Public Document Pack

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A meeting of the **Cabinet** will be held in the Committee Rooms, East Pallant House on **Tuesday 1 March 2022** at **9.30 am**

MEMBERS: Mrs E Lintill (Chairman), Mrs S Taylor (Vice-Chairman), Mr R Briscoe, Mr A Dignum, Mrs P Plant, Mr A Sutton and Mr P Wilding

AGENDA

1 **Chair's Announcements**
The Chair will make any specific announcements for this meeting and advise of any late items which due to special circumstances will be given urgent consideration under Late Items.

2 **Approval of Minutes** (Pages 1 - 8)
The Cabinet is requested to approve as a correct record the minutes of its Special meeting on 24 January 2022 and its ordinary meeting on 1 February 2022.

3 **Declarations of Interests**
Members are requested to make any declarations of disclosable pecuniary, personal and/or prejudicial interests they might have in respect of matters on the agenda for this meeting.

4 **Public Question Time**
In accordance with Chichester District Council's scheme for public question time the Cabinet will receive any questions which have been submitted by members of the public in writing by noon two working days before the meeting. Each questioner will be given up to three minutes to ask their question. The total time allocated for public question time is 15 minutes subject to the Chair's discretion to extend that period.

RECOMMENDATIONS TO COUNCIL

5 **Draft Treasury Management, Investment and Capital Strategies** (Pages 9 - 75)
The Cabinet is requested to consider the report and its appendices and make the following recommendations to Full Council:

1. That Cabinet considers the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Investment Strategy and relevant Indicators for 2022/23.
2. That Cabinet considers the Council's Capital Strategy for 2022/23 to 2026/27.
3. That the documents in 2.1 and 2.2 are recommended to Council for approval.

6 **Budget Spending Plans 2022-23** (Pages 77 - 151)
The Cabinet is requested to consider the report and its appendices and make the

following recommendations to Full Council:

a) That a net budget requirement of £15,015,600 for 2022-23 be approved.
b) That Council Tax be increased by £5.00 from £170.81 to £175.81 for a Band D equivalent in 2022-23.
c) That a contribution from the General Fund Reserve of £576,100 be approved to help fund the 2022-23 budget.
d) The capital programme, including the asset renewal programme (appendix 1c and 1d of the agenda report) be approved.
e) That a local Council Tax Hardship Reliefs Scheme for 2022-23 giving an additional £150 deduction on council tax bills for relevant taxpayers in receipt of CTR as set out in paragraph 6.7 of this report, using the £159,916 grant received in 2021-22.

7 **Allocation of Commuted Sums to Deliver Affordable Housing** (Pages 153 - 155)

The Cabinet is requested to consider the report and make the following resolutions:

1. That Cabinet recommend to Council the allocation of £50,000 commuted sum monies to Chichester Greyfriars Housing Association to fund the delivery of 5 social rented flats at Royal Close, Chichester.
2. That delegated authority is given to the Director of Housing and Communities to allow the payment of monies prior to practical completion to allow the trust to acquire the units subject to satisfactory discharge of planning conditions and receipt of solicitor's completion statement.

8 **Senior Staff Pay Policy Statement 2022-2023** (Pages 157 - 174)

The Cabinet is requested to consider the report and its appendices and make the following recommendations to Full Council:

That the Council be recommended to publish the Senior Staff Pay Policy Statement 2022-2023.

KEY DECISIONS

9 **Chichester Wellbeing** (Pages 175 - 181)

The Cabinet is requested to consider the report and its appendix and make the following resolutions:

1. To enter into a partnership agreement with West Sussex County Council for 2022/23 – 2026/27 and receive funding annually to deliver the Wellbeing service in line with the agreed business plan.
2. To approve delegated authority for the Director for Housing and Communities to finalise and sign the Wellbeing partnership agreement with West Sussex County Council.

OTHER DECISIONS

10 **Authorities Monitoring Report 2020-2021** (Pages 183 - 189)

The Cabinet is requested to consider the report and its appendix and make the following resolutions:

1. That Cabinet approve the Authority's Monitoring Report 1 April 2020 – 31

March 2021 for publication.
2. That the Director of Planning and the Environment be authorised, following consultation with the Cabinet Member for Planning Services, to make any minor amendments to the Authority's Monitoring Report prior to its publication.

11 **Changes to Priorities and Principles of Grant funding** (Pages 191 - 195)
The Cabinet is requested to consider the report and its appendix and make the following resolution:

That Cabinet approve the Council's Priorities and Principles of Grant Funding shown in appendix 1, with effect from 1 April 2022.

12 **Choose Work** (Pages 197 - 199)
The Cabinet is requested to consider the report and make the following resolution:

That Cabinet agree to receiving £62,857 from West Sussex County Council Economic Recovery Fund, and delegate to the Divisional Manager for Communities the allocation of funds over three years (2022/23 – 2024/25).

13 **Review of Skin Piercers Registration Policy, Fees and Charges** (Pages 201 - 203)
The Cabinet is requested to consider the report and make the following recommendation to General Licensing Committee:

That Cabinet recommends the revised skin piercing registration fees and charges 2022-23 for consideration and approval by the General Licensing Committee.

14 **The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 – Civil Penalty Policy** (Pages 205 - 211)
The Cabinet is requested to consider the report and its appendix and make the following resolutions:

1. That Cabinet approves The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 – Civil Penalty Policy
2. That Cabinet delegates the enforcement powers and ability to issue civil penalties in relation to the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 to the Director of Housing and Communities.
3. That the monies received through the issuing of fines are used to meet the cost and expenses incurred in, or associated with, carrying out any such enforcement work.

15 **Late Items**
a) Items added to the agenda papers and made available for public inspection
b) Items which the Chair has agreed should be taken as matters of urgency by reason of special circumstances to be reported at the meeting

16 **Urgent Decision Notice - Westward House Energy, Efficiency and Thermal Comfort Project February 2022** (Page 213)
The Cabinet is requested to note the Urgent Decision Notice relating to Westward House Energy Efficiency and Thermal Comfort Project.

17 **Exclusion of the Press and Public**
The Cabinet is asked to consider in respect of agenda items 18 and 19 whether the public including the press should be excluded from the meeting on the

following ground of exemption in Schedule 12A to the *Local Government Act 1972* namely Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

[**Note** The report and its appendices within this part of the agenda are attached for members of the Council and relevant only (printed on salmon paper)]

18 **Award of contract for electric refuse collection vehicles** (Pages 215 - 219)
The Cabinet is requested to consider the report and its appendix and make the resolutions as set out in sections 2.1, 2.2 and 2.3 of the report.

19 **Financial Services Contracts 2022** (Pages 221 - 225)
The Cabinet is requested to consider the report and its appendix and make the resolutions as set out in sections 2.1, 2.2, 2.3 and 2.4 of the report.

NOTES

(1) The press and public may be excluded from the meeting during any item of business wherever it is likely that there would be disclosure of 'exempt information' as defined in section 100A of and Schedule 12A to the Local Government Act 1972.

(2) The press and public may view the report appendices which are not included with their copy of the agenda on the Council's website at [Chichester District Council - Minutes, agendas and reports] unless they contain exempt information.

(3) Subject to the provisions allowing the exclusion of the press and public, the photographing, filming or recording of this meeting from the public seating area is permitted. To assist with the management of the meeting, anyone wishing to do this is asked to inform the chairman of the meeting of their intentions before the meeting starts. The use of mobile devices for access to social media is permitted, but these should be switched to silent for the duration of the meeting. Those undertaking such activities must do so discreetly and not disrupt the meeting, for example by oral commentary, excessive noise, distracting movement or flash photography. Filming of children, vulnerable adults or members of the audience who object should be avoided. [Standing Order 11.3 of Chichester District Council's Constitution]

(4) Subject to Covid-19 Risk Assessments members of the public are advised of the following:

- Where public meetings are being held at East Pallant House in order to best manage the space available members of the public are in the first instance asked to listen to the meeting online via the council's committee pages.
- Where a member of the public has registered a question they will be invited to attend the meeting and will be allocated a seat in the public gallery.
- It is recommended that all those attending take a lateral flow test prior to the meeting.
- All those attending the meeting are advised to wear face coverings and maintain social distancing when moving around the building and/or meeting room.
- You should not attend any face to face meeting if you have symptoms of Covid-19 or if you have been instructed by NHS Test and Trace to self-isolate.

(5) A key decision means an executive decision which is likely to:

- result in Chichester District Council (CDC) incurring expenditure which is, or the making of savings which are, significant having regard to the CDC's budget for the service or function to which the decision relates or

- be significant in terms of its effect on communities living or working in an area comprising one or more wards in the CDC's area or

- incur expenditure, generate income, or produce savings greater than £100,000

NON-CABINET MEMBER COUNCILLORS SPEAKING AT THE CABINET

Standing Order 22.3 of Chichester District Council's Constitution provides that members of the Council may, with the Chairman's consent, speak at a committee meeting of which they are not a member, or temporarily sit and speak at the committee table on a particular item but shall then return to the public seating area.

The Leader of the Council intends to apply this standing order at Cabinet meetings by requesting that members should *normally* seek the Chairman's consent in writing by email in advance of the meeting. They should do this by noon on the Friday before the Cabinet meeting, outlining the substance of the matter that they wish to raise. The word normally is emphasised because there may be unforeseen circumstances where a member can assist the conduct of business by his or her contribution and where the Chairman would therefore retain their discretion to allow the contribution without the aforesaid notice.

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Minutes of the Special meeting of the **Cabinet** held in Virtual on Monday 24 January 2022 at 9.30 am

Members Present Mrs E Lintill (Chairman), Mrs S Taylor (Vice-Chairman), Mr R Briscoe, Mr A Dignum, Mrs P Plant, Mr A Sutton and Mr P Wilding

Members Absent

In attendance by invitation

Officers Present Mr N Bennett (Divisional Manager for Democratic Services), Mr A Buckley (Corporate Improvement and Facilities Manager), Miss L Higenbottam (Democratic Services Manager), Mrs J Hotchkiss (Director of Growth and Place), Mrs D Shepherd (Chief Executive) and Mr J Ward (Director of Corporate Services)

119 Chair's Announcements

The Chair welcomed everyone present to the virtual meeting.

There were no apologies for absence.

120 Declarations of Interests

There were no declarations of interest.

121 Late Items

There were no late items.

122 Exclusion of the Press and Public

Cllr Taylor proposed and read the part II resolution in relation to agenda item 5. This was unanimously agreed by the Cabinet voting to go into part II.

RESOLVED

That with regard to agenda item 5 the public including the press should be excluded from the meeting on the grounds of exemption in Schedule 12A to the Local Government Act 1972 namely paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information) and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

123 **Future Services Framework**

Cllr Lintill introduced the item. She explained that the report had been discussed by the Group Leaders and had also been debated at Overview and Scrutiny Committee. Overview and Scrutiny Committee had proposed amendments to recommendations 3.7 and 3.8 which Cllr Lintill suggested Cabinet incorporate.

Mr Buckley explained that section 6.6 of the report should refer to a different Grant and clarified which Grant to members.

Members gave their support to the recommendations including the amendments proposed by the Overview and Scrutiny Committee.

Cllr Wilding and Cllr Sutton commented on the recommendation 3.7. The comments were noted by officers.

Cllr Sutton explained that he viewed recommendation 3.2 with great importance.

Cllr Plant wished to note that discussion had taken place around recommendation 3.6b.

All members thanked officers for their hard work in producing the detailed report.

In a vote the Cabinet agreed the resolutions to Council as set out in sections 3.1 – 3.9 of the report with amended sections 3.7 and 3.8.

The meeting ended at 9.48 am

CHAIRMAN	Date:

Minutes of the meeting of the **Cabinet** held in Committee Rooms, East Pallant House on Tuesday 1 February 2022 at 9.30 am

Members Present Mrs E Lintill (Chairman), Mrs S Taylor (Vice-Chairman), Mr R Briscoe, Mr A Dignum, Mrs P Plant, Mr A Sutton and Mr P Wilding

Members Absent

In attendance by invitation

Officers Present Mr A Buckley (Corporate Improvement and Facilities Manager), Ms M Burgoyne (Economic Development Manager), Ms P Bushby (Divisional Manager for Communities), Mrs K Dower (Principal Planning Officer (Infrastructure Planning)), Mr A Frost (Director of Planning and Environment), Miss L Higenbottam (Democratic Services Manager), Mrs J Hotchkiss (Director of Growth and Place), Mr B Jones (Housing Enabling Officer), Mrs D Shepherd (Chief Executive), Mrs F Stevens (Divisional Manger for Planning), Mrs E Thomas (Wellbeing Manager) and Mr J Ward (Director of Corporate Services)

124 **Chair's Announcements**

Cllr Lintill welcomed everyone to the meeting. She explained that a late item had been accepted entitled ‘Land at Mill Road, Westbourne, Community Land Trust Proposal’.

There were no apologies for absence.

125 **Approval of Minutes**

RESOLVED

That the minutes of the Cabinet meeting held on 11 January 2022 be approved as a correct record.

126 **Declarations of Interests**

Cllr Briscoe declared a prejudicial interest in relation to late item ‘Land at Mill Road, Westbourne – Community Land Trust Proposal’ as a member of the Community Land Trust. He explained he would be leaving the room for the duration of that item.

127 **Public Question Time**

No public questions had been received.

128 **Consideration of responses and changes following consultation and approval of the Infrastructure Business Plan 2022 for approval and publication**

Cllr Taylor introduced the item and referred members to the supplement to the agenda containing the report and its appendices. She also explained that a further response supplementing Chichester City Council's objections had been received and was tabled for members of the Cabinet. Cllr Dignum noted that he did not support the objection from the City Council.

Cllr Briscoe asked members to be mindful that the CCG put forward the plans in respect of GP facilities not the council.

Cllr Taylor added that Community Infrastructure Levy (CIL) requirements for growth and infrastructure had been met by the proposals from the CCG.

Cllr Plant requested comment on the IBP 331 and IBP 660 and the delay to the education provision plans. Mrs Dower explained that the IBP is a live document and as such the information provided to the cabinet was current at the time of print. She added that it was likely that due to housing growth further consideration would be given by WSCC to the need for additional provision in the spring.

In a vote the following recommendations to Council were made:

RECOMMENDATION TO COUNCIL

That Cabinet recommends that the Council:

i. Approves the proposed responses to the representations received and subsequent modifications to the Draft Infrastructure Business Plan 2022-2027 as set out in Appendix 1; and
ii. Approves the amended IBP including the CIL Spending Plan attached as Appendix 2.

129 **Award of Contract for Cleaning for Operational Buildings and Public Conveniences 2022-2027**

Cllr Wilding introduced the item. He explained that recommendation 2.4 should read 2023/24.

Mr Buckley added that the amounts detailed in recommendation 3 and 4 should read £36,600.

Cllr Lintill accepted the changes on behalf of the Cabinet.

In a vote the following resolutions were made:

RESOLVED

1. That the contract for the cleaning of operational buildings and public conveniences for a period of three years from 1 April 2022 or as soon thereafter be awarded to Supplier C, the details of which are set out in the exempt appendix to the agenda report.
2. That authority be delegated to the Director of Corporate Services to:
    a. make any minor contractual changes during the contract term.
    b. extend the contract by mutual agreement for up to 2 periods of 12 months each should the contract remain economically advantageous, and the supplier perform satisfactorily.
3. That Cabinet note the planned savings of £32,300 from this contract have been achieved and approve that the further savings of £36,600 be retained to fund temporary staffing support during contract implementation.
4. Subject to the agreement of 2.3, the requirement for the £36,600 in future years will be reviewed by Officers as part of the 2023-24 budget process and either repurposed towards contract variations or returned to the Council's base budget.

130 Development Management Division - Workloads and Resourcing

Cllr Taylor introduced the item.

Mrs Stevens drew attention to section 4.3 of the report and explained that the use of reserves to cover the cost of agency staff referenced had been removed from the agreed recommendations in the earlier report to cabinet.

Members wished to note their support for this provision for the planning team.

In a vote the following resolutions were made:

RESOLVED

That Cabinet approves:

1. The release of £60,000 from reserves to cover the cost of engaging specialist professional services to support the local planning authority in defending a planning appeal.
2. The release of £30,000 from reserves to cover the cost of retaining temporary agency staff to address current staff vacancies and enable the existing applications backlog to be removed.

131 Economic Development Strategy Refresh & Inward Investment Delivery Plan

Cllr Lintill explained that Cllr Dignum had circulated proposed amendments to the Inward Investment Delivery Plan (attached to the minutes for reference).

Cllr Dignum then introduced the item.

Cllr Sutton explained the importance of inward investment and supporting events in the district. He referred to the benefits to hospitality and accommodation providers. He also gave his support to helping younger people stay in the district and gave examples of the University of Chichester's new Nursing Course and the Young Entrepreneurs Scheme.

Cllr Briscoe also gave his support to the report.

In a vote the following resolution was made:

RESOLVED

That Cabinet approve the refreshed Economic Development Strategy and Inward Investment Delivery Plan as amended.

132 **Enabling Grants to support New and Existing Businesses**

Cllr Dignum introduced the item.

Cllr Sutton and Cllr Briscoe wished to note their support.

In a vote the following resolution was made:

RESOLVED

That Cabinet approves the proposed continuation of the Enabling Grants scheme for 2022/23, funded by £71,428 allocated from the Pooled Business Rates Fund.

133 **Social Prescribing**

Cllr Lintill added a line to the end of the proposed recommendation to read 'and agree the funding as set out in the table under paragraph 7 of the report'.

Cllr Briscoe then introduced the item.

Cllr Taylor gave her support to the pilot.

Cllr Sutton shared a personal account of the impact of the service to a young person's life.

Cllr Briscoe wished to note the council's partnership working with the Housing Providers involved.

Cllr Dignum requested clarification on the funding. Mrs Bushby explained that the funding was West Sussex County Council legacy funding from the Think Family project which had been agreed to be repurposed by the Joint Action Group.

Cllr Plant gave her support to the Pilot.

In a vote the following resolution was made:

That the Cabinet agree a two-year pilot for a Young Persons Social Prescriber, and agree the funding as set out in the table under paragraph 7 of the report.

134 Notice of the Making of an Urgent Decision - Covid Additional Relief Funds

The Cabinet noted the Urgent Decision Notice relating the Covid Additional Relief Funds.

135 Late Items

Cllr Lintill explained that a late item had been accepted entitled ‘Land at Mill Road, Westbourne, Community Land Trust Proposal’.

136 Exclusion of the Press and Public

Cllr Lintill proposed and read the part II resolution in relation to the late agenda item. This was seconded by Cllr Plant and agreed by the Cabinet with a vote to go into part II.

In line with his earlier declaration Cllr Briscoe left the room for the duration of the item.

RESOLVED

That with regard to late agenda item ‘Land at Mill Road, Westbourne, Community Land Trust Proposal’ the public including the press should be excluded from the meeting on the grounds of exemption in Schedule 12A to the Local Government Act 1972 namely paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information) and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

137 Land at Mill Road, Westbourne - Community Land Trust Proposal

Cllr Sutton introduced the item.

Points of clarification requested by Cllr Dignum and Cllr Plant were responded to by Cllr Taylor, Mr Frost and Mr Jones.

Cllr Sutton also gave thanks to Mr Jones for his work and support as he would be leaving his role shortly.

In a vote the following resolutions were made:

That Cabinet makes the resolutions as set out in sections 3.1 and 3.2 of the report.

The meeting ended at 10.31 am

CHAIRMAN

Date:

Chichester District Council

CABINET **1 February 2022**

Draft Treasury Management, Investment and Capital Strategies

1. Contacts

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2. Recommendation

2.1. **That Cabinet considers the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Investment Strategy and relevant Indicators for 2022/23.**

2.2. **That Cabinet considers the Council's Capital Strategy for 2022/23 to 2026/27.**

2.3. **That the documents in 2.1 and 2.2 are recommended to Council for approval**

3. Background

3.1. Local authorities' treasury management activities are prescribed by the Local Government Act 2003 and Regulations issued under this Act. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice (the Code) derives its legal status from these statutory Regulations.

3.2. The Treasury Management Code was last updated in 2017. CIPFA's view is that, since then, the landscape for public services has changed. The increasing profile of the role of treasury management as a result of the pandemic, the disciplines and skills required to meet the advances brought forward by issues such as the Markets in Financial Instruments Directive, known as MIFID II, and the increasing complexity of transactions in the sector has underlined the importance of the Treasury Management Code and its guidance. Alongside this, the rise in commercial non-treasury investments nationally is felt to be a contributing factor behind the need to strengthen its provisions to ensure that they are fit for the 21st century.

3.3. CIPFA plans to update its Treasury Management and Prudential Codes following consultations during 2021. As these Codes have not been issued in due time for their inclusion in the Council's consideration of its 2022/23 strategies, the documents before Committee today are based on officers best understanding of what will be required for 2022/23. Once the final Codes are issued, a considered approach to responding to them will be taken and updated requirements will be incorporated into strategies for 2023/24 as necessary.

3.4. The Council is also required by the Code to produce a Capital Strategy which aims to provide a high-level overview of how capital and treasury intentions contribute to the provision of local services and describe how risks to future financial sustainability are managed. A draft capital Strategy is included in this report at appendix 3.

3.5. Although every attempt has been made to reduce the technical content of this report, by its very nature the report is specialised in parts and the glossary of terms in Appendix 5 aims to aid members understanding of some terms used.

4. Outcomes to be achieved

4.1. The Treasury Management and Investment Strategies for 2022/23 and the Council's Capital Strategy for 2022/23 to 2026/27 are approved before 1 April 2022 in accordance with CIPFA's Treasury Management in the Public Services: Code of Practice and the MHCLG's investment Regulations.

5. Alternatives that have been considered

5.1. The Treasury Strategy contains details of alternatives that have been considered. There is no 'do nothing' option as the Council is required to approve a Treasury and Investment Policy for 2022/23 as well as its Capital Strategy before 31 March 2022.

6. Resource and legal implications

6.1. The Council may be putting its financial standing at risk, as well as failing to meet the requirements of the Local Government Act 2003, if it failed to follow the revised Treasury Management Code and the Investment Guidance. Acceptance of the recommendations in this report would not only help avoid this risk, but would demonstrate that the Council's financial matters continue to be managed prudently

6.2. The Treasury Management Strategy and the Prudential Indicators reflect various assumptions of future interest rate movements and Government support for capital expenditure. These assumptions have been taken into account in the 5 year model under pinning the Council's Financial Strategy and resources statement.

6.3. Appendix A to the Treasury Strategy contains details of the interest rate assumptions that have been used in developing this strategy.

6.4. Due to differences in timing between the deadlines for this report and the Council's annual budget and capital strategies, the information contained in the documents at appendices 2 and 3 is based on that available as at November 2021. There will inevitably be some difference between these figures and the final approved budget, capital programme and corporate priorities but these will be captured as part of future iterations of these documents

7. Consultation

7.1. The forthcoming financial year's Treasury Management Strategy, Investment Strategy and Capital Strategy documents were considered by Corporate Governance and Audit Committee on 10 January and a verbal update will be provided on any comments.

8. Community impact and corporate risks

8.1. The statutory and regulatory framework under which the treasury management function operates is very stringent, and each authority has to decide its own appetite for risk and the rate of return it could achieve. Risk management is covered within the Treasury Management Strategy and specifically within TMP 1, an extract of which is shown in appendix 4.

9. Other Implications

	Yes	No
Crime & Disorder		✓
Climate Change 1. Ethical, Social and Governance (ESG) factors are increasingly being recognised as a factor in the wider Treasury sector. The Council has included sections on responsible investing and carbon reduction in these updated strategies	✓	
Human Rights and Equality Impact		✓
Safeguarding and Early Help		✓
General Data Protection Regulations (GDPR)		✓
Health and Wellbeing		✓
Other (Please specify): 1. **Compliance with the Local Government Act 2003** 2. Non- compliance or loss of an investment due to default by a counterparty could affect the financial wellbeing of the council dependent on the size of the loss and the ability to fund losses from its unallocated reserves.	✓	

10. Appendices

10.1. Appendix 1 – Summary of amendments between 2021/22 and 2022/23

10.2. Appendix 2- Treasury Management Policy Statement, Treasury Management Strategy Statement, Treasury Prudential Indicators and Annual Investment Strategy for 2022/23.

10.3. Appendix 3 – Capital Strategy 2022/23 to 2026/27

10.4. Appendix 4 - Treasury Management Practices (TMP's) Extract of TMP 1 Risk Management.

10.5. Appendix 5 - Glossary

11. Background Papers

11.1. None.

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Appendix 1 – Summary of the main amendments between 2021-22 and 2022-23

This appendix reports significant changes to the strategy only

Item	Page	Comment
The overall structure has been reviewed to create greater clarity between the Treasury and Investment aspects of the document	N/A	Since the 2017 updates to the Code and DHULC Guidance greater detail has been required within the Council's investment strategy covering service and commercial investments. This detail has made the treasury strategy more opaque and difficult to apply throughout the year. As the Code still requires the treasury management strategy to cover all of the Council's financial investments, even those which are not treasury management investments, officers have restructured the document to aid clarity. There is now greater separation between Treasury and non-Treasury investments.
Liability benchmark	5	Table 2 is updated to calculate the Council's Liability Benchmark rather than a simple balance sheet forecast. This is a new indicator and one that is likely to remain in the final 2021 Code provisions. The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow. A negative liability benchmark indicates the Council will have resources to invest and expects to remain debt free.
Proportionality	To 26	Moved to the Investments strategy section to better align with Code and regulatory requirements.
Counterparty limits	8	Increased the ceiling for investments in external pooled funds (excluding the CCLA) from £30m to £50m based on the Liability benchmark analysis in table 2 to the main

		strategy. Increased the CCLA-LAPF limit to £15m to provide headroom to maintain a balanced allocation of assets between sectors should the Council choose to seek further investments in external pooled funds Table 4 and 9 limits also increased by £20m to accommodate the above two changes. Increased from £5m default to £6m based on reserve and investment projections for 2022-23 Added the following text: "For external pooled funds, the limit applied will be that in force on the date of the investment. Should counterparty limits fall after this date, a balanced view will be taken by the s.151 officer as to if and when the investment above the new limit will be redeemed."
Borrowing Sources	14	Added paragraph confirming that PWLB loans are no longer available for 'primarily for yield' activities.
Treasury management indicators	16	Separated Treasury and non-Treasury indicators to aid reporting. Changes to indicators proposed: • Delete time-weighted average credit score – this is duplicated by the portfolio average credit score indicator • Portfolio average credit score – changed to 'minimum A rating (slightly above minimum acceptable credit score of A-). • Fair value: Clarified calculation and indicator to link to overall resources available to reduce risk
Reporting	20	Proposed monthly reporting frequency of investments to that Leader of the Council, the Cabinet Member for Corporate Services and the members of the Corporate Governance & Audit Committee.

