following projects:

- The operational vehicle/equipment replacement plan
- Empty Homes Scheme

Technical accounting changes applicable from 1 April 2022 (IFRS16) require the Council's interest in the Empty Homes Scheme and its lease obligations to be included in its Capital Expenditure plans and CFR calculations, for the 'right of use' of these assets.

2.3 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.).

Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Table 4

Year End Resources	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
General Fund Balance	1,000	1,000	1,000	1,000	1,000	1,000
Earmarked Reserves	11,717	10,371	8,861	6,796	4,877	4,309
Capital Receipts	2,500	400	200	-	-	-
Government Grants Unapplied	1,285	1,206	1,000	1,000	250	100
Additional Resources to fund the MTFS	-	-	(56)	(619)	(666)	(568)
Total Reserves	16,502	12,977	11,005	8,177	5,461	4,841
(Under)/Over Borrowing (see 3.1)	(6,088)	(8,710)	(10,177)	(12,458)	(13,667)	(14,668)
Expected Resources	10,414	4,267	828	(4,281)	(8,206)	(9,827)
Cash Balances	12,657	12,602	5,741	4,860	4,617	3,990
Working Capital*	2,243	8,335	4,913	9,141	12,823	13,817

*Working capital balances shown are estimated year-end; these may be higher mid-year

2.4 Minimum revenue provision (MRP) policy statement

Introduction

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Department for Levelling Up, Housing and Communities (DLUHC, formerly Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the then MHCLG Guidance) most recently issued in 2018.

The DLUHC is currently out to consultation for proposed changes to prudent MRP policy and amendments to statutory guidance. Subject to consultation, the proposed timetable is for adoption of any new guidance by 2023/24.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP, but authorities retain flexibility over their determination of what is prudent.

The proposed methodologies for use within Rossendale Borough Council are set out below and reflect the basic principles set out in the guidance, along with some locally determined and prudent modifications to make the MRP more straightforward to calculate.

Proposed MRP Policy Statement for 2021/22

The following MRP Policy is proposed, under guidance issued by the MHCLG is as follows:

(a) For capital expenditure that is self-financed from debt arising in 2007/08 and thereafter - to charge the expenditure over the expected useful life of the relevant asset ("the Asset Life Method"), but to use the annuity variant, based on the average PWLB annuity rates prevailing in the year of the expenditure (rather than charging on a straight line basis over the asset life).
(b) Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
(c) In those cases where asset lives cannot be readily determined - to use a default period of 20 or 25 years in line with government guidance. However the Council may make its own determination in exceptional circumstances, if the recommendation of the guidance would not be appropriate.
(d) Capital expenditure incurred during each financial year will not be subject to a MRP charge until the following financial year or until the year after the asset becomes operational.

Change in Policy from Previous Years

The Council's approved TMSS for 2021/22 included a change to MRP policy at that time. The only change to the MRP policy for 2022/23 are due to the adoption of IFRS 16 leases and are detailed in (b) above.

Therefore, in the determination of MRP, the Council will be both:

(a) **prudent** - working within the principle that debt be repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits, and

(b) **practical** - making detailed determinations where the impact of the calculation will be material, but allowing a more general approach if that would be reasonable**.**

MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. In 2018/19 the Council made VRP overpayments of £657k

3 BORROWING

The capital expenditure plans set out in Section 2 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.

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 21 and for the position as at 31 December 2021 are shown below for both borrowing and investments.

Table 5

	31/03/2021 Actual £000	31/12/2021 Current Portfolio £000
External Borrowing:		
Public Works Loan Board Loan 1	2,576	2,484
Public Works Loan Board Loan 2	1,850	1,800
Total External Borrowing	**4,426**	**4,284**
Treasury Investments:		
Nat West SIBA	907	5,184
Handelsbanken Instant	750	2,750
Handelsbanken 35 Day	5,000	5,000
Lloyds Treasury Call Account	6,000	8,000
Total Treasury Investments	**12,657**	**20,934**
Net Borrowing / (Lending)	**(8,231)**	**(16,650)**

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 6

Borrowing Position	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Debt at 1st April	4,710	4,426	5,723	8,339	9,837	10,986
Debt Repayments	(284)	(284)	(347)	(435)	(476)	(542)
New Debt		1,581	2,964	1,932	1,626	670
Debt at 31st March	**4,426**	**5,723**	**8,339**	**9,837**	**10,986**	**11,115**
Original PWLB Loan	2,576	2,392	2,208	2,024	1,840	1,656
Futures Park Plot 5	1,850	1,750	1,650	1,550	1,450	1,350
Estimated New Debt		1,581	2,585	1,632	1,554	670
Capital financing Requirement (CFR)	**10,514**	**14,433**	**16,620**	**17,664**	**18,511**	**18,344**
Under / (over) Borrowing	6,088	8,710	10,177	12,458	13,667	14,668

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Head of Finance 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.

3.2 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	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Total External Debt	20,750	16,100	18,400	18,700	19,500	19,300

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

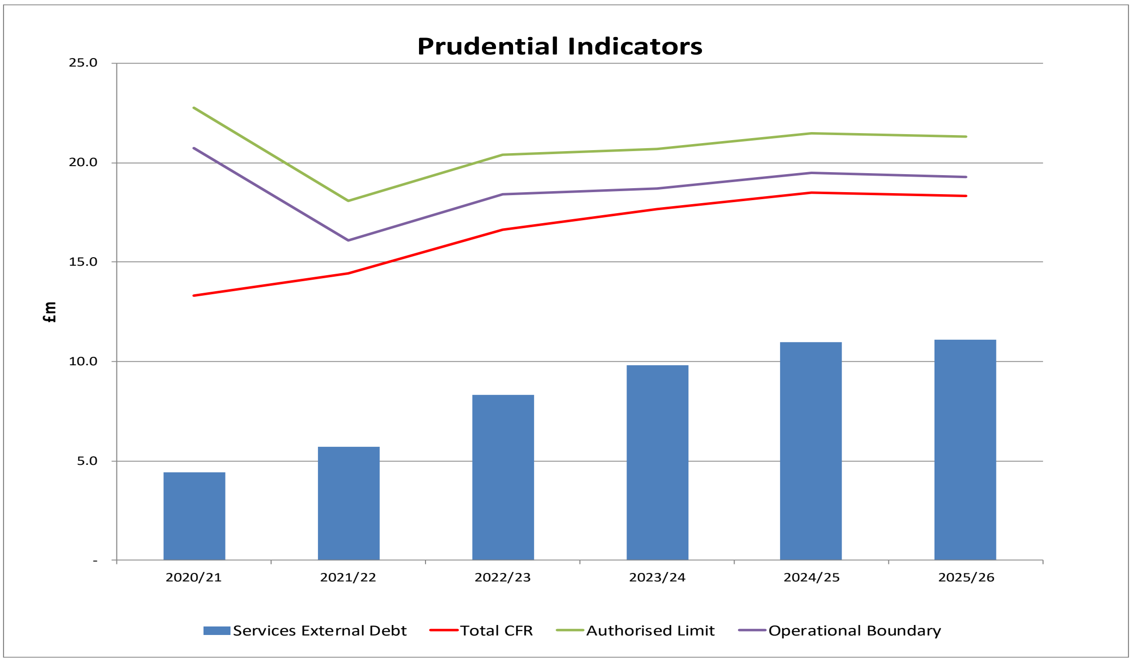
1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following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

Table 8

Authorised Limit	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Total External Debt	22,750	18,100	20,400	20,700	21,500	21,300

In graphical terms the relationship between the total CFR, the current external borrowing and the suggested authorised limits and operational boundaries can be shown below. The prudent level of future potential borrowing is clearly visible as the gap between the forecast CFR and the current and future estimated borrowing levels.

Table 9



3.3 Prospects for interest rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 7th February 2022. These are forecasts for certainty rates, gilt yields plus 80 bps.

Table 10

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

Additional notes by Link on this forecast table: -

- *LIBOR and LIBID rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). In the meantime, our forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short term cash at any one point in time.*

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

As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

Significant risks to the forecasts

- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.

- **The Monetary Policy Committee** 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.

