

Meeting of: The Cabinet

Date 7th February 2024

Time: 6.30pm

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



The meeting will also be live streamed at the following link:

<https://www.youtube.com/channel/UCrLsMDOP7AYxik5pNP0gTIA/streams>

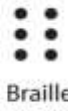
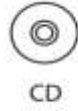
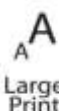
Supported by: Glenda Ashton, Committee and Member Services officer Tel: 01706 252423

Email: democracy@rossendalebc.gov.uk

ITEM	Lead Member/Contact Officer	
A.	BUSINESS MATTERS	
A1.	Apologies for Absence	<p>Clare Birtwistle, Monitoring Officer 01706 252438 clarebirtwistle@rossendalebc.gov.uk</p>
A2.	Minutes of the last meeting To approve and sign as a correct record the Minutes of the meeting held on 6 th December 2024.	
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 <i>Members are advised to contact the Monitoring Officer in advance of the meeting to seek advice on interest issues if necessary.</i> 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.	COMMUNITY ENGAGEMENT	
B1.	Public Question Time Members of the public can register their question by contacting the Committee Officer. Groups with similar questions are advised to appoint and register a spokesperson. This is an opportunity to ask a question about an agenda matter which the Council may be	<p>Glenda Ashton, Committee and Member Services Officer</p>

The agenda and reports are also available for inspection on the Council's website <https://www.rossendale.gov.uk/>. Other formats are available on request. Tel 01706 217777 or contact Rossendale Borough Council, Futures Park, Bacup, OL13 0BB

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ITEM	Lead Member/Contact Officer	
	<p>able to assist with. A time limit applies for each question and you are only able to address the meeting once.</p> <p>To register for public question time your question must be received no later than 9.00am two working days prior to the day of the meeting by emailing democracy@rossendalebc.gov.uk Please give your full name, telephone number and include a copy of your question.</p> <p>At the meeting you will be invited to speak at the appropriate time, please begin by giving your name and state whether you are speaking as an individual member of the public, or as a representative of a group. (Question time normally lasts up to 30 minutes).</p>	<p>01706 252423 democracy@rossendalebc.gov.uk</p> <p>Please register an agenda related public question by emailing democracy@rossendalebc.gov.uk no later than 9.00am Friday 2nd February 2024</p>
C.	CHAIR'S UPDATE	
C1.	Update from the Chair of the Overview & Scrutiny Committee	Councillor A Barnes
D.	PERFORMANCE MATTERS	
D1.	2024/25 Council Budget and Medium Term Financial Strategy	Councillor Oakes/Karen Spencer Chief Finance Officer/S151 Officer 01706 252409 karenspencer@rossendalebc.gov.uk
D2.	Capital Programme 2023/24 – 2027/28 and Capital Strategy 2024/25	Councillor Oakes/Karen Spencer Chief Finance Officer/S151 Officer 01706 252409 karenspencer@rossendalebc.gov.uk
D3.	Treasury Management Strategy & Treasury Management Practises	Councillor Oakes/Karen Spencer Chief Finance Officer/S151 Officer 01706 252409 karenspencer@rossendalebc.gov.uk



Rob Huntington
Chief Executive

Date Published: 30th January 2024

MINUTES OF: THE CABINET

Date of Meeting: Wednesday 6th December 2023

**Present: Councillor A Barnes (Chair)
Councillors Ashworth, Lythgoe, McInnes and Oakes**

**Rob Huntington, Chief Executive
David Smurthwaite, Director of Economic Development
Clare Birtwistle, Head of Legal (Monitoring Officer)
Clare Law, Head of People and Policy
Karen Spencer, Chief Finance Officer (Section 151 Officer)
Andy Taylor, Head of Environmental Services
Kelly Jenkinson, Housing Renewal Manager
Anne Storah, Principal Planner (Forward Planning)**

Also present: 1 member of the public

1. APOLOGIES FOR ABSENCE

It was noted that Councillor Hughes had resigned as a member of Rossendale Council.

2. MINUTES OF THE LAST MEETING

Resolved:

That the minutes of the meeting held on 18th October 2023 were agreed as a correct record.

3. URGENT ITEMS OF BUSINESS

There were no urgent items.

4. DECLARATIONS OF INTEREST

Councillor A Barnes declared a disclosable pecuniary interest in the Home Improvement Agency element of item 7, Disabled Facilities Grant Policy Review.

5. PUBLIC QUESTION TIME

No written questions had been submitted.

6. UPDATE FROM THE CHAIR OF THE OVERVIEW & SCRUTINY COMMITTEE

The Leader gave a brief overview of the items discussed at the Overview and Scrutiny Committee on 13th November 2023.

7. DISABLED FACILITIES GRANT POLICY REVIEW

The Lead Member for Communities, Health and Wellbeing outlined the report, which asked Cabinet to approve the Housing Assistance Policy 2023, to replace the Disabled Facilities Grant Policy 2020-22. To delegate authority for the procurement of a Home Improvement Agency and any future minor amendments to the policy.

Cabinet members were invited to comment on the report:

- Thanks to the Housing Renewal Manager for all her work on the policy.
- The policy would not be applied retrospectively to applications already received.

Resolved:

Cabinet agreed to:

1. Approve the Housing Assistance Policy 2023, replacing the Disabled Facilities Grant Policy 2020-22.
2. Delegate authority to the Director of Economic Development, Head of Legal Services and Lead Member to procure a Home Improvement Agency.
3. Delegate any future minor amends and changes to the Director of Economic Development in consultation with the Lead Member.

Reason for Decision:

The Housing Assistance Policy is designed to support residents of Rossendale by providing comprehensive housing assistance, ensuring accessibility, safety, and comfort for all. The policy replaces the previous Disabled Facilities Grant Policy, expanding its scope to maximise spend and offer increased support to Rossendale residents.

Alternative Options Considered:

None.

8. ANNUAL AIR QUALITY REPORT 2023

The Lead Member for Environment and Corporate Services outlined the report, which asked Cabinet to note the contents of the report.

Cabinet members were invited to comment on the report:

- It was an important issue that the Council took seriously, which was evident in the successes achieved.
- Issues of concern were investigated and it was determined where to monitor.
- The wording around the use of more natural household sprays needed to be reviewed.

Resolved:

1. Cabinet noted the contents of the report.

Reason for Decision:

Success in improving the air that we breathe relies on action by a wide range of organisations and individuals and continued work across the authority and in partnership with other public and private organisations is central to achieving this.

Alternative Options Considered:

None.

9. AUTHORITY MONITORING REPORT FOR 2022-2023 INCORPORATING THE LOCAL DEVELOPMENT SCHEME

The Lead Member for Planning, Licensing and Enforcement outlined the report, which asked Cabinet to note the contents of the report, agree the Local Development Scheme, consider updating the Statement of Community Involvement and to delegate minor changes to the Authority Monitoring Report to the Lead Member and Head of Planning.

Cabinet members were invited to comment on the report:

- The Principal Planner was thanked.
- Members to be encouraged to keep knowledge up to date and receive a copy of the report for them to review and digest.

- Pleased to see the Hot Food Policy included.
- Keeps the Local Plan alive.

Resolved:

Cabinet:

1. Noted the contents of the Rossendale Authority Monitoring Report (AMR) for 2022-23, which reports on planning related data for the period 1 April 2022 to 31 March 2023.
2. Agreed the Local Development Scheme, which provides a timetable for additional guidance including Supplementary Planning Documents.
3. Considered updating the Statement of Community Involvement, unless changes proposed in the Government's planning reform indicate otherwise.
4. Delegated minor changes to the Authority Monitoring Report, including the incorporated Local Development Scheme, to the Lead Member and the Head of Planning.

Reason for Decision:

It is still considered too early to identify trends that may indicate the planning policies are not being implemented effectively, or failing to meet their intended outputs. Work will continue with colleagues particularly in Economic Development to keep the review of the Local Plan policies under review.

The Local Development Scheme will be kept under review, in light of the changes proposed by DLUHC, and will be reviewed accordingly in time.

The Council is legally required to review the Statement of Community Involvement within five years of it being adopted. Given that further changes are expected to come forward, especially promoting digitalisation within planning, it is considered that a light-touch review will be undertaken initially with other changes addressed later.

Alternative Options Considered:

None.

10. PERFORMANCE MANAGEMENT REPORT Q2 2023/24

The Lead Member for Environment and Corporate Services outlined the report, which asked Cabinet to note and consider the Council's performance as detailed in the report.

Cabinet members were invited to comment on the report:

- The Head of People and Policy was thanked.
- Keen to use as a management tool and not just reporting.

Resolved:

1. Cabinet noted the content of the Performance Management Report Q2 2023/24.

Reason for Decision:

Monitoring the Council's performance will enable Cabinet to identify and consider any actions, projects, performance measures or corporate risks requiring further action.

Alternative Options Considered:

None.

11. FINANCIAL MONITORING REPORT QUARTER 2 2023/24

The Lead Member for Resources outlined the report, which asked Cabinet to note the content

of the Quarter 2 Financial Monitoring report.

Cabinet members were invited to comment on the report:

- Thanks to the Chief Finance Officer and the Finance team.
- Is there comparable data for all authorities?
- Most authorities have a funding gap but some have greater reserves.
- A need to write to MPs more than we actually do, to put pressure on Government to provide funding.

Resolved:

1. Cabinet noted the content of the Q2 Financial Monitoring report.

Reason for Decision:

To note the Quarter 2 monitoring report.

Alternative Options Considered:

None.

12. MEDIUM TERM FINANCIAL STRATEGY UPDATE

The Lead Member for Resources outlined the report, which asked Cabinet to note and consider the contents of the report.

Cabinet members were invited to comment on the report:

- The impact of the pay award was noted.
- Would the retained Business Rates remain the same? Review may be pushed back due to likely Parliamentary Election next year.
- The Leisure Trust was a risk and was being closely monitored.
- The importance of our Health Plan was noted.
- Thanks again to the Finance team.

Resolved:

1. Cabinet noted the contents of the Medium Term Financial Strategy update.

Reason for Decision:

To consider and monitor the Medium Term Financial Strategy.

Alternative Options Considered:

None.

13. EXCLUSION OF PUBLIC AND PRESS

Resolved:

That public and press be excluded from the following item of business under Section 100 (A)(4) of the Local Government Act 1972 since the item involved the likely disclosure of exempt information under Part 1 Paragraph 3 of Schedule 12A to the Local Government Act 1972.

14. BUSINESS CASE FOR COUNCIL OWNED SUPPORTED ACCOMMODATION

The Lead Member for Communities, Health and Wellbeing outlined the report. Cabinet members commented on the report. Thanks were expressed to the Head of Housing and Regeneration.

Resolved:

1. The report was agreed.

Reason for Decision:

To agree the report.

Alternative Options Considered:

None.

The meeting concluded at 7.39pm

_____ CHAIR _____ DATE

Subject:	2024/25 Council Budget and Medium Term Financial Strategy	Status:	For Publication
Report to:	Cabinet	Date:	7 th February 2024
Report of:	Chief Finance Officer	Lead Member:	Resources
Key Decision:	X Forward Plan X	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	Yes/No	Attached: Yes/No
Biodiversity Impact Assessment:	Required:	Yes/No	Attached: Yes/No
Contact Officer:	Karen Spencer	Telephone:	01706 252409
Email:	karens pencer@rossendalebc.gov.uk		

1. RECOMMENDATION(S)

Cabinet recommend that Council approve:

- 1.1. A revenue budget for 2024/25 of £10.623m, as detailed in this report
- 1.2. A Council Tax increase of 2.99%, increasing the Council Tax rate for a Band D property from £299.49 to £308.44, an increase of £8.95 pa.
- 1.3. Use of £688k from the reserves to support the 2024/25 revenue budget.
- 1.4. The proposed fees and charges attached as Appendix 1

2. EXECUTIVE SUMMARY

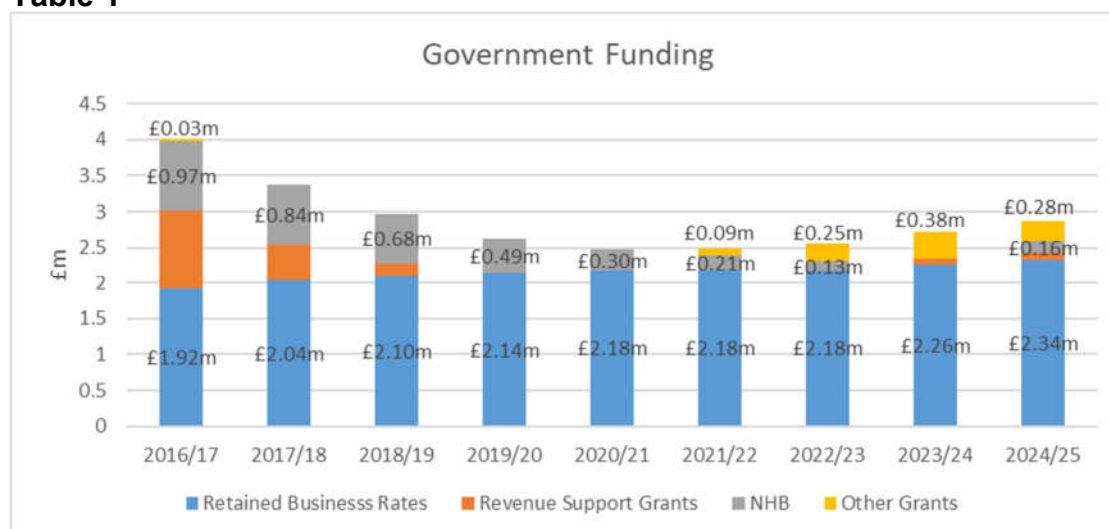
- 2.1 The purpose of the report is to enable the Cabinet to recommend to Council the proposed revenue budget and level of Council Tax for 2024/25, together with implications for the Council's Medium Term Financial Strategy

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 for 2024/25.
- 3.3 The Government has confirmed that the Review of Relative Needs and Resources (also known as the Fair Funding Review) and the business rates reset will not be implemented in the current Parliament, although state that they remain committed to improving the local government finance landscape in the next Parliament.
- 3.4 For a number of years the council has continued to reduce its net revenue expenditure in line with its own efficiency agenda, and 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 2024/25, with the traditional Revenue Support Grant ceasing in 2018/19.

Table 1



4. 2024/25 Provisional Finance Settlement

4.1 The provisional Settlement Funding Assessment for 2024/25 was announced on 18th December 2023. The key messages from the settlement are:

- Up to 2.99% maximum annual increase for Council Tax without triggering a local referendum. It needs to be noted that the Governments 'Core Spending Power' calculations assume all council's increase their Council Tax by the maximum allowed.
- The NNDR baseline funding has been increased.
- New Homes Bonus payments will be made in 2024/25 for one year only.
- Extension of the 'Services Grant' in to 2024/25, albeit reduced to pay for other parts of the settlement
- The Funding Guarantee introduced last year will be maintained. This will ensure that all authorities will see at least a 3% increase in their core spending power before any decision they make about organisational efficiencies, use of reserves, and council tax levels.

4.2 The Government announcement indicates that Local Government Core Spending Power will rise by an average 6.5% in 2024/25. However as a shire district, Rossendale will see an increase in Core Spending Power of 5.2% before any changes in council tax charges are taken into account. After factoring in the proposed council tax increase the Council's Core Spending Power will increase by 4.71%. Whilst the additional funding is welcomed, following years of austerity and with the 2023/24 pay award average increase being 6.2%, and indications that 2024/25 will be similar, this still leaves this Council with a significant funding gap.

5. The Medium Term Financial Strategy

5.1 Taking into account the impact of the finance settlement, including an annual increase in Council Tax of 2.99% per annum, the 2023/24 net budget estimates, resources and future forecasts are as follows:

Table 2

	2023-24	2024-25	2025-26	2026-27	2027-28
	£000	£000	£000	£000	£000
Original Budget - February 2023	10,256	10,550	10,772	11,004	11,827
Additional in year pressures	52				
Savings Proposals		(123)	(484)	(539)	(540)
Savings/Income growth required*			(275)	(750)	(1,200)
Revised Budget Estimates	10,308	10,623	10,581	10,282	10,087
Estimated Funding:					
Council Tax (+2.99%)	6,238	6,444	6,637	6,835	7,039
Council Tax - growth in base			48	98	149
Collection Fund Surplus - CTax	40	120			
Retained Business Rates	2,261	2,335	2,335	2,335	2,335
Revenue Support Grant**	85	91	91	91	91
Funding Guarantee	290	268	-	-	-
Services Grant	85	14	-	-	-
New Homes Bonus	1	163	-	-	-
NNDR Growth/Pooling	500	500	200	200	200
Resources	9,500	9,935	9,311	9,559	9,814
Call on Reserves	(808)	(688)	(1,270)	(723)	(273)
Available Reserves					
Balance of Reserves b/f	4,753	3,945	3,257	1,987	1,264
Less to/(-)from reserves in year	(808)	(688)	(1,270)	(723)	(273)
Year End Reserves Balance	3,945	3,257	1,987	1,264	991

* This is the amount of savings/income growth required to maintain the minimum reserves balance

**Rolled in Local Council Tax Support Admin and Family Annex Grants

5.2 Changes in the base budget costs between 2023/24 and 2024/25 are as follows:

Table 3

Forecast Changes	£000
2023/24 Base Budget	10,256
Employment Costs (Pay Award & Increments)	555
Inflation (Utilities)	(66)
Vehicle Fuel	(70)
NET Revenues & Benefits Contract Inflation	67
Insurance Inflation	80
General Inflation	60
Temporary Accommodation	100
Bank Charges	(20)
Financing not required in year	(145)
Previous Years Budget Proposals	(91)
Current Year Budget Proposals	(123)
Various small technical adjustments	20
2024/25 Base Budget	10,623

5.3 The budget proposals for 2024/25 onwards are set out below:

Table 4

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Budget Proposals	2024-25	2025-26	2026-27	2027-28
	£000	£000	£000	£000
Income & Efficiencies				
i) Business Centre	(5)	(30)	(30)	(30)
ii) Markets	(6)	(20)	(20)	(20)
iii) Corporate Estates	(41)	(115)	(151)	(151)
iv) Bus Station/Shelters	-	(14)	(29)	(29)
v) Waste Collection Efficiencies	-	(150)	(150)	(150)
vi) Four Yearly Elections	-	(37)	(37)	(37)
vii) Member Allowances	-	(11)	(11)	(11)
Staffing				
viii) Vacant post management	(71)	(107)	(111)	(112)
	(123)	(484)	(539)	(540)

Description

- i) Review space and increase lets in Futures Park Business Centre
- ii) Savings whilst Bacup Market closed and increased income after markets refurbished
- iii) Review usage of all corporate estates with a view to increasing rental income or disposal
- iv) Review management of site and departure charges
- v) Waste Management round optimisation efficiencies
- vi) Annual saving from moving to 4 yearly elections
- vii) Saving made by reducing from 36 Councillors to 30 following the implementation of the Boundary Review
- viii) Removal of vacant posts following phased retirements

5.4 Based on the above, the draft budget book for 2024/25 is included at Appendix 2. Key assumptions are:

1. Budget estimates:

- a) Average pay award in 2023/24 now 6.21% (in line with the final pay award), 5% in 2024/25 and 2% pa thereafter
- b) Assumes an annual staff vacancy saving of £200k pa
- c) General price inflation – a freeze on all general revenue expenditure with the exception of pay, utility budgets and contractual increases
- d) Employers Pension Contribution – 14.6% for the period 2023/24 to 2025/26
- e) Employer National Insurance Contributions – 13.8%. The average rate for the Council is 9.9% in 2024/25 (9.7% in 2023/24)
- f) Council Tax increase – assumes 2.99% pa, this is the maximum the Council Tax Principles will allow for 2024/25.
- g) NNDR baseline – the current assumption is for the baseline to remain static throughout the life of the forecast
- h) 2024/25 assumes a £500k pa pooling gain, based on current 2023/24 forecasts.