		The present weekly reporting appears to provide little value over monthly reporting.
Commercial Investments: Property	22 23	Section rewritten to draw in greater risk mitigation and assessment steps from the Council's investment opportunities protocol. Added table to provide the current far value (security) position for each of the Council's investment properties to inform the expanded section on Security for commercial Investments. Due to commercial sensitivity, references are restricted to the Council's asset register reference rather than the name of the property. Both these updates have been made given the increasing focus on this area by both the DLUHC and in the CIPFA Codes and Guidance.
Service Investments: Loans	25	Expanded section to provide most detail on potential risks and the various service loans made.
Loan Commitments and Guarantees	26	Added new section – text previously included but now made explicit.
Proportionality	26	Moved from Treasury section. Indicators updated to provide forecasts for current year and next three. Further work will be needed during 2022-23 to define how longer term projections can be made if they are required by the CIPFA Code.
Non-specified investment limits	27	Added confirmation that the limits in table 15 do not apply to treasury Investments, including external investments in pooled funds.
Investment indicators	28	New section. Previous Investment indicators separated from treasury indicators to aid future monitoring and reporting. The new indicators are: 1. Total investment exposure £m 2. Rate of return – all types of Investments

		Paragraph added explaining that the Council may not be able to comply with any requirements to forecast the fair values of investments if such is required by the CIPFA Code. The following indicators have been removed from the voluntary indicators as they are now measured as part of the wider suite of indictors recommended by the Code and DLUHC Regulations • Commercial income to net service expenditure (NSE) • Net operating surplus • Market Value of commercial properties
Reporting	30	For service investments, reporting arrangements will comply with the Council's Constitution on a case by case basis as determined by the relevant Service Director.
Capital Strategy		
Strategic Aims & Objectives	2	Holding statement included – it is not possible to update this section for the proposed refresh of council priorities due to differences in timing between the reports.
Impact of COVID 19	3	Refreshed based on report to Overview and Scrutiny June 2021
Supporting Carbon Reduction	4	Now linked to climate change page on CDC website to ensure the latest position is reflected

Appendix 2 - Treasury Management and investment Strategy

Contents

Treasury Management Policy Statement, Treasury Management Strategy Statement and Annual Investment Strategy for 2022/23

Treasury Management Policy Statement

Treasury management within the Council is undertaken in accordance with the CIPFA Code of Practice for Treasury Management in the Public Services ("the TM Code").

The Council defines treasury management as:

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

The Council 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. 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.

The 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.

The Treasury investment policy objective for this Council is the prudent investment of its treasury balances. The Council's Treasury investment priorities are security of capital and liquidity of its investments so that funds are available for expenditure when needed. Both the CIPFA Code and the DLUHC guidance require the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

The Authority is currently debt free and its capital expenditure plans do not currently imply any need to borrow over the forecast period. This strategy has been prepared assuming that it will not need to borrow any monies, except for short term cash flow purposes for revenue and capital commitments.

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments);

- to support local public services by lending to or buying shares in other organisations (service investments); and,
- to earn investment income (known as commercial investments where this is the main purpose).

Treasury Management Strategy

The Council's priority is the security and liquidity of its treasury investments in accordance with the priorities set out in the CIPFA Code and DLUHC Guidance. Whilst fundamentally risk averse, the Council accepts some modest degree of risk within the limits and counterparty restrictions set out in its Treasury Management and Investment Strategy and risk appetite statement

The Chartered Institute of Public Finance and Accountancy's '*Treasury Management in the Public Services: Code of Practice'* (the CIPFA Code) requires the Council to approve a Treasury Management Strategy (TMS) before the start of each financial year.

The Department for Levelling Up, Housing & Communities (DLUHC) also issues guidance on Local Authority Investments (the Guidance). Paragraph 21 of the Guidance makes it clear that, except for the requirement to prioritise Security, Liquidity and Yield in that order of importance, treasury management investments are managed within the principles set out within the CIPFA Code.

The Council's TMS Statement is underpinned by the CIPFA Code and Treasury Management Practices (TMPs) which provide prescriptive information as to how the treasury management function should be carried out.

In accordance with the Guidance, the Council will be asked to approve a revised Treasury Management Strategy should the assumptions on which this report is based change significantly. Such circumstances may include, for example, a large unexpected change in interest rates, or in the Council's capital programme or in the level of its investment balances.

At 15 November 2021 the Council held £125.9m of investments as set out in table 1.

Table 1: Investment Portfolio Position

Investments	£m	Return %*
Short term Investments (cash, call accounts, deposits)	38.0	0.05
Money Market Funds	53.9	0.05

Total Liquid Investments	91.9	0.05
External Pooled funds	34.0	4.35
Total Treasury Financial Investments	125.9	1.31

**returns are based on income only as at 30 September.*

For the purposes of the limits in this strategy, the position in table 1 is not representative of the long term stable investment position of the Council. As residual balances on the various COVID-19 national support schemes are settled, officers expect cash balances to fall over the next twelve months by around £30m.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. CIPFA suggests calculating a Liability Benchmark to demonstrate this and this is shown in Table 2 below. The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

As the Council's net Treasury position is debt free across the entire forecast period, the Council's liability benchmark (and CFR) is also negative across the forecast period, indicating that there is no present need to borrow given the Council's current resources and capital intentions.

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Table 2: Balance sheet forecast to 31 March 2026 (£m)

	2021 Actual	2022	2023	2024	2025	2026
Capital Financing requirement	-1	0	0	0	0	0
Less: Other debt liabilities	0	0	0	0	0	0
Less: Balance sheet resources						
• Usable Reserves	-73	-64	-52	-52	-51	-52
• Capital receipts reserve	-2	-3	-6	-7	-10	-11
• Working capital	-3	-4	-4	-4	-4	-4
CIL	-11	-7	-4	-4	0	0
Treasury Investments	-90	-78	-66	-67	-65	-67
Plus: Liquidity allowance	10	10	10	10	10	10
Liability Benchmark	-80	-68	-56	-57	-55	-56

The above figures are based on resource projections and include assumptions about timing of transactions that may differ from actual delivery. Other debt liabilities may increase slightly once an assessment is made of finance lease liabilities in advance of the implementation of IFRS16 for the 2022/23 financial year.

The CIL projections are based on the Council's infrastructure business plan as at September 2021.

The Liquidity allowance is set at £10m and is the minimum level of funds invested to maintain professional investor status under the relevant financial regulations.

The Council's operational boundary and authorised debt ceilings are set out in tables 5 and 6 (page 15) and are set at a level that will accommodate possible short-term working capital requirements or any financial lease liabilities that will be recognised following the adoption of IFRS16 on 1 April 2023.

Risk Appetite Statement

As a debt free authority the Council's highest priority in its treasury management function is the security of those investments in accordance with the priorities set out in the CIPFA Code. However, whilst fundamentally risk averse, the Council will accept some modest degree of risk

The Council mitigates investment risk by using different investment instruments, diversified high credit quality counterparties and with country, sector and group limits as set out in this strategy.

When investing surplus cash, the Council will not necessarily limit itself to making deposits with the UK Government and local authorities, but may invest in other bodies including certain unrated building societies and money market funds. The Council may also invest surplus funds through tradable instruments such as gilts, treasury bills, certificates of deposit, corporate bonds and pooled funds. The duration of such investments will be carefully considered to limit that risk of them having to be sold (although they may be) prior to maturity, mitigating the risk of the capital sum being diminished through price movements.

Treasury Investments and Borrowing

In line with the Council's Treasury Management Policy Statement, treasury management includes all the activities necessary for:

1. Cash management;

2. Liquidity planning and control; and,
3. Corporate finance, including medium and long term financing and investing.

Successfully identifying, monitoring and mitigating risk is the cornerstone of effective treasury management, although the Council acknowledges that effective treasury management also supports the achievement of business and service objectives.

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities lead to a cash surplus which is invested in accordance with the CIPFA Code.

The balance of treasury investments is expected to fluctuate between £78m and £66m during the 2022/23 financial year (table 2, above). The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

The Council does not intend to borrow any monies, except for short term cash flow purposes for revenue and capital commitments.

Investment Objective

The Council's objective when investing money is to comply with the principles stated in this strategy document, striking an appropriate balance between risk and return in line with the Council's risk appetite statement.

Counterparty limits

The Council may invest its surplus funds with any of the counterparties in table 3 below, subject to the cash limits (per counterparty) and time limits shown.

The Authority's lowest revenue reserves available to cover investment losses are forecast to be £59 million on 31st March 2023 (usable reserves, less capital receipts plus CIL and working capital).

The Authority's expected average investment balance in 2022/23 from Table 2 is £72m.

The Counterparty and sector limits below are set such that no one default will incur a loss of either:

- 10% of the Council's expected average investment balance; or,
- 15% of the Council's available reserves as defined above

Given the forecasts above, the Council has set the general counterparty investment limit for 2022/23 at £6m. This is lower than the maximum available limit using the above methodology but is considered prudent given the forecast investment balance at 31 March 2023.

The Council's investment with the CCLA property fund has a higher, separate limit. Where this counterparty limits in tables 3 and 4 fall between financial years, any new limit will only apply once existing investments as at 1 April reach the end of their present deposit period. For external pooled funds, the limit applied will be that in force on the date of the investment. Should counterparty limits fall after this date, a balanced view will be taken by the s.151 officer as to if and when the investment above the new limit will be redeemed.

A group of entities under the same ownership will be treated as a single organisation for counterparty limit purposes.

In addition to the limits set on individual counterparties in table 3 below, table 4 sets limits on any group of pooled funds under the same management.

Table 3: Approved Investment Counterparties

Sector	Time limit	Counterparty limit	Sector limit	Notes
The UK Government	50 years	Unlimited	n/a	
Local authorities & other government entities	10 years	£6m	Unlimited	
Secured investments	10 years	£6m	Unlimited	1
Banks (unsecured)	13 months	£3m	Unlimited	1,2
Building societies (unsecured)	13 months	£3m	£6m	1
Money market funds	n/a	£6m or 0.5% of fund value	Unlimited	1 3
Strategic pooled funds (excluding LAPF)	n/a	£6m	£50m	5
Strategic pooled funds (CCLA - LAPF)	n/a	£15m	£15m	5
Real estate investment trusts	n/a	£2m	£4m	5
Other investments	2 years	£3m	£6m	1, 4

Notes:

1. *Investments are subject to credit rating floors and/ or other criteria set out 'Minimum credit ratings' below*

2. *The limits for the Council's operational bank account are determined separately and set out in the relevant section below*

3. *Individual limits will be 0.5% of fund value or £6m, whichever is the smaller*

4. *Service and commercial investments will be subject to individual, separate risk assessment and are considered separately in this strategy. They are not covered by the Treasury limits in table 3*

5. *No maximum investment period is set for pooled funds and REITs as they are intended to be for the long term. The limit on strategic pooled funds does not apply to Money Market Fund investments.*

The Council sets limits on the totals to be invested in any one single entity, group of entities, or investment type. These are set out in table 4 and apply to all treasury investments.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds (including money market funds) and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£6m per broker (1)
Foreign countries	£6m per country

1. The limit for nominee accounts does not apply to investments in Money Market Funds and their nominee companies

Counterparties

Government

Loans to, and 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, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years

Secured investments

Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments

Banks and building societies (unsecured)

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. 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.

Money market funds

Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds

Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly

Where investments in pooled funds or other financial assets have prices or values that can vary according to fund performance and other factors, the investment limits in table 4 will operate to regulate the initial purchase cost (total initial investment) only.

Real estate investment trusts (REIT)

Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

Operational bank accounts

The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2.5m in total across all operational accounts.

Other investments

This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

For corporate bonds, the limits referred to in table 3 will apply to the sum of bond principal (par value) and any premium or discount paid to acquire the bond in the secondary market. The limit will exclude the accrued interest element paid to secure a secondary bond as this is recoverable on maturity of the Bond.

Risk Assessment and Credit Ratings

Credit ratings are obtained and monitored by the Council's treasury advisors, who will notify changes in the ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made;
- any existing investments that can be recalled or sold at no cost will be; and,
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

If in the case of a decision to recall or sell an investment at a cost which is over the approved virement limits, the Council's urgent action procedure in its Constitution would be invoked by officers.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn in a timely manner will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Minimum credit rating

Treasury investments in the sectors marked *Note 1* in table 3 will only be made with entities whose lowest published long-term credit rating is no lower than A-.

Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £1m per counterparty; or (c) are part of a diversified pool of investments e.g. a strategic investment in an external pooled fund.

Other Information on the Security of Investments

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions, and advice from the Council's Treasury advisor. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or with other local authorities. This may will cause investment returns to fall but will protect the principal sum invested.

Business model for holding investments

The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash-flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Negative interest rates

In the event of negative interest rates, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Liquidity Management

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast. To ensure adequate liquidity is maintained, 'worst case' estimates of cash flows are used when considering the Council's medium term investment position.

Responsible Investing

As a responsible investor, the Council is committed to considering environmental, social, and governance (ESG) issues, and has a particular interest in taking action against climate change and pursuing activities that have a positive social impact.

The overriding priorities of treasury management must remain security, liquidity, and yield in that order. However, once these priorities are met preference will be given to placing investments with banks or institutions who have demonstrated a significant interest is sustainability by being a signatory to the UN Environment Finance Initiative's (UNEFI) Principles for Responsible Banking/ Investment. This requirement will not extend to investments with the UK public sector.

Before a direct investment is made with an institution that is not a participant in the above initiative, approval will be sought from the section 151 or deputy section 151 officer setting out why no reasonable alternative at that particular time is available. This 'comply or explain' approach recognises that, whilst ESG is a desirable objective for treasury investing, to comply with Statutory Guidance it must be ranked behind security, liquidity and yield.

Where the Council does not have direct control over the individual investments, (for example, for investments in money market or external pooled funds), the Council will seek to understand and evaluate the Ethical, Social and Governance policies of money market and external pooled funds when considering making an initial investment. This evaluation will include a review of any reports prepared by prospective fund managers under the UK Stewardship Code issued by the Financial Reporting Council and of the institution's commitment to the UNEFI Principles for Responsible Investment.

Borrowing

The Council is currently debt-free and has no borrowing other than that which might occur as part of routine working capital management. There are no plans to borrow to finance new capital expenditure over the medium term but this remains an option if deemed to be prudent.

If it considers it necessary to borrow money, the Council's chief objective will be to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Short term internal borrowing (for schemes that pay back within the 5 year time frame of the capital programme) can be accommodated without incurring external interest charges, provided the resulting savings are recycled into reserves.

Longer term pay back periods will have to accommodate both the external interest and a minimum revenue provision (MRP) in accordance with the Council's MRP policy.

Borrowing would add pressure on the revenue budget as MRP and interest would become payable. The capacity to make these payments would need to be identified in advance, namely the further efficiency savings generated by the investment in the assets.

Borrowing Sources

The Council may need to borrow money in the short term to cover unexpected cash flow shortages from the following approved sources:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- Any institution approved for investments
- Any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the West Sussex Pension Fund)
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Capital market bond investors, including via community municipal bonds
- Any other UK public sector body

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

- Leasing
- Hire purchase
- Sale and leaseback

The Council will, where possible, take advantage of any reduction in borrowing costs available from the Public Works Loan Board (PWLB) for authorities who provide information on their plans for long-term borrowing and associated capital spending.

PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its potential access to PWLB loans.

Operational Boundary for External Debt

The operational boundary is based on the Authority's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. If these limits are breached in-year, this will trigger an exception report explaining the circumstances of the breach to Cabinet.

The limit for 'other long term liabilities' includes the Council's best estimate of finance lease liabilities that may be recognised following adoption of IFRS16 on 1 April 2022.

Table 5: Operational boundary for external debt

Operational Boundary	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Borrowing	10	10	10	10	10
Other long-term liabilities	2	2	3	3	3
Total Debt	12	12	13	13	13

Authorised Limit for External Debt

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe.

The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Table 6: Authorised limit for external debt

Authorised Limit	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Borrowing	20	20	20	20	20
Other long-term liabilities	5	5	5	5	5
Total Debt	25	25	25	25	25

Treasury Management Indicators

Security and credit risk

Table 7: Security risk indicators

Measure	Target
Portfolio Average Credit Rating (time weighted)	Minimum “A” rating
Proportion Exposed to Bail-in (%)	Less than the average of other District Councils
Fair Value of external funds	• Overall Fair value of external funds Less • Nominal value of funds invested Plus • reserves set aside to reduce risk Is greater than zero.

Liquidity

Officers will continue to manage the Council’s treasury management investments ensuring that sufficient cash is available to accommodate known payments. In the unlikely circumstance that a large unexpected cash payment is required and the Council does not have sufficient liquidity immediately available, the Council will use its facility to borrow temporarily for cash management purposes.

Table 8: Liquidity risk indicators

Measure	Target
Proportion of investments available within 7 days (%)	Compare and explain against District Council average
Proportion available within 100 days (%)	Compare and explain against District Council average

Maturity Structure of Borrowing

As the Council is debt free it currently holds no fixed long term borrowing for which a maturity profile exists.

Long term treasury management investments

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments in response to adverse economic or market conditions or credit rating downgrades.

Table 9 sets out the upper limit for each forward financial year period for the maturing of investments for periods longer than 364 days up to their final maturities beyond the end of the financial period.

Table 9: Limits on investment periods (£m)

	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	80	80	80

Market and economic risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments, although the effects on the Council of such movements are not considered to be material as the majority of sums invested are at fixed interest rates for short periods. Of much more significance is the risk of property price movements and interest rate risk relating to the Council's investment in external pooled funds.

To measure the significance of these risks, the Council calculates the effect of a 1% change in interest rates and a 5% change in property prices on the Fair Value of the external funds when preparing its Statement of Accounts.

It will compare these figures against the individual counterparty limits set out above in table 4, which are seen as representative of a measure of the maximum amount that the council is willing to risk.

A Treasury exception will be reported to Cabinet where the economic risk exceeds 50% the Council's individual Counterparty limit (equivalent to £3m).

This indicator is calculated and reported annually as part of the Council's statement of accounts. Outside of this, an exception will be reported where it is clear there are significant changes to the risk, mainly as a result of changes to the composition of the investment portfolio. The position as at 31 March 2021 is set out in table 10.

Table 10: Exposure to economic risk (£m)

	1% change in Interest rates	5% change in equity prices	5% change in property prices	TOTAL
CCLA Property Fund	-	-	(0.46)	
Pooled Funds	(0.49)	(0.35)	(0.04)	
Money market Funds	(0.01)	-	-	
TOTAL	(0.50)	(0.35)	(0.50)	1.35

Other Items

There are a number of additional items that the Council is obliged by CIPFA or DLUHC to include in its Treasury Management Strategy.

Policy on Use of Financial Derivatives

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to.

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive:

The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Director of Corporate Services believes this to be the most appropriate status.

Investment of Money Borrowed in Advance of Need

Although not envisaged at this stage, the Council may, exceptionally, borrow to pre-fund future borrowing requirements, where this is expected to provide the best long term value for money. Any borrowing in advance of need must comply with DLUHC Guidance.

Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit as set out in table 6. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

Investment Training

To address the training need of members, training will be provided to members of both Cabinet and the Corporate Governance and Audit Committee in advance of them considering the forthcoming year's strategies.

Member and officer training is an essential requirement in terms of understanding roles, responsibilities and keeping up to date with changes and in order to comply with the CIPFA Treasury Management Code of Practice.

The training needs of the officers involved on treasury management are identified through the annual performance and development appraisal process, and additionally when the responsibilities of individual members of staff change. Staff attend relevant training courses, seminars and conferences.

Officers regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant officers are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment Advisers

The Council currently contracts with Arlingclose Limited as its treasury management adviser and receives specific advice on investment, debt and capital finance issues. However, responsibility for final decision making remains with the Council and its officers. The contract runs until 30 June 2022 and an exercise to appoint a suitably qualified advisor for periods after this will be complete by this date.

The quality of this service is controlled and monitored against the contract by the Financial Services Divisional Manager.

Reporting

Treasury investments

The Council/Cabinet will receive as a minimum:

- An annual report on the strategy and plan to be pursued in the coming year and on the need to review the requirements for changes to be made to the Treasury Management Strategy Statement.
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of decisions taken and the transactions executed in the past year, by 30th September in the next financial year, including any circumstances of non-compliance with the organisation's treasury management policy statement and Treasury Management Practices.

The body responsible for scrutiny of treasury management policies and practices is the Corporate Governance and Audit Committee. Monitoring reports on Treasury performance and compliance with this strategy will be prepared and presented to this Committee as a minimum for the half year to September and the full year to March.

The Leader of the Council, the Cabinet Member for Corporate Services and the members of the Corporate Governance & Audit Committee receive monthly monitoring reports of the investments held.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Corporate Services believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Table 11: Alternatives considered

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller

Investment Strategy 2022/23

Non-Treasury Investments

The Authority may purchase assets for investment or service delivery purposes and may also make loans and provide guarantees for service and other purposes.

The overall amount that can be committed to investments of this type will be limited by adherence to the Council's overall key financial principles approved for the relevant financial period.

Commercial Investments: Property

The Council may invest in commercial opportunities with the intention of making a profit that will be spent on local public services.

To provide specific guidance on the enhanced scrutiny and assessment of risk required, the Council has approved an investment opportunities protocol. All decisions to make commercial investments will comply with this protocol.

The Council will apply the policy and processes established by its investment opportunities protocol in deciding whether to make a commercial investment or not. This protocol provides specific guidance on the enhanced scrutiny required, including:

- Acquisitions or original build should be within the District Council's area, or sufficiently close by to be easily managed;
- Priority is given to acquisitions which achieve a community or economic benefit and strengthen the local economy;
- The acquisition provides an acceptable rate of return for the additional risk taken on, and will not increase the Council's ongoing revenue costs in the longer term; and,
- Where necessary, Specialist advisers are to be employed to provide advice and act for the Council.

To mitigate the impact of uncertainty the Council's investment objective is to provide a spread of investments with varying degrees of risk, given that it is recognised that the inherent risk is generally reflected either in the price or the rate of return (i.e. the higher the risk, the higher the return and vice versa).

The consideration of any investment shall include a risk assessment that measures as objectively as possible the likelihood and severity of the impact should the risks identified be realised. This can provide comparison against the potential benefits (financial and otherwise) for which the investment is being considered in the first place, and form part of the decision making process.

Among the risk factors to be considered are:

- Acquisition Risk – the Council may incur transaction costs without guarantee of securing the investment (e.g. the Council may be one of several bidders, or required to pay a premium);
- Price & Cost Risk – Once acquired the price or cost of the investment may fluctuate over time, which may in itself reflect variations in demand and supply;
- Economic / Political Risk – the ability to retain or dispose of an investment may be inhibited by the economic and political environment at any point in time; and,
- Market Risk – the Council's ability to influence the price, financial return or other benefits pertaining to the investment may be limited by the market in which it operates

The Council's current commercial investment portfolio value is disclosed in the Council's statement of accounts and set out below using the latest valuation information available (31 March 2021). It is not possible to prepare a formal expectation of value in advance of the actual valuation exercise undertaken for to provide information for the Council's annual accounts. Where any valuations are felt to be unrealistic or may have changed materially, this is noted in the table below.

Table 12: Property held for investment purposes in £ millions

Property reference	**Actual**	**31.3.2021 actual**	
	Purchase cost	**Gains or (losses)**	**Value in accounts**
IP001	0.87	0.09	0.96
IP002	0.87	0.16	1.03
IP003	2.51	2.98	5.49
IP004	1.61	(0.37)	1.24
IP005	1.63	0.03	1.66
IP006	3.64	(0.38)	3.26
LD264	0.06	0.0	0.06
TOTAL	**11.19**	**2.51**	**13.70**

Security

The Council defines security for investment properties as maintaining the fair value of the investment property portfolio above the purchase price paid.

The Council recognises that any form of investment is not without risk since the value of any investment may rise or fall over time, especially where it is to be retained over many years.

A fair value assessment for all commercial investments held by the Council has been undertaken within the last 12 months. Of the six properties owned by the Council for investment purposes, their total market value was assessed at £13.7m on 31 March 2021, significantly above the total initial purchase cost.

Within this, two of the properties had a fair value that was below the initial purchase cost. Whilst it is possible that the fair value of these investment properties would not provide security against loss this would only occur if the Council were forced to sell these properties property is a long term asset and the Council only invests once it is satisfied that the asset can be held over a period longer than 5 years and does not borrow to fund the purchase.

The Council is satisfied that the true market value of these properties provides adequate security for the investment of public funds. Should the 2021/22 year end accounts preparation and audit process value these any properties materially below their purchase cost, then the Director of Corporate Governance will assess if the risk is such that a report together with an updated investment strategy is necessary detailing the impact of the loss on the security of investments and any possible revenue consequences arising therefrom.

Liquidity

Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions such as those that currently exist. Because of this, the Council only invests in non-treasury assets where strategic forecasts indicate the asset can be held over an appropriate timeframe.

The Council does not borrow to finance non-treasury investments and therefore has no need to generate cash to repay borrowing. It recognises that unforeseen events can occur and maintains both a short term and medium term (five year) cashflow forecast which it expects will give the Council sufficient notice of any need to liquidate any non-treasury investments.

The Council also holds significant cash and short term investment balances at any one time.

Service Investments: Loans

The Council may choose to make loans or provide guarantees to local enterprises, local charities and other entities as part of a wider strategy for local economic growth and to support its Corporate Priorities.

The Council manages the risk of any loan and guarantee by ensuring that total exposure is proportionate to the Council's revenues and revenue reserves to ensure that there is adequate cover in the event of a default or call on the guarantee.