- **The Monetary Policy Committee** tightens monetary policy too late to ward off building inflationary pressures.

- **The Government** acts too quickly to cut expenditure to balance the national budget.

- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- **Longer term US treasury yields** rise strongly and pull gilt yields up higher than forecast.

- **Major stock markets** e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.

- **Geopolitical risks,** for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

The balance of risks to the UK economy: -

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

Forecasts for Bank Rate

It is not expected that Bank Rate will go up fast after the initial rate rise 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 the 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 Omicron could have on the economy and whether there will be another lockdown or similar and, if there is, whether there would be significant fiscal support from the Government for businesses and jobs.

- There were already increasing grounds for viewing the economic recovery as running out of steam during the autumn and now into the winter. And then along came Omicron to pose a significant downside threat to economic activity. This could lead into stagflation, or even into recession, which would then pose a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.

- Will some current key supply shortages 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.

- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?

- 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 which then feed through into producer prices and the prices of services i.e., a second-round effect that the MPC would have to act against if it looked like gaining significant momentum.

- We also recognise there could be further nasty surprises on the Covid front beyond the Omicron mutation.

- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

It should also be borne in mind that Bank Rate being cut to 0.25% and then to 0.10%, were emergency measures to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away such emergency cuts on no other grounds than they are no longer warranted, and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields
Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates above shows, there is forecast to be a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025, though 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 our gilt yields. **As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant <u>UPWARD RISK</u> exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.**

US treasury yields. During the first part of 2021, US President Biden's, and the Democratic party's, determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020. This was then followed by additional Democratic ambition to spend $1trn on infrastructure, (which was eventually passed by both houses later in 2021), and an even larger sum on an American families plan over the next decade; this is still caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus was happening at a time when: -

1. A fast vaccination programme had enabled a rapid opening up of the economy during 2021.
2. The economy was growing strongly during the first half of 2021 although it has weakened overall during the second half.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.
4. And the Fed was still providing substantial stimulus through monthly QE purchases during 2021.

It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its December meeting with an aggressive response to damp inflation down during 2022 and 2023.

At its 3rd November Fed meeting, the Fed decided to make a start on tapering its $120bn per month of QE purchases so that they ended next June. However, at its **15th December meeting** it doubled the pace of tapering so that they will end all purchases in February. These purchases are currently acting as downward pressure on treasury yields and so it would be expected that Treasury yields will rise over the taper period and after the taper ends, all other things being equal. The Fed also forecast that it expected there would be three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy.

There are also possible **<u>DOWNSIDE RISKS</u>** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to monitor.

There is likely to be **exceptional volatility and unpredictability in respect of gilt yields and PWLB rates** due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields (see below). Over 10 years since 2011 there has been an average 75% correlation between movements in US treasury yields and gilt yields. However, from time to time these two yields can diverge. Lack of spare economic capacity and rising inflationary pressures are viewed as being much greater dangers in the US than in the UK. This could mean that central bank rates will end up rising earlier and higher in the US than in the UK if inflationary pressures were to escalate; the consequent increases in treasury yields could well spill over to cause (lesser) increases in gilt yields. There is, therefore, an upside risk to forecasts for gilt yields due to this correlation. The Link Group forecasts have included a risk of a 75% correlation between the two yields.
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures actually turn out to be in both the US and the UK and so put upward pressure on treasury and gilt yields?

- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the "taper tantrums" in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

As the US financial markets are, by far, the biggest financial markets in the world, any upward trend in treasury yields will invariably impact and influence financial markets in other countries. Inflationary pressures and erosion of surplus economic capacity look much stronger in the US compared to those in the UK, which would suggest that Fed rate increases eventually needed to suppress inflation, are likely to be faster and stronger than Bank Rate increases in the UK. This is likely to put upward pressure on treasury yields which could then spill over into putting upward pressure on UK gilt yields.

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within the forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and Russia, China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

The balance of risks to medium to long term PWLB rates: -

- There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era for local authority investing
– a fundamental shift in central bank monetary policy

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

- The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.
- The Bank of England has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' before starting on raising Bank Rate and the ECB now has a similar policy.
- ***For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.***
- Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.

- Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

Investment and borrowing rates

- **Investment returns** are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.

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

- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows: -.

    - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
    - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
    - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
    - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
    - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

- **Borrowing for capital expenditure.** Our long-term (beyond 10 years), forecast for Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.

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

3.4 Borrowing strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Head of Finance 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 to Cabinet at the next available opportunity.

3.5 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.

Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 100% of the expected increase in borrowing need (CFR) over the three-year planning period; and
- The authority would not look to borrow more than 18 months in advance of need.

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.

3.6 Approved sources of long- and short-term borrowing

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- Any institution approved for investments
- Any other bank or building society authorised to operate in the UK
- Any other UK public sector body
- UK public and private sector pension funds (except Lancashire County Pension Fund as it is the Council's own pension fund)
- Capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as debt liabilities:

- Leasing
- Hire purchase
- Sale and leaseback and similar arrangements

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

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

The Council's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions.

The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the 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.

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

4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

Regular reporting of investment performance will be undertaken throughout the year and be reported to Cabinet, quarterly.

Changes in risk management policy from last year.
The above criteria are unchanged from last year.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Head of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by the Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
    1. are UK banks; and/or
    2. are non-UK and domiciled in a country which has a minimum sovereign Long-Term rating of AAA

  and have, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where rated):
    1. Short Term – F1
    2. Long Term – A
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. This bank can be included provided they continue to be part nationalised or meet the ratings in Banks 1 above.

- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Bank subsidiary and treasury operation -. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Money Market Funds (MMFs) – using only those with AAA long term raring backed up with lowest volatility rating
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities, parish councils etc
- Housing associations
- Rossendale Leisure Trust to a maximum of £100k
- Other related parties (where a charge can be placed on land or equity to preserve the Councils right to its resources)

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

All investments will be made for less than 365 days ie short-term. The proposed criteria for specified and non-specified investments are shown in Appendix 5.4 for approval.

Creditworthiness.
Significant levels of downgrades to short- and long-term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

CDS prices
Although bank CDS prices (these are market indicators of credit risk) spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

4.3 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

4.4 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).

Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage working capital and commitments as they fall due, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

4.5 Investment returns expectations.

The current forecast shown in paragraph 3.3, includes a forecast for a first increase in Bank Rate in May 2022, though it could come in February 2022.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022), are as follows. The Council's internal view, taking a prudent approach to investment returns contained in its MTFS, and use of simple financial instruments, are provided for comparison:

Table 11

Average earnings in each year	Link	RBC View
2022/23	0.50%	0.25%
2023/24	0.75%	0.50%
2024/25	1.25%	0.75%
2025/26	1.25%	0.75%
Long term later years	2.00%	2.00%

The Council is asked to approve the following treasury indicator and limit:

Table 12

Upper limit for principal sums invested for longer than 365 days			
£m	**2022/23**	**2023/24**	**2024/25**
Principal sums invested for longer than 365 days	£m Nil	£m Nil	£m Nil

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Financial Monitoring process.

4.7 External fund managers

The Council does not currently, use external fund managers.

5 APPENDICES

1. Prudential and treasury indicators
2. Interest rate forecasts
3. Economic background
4. Treasury management practice 1 – credit and counterparty risk management
5. Approved countries for investments
6. Treasury management scheme of delegation
7. The treasury management role of the section 151 officer

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2022/23 – 2025/26

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

5.1.1 Capital expenditure

The 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.

Table 13

Capital Expenditure	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total Expenditure £'000
Operations & Communities	1,470	1,530	837	674	464	4,975
Corporate Services & Buildings	352	518	230	130	206	1,436
Housing	3,764	1,500	1,500	1,500	1,000	9,264
Regeneration	3,983	1,284	1,010	-	-	6,277
Climate change	250	250	250	250	-	1,000
Sub Total	9,819	5,082	3,827	2,554	1,670	**22,952**
IFRS16 Leases	-	379	300	72	-	751
Estimated Expenditure	9,819	5,461	4,127	2,626	1,670	**23,703**

5.1.2 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 indicators:

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 14

Ratio of financing costs to net revenue stream	2020/21 Actual £000	2021/22 Estimatl £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Interest Payable - Services	150	138	164	210	233	276
Interest Receivable	(11)	(10)	(12)	(13)	(14)	(15)
Net cost of capital	**139**	**128**	**152**	**197**	**219**	**261**
Net Revenue Stream	8,220	8,903	8,991	9,148	9,362	9,435
Ratio of financing costs to net revenue stream	**1.69%**	**1.44%**	**1.69%**	**2.15%**	**2.34%**	**2.77%**

The estimates of financing costs include current commitments and the proposals in this budget report.