2. Council tax to increase by 2.99% (2.99% in February 2023) with growth in the tax base of 0.75% pa included from 2024/25 onwards.

3. The Government's provisional settlement (December 2022) confirmed the NNDR baseline funding plus other one-off grants.

4. NNDR:

- a) The benefits of the 2023/24 pooling arrangement are currently forecast to contribute c£500k to the 2023/24 budget. Pooling gains reduced significantly during the pandemic due to the additional reliefs Government granted and the impact they had on the NNDR Collection Fund, if Government announce further reliefs to assist with the current economic crisis this could negatively affect the level of pooling gain.
- b) The Government has announced that business rate pools will continue into 2024/25. However beyond 2024/25 the outlook is very uncertain. The MTFs does assume a continued retained growth/pooling gain of £200k pa, less than previous assumptions. Given the Government's previous consultation on business rates retention, this assumption continues to have some risk as the 2025/26 and future position could be that all or some greater proportion of growth will be taken away from council.

6. Impact on Reserves

6.1 As shown in table 2 the forecast relies on the use of reserves to balance the budget throughout its lifespan. This is not a sustainable option and work is ongoing to generate additional income and savings. Table 2 also demonstrates the level of additional income/savings required to maintain the Council's minimum level of reserves.

6.2 Sections 32 and 43 of the Local Government Finance Act 1992 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 2024/25, 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.

7. Council Tax for 2024/25

7.1 Cabinet will make its final recommendation for Full Council to approve on 28th February 2024. Other precepting authorities will announce their Council Tax charges as follows:

- Lancashire County Council – 23rd February 2024
- Lancashire Fire & Rescue – 19th February 2024
- Lancashire Police & Crime Commissioner – Early February 2024
- Whitworth Town Council – 25th January 2024

7.2 The proposed Band D Council Tax for 2024/25 and the previous charge across Rossendale is as follows:

Table 5

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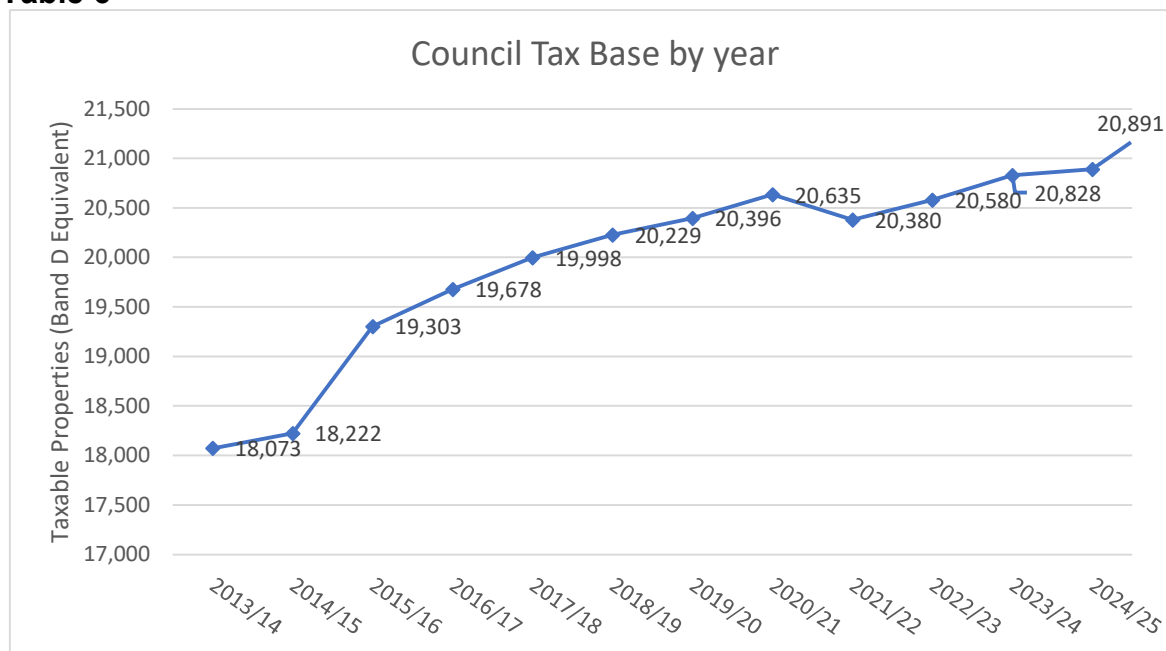
Precepting Body	% Increase	2023/24	2024/25	Increase £	% Share	2023/24	2024/25	Increase £
		Band D £	Band D £			Band A £	Band A £	
Rossendale BC	2.99%	299.49	308.44	8.95	13.3%	199.66	205.63	5.97
Lancashire County Council *	3.00%	1,364.66	1,411.86	47.20	61.1%	909.77	941.24	31.47
LCC Adult Social Care *	1.99%	210.05	241.43	31.38	10.4%	140.03	160.95	20.92
Combined Fire Authority *	2.99%	82.27	84.73	2.46	3.7%	54.85	56.49	1.64
Police & Crime Commissioner *	5.17%	251.45	264.45	13.00	11.4%	167.63	176.30	8.67
Total (Excl' Whitworth)	4.66%	2,207.92	2,310.91	102.99	100.0%	1,471.95	1,540.61	68.66
Whitworth Parish Council	14.11%	27.14	30.97					
Total Whitworth Parish	4.78%	2,235.06	2,341.88					

* At the time of publication the 2024/25 rates have not yet been approved.

8. Council Tax Base

- 8.1 For 2024/25 the Council has seen 284 new properties added to the valuation list, with the majority of these being Band B properties. The Band D Tax base has increased by 63 properties – 0.3% to 20,891 Band D equivalents. The table below shows the growth trend.

Table 6



- 8.2 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 185 pa (albeit there is no Band D equivalent published).

9. Fees and Charges

- 9.2 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 to ensure costs are being recovered. A full list of fees (including previous year comparisons) are included at Appendix 1.

10. Bridging the Council's future funding gap

- 10.1 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.

11. RISK

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

- 11.1 **Council Tax:** In setting the 2024/25 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 3%.
- 11.2 **Reserves:** The level of reserves is still an estimate until the external auditors sign off the proposed amendments to the previous years accounts. Members should note that the 2024/25 budget proposals include the use of £688k from the Transitional reserve. The un-ringfenced reserves are the Transitional, General Fund and some Directorate 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.
- 11.3 **Resources:** The Council faces significant financial pressures, with table 1 showing the continued real time reduction in Government funding. The financial settlement is for a single year 2024/25, this makes resource planning extremely difficult. The Review of Relative Needs and Resources (also known as the Fair Funding Review) and the business rates reset will not be implemented in the current Parliament.
- 11.4 **Funding gap:** The medium-term financial forecast indicates the Council needs to generate additional income or savings of c£1.2m annually by 2027/28 to maintain the minimum level of reserves (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.
- 11.5 **NNDR arrangements for 2024/25:** The Government has announced that the Business Rates reset will not be implemented in the current Parliament. Therefore arrangements for 2024/25 are the same as 2023/24. The council remains a member of the Lancashire Business Rates Pool which means the council retains 40% of all business rates growth 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 over recent years the impact of Covid and the economic crisis have significantly reduced the benefits achieved from the pool.

- 11.6 **Pay:** The 2022/23 pay award equated to an average 6.63% increase for this Council. National Employers have indicated the award is likely to be similar for 2023/24, therefore the budget assumes a 5% pay award in 2023/24 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
- 11.7 **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 2024/25 based on the estimated capital expenditure is c£644k, however based on current schemes this rises to c£913k by 2027/28. This places additional pressure on the MTFS.
- 11.8 **Empty Homes Scheme:** The project continues to have a significant adverse impact on the council's financial position. The project team continue to closely monitor the scheme, manage the project risks and legacy issues. The scheme is due to end in December 2024.
- 11.9 **Rossendale Leisure Trust (RLT):** The cost of living crisis is having a significant impact on leisure facilities across the country, including the Leisure Trust. The Trust is estimating an income shortfall in 2024/25. The Trust and the Council are trying to mitigate the risks as much as possible, however many of the factors are beyond the Trusts' and the council's control. The recommendations in the Grant Thornton report have been implemented and are subject to regular monitoring. The announcement in the Autumn Statement of a further c10% increase in the living wage from April 2024 will place further pressure on the Trust. The Trust and the council need to continue to work together to control the losses wherever possible. This is a major risk for the council in that the Trust is a significant debtor, and in respect of the ongoing delivery of leisure services across the borough. It is critical that the Trust becomes financially sustainable and financially independent of the council.
- 11.10 **The Whitaker:** The cost of living crisis is also impacting on the hospitality operation at the Whitaker, which is in significant debt to RLT (the parent company). The Whitaker Board have recently published a tender opportunity for a hospitality partner to run that side of the business. This is a risk for the Council as it is the accountable body for the NLHF grant, which may be subject to clawback if the Whitaker were to close. The Council is working closely with RLT and the Board to mitigate this risk.
- 11.11 **Temporary Accommodation:** The current demand for temporary accommodation is placing significant pressure on the Council's revenue budget. Whilst the Council claims Housing Benefit towards the cost, this only covers c20% of the expenditure. The Housing Options team are working hard to reduce costs wherever possible and the Council is investigating longer term solutions.
- 11.13 **Corporate Risk register:** The register includes risks around the MTFS, Sustainable Workforce 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.

12. Section 25 Report

12.1 As part of the final recommendations to Full Council, Section 25 of the Local Government Act (2003) places a requirement on the Section 151 Officer 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.

12.2 The Chief Finance Officer (as the officer designated under Section 151 of the Local Government Act 1972) has produced the following statements in respect of the proposed budget for 2024/25:

- Acknowledging the contents of this report and setting this within the wider control framework and financial management arrangements within the council, 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 climate. I therefore consider the Council’s budget for 2024/25 to be robust.
- I am of the view that the Council is pursuing a sound financial strategy in the context of the challenging financial position. However, there remains a high level of uncertainty. The current economic situation of higher inflation and interest rates means the Councils financial position is constantly changing. Depending on the shift/outcome of these risks there could be a major movement on the financial forecast set out above. The Cabinet and Corporate Management Team will be working to firm up the 2025/26 savings proposals and formulate the plans for identifying the additional savings requirement during 2024 and will continue monitoring the current economic position.
- In relation to financial reserves, the levels continue to be closely monitored and if the savings/income generation schemes set out in table 2 are achieved the level of reserves is adequate for the lifetime of this forecast. However if the savings are not achieved or the additional income isn’t generated the Council’s reserves will be exhausted by the end of this forecast.

13. FINANCE

13.1 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 2.99% 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.

13.2 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.

13.3 Given the 2024/25 cost base and the financial gap over the longer term the 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 uncertainty of future funding levels given the Review of Relative Needs and Resources (also known as the Fair Funding Review) and the business rates reset have not been implemented. With the prospect of a general election this year it is unknown as to when this will happen.

14. LEGAL

14.1 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.

15. POLICY AND EQUALITIES IMPLICATIONS

15.1 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 – November and December 2023 and January 2024
- Members - January 2024
- Public (via social media and the council's website) – January 2024
- Overview & Scrutiny - February 2024

16. CONCLUSIONS

16.1 The financial position for the council, like all local authorities, is challenging and subject to a high-level of risk regarding the current economic position. The council is proposing to set a revenue budget for 2024/25 of £10.623m.

16.2 There are a number of significant risks outside the council's control which remain a major concern including the current economic crisis and the uncertainty of future Government funding levels. Members will be kept updated on latest financial projections, local Government Finance announcements and risks as they transpire.

16.3 The Council carefully considers and monitors the MTFs and the risks as set out in this report and in the Corporate Risk Register. The Council has a risk management strategy in place to identify and evaluate risks. Risks are identified, potential impacts are highlighted and controls and mitigations are set in place. The Council monitors and reports to Cabinet Members and Audit and Accounts Committee during the year.

16.4 The Council currently holds a number of earmarked reserves, these are funds set aside for funding future liabilities, however they are being used to fund the shortfall between how much the Council spends and how much funding the Council receives. Based on the estimates detailed in section 5 above, if no further savings/efficiencies or additional income is generated these reserves will be exhausted over the life of the current forecast.

16.5 Whilst the Council is currently developing several income generating regeneration schemes, which will support the budget in the longer term. It 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
Revenue Budget 2024/25 and the MTFS update being reported to Cabinet in Feb 2024	Cabinet papers February 2024



Rossendale Borough Council

Fees and Charges for 2024/25

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	2023/24 Charges	2024/25 Charge
140ltr	£280.00	£350.00
240ltr	£425.00	£525.00
500ltr	£660.00	£725.00
660ltr	£880.00	£900.00
770ltr	£990.00	£1,000.00
1100ltr	£1,050.00	£1,050.00

Schools/ Charities		
Cost per annum one pick up a fortnight		
size of bin	2023/24 Charges	2024/25 Charge
55 - 140ltr Bin, Bag or Box	£140.00	£175.00
240ltr	£212.50	£262.50
500ltr	£330.00	£362.50
660ltr	£440.00	£450.00
770ltr	£495.00	£500.00
1100ltr	£525.00	£525.00

Trade Recycling		
Cost per annum - fortnightly collection		
size of bin	2023/24 Charges	2024/25 Charge
55 - 140ltr Bin, Bag or Box	£65.00	£75.00
240ltr	£80.00	£95.00
500ltr	£140.00	£160.00
660ltr	£180.00	£195.00
770ltr	£200.00	£220.00
1100ltr	£240.00	£265.00

Sacks etc		
	2023/24 Charges	2024/25 Charge
Grey Sacks (includes VAT) (50 pack)	£250.00	£300.00
Blue Sacks (50 pack)	£65.00	£75.00
Aqua Sacks (50 pack)	£65.00	£75.00

Bulky Collections

<p><u>Bulky Collection Charges</u></p> <p>1 item (furniture and electrical items) £20.00</p> <p>2 items (furniture and electrical items) £30.00</p> <p>3 items (furniture and electrical items) £40.00</p> <p>4 items (furniture and electrical items) £50.00</p> <p>5 items (furniture and electrical items) £60.00</p> <p>6 items (furniture and electrical items) £70.00</p> <p>7 items (furniture and electrical items) £80.00</p> <p>8 items (furniture and electrical items) £90.00</p> <p>9 items (furniture and electrical items) £100.00</p> <p>10 items (furniture and electrical items) £110.00</p> <p>Price per additional item £10 per item thereafter</p>	<p>2023/24 Charges</p>	<p>2024/25 Charges</p> <p>£21.00</p> <p>£32.00</p> <p>£43.00</p> <p>£54.00</p> <p>£65.00</p> <p>£76.00</p> <p>£87.00</p> <p>£98.00</p> <p>£109.00</p> <p>£120.00</p> <p>£10 per item thereafter</p>
<p><u>Bins & Sacks</u></p> <p>New Bin Delivery</p>	<p>2023/24 Charges</p> <p>£37.00</p>	<p>2024/25 Charges</p> <p>£39.00</p>
<p>Garden Waste (yearly fee)</p>	<p>2023/24 Charges</p> <p>£44.00</p>	<p>2024/25 Charges</p> <p>£45.00</p>

No charges for the following Bins

Blue - Glass, Cans & Plastics

Grey - Paper & Cardboard

Parks and Playing Fields

	2023/24 Charges	2024/25 Charges
Letting of Sites (Per Day)		
Moorlands Park	£240.00	£257.00
Stubbylee Park	£240.00	£257.00
Victoria Park	£240.00	£257.00
Maden Recreation Ground	£240.00	£257.00
New Hall Hey Bacup Cricket Ground - Property Services	£240.00	£257.00
Fairview	£240.00	£257.00
All Other Playing Fields	£125.00	£134.00

Parks and Playing Fields

	2023/24 Charges	2024/25 Charges
Memorials / Dedications		
Trees		
Standard option	£235.00	£252.00
Own selected species		
Benches		
Standard	£975.00	£1,045.00
Ornate	£1,200.00	£1,285.00

Cemeteries

	2023/24 Charges	2024/25 Charges
Purchase of right of burial in numbered grave space	£1,245.00	£1,333.00
Purchase of right of burial in numbered grave space (outside of the Borough)	£1,480.00	£1,585.00
Transfer of Grant	£74.00	£80.00
Right to fix a headstone or monument		
Headstone	£230.00	£245.00
Kerb Stones		
Inscriptions	£62.00	£65.00
Vase / Plinth and Tablets	£105.00	£115.00
Interments		
Earth Grave & Grave Dressing (resident of the Borough)	£1,020.00	£1,090.00
Earth Grave & Grave Dressing (non resident of the Borough)	£1,530.00	£1,650.00
Vault – Constructions costs + 5% (+ VAT)	£1,230.00	£1,320.00
Vault – Interments	£1,120.00	£1,200.00
Vault – Interments (non resident of the Borough)	£1,620.00	£1,735.00
Interment of Ashes	£240.00	£260.00
Interment of ashes (non resident of the borough)	£310.00	£330.00
Scattering of Ashes	£48.00	£52.00
Bricking of grave to coffin height (additional fee)	£208.00	£225.00
Ashes Chambers (Rawtenstall, Bacup & Haslingden)		
Purchase of Exclusive Right of Burial in Chamber	£780.00	£835.00
Interment of ashes in chamber	£275.00	£295.00
Miscellaneous Charges		
Copy of Regulations and Charges	£10.00	£11.00
Search Fee	£45.00	£49.00
Duplicate Grave Deed	£72.00	£77.00
Use of Chapel	£175.00	£188.00
Garden of Remembrance / Whitworth		
Reserving Space	£38.00	£41.00
Interment of Ashes	£60.00	£65.00
Headstone in above.	£65.00	£70.00
Supply of Engraved Plaque (excluding VAT)	£165.00	£177.00
Supply of Memorial Tree	£420.00	£450.00
New Bench including Plaque	£1,400.00	£1,500.00