Where service loans are made, or loan facilities agreed, the total exposure will be limited to the funding approved for this purpose in advance by the Council's Cabinet. The risk of liabilities crystallising and requiring payment is monitored by the service department and financial services.

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority and this will be determined by the Director of Corporate Services as necessary on a case by case basis.

The Council only includes debt taken on formal loan terms in the figures below. It excludes monies owed as part of its normal operational activities, for example trade debtors, monies owed for other operational purposes, such as Council Tax and Business rates arrears, and monies owned under leasing agreements.

Table 13: Loans for service purposes in £ millions

Category of borrower	**31.3.2021 actual**		
	Balance owing	**Loss allowance**	**Net figure in accounts**
Service suppliers and contracts	0.00	0.00	0.00
Local Businesses	0.00	0.00	0.00
Housing (Rent deposits)	0.05	(0.05)	0.00
Local residents (Housing Renewal Loans)	0.22	0.00	0.22
Employees (Car loans)	0.21	0.00	0.21
Other organisations	0.00	0.00	0.00
TOTAL	**0.48**	**(0.05)**	**0.43**

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Loan Commitments and Guarantees

The Authority has guaranteed the possible pension liabilities associated with TUPE and other transfers of staff from public to private sector where staff have remained within the Local Government Pension Scheme (LGPS). The provision of this guarantee was a requirement of the LGPS administering body and the risk is mitigated by a bond which is intended to cover all but the most extreme likely financial exposure.

The decision to provide any loan or guarantee will be determined in accordance with the governance arrangements established by the Council's Constitution.

Proportionality

Income from non-Treasury investments is expected to remain below 10% of the Council's net cost of services.

The Council currently builds the following sources of income from investments into its base budget as these sources of income have demonstrated an ability to provide a constant, predicable return over the medium term. The figures are presented here are a proportion of net cost of Council services.

Table 14: Proportionality of Investments (£m)

	2020/21 Actual	2021/22 Forecast	2022/23 Budget
Investment income (£m)	0.85	0.90	0.90
Net Cost of Services (£m)	20.49	31.18	21.00
Proportion	4.3%	2.8%	4.3%

Investment income is net of direct costs but before changes in fair value (ie; net operating surplus). Net Cost of Services is as presented in the Council's annual financial statements.

The budget net cost of services and forecast commercial income levels are not available at the date of writing this strategy. The net cost of services for 2021/22 included significant capital financing charges within the planning policy budget so an estimate of £21m has been used as a proxy for 2022/23. This is felt to be a reasonable estimate given the present budgetary intentions of the Council.

The Council does not project the net cost of services beyond the upcoming budget year and further work will be undertaken in 2022/23 on the methodology for this indicator to allow longer term projections should they be required by the CIPFA Code.

In setting this reporting threshold the Council does not intend for it to prevent the Council charging market rents or lending at market interest rates. If at any point this warning limit is exceeded, a report on the risk to the Council's overall revenue budget will be made to the Council's Corporate Governance and Audit Committee and to the Cabinet.

To mitigate the risk on front line services should commercial investments not achieve planned returns, the Council prepares its 5 year financial strategy in-line with a series of key principles. The key principles are set out in the Council's financial strategy and are available online via the published papers for the Council's Corporate Governance and Audit Committee and Cabinet.

In accordance with current DLUHC guidance, the Council may be asked to approve a revised strategy should the assumptions on which this report is based change significantly.

Non-Specified Investments

The Guidance defines non-specified investments as any non-treasury investment that does not meet the following criteria:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
    - the UK Government,
    - a UK local authority, parish council or community council, or
    - a body or investment scheme of "high credit quality".

The Council does not currently hold any non-specified investments.

If the need arises to make a non-specified investment, the investment will comply with limits both individually and cumulatively in table 15, below.

Table 15: Non-Specified Investment Limits

Limits (excluding Treasury Investments)	Cash limit (£m)
Total medium and long-term investments	20
Total investments without credit ratings or rated below A-	20
Total non-specified investments	30

For clarity, in accordance with paragraph 21 of the DLUHC Guidance these limits do NOT apply to Treasury Investments (which include external investments in pooled funds)

Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Investment Risk

The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 16: Total investment exposure in £millions

Total investment exposure	31.03.2021 Actual (£m)	31.03.2022 Forecast (£m)	31.03.2023 Forecast (£m)
Treasury management investments	90.0	78.0	66.0
Service investments: Loans	0.48	-	-
Commercial investments: Property	13.70	-	-

It is not possible to forecast the market value of the Council's Treasury Management investments at a future date. The value will vary according to external factors including interest rates, economic activity levels and the value of equities, bonds and property.

The Council does not prepare a forecast for the fair values of service of commercial investments. Commercial Property values are prepared to inform the council's statement of accounts and are not available at the time of preparing this strategy.

Further work will be undertaken in 2022/23 on the methodology for the above indicators to allow longer term projections should they be required by the CIPFA Code.

Government guidance is that these indicators should include how investments are funded. Since the Authority is debt free, all the above investments have been funded from internally generated cash resources and reserves.

Rate of return received

This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 17: Investment rate of return

	31.03.2021 Actual %	31.03.2022 Forecast	31.03.2023 Forecast
Treasury management: • Internal Investments • External pooled Funds	 0.10 4.1	 0.30 4.1	 1.00 4.1
Service investments: Loans	n/a	n/a	n/a
Commercial investments: Property	6.2	6.5	6.5

Income estimates from table 14 have been used to project the rate of return for commercial investments based on a stable market value as at 31 March 2021 (table 16). No rate of return indicator is shown for service investments as they are not made to achieve a return on the investment but rather to support corporate aims and objectives.

Voluntary Indicators

In addition to the indicators prescribed above, the Council will use the voluntary measures set out below to measure its exposure to risk associated with non-treasury investments

Table 18: Non-Treasury investment risk indicators

Measure	Risk/ Measure	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Vacancy levels and tenant exposure	Monitoring vacancy levels (voids) to ensure the property portfolio is being managed productively.	16.33%	10%	10%
Exposure to credit default events for loans made	This will measure the Council's exposure to loss through default for non-treasury loans made to third parties.	Nil	Nil	Nil

Capacity, Skills and Culture

Both the Divisional Manager for Property & Growth and service manager are chartered surveyor and registered valuers. The Council's Investment protocol sets out the necessary acquisition procedure, including due diligence and requires the use of external advisors where necessary. This is supported by the Council's Constitution which also sets out process for considering/agreeing to any acquisitions

Reporting

For commercial investments, the Council's Corporate Governance and Audit Committee will receive reports on performance and risk each year in line with the requirement of DLUHC and CIPFA Guidance. For service investments, the reporting process will comply with the Council's Constitution on a case by case basis as determined by the relevant Service Director.

This summary has been provided by Arlingclose Ltd

Economic background

Underlying assumptions:

- The global economy continues to recover from the pandemic but has entered a more challenging phase. The resurgence of demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. This is particularly apparent in the UK due to the impact of Brexit
- While Q2 UK GDP expanded more quickly than initially thought, the 'pingdemic' and more latterly supply disruption will leave Q3 GDP broadly stagnant. The outlook also appears weaker. Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises. Government spending, the other driver of recovery, will slow considerably as the economy is taken off life support
- Inflation rose to 3.2% in August. A combination of factors will drive this to over 4% in the near term. While the transitory factors affecting inflation, including the low base effect of 2020, are expected to unwind over time, the MPC has recently communicated fears that these transitory factors will feed longer-term inflation expectations that require tighter monetary policy to control. This has driven interest rate expectations substantially higher
- The supply imbalances are apparent in the labour market. While wage growth is currently elevated due to compositional and base factors, stories abound of higher wages for certain sectors, driving inflation expectations. It is uncertain whether a broad-based increased in wages is possible given the pressures on businesses.
- Government bond yields increased sharply following the September FOMC and MPC minutes, in which both central banks communicated a lower tolerance for higher inflation than previously thought. The MPC in particular has doubled-down on these signals in spite of softer economic data. Bond investors expect higher near-term interest rates but are also clearly uncertain about central bank policy.
- The MPC appears to be playing both sides, but has made clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policymakers suggest Bank Rate will rise unless data indicates a more severe slowdown.

Forecast:

- Arlingclose expects Bank Rate to rise in Q2 2022. We believe this is driven as much by the Bank's desire to move from emergency levels as by fears of inflationary pressure.
- Investors have priced in multiple rises in Bank Rate to 1% by 2024. While we believe Bank Rate will rise, it is by a lesser extent than expected by markets
- Gilt yields have risen sharply as investors factor in higher interest rate and inflation expectations. From here, we believe that gilt yields will be broadly steady, before falling as inflation decreases and market expectations fall into line with our forecast
- The risk around our forecasts for Bank Rate is to the upside over the next few months, shifting to the downside in the medium term. The risks around the gilt yield forecasts are initially broadly balanced, shifting to the downside later

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.15	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.10	0.10	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	-0.15	-0.15	-0.15	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
3-month money market ra													
Upside risk	0.10	0.15	0.20	0.20	0.30	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	0.10	0.15	0.35	0.40	0.45	0.60	0.65	0.65	0.60	0.60	0.60	0.60	0.60
Downside risk	0.00	-0.05	-0.25	-0.25	-0.30	-0.45	-0.50	-0.50	-0.45	-0.45	-0.45	-0.45	-0.45
5yr gilt yield													
Upside risk	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.65	0.65	0.65	0.65	0.65	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Downside risk	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
10yr gilt yield													
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.05	1.05	1.05	1.05	1.05	1.05	1.00	0.95	0.95	0.95	0.90	0.90	0.90
Downside risk	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.30	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.40	1.40	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	-0.35	-0.40	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
50yr gilt yield													
Upside risk	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.30	1.30	1.30	1.30	1.25	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

PWLB certainty rate = relevant gilt yield + 0.80%

Update: Impact of COVID-19 Omicron variant

The uncertainty surrounding the new coronavirus variant and its effect on the UK economy and rates/yields is significant. Volatility is likely to remain heightened as investors assess the developments around Omicron.

Arlingclose already expected UK growth to wane over the next six months due to the effect of higher inflation and other pressures on households, and our forecast for Bank Rate was already lower than market expectations. The Omicron variant increases the risks to the downside and raises the spectre of other variants arising in the future.

Appendix 3 – Capital Strategy

Capital Strategy 2022-23 to 2026-27

Contents

Introduction

This capital strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local services and how associated risk is managed by the council.

This Capital strategy reflects the Council's capital investment and financing intentions in December 2021. Given the continuing economic uncertainties faced at present the position described within is very likely to evolve in line with the Council's ongoing pandemic response and development of its capital intentions.

Our Strategic Aims & Objectives

The Council's Corporate Plan was approved on 23 January 2018 and runs until 31 March 2022. An updated corporate plan is presently being considered for adoption early in 2022 covering the period 2022/2025. Until this plan is formally adopted, the Council's priorities remain:

- Improving the provision of and access to suitable housing;
- Supporting our communities;
- Managing our built and natural environments to promote and maintain a positive sense of place;
- Improving and support the local economy to enable appropriate local growth; and,
- Managing the council's finances prudently and effectively.

Each of these priorities is underpinned by several objectives, setting out what the Council aims to achieve. Below these objectives sit further, more specific, actions the council will undertake and, where appropriate, these are accompanied by specific, measurable targets.

Impact of COVID-19

As part of the Council's response to the COVID-19 pandemic four groups were established to have oversight of the delivery of the recovery action plans:

- Housing and Community
- Economic Recovery Group
- Planning, Health and Environmental Protection Recovery Group
- Organisational Recovery Group

The Leader, Chief Executive and the Director of Corporate Services provides oversight of the four groups, monitored progress and co-ordinated resources.

The Recovery Groups were short-term groups focused on the delivery of the Covid Recovery Actions Plans approved by Council. These groups fulfilled their purpose and came to an end in 2021, although the Economic Recovery Group was replaced by an Economic Development Panel formed to continue to oversee the longer term economic recovery actions necessary.

Approval process

The Council approves a capital programme on recommendation from the Council's Cabinet. This programme consists of significant projects that qualify as capital expenditure and a planned programme of scheduled asset replacements (ie; the Asset Replacement Programme or ARP).

The Council follows the following key principles in determining its capital priorities:

- All key decisions of the Council should relate back to the Corporate Plan
- The revenue budget and capital programme must remain balanced and sustainable over a rolling 5 year period.
- The Council will not use its reserves to fund ongoing services.
- Savings in the revenue budget or external funding are identified before any new revenue expenditure, including capital expenditure that has revenue consequences, or any reduction in planned income is approved.

Cabinet is responsible for the acquisition, management, maintenance and disposal or letting or all Council properties together with review and implementation of the Council's Asset Management plan and this Capital Strategy. The Director of Growth & Place has delegated authority to let, manage, repair and maintain properties.

The Directors of Corporate Services and Growth and Place are responsible for providing professional advice to Cabinet and Council in the discharge of these functions, with the Director of Corporate Services being responsible for making arrangements for raising and repaying loans as necessary and overall treasury management of funds until they are needed.

Supporting carbon reduction

Following the Declaration of a Climate Emergency in 2019, the Council has committed to working towards a carbon emissions reduction across the district of 10% year-on-year until 2025, supporting the national drive to deliver net zero carbon by 2050.

More about the Council's response to climate change can be found on the Council's website at https://www.chichester.gov.uk/climatechange

Our Assets

The Council's asset base at 31 March 2021 was

Total Assets £290m

Property, Plant & Equipment	Investment Property	Other Long Term Assets	Current Assets
£128m	£14m	£61m	£87m

Capital Programme

The Council's present capital intentions are summarised in Table 1

Table 1: Capital programme and major schemes 2021/22 to 2025/26

Capital Expenditure (£m)	2021/22	2022/23	Later	Total
Total approved spend **	34.9	9.3	15.2	59.4
Major schemes – approval by year				
Projects and Schemes				
Disabled Facilities Grants	3.0	1.4	4.0	8.4
St. James Industrial Estate - Refurbishment and Replacement of Units	7.2	-	-	7.2
Southern Gateway Project	4.1	-	-	4.1
Westgate Leisure Centre: Decarbonsiation	1.4	-	-	1.4
Freeland Close Redevelopment	2.5	-	-	2.5
Community led housing	0.7	0.4	-	1.1
Infrastructure Business Plan				
• School places	1.2	-	2.4	3.6
• Southern Gateway: 3G sports pitch	-	0.9	-	0.9
• Southern Gateway: road, pedestrian and public realm improvements	4.0	-	-	4.0

Capital Expenditure (£m)	2021/22	2022/23	Later	Total
• Westhampnett Waste transfer station and Household Waste recycling	0.3	2.2	-	2.5
• Early Years Places, Whitehouse Farm Development	-	-	2.1	2.1
Asset replacement programme				
• Vehicle Replacement	2.3	0.9	1.3	4.5
• Other asset replacements	3.2	0.3	2.6	6.1

*** 2021-25 programme - Autumn 2021*

Affordability

The Council recognises that, due to its nature, the capital programme is constantly changing, so the resource position is regularly updated and monitored to ensure that the programme remains affordable. The Council's resource projection at mid-November 2021 is shown below.

Table 2: Resources available to finance our Capital programme (£m)

Resources 2021/22 to 2025/26	Total
Reserves at April 2021	66.9
New Resources expected in period	
- Capital receipts	-
- Interest on Leases	1.1
- Interest on Investments	1.5
- Revenue contributions	7.5
- External income, including CIL	30.8
- New Hones Bonus 2021/22	1.5
- Lower tier support grant	0.1
Total Resources	109.4
Less commitments	
- Earmarked revenue funding	-26.4
- Minimum Reserves Provision	-4.0
- LEP Grant	-5.0
- COVID 19 Recovery	-8.0
- Other	-0.3
	-
Capital Programme	
- Approved capital projects	-48.8
- Current Asset replacements	-10.6
Available Uncommitted Resources	6.3

Tables 1 and 2, taken together demonstrate that the Council currently expects to be able to fully fund its approved capital and asset replacement programmes from existing and expected resources.

The main risk managed by the Council is that the expected resources shown in the table above will not be received or will be received significantly later than forecast. To mitigate this risk, in the above analysis the Council has not anticipated any income from capital receipts.

The receipt of capital resources is closely monitored by the Council's Finance and Estates teams and is regularly reported to the Portfolio holder and to Cabinet. An annual statement on resource projections against capital needs is included with the Council's financial strategy that is presented each year to full Council for approval.

An assessment is made by the Council's Financial Services Division of the best financing method for all major capital investments at the earliest stage of the proposal's development. Whilst the present intention is to remain debt free through this period, the Council will assess on a case by case basis what financing options exist and which represents the best value for money.

Guidance issued by the Government requires all Councils to be transparent where they plan to use capital receipts flexibility to part fund individual projects. As the Council currently makes significant revenue contributions to fund its capital programme, the Council presently does not intend to make use of this flexibility.

The Director and Corporate Services is satisfied that the proposed capital programme is prudent, affordable and sustainable and this is set out in more detail in the Council's 5 year financial strategy.

Managing our assets

To ensure that capital assets continue to be of long-term use, the Council has an asset management Plan (AMP) which provides the policy framework for the operational work of asset management, asset acquisition and disposal.

Asset Replacement

The Council recognises that it is not sufficient to simply provide for the initial purchase cost of capital assets. Investment in assets requires a long-term view to be taken of the cost of those assets across their entire lifespan.

The Council's revenue budget incorporates repairs and maintenance to council buildings, removing dependency on reserves to fund what is a recurring revenue cost. Commercial investments are let on fully repairing and insuring lease terms to protect the Council's assets.

Other lifecycle costs for all Council assets are forecast for 25 years and included in the Council's approved Asset Replacement Programme (ARP). An annual contribution from the Council's revenue budget to fund this programme is made equating to approximately one 25th of the projected total ARP cost.

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 and where it is economical to borrow in advance of spend.

In managing these funds, the Council has adopted the following risk statement

> "The Council's priority is the security and liquidity of its Treasury investments in accordance with the priorities set out in the CIPFA Code. Whilst fundamentally risk averse, the Council accepts some modest degree of risk within the limits and counterparty restrictions set out in its Treasury Management and Investment Strategy."

This means that, when investing its surplus cash, the Council does not limit itself to making deposits only with the UK Government and local authorities, it can, and does, invest in other areas such as money market funds and tradable instruments such as corporate bonds and pooled funds. The duration of such investments is always carefully considered to limit that risk of them having to be sold (although they may be) prior to maturity, mitigating the risk of the capital sum being diminished through price movements.

Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Corporate Services and staff, who must act in line with the treasury management strategy approved by Council. Half yearly on treasury management activity is presented to the Corporate Governance and Audit Committee and Cabinet.

Investments

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 business model for holding treasury investments is designated as 'hold to collect', in that that Council holds these financial assets to collect their contractual cash flows, rather than with a view to selling the assets to generate cash flows. However, there is no absolute requirement that financial assets are always held until their maturity in all circumstances.

The Council prioritise security and liquidity over yield in holding Treasury investments. That is, it focusses on minimising risk rather than maximising returns.

Cash that is likely to be spent in the near term is invested securely to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments can be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 3: Forecast treasury management investments in £m (31 March)

	2022	2023	2024	2025	2025
Near-term investments	41	29	30	28	30
Longer-term investments	37	37	37	37	37
TOTAL	78	66	67	65	67

These figures do not account for any delays in timing of capital payments. Delays generally increase the available cash balances temporarily above forecast levels.

Borrowing

The Council is currently debt-free and has no borrowing other than that which might occur as part of routine working capital management. Under the Council's current resource projections, there are no plans to borrow to finance new capital expenditure over the medium term.

Although our projections below incorporate some headroom for potential for borrowing should the need arise, funding options for major projects are assessed on a case by case basis by the Council's Financial Services Division. If any future projects are to be funded by borrowing, the project approval process will include the necessary actions to approve any necessary increase to these limits.

The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each of the following three financial periods. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 4: Proposed Operational and authorised limits for borrowing (£M)

	2022/23	2023/24	2024/25	2025/26
Operational Boundary – borrowing	10	10	10	10
Operational Boundary– PFI and leases	2	3	3	3
Operational Boundary– total				

external debt	12	13	13	13
Authorised Limit – borrowing	20	20	20	20
Authorised Limit– PFI and leases	5	5	5	5
Authorised Limit– total external debt	25	25	25	25

Further details on borrowing are contained in the Council the treasury management strategy: http://www.chichester.gov.uk/article/24169/Treasury-Management-Strategy. The limits in this table are provisional until the 2022/23 strategy is approved by Full Council.

Liabilities

Decisions on incurring new discretionary liabilities are taken by Divisional Managers in consultation with Director of Corporate Services and within the limits established by the Council's Constitution and Treasury and Investment strategy. The risk of liabilities crystallising and requiring payment is monitored by financial services.

Further details on liabilities, contingent liabilities and guarantees are can be found in the Council's statement of accounts: http://www.chichester.gov.uk/statementofaccounts

Interest Rate Exposures

The Council is not exposed to risk associated with the maturity structure of borrowing, but recognises that its Treasury investments are subject to risk from movements in interest rates. The Council manages this risk by ensuring an appropriate mix of short term fixed and variable rate investments and a portfolio of external investments in pooled funds.

Impact on Council tax

Although capital expenditure is not charged directly to the revenue budget, a Minimum Revenue provision (MRP) is charged to revenue, offset by any investment income receivable. MRP charge is a set aside from council reserves to ensure that borrowing can be repaid when due and the overall 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.

As the Council is, and expects to remain, debt free, the Council is not required to make a charge to revenue to finance debt (minimum revenue provision).

Further details on the revenue implications of capital expenditure are published with the Council's revenue budget which is considered each year by Cabinet and Full Council.

Service investments

The Council has made a very limited number of loans to assist local public services and residents, the majority for housing renewal purposes.

Some loans have been made to members of staff for transport purposes. Decisions on minor loans are made by the relevant service manager in consultation with the Director of Corporate Services.

The total value of loans made by the Council to external third parties is disclosed on the Council's annual statement of accounts, although some loans have been treated as capital expenditure in accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations.

Further details on service investments are within the Council's investment strategy, which is published with the Council's Treasury management strategy: http://www.chichester.gov.uk/article/24169/Treasury-Management-Strategy.

Commercial Activities

The Council's existing property portfolio generates income of approximately £3m million per year for the General Fund revenue account.

The majority of this income comes from properties held primarily to support the provision of local services, not to make a profit or for any appreciation in value. Examples of these activities include rents from industrial units, commercial ground leases, shops, offices and other lettings to sports, community and voluntary organisations.

Only a small proportion of the Council's built assets are held because rental income and/ or capital appreciation were substantial factors in the decision to acquire or hold them. These are classified as 'investment properties' and disclosed in the Council's statement of accounts. These assets generate around £1m per annum in income which is used to support font line services.

General capital investment in commercial property is likely to take three main forms.

- Freehold or Long Leasehold Purchases
- Commercial development of property with the Council retaining ownership and receiving rental income.
- Partnerships where another party undertakes the development and the Council (as landowner) receives a proportion of the rental value.

Land and property acquisition and development is also a means of influencing and promoting regeneration and the economic development within the District. Therefore while one objective may be to increase the financial resources the Council has available, appropriate investment can also extend service delivery or provide community improvement generally.

The Council has an approved investment opportunities protocol that gives priority to acquiring property in the Chichester District, albeit opportunities to acquire properties elsewhere are considered if a justifiable case exists for doing so.

The protocol also provides specific guidance on the enhanced scrutiny required, including:

- Acquisitions should be within the District Council's area, or sufficiently close by to be easily managed
- Priority is given to acquisitions which achieve a community or economic benefit and strengthen the local economy
- The acquisition provides an acceptable rate of return for the additional risk taken on, and will not increase the Council's ongoing revenue costs in the longer term
- Where necessary, specialist advisers are to be employed to provide advice and act for the Council

The Council aims to acquire land and property for the longer term (10 years or more) to reap the benefit of sustained rental income and anticipated capital appreciation.

There is a recognition that, in undertaking investments primarily for financial return, the Council needs to ensure that these decisions are subject to robust decision making and scrutiny as a result of the additional risk being taken on and the potential impact on the sustainability of the authority. The principal risk exposures in commercial property-based revenue strategy are:

- A downturn in the property market. This could lead to falling rents or higher vacancies, potentially meaning that the Council will need to find other sources of revenue, or reduce costs to balance its budgets. This scenario could also lead to falling property values, with a potential risk that the asset would be worth less than the purchase price.
- Government intervention to set limits on commercial activities. This would force the Council to react, which may be against the Council's long term interests.
- Lack of expertise in specialist areas, leading to poor acquisition decisions.

Investment purchases are evaluated using a scoring matrix approach, with a minimum score required of least 100 out of a maximum score of 168 (60th percentile). The score reflects, amongst other things, tenancy strength, tenure, occupiers lease length and repairing terms.

Decisions on commercial investments are made by Cabinet in line with the criteria and process set out in the Council's investment opportunities protocol.

For 2022/23 the Council has followed the recommendations of the Department for Levelling Up, Housing and Communities and included an indicator for the ratio of commercial income to net service expenditure in its investment strategy.

Further details on this and general risk management arrangements are contained in the Council's investment strategy and Treasury management strategy: http://www.chichester.gov.uk/article/24169/Treasury-Management-Strategy

Other long-term liabilities

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees do carry risks to the Council and as such, they are subject to separate risk mitigation procedures before they are entered into.

The only guarantees provided by the Council relate to possible pension liabilities associated with TUPE transfers of staff from public to private sector where staff have remained within the Local Government Pension Scheme.

In these circumstances the provision of a guarantee is a requirement of the Pension Fund. The financial risk of each guarantee is mitigated by a bond which is intended to cover all but the most extreme possible financial exposure.

Other than to cover mandatory requirement under the Local Government Pension Scheme, the Council does not expect to provide financial guarantees to, or on behalf of, any third party.