5.1.3 Maturity structure of borrowing

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.

The Council is asked to approve the following treasury indicators and limits:

Table 15

Maturity structure of fixed interest rate borrowing 2022/23		
	Lower	**Upper**
Under 12 months	0%	40%
12 months to 2 years	0%	50%
2 years to 5 years	0%	50%
5 years to 10 years	0%	60%
10 years and above	0%	100%
Maturity structure of variable interest rate borrowing 2022/23		
	Lower	Upper
Under 12 months	0%	0%
12 months to 2 years	0%	0%
2 years to 5 years	0%	0%
5 years to 10 years	0%	0%
10 years and above	0%	0%

5.1.4. Control of interest rate exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.2 INTEREST RATE FORECASTS 2021-2025

Link Group Interest Rate View 7.2.22	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Bank Rate													
Link	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Capital Economics	0.50	0.75	1.00	1.25	1.25	1.25	1.25	1.25	-	-	-	-	-
5yr PWLB Rate													
Link	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capital Economics	2.00	2.10	2.10	2.20	2.20	2.30	2.40	2.40	-	-	-	-	-
10yr PWLB Rate													
Link	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Capital Economics	2.20	2.20	2.20	2.30	2.30	2.40	2.50	2.50	-	-	-	-	-
25yr PWLB Rate													
Link	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Capital Economics	2.40	2.40	2.50	2.60	2.60	2.70	2.80	2.90	-	-	-	-	-
50yr PWLB Rate													
Link	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Capital Economics	2.10	2.20	2.30	2.40	2.50	2.60	2.70	2.90	-	-	-	-	-

5.3 ECONOMIC BACKGROUND

COVID-19 vaccines.

These were the game changer 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 bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations. There is now a race on between how quickly boosters can be given to limit the spread of Omicron, and how quickly will hospitals fill up and potentially be unable to cope. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working, similar to the pingdemic in July. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid. However, the biggest impact on growth would come from another lockdown if that happened. The big question still remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- In December, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.
- The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.
- If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3rd February.
- With inflation expected to peak at around 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5th May, the release date for its Quarterly Monetary Policy Report.
- The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.
- Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.

- However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next down-turn; all rates under 2% are providing stimulus to economic growth.
- We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.
- Covid remains a major potential downside threat in all three years as we ARE likely to get further mutations.
- How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?
- Purchases of gilts under QE ended in December. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

MPC MEETING 16H 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 disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively 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 of the disappointing 0.1% m/m rise in GDP** in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.

- **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 and shorter 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 this didn't last long as 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 potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.

- **On 15th December we had the CPI inflation** figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. 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.

- Although it is possible that the Government could step in with some **fiscal support for the economy**, the huge cost of such support to date is likely to pose a barrier to incurring further major economy wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas). The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking!

- 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 blind-sided financial markets, this time with a **surprise increase in Bank Rate from 0.10% to 0.25%.** What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed 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. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that "there has been significant upside news" and that "there were some signs of greater persistence in domestic costs and price pressures".

- On the other hand, 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 <u>would</u> 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 form 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". It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning "global price pressures might persist for longer". (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)

- 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. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. "Modest" seems slower than that. 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, and since economic growth is likely to be weak over the next few months, 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.

- **US.** Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November, **CPI inflation hit a near 40-year record level of 6.8%** but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decades high.
- **Shortages of labour** have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.
- Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the **Fed's meeting of 15th December** would take aggressive action against inflation. Accordingly, the rate of tapering of monthly $120bn QE purchases announced at its November 3rd meeting. was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started

discussions on running down the stock of QE held by the Fed. Fed officials also expected three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts. What was also significant was that this month the Fed dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation: the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time". It did not see Omicron as being a major impediment to the need to take action now to curtail the level of inflationary pressures that have built up, although Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.
See also comments in paragraph 3.3 under PWLB rates and gilt yields.

- **EU.** The slow role out of vaccines initially delayed **economic recovery** in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.
- **November's inflation figures** breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022. Core goods inflation rose to 2.4% in November, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to *persistently* higher services inflation - which would get the ECB concerned. The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.
- **ECB tapering.** The ECB has joined with the Fed by also announcing at its meeting on 16th December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.
- The ECB will now also need to consider the impact of **Omicron** on the economy, and it stated at its December meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.
- The EU has entered into a **period of political uncertainty** where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela

Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

- **CHINA.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of **2020**; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.
- However, the pace of economic growth has now fallen back in **2021** after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time. The **People's Bank of China** made a start in December 2021 on cutting its key interest rate marginally so as to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will probably leave the heavy lifting in supporting growth to fiscal stimulus by central and local government.
- Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

- **JAPAN.** 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.
- The Bank of Japan is continuing its **very loose monetary policy** but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July. New Prime Minister Kishida, having won the November general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

- **WORLD GROWTH.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a **reversal of world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

- **SUPPLY SHORTAGES**. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

5.4 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The DLUHC issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 24/02/2010 and will apply its principles to all investment activity. In accordance with the Code, the Head of Finance has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.

- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months once the remaining period to maturity falls to under twelve months. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, housing association, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, that have been awarded a high credit rating by Standard and Poor's, Moody's and / or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society. For category 5 this covers bodies with a minimum Short-Term rating of A (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are

- **The limit with any one bank is 12 months and upto £8M, or 50% of the resources available at the time of investing, whichever is the larger;**
- **The limit with the Government via the Debt Management Office (DMO) is 12 months and is £unlimited.**

Non-specified investments – In response to historically low bank rate and the challenges of the MTFS, the Head of Finance will explore alternative investment opportunities in order to reduce ongoing revenue costs or earn additional revenue income/interest. The counterparties in these cases will generally be related parties (as defined in the Cipfa Accounting Code of Practice applicable to the year in which the investment decision was made).

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Head of Finance, and if required new counterparties which meet the criteria will be added to the list.

5.5 APPROVED COUNTRIES FOR INVESTMENTS

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

Based on lowest available rating

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
- **U.K.**

In practice Officers tend only to use UK banks.

5.6 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.
- approval of individual non-specified investment decisions during the financial year.

(ii) Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment;
- reviewing the treasury management policy and procedures and making recommendations to full Council;
- consideration of individual non-specified investment decisions during the financial year.

5.7 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (Responsible) Officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above;
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:
    - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
    - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
    - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

- o *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*

- o *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

The Deputy S151 Officer (being the Finance Manager)

In the absence of the S151 Officer, the Deputy S151 Officer will take over the responsibilities noted above.

The Finance Officer (Exchequer Services)

- Transfer of funds between the Council's approved call and notice accounts.

Authorised Signatories

The following posts have been designated as those authorised to act as bank signatories for the Council:

- Head of Finance (S151 Officer)
- Finance Manager (Deputy S151 Officer)
- Finance Officer (Exchequer)
- Accountant
- Accounts Technician.

Rossendale
BOROUGH COUNCIL

Treasury Management Policy and Practices

2022/23

Contents

The Treasury Management Policy Statement

The treasury management policy statement

This council defines its treasury management activities as:

1. The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. This council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Clauses to be formally adopted

1. This Council will create and maintain, as the cornerstones for effective treasury management:
   - a Treasury Management Policy Statement (TMSS), stating the policies, objectives and approach to risk management of its treasury management activities
   - suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
   - investment management practices (IMPs) for investments that are not for treasury management purposes.