Environmental Health

Item	2023/24 Charge	2024/25 Charge
Food Safety		
Export Certificate	£60.00	£63.00
Re-inspections of business operators for food hygiene rating	£175.00	£175.00
Private water supplies - Risk Assessment	£48 per hour or any part there of, plus £12 per invoiced Household	£52 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Sampling	£48 per hour or any part there of, plus £12 per invoiced Household	£52 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Investigation	£48 per hour or any part there of, plus £12 per invoiced Household	£52 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Granting Authorisation	£48 per hour or any part there of, plus £12 per invoiced Household	£52 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Analysing a sample under Regulation 10	£48 per hour or any part there of, plus £12 per invoiced Household	£52 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Analysing a check monitoring sample	£48 per hour or any part there of, plus £12 per invoiced Household	£52 per hour or any part there of, plus £12 per invoiced Household
Private water supplies - Analysing an audit monitoring sample	£48 per hour or any part there of, plus £12 per invoiced Household	£52 per hour or any part there of, plus £12 per invoiced Household
Health & Safety		
Skin Piercing - premises	£200.00	£210.00
Skin Piercing - persons	£200.00	£210.00
Factual report to solicitors / injured person	£300.00	£330.00

Environmental Health

Item	2023-24 Charge	2024-25 Charge
Pollution Health & Housing		
LAPC & LAPPF Fees	As Prescribed	As Prescribed
Environmental Information Regulation enquires	£90 per hour (minimum 1 hour)	£90 per hour (minimum 1 hour)
List of permitted processes	£58.00	£58.00
Enquires related to public register of permitted processes	£90 per hour (minimum 1 hour)	£90 per hour (minimum 1 hour)
Contaminated Land Enquires	£99 (1st hour), £50 per additional half hour	£99 (1st hour), £50 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	£130.00	£142.00

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 £48 per hour	Officer Time at £48 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	£450.00	£486.00
Mobile Collections 3 year Licence	£350.00	£378.00
Variations	£65.00	£70.00
Replacement licences	£50.00	£54.00

Item	2023-24 Charge	2024-25 Charge
Abandoned Vehicles		
Recovery of abandoned vehicles	£0.00	£200.00

Animal Welfare							
Item	Application Fee	Licence Fee	2023/24 Charge	Application Fee	Licence Fee	2024/25 Charge	NOTES
Keeping or Training Animals for exhibition	£121.00	£274.00	£395.00	£127.00	£288.00	£415.00	
Selling animals as Pets	£121.00	£274.00	£395.00	£127.00	£288.00	£415.00	
Doggy Day Care	£121.00	£274.00	£395.00	£127.00	£288.00	£415.00	
Hiring out Horses	£153.00	£283.00	£436.00	£161.00	£297.00	£458.00	Additional vet fees apply and charged separately prior to issue of licence
Dog Breeding	£153.00	£283.00	£436.00	£161.00	£297.00	£458.00	Additional vet fees apply and charged separately prior to issue of licence
Dog Breeding	£184.00	£295.00	£479.00	£193.00	£310.00	£503.00	Additional vet fees apply and charged separately prior to issue of licence
Boarding for cats	£121.00	£274.00	£395.00	£127.00	£288.00	£415.00	
Boarding dogs in kennels	£121.00	£274.00	£395.00	£127.00	£288.00	£415.00	
Home Boarders (Single Dwelling)	£114.00	£285.00	£399.00	£119.00	£300.00	£419.00	
Arranging boarding/day care where agent not	£250.00	£289.00	£539.00	£262.00	£304.00	£566.00	
Additional fee for every 1 host	£55.00	£30.00	£85.00	£58.00	£32.00	£90.00	
Arranging boarding/day care where Host has	£308.00	£286.00	£594.00	£324.00	£300.00	£624.00	
Add additional activity to existing licence	£88.00		£88.00	£93.00	£0.00	£93.00	
Licence issue (copy licence or following	£14.00		£14.00	£15.00	£0.00	£15.00	
Appeal Fee	£82.00		£82.00	£86.00	£0.00	£86.00	£43 refunded if appeal results in a higher star rating
Re-score Request	£62.00		£62.00	£65.00	£0.00	£65.00	
Missed vet or inspector appointment fee	£52.00		£52.00	£55.00	£0.00	£55.00	Where appointment arranged but inspection cannot be undertaken for any reason
Zoo Licence	£186.00	£186.00	£372.00	£195.00	£195.00	£390.00	Additional vet fees apply and charged separately prior to issue of licence
Dangerous Wild Animals Licence	£78.00	£77.00	£155.00	£91.00	£91.00	£182.00	Additional vet fees apply and charged separately prior to issue of licence

Taxi Licensing

	2023-24 Charges	2024-25 Charges
Hackney Carriage Driver Licence (Renewal) 3 years	£246	£259
Hackney Carriage Driver New Licence (Renewal) 3 years	£246	£259
Hackney Carriage Vehicle Licences	£201	£212
Electric Hackney Carriage Vehicle Licences	£0	
Hackney Carriage Vehicle Licence (Renewal)	£201	£212
Private Hire Vehicle Licence	£201	£212
Electric Private Hire Vehicle Licence	£0	
Private Hire Vehicle Licence (Renewal)	£201	£212
Private Hire Driver Licence 3 years	£246	£259
Private Hire New Driver License 3 years	£246	£259
Private Hire Operators License 5 years	£425	£446
Private Hire Operators License 3 years	£306	£321
Private Hire Operators License 1 year	£187	£196
Driver/ Vehicle/ Operator License only	No charge	No charge
Copy documents	No charge	No charge
Re-booking Fee	£35	£35
Basic Skills Assessment / Policy Knowledge Test	£70	£70
Change of Vehicle	£42	£42
Replacement Door Stickers (each)	£8	£8
Replacement ID Plate	£13	£13
Replacememnt ID Badge	£5	£5
Lanyard	£2	£2

Gambling Act Licences

Activity	2023-24 Charge	2024-25 Charge
Bingo Hall – New Licence	£1,885.00	£1,885.00
Bingo Hall – Non Fast Track	£1,540.00	£1,750.00
Bingo Hall – Fast Track	£274.00	£274.00
Bingo Hall – Annual Fee	£1,000.00	£1,000.00
Bingo Hall – Variations	£631.00	£1,750.00
Bingo Hall – Reinstatement of Licence	£1,110.00	£1,200.00
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	£1,500.00
Betting Shop – Fast Track	£300.00	£300.00
Betting Shop – Annual Fee	£600.00	£600.00
Betting Shop – Variations	£631.00	£1,500.00
Betting Shop – Reinstatement	£1,100.00	£1,100.00
Betting Shop – Provisional Statement	£1,133.00	£2,000.00
Betting Shop – Transfer	£567.00	£1,200.00
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	£1,000.00
Adult Gaming Centre – reinstatement of licence	£1,110.00	£1,200.00
Adult Gaming Centre – provisional licence	£1,133.00	£2,000.00
Adult Gaming Centre – transfer	£567.00	£1,200.00
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	£2,000.00
Family Entertainment Centre – Transfer	£567.00	£950.00

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
Rateable < £4,300
£4,300 to £33,000
£33,001 to £87,000
£87,001 to £125,000
£125,001 and above

Band
A
B
C
D
E

Band
A
B
C
D
E

License	Description	2023-24 Charge	2024-25 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	£350.00	£350.00
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	2023-24 Charge	Notes	2024-25 Charge	Notes
Street Trading Consent - 12 mth consent	New	£90.00	Application Fee. A further £320 will be charged for issue of consent (below)	£95.00	Application Fee. A further £336 will be charged for issue of consent (below)
Street Trading Consent - 12 mth consent	New	£320.00	Issue fee	£336.00	Issue fee
Street Trading Consent - 12 mth consent	Renewal	£410.00		£430.00	
Street Trading Consent - 14 day consent	New	£90.00	Fee is not payable if the consent is a community event (as determined by the licencing manager)	£95.00	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	2023-24 Charge	2024-25 Charge
Second hand Goods Dealer Registration	Registration	£100.00	£105.00
Copy registration certificate	Copy	£0.00	£0.00

Other

Licence	Details	2023-24 Charge	2024-25 Charge
Sex Shop	New	£3,125.00	£3,282.00

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		2023-24 Charges	20% fixing broken Hsg Mrkt element	2024-25 Charges	20% fixing broken Hsg Mrkt element
Site Area	Not more than 2.5 hectares	£462 per 0.1 hectare	£77	£578 per 0.1 hectare	£116
Site Area up to a maximum fee of £150,000	More than 2.5 hectares	£11,432 + £138 per 0.1 hectare	£1905 + £23	£15,431 + £186 per 0.1 hectare	£3,086 + £31
Householder Applications		2023-24 Charges	20% fixing broken Hsg Mrkt element	2024-25 Charges	20% fixing broken Hsg Mrkt element
Alterations/extensions to a single dwelling , including works within boundary	Single dwelling (excluding flats)	£206	£34	£258	£43
Full Applications (and First Submissions of Reserved Matters)		2023-24 Charges	20% fixing broken Hsg Mrkt element	2024-25 Charges	20% fixing broken Hsg Mrkt element
Erection of dwellings					
Permission in Principle		£402 for each 0.1 hectare		£503 for each 0.1 hectare	£84
Alterations/extensions to two or more dwellings , including works within boundaries	Two or more dwellings (or one or more flats)	£407	£68	£550	£92
New dwellings (up to and including 50)	New dwellings (not more than 50)	£462 per dwelling	£77	578 per dwelling	£96
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	£30,859 + £186 per additional dwelling	£5,143 + £31
Erection of buildings (not dwellings, agricultural, glasshouses, plant nor machinery):					
Increase of floor space	No increase in gross floor space or no more than 40m ²	£234	£39	£293	£49
Increase of floor space	More than 40m ² but no more than 75m ²	£462	£77	£578	£96
Increase of floor space	More than 75m ² but no more than 3,750m ²	£462 for each 75m ² or part thereof	£77	£578 for each 75m ² or part thereof	£96
Increase of floor space	More than 3,750m ²	£22,859 + £138 for each additional 75m ² in excess of 3750 m ² to a maximum of £300,000	£3810 + £23	£30,859 + £186 for each additional 75m ² in excess of 3750 m ² to a maximum of £405,000	£5,143 + £31
The erection of buildings (on land used for agriculture for agricultural purposes)					
Site area	Not more than 465m ²	£96	£16	£120	£20
Site area	More than 465m ² but not more than 540m ²	£462	£77	£578	£96
Site area	More than 540m ² but not more than 4,215m ²	£462 for first 540m ² + £462 for each 75m ² (or part thereof) in excess of 540m ²	£77 + £77	£578 for first 540m ² + £578 for each 75m ² (or part thereof) in excess of 540m ²	£96 + £96
Site area	More than 4,215m ²	£22,859 + £138 for each 75m ² (or part thereof) in excess of 4,215m ² up to a maximum of £300,000	£3810 + £23	£30,859 + £186 for each 75m ² (or part thereof) in excess of 4,215m ² up to a maximum of £405,000	£5,143 + £31
Erection of glasshouses (on land used for the purposes of agriculture)		2023-24 Charges	20% fixing broken Hsg Mrkt element	2024-25 Charges	20% fixing broken Hsg Mrkt element
Floor space	Not more than 465m ²	£96	£16	£120	£20
Floor space	More than 465m ²	£2,580	£430	£3,225	£538
Erection/alterations/replacement of plant and machinery					
Site area	Not more than 5 hectares	£462 for each 0.1 hectare (or part thereof)	£77	£578 for each 0.1 hectare (or part thereof)	£96
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	£30,859 + additional £186 for each 0.1 hectare (or part thereof) in excess of 5 hectares to a maximum of £405,000	£5143 + £31

Planning Applications

Applications other than Building Works		2023-24 Charges	20% fixing broken Hsg Mrkt element	2024-25 Charges	20% fixing broken Hsg Mrkt element
Car parks, service roads or other accesses	For existing uses	£234	£39	£293	£49
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	£293 for each 0.1 hectare (or part	£49
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	£47,161 + £186 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £105,300	£7,860 + £31
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	£635 for each 0.1 hectare (or part	£106
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	£48,696 + additional £204 for each 0.1 hectare (or part thereof) in excess of 7.5 hectares up to a maximum of £405,000	£8,116 + £34
Other operations (winning and working of minerals)					
Site area	Not more than 15 hectares	£234 for each 0.1 hectare (or part	£39	£293 for each 0.1 hectare (or part	£49
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	£47,161 + additional £186 for each 0.1 in excess of 15 hectare up to a maximum of £105,300	£7,860 + £31
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	£293 for each 0.1 hectare (or part thereof) up to a maximum of £2,535	£49
Lawful Development Certificate					
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	£293	£49
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 £578 due	£96
Approval/Variation/discharge of condition					
Application for removal or variation of a condition following grant of planning permission		£234	£39	£293	£49
Application relates to planning permission for development already carried out (Section 73A)		£234	£39	£293	£49
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	£43 per request for Householder otherwise £145 per request	£7 and £24
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	£578 for each	£96
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	£30,859 + £186 for each in excess of 50 up to a maximum of £405,000	£5,143 + £31
Other Changes of Use of a building or land		£462	£77	£578	£96
Advertising					
Relating to the business on the premises		£132	£22	£178	£30
Advance signs which are not situated on or visible from the site, directing the public to business		£132	£22	£178	£30
Other advertisements		£462	£77	£578	£96

Planning Applications

Prior Approval					
Agricultural and Forestry buildings & operations or demolition of buildings		£96	£16	£120	£20
Telecommunications Code Systems Operators		£462	£77	£578	£96
Proposed Change of Use to State Funded School or Registered Nursery		£96	£16	£120	£20
Proposed Change of Use of Agricultural Building to a State-Funded School or Registered Nursery		£96	£16	£120	£20
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	£120	£20
Proposed Change of Use of a building from Office (Use Class B1) Use to a use falling within Use Class C3 (Dwellinghouse)		£96	£16	£120	£20
Proposed Change of Use of Agricultural Building to a Dwellinghouse (Use Class C3), where there are no Associated Building Operations		£96	£16	£120	£20
Proposed Change of Use of Agricultural Building to a Dwellinghouse (Use Class C3), and Associated Building Operations		£206	£34	£258	£43
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	£120	£20
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	£258	£43
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	£120	£20
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	£120	£20
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	£258	£43
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	£120	£20
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	£258	£43
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	£120	£20
Application for a Non-material Amendment Following a Grant of Planning Permission					
Applications in respect of householder developments		£34	£6	£43	£7
Applications in respect of other developments		£234	£39	£293	£49
Local Authority Involvement in High Hedge Complaints					
High Hedge Complaint		£500	N/A	£625	N/A
Pre-Application Advice Fees					
Small scale- Householders		£90	N/A	£90	N/A
Medium Scale - 1-9 houses		£450		£450	
Majors		£2,000		£2,000	
Significant Majors		£3,000		£3,000	
Listed Building Consent & Conservation Works		£250		£250	
Planning History Checks					
		£72	N/A	£72	N/A
Supplementary Planning Application Advice					
		POA	N/A	POA	N/A

S106 Fees

2023/24

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.

Commuted sum payments for open space / playing pitches contributions	£2,057 per dwelling for housing schemes of 10 or more dwelling	
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2024/25

Type of Obligation Monitoring Fee

Commuted Sum	1% of each payment instalment	This will be included within each invoice requesting payment
Land Contribution	£1,067 per development site	This payment is to be made at the time that the land transfer takes place
On-site Affordable Housing	£1,067 per development site	Payment is to be made on the first occupation of the affordable units
Other obligation	£1,067 per obligation	This is to ensure compliance with obligations such as providing a woodland management strategy etc
Overage Clause1	At least £1,067 or 1% of any additional	This is to report on any commuted sum payments arising from greater profits.

Commuted sum payments for open space / playing pitches contributions	£2,195 per dwelling for housing schemes of 10 or more dwelling	This is to report on any commuted sum payments arising from greater profits.
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Building Control - Table A

New Build - Houses 2023/24

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	250.00	50.00	£300.00	695.83	139.17	£835.00	1,135.00	227.00	£1,362.00
2	329.17	65.83	£395.00	830.83	166.17	£997.00	1,392.50	278.50	£1,671.00
3	365.83	73.17	£439.00	974.17	194.83	£1,169.00	1,608.33	321.67	£1,930.00
4	437.50	87.50	£525.00	1,124.17	224.83	£1,349.00	1,874.17	374.83	£2,249.00
5	525.00	105.00	£630.00	1,286.67	257.33	£1,544.00	2,173.33	434.67	£2,608.00

Building Control - Table A

New Build - Houses 2024/25

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	260.00	52.00	£312.00	723.33	144.67	£868.00	1,180.00	236.00	£1,416.00
2	342.50	68.50	£411.00	864.17	172.83	£1,037.00	1,448.33	289.67	£1,738.00
3	380.83	76.17	£457.00	1,013.33	202.67	£1,216.00	1,672.50	334.50	£2,007.00
4	455.00	91.00	£546.00	1,169.17	233.83	£1,403.00	1,949.17	389.83	£2,339.00
5	545.83	109.17	£655.00	1,338.33	267.67	£1,606.00	2,260.00	452.00	£2,712.00

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	288.33	57.67	£346.00	787.50	157.50	£945.00	1,291.67	258.33	£1,550.00
Single Dwelling with Floor Area between 501m2 and 700m2	288.33	57.67	£346.00	1,015.00	203.00	£1,218.00	1,564.17	312.83	£1,877.00

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	300.00	60.00	£360.00	819.17	163.83	£983.00	1,343.33	268.67	£1,612.00
Single Dwelling with Floor Area between 501m2 and 700m2	300.00	60.00	£360.00	1,055.83	211.17	£1,267.00	1,626.67	325.33	£1,952.00

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

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 2023/24
Valid for applications received between 01/04/2023 & 31/03/2024

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	350.00	70.00	£420.00	inc	inc	inc	420.00	84.00	£504.00
Extension Internal Floor Area over 10m2 but not exceeding 40m2	166.67	33.33	£200.00	344.17	68.83	£413.00	613.33	122.67	£736.00
Extension Internal Floor Area over 40m2 but not exceeding 60m2	166.67	33.33	£200.00	486.67	97.33	£584.00	750.83	150.17	£901.00
Extension - Internal Floor Area over 60m2 but not exceeding 80m2	166.67	33.33	£200.00	629.17	125.83	£755.00	955.00	191.00	£1,146.00
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	269.17	53.83	£323.00	inc	inc	inc	323.33	64.67	£388.00
The conversion of an attached garage into a habitable room	238.33	47.67	£286.00	inc	inc	inc	285.83	57.17	£343.00
Where the Garage extension exceeds a floor area of 40m2 but does not exceed 60m2	387.50	77.50	£465.00	inc	inc	inc	465.00	93.00	£558.00
Category 3: Loft Conversion 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	358.33	71.67	£430.00	inc	inc	inc	430.00	86.00	£516.00
With a dormer but not exceeding 40m2 in floor area	166.67	33.33	£200.00	308.33	61.67	£370.00	570.00	114.00	£684.00

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 £1057.50 (excluding VAT). The total estimated cost of the work must therefore be at least £75,001.