The Council has disclosed total long term liabilities of £10.3m in its last statement of accounts. The majority of this figure (£5.9m) relates to section 106 contributions which are fees paid by applicants seeking planning permission for the mitigation of the impact of new homes on the local community and infrastructure.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions and recommendations. The Divisional Manager for Property & Growth and the Valuation & Estates Manager are both chartered surveyors and registered valuers and who have significant post qualification experience

The Council currently employs Arlingclose Limited as Treasury Management advisors, and individual property consultants for cases where specialist property advice is required such as major development schemes. It has also elected where possible to be treated as a professional investor under the relevant financial regulations.

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TREASURY MANAGEMENT PRACTICE NOTES

TMP 1 – RISK MANAGEMENT

General Statement

The Section 151 Officer will oversee the design, implementation and monitoring of all arrangements for the identification, management and control of treasury management and investment risk. The Section 151 Officer will ensure that reports are presented 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 Council's objectives.

In respect of each of the following risks, the arrangements that seek to ensure compliance with these objectives are set out in this document and take into account the risk appetite statement in the Council's Treasury Management Strategy Statement, available via the following link:

http://www.chichester.gov.uk/article/24169/Treasury-Management-Strategy

This document is integral to the Council's treasury management practices and all staff involved in treasury management activities should familiarise themselves with its contents.

Overall approach

The Council has adopted a set of locally tailored risk indicators that it feels provides a balanced picture of the following risk areas

- Security and credit risk
- Liquidity
- Maturity structure of borrowings
- Long term treasury management investments
- Exposure to market and economic risk

Each of these indicators is prescribed in the Council's annual Treasury and Investment Strategy and they will be monitored and reported in line with the procedures described in TMP6

[1] Credit and Counter party risk management

This risk is the risk of a third party failing to meet its contractual obligations (for example, to pay any investment money or interest back in full, on time)

Statutory guidance restricts the types of investments that local authorities can use and forms the structure of the Council's policy, which is contained in the Council's treasury management strategy.

The Council's key objective is to invest prudently, giving priority to security, then liquidity before yield.

The Council also has regard to the CIPFA publications Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes and the sector specific guidance; Guidance Notes for Local Authorities including Police Authorities and Fire Authorities.

The Council ensures that its counter party lists and limits;

- reflect a prudent attitude towards organisations with whom funds may be deposited, and
- limit its investment activities to the instruments, methods and techniques referred to in TMP4 and in the Council's Treasury Management Strategy, published at the link above.

The Council also maintains a formal counter party policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements. This is contained within the Council's Treasury management policy statement and approved each year by the Council.

Once the requirements of security, liquidity and yield are met, as a responsible investor, the Council will priortise investments with banks or institutions who are able to demonstrate a commitment to sustainability. A comply or explain approach will be used as determined in the annual treasury management strategy.

Monitoring Investment Counterparties

The assessment of credit worthiness or credit rating of investment counterparties will be monitored regularly.

The Council obtains credit rating information from its treasury advisers who monitor leading credit rating agencies and notify the Council of any changes in ratings as they occur. This includes and takes account of changes, ratings watches and rating outlooks as necessary.

The Council has established counterparty limits by sector and credit rating and compliance with these limits is reviewed before any investment decision is made.

In considering credit rating, the lowest rating issued by leading credit rating agencies is used, unless an investment-specific rating is available when this will be used.

The Council considers other possible sources of information available to assess the credit worthiness of counterparties. This includes information direct from brokers, news agencies and its treasury advisers monitoring the Credit Default Swaps (CDS) market.

On occasions ratings may be downgraded after an investment has been made, however, 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 or due to adverse information in the public domain, will be removed from the approved list immediately by the Section 151 Officer, and if required new counterparties which meet the criteria will be added to the list.

[2] Liquidity Risk Management

This risk is the risk that cash will not be available when needed

The Council ensures it has adequate though not excessive cash resources, borrowing arrangements, overdraft facilities to enable it at all times to have a level of funds available to it which are necessary for the achievement of its business/service objectives.

The Council will only borrow in advance of need where there is a clear business case and statutory authority for doing so and will only do so for the current capital programme.

To maintain flexibility and liquidity the Council determines a maximum amount of principal that can be invested for periods longer than 364 days and closely monitors known future cash demands. To ensure adequate liquidity is maintained, 'worst case' estimates of cash flows are used when considering the Council's medium term investment position.

The Council has also set an operational boundary for external debt that can be used on a short term basis for daily cash management purposes

[3] Interest rate risk management

This risk is the risk of fluctuations in interest rates creating unexpected and unbudgeted burdens on Council finances

The Council 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 managing information arrangements).

The effects of varying levels of inflation, so far as they can be identified, will be controlled by the Council as an integral part of its strategy for managing its exposure to inflation.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, to create stability and certainty of costs and revenues, whilst retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

To achieve this objective the following specific policies are followed:

- maintaining the Council's debt free position and undertake no new borrowing unless the business case is proven for 'invest to save' projects
- retaining an appropriate minimum level of reserves in order to maintain flexibility in the use of interest earned from deposits
- lending surplus funds only to approved counterparties as specified by the Council's Treasury Management Strategy
- minimising short term borrowing by efficient cash flow management
- ensuring that the use of any hedging tools such as derivatives are only used for the management of risk and prudent management of the financial affairs of the council, as set out in the Council's Treasury Management Strategy

[4] Exchange rate Risk Management

The Council does not invest in foreign denominations but does occasionally make payments to foreign suppliers. In so doing we will manage our exposure to fluctuations in exchange rates to minimise any detrimental impact on budgeted income expenditure levels.

Any large contracts let by the Council must be denominated in £Sterling and the Section 151 Officer consulted on any proposed departure from this policy.

[5] Refinancing risk management

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

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

[6] Legal and regulatory risk management

The Council 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 counter party policy the Council will ensure that there is evidence of counter parties' powers, authority and compliance in transactions they may effect with the Council, particularly with regard to duty of care and fees charged.

The Council manages the risk of 'Bail-in' by limiting its exposure to unsecured deposits and also by specifying counterparty investment limits. See TMP4 for further information.

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

[7] Fraud error and corruption, and contingency management

The Council ensures that it has identified the circumstances that may expose it to the loss through fraud, error, corruption or other eventualities in its treasury management dealings. It employs suitable systems and procedures and maintains effective contingency management arrangements, to these ends.

The Council's treasury management system is considered sufficiently resilient to contingencies as it is a hosted solution operated by Logotech. Data is backed up to off-site servers operated by the software supplier.

The Council has a business continuity plan and key functions, including cash management and payments are included in that plan

[8] Fair value risk management

The Council is able to invest in variable Net Asset Value Instruments, or instruments that are revalued to Fair Value each accounting period, subject to the risk management provisions below

For the main classes of such instrument, the risk to security of the principal sum involved are managed as follows

Investment	Risk	Mitigating actions and risk management
Money Market Funds	These funds are likely to be Low Volatility Net Asset value funds	Exposure is limited by restrictions on the total invested in any single Money Market fund
External Pooled funds, including the Local Authority Property Fund	We may incur a loss to the Council's General fund balances if the Fair Value of these investments falls	The Council's investment in external pooled funds (including the Local Authority Property Fund) is limited by the Council's annual Treasury strategy. The Council carefully selects mixed asset and diversified funds to reduce the potential for volatility of capital values. The potential exposure to movements in fair values is considered in determining the adequacy of the Council's revenue reserves and a Treasury indicator has been prepared to monitor this.

Appendix 5 – Treasury Management Glossary (updated December 2021)

Authorised Limit (Also known as the Affordable Limit)	A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities).
Balances and Reserves	Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
Bail - in Risk	Following the financial crisis of 2008 when governments in various jurisdictions injected billions of dollars into banks as part of bail-out packages, it was recognised that bondholders, who largely remained untouched through this period, should share the burden in future by making them forfeit part of their investment to "bail in" a bank before taxpayers are called upon. A bail-in takes place before a bankruptcy and under current proposals, regulators would have the power to impose losses on bondholders while leaving untouched other creditors of similar stature, such as derivatives counterparties. A corollary to this is that bondholders will require more interest if they are to risk losing money to a bail-in.
Bank of England	The central bank of the UK
Bank Rate	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate".
Basis Point	A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in **interest rates** and **bond yields**. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points. If rates were at 2.50%, and rose by 0.25%, or 25 basis points, the new interest rate would be 2.75%. In the bond market, a basis point is used to refer to the yield that a bond pays to the investor. For example, if a bond yield moves from 5.45% to 5.65%, it is said to have risen by 20 basis points. The usage of the basis point measure is primarily used in respect to yields and interest rates, but it may also be used to refer to the percentage change in the value of an asset such as a stock.
Bill	A certificate of short-term debt issued by a company, government or other institution, tradable on the financial market
Bond	A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The repayment date is also set at the onset but can be traded during its life, but this will affect the price of a bond which may vary during its life.

Call Account	A deposit account that can be called back (repayment requested), normally on an instant basis
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of capital assets.
Capital Financing Requirement (CFR)	The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Certainty Rate	The government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLB) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending.
CD's	Certificates of Deposits with banks and building societies
Capital Receipts	Money obtained on the sale of a capital asset.
Capital Strategy	An annual report required by the Prudential Code that sets out a local authority's high level plans for capital expenditure, debt and investments and its prudential indicators for the forthcoming financial year.
Cash Plus fund	A collective investment scheme similar to a money market fund but with a longer duration (around 6 months)
CIPFA	The Chartered Institute of Public Finance and Accountancy – the professional body for accountants working in the public sector. CIPFA also sets various standards for Local Government
Collective Investment Scheme	Scheme in which multiple investors collectively hold units or shores. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are often referred to as 'pooled funds')
Commercial Investment	An investment whose primary purpose is generating income, such as investment property.
Constant Net Asset Value (CNAV)	These are Money Market Funds which maintain a stable price of £1 per share when investors redeem or purchase shares which mean that that any investment will not fluctuate in value
Corporate Bonds	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Counterparty List	List of approved financial institutions with which the Council can place investments with.
Covered Bond	Covered bonds are debt securities backed by cash flows from mortgages or public sector loans. They are similar in many ways to asset-backed securities created in securitisation, but covered bond assets remain on the issuer's consolidated balance sheet (usually with an appropriate capital charge). The covered bonds continue as obligations of the issuer (often a bank); in essence, the investor has recourse against the issuer and the collateral, sometimes known as "dual recourse."
CPI	Consumer Price Index – the UK's main measure of inflation
Credit Rating:	An indicator of how likely a borrower is able to repay a loan. The higher the rating, the more likely a borrower will be able to meet their debt obligations
Debt Management Office (DMO)	The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the **DMADF**. All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign credit rating.
Department for Levelling Up, Housing and Communities (DLUHC)	The DLUHC is the UK Government Ministry for Levelling up, Housing, Communities and Local Government in England. Previously this was the Ministry for Housing, Communities and Local Government (MHCLG) and references to either within the strategies are interchangeable for most purposes.
Diversification /diversified exposure	The spreading of investments among different types of assets or between markets in order to reduce risk.
ESG	Environmental, social, and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.
European Investment Bank (EIB)	The European Investment Bank is the European Union's non-profit long-term lending institution established in 1958 under the Treaty of Rome. It is a "policy driven bank" whose shareholders are the member states of the EU. The EIB uses its financing operations to support projects that bring about European integration and social cohesion
Fair Value	Fair value is defined as a sale price agreed to by a willing buyer and seller, assuming both parties enter the transaction freely. Many investments have a fair value determined by a market where the security is traded.
Federal Reserve	The US central bank. (Often referred to as "the Fed").
Floating rate notes (FRNs)	Floating rate notes (FRNs) are debt securities with payments that are reset periodically against a benchmark rate, such as the three-

	month Treasury bill or the three-month London inter-bank offer rate (LIBOR). FRNs can be used to balance risks incurred through other interest rate instruments in an investment portfolio.
FTSE 100 Index	The FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. It is one of the most widely used stock indices and is seen as a gauge of business prosperity for business regulated by UK company law.
General Fund	This includes most of the day-to-day spending and income of the Council
Gilts	Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
Gross Domestic Product (GDP)	Gross Domestic Product measures the value of goods and services produced with in a country. GDP is the most comprehensive overall measure of economic output and provides key insight as to the driving forces of the economy
Liability Benchmark	The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance
Liquidity	The degree to which how quickly an asset can be bought or sold without impacting its price.
IFRS	International Financial Reporting Standards.
LIBOR	The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to be more fluid in the marketplace to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.
Maturity	The date when an investment or borrowing is repaid.
Maturity Structure / Profile	A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by quarter or month-by-month basis.
MIFID2	MiFID II is a legislative framework instituted by the European Union (EU) to regulate financial markets in the bloc and improve protections for investors. The FRC operates UK procedures equivalent to EU Regulations following withdrawal from the EU.
Minimum Revenue Provision (MRP)	An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.
Money Market Funds (MMF)	An open-end mutual fund which invests only in money markets. These funds invest in short term debt obligations such as short-dated government debt, certificates of deposit and commercial paper. The main goal is the preservation of principal, accompanied

	by modest dividends. • **Constant net asset value (CNAV)** refers to funds which use amortised cost accounting to value all of their assets. They aim to maintain a net asset value (NAV), or value of a share of the fund, at €1/£1/$1 and calculate their price to two decimal places known as "penny rounding". • **Variable net asset value (VNAV)** refers to funds which use mark-to-market accounting to value some of their assets. The NAV of these funds will vary by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received • **Low Volatility NAV (LVNAV)** funds. LVNAV MMFs are permitted to maintain a constant dealing NAV provided that certain criteria are met, including that the market NAV of the fund does not deviate from the dealing NAV by more than 20 basis points.
Multilateral Development Banks	See Supranational Bonds below.
Municipal Bonds Agency	An independent body owned by the local government sector that seeks to raise money on the capital markets at regular intervals to on-lend to participating local authorities.
Operational Boundary	This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.
Pooled Funds	A pooled investment is an investment in a large, professionally managed portfolio of assets with many other investors. As a result of this, the risk is reduced due to the wider spread of investments in the portfolio. See also 'collective investments'.
Property	Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.
Prudential Code	Developed by CIPFA and first introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
Prudential Indicators	Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators
Public Works Loans Board (PWLB)	This is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The

	PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
REIT	Real estate Investment Trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many respects
Revenue Expenditure	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.
RPI	Retail Prices Index is a monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the RPI index.
Risk	The likelihood of incurring a loss from an investment. All investments carry some risk but some are more risky than others. This is closely linked to the CIPFA requirement of security.
(Short) Term Deposits	Deposits of cash with terms attached relating to maturity and rate of return (Interest) with maturity durations of less than 365 days
Supranational Bonds	Instruments issued by supranational organisations created by governments through international treaties (often called **multilateral development banks**). The bonds carry an AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.
Treasury (T) -Bills	Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. Treasury Bills (T-Bills) are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have an AAA-rating.
Temporary Borrowing	Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.
Treasury Management Code	CIPFA's Code of Practice for Treasury Management in the Public Services, initially published in 2003, subsequently updated in 2017
Treasury Management Practices (TMP)	Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.
UNEFI	United Nations Environment Programme Finance Initiative (UNEFI) is a partnership between the United nations Environment Programme and the global financial sector to mobilize private sector finance for sustainable development
Unsupported Borrowing	Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.
Variable Net Asset Value (VNAV)	Redemptions and investments in Money Market Funds (MMF's) are on the basis of the fund's Net Asset Value (NAV) per share. The

	NAV of any money market fund is the market value of the fund's assets minus its liabilities and is stated on a per share basis. The net value of the assets held by an MMF can fluctuate, and the market value of a share may not always be exactly the amount that has been invested.
Yield	In general terms, yield is the income return on an investment and usually expressed as an annual percentage.

Agenda Item 6

Chichester District Council

THE CABINET **1 March 2022**

Budget Spending Plans 2022-23

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2. Executive Summary

The Financial Strategy was approved by Full Council on 23 November 2021, which included the key financial principles and the rolling 5 year Financial Model that underpins the Council's approach to financial planning for the medium term.

In preparing for the 2022-23 annual revenue budget any major variances identified in this current year, which are also expected to have an ongoing impact, have been reflected in the draft budget. These include an estimation of the ongoing impact of the COVID pandemic on the Council's finances. The draft budget also considers any service delivery changes, service cost pressures, other funding pressures that are in line with the Council's key priorities, and the spending priorities identified by the Council in January, when it considered the Future Services Framework. The key major variances are set out in appendix 1 of this report.

The draft budget assumes a £5 council tax rise.

Full Council will set the budget and council tax on 8 March 2022. This report concentrates on the proposed budget spending plans, which are a robust financial estimate of the resources required to deliver council services and reflects the Final Local Government Finance Settlement for 2022-23.

3. Recommendations

3.1 That the Cabinet recommends to the Council:

(a) That a net budget requirement of £15,015,600 for 2022-23 be approved.

(b) That Council Tax be increased by £5.00 from £170.81 to £175.81 for a Band D equivalent in 2022-23.

(c) That a contribution from the General Fund Reserve of £576,100 be approved to help fund the 2022-23 budget.

(d) The capital programme, including the asset renewal programme (appendix 1c and 1d of the agenda report) be approved.

(e) That a local Council Tax Hardship Reliefs Scheme for 2022-23 giving an additional £150 deduction on council tax bills for relevant taxpayers in receipt of CTR as set out in paragraph 6.7 of this report, using the £159,916 grant received in 2021-22.

4. Background

4.1 This report sets out the proposed annual budget for revenue spending for the forthcoming financial year 2022-23 and the rolling 5 year capital and asset replacement programmes. The detailed revenue budget builds upon the work undertaken for the Financial Strategy, which was considered by both the Cabinet and the Council at their respective meetings in November 2021. The proposed budget also reflects the second year's efficiency savings identified as part of the work undertaken for phases 1 and 2 of the Future Services Framework (FSF). Under these stages projected annual revenue savings of £2m from a mixture of cost reductions and new income generation is expected to be achieved fully by 2023-24. It also includes new spending priorities that were agreed by Council on 25 January when the outcome of the FSF priority setting exercise was agreed by members.

4.2 In line with the Financial Strategy the Council is recommended to set a budget that uses General Fund Reserves to help balance its finances. This reflects the approach which was approved in 2020 by the Council to address the anticipated ongoing impact on the Council's finances because of the COVID pandemic. Council has also approved the Future Services Framework which will gradually return the Council to a balanced financial position without using reserves beyond the medium term. Thus, enabling valuable public services to be protected in the interim, as the 2021-22 budget had a funding gap of £2.099m which required support from the General Fund Reserve, and the proposed budget for 2022-23 the budget gap has reduced to £576k. This is partly due to some income streams improving, a better settlement from the Government and due to the impact of the efficiency programme under the FSF.

4.3 The final 2022-23 financial settlement from the Government is again a one-year settlement. No specific COVID support packages have been stated in the final financial settlement received on 8 February for 2022-23. The table below sets out the impact of the expected settlement on the 2022-23 budget:

	Final Settlement / Purpose	Impact	How Treated in the Draft Budget
Council Tax	Shire Districts can increase their Council Tax by	For Chichester, a £5 increase equates to	A £5 increase has been assumed in the budget.

	Final Settlement / Purpose	Impact	How Treated in the Draft Budget
	1.99% or £5, whichever is greater.	£275,200, whereas a 1.99% increase would equate to £187,100.	
Lower Tier Services Grant	This grant was introduced in 2021-22 to reduce the effect on Core Spending Power due to reductions in an authority's New Homes Bonus (NHB) grant as the tax base growth was suppressed due to the pandemic impact on the economy.	The allocation contained in the final settlement is grant of £103,014.	This has been credited to the draft budget to reduce the deficit.
Service Grant	This is a one-off grant in the final settlement for 2022-23 with an allocation awarded to all authorities.	The allocation in the final settlement is grant of £155,200.	This has been credited to the draft budget to reduce the deficit.

4.4 Local Tax Income Guarantee Scheme.

4.4.1 In addition to the above, the government have also prescribed how Billing Authorities should deal with deficits created on their Council Tax and Business Rate Collection Fund for 2021-22, and how those deficits should be dealt with going forwards. In normal practice any Collection Fund deficit or surplus in the current year would be recovered in the following financial year. However, the exception to this (because of the effect of the pandemic) is for an element of the exceptional deficit for 2020-21 which continues to be spread over a three-year period ending 2023-24.

4.4.2 Council Tax – After adjusting for the spread of the 2020-21 Covid related deficit, the surplus on the Collection Fund for Council tax at 31 March 2022 is estimated to be £621k. The remaining £233k deficit from 2020-21 will be recovered in 2023-24.

	2022-23 (Surplus) £	2023-24 (Deficit) £
Chichester DC	75,763	(28,634)
West Sussex CC	476,901	(179,649)
Sussex Police	68,447	(24,962)

Total	621,111	(233,245)

4.4.3 Business Rates – The Government's announcements of Covid related reliefs continue to work through to the collectible rates figures. Together with necessary adjustments to non-payment and appeal provisions, this is expected to create a deficit on the Business rates collection fund at 31 March 2022 of £13.43m. As with Council Tax, part of the 2020-21 deficit remains to be spread into 2023-24 and this is shown in the table below:

	2022-23 (Deficit) £	2023-24 (Deficit) £
Chichester DC	(5,374,188)	(445,613)
West Sussex CC	(1,343,529)	(111,403)
Government	(557,016)	(557,016)
Total	(7,274,733)	(1,114,032)

The Government has already funded the effect of Covid and other business rates reliefs through section 31 (s.31) grant payments received in 2021-22. The Council's 2022-23 budget allows for this funding to be carried forward to offset the future charges against the Council's General Fund set out above.

The overall effect of these adjustments on the Council's budget is that the Council Tax surplus of £75,763 will be credited to the Council's budget in 2022-23. The Business Rates deficit of £5,374,188 has been funded by s.31 grants received in 2021-22 and so there is no impact on the draft budget for 2022-23.

4.5 The preparation for the 2022-23 budget is very much the same as experienced for the previous year, due to the continued uncertainty, along with the complexities of new income streams, and the treatment of collection fund deficits as set out above. It continues to be difficult for managers to estimate with any accuracy their income budgets for next year due to the impact of Government guidance and the Covid response of full or partial lockdowns throughout the year. This has undoubtedly impacted numerous council's income streams, which makes history and trend analysis less useful when compiling this budget, as it continues to be far less certain than any other, that preceded the pandemic. However, officers have diligently produced a budget that is as accurate as could possibly be prepared, and where necessary income targets have been adjusted where appropriate.

4.6 Due to the uncertainty of any changes in the New Homes Bonus scheme (NHB) the Financial Strategy assumed that only the final legacy payment of £0.404m would be received. However, the settlement also allocated one year's grant for 2022-23 of £0.902m. For 2022-23 the Council has been awarded in total £1.306m of NHB. It is still expected that this scheme will be phased out or radically overhauled in the future as part of the Fair Funding Review.

4.7 The bottom line of the budget indicates a draw against the General Fund Reserve of £576,100, which is lower than that anticipated in the 5-year financial model reported in the snapshot in November; as the development of the annual budget progresses some assumptions are crystalised once more information becomes available.

4.8 It should also be noted that negotiations with the Council's leisure provider, as to the level of support that may still be required, is still ongoing. The budget assumes that the council will receive no management fee income under the leisure contract, but it also assumes, that the council will not be providing financial support beyond foregoing the management fee. If negotiations conclude that further support is necessary, officers will bring a further report for members consideration.

4.9 The draft budget process is an all-inclusive process with the Divisional managers and service budget managers working with the accountancy team, under the leadership of the Strategic Leadership Team (SLT). The result is a budget that is as robust as it could possibly be in the current circumstances, ensuring financial resources match services delivery priorities.

5. Outcomes to be Achieved

5.1 A robust financial estimate of the resources needed to deliver council services in 2022-23.

5.2 To seek the Cabinet's approval on the draft spending plans and to make appropriate recommendations to the Council to determine the council tax at its meeting on 8 March 2022.

5.3 While recognising the objective to return to a position of having a balanced budget without the need to use reserves, to set a realistic budget for 2022-23 drawing on the General Fund Reserve to protect valuable community services while the Future Services Framework programme is implemented.

6. Proposal

Council Spending – Budget for 2022-23

6.1 The purpose of this report is to consider the draft budget spending plans ahead of the Council meeting in March, when the council tax and budget will be set for the forthcoming financial year. The plans, if adopted, will set the spending parameters for services and officers for 2022-23.

6.2 The Council has a statutory duty to prepare a balanced annual revenue budget and it is also good financial management to do so within the context of its medium term financial strategy. The dominating variable in achieving a balanced financial position for 2022-23 is of course the ongoing impact on the local economy as a result of the COVID pandemic and any behavioural change which remains ongoing e.g. home working, buying online etc. This has made it difficult to predict levels of income from fees and charges and business rates and has created other budget pressures in some service areas.

6.3 The revenue estimates for 2022-23 are shown in the Budget Summary Statement in appendix 1a. This statement provides for the net cost of each Cabinet portfolio and shows the calculation of the budget requirement, the council tax requirement and the proposed Band D council tax charge for 2022-23.

6.4 The draft spending plans are based on opting for a council tax increase of £5 per Band D property or 10 pence per week; this will generate an additional £275,200 per year for the council. This will assist the authority to meet its long-term objective of protecting public services to its community. The council tax referendum principles for shire district councils were set as the higher of either 1.99% or £5 (which equates to an increase of 2.93%).

6.5 The draft budget requirement is calculated after deducting income arising from fees and charges; the remaining balance has to be financed from council tax, retained business rates, other government grants, and reserves. Currently the Council receives around £13.0m of income each year from fees and charges for services e.g. car parking, trade and green waste, estates rents, planning and building control fees. The income targets set in the 2021-22 base budget were reduced to take account of the impact of the pandemic i.e., car park income was reduced by £1.2m. The proposed budget for 2022-23 now also includes a £100k reduction in planning income based on current trends. Ultimately this is only removing the additional £97k that was built into the budget considering the fees income received in 2020-21. This underlines how difficult it is to predict the more volatile income streams.

6.6 The draft budget requirement includes several service cost pressures and service delivery changes identified during this budget cycle, the details of which are set out in appendix 1b along with growth items amounting to £187,800.