   The content of the policy statement, TMPs and IMPs will follow the recommendations contained in Sections 6, 7 and 8 of the CIPFA Treasury Management Code (the Code), subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.
2. This Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs and IMPs.
3. This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Head of Finance, and for the execution and administration of treasury management decisions to the Head of Finance, who will act in accordance with the organisation's policy statement and TMPs

4. This organisation nominates Head of Finance to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

TMP 1 RISK MANAGEMENT

The responsible officer (in the case of Rossendale Borough Council, The Head of Finance) will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1. Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods And Techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

The organisation's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.

1.1. Policy on the use of credit risk analysis techniques

1.1.1. The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.

1.1.2. Credit ratings will be used as supplied from all three rating agencies - Fitch, Moodys and Standard & Poors

1.1.3. Treasury Management Consultants will provide regular updates of changes to all ratings relevant to the council.

1.1.4. The responsible officer will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits. This organisation will use the Sector creditworthiness service based on using colours determined by minimum combinations of ratings to derive maturity limits as follows: -

- 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 3 months
- No Colour not to be used

In addition, a credit default swap overlay is used as a further safeguard to give early warning of potential creditworthiness problems which may only belatedly lead to actual changes in credit ratings.

As this methodology is complex, readers are referred to the document produced by Link Asset Services "Treasury Solutions Credit Policy Guide December 2015" for a full explanation.

1.1.5. Credit ratings for individual counterparties can change at any time. The Head of Finance is responsible for applying approved credit rating criteria for selecting approved counterparties. Treasury management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on criteria for selection of counterparties.

1.1.6. This organisation will not rely solely on credit ratings in order to select and monitor the creditworthiness of counterparties. In addition to credit ratings it will therefore use other sources of information including: -

- The quality financial press
- Market data
- Information on government support for banks and
- The credit ratings of that government support

1.1.7. Maximum maturity periods and amounts to be placed in different types of investment instrument are shown below. At present the maximum investment period for Specified Investments is less than 365 days.

1.1.8. Diversification: this organisation will avoid concentrations of lending and borrowing by adopting a policy of diversification. It will therefore use the following: -

- Maximum amount to be placed with any one institution - £8m or 50%, whichever is greater at the time the decision is made. However The limit with the Government via the Debt Management Office (DMO) is £unlimited.
- Group limits where a number of institutions are under one ownership – maximum of £10m
- Country limits – normally, a minimum sovereign rating of AAA is required for an institution to be placed on our approved lending list. However, UK banks will be considered regardless of the UK's sovereign rating at the time of investment.

1.1.9. Investments will not be made with counterparties that do not have a credit rating in their own right, other than in the case of Non-specified Investments where the counterparty is one of the Council's related parties and where a charge can be placed on land or equity in order to preserve the Council's rights to its resources.

1.1.10. The definition of 'high credit quality' in order to determine what are specified investments as opposed to non specified investments which do not have high credit ratings is set out at the end of TMP1 in schedule 1.

1.1.11. Should the Council ever begin to use **external fund manager(s)** they will adhere to the counterparty credit criteria and maximum individual limits set by the Council;

however, it is understood that fund manager(s) may use a subset of the counterparty list so derived.

1.2 Liquidity Risk Management

This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.

This organisation will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives. This organisation will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

1.2.1. Amounts of approved minimum cash balances and short-term investments

The Finance Officers shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day. The use of alternative call accounts and short-term notice accounts (under 90 days) shall be used in order to achieve this aim.

1.2.2. Details of:

a. Standby facilities
At the end of each financial day the balance in the Council's current account is automatically transferred to/from the Special Business Investment Account (SIBA) to maximise the interest available on the Council's operational bank accounts. In practice the current account and the SIBA account are now operated as one account. Individual daily debit balances on the current account are not treated as an overdraft.

The Council also maintain one or more on-call, and notice accounts up to 90 days with other banks. These accounts are used for reserve cash balances which may be required without notice. Such instant access is possible, but would lead to some loss of interest commensurate with the notice period waived.

b. Bank overdraft arrangements
Previous overdraft facilities have now ceased due to the sweeping action described above and following the bank imposing an arrangement fee for overdrafts on the SIBA account.

c. Short-term borrowing facilities
The Council accesses temporary loans through approved brokers on the London money market. The approved operational borrowing limit for short term debt in 2021/22 is £14.7m.

d. Insurance/guarantee facilities
There are no specific insurance or guarantee facilities as the above arrangements are regarded as being adequate to cover all unforeseen occurrences.

1.3 Interest Rate Risk Management

The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

1.3.1 Policies concerning the use of instruments for interest rate management.

a. forward dealing
   Consideration will be given to dealing from forward periods dependant upon market conditions.

b. callable deposits (England and Wales only)
   The Council may use callable deposits as part as of its Annual Investment Strategy (AIS), which now forms part of the Annual Treasury Management Strategy Statement. The credit criteria and maximum periods are set out in the Schedule of Specified and Non Specified Investments appended to the AIS.

1.4 Exchange Rate Risk Management

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

1.5 Refinancing Risk Management

The risk that maturing borrowings, capital projects or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

This organisation will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

The Council will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

1.5.1. Debt/Other Capital Financing, Maturity Profiling, Policies and Practices

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

a) the generation of cash savings at minimum risk;
b) to reduce the average interest rate;
c) to amend the maturity profile and /or the balance of volatility of the debt portfolio.

Rescheduling will be reported to the Cabinet at the meeting immediately following its action.

1.5.2. Projected Capital Investment Requirements

The Finance Manager will prepare a three year plan for capital expenditure for the Council. The capital plan will be used to prepare a three year revenue budget for all forms of financing charges. In addition, the responsible officer will draw up a capital strategy report which will give a longer term view.

The definition of capital expenditure and long term liabilities used in the Code will follow recommended accounting practice as per the Code of Practice on Local Authority Accounting.

1.5.3 Policy Concerning Limits on Affordability and Revenue Consequences of Capital Financing

In considering the affordability of its capital plans, the Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on council tax. It will also take into account affordability in the longer term beyond this three year period.

The Council will use the definitions provided in the Prudential Code for borrowing, capital expenditure, capital financing requirement, debt, financing costs, investments, net borrowing, net revenue stream, other long term liabilities.

1.6 Legal and Regulatory Risk Management

The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

This organisation will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the organisation, particularly with regard to duty of care and fees charged.

This organisation recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

1.6.1. References to Relevant Statutes and Regulations

The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council, and as amended during the period of the Treasury Management Strategy Statement (TMSS). These include but are not limited to:

- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position.
- Requirement to set a balanced budget - Local Government Finance Act 1992 section 32 for billing authorities and section 43 for major precepting authorities.
- Local Government Act 2003
- S.I. 2003 No.2938 Local Government Act 2003 (Commencement No.1 and Transitional Provisions and Savings) Order 2003 13.11.03
- S.I. 2003 No.3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03
- S.I. 2004 No.533 Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 8.3.04
- S.I. 2004 No.534 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04
- S.I. 2004 no. 3055 The Local Authorities (Capital Finance and Accounting) (Amendment) (England) (No. 2) Regulations 2004
- S.I. 2006 no. 521 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2006
- S.I. 2007 no. 573 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2007
- Local Government and Public Involvement in Health Act 2007 s238(2) – power to issue guidance; to be used re: MRP
- S.I. 2008 no. 414 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2008
- S.I. 2009 no. 321 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2009
- S.I. 2009 no. 2272 The Local Authorities (Capital Finance And Accounting) (England) (Amendment) (No.2) Regulations 2009
- S.I. 2009 no. 3093 The Local Government Pension Fund Scheme (Management and Investment of Funds) Regulations 2009
- S.I. 2010 no. 454 (Capital Finance and Accounting) (Amendment) (England) Regulations 2010
- Localism Act 2011
- S.I. 2012 no. 265 Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2012
- S.I. 2012 No. 711 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2012
- S.I. 2012 No. 1324 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.3) Regulations 2012

- S.I. 2012 No. 2269 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 4) Regulations 2012
- S.I. 2013 no. 476 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2013
- S.I. 2015 no. 234 Accounts and Audit Regulations 2015

Guidance and codes of practice

- CLG Revised Guidance on Investments 1.4.2010
- CLG guidance on minimum revenue provision – Feb 2012
- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2021,
- CIPFA Prudential Code for Capital Finance in Local Authorities 2021
- CIPFA Prudential Code for Capital Finance in Local Authorities – guidance notes for practitioners 2013
- CIPFA Local Authority Capital Accounting - a reference manual for practitioners 2014 Edition
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities 1996
- CIPFA Standard of Professional Practice on Treasury Management 2002
- CIPFA Standard of Professional Practice on Continuous professional Development 2005
- CIPFA Standard of Professional Practice on Ethics 2006
- The Good Governance Standard for Public Services 2004
- LAAP/CIPFA Bulletins
- IFRS - Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of recommended Practice
- PWLB circulars on Lending Policy
- The Non-Investment Products Code (NIPS) - (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.
- Financial Conduct Authority's Code of Market Conduct
- The Council's Standing Orders relating to Contracts
- The Council's Financial Regulations
- The Council's Scheme of Delegated Functions

1.6.2 Procedures for Evidencing the Council's Powers/Authorities to Counterparties

The Council's powers to borrow and invest are contained in legislation.