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 2024/25
Valid for applications received between 01/04/2024 & 31/03/2025

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	166.67	33.33	£200.00	197.50	39.50	£237.00	436.67	87.33	£524.00
Extension Internal Floor Area over 10m2 but not exceeding 40m2	166.67	33.33	£200.00	365.00	73.00	£438.00	637.50	127.50	£765.00
Extension Internal Floor Area over 40m2 but not exceeding 60m2	166.67	33.33	£200.00	512.50	102.50	£615.00	815.00	163.00	£978.00
Extension - Internal Floor Area over 60m2 but not exceeding 80m2	166.67	33.33	£200.00	660.83	132.17	£793.00	993.33	198.67	£1,192.00
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	280.00	56.00	£336.00	inc	inc	inc	336.67	67.33	£404.00
The conversion of an attached garage into a habitable room	248.33	49.67	£298.00	inc	inc	inc	297.50	59.50	£357.00
Where the Garage extension exceeds a floor area of 40m2 but does not exceed 60m2	403.33	80.67	£484.00	inc	inc	inc	483.33	96.67	£580.00
Category 3: Loft Conversion 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	166.67	33.33	£200.00	205.83	41.17	£247.00	447.50	89.50	£537.00
With a dormer but not exceeding 40m2 in floor area	166.67	33.33	£200.00	327.50	65.50	£393.00	592.50	118.50	£711.00

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 £1057.50 (excluding VAT). The total estimated cost of the work must therefore be at least £75,001.

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 2023-24

Proposal	Plan Fee	VAT	Plan Total	Inspect Fee	VAT	Inspect Total	Building Notice Fee	VAT	Building Notice Total	Regularisation
1A. <u>Installation of Replacement windows and doors</u> in a dwelling where the number of windows / doors does not exceed 20							74.17	14.83	£89.00	
1B. <u>Installation of Replacement windows and doors</u> in a dwelling where the number of windows / doors does not exceed 20 (retrospective)								0.00		117.00
2. <u>Underpinning</u> with a total cost not exceeding £30,000	270.83	54.17	£325.00	inc	inc	inc	325.00	65.00	£390.00	
3. <u>Controlled Electrical Work</u> to a single dwelling (not carried out in conjunction with work being undertaken that falls within Table B)	240.83	48.17	£289.00	inc	inc	inc	289.17	57.83	£347.00	
4A. <u>Renovation of a thermal element</u> i.e. Work involving recovering of a roof, replacement of a floor or renovation of an external wall to which L 1b applies. (retrospective)							113.33	22.67	£136.00	171.00
4B. <u>Renovation of a thermal element</u> Replacement Conservatory Roof	POA						POA			POA
5. <u>Formation of a single en suite bathroom / shower room or cloakroom within an existing dwelling</u> (excluding electrical work)	232.50	46.50	£279.00	inc	inc	inc	279.17	55.83	£335.00	393.00
6. <u>Removal or partial removal of chimney breast</u> (accompanied by Structural Engineering Details)	145.83	29.17	£175.00				145.83	29.17	£175.00	210.00
7. <u>Installation of New or Replacement Sewage Treatment Plant and associated discharge</u>	223.33	44.67	£268.00			inc	268.33	53.67	£322.00	386.00
8. <u>Removal of wall and insertion of one or two steel beams maximum span 4 metres</u> (accompanied by Structural Engineering Details)	145.83	29.17	£175.00			inc	145.83	29.17	£175.00	210.00
9. <u>Structural Alterations not supported by Structural Calculations to be individually assessed (Calculations may still be required)</u>	POA					inc	POA			POA
10. <u>The insertion of insulating material in a cavity wall of an existing property*</u>							75.00	15.00	£90.00	
11. <u>Installation of a multi fuel appliance including associated Flue liner and hearth*</u> to a single dwelling							267.50	53.5	£321.00	385.00

* 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 2024-25

Proposal	Plan Fee	VAT	Plan Total	Inspect Fee	VAT	Inspect Total	Building Notice Fee	VAT	Building Notice Total	Regularisation
1A. <u>Installation of Replacement windows and doors</u> in a dwelling where the number of windows / doors does not exceed 20							77.50	15.50	£93.00	
1B. <u>Installation of Replacement windows and doors</u> in a dwelling where the number of windows / doors does not exceed 20 (retrospective)								0.00		122.00
2. <u>Underpinning</u> with a total cost not exceeding £30,000	281.667	56.33	£338.00	inc	inc	inc	338.33	67.67	£406.00	
3. <u>Controlled Electrical Work</u> to a single dwelling (not carried out in conjunction with work being undertaken that falls within Table B)	250.83	50.17	£301.00	inc	inc	inc	300.83	60.17	£361.00	
4A. <u>Renovation of a thermal element</u> i.e. Work involving recovering of a roof, replacement of a floor or renovation of an external wall to which L 1b applies. (retrospective)							117.50	23.50	£141.00	178.00
4B. <u>Renovation of a thermal element</u> Replacement Conservatory Roof	POA						POA			POA
5. <u>Formation of a single en suite bathroom / shower room or cloakroom within an existing dwelling</u> (excluding electrical work)	241.67	48.33	£290.00	inc	inc	inc	290.00	58.00	£348.00	409.00
6. <u>Removal or partial removal of chimney breast</u> (accompanied by Structural Engineering Details)	151.67	30.33	£182.00				151.67	30.33	£182.00	218.00
7. <u>Installation of New or Replacement Sewage Treatment Plant and associated discharge</u>	232.50	46.50	£279.00			inc	279.17	55.83	£335.00	402.00
8. <u>Removal of wall and insertion of one or two steel beams maximum span 4 metres</u> (accompanied by Structural Engineering Details)	151.67	30.33	£182.00			inc	151.67	30.33	£182.00	218.00
9. <u>Structural Alterations not supported by Structural Calculations to be individually assessed (Calculations may still be required)</u>	POA					inc	POA			POA
10. <u>The insertion of insulating material in a cavity wall of an existing property*</u>							78.33	15.67	£94.00	
11. <u>Installation of a multi fuel appliance including associated Flue liner and hearth*</u> to a single dwelling							278.33	55.6667	£334.00	400.00

* 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 2023/24

(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 6m ²	353.33	70.67	£424.00	inc	inc	inc
2	Internal Floor Area over 6m ² but not exceeding 40m ²	166.67	33.33	£200.00	345.00	69.00	£414.00
3	Internal Floor Area over 40m ² but not exceeding 80m ²	166.67	33.33	£200.00	536.67	107.33	£644.00
4	Shop fit out not exceeding a value of £50,000	343.33	68.67	£412.00	inc	inc	inc
5	Replacement Windows						
	a - not exceeding 10 windows	128.33	25.67	£154.00	Inc	Inc	inc
	b - between 11 - 20 windows	227.5	45.50	£273.00	Inc	Inc	inc

Building Control - Table D

Extensions and New Build - Other than to Dwellings 2024/25

(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 6m ²	367.50	73.50	£441.00	inc	inc	inc
2	Internal Floor Area over 6m ² but not exceeding 40m ²	173.33	34.67	£208.00	359.17	71.83	£431.00
3	Internal Floor Area over 40m ² but not exceeding 80m ²	173.33	34.67	£208.00	558.33	111.67	£670.00
4	Shop fit out not exceeding a value of £50,000	357.50	71.50	£429.00	inc	inc	inc
5	Replacement Windows						
	a - not exceeding 10 windows	133.33	26.67	£160.00	Inc	Inc	inc
	b - between 11 - 20 windows	236.67	47.33	£284.00	Inc	Inc	inc

Building Control - Table E

Standard Charges for all work not in Tables A,B,C & D for 2023/24
(excludes individually determined charges)

Estimated Cost		Plan Fee	VAT	Plan Total	Inspect Fee	VAT	Inspect Total	Building Notice Fee	VAT	Building Notice Total
From	To									
0	1000	121.67	24.33	£146.00	inc	inc	inc	145.83	29.17	£175.00
1,001	2,000	232.50	46.50	£279.00	inc	inc	inc	279.17	55.83	£335.00
2,001	5,000	251.67	50.33	£302.00	inc	inc	inc	301.67	60.33	£362.00
5,001	7,000	257.50	51.50	£309.00	inc	inc	inc	309.17	61.83	£371.00
7,001	10,000	312.50	62.50	£375.00	inc	inc	inc	375.00	75.00	£450.00
10,001	20,000	385.83	77.17	£463.00	inc	inc	inc	463.33	92.67	£556.00
20,001	30,000	166.67	33.33	£200.00	335.83	67.17	£403.00	603.33	120.67	£724.00
30,001	40,000	227.50	45.50	£273.00	370.83	74.17	£445.00	718.33	143.67	£862.00
40,001	50,000	276.67	55.33	£332.00	446.67	89.33	£536.00	868.33	173.67	£1,042.00
50,001	75,000	325.00	65.00	£390.00	544.17	108.83	£653.00	1,048.33	209.67	£1,258.00
75,001	100,000	370.83	74.17	£445.00	686.67	137.33	£824.00	1,269.17	253.83	£1,523.00
100,001	150,000	415.00	83.00	£498.00	790.00	158.00	£948.00	1,445.83	289.17	£1,735.00
150,001	200,000	458.33	91.67	£550.00	893.33	178.67	£1,072.00	1,621.67	324.33	£1,946.00
200,001	250,000	502.50	100.50	£603.00	996.67	199.33	£1,196.00	1,799.17	359.83	£2,159.00

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 £250,000 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 2024/25
(excludes individually determined charges)

Estimated Cost		Plan Fee	VAT	Plan Total	Inspect Fee	VAT	Inspect Total	Building Notice Fee	VAT	Building Notice Total
From	To									
0	1000	126.67	25.33	£152.00	inc	inc	inc	151.67	30.33	£182.00
1,001	2,000	241.67	48.33	£290.00	inc	inc	inc	290.83	58.17	£349.00
2,001	5,000	261.67	52.33	£314.00	inc	inc	inc	314.17	62.83	£377.00
5,001	7,000	290.00	58.00	£348.00	inc	inc	inc	347.50	69.50	£417.00
7,001	10,000	325.00	65.00	£390.00	inc	inc	inc	390.00	78.00	£468.00
10,001	20,000	401.67	80.33	£482.00	inc	inc	inc	482.50	96.50	£579.00
20,001	30,000	173.33	34.67	£208.00	350.00	70.00	£420.00	627.50	125.50	£753.00
30,001	40,000	236.67	47.33	£284.00	385.83	77.17	£463.00	747.50	149.50	£897.00
40,001	50,000	287.50	57.50	£345.00	465.00	93.00	£558.00	903.33	180.67	£1,084.00
50,001	75,000	338.33	67.67	£406.00	566.67	113.33	£680.00	1,090.83	218.17	£1,309.00
75,001	100,000	385.83	77.17	£463.00	714.17	142.83	£857.00	1,320.00	264.00	£1,584.00
100,001	150,000	431.67	86.33	£518.00	821.67	164.33	£986.00	1,504.17	300.83	£1,805.00
150,001	200,000	476.67	95.33	£572.00	929.17	185.83	£1,115.00	1,686.67	337.33	£2,024.00
200,001	250,000	522.50	104.50	£627.00	1036.67	207.33	£1,244.00	1,870.83	374.17	£2,245.00

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 £250,000 the charge will be individually assessed by Rossendale Borough Council Building Control Services.

Building Control - Table F**Demolition (2023/24)**

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 F**Demolition (2024/25)**

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 (2023/24)**

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.	6.25	1.25	£7.50
3	Re- opening of archived applications (Charge per Hour - minimum 1 hour £80.00) plus decision notice and completion certificate	66.67	13.33	£80.00
4	Re- opening of archived applications (Charge per Hour - minimum 1 hour £80.00) plus decision notice and completion certificate	93.33	18.67	£112.00
5	Withdrawal of an application and any associated charges (Charge per Hour - minimum 1 hour £80.00)	66.67	13.33	£80.00
6	Building Regulation Confirmation letter	66.67	13.33	£80.00
7	Change of applicants details on valid application (New)	66.67	13.33	£80.00
8	Supply of non-standard data and information, including responding to solicitors enquiries (Charge per Hour - minimum 1 hour £80.00)	66.67	13.33	£80.00
9	Pre Application site visit discountably against full application	66.67	13.33	£80.00
10	Exemption Certificate (Charged per Hour - minimum 1 hour £80.00) additional charges for site visits.	66.67	13.33	£80.00

Building Control - Table G**Other Charges (2024/25)**

Category of Work	Proposal	Net	VAT	Gross Fee
1	Copy of Decision Notice or Completion Certificates (within the past 3 years)	25.83	5.17	£31.00
2	Additional copy from same file.	6.67	1.33	£8.00
3	Re- opening of archived applications (Charge per Hour - minimum 1 hour £80.00) plus decision notice and completion certificate	70.00	14.00	£84.00
4	Re- opening of archived applications (Charge per Hour - minimum 1 hour £80.00) plus decision notice and completion certificate	97.50	19.50	£117.00
5	Withdrawal of an application and any associated charges (Charge per Hour - minimum 1 hour £80.00)	70.00	14.00	£84.00
6	Building Regulation Confirmation letter	70.00	14.00	£84.00
7	Change of applicants details on valid application (New)	70.00	14.00	£84.00
8	Supply of non-standard data and information, including responding to solicitors enquiries (Charge per Hour - minimum 1 hour £80.00)	70.00	14.00	£84.00
9	Pre Application site visit discountably against full application	70.00	14.00	£84.00
10	Exemption Certificate (Charged per Hour - minimum 1 hour £80.00) additional charges for site visits.	70.00	14.00	£84.00

Street Naming & Numbering

Existing Properties

Individual House Name / Individual House re-name or re-number

£75

£78

Conversions of existing Properties into multiples

£120 up to a maximum of 4 units; additional Units £26 per unit

£125 up to a maximum of 4 units; additional Units £26 per unit

Newbuild / Conversion to a property

Development of 10 plots or less

£75 per plot up to a maximum of £300

£78 per plot up to a maximum of £300

Development of 11 plots or more

Charges individually assessed

Charges individually assessed

Additional charge, where this includes the naming of a street

£120

£125

Additional charge, where this includes the naming of a building (e.g. block of flats)

£120

£125

Local Land Charges

	2023/24			2024/25		
	Fee	VAT	TOTAL	Fee	VAT	TOTAL
Offical Search / Enquiries / Con29R form / LLC1	£70.00	£14.00	£114.00	£85.00	£17.00	£132.00
	£30.00	£0.00	£30.00	£30.00	£0.00	£30.00
Con 29R - Each additional parcel of land	£20.00	£4.00	£24.00	£25.00	£5.00	£30.00
Offical Search - LLC1	£25.00	£0.00	£25.00	£30.00	£0.00	£30.00
Supplementary Questions Con 29O *	£15.00	£3.00	£18.00	£20.00	£4.00	£24.00
Supplementary Question Con 29O (Question 22) *	£25.00	£5.00	£30.00	£27.00	£5.40	£32.40
Each additional Enquiry	£20.00	£4.00	£24.00	£25.00	£5.00	£30.00

Legal Services

	2023/24			2024/25		
	Net	VAT	Gross	Net	VAT	Gross
<u>Sales of land and property and freehold reversion</u>						
Up to £5,000			£570.00			£600.00
£5001 - £15,000			£775.00			£800.00
£15,001 - £100,000			£1,750.00			£1,800.00
over £100k			2% of sale price			2% of sale price
<u>Leases and Licences</u>						
Industrial Unit Lease		*min	£365.00		*min	£400.00
Industrial Unit Licence		*min	£210.00		*min	£250.00
Garden/Garage Tenancy		*min	£310.00		*min	£350.00
Wayleave/Easement		*min	£505.00		*min	£550.00
Commercial Lease		*min	£770.00		*min	£850.00
Notice of Assignment		*min	£85.00		*min	£95.00
Agricultural Tenancy		*min	£365.00		*min	£400.00
Agricultural Tenancy Renewal		*min	£260.00		*min	£300.00
Lease Renewal		*min	£260.00		*min	£300.00
Deed of Variation/Surrender/Release		*min	£365.00		*min	£400.00
<u>S106 Agreements</u>						
Preparation		* min	£1,600.00		* min	£1,750.00
Checking Fee		* min	£550.00		* min	£800.00
Deed of Variations		* min	£775.00		* min	£1,000.00
Footpath Diversions		* min	£2,850.00		* min	£3,000.00
+ any disbursements (assuming unopposed)						
Commercial Road Closures under TPCA		* min	£110.00		* min	£150.00
Commercial Event Licences		* min	£275.00		* min	£300.00
Misc' Commercial Licence		* min	£300.00		* min	£400.00

Property Services

	2023/24		
	Net	VAT	Gross
Garage sites (adopted TH sites will be held at current rate for a period of 12 months)	£182.50	£36.50	£219.00
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			

Property Services

	2024/25		
	Net	VAT	Gross
Garage sites (adopted TH sites will be held at current rate for a period of 12 months)	£190.00	£38.00	£228.00
Departure Charge (Rawtenstall Bus Terminal, Bacup Road)	87.00 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			

	2023/24		
	Net	VAT	Gross
Band A (£1,000 - £5,000)	300.00	60.00	360.00
Band B (£5001 - £15,000)	300.00	60.00	360.00
Band C (£15,001 - £25,000)	320.00	64.00	384.00
Band D (£5,001 - £50,000)	320.00	64.00	384.00
Band E (£50,001 - £100,000)	345.00	69.00	414.00
Band F (£100,001 +)	460.00	92.00	552.00
Minimum rental fee of £200 per annum. Minimum purchase value of £1000. Valuations on a price banding basis based on letterhead valuation for purchase.			

	2024/25		
	Net	VAT	Gross
Band A (£1,000 - £5,000)	318.33	63.67	382.00
Band B (£5001 - £15,000)	318.33	63.67	382.00
Band C (£15,001 - £25,000)	340.00	68.00	408.00
Band D (£5,001 - £50,000)	340.00	68.00	408.00
Band E (£50,001 - £100,000)	365.00	73.00	438.00
Band F (£100,001 +)	485.00	97.00	582.00
Minimum rental fee of £200 per annum. Minimum purchase value of £1000. Valuations on a price banding basis based on letterhead valuation for purchase.			