6.7 In 2021-22 the council received grant worth £159,916 to compensate for a potential loss of tax base; the grant was set aside to make additional welfare payments, with a view to seek match funding from other precepting authorities to create a local Council Tax hardship Fund. However, this funding was not required at the time as the scheme proceeded using other government grants. West Sussex County Council have proposed that a further round of Council Tax Hardship deductions is run for 2022-23, jointly funded by the County Council and the District and Borough Councils across the county area. This means that there will be a further £150 deduction from council tax bills for those in receipt of CTR, which will be over and above the government's announcement for band A to D properties to help with their energy costs. The proposal is the County will fund their share of the bill (pro rata against their precept), plus the Police share. This means that this council would need to fund its share and the parish elements only. Effectively WSCC will pay around 87% of the total cost, and this council would fund 13%. The total cost of such a scheme is estimated to be worth approximately £300,000, with CDC's share being approximately £40,000.

6.8 The draft budget shows a net deficit of £576,100 for 2022-23, which is funded from the General Fund Reserve. The expectation reflected in the Financial Strategy is that in future years the Government's funding review will reduce funding to shire district councils further. Last year members agreed the Future Services Framework approach to balance the budget; phases 1 and 2 of FSF identified savings and income generation opportunities of £2m to be implemented over a three-year period commencing from 2021-22. These targets will help address some of the cost pressures and uncertainty in the Council's spending plans and are expected to be fully implemented by 2023-24 as anticipated in the Council's Medium Term Financial Strategy.

6.9 SLT and budget managers are required to adhere to robust proactive financial management principles to protect the Council's financial position, including monitoring both in year budgets and considering the medium term financial strategy. This ensures that the Council can be proactive rather than reactive to securing the financial stability over the medium term.

Capital Programme and Asset Renewal Programme (ARP)

6.10 The current Capital Programme is set out in appendix 1c. This is based on schemes previously approved by the Cabinet or the Council.

6.11 Appendix 1d sets out the projects within the five-year Asset Renewal Programme. These are funded via contributions from the Council's revenue budget into a reserve set up for this purpose. This ensures the Council can fund its replacement assets on a recurring basis. The annual contribution to this fund now stands at £1.630m following a detailed review of the services' asset requirements as part of the budget process. Under the Council's Constitution and in accordance with the project management process (i.e. those over £50,000) will be subject to a Project Initiation Document (PID) before funds are released.

6.12 The anticipated spend on infrastructure projects is based on the Infrastructure Business Plan (IBP) approved by Cabinet in February; the details of the plan is contained within appendix 1c. These projects will be subject to approval in accordance with the Community Infrastructure Levy (CIL) governance arrangements, and the adherence to the Council's Constitution.

6.13 Linked to the spending plans of the Council are the Capital Strategy and the Treasury Management and Investment Strategies. These are to be considered elsewhere on this Cabinet agenda.

Reserves

6.14 The current Resources Statement is detailed in appendix 2. This includes the £8m members allocated in July 2020 to address the pandemic, £2.099m was built into the 2021-22 approved budget. In this third year it is estimated that £0.576m is required in setting a balanced draft budget for 2022-23. This statement indicates that the Capital Programme and Asset Renewal Programme remain funded from the Council's own resources. This should be read in conjunction with appendix 3 which sets out the different reserves held by the Council as at 31 March 2021, their purpose and the authorisation required to fund expenditure against those reserves.

6.15 The minimum level of reserves was agreed by Council remains at £4m.

Capital Prudential Indicators and Minimum Revenue Provision (MRP) Policy

6.16 As part of the budget process the Council needs to ensure that all its revenue and capital expenditure and any borrowing are prudent and sustainable. This includes considering its arrangements for repaying any debt, through the Minimum Revenue Provision (MRP) policy.

6.17 The Council's draft Treasury Management Strategy and Policy for 2022-23 is included in the agenda for this Cabinet meeting, as it is linked to the Council's spending plans and the management of its cash flows and investment decisions.

6.18 Appendix 4 sets out the statutory capital prudential indicators and the Council's MRP policy for the coming financial year and the Council's plans detailed in the Capital Strategy.

7. Alternatives Considered

7.1 The Council is legally obliged to set a balanced budget, although for this forthcoming year in accordance with the Financial Strategy using an element of reserves to do so. The draft budget has therefore been prepared on that basis. However, the level of council tax is a local determination, considering the government's criteria and expectation of tax increases before triggering a local referendum. The criteria announced as part of the provisional financial settlement in December 2021, was that council tax can be increased by the higher of 1.99% or £5; therefore, members could reduce the level of increase currently incorporated in the proposed budget for 2022-23. However, doing so foregoes additional income not only in 2022-23 but in all subsequent years as well. With a deficit anticipated for the following three years this option is not recommended.

7.2 Members could choose to allocate additional resources in 2022-23. Any recurring expenditure would, however, worsen the already anticipated deficits in subsequent years, and potentially result in having to revisit the Future Services Framework to identify further savings. The agreed financial principles of the Council require compensating savings to be identified before additional expenditure or reductions in anticipated income are agreed.

7.3 The Council has already identified over £2 million of annual efficiency savings, including new income generation, over the past two years. This was in response to a reduction in the council's income since the pandemic began. However, it is still possible that further savings will be required over the years ahead and so members were asked to use the Future Services Framework to help them to plan for the future and determine where further investment should be placed. After reviewing the results, members agreed to add £188,100 to the council's base budget to fund a variety of posts and initiatives that aim to support the economy; respond to climate change; and support the ongoing additional work created by the pandemic. Members also used the results to determine which proposals and projects should not go forward at this stage.

7.4 The results from this financial planning exercise can be found in appendices 5 (a) and 5 (b). The results have been used to help the council make the financial decisions above. The council will also be sharing the outcome of this exercise with local parish councils to seek their views on its priorities. Over time, the framework will be used for a range of purposes and reviews, and so it is important to understand that the services and projects listed within it are likely to change.

8. Resource and Legal Implications

8.1 The primary objective of this report is to determine the budget spending plans for 2022-23 against a background of the ongoing impact of the pandemic on the economy and the ever-tightening financial constraints on public services. The estimates represent robust financial projections for the provision of council services and adhere to the statutory obligation to set a balanced budget.

8.2 Section 25 of the Local Government Act 2003 requires the Section 151 Officer i.e. the Director of Corporate Services to report to members on the robustness of the estimates and the adequacy of reserves when considering the budget and council tax. This is so that members have authoritative advice available to them when making decisions on a budget that sets out estimates of what they plan to spend on each of the services. It is the view of the Director of Corporate Services that the processes followed are sound and well established, the resultant estimates are robust, and reserves are at an adequate level.

8.3 Regular monitoring reports are brought to members covering revenue budgets, the capital programme and asset replacement programme, along with updates to the Financial Strategy and plan including analysis of the resources and the affordability of the capital programme. The Director of Corporate Services having considered the risks associated with the Council's capital investment plans is of the view that they are affordable, having considered the measures that the authority has in place for mitigating against those risks. These measures include ensuring the adequacy of reserves to be held, regular monitoring of expenditure against the capital programme, and the expected resources available to fund those capital investment plans as detailed in the Capital Strategy.

8.4 The Director of Corporate Services is satisfied that the estimates used for Business Rates (the NNDR 1) are robust and prudent. This annual return is required by the end of January and therefore will have been submitted to government before the date of the Cabinet meeting. As in previous years this return is required by the Department of Levelling Up, Housing and Community (DLUHC) to be authorised by the Council's Section 151 Officer i.e., the Director of Corporate Services.

9. Consultation

9.1 Due to the significant impact the pandemic had and continues to have on the financial resilience of the Council, both Cabinet and all opposition Group Leaders have monthly meetings, including regular financial updates, with the Strategic Leadership Team.

9.2 As part of the work under stage 3 of the Future Services Framework, all members were invited to a workshop about the financial position of the council and the approach for this phase. A second workshop was held with Cabinet, and a separate session with all opposition Group Leaders. After further workshops and briefings arranged for all members, Cabinet, and political group leaders to determine the way forward in the medium term. The outcome of this work is detailed in appendices 5 (a) and 5 (b) which shows the Council's service priorities. This tool will need to be used when considering the draft budget and any alternative proposals made plus it will aid future financial planning once there is more clarity and certainty in the Government's funding of local government services for 2023-24 and beyond.

9.3 In line with previous years, the revenue budget spending plans were considered by a budget review group set up jointly by the Overview and Scrutiny, and Corporate

Governance and Audit Committees. This is a very useful debate in terms of testing the changes in the budget from 2021-22 to the draft budget for 2022-23.

9.4 The Draft Budget Spending Plan has been made available via the Council's website at Annual budget: Chichester District Council to encourage feedback on the budget and the balance of spending against taxation. This gives the opportunity for any interested party to state their opinion on priorities and resource allocation. Any comments received will be made available to members either at the Cabinet or the Council before the council tax and budget are set.

10. Community Impact and Corporate Risks

10.1 Where services have been changed or reduced through the Council's deficit reduction programme, the community impact will have been minimised as far as possible. Any significant impact to the community will have been assessed as part of the Cabinet's decision process at that time. General service efficiencies which do not impact on the community are managed by the Council's management team in consultation with the Cabinet members. This report represents the culmination of those previous decisions including the efficiencies for the first two years of a three-year savings programme under the Future Services Framework.

10.2 The growth items included in the proposed budget takes account of increased service delivery demands, service delivery changes and other budget pressures which are linked to the Council's key priorities.

10.3 The resources statement currently indicates a surplus of resource after considering all commitments. The statement excludes any forecast capital receipts that are not yet secured to help mitigate the risks associated with the proposed spending plans, and the potential liquidity risk (cash flow) which is also considered within the Treasury Management and Investment Strategies.

10.4 Due to the potential impact on the economy as a result of the COVID pandemic and the Government's view on public service spending there remains a great deal of uncertainty, which may have an impact on the Council's financial stability in the medium term. These risks will need to be monitored closely as further detailed information is obtained.

10.5 The Council's own reliance on income generating services may be adversely affected by economic uncertainty which could impact the community that uses the council's discretionary services. The impact of this risk has been considered in the draft budget as the income targets for 2022-23 have not been changed from the reductions built into the 2021-22 base budget because of the pandemic. The planning income has been reduced by £100k in the 2022-23 draft budget reflecting the experience in the latter part of the current financial year.

11. Other Implications

	Yes	No
Crime and Disorder		✓
Climate Change and Biodiversity		✓
Human Rights and Equality Impact		✓
Safeguarding and Early Help		✓

General Data Protection Regulations (GDPR)		✓
Health and Wellbeing		✓

12. Appendices

12.1 Appendix 1 - Draft Budget Spending Plan 2022-23
(Incorporating appendices 1a to 1d)

- Appendix 1a Draft Budget Summary Statement.
- Appendix 1b Analysis of major budget variations
- Appendix 1c Capital and Projects Programme 2022-23 to 2026-27
- Appendix 1d Asset Replacement Forecast 2022-23 to 2026-27

12.2 Appendix 2 - Capital Programme Resource Statement

12.3 Appendix 3 – Reserves Statement

12.4 Appendix 4 – Capital Prudential Indicators and MRP Policy

12.5 Appendix 5 – Future Services Framework Prioritisation Tool

- Appendix 5a Revenue Prioritisation
- Appendix 5b Capital Prioritisation

13. Background Papers

13.1 None

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Appendix 1

Chichester District Council

Budget
Spending Plan
2022-23

CONTENTS

INTRODUCTION

This document contains details of the Council's revenue and capital budget spending plans for the financial year 2022-23. The spending plans are formulated in accordance with the financial principles of the Financial Strategy as adopted by Council that results in a robust financial estimate of the resources needed to deliver Council Services in 2022-23.

The Council has a statutory duty to prepare a balanced annual revenue budget. It is also good financial management to do so within the context of the five year Financial Strategy taking into account the impact of the capital programme on the revenue budget.

The detailed revenue budget builds upon the work undertaken for the Financial Strategy, which was considered by the Cabinet and by the Council at their meetings in November 2021, and incorporates the second year of the efficiency savings identified in the Future Services Framework programme.

Council Spending – Revenue Budget

The Council's revenue budget requirement for 2022-23 is £15.015m. This represents a spending decrease of 0.17% over the base budget for 2021-22.

The revenue budget for 2022-23 is shown in the Budget Summary Statement. This summary provides the net cost of each Cabinet portfolio and also shows the calculation of the budget requirement, the council tax requirement, and also the proposed Band D council tax charge for 2022-23.

The detailed budget preparation allows for some variations between budget centres which, when aggregated for the whole of the General Fund, have a neutral effect. These adjustments include:

- Approved virements between or within service budgets. The detailed estimates include some minor virements, requested by budget managers, which have no significant impact on the overall level of service provision.
- Notional capital charges for the use of assets included in individual budgets, for proper accounting standards purposes. For council tax setting purposes, these charges are neutralised as an adjustment between reserves.

An analysis and explanation of the major budget movements is also included in the pages that follow the Budget Summary Statement.

Council Spending – Capital Budget

The 2022-23 budget includes a Capital Programme of £20.7m. Of this sum the following major schemes have been provided for:

- £5.4m for the Asset Replacement Programme;
- £4.7m for Community Infrastructure Levy projects;
- £3.7m for refurbishment and replacement of units at St. James Industrial Estate; and
- £3.7m for various housing grants including Disabled Facilities Grants and Affordable Housing Grants.

Further details can be found in the Capital and Projects Programme and Asset Replacement Programme sections of this document.

Council Tax

The Government have confirmed that they will continue with the requirement for any "excessive" Council Tax increases to be determined by local referendum. They have established that the threshold for Chichester before triggering a referendum is the higher of either 1.99% or £5.

For 2022-23, Chichester District Council is prposing a council tax charge of £175.81, an increase of £5 on the charge for 2021-22. This equates to a 2.93% increase, or less than 10 pence per week.

Further information

Further information about the budget spending plans may be obtained from the Financial Services Team at the Council headquarters at East Pallant House, 1 East Pallant, Chichester PO19 1TY.

If you have any questions on any of the information included in the Council's budget spending plans please contact the Financial Services Team on 01243 785166 or email finance@chichester.gov.uk.

J. Ward CPFA
Director of Corporate Services

Budget Summary Statement

Appendix 1a

CHICHESTER DISTRICT COUNCIL
Budget Summary Statement 2022-23

	Budget 2021/22 £000	Budget 2022/23 £000
Cabinet Member Portfolios		
Leader	-147	973
Planning Services	11,517	6,081
Community Services and Culture	4,511	3,381
Growth, Place and Regeneration	-2,223	-2,779
Housing, Communications, Licensing and Events	3,608	2,384
Environment Services and Chichester Contract Services	6,888	7,154
Finance, Corporate Services and Revenues and Benefits	7,025	6,442
Cost of Services	**31,179**	**23,636**
Financing and Investment Income and Expenditure		
Interest and investment income	-1,168	-1,600
Interest received on finance leases (lessor)	-119	-117
Interest payable on finance leases (lessee)	12	6
Investment Properties	-900	-966
Other Income	-30	-30
	28,974	**20,929**
Items not funded by Council Tax		
Notional transactions for comparative and Accounting Code of Practice purposes	-15,482	-8,595
Net transfer to (+) or from(-) reserves		
Earmarked Reserves	3,648	3,257
General Fund Reserve	-2,099	-576
	1,549	**2,681**
District Council budget requirement before external support	**15,041**	**15,015**
Business Rates Retention Scheme (BRRS)		
Retained Business Rates	-19,123	-16,613
Business Rate Tariff payable to central government	17,330	17,330
BRRS grants from central government	-2,182	-4,837
Business Rates Levy payable	725	752
Collection Fund deficit (NDR) (+) / surplus (-)	0	-132
	-3,250	-3,500
Financial Settlement related grants		
Rural Services Delivery Grant	-198	-198
Services Grant 2022-23	0	-155
Lower Tier Services Grant	-96	-103
Local Council Tax Support Grant	-160	0
Covid-19 Grant – Emergency Funding for Local Government	-569	0
	-1,023	-456
Other Grants		
New Homes Bonus	-1,461	-1,306
Sales, Fees and Charges Compensation Scheme	-227	0
	-1,688	-1,306
Collection Fund (Council Tax) deficit (+) / surplus (-)	141	-76
Amount required from Council Tax payers	**9,221**	**9,677**
Council Tax Base	53,983.8	55,043.5
Average Band D Council Tax	**£170.81**	**£175.81**
Percentage increase	3.02%	2.93%

Budget Spending Plans 2022-23

The Council's estimated budget requirement for 2022-23 is £15.015m. This represents a spending decrease of 0.17% over the base budget for 2021-22. The movement can be analysed as follows:

Major Variations	**£000**
Base Budget 2021-22	**15,041**
Expenditure budget increases	
1. Staffing budgets	1,114
2. Fly tipping removal	50
3. External audit fees	40
4. Net inflation on prices	23
	1,227
Expenditure budget decreases	
5. Leisure management contract support	-675
6. Housing benefit overpayments bad debts provision	-451
7. Provision of bed and breakfast accommodation	-228
8. Community Grants / Visions	-50
9. Rent Allowances (net)	-41
10. Insurances	-29
11. Rent Rebates (net)	-15
	-1,489
Decreases in income	
12. Planning applications income	100
	100
Additional income	
13. Interest generated from investments	-797
14. Estates - rents, licences and service charges	-156
15. Opening of Freeland Close	-108
16. Housing benefit overpayments	-47
17. South Downs National Park Authority agency agreement	-43
18. Temporary accommodation management charges	-42
	-1,193
Service Efficiencies	
19. Additional Future Services Framework efficiencies identified in year 1	-164
20. Futures Services Framework Programme 2022-23 (net of damping)	-21
	-185
21. Growth Items	
Climate Change Officer (including operational budget)	63
Events Officer	44
Environmental Strategy Unit	56
Tree Officer Support Apprenticeship	25
	188
22. Contribution to/from reserves – subject to Final Settlement	
Removal of 2021-22 base budget funding from the General Fund Reserve	2,099
Revenue contribution to the provision for future asset renewals	138
Increased annual revenue contribution to the Local Plan Reserve	40
Contribution to the Members Training Reserve	5
Local Council Tax Support Grant 2021-22	-160
Lower Tier Services Grant 2021-22	-96
Funding of 2022-23 budget deficit from the General Fund Reserve	-576
	1,450
Other minor variations (net)	31
Budget Requirement (excluding decrease in NHB)	**15,170**
NHB (movement in year)	-155
Budget Requirement 2022-23	**15,015**

An explanation of each of the major variances shown in the table above can be found in the following paragraphs

Expenditure Budget Increases

1. Staffing Budgets (budget increase of £1,114,500)

The increase in the cost of employing council staff in 2022-23 is made up of a number of budget changes. The most significant are:

Inflation - The 2021-22 base budget assumed a pay freeze for the majority of council staff. The actual pay award for 2021-22 is still yet to be agreed, however the national employers side offer is currently 1.75%. This additional cost of £298k has been provided for in the budget for 2022-23. The budget also includes provision for a 2% pay increase in 2022-23 at an estimated cost of £360k.

Employers national insurance contributions - The introduction of the new Health and Social Care Levy will increase both employer and employee national insurance contributions by 1.25%. The cost to the council is estimated to be £137k.

A contribution of £81k from the Pay Review Reserve to fund the final year of pay protection in 2021-22 as a result of the 2019 pay review has been removed.

Post omitted from the base budget - Two green waste loader post were omitted from the budget for 2021-22 in error. This has been corrected resulting in a budget increase of 57k.

Employers pension contribution rate - This has been reduced by 1% to 18.4% in 2022-23. This has resulted in a budget decrease of £151k

Other staffing cost changes include:
- market supplements for HGV drivers £103k
- additional staffing resource for the Financial Services Division £83k
- Senior Planning Officer post to support neighbourhood planning as agreed by Cabinet in June 2021 £54k
- planning staff regradings as a result of professional qualification training £43k
- additional Assistant Planning Officer post agreed by Cabinet in September 2021 £32k
- additional Senior Planning Officer post agreed by Cabinet in September 2021. The £54k cost of this post is funded entirely from additional income generated from increased demand for Planning Performance Agreements (PPA's) with developers.

2. Fly tipping removal (budget increase of £50,000)

The budget for 2022-23 provides an additional £50,000 towards fly tipping removal costs. This budget has been overspending in recent years as the volume of fly tips have increased. The Council is planning to participate in the #Stop Fly Tipping Initiative. This is a multi agency approach to eliminating fly tipping across the district and also the county.

3. External audit fees (budget increase of £39,700)

In recent years external audit fees for the audit of the Council's Statement of Accounts and Housing Benefit Subsidy Claim have exceeded the budgets provided. This has arisen for a variety of reasons including the introduction of new accounting standards and the requirement to undertake additional assurance testing in order to formulate their audit opinion. Indicative fees for 2022-23 suggest that the existing budgets will once again be exceeded, therefore it is necessary to increase the budget to meet the additional cost.

4. Net inflation on prices (budget increase of £22,600)

This takes into account cost inflation of £405k which is offset against income inflation of 382k (including £176k for car parks). General inflation has been estimated at 4%.

Expenditure Budget Decreases

5. Leisure management contract support (a budget decrease of £674,500)

The Council agreed to provide additional financial support to its leisure centre management provider for one year in 2021-22. Although discussions are being held to determine if further funding may be required, the budget for this support has been removed for 2022-23.

6. Housing benefit overpayments bad debt provision (a budget decrease of £451,400)

During 2020-21, the total outstanding housing benefit overpayment debt dropped from £3.1m to £2.6m. This trend has continued with current projections predicting that the debt outstanding by the end of 2021-22 to be in the region of some £2.0m. The budget for 2022-23 anticipates that this pattern will continue with the outstanding debt dropping to £1.5m by March 2023. As a consequence the bad debt provision held has been reviewed resulting in a reduction of £451.400 that can returned to the Council's General Fund. The bad debt provision held provides for 55% of the total outstanding housing benefit debt.

7. Provision of bed and breakfast accommodation (a budget decrease of £227,900)

Income has been reduced by £218,300 and expenditure by £446,200 making a net decrease of £227,900. This has been actioned on the basis that the new temporary accommodation at Freeland Close, Chichester, will reduce the need for bed and breakfast accommodation for homeless persons and rough sleepers.

8. Community Grants / Visions (a budget decrease of £50,000)

A special meeting of the Cabinet on 24 January 2022 recommended to Council that the ad-hoc Community Grants budget and the Visions budget be combined, and that the total fund be reduced by £50,000 per annum as a saving on the Council's base budget for 2022-23.

9. Rent Allowances (net) (a budget decrease of £41,200)

The expenditure budget for rent allowance payments made to eligible housing benefit claimants is forecast to reduce by £3.11m to £21.38m in 2022-23. The is based upon the current 2021-22 forecast and provides for a further 8% reduction in housing benefit claimants as a result of the transition to universal credit.

The amount of subsidy that the Council can reclaim for rent allowances will also reduce as its expenditure demands drop. In 2022-23 this will reduce by £3.07m to £20.93m. The net impact is a reduction of £41,300 on the 2022-23 base budget.

10. Insurances (a budget decrease of £29,500)

The retendering of the council's insurance contract has provided a reduction in cost of £29,500.

11. Rent Rebates (net) (a budget decrease of £14,900)

The expenditure budget for rent rebate payments to eligible housing benefit claimants living in temporary accommodation is forecast to reduce by £192k to £503k in 2022-23. This is based upon the current 2021-22 forecast and reflects the introduction of the Council's additional 17 new units at Freeland Close, Chichester, and a reduction in the use bed and breakfast accommodation.

The amount of subsidy that the Council can reclaim for rent rebates will also reduce as its expenditure demands drop. In 2022-23 this will reduce by £177k to £488k. The net impact is a reduction of £14,900 on the 2022-23 base budget.

Decreases in income

12. Planning applications income (decrease in income of £100,000)

The 2021-22 budget included a projected increase in income from planning application fees based upon the actual income level experienced during 2020-21. This trend has not continued during 2021-22 and as a result the projected increase of some £100k has been removed from the 2022-23 budget.

Additional Income

13. Interest generated from investments (increase in income of £797,000)

Investment interest generated by the Council's Local Property Fund investments (£10m) and other external Pooled Funds (£24m) is anticipated to increase by £388,500 in 2022-23. Additionally £413,000 of the total interest generated was transferred to the Investment Risk Reserve in 2021-22 in order to mitigate against future Property Fund losses. This contribution is not required in 2022-23 so this interest amount is available to support the base budget. The total investment interest anticipated for 2022-23 stands at £1.6m.

14. Estates – rent, licences and service charges (increase in income of £155,300)

The most significant income variations are:

- St James Industrial Estate (a reduction of £65k): As a consequence of the St. James' Industrial estate refurbishment project, the 2021-22 base budget was supported by a contribution of £175 000 from the council's reserves to take account of the loss of income during the continuing programme of works. This contribution has been removed from the 2022-23 budget. The opening of the new units at St. James' industrial estate has been delayed from the original date of April 2022, and are now estimated to become available in September 2022. As a result only a part year income budget of £110,000 has been included for 2022-23 with the first full year's budget being forecast in 2023-24.

- Terminus Road Industrial Estate (£83k), office space at East Pallant House (32k), the Old Bakery (£21k), car park access licences (£20k), the Ridgeway shopping parade (20k), and the Bosham Lane car park (13k).

15. Opening of Freeland Close (net increase in income of £108,300)

The budget for the Freeland Close hostel has now been introduced with an expenditure budget of £75,400 and an income budget of £183,700. The budgeted revenue expenditure is allocated to Premises & Transport Costs £57,300, Supplies & Services £18,100 and Income £183,700.

16. Housing Benefit overpayments (increase in income of £47,300)

The 2021-22 base budget included a reduction of £631,800 for housing benefit overpayments income. Current experience indicates that £47,300 of the budget removed should be built back into the base budget for 2022-23. The total budget for overpayments identified in the year is now £234,000.

17. South Downs National Park Authority agency agreement (increase in income of £42,500)

The council provides a planning service to the South Downs National Park Authority under an agency agreement. A renegotiated agreement will start on 1 October 2022 that will provide additional income of £42,500 in 2022-23 and £90,000 for the following three years.