Investing: Local Government Act 2003, section 12
Borrowing: Local Government Act 2003, section 1

In addition, it will make available on request the following the scheme of delegation of treasury management activities contained in Treasury Management Strategy which states

- which officers carry out these duties
- which officers are the authorised signatories

Required Information on Counterparties

Lending shall only be made to counterparties on the Approved Lending list. This list has been compiled using advice from the Council's treasury advisers based upon credit ratings supplied by Fitch, Moodys and Standard & Poors. Lending can also be made to one of the Council's related parties or subsidiaries.

1.6.3 Statement on the Council's Political Risks and Management of Same

The Head of Finance shall take appropriate action with the Council, the Chief Executive Officer and the Leader of the Council to respond to and manage appropriately political risks such as change of majority group, leadership in the Council, change of Government etc.

1.6.4 Monitoring Officer

It is the duty of the monitoring officer to ensure that the treasury management activities of the Council are lawful.

1.6.5. Chief Financial Officer

The Chief Financial Officer is the Head of Finance. The duty of this officer is to ensure that the financial affairs of the Council are conducted in a prudent manner and to make a report to the Council if he has concerns as to the financial prudence of its actions or its expected financial position.

1.7 Fraud, Error and Corruption, and Contingency Management

The risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

This Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

The Council will therefore:-

a) Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.
b) Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
c) Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
d) Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

1.7.1. Details of Systems and Procedures to be Followed, Including Internet Services

Authority

- The Scheme of Delegation to Officers sets out the delegation of duties to officers.
- All loans and investments are negotiated by the responsible officer or authorised persons.
- Loan procedures are defined in the Financial Regulations section of the Council's Constitution.

Procedures

- The electronic banking procedures include internet access to the Council's bank accounts for both downloading statements and entering one-off same-day transactions. The electronic authorisation of transactions through chip and pin cards and passwords follows the same pattern of required signatories as paper transactions do (i.e. one signature up to £5,000 and two signatures for transactions over £5,000).
- Autopay online is the system used by the Council for the transfer of payment and collection files to the BACs processing centre. BACs collection and payment files are generated by the payroll, creditors, benefits and revenues software systems and transferred through a secure internet portal by the authorised signatories. Files must be generated, approved and sent by two different people.
- Full details of operational procedures are maintained by the Finance Officer (Exchequer Services).

Investment and borrowing transactions

- A detailed register of all loans and investments is maintained by the Finance Officer (Exchequer Services). A written acknowledgement of each deal is sent promptly to the lending or borrowing institution where transactions are done directly with the organisation.
- Written confirmation is received and checked against the dealer's records for the transaction.
- Any discrepancies are immediately reported to the Head of Finance for resolution.
- All transactions placed through brokers are confirmed by a broker note showing details of the loan arranged. Written confirmation is received and checked against the dealer's records for the transaction. Any discrepancies are immediately reported to the Head of Finance for resolution.

Regularity and security

- Lending is only made to institutions on the Approved List of Counterparties.
- All loans raised, and repayments made, go directly to and from the bank account of approved counterparties.
- Counterparty limits are set for every institution that the Council invests with.
- Brokers have a list of named officials authorised to agree deals.
- There is a separation of duties in the section between dealers and the checking and authorisation of all deals.
- The Council's bank holds a list of Council officials who are authorised signatories for treasury management transactions.
- Payments can only be authorised in a formal letter by an authorised signatory, the list of signatories having previously been agreed with the current provider of our banking services.
- The NatWest Bankline system can only be accessed by a password and online payments require chip and pin authorisation from one or more of the bank signatories (two for payments over £5,000).
- There is adequate insurance cover for employees involved in loans management and accounting.

Checks

- The bank reconciliation is carried out monthly from the bank statement to the financial ledger.
- A debt charge/investment income listing is produced every month when a review is undertaken against the budget for interest earnings and debt costs.

Calculations

- The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the Finance Officer (Exchequer Services). This is used to check the amount paid to lenders.
- Average weighted capital loans fund interest rates and debt management expenses are calculated monthly using information from the financial ledger.
- These interest and expense rates are then used to calculate the principal, interest and debt management expense charges to the General Fund.

1.7.2. Emergency and Contingency Planning Arrangements
Disaster Recovery Plan.

The Council's main Business Continuity Plan includes a detailed section covering the essential financial systems and procedures, including banking, payments and revenue collection. All members of the treasury management team are familiar with this plan and new members will be briefed on it. The plan is reviewed and updated at regular intervals with both paper and electronic copies being available.

All computer files are backed up on the server to enable files to be accessed from remote sites.

1.7.3. Insurance Cover Details

Fidelity Insurance
The Council has 'Fidelity' insurance cover with Zurich Municipal which covers the loss of cash by fraud or dishonesty of employees. This cover is limited to £5m for any one event with an excess of £5k for any one event.

Professional Indemnity Insurance
The Council also has an 'Officials Indemnity' insurance policy with Zurich Municipal which covers loss to the Council from the actions and advice of its officers which are negligent and without due care. This cover is limited to £5m for any one event with an excess of £5k for any one event.

1.8 Market Risk Management

The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

This organisation will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

1.8.1. Details of Approved Procedures and Limits for Controlling Exposure to Investments Whose Capital Value May Fluctuate (Gilts, CDs, Etc.)

These are controlled through setting limits on investment instruments where the principal value can fluctuate. The limits are determined and set through the Annual Investment Strategy (which now forms part of the Annual Treasury Management Strategy Statement).

TMP 2 PERFORMANCE MEASUREMENT

2.1 Evaluation and Review of Treasury Management Decisions

The Council has a number of approaches to evaluating treasury management decisions:

a. monthly reviews carried out by the Head of Finance and Finance Manager, reported as part of the regular financial monitoring reports to Cabinet.
b. weekly review reports from our treasury management consultants detailing current markets, forecasts and model portfolio returns.
c. annual review of performance and strategy with our treasury management consultants.
d. comparative reviews with neighbouring authorities.

2.1.2 Reviews with our treasury management consultants

The Head of Finance meets with our consultants every 12 months to review the performance of the investment and debt portfolios. Ad-hoc reviews are conducted by arrangement as outlined at 2.3.4.

2.1.3 Annual Review after the end of the financial year

In addition to the regular financial monitoring reports to Cabinet, the end of March out-turn report includes an annual treasury management report which reviews the performance of the debt and investment portfolios. This report contains the following:

a. total debt and investments at the beginning and close of the financial year and average interest rates
b. borrowing strategy for the year compared to actual strategy
c. investment strategy for the year compared to actual strategy
d. explanations for variance between original strategies and actual
e. debt rescheduling done in the year
f. actual borrowing and investment rates available through the year
g. comparison of return on investments to the investment benchmark
h. compliance with Prudential and Treasury Indicators

2.1.4 Comparative reviews

When data becomes available, comparative reviews are undertaken to see how the performance of the authority on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are locally set). Data can be sourced from: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- Neighbouring Lancashire authorities
- Link Asset Services model portfolio

2.2 Benchmarks and Calculation Methodology:

2.2.1 Debt management

- Average rate on all external debt
- Average period to maturity of external debt
- Average period to maturity of new loans in previous year

2.2.2 Investment

The performance of investment earnings will be measured against the following benchmarks: -

a. Link Asset Services model portfolio

- *Weighted average rate of return*
- *Weighted average maturity*

Performance may also be measured against other local authority funds with similar benchmarks and parameters managed by other fund managers.