	2023/24		
	Net	VAT	Gross
Band A (£1,000 - £5,000)	267.25	£53	£321
Band B (£5001 - £15,000)	267.25	£53	£321
Band C (£15,001 - £25,000)	267.25	£53	£321
Band D (£5,001 - £50,000)	267.25	£53	£321
Band E (£50,001 - £100,000)	320.70	£64	£385
Band F (£100,001 +)	320.70	£64	£385
Minimum rental fee of £200 per annum. Minimum purchase value of £1000. Valuations on a price banding basis based on	Min net fee of £200		

	2024/25		
	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)	280.00	56.00	£336.00
Band D (£5,001 - £50,000)	280.00	56.00	£336.00
Band E (£50,001 - £100,000)	335.00	67.00	£402.00
Band F (£100,001 +)	335.00	67.00	£402.00
Minimum rental fee of £200 per annum. Minimum purchase value of £1000. Valuations on a price banding basis based on	Min net fee of £200		

	2023/24		
	Net	VAT	Gross
Application to Purchase/Lease/Rent	120.00	24.00	144.00
Charity / CIC Application to Purchase/Lease/Rent	10.83	2.17	13.00
Licence / Lease Instruction Fee	65.00	13.00	78.00
Charity Licence / Lease Instruction Fee	10.83	2.17	13.00
Estates Administration Fee	27.50	5.50	33.00
Allotments			
Tenancy agreement pr sq. m.	25.00	0.00	25.00
Minimum fee of £50 per annum	0.35	0.00	0.35

	2024/25		
	Net	VAT	Gross
Application to Purchase/Lease/Rent	125.00	25.00	150.00
Charity / CIC Application to Purchase/Lease/Rent	11.25	2.25	13.50
Licence / Lease Instruction Fee	70.00	14.00	84.00
Charity Licence / Lease Instruction Fee	10.83	2.17	13.00
Estates Administration Fee	30.00	6.00	36.00
Allotments			
Tenancy agreement pr sq. m.	25.50	0.00	25.50
Minimum fee of £50 per annum	0.37	0.00	0.37

Rossendale Borough Council

Revenue & Capital Budget Book 2024/25

To be presented to Full Council on 28th February 2024

Summary of Revenue Budget 2024/25

General Fund Summary

Service	2023/24 Original Estimate	2023/24 Revised Estimate	In Year Virements	2023/24 Revised Baseline	Changes within 2023/24						2024/25 Original Budget
					Inflation Pay Award	Employee Increments	Other Inflation	Savings	Inter-service Virements	Volume/ Technical Changes	
					£000	£000	£000	£000	£000	£000	
Communities Directorate											
Customer Services	1,659	1,661	0	1,661	19	6	95	0	(20)	(16)	1,744
Operational Functions	2,140	2,162	0	2,163	93	13	60	(60)	0	5	2,275
Parks & Open Spaces	843	844	0	844	41	21	45	0	0	7	957
Communities	131	131	0	131	7	36	(0)	4	0	14	169
Environmental Health / PPU unit	406	406	(73)	334	19	15	6	0	0	14	388
Licensing & Enforcement	63	63	22	85	10	49	1	0	0	(23)	122
	5,242	5,267	(50)	5,217	188	139	207	(56)	(20)	2	5,655
Economic Development Directorate											
Planning Services	351	351	0	351	28	0	4	(33)	0	(40)	310
Building Control Services	17	17	0	17	6	(0)	1	0	(0)	(17)	7
Housing and Regeneration Service	385	385	0	385	37	(7)	103	0	4	0	522
Property Services	442	420	0	420	8	55	(34)	(53)	(4)	(57)	335
	1,195	1,173	0	1,173	79	48	75	(87)	0	(114)	1,174
Corporate Services											
Legal Services	188	188	0	190	9	1	1	0	0	0	200
Democratic Services	621	620	(3)	617	13	(2)	3	2	0	(2)	632
Local Land Charges	(15)	(15)	3	(12)	3	7	1	0	0	(3)	(5)
Corporate Management	653	653	0	653	24	87	14	(10)	70	(107)	731
Financial Services	767	767	0	767	26	1	8	0	0	47	848
People & Policy	730	730	0	730	29	11	2	(38)	0	(0)	735
Non-Distributed Costs	131	131	50	181	0	0	4	(65)	(50)	(50)	20
Capital Financing and Interest	742	742	0	742	0	0	0	0	0	(109)	633
	3,816	3,816	50	3,868	104	105	33	(111)	20	(225)	3,795
Total General Fund	10,253	10,256	0	10,259	371	292	315	(253)	0	(338)	10,624
Funded by											
Revenue Support Grant	85	85									91
NNDR (Business rates baseline share)	2,261	2,261									2,335
New Homes Bonus	1	1									163
Funding Guarantee	290	290									268
Services Grant	85	85									14
Collection Fund Surplus - Council Tax	40	40									120
Collection Fund Surplus - Business Rates	0	0									0
NNDR Growth/Pooling	500	500									500
Contribution from Reserves	756	756									688
Council Tax Requirement	4,018	4,018									4,179
Number of Band D Equivalent Properties	20,828	20,828									20,891
Council Tax at Band D (excluding Whitworth)	£299.49	£299.49							2.99%		£308.44

£6,444

Revenue Budget 2024/25

Communities Directorate

Service	2023/24 Original Estimate £000	2023/24 Revised Estimate £000	In Year Virements £000	2023/24 Revised Baseline £000	Changes within 2023/24						2024/25 Original Budget £000
					Inflation Pay Award £000	Employee Increments £000	Other Inflation £000	Savings £000	Inter-service Virements £000	Volume/ Technical Changes	
Customer Services											
Benefits Administration	(130)	(130)	0	(130)	0	0	0	0	0	12	(118)
Benefits Granted	(24)	(24)	0	(24)	0	0	0	0	0	0	(24)
Central Printing	5	5	0	5	0	0	0	0	0	(5)	0
Concessionary Travel	0	0	0	0	0	0	0	0	0	0	0
Customer Services Management	83	82	0	82	4	(3)	(0)	0	0	(0)	83
E-Government (ICT Support)	873	873	0	873	8	8	28	0	(20)	(27)	870
One Stop Shop	6	6	0	6	0	0	0	0	0	(1)	5
Revenues Collection	(379)	(379)	0	(379)	0	0	0	0	0	0	(379)
Revs & Bens Partnership	1,091	1,091	0	1,091	0	0	67	0	0	0	1,158
Service Assurance Team	134	134	0	134	7	1	0	0	0	5	147
	1,659	1,661	0	1,661	19	6	95	0	(20)	(16)	1,744
Operational Functions											
Operations & Fleet Management	374	374	0	374	20	15	1	0	0	12	422
Refuse & Recycling	1,505	1,504	0	1,505	61	(5)	44	(60)	0	0	1,545
Street Sweeping	261	285	0	285	12	4	14	0	0	(7)	308
	2,140	2,162	0	2,163	93	13	60	(60)	0	5	2,275
Parks											
Cemeteries	(137)	(137)	0	(137)	0	0	7	0	0	5	(124)
Parks	78	78	0	78	0	0	16	0	0	2	97
Parks & Open Spaces	891	891	0	891	41	21	21	0	0	0	974
Playing Fields (Sports Facilities)	11	11	0	11	0	0	0	0	0	0	11
	843	844	0	844	41	21	45	0	0	7	957
Communities	131	131	0	131	7	36	(0)	4	0	(9)	169
Environmental Health	406	406	(73)	334	19	15	6	0	0	14	388
Licensing and Enforcement	63	63	22	85	10	49	1	0	0	(23)	122
Communities Directorate Total	5,242	5,267	(50)	5,217	188	139	207	(56)	(20)	(21)	5,655

Revenue Budget 2024/25

Economic Development Directorate

Service	2023/24 Original Estimate £000	2023/24 Revised Estimate £000	In Year Virements £000	2023/24 Revised Baseline £000	Changes within 2023/24						2024/25 Original Budget £000
					Inflation Pay Award £000	Employee Increments £000	Other Inflation £000	Savings £000	Inter-service Virements £000	Volume/ Technical Changes	
Planning											
Development Control	198	198	0	198	20	0	2	(33)	3	(39)	151
Forward Planning	153	153	0	153	7	0	2	0	(2)	(1)	159
	351	351	0	351	28	0	4	(33)	0	(40)	310
Building Control											
Fee Earning	(19)	(19)	0	(19)	5	(0)	1	0	0	(17)	(31)
Statutory Function	33	33	0	33	1	0	0	0	(0)	(0)	35
Street Signs	3	3	0	3	0	0	0	0	0	0	3
	17	17	0	17	6	(0)	1	0	(0)	(17)	7
Regeneration											
Economic Regeneration	184	184	0	184	18	0	1	0	1	21	226
Museum	20	20	0	20	0	0	1	0	2	3	26
	204	204	0	204	18	0	3	0	3	24	252
Property Services											
Allotments	4	4	0	4	0	0	0	(0)	0	(1)	3
Bus Shelters / Station	129	129	0	129	0	0	(2)	(0)	1	1	129
Business Centre	235	235	0	235	0	0	0	(5)	0	(26)	204
Car Parks	73	73	0	73	0	0	(1)	0	0	2	75
Corporate Estates	(581)	(581)	0	(581)	8	55	(20)	(2)	(1)	(30)	(570)
Council Offices	(25)	(25)	0	(25)	0	0	(1)	(13)	0	4	(36)
Courier	4	4	0	4	0	0	0	0	0	1	5
Depots	99	99	0	99	0	0	(1)	(12)	(0)	16	103
Facilities Management	91	91	0	91	0	0	(0)	0	0	1	92
Land Drainage	17	17	0	17	0	0	0	0	0	(1)	16
Markets	49	25	0	25	0	0	(0)	(6)	(2)	7	23
Museums	9	9	0	9	0	0	(0)	0	(4)	(4)	1
Public Baths	38	9	0	9	0	0	(16)	0	1	0	(6)
Public Clocks & Memorials	8	38	0	38	0	0	0	0	1	(1)	39
Public Conveniences	23	23	0	23	0	0	(0)	(5)	0	(9)	9
Public Halls	61	61	0	61	0	0	1	(2)	0	(32)	28
Sports Facilities	49	49	0	49	0	0	1	(0)	0	(2)	48
Sports Grounds	125	125	0	125	0	0	4	(8)	0	15	136
Xmas Lights	34	34	0	34	0	0	0	0	0	1	35
	442	420	0	420	8	55	(34)	(53)	(4)	(57)	335
Housing											
Homelessness	116	116	0	116	11	12	100	0	2	(24)	217
Housing Strategy	63	63	0	63	2	(22)	(0)	0	0	(0)	43
Private Sector renewals	2	2	0	2	6	2	1	0	0	0	11
	181	181	0	181	19	(8)	101	0	2	(24)	271
Economic Development Directorate Total	1,195	1,173	0	1,173	79	48	75	(87)	0	(114)	1,174

Revenue Budget 2024/25

Corporate Directorate

Service	2023/24 Original Estimate	2023/24 Revised Estimate	In Year Virements	2023/24 Revised Baseline	Changes within 2023/24						2024/25 Original Budget
					Inflation Pay Award	Employee Increments	Other Inflation	Savings	Inter-service Virements	Volume/ Technical Changes	
					£000	£000	£000	£000	£000	£000	
Legal Services	188	188	0	190	9	1	1	0	0	0	200
Local Land Charges	(15)	(15)	3	(12)	3	7	1	0	0	(3)	(5)
Democratic Services											
Democratic Support	151	151	0	151	7	2	0	0	0	(3)	158
Direct Member Costs (including allowances)	216	216	0	216	0	0	(1)	0	0	0	215
Elections	101	101	(12)	89	1	(12)	0	2	0	9	90
Elections IER	0	0	0	0	0	0	0	0	0	0	0
Electoral Registration	86	86	9	95	3	8	0	0	0	(11)	94
Mayoralty & Civic Events	64	64	0	64	2	1	3	0	0	3	72
Town Twinning	3	3	0	3	0	0	0	0	0	0	3
	621	620	(3)	617	13	(2)	3	2	0	(2)	632
Corporate Management											
Corporate Contingency	40	40	0	40	0	0	0	(10)	0	0	30
Executive Office	380	380	0	380	18	(13)	13	0	0	0	399
Executive Support/Corporate Subscriptions	34	34	0	34	0	0	0	0	0	0	34
Empty Homes	300	300	0	300	3	41	0	0	0	(45)	300
Leisure Services	(101)	(101)	0	(101)	3	58	0	0	70	(62)	(32)
	653	653	0	653	24	87	14	(10)	70	(107)	731
Finance											
Accountancy	356	356	0	356	20	(2)	8	0	0	67	448
Exchequer	126	126	0	126	6	2	0	0	0	0	135
Insurance & Risk / Internal Audit	65	65	0	65	0	0	0	0	0	0	65
Treasury Management	220	220	0	220	0	0	0	0	0	(20)	200
	767	767	0	767	26	1	8	0	0	47	848
People & Policy											
Corporate Support	244	244	0	244	13	9	0	(38)	0	(0)	228
People & Policy	482	482	0	482	16	3	2	0	0	(0)	503
Publicity & Tourism	4	4	0	4	0	0	0	0	0	0	4
	730	730	0	730	29	11	2	(38)	0	(0)	735
Non-Distributed Costs											
Other Non Distributed costs	21	21	0	21	0	0	4	0	0	(0)	25
Pension Costs	110	110	50	161	0	0	0	(65)	(50)	(50)	(5)
	131	131	50	181	0	0	4	(65)	(50)	(50)	20
Capital Financing											
Interest & Misc expenses	143	143	0	143	0	0	0	0	0	(153)	(11)
Capital Financing	599	599	0	599	0	0	0	0	0	45	644
Reversal of Capital Charges	0	0	0	0	0	0	0	0	0	0	0
	742	742	0	742	0	0	0	0	0	(109)	633
Corporate Directorate Total	3,816	3,816	50	3,868	104	105	33	(111)	20	(225)	3,795

Capital							Total
Schemes in Progress	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2023/24 - 2027/28 inc slippage £'000	
Schemes							
Vehicles / Equipment	529	740	467	261	889	2,886	
Wheeled & Litter Bins	70	50	50	50	50	270	
Playgrounds	15	10	10	-	-	35	
Cemeteries	25	10	10	10	10	65	
Pathways	54	20	20	-	-	94	
Empty Homes Scheme	500	500	-	-	-	1,000	
General Building Renovations & Maintenance	165	100	100	100	100	565	
Whitworth	-	-	-	76	-	76	
Carbon Reduction Fund	250	627	-	-	-	877	
Digital Access	73	-	-	-	-	73	
Various Digital Solutions	55	-	-	-	-	55	
Stubbylee and Whitaker Parking	30	-	-	-	-	30	
Henrietta Street Depot Improvements	115	-	-	-	-	115	
Christmas Lighting Catenary	33	-	-	-	-	33	
Stubbylee Skate Park	42	-	-	-	-	42	
Victoria Park Improvements	62	-	-	-	-	62	
Hareholme Viaduct	400	-	-	-	-	400	
Car Parks General 22-26 MTFS	20	30	30	30	-	110	
Rawtenstall Market Electrical Works	-	101	-	-	-	101	
Edgeside Pump Track	34	-	-	-	-	34	
Leisure Facilities upgrades	28	80	-	-	-	108	
Whitaker Park Improvements	110	-	-	-	-	110	
Marl Pits Air Handling Unit	110	-	-	-	-	110	
Legacy Liabilities	-	100	-	-	-	100	
Sub-total	2,720	2,368	687	527	1,049	7,351	
Schemes funded wholly/partly by External Finance or Government Grants	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total 2023/24 - 2027/28 inc slippage £'000	
DFG'S - Mandatory Grants	3,727	1,000	1,000	1,000	1,000	7,727	
Futures Park Infrastructure	525	-	-	-	-	525	
Bacup Historic England	350	-	-	-	-	350	
Haslingden 2040 NLHF	2,709	-	-	-	-	2,709	
Supported Accommodation	809	-	-	-	-	809	
UKSPF - Park Improvements	41	75	-	-	-	116	
UKSPF - Haslingden Market	50	450	-	-	-	500	
UKSPF - Waterfoot	-	300	-	-	-	300	
UKSPF & S106 - Football Pitches	10	241	192	-	-	443	
Weir Play Area	150	-	-	-	-	150	
Moller Ring Play Area	160	-	-	-	-	160	
Tennis Court Improvements	104	-	-	-	-	104	
Fairview Rec	143	-	-	-	-	143	
Rosendale Town Centres - (LUF)	460	2,886	10,606	-	-	13,952	
Rawtenstall Gyrotory - (LUF)	250	2,489	4,562	-	-	7,301	
Sub-total	9,488	7,441	16,360	1,000	1,000	35,289	
Total of Schemes in Progress	12,208	9,809	17,047	1,527	2,049	42,640	

New Schemes or Schemes awaiting external funder approval	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total 2023/24 - 2027/28 inc
Stubbylee Park Drainage	-	40	-	-	-	40
Tree Maintenance Equipment	-	100	-	-	-	100
Waste Transfer Station	-	75	-	-	-	75
Trickett's Memorial Ground	-	129	-	-	-	129
Food Waste Collections	-	739	-	-	-	739
Electric Vehicle Charge Points	-	172	-	-	-	172
Total New Schemes	-	1,255	-	-	-	1,255
Grand Total	12,208	11,064	17,047	1,527	2,049	43,895
Description						
Stubbylee Park Drainage	The drainage has failed in two locations in Stubbylee Park - this scheme is to relay the drainage					
Tree Maintenance Equipment	Purchase of specialist tree felling machinery to assist the safe and efficient removal of diseased/dead trees on the Councils maintained land.					
Waste Transfer Station	This budget is for the preliminary works for the Waste Transfer Station, designs, plans and costings will be worked up in 2024/25 with a view to the build commencing in 2025/26					
Trickett's Memorial Ground	This is a fully funded scheme that has been developed with local community groups to improve the physical features and celebrate the history behind the gardens					
Food Waste Collections	This scheme is for the purchase of the capital equipment(vehicles & caddies) required to implement food waste collections in 2025/26. The project is fully funded by DEFRA.					
Electric Vehicle Charge Points	The Council is partnering with Connected Kerb to install electric vehicle charge points on several car parks across the Borough. The scheme is fully funded by OZEV.					

Subject:	Capital Programme 2023/24 – 2027/28 and Capital Strategy 2024/25	Status:	For Publication
Report to:	Cabinet	Date:	7 th February 2024
Report of:	Chief Finance Officer	Lead Member:	Resources
Key Decision:	X Forward Plan X	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	Yes/No	Attached: Yes/No
Biodiversity Impact Assessment:	Required:	Yes/No	Attached: Yes/No
Contact Officer:	Karen Spencer	Telephone:	01706 252409
Email:	karens pencer@rossendalebc.gov.uk		

1. RECOMMENDATION(S)

Cabinet recommend that Council approve:

- 1.1. The capital programme for 2023/24 – 2027/28 and associated capital expenditure of £11.064m.
- 1.2. The Capital Strategy 2024/25 attached at Appendix B

2. EXECUTIVE SUMMARY

- This report proposes a capital expenditure programme for 2024/25 and the medium term, including new capital projects approved during 2023/24 subject to further due diligence and legal contracts. The report also explores the 2024/25 Capital Strategy.

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 2024/25

- 4.1 In order to meet the council's strategic plans and operational requirements the Council has drawn up an affordable capital programme for five years.

4.2 The full detail capital programme is attached at Appendix A and totals £43,895m. 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 2023 and the proposed new additions on page 6:

Table 1

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
Operations & Communities	1,694	2,229	749	321	949	5,942
Corporate Services & Buildings	884	411	130	206	100	1,731
Housing	5,036	1,500	1,000	1,000	1,000	9,536
Regeneration	4,344	6,125	15,168	-	-	25,637
Climate change	250	799	-	-	-	-
Total	12,208	11,064	17,047	1,527	2,049	43,895

4.3 Where possible 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.

4.5 The Council currently has several major on-going capital projects, these include the Levelling Up funded Rawtenstall Gyrotory and Rossendale Town Centres Projects, UK Shared Prosperity Funded Football Pitches, Parks Improvements, Haslingden Market and Waterfoot projects and the Haslingden 2040 NLHF scheme.

4.6 The council has 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 2023/24, due to supply chain issues, these have been re-scheduled into 2024/25.

4.7 There are a number of smaller projects on-going including the Carbon Reduction Fund, the Futures Park infrastructure scheme and various parks schemes.