18. Temporary accommodation management charges (increase in income of £42,100)

The weekly rental charge for the Westward House and Freeland Close tenants is arrived at by calculating the service charges for water and community alarm (charges not eligible for housing benefit), plus the communal charge and a management charge (charges eligible for housing benefit). The majority of this variance is due to an increase in the management charge which is based on staff time charged to the running of these temporary accommodation units. Previously staff charging time to the hostels was being funded by the Homeless Prevention Grant.

Service Efficiencies

19. Additional Futures Service Framework Programme efficiencies identified in year 1 (a budget decrease of £164,300)
As part of the Council's Recovery Plan from the impact of the Covid-19 pandemic an efficiency target of £996,000 was profiled into the base budget for 2021-22. In order to allow flexibility with the implementation of these savings the Council adopted an approach of assuming a 75% delivery rate on the value of savings identified. As some of the savings are aspirational, relate to income, or to an extent are outside of the Council's control, the 75% approach was considered prudent for financial modelling purposes

During 2021-22 the efficiencies implemented have actually generated savings of £911,300 or 91.5% of the undamped target. This exceeded the net of damping target amount of £747,000 by £164,300.

20. Futures Service Framework Programme – Net of damping (budget decrease of £21,700)
Year 2 of the Future Services Framework Programme has identified efficiencies totalling £266,700 net of damping. The most significant reductions include staffing (-£87k), cleaning contract costs (-£30k) and additional income generating opportunities (-165k). A one-off investment cost in the expansion of the CCS waste service has been offset against the efficiency target to enable CCS to invest in service improvements that will generate additional efficiency savings in future years (+245k).

Growth Items

21. Growth items (a budget increase of £187,800)

A special meeting of the Cabinet on 24 January 2022 recommended to Council that the following growth proposals be built into the Council's base budget from 2022-23:

- Climate Change Officer (including operational budget £63,000
- Events Officer £44,000
- Environmental Strategy Unit £56,100
- Tree Officer Support Apprenticeship £25,000

Contributions to/from reserves

22. Contributions to/from reserves - subject to Final Settlement (a increase of £1.450m)
A report to Council in July 2020 considered the financial impact of Covid-19 on the Council's finances. It was agreed that the Council should work towards achieving a balanced budget over the next five years, using reserves in the intervening years to help balance the budget. In order to achieve the statutory requirement of setting a balanced budget the base budget for 2021-22 included a contribution of £2.099m from the General Fund Reserve which has now been removed. However for 2022-23 a contribution of £576,100 is still required in order to balance the budget.

Inflationary increase in contribution to the Asset Replacement Programme (ARP) of £45k, and increase of £93k as a result of the CCS Refuse Vehicle Replacement Strategy agreed by Council in July 2021. The total contribution to the ARP is £1.63m.

The base budget for 2022-23 includes a £40k top-up to the Local Plan reserve taking the total annual contribution to £200k. Additionally an annual contribution of £5k will added to the revenue budget to provide for Member Induction training, with the next five years of contributions providing a £30,000 reserve to fund training following the May 2027 elections.

As part of the 2021-22 financial settlement provided by the government, local authorities received a new Local Council Tax Support Grant to compensate for impact on their tax base of increased Council Tax Reduction claims as result of the Covid-19 pandemic. This grant of £160k was set aside in reserves in order provide funding towards a countywide hardship scheme in collaboration with the other district and borough councils and the county council. However for 2022-23 this grant has not been included in the financial settlement and as a result the subsequent transfer to reserves has been removed.

Local authorities in lower tiers receive a Lower Tiers Support Grant that was introduced as part of 2021-22 financial settlement to compensate them in part for the loss of New Homes Bonus. In 2021-22 this grant of £96k was transferred to the New Homes Bonus Reserve, but for 2022-23 the grant of £101k is being used to support the revenue budget.

Cabinet Portfolios

LEADER OF THE COUNCIL PORTFOLIO

Council Leader

Cllr Eileen Lintill
Tel: 01798 342948
Email: elintill@chichester.gov.uk

	£000
Summary	
Employee costs	819
Other running costs	150
Capital charges	4
Income	0
Net Cost	**973**

Area of Responsibility included in Summary:

Corporate Management	
Employee costs	819
Other running costs	150
Capital charges	4
Income	0
	973

PLANNING SERVICES PORTFOLIO

Deputy Leader and Cabinet Member for Planning

Cllr Susan Taylor
Tel: 01243 514034
Email: staylor@chichester.gov.uk

	£000
Summary	
Employee costs	3,085
Other running costs	5,329
Capital charges	39
Income	-2,371
Net Cost	**6,081**

Area of Responsibility included in Summary:

Development Management	
Employee costs	2,347
Other running costs	350
Capital charges	31
Income	-2,124
	603

Which includes:

Planning Enforcement	
Employee costs	239
Other running costs	58
Capital charges	3
Income	-155
	144

Development Management	
Employee costs	2,108
Other running costs	292
Capital charges	28
Income	-1,969
	459

PLANNING SERVICES PORTFOLIO

Planning Policy

Employee costs	738
Other running costs	4,979
Capital charges	8
Income	-247
	5,478

Which includes:

Conservation and Design

Employee costs	31
Other running costs	26
Capital charges	0
Income	-9
	48

Planning Policy

Employee costs	707
Other running costs	4,954
Capital charges	7
Income	-238
	5,430

COMMUNITY SERVICES AND CULTURE PORTFOLIO

Cabinet Member for Community Services and Culture

Cllr Roy Briscoe
Tel: 07877070591
Email: rbriscoe@chichester.gov.uk

	£000
Summary	
Employee costs	1,509
Other running costs	2,037
Capital charges	1,080
Income	-1,245
Net Cost	**3,381**

Area of Responsibility included in Summary:

Culture	
Employee costs	384
Other running costs	1,131
Capital charges	1,043
Income	-286
	2,273

Which includes:

Leisure and Sports Development	
Employee costs	22
Other running costs	2
Capital charges	0
Income	0
	24
Leisure Centres Contract Management	
Employee costs	21
Other running costs	61
Capital charges	887
Income	39
	1,008
Novium Museum and Tourist Information	
Employee costs	338
Other running costs	517
Capital charges	151
Income	-251
	755

COMMUNITY SERVICES AND CULTURE PORTFOLIO

Tourism Support

Employee costs	0
Other running costs	150
Capital charges	0
Income	0
	150

Pallant House Gallery and Chichester Festival Theatre

Employee costs	3
Other running costs	401
Capital charges	5
Income	-74
	335

Health and Wellbeing

Employee costs	516
Other running costs	150
Capital charges	9
Income	-490
	184

Which includes:

Health Development

Employee costs	516
Other running costs	150
Capital charges	9
Income	-490
	184

Communities

Employee costs	610
Other running costs	756
Capital charges	28
Income	-470
	924

Which includes:

CCTV

Employee costs	0
Other running costs	103
Capital charges	14
Income	-5
	112

Community Engagement

Employee costs	215
Other running costs	598
Capital charges	7
Income	-287
	533

COMMUNITY SERVICES AND CULTURE PORTFOLIO

Community Safety	
Employee costs	376
Other running costs	53
Capital charges	8
Income	-178
	258

Local Partnerships	
Employee costs	19
Other running costs	2
Capital charges	0
Income	0
	21

GROWTH, PLACE AND REGENERATION PORTFOLIO

Cabinet Member for Growth, Place and Regeneration

Cllr Tony Dignum
Tel: 01243 538585
Email: tdignum@chichester.gov.uk

	£000
Summary	
Employee costs	1,630
Other running costs	2,582
Capital charges	611
Income	-7,603
Net Cost	**-2,779**

Area of Responsibility included in Summary:

Property and Growth

Employee costs	860
Other running costs	485
Capital charges	261
Income	-1,830
	-225

Which includes:

Building Services

Employee costs	166
Other running costs	18
Capital charges	2
Income	0
	185

Economic Development

Employee costs	270
Other running costs	158
Capital charges	3
Income	0
	431

Estates Services

Employee costs	424
Other running costs	310
Capital charges	256
Income	-1,830
	-840

GROWTH, PLACE AND REGENERATION PORTFOLIO

Place

Employee costs	770
Other running costs	2,097
Capital charges	350
Income	-5,772
	-2,555

Which includes:

Car Parks

Employee costs	637
Other running costs	1,722
Capital charges	195
Income	-5,743
	-3,189

Footway Lighting

Employee costs	0
Other running costs	5
Capital charges	0
Income	0
	5

Public Conveniences

Employee costs	50
Other running costs	364
Capital charges	155
Income	-30
	540

Vision

Employee costs	71
Other running costs	6
Capital charges	1
Income	0
	77

Business Improvement Districts

Employee costs	11
Other running costs	0
Capital charges	0
Income	0
	11

Bus Shelters

Employee costs	2
Other running costs	0
Capital charges	0
Income	0
	2

HOUSING, COMMUNICATIONS, LICENSING AND EVENTS PORTFOLIO

Cabinet Member for Housing, Communications, Licensing and Events

Cllr Alan Sutton
Tel: 01798 342452
Email: asutton@chichester.gov.uk

	£000
Summary	
Employee costs	1,966
Other running costs	3,633
Capital charges	133
Income	-3,348
Net Cost	**2,384**

Area of Responsibility included in Summary:

<u>Housing</u>	
Employee costs	1,303
Other running costs	3,431
Capital charges	123
Income	-2,826
	2,031
Which includes:	
Housing Options	
Employee costs	738
Other running costs	719
Capital charges	111
Income	-1,130
	438
Housing Standards and Home Move	
Employee costs	328
Other running costs	1,505
Capital charges	5
Income	-1,395
	443

HOUSING, COMMUNICATIONS, LICENSING AND EVENTS PORTFOLIO

Homlessness Prevention	
Employee costs	96
Other running costs	287
Capital charges	5
Income	-300
	87
Housing Delivery	
Employee costs	141
Other running costs	921
Capital charges	2
Income	-1
	1,063

Communications

Employee costs	339
Other running costs	100
Capital charges	4
Income	-48
	396
Which includes:	
Public Relations	
Employee costs	339
Other running costs	100
Capital charges	4
Income	-48
	396

Licensing & Events

Employee costs	324
Other running costs	103
Capital charges	6
Income	-475
	-42
Which includes:	
Promotion and Events	
Employee costs	44
Other running costs	23
Capital charges	0
Income	0
	68
Licensing	
Employee costs	248
Other running costs	43
Capital charges	4
Income	-441
	-145
Market and Farmers Market	
Employee costs	32
Other running costs	36
Capital charges	2
Income	-34
	35

ENVIRONMENT AND CHICHESTER CONTRACT SERVICES PORTFOLIO

Cabinet Member for Environment and Chichester Contract Services

Cllr Penny Plant
Tel: 01243 575031
Email: pplant@chichester.gov.uk

	£000
Summary	
Employee costs	6,621
Other running costs	5,081
Capital charges	579
Income	-5,127
Net Cost	**7,154**

Area of Responsibility included in Summary:

<u>Environmental Protection</u>	
Employee costs	1,351
Other running costs	949
Capital charges	78
Income	-1,071
	1,307

Which includes:

Building Control	
Employee costs	423
Other running costs	60
Capital charges	5
Income	-424
	64
Coastal Management and Land Drainage	
Employee costs	109
Other running costs	344
Capital charges	44
Income	-275
	221
Environmental Protection	
Employee costs	413
Other running costs	219
Capital charges	11
Income	-150
	493

ENVIRONMENT AND CHICHESTER CONTRACT SERVICES PORTFOLIO

Environmental Strategy

Employee costs	321
Other running costs	260
Capital charges	2
Income	-195
	389

Foreshores

Employee costs	84
Other running costs	66
Capital charges	16
Income	-27
	140

Health Protection

Employee costs	504
Other running costs	129
Capital charges	6
Income	-23
	615

Which includes:

Commercial and Public Safety

Employee costs	406
Other running costs	74
Capital charges	5
Income	-23
	462

Emergency Planning

Employee costs	8
Other running costs	42
Capital charges	0
Income	0
	49

Pest Control

Employee costs	0
Other running costs	2
Capital charges	0
Income	0
	2

Health and Safety

Employee costs	90
Other running costs	11
Capital charges	1
Income	0
	102

ENVIRONMENT AND CHICHESTER CONTRACT SERVICES PORTFOLIO

Chichester Contract Services

Employee costs	4,767
Other running costs	4,003
Capital charges	495
Income	-4,033
	5,233

Which includes:

Cemeteries

Employee costs	69
Other running costs	102
Capital charges	12
Income	-93
	90

Grounds Maintenance

Employee costs	335
Other running costs	318
Capital charges	16
Income	0
	669

Parks and Open Spaces

Employee costs	42
Other running costs	352
Capital charges	44
Income	-377
	61

Street Naming and Numbering

Employee costs	46
Other running costs	12
Capital charges	1
Income	-16
	42

Waste, Cleansing and Recycling Services

Employee costs	4,276
Other running costs	3,220
Capital charges	422
Income	-3,547
	4,372

FINANCE, CORPORATE SERVICES AND REVENUES AND BENEFITS PORTFOLIO

Cabinet Member for Finance, Corporate Services and Revenues and Benefits

Cllr Mr Peter Wilding
Tel: 01428 707324
Email: pwilding@chichester.gov.uk

	£000
Summary	
Employee costs	5,287
Other running costs	23,568
Capital charges	375
Income	-22,787
Net Cost	**6,442**

Area of Responsibility included in Summary:

Financial Services

Employee costs	893
Other running costs	360
Capital charges	29
Income	-4
	1,279

Which includes:

Accountancy Services

Employee costs	692
Other running costs	75
Capital charges	26
Income	-1
	792

Audit Services

Employee costs	199
Other running costs	20
Capital charges	3
Income	0
	222

Strategic Financial Services

Employee costs	2
Other running costs	266
Capital charges	0
Income	-3
	266

FINANCE, CORPORATE SERVICES AND REVENUES AND BENEFITS PORTFOLIO

Legal and Democratic Services

Employee costs	715
Other running costs	517
Capital charges	11
Income	-62
	1,181

Which includes:

Legal Services

Employee costs	381
Other running costs	95
Capital charges	5
Income	-18
	464

Democratic Representation

Employee costs	302
Other running costs	399
Capital charges	5
Income	-44
	662

Procurement

Employee costs	32
Other running costs	23
Capital charges	1
Income	0
	56

Business Support

Employee costs	1,734
Other running costs	898
Capital charges	302
Income	-283
	2,651

Which includes:

Elections

Employee costs	141
Other running costs	101
Capital charges	3
Income	-8
	236

Land Charges

Employee costs	76
Other running costs	55
Capital charges	1
Income	-243
	-110

FINANCE, CORPORATE SERVICES AND REVENUES AND BENEFITS PORTFOLIO

ICT	
Employee costs	871
Other running costs	65
Capital charges	11
Income	-1
	946

Corporate Improvement and Facilities	
Employee costs	330
Other running costs	618
Capital charges	284
Income	-32
	1,200

Human Resources and Payroll	
Employee costs	315
Other running costs	60
Capital charges	4
Income	0
	379

Revenues and Benefits

Employee costs	1,944
Other running costs	21,793
Capital charges	33
Income	-22,438
	1,331

Which includes:

Revenues Services	
Employee costs	939
Other running costs	201
Capital charges	16
Income	-549
	606

Housing Benefits	
Employee costs	349
Other running costs	21,509
Capital charges	6
Income	-21,881
	-18

Customer Services	
Employee costs	656
Other running costs	83
Capital charges	12
Income	-8
	743

Capital and Projects Programme 2022-23

Capital and Projects Programme 2021/22 to 2026/27 **Appendix 1c**

Capital Financing Summary	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**
Capital Receipts							
Capital Receipts Reserve	0	2,217,400	0	0	0	0	2,217,400
Revenue Financing							
Capital Projects Fund / General Revenue Reserves	3,929,700	479,900	242,300	229,200	0	0	4,881,100
Asset Replacement Fund	1,928,200	5,411,100	1,324,500	1,463,200	1,069,500	2,551,000	13,747,500
Commuted Payments (S106)	600,200	310,000	0	0	0	0	910,200
New Homes Bonus	2,827,900	3,161,400	0	0	0	0	5,989,300
New Homes Bonus Grants Reserve	488,200	0	0	0	0	0	488,200
Investment Opportunity Fund	0	0	0	0	0	0	0
Housing Investment Reserve	123,500	0	0	0	0	0	123,500
Corporate Plan Projects 2019-20 Reserve	122,100	20,100	0	0	0	0	142,200
Grants and Concessions reserve - funded from Reserve	0	0	0	0	0	0	0
Community Infrastructure Levy	3,457,600	4,482,500	5,096,700	12,732,500	2,245,300	5,000,000	33,014,600
Chichester Warm Homes Reserve	0	0	0	0	0	0	0
Local Plan Reserve	561,200	275,000	0	0	0	0	836,200
Building Repairs Reserve	0	0	0	0	0	0	0
General Fund Balance	109,400	62,200	0	0	0	0	171,600
Pump Prime Initiative Reserve	49,000	0	0	0	0	0	49,000
Capital Grants							
Disabled Facilities Grants	1,707,500	2,734,600	1,350,000	1,350,000	1,350,000	1,350,000	9,842,100
Brexit Emergency Funding Grant	0	0	0	0	0	0	0
Environment Agency coastal grants	279,300	250,000	250,000	250,000	250,000	250,000	1,529,300
LEP Grant	558,600	624,400	0	0	0	0	1,183,000
Community Led Housing Grant	680,900	400,000	0	0	0	0	1,080,900
Public Sector Decarbonisation Grant	1,362,900	0	0	0	0	0	1,362,900
Other Contributions	227,200	0	0	0	0	0	227,200
Funding Totals	**19,013,400**	**20,428,600**	**8,263,500**	**16,024,900**	**4,914,800**	**9,151,000**	**77,796,200**

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total
GROWTH, PLACE & REGENERATION							
Place							
Electric Vehicle Charging Points	36,700	0	0	0	0	0	36,700
Review of Chichester District Parking Strategy	16,100	0	0	0	0	0	16,100
Re-opening High Street Safely	54,100	0	0	0	0	0	54,100
Welcome Back Fund	173,100	0	0	0	0	0	173,100
Place Total	**280,000**	**0**	**0**	**0**	**0**	**0**	**280,000**
Property & Growth							
New Employment Land - Retaining & attracting businesses	20,900	0	0	0	0	0	20,900
St. James Industrial Estate - Refurbishment and Replacement of Units	3,386,500	3,785,800	0	0	0	0	7,172,300
Terminus Road Land	8,000	2,000	0	0	0	0	10,000
East Beach Selsey Land/Asset Opportunities	0	20,100	0	0	0	0	20,100
Emerging Vision Projects	79,000	0	0	0	0	0	79,000
E Wittering/Bracklesham Vision	27,000	0	0	0	0	0	27,000
Property & Growth Total	**3,521,400**	**3,807,900**	**0**	**0**	**0**	**0**	**7,329,300**
Regeneration							
Economic & Community Recovery Grants Fund	207,700	0	0	0	0	0	207,700
Southern Gateway - Initial implementation	50,000	0	0	0	0	0	50,000
Southern Gateway - Land Assembly	20,000	0	0	0	0	0	20,000
Southern Gateway - LEP Funding Projects	0	2,217,400	0	0	0	0	2,217,400
Regeneration Total	**277,700**	**2,217,400**	**0**	**0**	**0**	**0**	**2,495,100**
GROWTH, PLACE & REGENERATION TOTAL	**4,079,100**	**6,025,300**	**0**	**0**	**0**	**0**	**10,104,400**

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total
COMMUNITY SERVICES & CULTURE							
Culture							
Petworth Leisure Facilities (Skatepark)	70,000	0	0	0	0	0	70,000
Economic impact study - Novium, CFT & PHG	20,000	0	0	0	0	0	20,000
Electricity Supply - Priory Park	15,000	0	0	0	0	0	15,000
Westgate LC: Decarbonisation	1,362,900	0	0	0	0	0	1,362,900
2022 Year of Culture	50,000	0	0	0	0	0	50,000
Culture Total	**1,517,900**	**0**	**0**	**0**	**0**	**0**	**1,517,900**
Communities							
New Homes Bonus Scheme 2020-21 Allocation	30,500	0	0	0	0	0	30,500
New Homes Bonus Scheme 2021-22 Allocation	250,000	0	0	0	0	0	250,000
Grants Portal 2018-19 Allocation	5,600	0	0	0	0	0	5,600
Grants Portal 2019-20 Allocation	67,900	0	0	0	0	0	67,900
Grants Portal 2020-21 Allocation	97,800	0	0	0	0	0	97,800
Grants Portal 2021-22 Allocation	175,000	0	0	0	0	0	175,000
Grants Portal 2022-23 Allocation	0	175,000	0	0	0	0	175,000
Grants Portal 2023-27 Allocation	0	0	175,000	175,000	0	0	350,000
Communities Total	**626,800**	**175,000**	**175,000**	**175,000**	**0**	**0**	**1,151,800**
COMMUNITY SERVICES & CULTURE TOTAL	**2,144,700**	**175,000**	**175,000**	**175,000**	**0**	**0**	**2,669,700**

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total
HOUSING, COMMUNICATIONS, LICENSING & EVENTS							
Housing							
Disabled Facilities Grants	1,635,700	2,734,600	1,350,000	1,350,000	1,350,000	1,350,000	9,770,300
DFG County Adaptations Manager	61,100	0	0	0	0	0	61,100
Discretionary Private Sector Grants and Loans	10,700	0	0	0	0	0	10,700
Housing Standards Financial Assistance	436,500	85,000	67,300	54,200	0	0	643,000
Rural Housing Fund	259,500	200,000	0	0	0	0	459,500
Affordable Housing Grant Fund - Funded from S106	598,800	310,000	0	0	0	0	908,800
Homeless Prevention Fund - Mortgage Rescue	39,800	0	0	0	0	0	39,800
22 Freeland Close - Design Work/Planning Approval	33,200	0	0	0	0	0	33,200
22 Freeland Close - Relocation of Gas Main	4,400	0	0	0	0	0	4,400
Freeland Close Redevelopment	2,514,500	0	0	0	0	0	2,514,500
Community Led Housing	680,900	400,000	0	0	0	0	1,080,900
Housing Total	**6,275,100**	**3,729,600**	**1,417,300**	**1,404,200**	**1,350,000**	**1,350,000**	**15,526,200**
HOUSING, COMMUNICATIONS, LICENSING & EVENTS TOTAL	**6,275,100**	**3,729,600**	**1,417,300**	**1,404,200**	**1,350,000**	**1,350,000**	**15,526,200**
FINANCE, CORPORATE SERVICES & REVENUES & BENEFITS							
Business Support							
NWOW - Electronic Document Mgt	4,500	0	0	0	0	0	4,500
Electric Vehicle Charging Point - EPH	49,000	0	0	0	0	0	49,000
Business Support Total	**53,500**	**0**	**0**	**0**	**0**	**0**	**53,500**
IT & Facilities							
IT & Facilities Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**
FINANCE, CORPORATE SERVICES & REVENUES & BENEFITS TOTAL	**53,500**	**0**	**0**	**0**	**0**	**0**	**53,500**

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total
PLANNING SERVICES							
Planning Policy							
Local Plan Review	561,200	275,000	0	0	0	0	836,200
Planning Policy Total	**561,200**	**275,000**	**0**	**0**	**0**	**0**	**836,200**

Community Infrastructure Levy							
CIL - College Lane/Spitalfield Road Junction inprovement (Project IBP 840)	0	105,000	0	0	0	0	105,000
CIL - Chidham Sustainable Transport Improvements (Project 841)	0	0	500,000	0	0	0	500,000
CIL - CDC strategic wildlife corridors connecting Chichester and Pagham Harbours to the SDNP (Project 842)	43,000	98,500	143,700	144,500	145,300	0	575,000
CIL - Extensions to Chichester City GP surgeries: Langley House and Parklands (Project 877)	0	420,000	0	0	0	0	420,000
CIL - Extension to Southbourne GP Surgery (Project 726)	0	450,000	0	0	0	0	450,000
CIL - 3G Sports Pitch, Southern Gateway (Project 844)	0	880,000	0	0	0	0	880,000
CIL - School access improvements - Chichester (project 657)	0	0	0	50,000	0	0	50,000
CIL - School access improvements - Bourne (project 660)	0	0	50,000	0	0	0	50,000
CIL - School places E-W Chichester (project 330)	0	0	0	3,000,000	0	0	3,000,000
CIL - School places Bourne's (project 331)	0	0	3,000,000	0	0	0	3,000,000
CIL - School places Manhood Peninsula (project 332)	0	0	0	3,000,000	0	0	3,000,000
CIL - Early Years Places, Whitehouse Farm Development (IBP/593)	0	0	0	0	2,100,000	0	2,100,000
CIL - Sustainable transport corridor - city centre to Portfield (project 656)	0	25,000	50,000	425,000	0	0	500,000
CIL - Sustainable transport corridor - city centre to Westhampnett (project 353)	0	500,000	0	0	0	0	500,000
CIL - Bus Lane along A259 approaching Bognor Rd Roundabout (IBP/354)	0	114,000	228,000	1,938,000	0	0	2,280,000
CIL - Selsey to Witterings Cycle Route (IBP/362)	0	200,000	0	0	0	0	200,000
CIL - Southern Gateway Health Hub - IBP/773	0	0	0	3,000,000	0	0	3,000,000
CIL - Coast Protection - Selsey East Beach - raising of the sea wall (IBP/287)	0	0	0	0	0	5,000,000	5,000,000
CIL - Birdham Ambulane Community Response Post (IBP/913)	10,000	0	0	0	0	0	10,000
CIL - School access improvements - Manhood (project 659)	0	0	0	50,000	0	0	50,000
CIL - RTPI screens at Chichester City (project 355)	60,000	0	0	0	0	0	60,000
CIL - A286 Birdham/B2201 (Selsey Road Roundabout) Junction Improvement (project 349)	0	440,000	0	0	0	0	440,000
CIL - Area-wide Parking Management West Chichester (project 655)	250,000	0	0	0	0	0	250,000
CIL - Area-wide Parking Management Chichester City (project 665)	94,600	0	0	0	0	0	94,600
CIL - Rebuilding and expansion of Westhampnett Waste Transfer Station/Household Waste Recycling Sit. (Project IBP/710)	0	250,000	1,125,000	1,125,000	0	0	2,500,000
CIL - Southern Gateway provision of bus/rail interchange & improvements to traffic & pedestrian circulation. (Project IBP/206)	3,000,000	0	0	0	0	0	3,000,000
CIL - Southern Gateway public realm with new city square. (IBP/775)	0	1,000,000	0	0	0	0	1,000,000
Planning Policy Total	**3,457,600**	**4,482,500**	**5,096,700**	**12,732,500**	**2,245,300**	**5,000,000**	**33,014,600**