2.3 Policy concerning methods for testing Value for Money in Treasury Management

2.3.1 Frequency and processes for tendering

Tenders are normally awarded on a five-year basis. The process for awarding contracts will be in line with the Council's Contract Standing Orders.

2.3.2 Banking services

The Council's banking arrangements are to be subject to competitive tender unless it is considered that there will be changes in the volume of transactions in the foreseeable future which renders a shorter period appropriate.

2.3.3 Money-broking services

The Council may use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them.

2.3.4 Consultants'/advisers' services

This Council's policy is not to appoint full-time professional treasury management consultants (Link Asset Services advise on an ad hoc basis, alongside automated updates).

2.3.5 Policy on External Managers (Other than relating to Superannuation Funds)

The Council's policy is not to appoint external investment fund managers.

TMP 3 DECISION-MAKING AND ANALYSIS

3.1 Funding, Borrowing, Lending, and New Instruments/Techniques:

3.1.1 Records to be kept

The following records will be retained:-

- Daily and monthly cash balance forecasts
- Brokers' confirmations for investment and temporary borrowing transactions
- Confirmations from borrowing /lending institutions where deals are done directly
- PWLB loan confirmations
- PWLB debt portfolio schedules.
- Certificates for market loans, local bonds and other loans
- Contract notes received from fund manager(s)
- Fund manager(s) valuation statements (if applicable)

3.1.2 Processes to be pursued

- Cash flow analysis.
- Debt and investment maturity analysis
- Ledger reconciliation
- Review of opportunities for debt restructuring (if applicable)
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money)
- Performance information (e.g. monitoring of actual against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc).

3.1.3 Issues to be addressed

3.1.3.1. In respect of every treasury management decision made the Council will:

a) Above all, be clear about the nature and extent of the risks to which the Council may become exposed
b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
c) Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping
d) Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded
e) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

3.1.3.2 In respect of borrowing and other funding decisions, the Council will:

a) consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets
b) evaluate the economic and market factors that might influence the manner and timing of any decision to fund
c) consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships
d) consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use and, if relevant, the opportunities for foreign currency funding.

3.1.3.3 In respect of investment decisions, the Council will:

a) consider the optimum period, in the light of cash flow availability and prevailing market conditions;
b) consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital;
c) in the case of investments outside the banking sector the Council will consider the appropriate level of asset security, such as Land Registry charges, local Land Charges, or holding asset deeds.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved Activities of the Treasury Management Operation

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and treasury management techniques;
- managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- managing cash flow;
- banking activities;
- the use of external fund managers (other than Pension Fund)
- leasing.

4.2 Approved Instruments for Investments

Refer to the Treasury Management Strategy.

4.3 Approved Techniques

- Forward dealing
- LOBOs – lenders option, borrower's option borrowing instrument
- The use of structured products such as callable deposits

4.4 Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003 and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Local temporary	●	●
Local Bonds	●	
Overdraft		●
Internal (capital receipts & revenue balances)	●	●
Leasing	●	●
Deferred Purchase	●	●

Other Methods of Financing

- Government and EC Capital Grants
- Lottery monies
- PFI/PPP

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The responsible officer has delegated powers in accordance with Financial Regulations, Standing Orders, the Scheme of Delegation to Officers Policy and the Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

4.5 Investment Limits

The Treasury Management Strategy Statement sets out the limits and the guidelines for use of each type of investment instrument.

4.6 Borrowing Limits

See the Treasury Management Strategy Statement and Prudential and Treasury Indicators.

TMP 5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

5.1 Allocation of responsibilities

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual treasury management strategy
- approval of capital strategy and capital programme
- approval of annual revenue budget

(ii) Cabinet

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

5.2 Principles and Practices Concerning Segregation of Duties

5.2.1 The following duties must be undertaken by separate officers: -

Dealing	Negotiation and approval of deal. Receipt and checking of brokers confirmation note against loans diary. Reconciliation of cash control account. Bank reconciliation
Accounting Entry	Production of transfer note. Processing of accounting entry
Authorisation/Payment of Deal	Entry onto system. Approval and payment.

5.3 Treasury Management Organisation Chart

Head of Finance

I

Finance Manager

I

Finance Officer (Exchequer Services)

5.4 Statement of the treasury management duties/responsibilities of each treasury post

5.4.1. The responsible officer

The responsible officer is the person charged with professional responsibility for the treasury management function and in this Council is the Head of Finance (This post is also the S151 officer.) This officer will carry out the following duties: -

a) recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
b) submitting regular treasury management policy reports
c) submitting budgets and budget variations
d) receiving and reviewing management information reports
e) reviewing the performance of the treasury management function
f) ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
g) ensuring the adequacy of internal audit, and liaising with external audit
h) recommending the appointment of external service providers.
i) The responsible officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
j) The responsible officer may delegate his power to borrow and invest to members of his staff, principally the Finance Manager, to act as temporary cover for leave/sickness. All transactions must be authorised by at least two of the bank signatories as approved in the Treasury Management Strategy Appendix 5.6.
k) The responsible officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
l) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations
m) It is also the responsibility of the responsible officer to ensure that the Council complies with the requirements of The Non Investment Products Code

(formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

5.4.2. Finance Manager (Deputy S151 officer)

The responsibilities of this post will be: -

a) duties as delegated by the responsible officer in accordance with 5.4.1 (j)
b) execution of transactions in accordance with good governance arrangements and adequate segregation – (second signatory)
c) oversight and review of forecast cash balances to inform treasury management decision making.

5.4.3. Finance Officer (Exchequer Services)

The responsibilities of this post will be: -

a) execution of transactions
b) adherence to agreed policies and practices on a day-to-day basis
c) maintaining relationships with counterparties and external service providers
d) supervising treasury management staff
e) monitoring performance on a day-to-day basis
f) submitting management information reports to the responsible officer
g) identifying and recommending opportunities for improved practices

5.4.4. The Head of the Paid Service – the Chief Executive

The responsibilities of this post will be: -

a) Ensuring that the system is specified and implemented
b) Ensuring that the responsible officer reports regularly to full Council and Cabinet on treasury policy, activity and performance.

5.4.5. The Monitoring Officer

The responsibilities of this post will be: -

a) Ensuring compliance by the responsible officer with the treasury management policy statement and treasury management practices and that they comply with the law.
b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice.
c) Giving advice to the responsible officer when advice is sought.

5.4.6. Internal Audit

The responsibilities of Internal Audit will be: -

a) Reviewing compliance with approved policy and treasury management practices.
b) Reviewing division of duties and operational practice.
c) Assessing value for money from treasury activities.
d) Undertaking probity audit of treasury function.

5.5 Absence Cover Arrangements

The Finance Manager is also the deputy S151 Officer. The Finance Manager will also ensure that cover is available for the Finance Officer (Exchequer Services) and other treasury management officers as necessary.

If and when this organisation intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements and the implications properly considered and evaluated.

5.6 Dealing Limits

The following posts are authorised to deal:

- The Head of Finance: limited to investments and loans of £5m per transaction. Amounts in excess of this limit should be by Scheme of Delegation.

5.7 Policy on Brokers' Services

It is this Council's policy to rotate business between brokers.

5.8 Policy on Taping of Conversations

It is not this Council's policy to tape brokers conversations.

5.9 Direct Dealing Practices

The Council will consider dealing direct with counterparties if it is appropriate and the Council believes that better terms will be available. At present, most deals are arranged by this method. There are certain types of accounts and facilities, however, where direct dealing is required, as follows;

- Business Reserve Accounts:
- Call Accounts:
- Money Market Funds.