4.8 During 2023/24 there have been additions to the programme these are:-

- Stubblee Tennis Courts
- Whitaker Park Tennis Courts

4.9 It is proposed to add four new schemes to the programme for 2024/25, these are listed on page 6.

5. FINANCING THE CAPITAL PROGRAMME

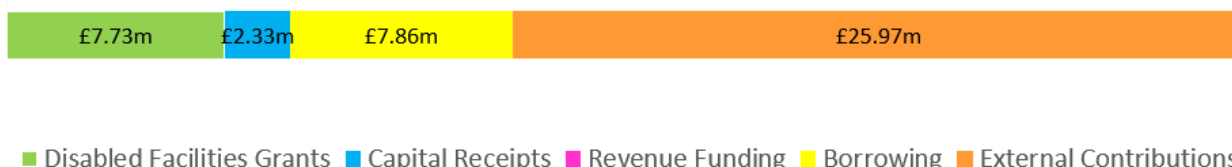
5.1 Capital resources come from three sources:

- 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:

- Regeneration projects at Futures Park
- Joint ventures with RTB Partnership
- Future Health and Leisure Facility improvements.
- Improvement projects recommended within the Play Strategy.
- Rossendale Valley Growth Corridor aimed at opening up new employment sites along the A56/M66 corridor.

6.2 Each of these proposals is either at feasibility stage or earlier. 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 considerations 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. The Council owns or has liability for several culverts, cemeteries, properties and other assets throughout the valley which have the potential to lead to significant costs for the Council. For example, emergency works such as those required at Hareholme Viaduct.

7.4 The high level of inflation continues to have a major impact on affordability of the capital programme. During 2023/24, on average vehicle replacement costs were still c10% over and above the estimates included in the capital programme. The estimates have been refreshed to take this into account, however if inflation remains high we could see the same issue in 2024/25. High inflation is also having an impact on the construction industry - pushing up costs and increasing tender prices. The Council has experienced the impact of this on the Bacup HAZ and Haslingden NLHF projects. This could also be an issue for the UKSP and LUF projects, as whilst inflation was built into the bids it was not at the levels we are currently experiencing for building materials. The Government has stated that any shortfall on these projects must be covered by the Council. In addition, higher interest rates impacts on the cost of borrowing which presents a longer-term risk.

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 2024/25 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 2023/24 and up to 2027/28 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 2024/25 and the MTFS update being reported to Cabinet in Feb 2024	Cabinet papers February 2024

Schemes in Progress	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£'000	£'000	£'000	£'000	£'000	2023/24 - 2027/28 inc slippage £'000
Schemes						
Vehicles / Equipment	529	740	467	261	889	2,886
Wheeled & Litter Bins	70	50	50	50	50	270
Playgrounds	15	10	10	-	-	35
Cemeteries	25	10	10	10	10	65
Pathways	54	20	20	-	-	94
Empty Homes Scheme	500	500	-	-	-	1,000
General Building Renovations & Maintenance	165	100	100	100	100	565
Whitworth	-	-	-	76	-	76
Carbon Reduction Fund	250	627	-	-	-	877
Digital Access	73	-	-	-	-	73
Various Digital Solutions	55	-	-	-	-	55
Stubbylee and Whitaker Parking	30	-	-	-	-	30
Henrietta Street Depot Improvements	115	-	-	-	-	115
Christmas Lighting Catenary	33	-	-	-	-	33
Stubbylee Skate Park	42	-	-	-	-	42
Victoria Park Improvements	62	-	-	-	-	62
Hareholme Viaduct	400	-	-	-	-	400
Car Parks General 22-26 MTFs	20	30	30	30	-	110
Rawtenstall Market Electrical Works	-	101	-	-	-	101
Edgeside Pump Track	34	-	-	-	-	34
Leisure Facilities upgrades	28	80	-	-	-	108
Whitaker Park Improvements	110	-	-	-	-	110
Marl Pits Air Handling Unit	110	-	-	-	-	110
Legacy Liabilities	-	100	-	-	-	100
Sub-total	2,720	2,368	687	527	1,049	7,351
Schemes funded wholly/partly by External Finance or Government Grants						Total 2023/24 - 2027/28 inc slippage £'000
DFG'S - Mandatory Grants	3,727	1,000	1,000	1,000	1,000	7,727
Futures Park Infrastructure	525	-	-	-	-	525
Bacup Historic England	350	-	-	-	-	350
Haslingden 2040 NLHF	2,709	-	-	-	-	2,709
Supported Accomodation	809	-	-	-	-	809
UKSPF - Park Improvements	41	75	-	-	-	116
UKSPF - Haslingden Market	50	450	-	-	-	500
UKSPF - Waterfoot	-	300	-	-	-	300
UKSPF & S106 - Football Pitches	10	241	192	-	-	443
Weir Play Area	150	-	-	-	-	150
Moller Ring Play Area	160	-	-	-	-	160
Tennis Court Improvements	104	-	-	-	-	104
Fairview Rec	143	-	-	-	-	143
Rosendale Town Centres - (LUF)	460	2,886	10,606	-	-	13,952
Rawtenstall Gytratory - (LUF)	250	2,489	4,562	-	-	7,301
Sub-total	9,488	7,441	16,360	1,000	1,000	35,289
Total of Schemes in Progress	12,208	9,809	17,047	1,527	2,049	42,640

New Schemes or Schemes awaiting external funder approval	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total 2023/24 - 2027/28 inc
Stubbylee Park Drainage	-	40	-	-	-	40
Tree Maintenance Equipment	-	100	-	-	-	100
Waste Transfer Station	-	75	-	-	-	75
Trickett's Memorial Ground	-	129	-	-	-	129
Food Waste Collections	-	739	-	-	-	739
Electric Vehicle Charge Points	-	172	-	-	-	172
Total New Schemes	-	1,255	-	-	-	1,255
Grand Total	12,208	11,064	17,047	1,527	2,049	43,895
Description						
Stubbylee Park Drainage	The drainage has failed in two locations in Stubbylee Park - this scheme is to relay the drainage					
Tree Maintenance Equipment	Purchase of specialist tree felling machinery to assist the safe and efficient removal of diseased/dead trees on the Councils maintained land.					
Waste Transfer Station	This budget is for the preliminary works for the Waste Transfer Station, designs, plans and costings will be worked up in 2024/25 with a view to the build commencing in 2025/26					
Trickett's Memorial Ground	This is a fully funded scheme that has been developed with local community groups to improve the physical features and celebrate the history behind the gardens					
Food Waste Collections	This scheme is for the purchase of the capital equipment(vehicles & caddies) required to implement food waste collections in 2025/26. The project is fully funded by DEFRA.					
Electric Vehicle Charge Points	The Council is partnering with Connected Kerb to install electric vehicle charge points on several car parks across the Borough. The scheme is fully funded by OZEV.					

MTFS Forecast 2024/25 Rossendale Borough Council Capital Financing Statement

	2023/24 £'000	2024/25 £'000	2025/26 £'0002	2026/27 £'00022	2027/28 £'000222	Total Estimate 2023/24 - 2027/27 £000
Estimated Expenditure						
Schemes in Progress	12,208	9,809	17,047	1,527	2,049	42,640
New Schemes	0	1,255	0	0	0	1,255
Total Estimated Capital Payments	12,208	11,064	17,047	1,527	2,049	43,895
Estimated Resources						
Direct Revenue Finance	0	0	0	0	0	0
Disabled Facilities Grant	3,727	1,000	1,000	1,000	1,000	7,727
Other External Finance (see below)	5,127	7,281	13,560	0	0	25,968
Prudential Borrowing	3,097	2,783	487	451	1,049	7,867
Earmarked Reserves	0	0	0	0	0	0
Capital Receipts	257	0	2,000	76	0	2,333
Total Resources	12,208	11,064	17,047	1,527	2,049	43,895
Total surplus(-)/shortfall in year	0	0	0	0	0	0
Cumulative total surplus(-)/shortfall	0	0	0	0	0	0

ANALYSIS OF OTHER EXTERNAL FINANCE

	Funder	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000
Futures Park Infrastructure	Lancashire Enterprise Partnership	152	-	-	-	-
Bacup Historic England	Historic England	336	-	-	-	-
Haslingden 2040 NLHF	NLHF	2,462	-	-	-	-
Supported Accommodation	S106 & LAHF	809	-	-	-	-
UKSPF - Park Improvements	UKSPF	41	75	-	-	-
UKSPF - Haslingden Market	UKSPF	50	250	-	-	-
UKSPF - Waterfoot	UKSPF	-	300	-	-	-
UKSPF & S106 - Football Pitches	UKSPF & S106	10	241	192	-	-
Wier Play Area	Various	150	-	-	-	-
Moller Ring Play Area	Various	160	-	-	-	-
Tennis Court Improvements	Lawn Tennis Association	104	-	-	-	-
Fairview Rec	Various	143	-	-	-	-
Rosendale Town Centres - (LUF)	Capital Regeneration Fund	460	2,886	9,256	-	-
Rawtenstall Gyrotory - (LUF)	Capital Regeneration Fund & LCC	250	2,489	4,112	-	-
Tricketts Memorial Ground	Various	-	129	-	-	-
Food Waste Collections	DEFRA	-	739	-	-	-
Electric Vehicle Charge Points	OZEV	-	172	-	-	-
Sub-total External Funding :		5,127	7,281	13,560	-	-
DFG's		3,727	1,000	1,000	1,000	1,000
Total External Funding		8,854	8,281	14,560	1,000	1,000



The 2024/25 Capital Strategy

The Capital Strategy, including Prudential Indicators & Limits

Capital Strategy Report 2024/25

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 typically assets costing below £10,000 are not capitalised and are charged to revenue in year.

In 2024/25, the Council is planning capital expenditure of £11.064m summarised in Table 1.

Table 1 - Prudential Indicator: Estimates of Capital Expenditure

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
Operations & Communities	1,694	2,229	749	321	949	5,942
Corporate Services & Buildings	884	411	130	206	100	1,731
Housing	5,036	1,500	1,000	1,000	1,000	9,536
Regeneration	4,344	6,125	15,168	-	-	25,637
Climate change	250	799	-	-	-	-
Total	12,208	11,064	17,047	1,527	2,049	43,895

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

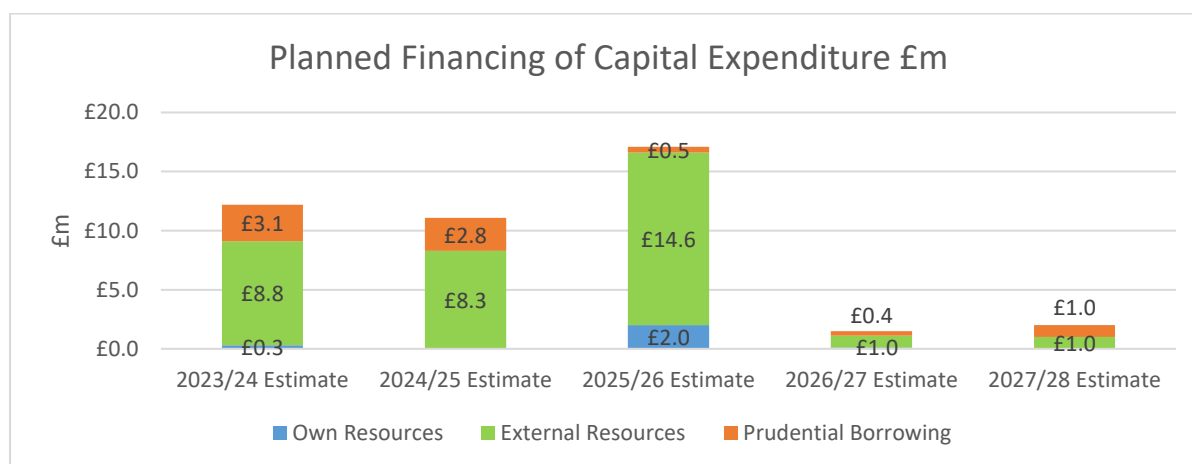
Responsible Section/Team	Finance	Version/Status	2024/25
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projects for inclusion in the Council’s capital programme. Bids are reviewed by Finance who calculate the financing cost (which can be nil if the project is fully externally financed). Cabinet 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.

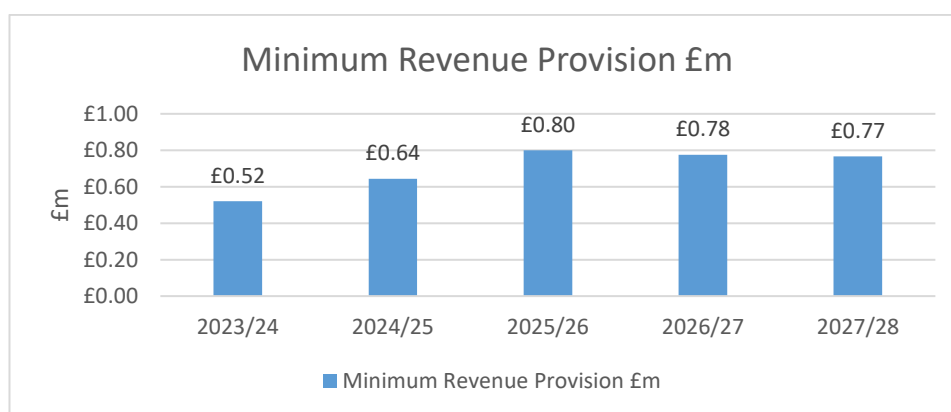
All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’s own resources (revenue, reserves and capital receipts) or debt (borrowing or leasing). The planned financing of the expenditure in Table 1 is as follows:

Table 2: Capital financing



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



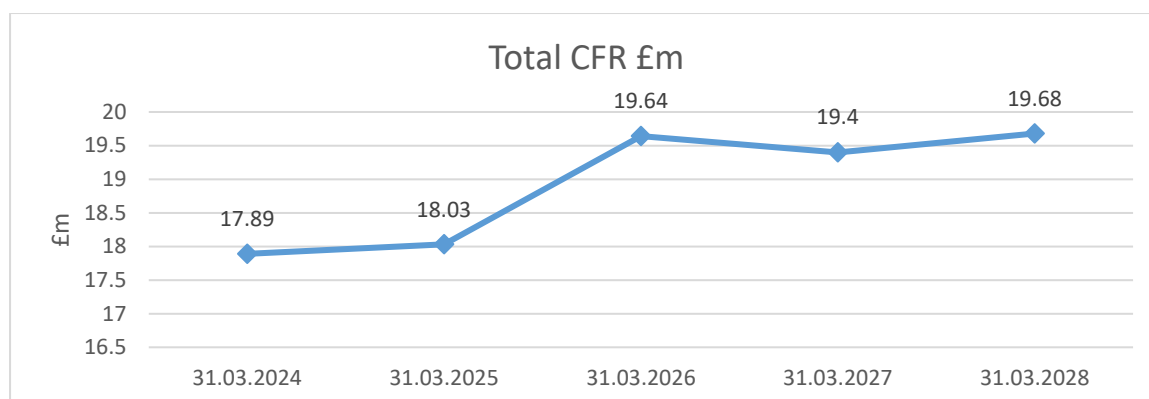
- The Council’s Minimum Revenue Provision statement is available in the Treasury Strategy

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

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and capital receipts. The CFR is expected to increase by £0.14m during 2024/25. 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. The Council currently has several sites available for sale.

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 is currently estimating it will receive £2m of capital receipts in the coming financial years as follows:

Table 5: Capital Receipts

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	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	Total Estimate £'000
Asset Sales	40	0	2,000	0	0	2,040

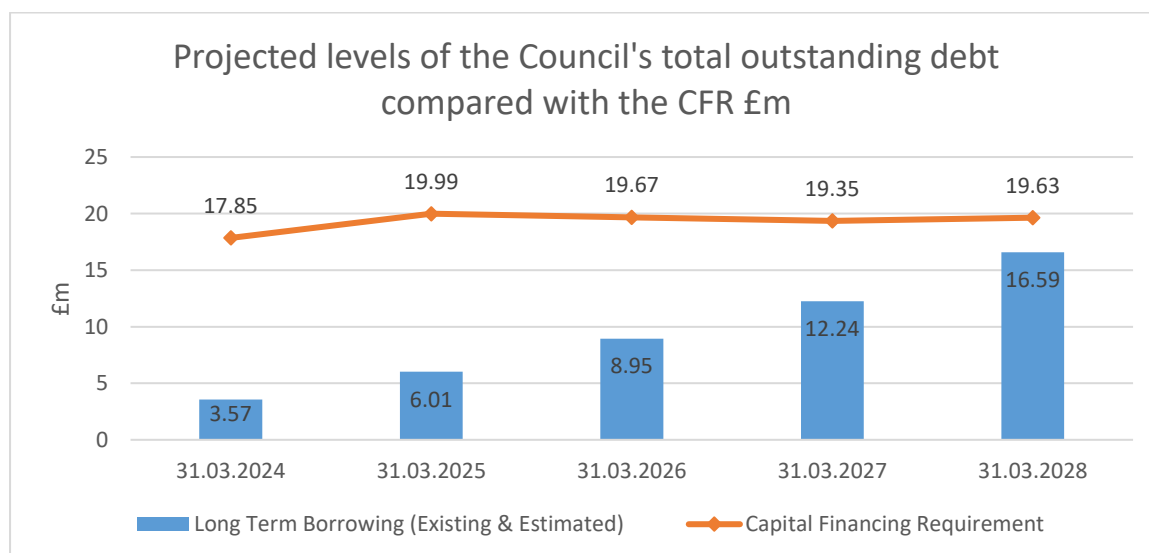
3. Treasury Management

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

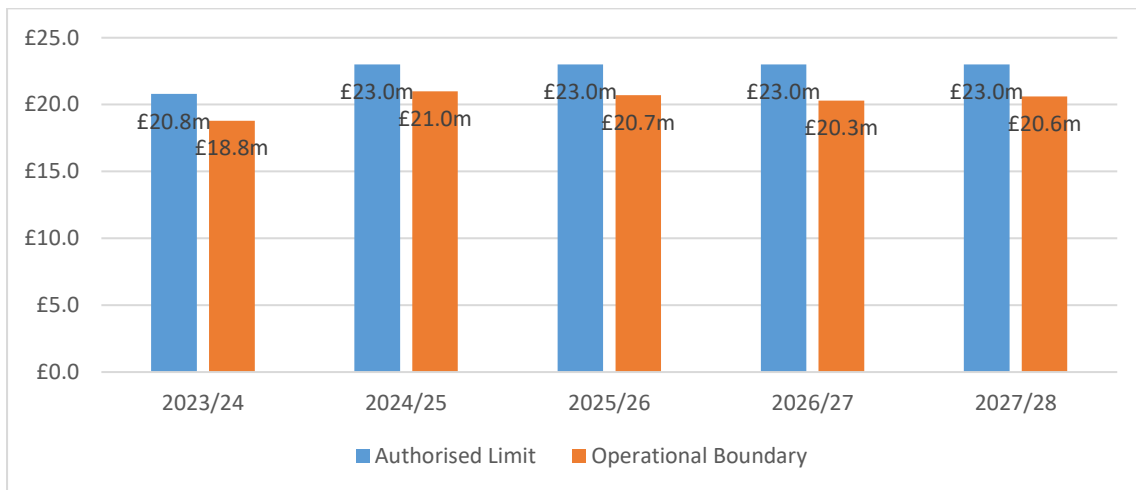


Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

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 and is based on the Authority's estimate of most likely but not worst-case scenario and should equate to the maximum level of external debt projected by this estimate. The Operational Boundary and the Authorised Limit are increasing to allow sufficient headroom for new external borrowing for the approved Capital Programme.