PLANNING SERVICES TOTAL	**4,018,800**	**4,757,500**	**5,096,700**	**12,732,500**	**2,245,300**	**5,000,000**	**33,850,800**

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total
ENVIRONMENT & CCS							
Environmental Protection							
De-Carbonisation of CDC	30,000	0	0	0	0	0	30,000
Local Walking and Cycling Infrastructure Plan	12,500	0	0	0	0	0	12,500
Beach Management Plan Works (Selsey, Bracklesham and East Wittering)	279,300	250,000	250,000	250,000	250,000	250,000	1,529,300
Environmental Protection Total	**321,800**	**250,000**	**250,000**	**250,000**	**250,000**	**250,000**	**1,571,800**
Contract Services (CCS)							
Closed cemeteries - Essential structural repairs	0	17,900	0	0	0	0	17,900
Priory Park - Various works to existing buildings & Coade stone statue	35,900	0	0	0	0	0	35,900
Vehicle Incursion Deterent Measures	69,900	0	0	0	0	0	69,900
CCS Purchase of Trade Waste Bins	85,000	0	0	0	0	0	85,000
CCS Vehicle Wash Project	0	62,200	0	0	0	0	62,200
Contract Services (CCS) Total	**190,800**	**80,100**	**0**	**0**	**0**	**0**	**270,900**
ENVIRONMENT & CCS TOTAL	**512,600**	**330,100**	**250,000**	**250,000**	**250,000**	**250,000**	**1,842,700**
PROGRAMME OF CAPITAL PROJECTS TOTAL	**17,083,800**	**15,017,500**	**6,939,000**	**14,561,700**	**3,845,300**	**6,600,000**	**64,047,300**
Asset Replacement Programme	1,929,600	5,411,100	1,324,500	1,463,200	1,069,500	2,551,000	13,748,900
Asset Replacement Programme Total	**1,929,600**	**5,411,100**	**1,324,500**	**1,463,200**	**1,069,500**	**2,551,000**	**13,748,900**
TOTAL CAPITAL SPEND	**19,013,400**	**20,428,600**	**8,263,500**	**16,024,900**	**4,914,800**	**9,151,000**	**77,796,200**

Asset Replacement Project Programme 2022-23

Asset Replacement Programme 2021/22 to 2026/27 **Appendix 1d**

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
GROWTH, PLACE & REGENERATION							
Property							
Bourne LC - Lift replacement	0	0	0	0	0	18,000	18,000
Bourne LC - Auto Doors Replacement	0	16,000	0	0	0	0	16,000
Bourne LC - Air Conditioning replacement	0	0	0	0	0	20,000	20,000
Bourne LC - Lighting replacement	0	0	0	0	0	10,000	10,000
Bourne LC - CCTV Replacement	0	0	0	0	0	6,000	6,000
Bourne LC - Fire alarm & E lighting	0	0	0	0	0	25,000	25,000
Bourne LC - Intruder alarm	0	0	0	0	0	10,000	10,000
Bourne LC - Vinyl floor coverings	0	0	0	0	0	8,000	8,000
Bourne LC - Electrical Distribution Boards & Cables	0	8,000	0	0	0	8,000	16,000
Bourne LC - Changing Room refurb	0	0	0	0	0	80,000	80,000
Bourne LC - Windows - glazing replacement	0	0	0	0	0	10,000	10,000
Bourne LC - Plant Room Upgrade	0	0	0	0	0	20,000	20,000
Grange LC - F&F:Commercial Kitchen	0	0	0	0	0	42,000	42,000
Grange LC - F&F:Servery	0	0	0	0	0	10,000	10,000
Novium - Carpets	0	3,000	0	0	0	0	3,000
Novium - Internal floors & ceilings	13,000	0	0	0	0	13,000	26,000
Novium - Resin Floor	0	3,000	0	0	0	0	3,000
Novium - Flat roof repairs	8,000	0	0	0	0	0	8,000
Novium - Mechanical pumps	6,000	0	0	0	0	0	6,000
Novium - Fire alarm & E lighting	0	0	0	0	60,000	0	60,000
Novium - Intruder alarm	0	0	0	0	34,000	0	34,000
Novium - Elec Dis boards & cables	0	0	0	0	35,000	0	35,000
Novium - Stairs - nosings etc	0	0	0	0	8,000	0	8,000
Novium - Doors & windows	0	0	0	0	17,000	0	17,000
Novium - Space heating	0	0	0	0	6,000	0	6,000

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Westgate LC - Lift replacement	0	0	0	0	0	65,000	65,000
Westgate LC - Auto & manual door replacement	30,000	0	0	0	0	0	30,000
Westgate LC - Replace curtain walling (Southern fire escape)	14,000	0	0	0	0	0	14,000
Westgate LC - Pool hall refurbishment	39,000	0	0	0	0	0	39,000
Westgate LC - New pool heat exchangers	7,500	0	0	0	0	0	7,500
Westgate LC - Flat roof replacement	0	0	0	0	0	30,000	30,000
Westgate LC - Chiller replacement	0	0	0	0	0	100,000	100,000
Westgate LC - Ceiling replacement	0	0	0	0	0	20,000	20,000
Westgate LC - Floor finishes	0	0	0	0	0	10,000	10,000
Westgate LC - Replace curtain walling - Pool hall	0	0	0	0	0	80,000	80,000
Westgate LC - Chariot Room Refurb - dry side	0	0	0	0	0	160,000	160,000
Westgate LC - Sports hall refurb	0	0	0	0	0	50,000	50,000
Westgate LC - Café refurb	0	0	0	0	0	130,000	130,000
Westgate LC - Sauna, steam rm & spa	0	0	0	0	0	175,000	175,000
Westgate LC - Kitchen refurb	0	0	0	0	0	60,000	60,000
Westgate LC - Fixed plant	0	0	0	0	0	10,000	10,000
Westgate LC - External works	0	0	0	0	0	10,000	10,000
Westgate LC - Function room (Tuscany)	0	0	0	0	0	15,000	15,000
Property Total	117,500	30,000	0	0	160,000	1,195,000	1,502,500

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Place							
ADC Car Park - Bridge Repairs	0	5,000	0	0	0	0	5,000
ADC - Brickwork Cleaning	0	0	0	0	45,000	0	45,000
ADC Car Park - Lighting replacement	15,900	0	0	0	0	0	15,900
ADC Car Park Year 3 - Essential Upgrade Vehicle Perimeter Barriers	2,300	0	0	0	0	0	2,300
ADC Car Park Years 1 & 2 - Structural Replacement	78,200	0	0	0	0	0	78,200
Electrical Distribution Boards	6,500	0	0	0	0	0	6,500
Back Lane Petworth	0	0	0	150,000	0	0	150,000
Bosham Public Convenience	0	120,000	0	0	0	0	120,000
Bracklesham Bay Public Convenience	0	325,000	0	0	0	0	325,000
East Beach Selsey Public Convenience	0	150,000	0	0	0	0	150,000
Itchenor Public Convenience	0	20,000	0	0	0	0	20,000
Lifeboat Station Public Convenience	0	0	150,000	0	0	0	150,000
Wisborough Green	0	0	0	0	0	40,000	40,000
Hillfield Selsey	0	0	0	0	40,000	0	40,000
Kingfisher Parade, East Wittering	0	0	0	0	40,000	0	40,000
Marine Drive East Wittering Public Convenience	0	12,000	0	0	0	150,000	162,000
Market Road Chichester Public Convenience	0	150,000	0	0	0	0	150,000
Northgate Chichester Public Convenience	0	120,000	0	0	0	0	120,000
Pay and Display machines	0	0	0	200,000	0	0	200,000
Pay on Foot	0	0	0	90,000	0	0	90,000
Replacement lighting on & off Street	100,000	0	0	50,000	0	0	150,000
Priory Park Public Convenience	0	150,000	0	8,000	0	0	158,000
Resurfacing and re-lining of car parks	50,000	0	50,000	0	0	0	100,000
Tower Street Chichester Public Convenience	0	144,000	0	0	0	0	144,000
Public conveniences - Wallgate Replacement programme	42,100	0	0	0	0	0	42,100
Place Total	295,000	1,196,000	200,000	498,000	125,000	190,000	2,504,000

GROWTH, PLACE & REGENERATION TOTAL	412,500	1,226,000	200,000	498,000	285,000	1,385,000	4,006,506

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
COMMUNITY SERVICES & CULTURE							
Culture							
Oaklands Park - Stadium	1,400	0	0	0	0	0	1,400
Culture Total	1,400	0	0	0	0	0	1,400
Community Services							
CCTV - Camera Replacement Costs	137,000	0	0	0	0	25,000	162,000
Oaklands Park - Power wash / reline	3,000	0	0	0	0	0	3,000
Oaklands Park - Resurface Tennis Courts	33,000	0	0	0	0	0	33,000
Community Services Total	173,000	0	0	0	0	25,000	198,000
COMMUNITY SERVICES & CULTURE TOTAL	174,400	0	0	0	0	25,000	199,400
PLANNING SERVICES							
Planning							
EPH - Folding machine	10,000	0	0	10,000	0	0	20,000
	10,000	0	0	10,000	0	0	20,000
PLANNING SERVICES TOTAL	10,000	0	0	10,000	0	0	20,000

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
HOUSING, COMMUNICATIONS, LICENSING & EVENTS							
Housing							
Westward House - Electrical Distribution Boards & Cables	0	0	10,000	0	0	0	10,000
Westward House - External Pavings	0	0	5,000	0	0	0	5,000
Westward House - Fire alarm & emergency lighting	0	35,000	0	0	0	0	35,000
Westward House - Floor Finishes	0	15,000	15,000	15,000	0	0	45,000
Westward House - Internal Finishes	0	12,000	12,000	12,000	0	0	36,000
Westward House - Laundry equipment	0	0	0	5,000	0	0	5,000
Westward House - Replacement Thermostatic Mixer Values	0	0	0	0	0	15,000	15,000
Housing Total	0	62,000	42,000	32,000	0	15,000	151,000
Licensing & Events							
Farmers Market Canopies	20,400	10,000	0	0	10,000	0	40,400
Licensing & Events Total	20,400	10,000	0	0	10,000	0	40,400
HOUSING, COMMUNICATIONS, LICENSING & EVENTS TOTAL	20,400	72,000	42,000	32,000	10,000	15,000	191,400
FINANCE, CORPORATE SERVICES, REVENUES & BENEFITS							
Financial Services							
Income System - BI Annual Software Upgrade	20,000	0	17,500	0	17,500	0	55,000
FMS system upgrade - implementation of 3 new modules	9,400	0	0	0	0	0	9,400
Financial Services Total	29,400	0	17,500	0	17,500	0	64,400

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
IT & Facilities							
2020/21 Project Split							
Business Continuity Infrastructure (nb: £129,800 funded from general reserves)	153,300	0	0	0	0	0	153,300
Server - Core							
VMWare Hosts	0	0	0	20,100	0	0	20,100
Dell Hosts	0	0	0	6,400	0	0	6,400
R640 Server	0	0	0	56,300	0	0	56,300
Oracle	0	0	0	76,200	0	0	76,200
Server - Storage							
Net App San	0	0	0	53,800	0	0	53,800
Net App San (DR)	0	0	0	44,700	0	0	44,700
Cisco Switch	0	0	0	53,700	0	0	53,700
Server - User							
CITRIX	15,000	0	0	0	0	0	15,000
Network - Core							
EPH Main Server Core	0	0	0	64,200	0	0	64,200
DR Server Core	0	0	0	29,800	0	0	29,800
EPH User Domain Core	30,000	0	0	0	0	30,000	60,000
Network - User							
General Access Switches (ALS)	120,000	0	0	0	0	0	120,000
Network - Links							
SIP / Telephone	0	0	0	0	100,000	0	100,000
Applications - Upgrades							
Software Upgrades	8,000	8,000	8,000	8,000	8,000	8,000	48,000
LAGAN	67,900	0	0	0	0	25,000	92,900
Clientside							
Contact Centre Switch	0	0	25,000	0	0	0	25,000
PSN	7,000	7,000	7,000	7,000	7,000	7,000	42,000
NWOW-Laptops	45,000	45,000	45,000	45,000	45,000	45,000	270,000
IT & Facilities Total	446,200	60,000	85,000	465,200	160,000	115,000	1,331,400

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
EPH							
Breakout area TV's	0	0	5,000	0	5,000	0	10,000
EPH - Access / door control system	0	18,300	0	0	0	0	18,300
EPH - AHU Plant Refurbishment / Replacement	0	15,000	0	0	0	0	15,000
EPH - Auto door replacement	0	0	0	12,000	0	0	12,000
EPH - CCTV Replacement	12,000	0	0	0	0	0	12,000
EPH - Electricity distribution boards & cables	40,000	0	0	0	0	0	40,000
EPH - Fire alarm & electric lighting	5,400	0	0	50,000	0	0	55,400
EPH - Flat roof repairs	0	0	15,000	0	0	0	15,000
EPH - Floor Finishes	10,000	0	0	0	10,000	0	20,000
EPH - Lift Replacement	0	14,400	0	0	0	0	14,400
EPH - Members Kitchen Refurbishment	12,000	0	0	0	0	0	12,000
EPH - New Boiler Plant	0	50,000	0	0	0	0	50,000
EPH - Office Furniture & Chairs	22,800	5,000	5,000	5,000	0	10,000	47,800
EPH - UPS batteries	12,000	0	10,000	0	0	0	22,000
EPH - PA system committee rooms	0	0	0	0	70,000	0	70,000
EPH - Pitched roof repairs	0	0	0	0	20,000	0	20,000
NWOW - EPH Air Conditioning Replacement	4,000	4,000	0	0	0	0	8,000
NWOW - EPH Internal Floors & Ceilings	80,400	0	0	0	10,000	0	90,400
NWOW - EPH Lighting Replacement	0	0	10,000	0	0	0	10,000
Financial Services Total	198,600	106,700	45,000	67,000	115,000	10,000	542,300

FINANCE, CORPORATE SERVICES, REVENUES & BENEFITS TOTAL	674,200	166,700	147,500	532,200	292,500	125,000	1,938,100

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
ENVIRONMENT SERVICES & CCS							
Environmental Protection							
AC Unit for Air Quality Monitoring Station (Orchard Street)	2,000	0	0	0	0	2,000	4,000
AC Unit for Air Quality Monitoring Station (Stockbridge)	0	0	0	2,000	0	0	2,000
2 x nitrogen dioxide analyser (Orchard St & Stockbridge), gas cylinder	0	0	0	0	0	20,000	20,000
Air Quality Monitoring Station Westhampnett Road	0	0	2,000	0	0	0	2,000
Foreshores - Boats/Ribs	0	0	23,000	0	0	0	23,000
Foreshores - Engines	0	0	24,000	0	0	0	24,000
Foreshores - Floatation suits	0	2,000	0	0	0	0	2,000
Foreshores - Trailers	0	0	4,000	0	0	0	4,000
Ozone Analyser - Lodsworth	0	5,000	0	0	0	0	5,000
Photometer	1,000	0	0	0	0	1,000	2,000
Purchase of equipment	5,000	0	0	0	0	0	5,000
PM10 TEOM Analyser	0	10,000	0	0	0	0	10,000
Sound level meter	1,300	8,700	0	0	0	0	10,000
Environmental Protection Total	9,300	25,700	53,000	2,000	0	23,000	113,000

Project	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Chichester Contract Services							
CCS / Non CCS Vehicle Replacement	608,000	3,319,000	559,000	327,000	430,000	965,000	6,208,000
East Beach, dredge	0	0	15,000	0	0	0	15,000
MUGA resurface - Florence Road	0	25,000	0	0	0	0	25,000
MUGA resurface - Whyke	0	15,000	0	0	0	0	15,000
Paths	0	0	0	20,000	0	0	20,000
Jubilee Gdns, f/p surfacing	0	0	0	0	10,000	0	10,000
Parks resurfacing general (Play Areas)	0	0	0	0	15,000	0	15,000
Playground Replacement - Florence Park	0	0	120,000	0	0	0	120,000
Playground Replacement - Oaklands	0	70,000	0	0	0	0	70,000
Playground Replacement - Priory Park	0	0	100,000	0	0	0	100,000
Playground Replacement - Sherborne	0	80,000	0	0	0	0	80,000
Playground Replacement - Whyke Oval	0	0	70,000	0	0	0	70,000
Priory Park (White) Timber Pavilion	0	150,000	0	0	0	0	150,000
Priory Park Former Cricket Pavilion	0	150,000	0	0	0	0	150,000
Sandbags	0	0	0	10,000	0	0	10,000
Soil Reliever - Plant Ref: CCS 164	0	0	16,000	0	0	0	16,000
South Pond - essential dredging works	0	20,000	0	0	0	0	20,000
Vehicle workshops - 4 post vehicle lift	0	7,000	0	0	0	0	7,000
Vehicle Workshops - Equipment Replacement	2,000	5,900	2,000	2,000	2,000	2,000	15,900
Vehicle workshops - Roller brake tester	0	30,000	0	0	0	0	30,000
Vehicle workshops - Smoke / emissions tester	0	0	0	0	0	5,000	5,000
Vehicle workshops - Vehicle pit covers	0	7,000	0	0	0	0	7,000
Vehicle workshops - Vehicle pit jacks	0	6,000	0	0	0	6,000	12,000
Westhampnett Depot - Central Service Bays doors	0	5,100	0	0	0	0	5,100
Westhampnett Depot - General Resurfacing	18,800	0	0	0	0	0	18,800
Westhampnett Depot - Refurbishment	0	20,700	0	0	0	0	20,700
Westhampnett Depot - Refurbishment of Offices	0	0	0	30,000	0	0	30,000
Westhampnett Depot - Refurbishment - Security	0	0	0	0	25,000	0	25,000
Westhampnett Depot - Workshop fire separating wall	0	10,000	0	0	0	0	10,000
Chichester Contract Services Total	628,800	3,920,700	882,000	389,000	482,000	978,000	7,280,500
ENVIRONMENT SERVICES & CCS TOTAL	638,100	3,946,400	935,000	391,000	482,000	1,001,000	7,393,500
Total Asset Replacement Fund	**1,929,600**	**5,411,100**	**1,324,500**	**1,463,200**	**1,069,500**	**2,551,000**	**13,748,900**

Council Resource Position as at 08 February 2022 (Projected)

Period 2021/22 to 2026/27

		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
		£m	£m	£m	£m	£m	£m
Reserves at April 2021		66.908					
Less commitments:							
Insurance Fund	-0.266						
Provision for one off redundancies	-0.014						
Minimum level of reserves	-4.000						
Other earmarked funding							
Reserve commitments - Revenue	-24.901	-29.181					
COVID-19 Recovery report - Support to revenue account		-8.000					
Less contingent liability:							
LEP Grant	-5.000	-5.000					

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Available Resources - Beginning of Year	24.727	20.276	11.634	9.513	8.560	7.971
New Resources						
Asset Sales Achieved @ 96%	0.000					
Interest on investments (excluding property & all external funds)	0.043	0.093	0.130	0.124	0.128	0.121
NHBS Grant	1.461	1.306	0.000	0.000	0.000	0.000
Lower Tier Support Grant	0.096	0.000	0.000	0.000	0.000	0.000
Revenue contribution to Asset Replacement Fund	1.429	1.524	1.524	1.524	1.524	1.524
Revenue contribution to Reserves 2020/21	0.000	0.000	0.000	0.000	0.000	0.000
External income due to support capital programme (incl CIL)	11.309	8.642	4.272	13.208	2.450	6.600
Interest on repayment of SLM advance	0.225	0.222	0.218	0.215	0.225	0.000
Sub Total - New Resources	14.563	11.787	6.144	15.071	4.327	8.245
Resources Applied						
Current Capital Projects	-17.084	-15.018	-6.939	-14.562	-3.845	-6.600
Current Asset Replacements	-1.930	-5.411	-1.325	-1.463	-1.070	-2.551
Sub Total - Resources Applied	-19.014	-20.429	-8.264	-16.025	-4.915	-9.151
Available Resources - End of Year	**20.276**	**11.634**	**9.513**	**8.560**	**7.971**	**7.066**

Note: The table above includes New Homes Bonus Grant (NHBG) up to and including 2022/23 and Lower Tier Suport Grant for 2021/22 . Any grant received from 2023/24 that is not applied to support the revenue account will therefore increase the level of Uncommitted Resources.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
NHBG Balance Beginning of Year	15.735	13.486	11.631	11.631	11.631	11.631
Less Transfer to NHB Grants Fund	-0.250	0.000	0.000	0.000	0.000	0.000
Revised NHBG Balance Beginning of Year	15.485	13.486	11.631	11.631	11.631	11.631
NHBG New Resources						
NHBS Grant	1.461	1.306	0.000	0.000	0.000	0.000
Lower Tier Support Grant 2021/22	0.096	0.000	0.000	0.000	0.000	0.000
Sub Total - NHBG New Resources	1.557	1.306	0.000	0.000	0.000	0.000
NHBG Resources Applied						
Current Capital Projects	-3.316	-3.161	0.000	0.000	0.000	0.000
Reserve Commitments - Revenue	-0.240	0.000	0.000	0.000	0.000	0.000
Sub Total - NHBG Resources Applied	-3.556	-3.161	0.000	0.000	0.000	0.000
NHBG Available Resources - End of Year	**13.486**	**11.631**	**11.631**	**11.631**	**11.631**	**11.631**

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Appendix 3

CHICHESTER DISTRICT COUNCIL

Statement of Reserves

Reserves	Balance at 31st March 2021 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
REVENUE RESERVES					
General Fund Reserve	16,613	This general reserve is used to fund non-recurring expenditure such as the capital programme, Policy Initiatives and emergencies. The reserve is used to finance any general fund deficits and is conversely credited with any surplus.	Use of this general reserve is reviewed by the Director of Corporate Services and Senior Leadership Team as part of the annual budget setting process and a 5 year Financial Strategy. Approval for non-recurring expenditure to be funded from this reserve must be sought from the Cabinet, and Council if greater than £100,000.	The Cabinet and delegated powers granted to the Director of Corporate Services.	Annually as part of the 5 year Financial Strategy and as part of the budget process i.e. funding the capital programme.
Housing Reserve	123	A reserve set aside to fund housing investment projects.	Approval to spend subject to reports to the Cabinet.	The Council	Annually as part of the 5 year Financial Strategy.