5.10 Settlement Transmission Procedures

A formal letter signed by an agreed bank signatory setting out each transaction must be sent to the local authority's bankers where preliminary instructions have been given by telephone. For payments a transfer will be made through BACs or CHAPs to be completed by the appropriate bank deadlines in place that day.

5.11 Documentation Requirements

For each deal undertaken a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker.

5.12 Arrangements Concerning the Management of Third-Party Funds.

The Council does not currently manage any third-party funds. Trust funds are now held and administered by the Community Foundation for Lancashire.

5.13 Council Cheque and Bank Signatories

A list of the posts delegated with cheque and bank signatory authority are included within the appendices to the Treasury Management Strategy Statement.

TMP 6 Reporting Requirements and Management Information Arrangements

6.1 Annual programme of reporting

a) Annual reporting requirements before the start of the year: -
   a. review of the organisation's approved clauses, treasury management policy statement and practices
   b. strategy report on proposed treasury management activities for the year comprising of the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement
   c. capital strategy to give a longer term view of the capital programme and treasury management implications thereof beyond the three year time horizon for detailed planning

b) Regular review by Cabinet within the Financial Monitoring Reports incorporating Mid-Year Review

c) Annual review report after the end of the year within the out-turn Financial Monitoring Report.

6.2 Annual Treasury Management Strategy Statement (TMSS)

1. The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to the Cabinet and then to the full Council for approval before the commencement of each financial year.

2. The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter -term variable interest rates. For instance, this Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.

3. The Treasury Management Strategy Statement is concerned with the following elements:
   a) Prudential and Treasury Indicators
   b) current Treasury portfolio position
   c) borrowing requirement
   d) prospects for interest rates
   e) borrowing strategy
   f) policy on borrowing in advance of need
   g) debt rescheduling
   h) investment strategy
   i) creditworthiness policy
   j) policy on the use of external service providers
   k) any extraordinary treasury issue
   l) the MRP/VRP strategy

4. The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and highlight sensitivities to different scenarios.

6.3 The Annual Investment Strategy

Included within the Treasury Management Strategy Statement is the report on the Annual Investment Strategy which sets out the following: -

a) The Council's risk appetite in respect of security, liquidity and optimum performance
b) The definition of high credit quality to determine what are specified investments as distinct from non specified investments
c) Which specified and non specified instruments the Council will use
d) Whether they will be used by the in house team, external managers or both (if applicable)
e) The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
f) Which credit rating agencies the Council will use
g) How the Council will deal with changes in ratings, rating watches and rating outlooks
h) Limits for individual counterparties and group limits
i) Country limits
j) Levels of cash balances
k) Interest rate outlook
l) Budget for investment earnings
m) Policy on the use of external service providers

6.4 The Annual Minimum Revenue Provision Policy Statement

This statement will be submitted as one element of the Annual Treasury Management Strategy Statement and will set out how the Council will make revenue provision for repayment of its borrowing using the four options for so doing.

6.5 Policy on Prudential and Treasury Indicators

1. The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.
2. The responsible officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the responsible officer shall submit the changes for approval to the full Council

6.6 Regular and midyear review

The Council will review its treasury management activities and strategy on at least a six monthly basis, though in practice as part of regular financial monitoring to Cabinet. This review will consider the following:

a) activities undertaken
b) variations (if any) from agreed policies/practices

c) interim performance report
d) regular monitoring
e) monitoring of treasury management indicators for local authorities.

6.7 Management Information Reports, including a year-end performance report

Management information reports will be prepared for each Cabinet meeting, the final report going to the first available Cabinet after the year-end. These reports will contain the following information: -

a) a summary of transactions executed (may want to add brokers used and fees paid) and their revenue (current effects);
b) measurements of performance including effect on loan charges/investment income;
c) degree of compliance with original strategy and practices and explanation of variances.
d) any non compliance with Prudential limits or other treasury management limits.

6.8 Publication of Treasury Management Reports

Treasury Management information reports will be prepared for each Cabinet meeting and these are available as part of the agenda documents on the Council's website at www.rossendale.gov.uk .

The Annual Treasury Management Strategy Statement and the Treasury Management Practices are reviewed at the Full Council meeting each February and are again available as part of the agenda documents on the Council's website at www.rossendale.gov.uk .

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory/Regulatory Requirements

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices. The Council has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to this Council's treasury management activities.

7.2 Sample Budgets / Accounts / Prudential and Treasury Indicators

The Head of Finance will prepare at least a three year medium term financial plan with Prudential and Treasury Indicators for treasury management which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The Head of Finance will exercise effective controls over this budget and monitoring of performance against Prudential and Treasury Indicators, and will report upon and recommend any changes required in accordance with TMP6.

The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques.

7.3 List of Information Requirements of External Auditors.

- Reconciliation of loans outstanding in the financial ledger to Treasury Management records
- Maturity analysis of loans outstanding
- Certificates for new long term loans taken out in the year
- Reconciliation of loan interest, discounts received and premiums paid to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Calculation of interest on working balances
- Interest accrual calculation
- Principal and interest charges reports from the ledgers
- Analysis of any deferred charges
- Calculation of loans fund creditors and debtors
- Annual Treasury Report
- Treasury Management Strategy Statement and Prudential and Treasury Indicators
- Review of observance of limits set by Prudential and Treasury Indicators
- Calculation of the Minimum Revenue Provision
- External fund manager(s) valuations including investment income schedules and movement in capital values (if applicable)

7.4 Monthly Budget Monitoring Report

Monthly Budget Monitoring reports are produced for the Head of Finance with quarterly reports to Cabinet. The report is intended to highlight any variances between budgets and spend in order that the Council can assess its financial position. Details of treasury management activities are included within the Cabinet report.

TMP 8 Cash and Cash Flow Management

8.1 Arrangements for Preparing/Submitting Cash Flow Statements

Cash flow projections are prepared annually and updated monthly and daily. The annual and monthly cash flow projections are prepared according to known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

The responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1 - Liquidity risk management, and for the purpose of identifying future borrowing needs.

8.2 Bank Statements Procedures

The Council receives daily bank statements via a daily download of data from its bank. All amounts on the statement are checked to source data from Payroll, Creditors etc.

A formal bank reconciliation is undertaken on a monthly basis by the Finance Team.

8.3 Payment Scheduling and Agreed Terms of Trade With Creditors

Our policy is to pay all creditors as per the agreed terms of trading.

8.4 Arrangements for Monitoring Debtors / Creditors Levels

The Finance Manager is responsible for monitoring the levels of debtors and creditors.

8.5 Procedures for Banking of Funds

All money received by an officer on behalf of the Council will, without unreasonable delay, be passed to the Exchequer Team to deposit in the Council's banking accounts. Cash and cheques banked the previous day will be taken into account in the daily cash flow.

8.6 Practices Concerning Prepayments to Obtain Benefits

The Council has no formal arrangement in place. Where such opportunities arise, the prepayment would be sought and authorised by the Head of Finance.

TMP 9 Money Laundering

9.1 Proceeds of Crime Act 2002

Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are:

- concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property
- acquiring, using or possessing criminal property.

These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money-laundering activity in the UK risks a criminal conviction. Other offences under the POCA include:

- failure to disclose money-laundering offences
- tipping off a suspect, either directly or indirectly
- doing something that might prejudice an investigation – for example, falsifying a document.

9.2 The Terrorism Act 2000

This act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

9.3 The Money Laundering Regulations 2007, 2012 and 2015

Organisations pursuing relevant business (especially those in the financial services industry regulated by the FSA) are required to appoint a nominated officer and implement internal reporting procedures; train relevant staff in the subject; establish internal procedures with respect to money laundering; obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions. In December 2007 the UK Government published the Money Laundering Regulations 2007, which replaced the Money Laundering Regulations 2003.