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

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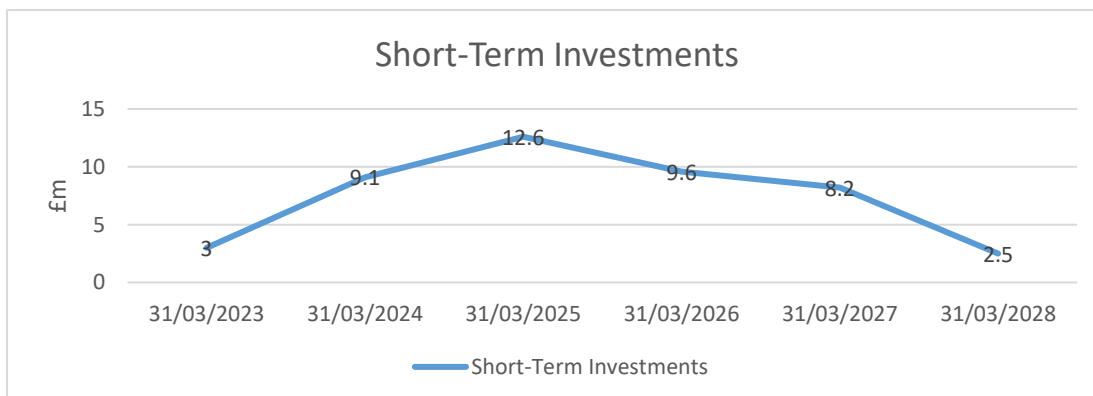


Further details on borrowing are in the Treasury Management Strategy

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, other local authorities 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 is anticipated to peak in 2024/25 due to the Levelling Up Capital Projects grants received in advance, reducing to more normal levels by the end of the forecast.

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.

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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 Leisure 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 31/03/23 the Council's investment properties were valued at c£550k providing a net return after all costs of 4.55%.

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. 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, thus 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 has set aside c£877k (as at 31st March 2023) 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.

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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 discretionary 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. A change in the Prudential Code 2021 means that investment income has been removed from the calculation of financing costs so the amounts in the Table below are higher as a result of this accounting change.

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

	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Financing Costs	546	649	762	1,022	1,060	1,047
Proportion of net revenue stream	6.64%	6.30%	7.19%	9.66%	10.32%	10.39%

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 Chief Finance Officer 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 Chief Finance Officer 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.

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Subject:	Treasury Management Strategy & Treasury Management Practises	Status:	For Publication
Report to:	Cabinet	Date:	7th February 2024
Report of:	Chief Finance Officer	Lead Member:	Resources
Key Decision:	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required: No	Attached:	No
Biodiversity Impact Assessment:	Required: No	Attached:	No
Contact Officer:	Karen Spencer	Telephone:	01706 252409
Email:	karens pencer@rossendalebc.gov.uk		

1. RECOMMENDATION(S)

Cabinet Recommends that Council approves:-

- 1.1.1. The Treasury Management Strategy Statement, including the borrowing strategy
- 1.2. The Investment Strategy, including Investment Indicators
- 1.3. The Minimum Revenue Provision (MRP) Statement
- 1.4. To delegate any further minor amendments to the Chief Finance Officer in consultation with the Lead Member for Resources.

2. EXECUTIVE SUMMARY

- The purpose of the report is to obtain Cabinet approval of the updated Treasury Management Strategy Statement (TMSS) and Treasury Management Policy and Practices (TMP).

3. BACKGROUND

- 3.1 This is an annual update of the Treasury Management Strategy Statement (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 2024/25 at Appendix 1 is written in conjunction with both the revenue budget for 2024/25 and the Capital Strategy and Capital Programme 2024/25 to 2027/28 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 2.5
 - Interest expenditure and income at 5.1.2
 - Credit Worthiness Policy at 4.2

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 10th January 2024 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 (2.4)
- 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 2024/25.

3.7 The Treasury Management Policy and Practices at Appendix 2 provide further operational detail on the plans within the Treasury Management Strategy Statement. For 2024/25 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.

3.8 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

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

4. RISK

4.1 The key risks associated with the strategy include:

- An unexpected increase/decrease 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 also 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

Finance matters are dealt with in the body of the report.

6. LEGAL

There are no material legal 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 2021 by adopting the proforma documents provided by Link Asset Services with only minor adaptations for local considerations.

8. REASON FOR DECISION

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 potential resultant changing cash flow requirements, Members are asked to delegate any minor amendments required within year to the Chief Finance Officer in consultation with the Lead Member for Resources.

Background Papers	
Document	Place of Inspection
Previously adopted 2023/24 TMSS & TMP	Website: Full Council February 2023

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement
and Annual Investment Strategy

2024/25

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Key Considerations

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

CIPFA published the revised Codes on 20th December 2021 and stated that revisions need to be included in the reporting framework from the 2023/24 financial year. This Authority, therefore, has to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

The revised Treasury Management Code required all investments and investment income to be attributed to one of the following three purposes: -

Treasury management

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

Service delivery

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

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The revised Treasury Management Code requires an authority to implement the following: -

- 1. Adopt a liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;
- 2. Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;
- 3. Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year;
- Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;
- 5. Reporting to members is to be done quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not

required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring;

6. **Environmental, social and governance (ESG)** issues to be addressed within an authority's treasury management policies and practices (TMP1).

The main requirements of the Prudential Code relating to service and commercial investments are: -

1. The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;
2. An authority must not borrow to invest for the primary purpose of commercial return;
3. It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;
4. An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
5. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
6. Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

An authority's Capital Strategy or Annual Investment Strategy should include: -

1. The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;
2. An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (i.e., whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services);
3. Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;
4. Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);
5. Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy);
6. State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return.

As this TMSS and AIS deals solely with treasury management investments, the categories of service delivery and commercial investments should be addressed as part of the Capital Strategy report.

However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for each authority to determine whether to add a high level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three year time horizon of this report, (or a longer time horizon if that is felt appropriate).

1.1 Background

The Authority is required to operate a balanced revenue 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 Authority'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 Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it 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 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, including 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.”

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

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 the strategy is to ensure that all the Authority's elected members 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 Authority 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 Annual Investment Strategy, (the parameters on how investments are to be managed)
- 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. In addition, this Authority will receive quarterly update reports.
- 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.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full Council. This role is undertaken by the Cabinet.

Quarterly reports – In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council/Board but do require to be adequately scrutinised. This role is undertaken by the Cabinet. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

1.3 Treasury Management Strategy for 2024/25

The strategy for 2024/25 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 Authority
- 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 Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and council members.
- Require treasury management officers and council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

Member training took place in September 2023 and January 2024, further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained by Chief Finance Officer. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by Member Services.

1.5 Treasury Management Consultants

The Authority uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

The Authority 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 to acquire access to specialist skills and resources. The Authority 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 2024/25 – 2027/28

The Authority'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 are prudent, affordable and sustainable.

2.1 Capital Expenditure and Financing

This prudential indicator is a summary of the Authority'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

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total Expenditure £'000
Operations & Communities	1,694	2,229	749	321	949	5,942
Corporate Services & Buildings	884	411	130	206	100	1,731
Housing	5,036	1,500	1,000	1,000	1,000	9,536
Regeneration	4,344	6,125	15,168	-	-	25,637
Climate change	250	799	-	-	-	-
Total	12,208	11,064	17,047	1,527	2,049	43,895

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

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.

Table 2

Financing of Capital Expenditure	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2026/27 £'000	Total Expenditure £'000
Capital Receipts	257	-	2,000	76	-	2,333
Capital Grants	8,854	8,281	14,560	1,000	1,000	33,695
Capital Reserves	-	-	-	-	-	0
Earmarked Reserves	-	-	-	-	-	0
Total in-year resources	9,111	8,281	16,560	1,076	1,000	36,028
Net Financing need for year	3,097	2,783	487	451	1,049	7,867

2.2 The Authority's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Authority'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 Authority'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 Authority's borrowing requirement, these types of

schemes include a borrowing facility by the lease provider and so the Authority is not required to separately borrow for these schemes.

The Authority is asked to approve the CFR projections below:

Table 3

Capital Financing Requirement (CFR)	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Opening CFR	15,272	17,847	19,986	19,673	19,349
Movement in CFR	2,575	2,139	(313)	(324)	283
Closing CFR	17,847	19,986	19,673	19,349	19,632
Movement in CFR is represented by					
Net Financing need for year	3,097	2,783	487	451	1,049
Less MRP repayments	522	644	800	775	766
Movement in CFR	2,575	2,139	(313)	(324)	283

The movement in CFR in 2024/25 is £2,139k, which includes the following projects:

- Rossendale Town Centres (LUF)
- Rawtenstall Gyratory (LUF)
- Carbon Reduction Fund

Table 4

External Borrowing Requirement.	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Service Spend	1,713	1,456	187	451	1,049
Housing	500	500	-	-	-
Regeneration	884	827	300	-	-
Closing CFR	3,097	2,783	487	451	1,049

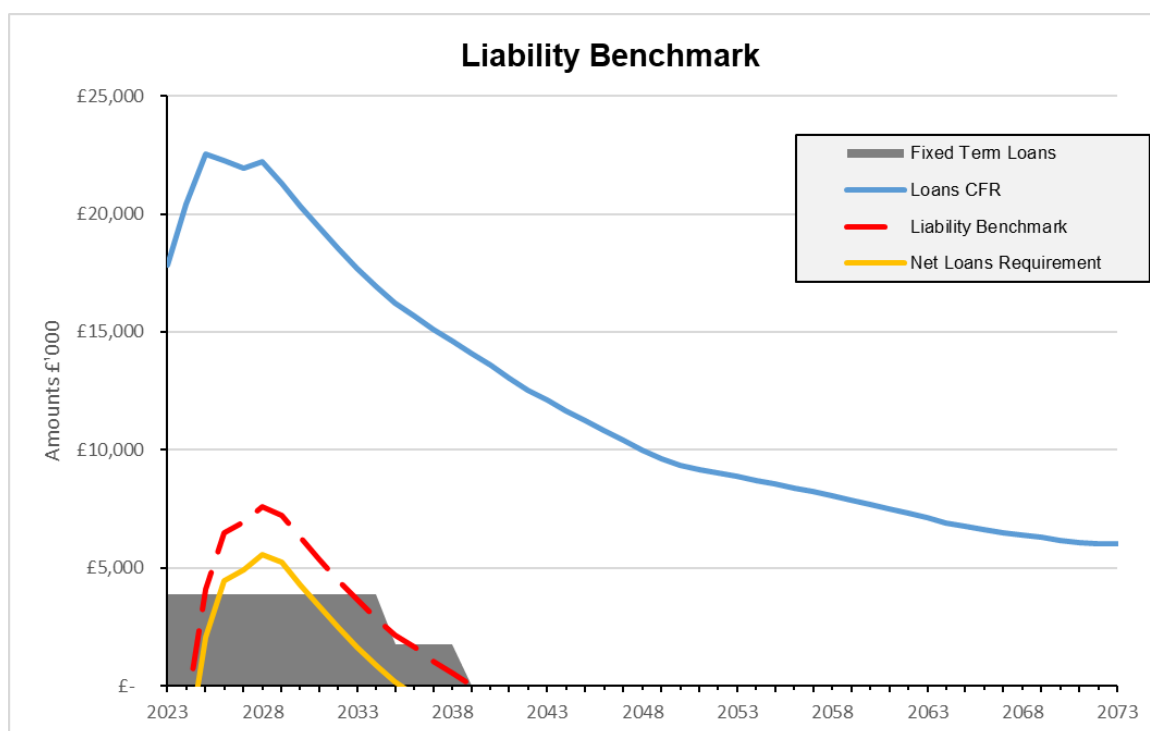
2.3 Liability Benchmark

The Authority is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

Table 5



2.4 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 6

Year End Resources	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
General Fund Balance	1,000	1,000	1,000	1,000	1,000	1,000
Earmarked Reserves	10,568	8,457	6,982	6,024	4,409	3,140
Capital Receipts	60	40	-	2,000	-	-
Government Grants Unapplied	2,619	1,000	1,000	250	100	100
Net to/(-)from reserves	(2,111)	(1,475)	(958)	(1,615)	(1,269)	(351)
Total Reserves	12,136	9,022	8,024	7,659	4,240	3,889
(Under)/Over Borrowing (see 3.1)	(11,414)	(14,273)	(13,913)	(10,725)	(7,095)	(3,041)
Expected Resources	722	(5,251)	(3,106)	(2,579)	(2,404)	1,897
Cash Balances	6,136	15,400	11,500	9,000	7,800	6,400
Working Capital*	5,414	10,149	14,606	11,579	10,204	4,503

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

2.5 Minimum Revenue Provision (MRP) Policy Statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent.

The MRP policy statement requires full council approval (or closest equivalent level) in advance of each financial year.

The Authority is recommended to approve the following MRP Statement:

For expenditure incurred before 1 April 2008 which forms part of supported capital expenditure, the MRP policy will be:

From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- **Asset life method (annuity)** – MRP will be based on the estimated life of the assets;

Capital expenditure incurred during 2023/24 will not be subject to an MRP charge until 2024/25, or in the year after the asset becomes operational

The Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment.

For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan.

MRP Overpayments - Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

Cumulative VRP overpayments made to date are £657k (made in 2018/19).

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority'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 31/3/23 and for the position as at 31/12/2023 are shown below for both borrowing and investments.

Table 7

Treasury Portfolio	31/03/2023 Actual £000	31/12/2023 Current Portfolio £000
External Borrowing:		
Public Works Loan Board Loan 1	2,208	2,116
Public Works Loan Board Loan 2	1,650	1,600
Total External Borrowing	3,858	3,716
Treasury Investments:		
Nat West	3,136	2,472
Handelsbanken	-	-
Lloyds	-	1,000
LCC Call Account	3,000	3,000
DMO	-	9,000
Total Treasury Investments	6,136	15,472
Net Borrowing / (Lending)	(2,278)	(11,756)

The Authority'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 8

Borrowing Position	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Debt at 1st April	4,142	3,858	3,574	6,073	8,948	12,254
Debt Repayments	(284)	(284)	(284)	(395)	(415)	(433)
New Debt	-	-	2,783	3,270	3,721	4,770
Debt at 31st March	3,858	3,574	6,073	8,948	12,254	16,591
PWLB Loan 1	2,208	2,024	1,840	1,656	1,472	1,288
PWLB Loan 2	1,650	1,550	1,450	1,350	1,250	1,150
Estimated New Debt	-	-	2,783	5,942	9,532	14,153
Capital financing Requirement (C	15,272	17,847	19,986	19,673	19,349	19,632
Under / (over) Borrowing	11,414	14,273	13,913	10,725	7,095	3,041

Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority 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 2024/25 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 Director of Finance reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of 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 9

Operational Boundary	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Total External Debt	18,800	21,000	20,700	20,300	20,600

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.

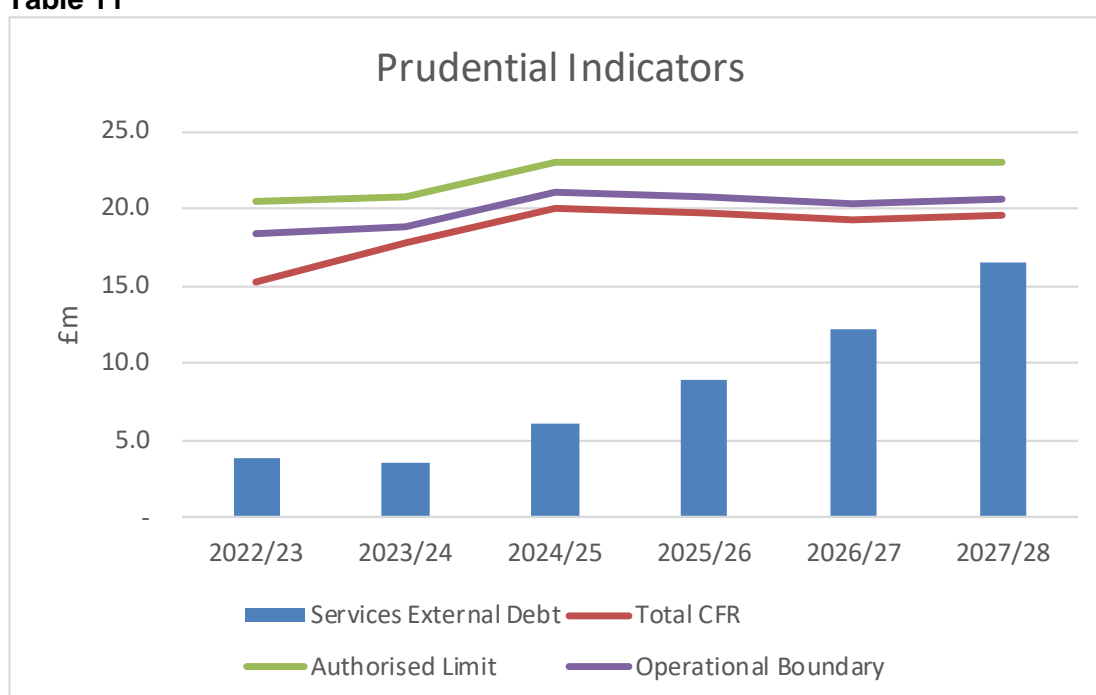
- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local authority plans, or those of a specific authority, although this power has not yet been exercised.
- The Authority is asked to approve the following Authorised Limit:

Table 10

Authorised Limit	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Total External Debt	20,800	23,000	23,000	23,000	23,000

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 11



3.3 Prospects for Interest Rates

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 08 January 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

Additional notes by Link on this forecast table: -

- Our central forecast for interest rates was previously updated on 7 November and reflected a view that the MPC would be keen to further demonstrate its anti-inflation

credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least a slowdown or mild recession over the coming months (although most recent GDP releases have surprised with their on-going robustness).

- Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

PWLB RATES

- The short and medium part of the gilt curve has rallied since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is c70 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is even.

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

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).
- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **Geopolitical risks**, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

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

- Despite the tightening in Bank Rate to 5.25%, the **Bank of England allows inflationary pressures to remain elevated** for a long period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, which may prove inflationary, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

LINK GROUP FORECASTS

We expect the MPC will keep Bank Rate at 5.25% until the second half of 2024, to combat on-going inflationary and wage pressures, even if they have dampened somewhat of late. We do not think that the MPC will increase Bank Rate above 5.25%.

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, as inflation continues to fall through 2024.

Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 08.01.24 p.m.	Target borrowing rate now (end of Q4 2025)	Target borrowing rate previous (end of Q3 2025)
5 years	4.53%	3.70%	3.80%
10 years	4.67%	3.90%	3.80%
25 years	5.19%	4.20%	4.20%
50 years	4.97%	4.00%	4.00%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate remains at 3% and reflects Capital Economics' research that suggests AI and general improvements in productivity will be supportive of a higher neutral interest rate. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to factor in Bank Rate reductions for 2024 and later.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.55%	4.70%
2025/26	3.10%	3.20%
2026/27	3.00%	3.00%
2027/28	3.25%	3.25%
2028/29	3.25%	3.25%
Years 6 to 10	3.25%	3.25%
Years 10+	3.25%	3.25%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.4 Borrowing Strategy

The Authority 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 Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, 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 the Cabinet at the next available opportunity.

3.5 Policy on Borrowing in Advance of Need

The Authority 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 Authority 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 XX% of the expected increase in borrowing need (CFR) over the three-year planning period; and
- The Authority would not look to borrow more than XX 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 Rescheduling

Although unlikely, rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

If rescheduling is to be undertaken, it will be reported to the Cabinet, at the earliest meeting following its action.

3.7 New Financial Institutions as a Source of Borrowing and / or Types of Borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.8 Approved Sources of Long and Short-term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK Infrastructure Bank	●	●
Overdraft		●
Internal (capital receipts & revenue balances)	●	●
Finance Leases	●	●

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 and service investments, 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 2021

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

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider “laddering” investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

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 Authority 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 Council 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.

Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Transaction limits** are set for each type of investment in 4.2.

However, this Authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

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 Authority'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 Authority 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 Authority's prudential indicators covering the maximum principal sums invested.

The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Full 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 Authority may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by 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 a counterparty at the minimum Authority 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 Authority will only use banks which:
 - i. are UK banks; and/or

- ii. 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):

- i. Short Term – F1
 - ii. 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 Authority's own banker for transactional purposes if the bank falls below the above criteria, although in this cash balances will be minimised in both monetary size and time invested.
 - Bank subsidiary and treasury operation -. The Authority 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 rating backed up with lowest volatility rating Money Market Funds (MMFs)
 - UK Government (including gilts, Treasury Bills and the DMADF)
 - Local authorities, parish councils etc
 - Housing associations
 - Rossendale Leisure Trust
 - Other related parties (where a charge can be placed on land or equity to preserve the Councils right to resources)

Use of additional information other than credit ratings. Additional requirements under the Code require the Authority 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.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Authority's counterparty list are as follows (these will cover both specified and non-specified investments): -

Table 12

Investment Type / Minimum Credit Rating (Note 1)	Banks Unsecured (Note 2)	Banks Secured (Note 3)	Government (Note 4)
UK Government	n/a	n/a	£ Unlimited 5 years
UK Treasury Bills	n/a	n/a	£1m in Total for 6 months
UK Local Authorities	n/a	n/a	£8m each for periods of up to 1 year £8m each for overnight/call deposits
Investment Rated A-	£2m each for 6 months	£2m each for 1 year	n/a
Money Market Funds (Note 5)	£2m per Fund up to 6 months		
Registered Providers (Note 6)	£1m in total for 1 Year		
Any other organisation (Note 7)	£1.5m for maximum of 10 years		

Notes to Table 12

1. Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

2. Banks unsecured: Includes accounts, deposits, certificates of deposit and unsecured bonds with banks and building societies. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

3. Banks secured: Includes covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.

4. Government: Includes loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts as a contingency in the event of a crisis.

5. Pooled Funds: These Funds are shares in diversified investment vehicles which invest in any of the investment types above (Notes 2 to 4), plus equity shares and property. These funds provide wide diversification, together with the services of a professional Fund Manager. The Money Market Funds offer same-day liquidity and very low volatility and are used as an alternative to instant access bank accounts. There is no sector limit applying to Money Market Funds although the Council will take care to diversify its liquid investments over a variety of providers to minimise risk.

6. Registered providers: These are longer term loans or bonds that are secured or guaranteed on the assets of Registered Providers of Social Housing. These bodies are highly regulated by the Homes and Communities Agency and are likely to receive government support if needed.

7. Other organisation: This is subject to an external credit assessment, specific advice from the Council's treasury management adviser and full Council approval.

Operational bank accounts: The Council's own bank account which is used for all of the Council's operational activities will have a minimum credit rating of BBB- and assets greater than £25 billion. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity. The balances in the Council's own bank account will be up to a maximum of £5m, or 50% of the resources available at the time of investing, whichever is the larger.

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. Nonetheless, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the autumn of 2022, 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 Authority has access to this information via its Link-provided Passport portal.

4.3 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. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate having peaked in the second half of 2023 and possibly reducing as early as the second half of 2024 so an agile investment strategy would be appropriate to optimise returns.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, 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.

Investment returns expectations.

The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to have peaked at 5.25%.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Table 13

Average earnings in each year	Link	RBC View
2023/24 (residual)	5.30%	5.17%
2024/25	4.55%	4.20%
2025/26	3.10%	2.95%
2026/27	3.00%	2.60%
2027/28	3.25%	3.00%
Years 6 to 10	3.25%	3.00%
Years 10+	3.25%	3.00%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

For its cash flow generated balances, the Authority will seek to utilise its SIBA instant access and notice accounts, Money Market Funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Authority's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

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

Table 14

Upper limit for principal sums invested for longer than 365 days			
£m	2024/25	2025/26	2026/27
Principal sums invested for longer than 365 days	£1.5m	£1.5m	£1.5m

4.5 Investment Performance / Risk Benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

- Security – the exposure to credit risk is monitored by measuring the average credit rating of its investment portfolio with a target rating of A-.
- Liquidity – the Authority will manage its cashflow so as not to go overdrawn.
- Yield – the benchmark for returns on investments is the Sterling Overnight Index Average (SONIA). Actual investment returns are monitored against budget.

4.6 End of Year Investment Report

At the end of the financial year, the Authority will report on its investment activity as part of its financial monitoring process.

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 2024/25 – 2026/27

The Authority'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

Table 15

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total Expenditure £'000
Operations & Communities	1,694	2,229	749	321	949	5,942
Corporate Services & Buildings	884	411	130	206	100	1,731
Housing	5,036	1,500	1,000	1,000	1,000	9,536
Regeneration	4,344	6,125	15,168	-	-	25,637
Climate change	250	799	-	-	-	-
Total	12,208	11,064	17,047	1,527	2,049	43,895

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 Authority's overall finances. The Authority 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), against the net revenue stream.

Table 16

	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Financing Costs	546	649	762	1,022	1,060	1,047
Proportion of net revenue stream	6.64%	6.30%	7.19%	9.66%	10.32%	10.39%

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 Authority'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 17

Maturity structure of fixed interest rate borrowing 2024/25		
	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%	50%

10 years and above	0%	100%
Maturity structure of variable interest rate borrowing 2024/25		
	Lower	Upper
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	10%
5 years to 10 years	0%	10%
10 years and above	0%	10%

5.1.4. Control of Interest Rate Exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.2 INTEREST RATE FORECASTS 2023-2026

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

PWLB forecasts are based on PWLB certainty rates.

5.3 ECONOMIC BACKGROUND

- The third quarter of 2023/24 saw:
 - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
 - A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS “experimental” rate of unemployment has remained low at 4.2%;
 - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
 - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022;
 - The Bank of England holding Bank Rate at 5.25% in November and December;
 - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
- The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.
- The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with the Halifax house price index recently pointing to a 1.7% year on year increase whilst Nationwide’s December data pointed to a -1.8% year on year decrease. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

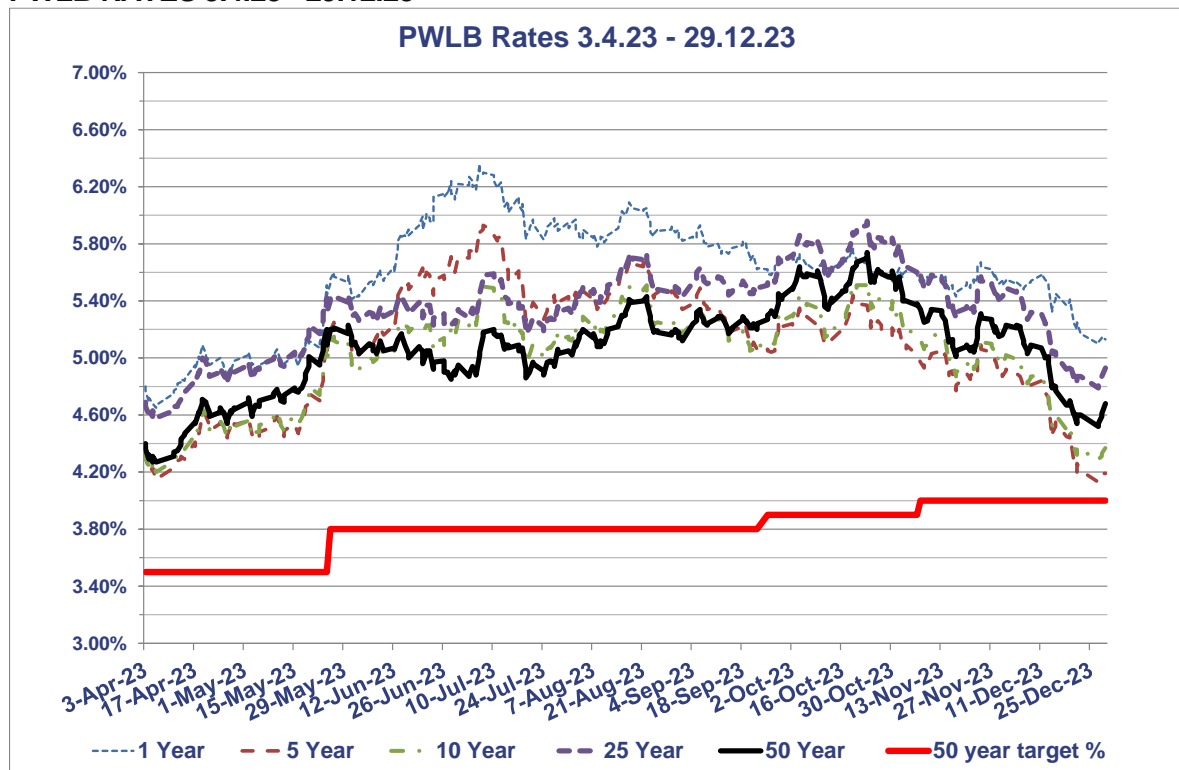
- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.
- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.
- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.
- The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time". In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.
- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before

starting to decline more decisively again in February. That explains why we think the Bank of England won't feel comfortable cutting interest rates until H2 2024.

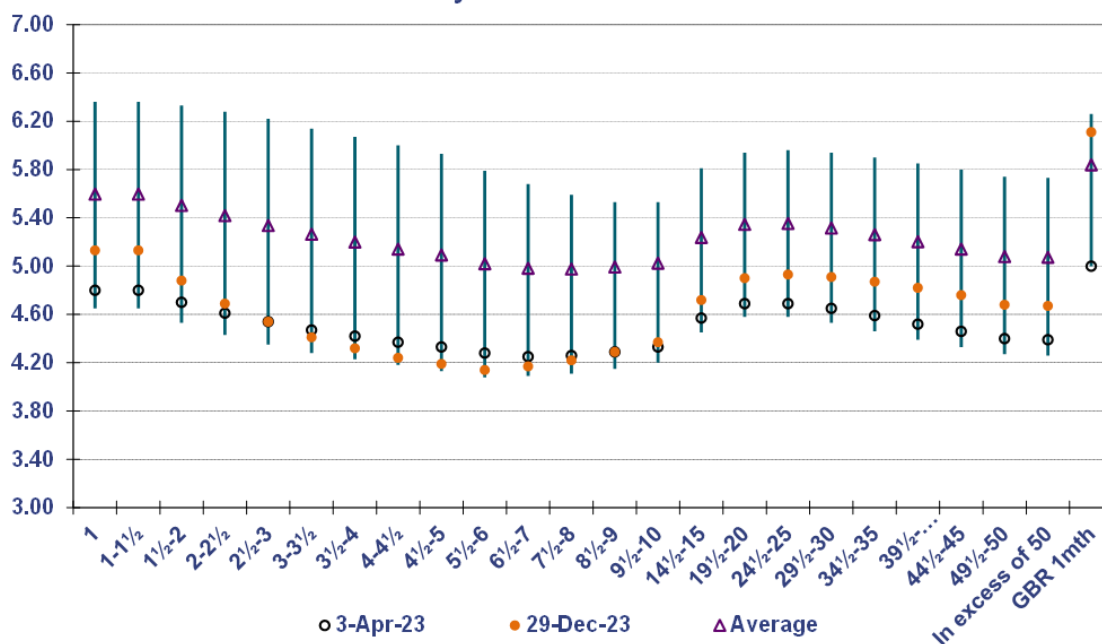
- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% in early January, with further declines likely if the falling inflation story is maintained.
- Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.
- The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February 2023. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.

PWLB RATES 3.4.23 - 29.12.23



PWLB Certainty Rate Variations 3.4.23 to 29.12.23



HIGH/LOW/AVERAGE PWLB RATES FOR 3.4.23 – 29.12.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.13%	4.20%	4.58%	4.27%
Date	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.53%	5.96%	5.74%
Date	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
Average	5.60%	5.09%	5.03%	5.35%	5.08%
Spread	1.71%	1.80%	1.33%	1.38%	1.47%

MPC meetings 2nd November and 14th December 2023

- On 2nd November, the Bank of England’s Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14th December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about “sticky” inflation remained in place.
- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.
- In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.

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 Authority'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 local authorities to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the Guidance requires this Authority 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 Director 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 for the Authority to set an Annual Investment Strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the 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 Authority will use. These are high security, 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 Authority is:

Strategy guidelines – The main strategy guidelines are contained in the body of the Treasury Management 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 Authority 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 12 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: -

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- Supranational Bonds of less than one year's duration.
- A Local Authority, Housing Association, Parish Council or Community Council.
- Pooled investment vehicles (such as Money Market Funds) that have been awarded a high credit rating by a credit rating agency e.g., Standard and Poor's, Moody's and/or Fitch rating agencies.

- A body that is considered of a high credit quality (such as a bank or building society). This category covers bodies with a minimum Short-Term rating of XXX (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies.

In accordance with the Code, the Authority has set out additional criteria to limit the time and the amount of monies which will be invested in these bodies. These criteria are set out in 4.2 above.

Non-specified investments – are any other type of investment (i.e., not defined as specified above). These are set out in 4.2 above.

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Authority 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 Director 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 and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- Belgium
- France
- Qatar
- **U.K.**

5.6 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Cabinet

- approval of/amendments to the Council'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.

(iii) Audit & Accounts Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

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 Council has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council 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 the Council
- ensuring that the Council 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;*

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

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:

- Chief Finance Officer (S151 Officer)
- Head of Financial Services (Deputy S151 Officer)
- Finance Officer (Exchequer)
- Principal Accountant
- Accountant
- Accounts Technician.



Treasury Management Policy and Practices

2024/25

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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 Chief Finance Officer, and for the

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execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the organisation's policy statement and TMPs

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

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TMP 1 RISK MANAGEMENT

The responsible officer (in the case of Rossendale Borough Council, The Chief Finance Officer) 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

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- 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 Chief Finance Officer 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: -

Investment Type / Minimum Credit Rating (Note 1)	Banks Unsecured (Note 2)	Banks Secured (Note 3)	Government (Note 4)
UK Government	n/a	n/a	£ Unlimited 5 years
UK Treasury Bills	n/a	n/a	£1m in Total for 6 months
UK Local Authorities	n/a	n/a	£8m each for periods of up to 1 year £8m each for overnight/call deposits
Investment Rated A-	£2m each for 6 months	£2m each for 1 year	n/a
Money Market Funds (Note 5)	£2m per Fund up to 6 months		
Registered Providers (Note 6)	£1m in total for 1 Year		
Any other organisation (Note 7)	£1.5m for maximum of 10 years		

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Notes

1. *Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.*
2. *Banks unsecured: Includes accounts, deposits, certificates of deposit and unsecured bonds with banks and building societies. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.*
3. *Banks secured: Includes covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.*
4. *Government: Includes loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts as a contingency in the event of a crisis.*
5. *Pooled Funds: These Funds are shares in diversified investment vehicles which invest in any of the investment types above (Notes 2 to 4), plus equity shares and property. These funds provide wide diversification, together with the services of a professional Fund Manager. The Money Market Funds offer same-day liquidity and very low volatility and are used as an alternative to instant access bank accounts. There is no sector limit applying to Money Market Funds although the Council will take care to diversify its liquid investments over a variety of providers to minimise risk.*
6. *Registered providers: These are longer term loans or bonds that are secured or guaranteed on the assets of Registered Providers of Social Housing. These bodies are highly regulated by the Homes and Communities Agency and are likely to receive government support if needed.*
7. *Other organisation: This is subject to an external credit assessment, specific advice from the Council's treasury management adviser and full Council approval.*
 - **Operational bank accounts:** The Council's own bank account which is used for all of the Council's operational activities will have a minimum credit rating of BBB- and assets greater than £25 billion. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity. The balances in the Council's own bank account will be upto a maximum of £5m, or 50% of the resources available at the time of investing, whichever is the larger.

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- 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

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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 2024/25 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.

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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.

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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.

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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

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Guidance and codes of practice

- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2021,
- CIPFA Prudential Code for Capital Finance in Local Authorities 2021
- CIPFA Local Authority Capital Accounting 2019
- CIPFA Standard of Professional Ethics 2018
- 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 Chief Finance Officer 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 S151 Officer. 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

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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.

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- Written confirmation is received and checked against the dealer's records for the transaction.
- Any discrepancies are immediately reported to the Chief Finance Officer 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 Chief Finance Officer 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.

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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).

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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 Chief Finance Officer and Head of Financial Services, 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 Chief Finance Officer 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

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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.

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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.

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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.

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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
- 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

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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.

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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.

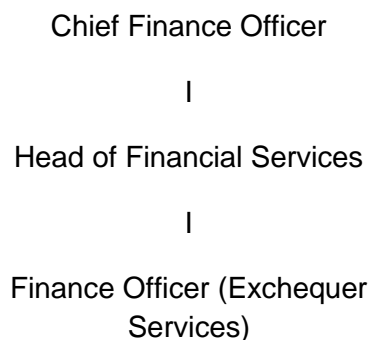
5.2 Principles and Practices Concerning Segregation of Duties

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.

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5.3 Treasury Management Organisation Chart



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 Chief Finance Officer (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 Head of Financial Services, 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.

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5.4.2. Head of Financial Services (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 Head of Financial Services is also the deputy S151 Officer. The Head of Financial Services 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

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and management information arrangements and the implications properly considered and evaluated.

5.6 Dealing Limits

The following posts are authorised to deal:

- The Chief Finance Officer: 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.

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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

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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.

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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 .

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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') 2021 edition, 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 Chief Finance Officer 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 Chief Finance Officer 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 Chief Finance Officer 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.

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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 Chief Finance Officer.

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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

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- 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 Chief Finance Officer
- 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.

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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 Chief Finance Officer 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.

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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 and
- 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

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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 Chief Finance Officer 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.

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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.

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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.

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.

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