9.4 Local authorities

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and subsequent Terrorism Acts and may commit most of the principal offences under the POCA, but are not legally obliged to apply the provisions of the Money Laundering Regulations 2007, 2012 and 2015. However, as responsible public bodies, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly this Council will do the following: -

a) evaluate the prospect of laundered monies being handled by them
b) determine the appropriate safeguards to be put in place
c) require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness
d) make all its staff aware of their responsibilities under POCA
e) appoint a member of staff to whom they can report any suspicions. This person is Head of Finance
f) in order to ensure compliance is appropriately managed, this Council will require senior management to give appropriate oversight, analysis and assessment of the risks of clients and work/product types, systems for monitoring compliance with procedures and methods of communicating procedures and other information to personnel.
g) The officer responsible for the creation and monitoring the implementation of a corporate anti money laundering policy and procedures is The Head of Legal and Democratic Services and it shall be a requirement that all services and departments implement this corporate policy and procedures.

9.5 Procedures for Establishing Identity / Authenticity Of Lenders

It is not a requirement under POCA for local authorities to require identification from every person or organisation it deals with. However, in respect of treasury management transactions, there is a need for due diligence and this will be effected by following the procedures below.

The Council does not accept loans from individuals.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FSA website on www.fca.gov.uk.

When repaying loans, the procedures in 9.6 will be followed to check the bank details of the recipient.

9.6 Methodologies for Identifying Deposit Takers

In the course of its treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FSA register can be accessed through their website on www.fca.gov.uk.

All transactions will be carried out by BACS or CHAPs for making deposits or repaying loans.

TMP 10 Training and Qualifications

The Council recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity. There are two categories of relevant individuals: -

a) Treasury management staff employed by the Council
b) Members charged with governance of the treasury management function

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a Personal Development Review system which identifies the training requirements of individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job and it will be the responsibility of the Head of Finance to ensure that all staff under his / her authority receive the level of training appropriate to their duties. This will also apply to those staff who from time to time cover for absences from the treasury management team.

10.1 Details of Approved Training Courses

Treasury management staff and members will go on courses provided by our treasury management consultants, CIPFA, money brokers etc.

10.2 Records of Training Received by Treasury Staff

The People and Policy department will maintain records on all staff and the training they receive.

10.3 Record of Secondment of Senior Management

Records will be kept of senior management who are seconded into the treasury management section in order to gain firsthand experience of treasury management operations.

10.4 Statement of Professional Practice (SOPP)

1. Where the Chief Financial Officer is a member of CIPFA, there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.
2. All staff involved in treasury management activities must also comply with the SOPP.

10.6 Member training records

Records will be kept of all training in treasury management provided to members.

10.7 Members charged with governance

Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

TMP 11 Use of External Service Providers

11.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Consultants, Advisers

This Council will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external consultants to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

It will also ensure that the skills of the in house treasury management team are maintained to a high enough level whereby they can provide appropriate challenge to external advice and can avoid undue reliance on such advice.

Treasury management staff and their senior management will therefore be required to allocate appropriate levels of time to using the following sources of information so that they are able to develop suitable levels of understanding to carry out their duties, especially in challenge and avoiding undue reliance.

- The quality financial press
- Market data
- Information on government support for banks an
- The credit ratings of that government support

11.1.1 Banking Services

a) Name of supplier of service is the NatWest Bank.

b) Regulatory status – banking institution authorised to undertake banking activities by the FSA

c) The branch address is:

28 Bank Street
Rawtenstall
Rossendale
Lancashire
BB4 8TS
Tel :- 0151 802 9354 (Business Banking) or
0845 302 1511 (Branch Banking)

d) Contract commenced 1992

e) Cost of service is variable depending on a schedule of tariffs set annually applied to volumes of transactions

f) Payments are due monthly and quarterly

11.1.2 Money-Broking Services

The Council may use money brokers for temporary borrowing and investment and long term borrowing. It will seek to give an even spread of business amongst the approved brokers.

11.1.3 Consultants'/Advisers' Services

Treasury Consultancy Services

The Council will seek to take expert advice on interest rate forecasts, annual treasury management strategy, timing for borrowing and lending, debt rescheduling, use of various borrowing and investment instruments, how to select credit worthy counterparties to put on its approved lending list etc.

The performance of consultants will be reviewed annually by the Head of Finance to check whether performance has met expectations.

a) Name of supplier of service is Link Treasury Solutions. Their address is 65 Gresham Street, London, EC2V 7NQ
b) Regulatory status: investment adviser authorised by the FCA
c) Cost of service in 2020/21 was £7,500.
d) Payments are due bi-annually in April and October

11.1.4 Procedures and Frequency for Tendering Services

As per the Council's contract procedure rules.

TMP 12 Corporate Governance

12.1.1 List of documents to be made available for public inspection

a. The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.

b. It has adopted the CIPFA Code of Practice on Treasury management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

c. The following documents are available for public inspection: -

Treasury Management Strategy Statement

including the Annual Investment Strategy

Treasury Management Policy Statement

Minimum Revenue Provision Policy Statement

Treasury Management monitoring reports produced as part of the Council's regular financial monitoring reports to Cabinet.

Annual Statement of Accounts

Annual Revenue Budget and MTFS

Capital Strategy and 5 Year Capital Programme

Minutes of Council / Cabinet / committee meetings

Third party expenditure via quarterly corporate spend analysis published on the website to comply with the coalition government's transparency agenda.

IMP Investment Management Practices for Investments that are not part of Treasury Management activity

This Council recognises that investments taken for non-treasury management purposes require careful investment management. Such investments include loans supporting service outcomes, investments in subsidiaries, or investment property portfolios.

For Rossendale Borough Council this could include developments at Futures Park, plots 1 & 5. The Council's Investment Properties were valued at a net book value of £550k at the 31st March 2021.

The Council's annual treasury management strategy, Capital Strategy, Investment Strategy and similar documents will cover all the organisation's investments, and will set out, where relevant, specific policies and arrangements for non-treasury investments.

This schedule will include a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and contingent liabilities and the authority's risk exposure. It will be recognised that the risk appetite for these activities may differ from that for treasury management and this is contained within the Council's approved. Capital Strategy.

CIPFA recommends separate Investment Management Practices (IMPs) for non-treasury activities and acknowledges reference to TMPs 1, 2, 5, 6, and 10 for the management of **Risk, Performance, Governance, Reporting** and **Training**, respectively.

Information suggested for non-treasury investments:

1.1 Risk management

The cross-sectoral guidance recognises the categories of investments as follows:

- For treasury management purposes
- For service delivery purposes
- For commercial purposes, including non-financial assets held primarily for financial return, such as commercial properties.

Organisations are required to establish investment management practices for their non-treasury management investments, similar to their treasury management practices. The IMP recommends a schedule for each such investment portfolio, setting out the investment objectives, investment criteria, risk management arrangements, decision-making and reporting arrangements, performance measurement and management, and arrangements for training and qualifications.

The basic principle is that the TM Code covers all investments, and the organisation should ensure that it has due diligence, investment management and risk management arrangements in place and monitored actively for its service and commercial investment portfolios, as well as for its treasury management investments.

NOTICE OF MOTION FOR FULL COUNCIL

UNDER PARAGRAPH 11.1 OF THE COUNCIL PROCEDURE RULES

The following Motion to be submitted to Full Council on the date indicated below:-	
Any new housing developments across the whole of Rossendale, that all developer's pay for and cover all costs incurred for all blue, green and grey household waste collection bins. This now needs to be included as part of any Planning Conditions prior to any planning approval to all and any housing developments, to comply with Rossendale Borough Council's Clean and Green agenda and priorities.	
Date of Council Meeting:-	23rd February 2022
Notice submitted from	
Councillor Alan Neal	Date: 23rd January 2022
Councillor Margaret Pendlebury	Date: 23rd January 2022
Notice received and validated by the S151 Officer: Karen Spencer	
Comments: There is no additional cost to the Council arising from this Notice of Motion.	Date: 3rd February 2022
Notice received and validated by the Monitoring Officer: Clare Birtwistle	
Comments: Any requirement for developer contributions would form part of a s106 agreement rather than a planning condition as it would not meet the legal tests or be enforceable as a condition. Each case would have to be considered on its planning merits as to whether it would meet the legal tests for requiring such a s106 contribution from the developer.	Date: 3rd February 2022
Notice received on behalf of the Head of the Paid Service and entered in the book open to Public Inspection	
Received by: Neil Shaw	Date: 24th January 2022