Reserves	Balance at 31st March 2021 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
Capital Projects Fund	485	This reserve is earmarked to support the funding of the Council's approved capital programme.	As determined by the Director of Corporate Services when formulating the financing of the capital programme as part of the 5 year Financial Strategy.	The Council	Annually
Asset Reserve	8,584	To provide for the future replacement of plant and equipment, vehicles and information technology. The fund is replenished by repayments from revenue and interest generated from the Council's treasury management activities.	Approval to spend subject to reports to the Cabinet and Council.	The Council	Annually
Carry Forwards Reserve	278	A reserve containing the funds to finance approved carry forwards from the previous financial year.	Funds approved by the Cabinet to finance carry forwards from the previous financial year.	Corporate Governance & Audit Committee ↓ The Council	Annually

Reserves	Balance at 31st March 2021 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
New Homes Bonus Reserve	15,735	A reserve containing the funds received under the New Homes Bonus Scheme.	Approval to spend subject to reports to the Cabinet.	The Council	Annually
Grants and Contributions Reserve	1,244	A reserve to hold external funds the Council has received where the condition(s) of the grant or contribution has been met but not all the expenditure has been incurred.	Funds held in this reserve are released once the qualifying expenditure relating to the grant or contribution is incurred.	Director of Corporate Services	Annually
Rent Deposits Reserve	220	A reserve to hold external funds the Council has received and revenue contributions the Council has made to fund the award of rent deposits to housing applicants	Applications received under the Rent Deposit Scheme are considered by Councils' Housing Team.	Director of Housing & Communities	Annually

Reserves	Balance at 31st March 2021 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
Pump Prime Initiative	156	A one-off reserve created as part of the approved 2013-14 budget, to help fund pump prime initiatives where the primary objective is to help reduce the base budget in future years	Approval to spend subject to reports to the Cabinet as per approved delegation authority.	For individual initiatives <£20,000 – delegated to the Chief Executive and Cabinet Member for Finance. For individual initiatives >£20,000 – Cabinet	Annually
Investment Opportunities Reserve	1,244	A reserve created to principally fund investments that aim to generate increased income. Its aim is to generate higher returns than currently available for alternative cash investments.	Approval to spend subject to reports to the Cabinet.	The Council	Annually
Building Repairs Reserve	481	A reserve set up to provide for slippage in the annual building repairs and maintenance programme.	As determined by the Director of Corporate Services.	Director of Corporate Services provided the funds are used for the purpose that the reserve was created.	Annually

Reserves	Balance at 31st March 2021 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
Insurance Fund	266	A reserve to provide for a mechanism of self-insurance to meet potential liabilities arising from uninsured losses i.e. policy excesses and where external insurance cover is not available or uneconomic. The reserve is replenished by premium contributions from the Council's revenue budget.	As determined by the Director of Corporate Services	Director of Corporate Services provided the funds are used for the purpose that the reserve was created.	Annually
New Homes Bonus Grants Reserve	355	Grant funding of projects to reward those communities taking new housing growth. Represents grants awarded but not yet drawn down.	Applications made by Parish Councils for funding are considered by the Grants and Concessions Panel.	Grants and Concessions Panel	Annually
Elections Reserve	81	To provide for the funding of future District Council Elections. The reserve is replenished by annual contributions from the Council's revenue budget.	As determined by the Director of Corporate Services.	Director of Corporate Services provided the funds are used for the purpose that the reserve was created.	Annually

Reserves	Balance at 31st March 2021 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
Retained Business Rates Equalisation Reserve	12,977	A reserve set up to account for timing differences relating to the accounting transactions required under the Business Rates Retention Scheme.	Funds held in this reserve are released annually when the Business Rates Collection Fund is closed at the end of the financial year.	Director of Corporate Services	Annually
Chichester Warm Homes Initiative Reserve	27	A reserve that received the repurposing of the balance remaining in the former Carbon Reduction Fund. The purpose of the reserve is to provide funding to the most vulnerable residents living in the poorest housing in the district with an adequate and efficient heating system.	Applications for funding are assessed by the Council's existing Energy Visiting officers to ensure they meet the qualifying criteria of the scheme.	Director of Housing & Communities	Annually
Local Plan Reserve	499	The Financial Strategy approved by Cabinet in December 2016 provided for an annual contribution of £160k to a Local Plan Reserve to support the funding of the Council's Local Plan Submission.	Approval to spend subject to reports to the Cabinet.	The Council	Annually

Reserves	Balance at 31st March 2021 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
Community Led Housing Grant Reserve	1,081	This reserve represents funds received from the Government to support community led housing developments within the district. The reserve is to enable local community groups to deliver affordable housing units and may be used to provide technical support, revenue funding and enable capital investment to make more schemes viable.	Delegated authority has been given to the Director for Housing and Communities, following consultation with the Cabinet Member for Housing and Revenues and Benefits, to approve the spend of these funds in line with government guidance relating to the funds and the Council's adopted Housing Strategy.	Delegated authority has been given to the Director for Housing and Communities, following consultation with the Cabinet Member for Housing and Revenues and Benefits.	Annually
Investment Risk Reserve	1,016	A sum set aside in 2018-19 towards the change in the value of council investment as a consequence of the decision by the Chartered Institute of Public Finance and Accountancy (CIPFA) to adopt the accounting standard IFRS9.	As determined by the Director of Corporate Services	Director of Corporate Services	Annually

Reserves	Balance at 31st March 2021 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
Flexible Homeless Support Grant Reserve	466	The Flexible Homeless Support Grant is intended to allow flexible support for homelessness and is ring-fenced for this purpose. It is intended that the outcomes of the grant will be to prevent homelessness by offering housing options advice at an early stage and also ensuring residents are accessing all the benefits to which they are entitled.	Approval to spend subject to reports to the Cabinet.	The Council	Annually
Pay Review Reserve	384	A reserve to provide for the salary protection costs following the outcome of the staff pay review.	As determined by the Director of Corporate Services	Director of Corporate Services	Annually
Climate Change Emergency Reserve	105	At its meeting on 7 January 2020, Cabinet agreed the Climate Emergency Initial Action Plan. This included the funding of a Climate Emergency Officer post plus an operational budget from reserves for a period of two years to support the delivery of the action plan.	Approval to spend subject to reports to the Cabinet.	The Council	Annually

Reserves	Balance at 31st March 2021 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
Council Tax Hardship Support Reserve	363	Funding granted by the government to local authorities to provide a scheme of relief to households most likely to be economically vulnerable to the impacts of COVID-19.	As determined by the Director of Corporate Services	Director of Corporate Services provided the funds are used for the purpose that the reserve was created.	Annually
Test and Trace Support Payments Reserve	97	Funding granted by the government to local authorities to provide a scheme of support to people on low incomes who have been told to self-isolate who are unable to work from home and will lose income as a result.	As determined by the Director of Corporate Services	Director of Corporate Services provided the funds are used for the purpose that the reserve was created.	Annually
Other Reserves	1,207	Minor reserves and funds earmarked to be used for specific items of future expenditure.	These reserves and funds are earmarked for specific items of future expenditure.	Director of Corporate Services provided the funds are used for the purpose that the reserve was created.	Annually
Total Revenue Reserves	**64,087**				

Reserves	Balance at 31st March 2021 £000	Purpose of the Reserve	How and when can reserve be spent	Authorisation required for use of reserve	Frequency of review for reserve adequacy
CAPITAL RESERVES					
Usable Capital Receipts Reserve	2,821	Receipts that arise from the sale of Council assets. These resources can only be used to finance the Council's capital programme.	All scheme proposals are considered as part of the Capital Strategy and funding allocated to schemes based upon the Council's capital prioritisation process.	The Council	Annually
Total Capital Reserves	**2,821**				
Total Reserves	**66,908**				

Appendix 4

Prudential Indicators and MRP Statement 2022/23

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives the Prudential Code sets out several indicators, some of which are set out below. The remaining indicators are set out in the Treasury Management Strategy 2022/23.

Estimates of Capital Expenditure: The Council's planned capital expenditure and financing may be summarised as follows. Further detail is provided in Appendix 1c (Capital and Projects Programme 2021/22 to 2026/27) and Appendix 1d (Asset Replacement Forecast 2021/22 to 2026/27) to this Budget Report.

Capital Expenditure and Financing	**2021/22 Original**	**2021/22 Latest**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**	**2026/27 Estimate**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Capital Expenditure	**10.938**	**23.651**	**19.546**	**3.936**	**5.737**	**5.620**	**0.000**
Financed By:							
Capital Receipts	0.000	0.000	2.217	0.000	0.000	0.000	0.000
Government Grants	2.000	4.589	4.009	1.600	1.600	1.600	1.600
Other Contributions	5.029	4.285	4.793	5.097	12.733	2.245	5.000
Reserves	3.734	6.714	6.186	1.567	1.692	1.070	2.551
Revenue	0.175	3.426	3.224	0.000	0.000	0.000	0.000
Total Financing	**10.938**	**19.014**	**20.429**	**8.264**	**16.025**	**4.915**	**9.151**

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Cost to Net Revenue Stream	2021/22 Original	2021/22 Revised	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
General Fund	-5.59	-5.73	-5.75	-6.85	-6.60	-6.05	0.00

The estimates of financing costs reflect the Budget Spending Plans for 2022/23 to be considered by Cabinet on 1 March and approved by Council on 8 March. These indicators have been updated to reflect the current phasing of the capital programme and the effect on the cash flow forecasts for investments. The fact that the percentages remain negative shows that the investment interest remains an income source to the Council.

Annual Minimum Revenue Provision Statement 2022/23

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

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

The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends several options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance:

As the Council's General Fund Capital Financing Requirement (CFR) is expected to remain negative or zero as at 31March 2022, the MHCLG Guidance does not require an MRP charge to be made in 2022/23.

In the event that borrowing to fund capital expenditure is incurred, the Council's MRP policy for all borrowing after 31st March 2008 is based on the asset life method.

For new borrowing whether supported by the Government or not, MRP provision will be made over the estimated life of the asset for which the borrowing is undertaken. This will be done on a straight line basis in-line with the asset life determined for depreciation purposes and the MRP provision will commence in the financial year following the one in which the asset becomes operational.

For assets acquired by finance leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability over the term of the lease.

MRP is payable in the financial year following that in which the capital expenditure was incurred. The guidance allows for an important exception to this rule. In the case of expenditure on a new asset, MRP would not have to be charged until the financial year following the year in which the asset became operational. In respect of major schemes, this would enable an "MRP Holiday" delaying the on-set of the revenue charge for possibly up to 2 or 3 years.

Based on the Council's estimate of its Capital Financing Requirement on 31st March 2022 (i.e. the underlying need to borrow to fund capital expenditure) the budget for MRP has been set is set at **zero for 2022/23.**

Service Prioritisation for Members - Revenue

Combined Weighted Ranking	Service	Annual CDC Budget Cost (if supported)	Costs Already in Base Budget? (budget savings can only be made where the answer is "Yes")
1	Council Tax Reduction Scheme	£725,300 (CDC element)	Yes
2	Car Parking Income (high ranking means Council do not support above-inflation price increases)	-£4,391,500 (total annual income)	Yes
3	Climate Change Officer	£63,000	No
4	Public Conveniences	£375,000	Yes
5	Environmental Strategy Unit	£56,100	No
6	Inward Investment & Growth Officer	£0 (to be funded through restructure)	No
7	Economic Development	£326,000	Yes
8	Tree Officer Support Apprenticeship	£25,000	No
9	Health and Wellbeing	£78,000	Yes
10	Community Wardens	£144,200	Yes
11	Landlord Accreditation	£72,000	Yes
12	Foreshores	£116,000	Yes
13	Parks and Open Spaces	£668,600	Yes
14	Community Grants	£362,000	Yes
15	Cultural Grants	£317,000	Yes
16	Youth Engagement	£26,000	Yes
17	CCTV	£62,000	Yes
18	Events Officer	£44,000	No
19	Enabling Grants	£71,000	No
20	Farmers Market	£18,800	Yes
21	The Great Sussex Way	£150,000	No
22	Novium Museum and TIC	£532,000	Yes
23	ChooseWork	£14,000 (+£40k grant funded)	Yes
24	Coastal West Sussex Partnership	£17,750	No
25	Property Decarbonisation Technical Manager	£50,000 to £60,000	No
26	Alternative Fuel for Domestic Waste Vehicles	£150,000	No
27	Rural West Sussex Partnership	£11,250	No
28	Coast to Capital Local Enterprise Partnership	£24,300	No
29	Governance Review	£40,000	No
30	New Homes Bonus - Parish Allocation	£250,000 (+ staff support)	No
31	Home Energy Conservation Officer	£43,500	No
32	EPH Office Accommodation	£754,500	Yes
33	Visions	£50,000 (+48k staff support)	Yes

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Project Prioritisation for Members - Capital

Combined Weighted Ranking	Project	Financial Impact	
		Capital	Revenue
1	Southern Gateway Regeneration Project	£1,000,000	£0
2	Stock Condition Survey Actions	£1,200,000	£0
3	Decarbonisation of Council Assets	£5,000,000 indicative est.	Project mgt costs tbc
4	Northgate Car Park	£100,000	£0
5	Local Cycling, Walking & Infrastructure Plan	£109,000	£0
6	Rural Housing Fund	£459,500	£0
7	Cattle Market Feasibility	£30,000	£0
8	Bracklesham Bay - New Public Conveniences and Café	Up to £1,100,000 (325k in ARP)	-£40,000
9	Terminus Road - Land at Western End	£50,000 to £90,000	-£20,000
10	Place Branding and District Identity Plan	£65,000	Tbc
11	Petworth Leisure Facilities (Skatepark)	£70,000	£0
12	East Beach, Selsey - Café	£550,000 excluding costs of PCs already included in ARP	-£15,000
13	Electrification of Fleet	£235,000 per vehicle	-£15,000 per vehicle
14	East Beach, Selsey - Improvements to Access Road	£100,000	£0
15	Electrical Supply Points - Contract Services	£40,000 to £250,000	£0
16	New Homes Bonus Scheme 2022-23 (and beyond)	£250,000	£0
17	Hybrid Meetings	£145,400	£0
18	Climate Change Communications & Coordination budget	£55,000	£0
19	Parks Vision	£500,000	£50,000

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Chichester District Council

THE CABINET **1 March 2022**

Allocation of Commuted Sums to Deliver Affordable Housing

1. Contacts

Report Author:

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Cabinet Member:

Alan Sutton - Cabinet Member for Housing, Communications, Licensing and Events
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2. Recommendation:

2.1. That Cabinet recommend to Council the allocation of £50,000 commuted sum monies to Chichester Greyfriars Housing Association to fund the delivery of 5 social rented flats at Royal Close, Chichester.

2.2 That delegated authority is given to the Director of Housing and Communities to allow the payment of monies prior to practical completion to allow the trust to acquire the units subject to satisfactory discharge of planning conditions and receipt of solicitor's completion statement.

3. Background

3.1 At its meeting on 24 November 2020, the Council approved the allocation of £100,000 of affordable housing commuted sum funds for the development of 5 residential dwellings specifically for the purposes of meeting the needs of over 60's. The application is currently still in the determination process with the local planning authority and has been delayed by a number of issues, namely the requirement for nitrates mitigation. A section 106 agreement securing appropriate measures has now completed and the LPA are now in a position to determine the application favourably.

3.2 The provider has also been negatively affected by the increase in construction prices which have mainly occurred as a result of materials and labour shortages caused by Brexit and the Coronavirus pandemic. As such, there has been a commensurate rise in the tenders they have received from the contractors for this phase of the development.

3.3 Typically, the allocation of this amount may be dealt with by delegated authority of the Director of Housing and Communities. However, as there have already been funds allocated to this development, there may be a perceived aggregation. It was thought prudent to bring this before cabinet to ensure transparency and that officer's act in accordance with the Councils adopted contract procedure rules.

4. Outcomes to be Achieved

4.1. Delivery of 5 no. 1 bedroom social rented flats. These will meet the needs of local people and contribute to the Council's Housing Strategy target.

4.2. The social rented housing will be let on assured tenancies. All units will be subject to a nomination agreement between the Council and Chichester Greyfriars.

4.3. The bid has been analysed to ensure it offers value for money. Over the last 5 years the average commuted sum received in lieu of an affordable housing unit has been £70,000 - £90,000 per unit. On average the subsidy granted by the Council on previous schemes is £30,000 per home. In total, the 5 units will receive £150,000 of funding equivalent to £30,000 per home. It is therefore considered that this bid is value for money and is in line with previously awarded grant requirements per home.

5. Proposals

5.1. To allocate a further £50,000 of commuted sums to Chichester Greyfriars to enable the delivery of 5 social rented units. This is needed as without the financial support from the Council the affordable homes will not be delivered.

6. Alternatives Considered

6.1 It is unlikely that the scheme would be viable without the provision of the additional £50,000. Chichester Greyfriars is a relatively small provider and without the support from the Councils commuted sum funds, their ability to deliver these much-needed homes for older peoples would be limited.

7. Resource and Legal Implications

7.1. The Council currently holds commuted sums still to be allocated which can be used for this purpose. Monies must be spent on affordable housing delivery within the specified timescales stated in the Section 106 Agreements of the donating sites. If a deadline is missed the developer may apply to have the agreement varied and the contributions returned.

8. Consultation

8.1. The City Council has been consulted on the planning application and has raised no objection.

9. Community Impact and Corporate Risks

9.1. The scheme will benefit the community by providing affordable homes at social rent levels in line with the Council's Housing Strategy.

9.2. All commuted sum spending is monitored by the Council's Planning Obligations and Monitoring Officer. Progress of projects and expenditure are subject to corporate reporting.

10. Other Implications

Are there any implications for the following? If you tick "Yes", list your impact assessment as a background paper in paragraph 13 and explain any major risks in paragraph 9		
	Yes	No
Crime and Disorder		x
Climate Change and Biodiversity		x
Human Rights and Equality Impact		x
Safeguarding and Early Help		x
General Data Protection Regulations (GDPR)		x
Health and Wellbeing		x
Other (please specify)		

11. Appendix

None

12. Background Papers

Allocation of Commuted Sums to Deliver Affordable Housing – 3 November 2020

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Chichester District Council

THE CABINET **1 March 2022**

Senior Staff Pay Policy Statement 2022-2023

1. Contacts

Report Author:
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Cabinet Member:
Peter Wilding - Cabinet Member for Finance, Corporate Services & Revenues & Benefits
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2. Recommendation

2.1. That the Council be recommended to publish the Senior Staff Pay Policy Statement 2022-2023.

3. Background

3.1. Since 2012 the Council has been required by section 38 (1) of the Localism Act 2011 (the Act) to publish an annual pay policy statement concerning its statutory and non-statutory Chief Officers and senior staff immediately reporting to them. This statement must be approved by Full Council in accordance with guidance published by the Ministry of Housing, Communities & Local Government under section 40 of the Act.

4. Outcomes to be Achieved

4.1. Complying with the employment requirements of the Act so as to demonstrate transparency in relation to pay policies affecting statutory and non-statutory Chief Officers and their deputies

5. Proposal

5.1. That the Council publishes the Senior Pay Policy Statement (attached as Appendix A) and the associated appendices (1 to 11). Senior staff, for Localism Act purposes, constitutes the Chief Executive, four Directors including the Section 151 Officer, the Monitoring Officer and those senior officers reporting to them. The basis for pay and other forms of remuneration for the above staff, including at recruitment and in redundancy situations, are included in this Statement and its appendices. All the appendices will be published as part of the Statement but where they are unchanged (this applies to appendices 2, 3, 4, 5, 9, 10 and 11) since last year's approved report to Council on the 12 March 2021, they are not being re-printed here but can be viewed online on the Council's website: http://www.chichester.gov.uk/article/24175/Transparency-of-Senior-salaries

6. Alternatives Considered

6.1. Not applicable as this is a legislative requirement.

7. Resource and Legal Implications

7.1. None.

8. Consultation

8.1. Consultation with Staff and Employers Side representatives of the Joint Employee Consultative Panel (JECP) took place prior to the inaugural Statement in 2012. All officers within the scope of the statement have been advised of this.

9. Community Impact and Corporate Risks

None

10. Other Implications

	Yes	No
Crime and Disorder		No
Climate Change and Biodiversity		No
Human Rights and Equality Impact An impact assessment has been carried out by the HR section. The impact of the statement is neutral. However it will further ensure that all decisions made about senior staff pay and benefits are made in a fair, transparent and accountable way.	Yes	
Safeguarding and Early Help		No
General Data Protection Regulations (GDPR)		No
Health and Wellbeing		No
Other (please specify)		

11. Appendices

11.1. Appendix A: Senior Staff Pay Policy Statement (and its appendices 1 – 11 as listed below)

11.2. Appendix 1 to Statement: Chief Officers & Deputies Pay and Benefits Schedule

11.3. Appendix 2 to Statement: Salary tables for grades A to J (viewable on website only – see para 5.1)

11.4. Appendix 3 to Statement: Hay Job Evaluation process – summary (viewable on website only – see para 5.1)

11.5. Appendix 4 to Statement: Payments Policy (Additional Staff Payments) (viewable on website only – see para 5.1)

11.6. Appendix 5 to Statement: Market Supplements Procedure (viewable on website only – see para 5.1)

11.7. Appendix 6 to Statement: Sales Commission Reward Scheme

11.8. Appendix 7 to Statement: Car Allowances Table

11.9. Appendix 8 to Statement: Relocation Policy

11.10. Appendix 9 to Statement: Assisted House Purchase Scheme (viewable on website only – see para 5.1)

11.11. Appendix 10 to Statement: link to LGPS & Early Termination of Employment Discretions Policy (viewable on website only – see para 5.1)

11.12. Appendix 11 to Statement: link to Training & Development Policy section 12 Qualification Training (viewable on website only – see para 5.1)

12. Background Papers

12.1. Human Rights and Equality Impact Assessment

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Chichester District Council
Senior Staff Pay Policy Statement

This statement was approved by Cabinet and Council on the - .

1. In line with the requirement to publish an annual policy statement for Chief Officers this statement outlines the Council's approach to senior staff pay. The statement includes reference to the relationship and ratio between the pay for the highest paid staff and the lowest paid staff in the Council. This statement is effective from the 1st April 2022.

2. The attached Appendices to this statement contain Council policies and other documents that determine elements of senior officer rewards and remuneration.

3. The Localism Act 2011(The Act) seeks to examine the pay and benefits of statutory and non-statutory Chief Officers and senior staff immediately reporting to them.

4. This statement focuses on the items and obligations outlined in chapter 8 of the Act.

5. The Council has six Chief Officers in terms of the Act, comprising the Chief Executive, four Directors including the Section 151 Officer, and the Monitoring Officer. The Chief Executive and Directors are paid in line with pay awards determined by the Joint Negotiating Committee (JNC) for Chief Executives and JNC for Chief Officers of Local Authorities as applicable. With the exception of apprentices on an official apprenticeship course, all other staff in the Council are paid in line with National Joint Council for Local Government Services (NJC) pay awards. Base salaries for all NJC staff are decided by the Hay grading system (see section 8 below) however this does not include Chichester Contract Services (CCS) which is not part of NJC.

6. The lowest paid NJC member of staff is paid Salary Point A1, £9.25 per hour minimum, which is £17,842 p/a, and the highest paid member of staff (the Chief Executive) is paid within 10 times this amount at £64.79 per hour which is £124,994 p/a. The Chief Executive's pay has been within this 10 times multiple over the last 10 years. In 2012 the Chief Executive earned a total of £58.20 per hour which was £112,284.56 (inclusive of £2,284.56 p/a car allowance). This compared to the lowest paid NJC staff member who earned £6.2951 per hour (£12,145 p/a). The Council considers this a reasonable and justifiable ratio to maintain. The ratio between the median paid employee of the Council at £31,346 p/a and the Chief Executive's salary is 3.99

7. The four Directors below Chief Executive are paid on the basis of comparative salary data for local authority chief officers of similar sized councils in this region and advice from Hay Group reward consultants. Their salaries increase in line with JNC awards for Chief Officers.

8. Staff, other than the Chief Executive and Directors, are graded in line with the Hay Job Evaluation scheme. The current grading structure developed by the Council in conjunction with Hay reward consultants was introduced from the 1st April 2019 and embraces 10 grades from A to J incorporating a salary range starting at £9.25 per hour minimum (£17,842 p/a) rising to £33.48 per hour (£64,596 p/a) and a spinal column range starting at A1 and rising to J3. Every grade consists of 3 steps (spinal points). Future spinal point progression within grades is subject to staff demonstrating a consistently good standard of job performance as documented by the appraisal process.

9. In order to ensure that pay equality is maintained across the Council, particularly for staff with a Protected Characteristic as defined by the Equality Act, the Council regularly produces reports reviewing and analysing equalities data.

10. The Council currently have 20 staff that fall under the Act's definition of senior staff and their direct reportees. Of these 12 are female. This group currently constitutes the Chief Executive, four Directors including the Section 151 Officer (Director of Corporate Services), the Monitoring Officer (Democratic Services Divisional Manager) and senior officers who report to any of the aforementioned (see Appendix 1, Chief Officers and Deputies Pay & Benefits Schedule).

11. Staff on any grade may be awarded an honorarium payment. See Appendix 4, Payments Policy (Additional Staff Payments).

12. The Section 151 Officer and Deputy; and Monitoring Officer and Deputy receive additional statutory officer responsibility allowances. Other staff responsibility allowances are determined by the Head of Paid Service ie the Chief Executive in consultation with the Section 151 Officer.

13. Payments made to staff working during local, parliamentary and other elections or a national referendum are made in line with the pay scales set by the Electoral Commission and applied equally to all staff irrespective of their grade.

14. Market supplements are payable in response to market forces and are paid as Premia payments. A Premia payment can be paid to staff at any grade if there is clear pay bench marking data to show that the Council is paying less than the market rate for the post concerned and evidence that without it suitable staff cannot be recruited and retained. Once a Premia payment has been allocated it does not increase in line with pay awards. All Premia payments are reviewed every two years. See Appendix 5, Market Supplements Procedure.

15. The Chief Executive and the other Chief Officers are not normally entitled to any performance related payments or bonuses. Exceptionally the Council

may make performance related payments to officers at any level in accordance with its approved scheme (see Appendix 6, Sales Commission Reward Scheme). Specific payment schemes are subject to annual scrutiny by Internal Audit or the Finance team and approvable by SLT.

16. The Council operates one car allowance scheme in addition to paying mileage rates which is the Essential User scheme.

17. The Council will normally pay one professional subscription per staff member on an annual basis if membership of the professional body concerned is either a pre-requisite of the job or viewed as necessary to fulfill the role. Exceptionally however more than one may be paid where the role justifies this and membership of the professional body is judged as being integral to the job. This must be agreed by the staff member's line manager in each case.

18. Where appropriate senior staff, in the same way as other Council employee's, may be offered the opportunity to undertake relevant professional qualification training where there is a strong business case for doing this (see Appendix 11).

19. When senior staff are recruited, they will be paid at a rate commensurate with the agreed rate for the job and wherever possible they will commence on the first spinal column point of the grade for the post where a pay grade applies. Rarely however a market supplement (Premia payment) may be paid with SLT approval, if it is necessary to secure the appointment (see section 14 above). The provisions of the Relocation Package are potentially available to staff at all grades and those of the Assisted House Purchase Scheme to staff on grade F and above. Where the overall remuneration package of the officer is over £100,000, approval will always be subject to agreement by Full Council.

20. On termination, redundancy payments and any discretion exercised in relation to early retirement will be paid in line with the LGPS & Early Termination of Employment Discretions Policy. This policy applies equally to staff at all grades. Where the overall severance costs are over £100,000 approval of the employment termination will always be subject to approval by Full Council. Where this applies all components making up the total severance costs will be set out clearly in the report provided to Members.

21. This statement explains the Council's policy on staff remuneration, particularly for staff categorised as senior staff. The statement will be updated annually but may be amended during the year, with agreement by Council, if the need arises.

<u>Appendices</u>

1. Chief Officers and Deputies Pay & Benefits Schedule

2. Salary tables for grades A to J

3. Hay Job Evaluation process – summary

4. Payments Policy (Additional Staff Payments)
5. Market Supplements Procedure
6. Sales Commission Reward Scheme
7. Car Allowance Table (Essential User scheme)
8. Relocation Policy
9. Assisted House Purchase Scheme
10. LGPS & Early Termination of Employment Discretions Policy
11. Training & Development Policy section 12 Qualification Training

Chief Officers & Deputies Pay & Benefits Schedule for 1st April 2022

Job Title *(full-time unless hours shown)*	**Salary**	**Car Allowance**	**Responsibility Allowance/ Market Supplement**	**Total**
Chief Executive	124,994			124,994
Director of Corporate Services	87,338		5,573	92,911
Director of Planning & the Environment	87,338			87,338
Director of Housing & Communities	87,338			87,338
Director of Growth & Place Services	87,338			87,338
Business Support Divisional Manager	64,596			64,596
Communications, Licensing & Events Divisional Manager	56,684			56,684
Communities Divisional Manager	56,684			56,684
Contract Services Divisional Manager	64,596			64,596
County Adaptations	56,684			56,684

Manager				
Culture & Sport Divisional Manager	50,775			50,775
Democratic Services Divisional Manager	64,596		5,398	69,994
Development Management Divisional Manager	64,596		6,000	70,596
Environmental Protection Divisional Manager	64,596			64,596
Financial Services Divisional Manager	64,596		2,814	67,410
Place Divisional Manager	56,684			56,684
Planning Policy Divisional Manager	64,596		6,000	70,596
Principal Solicitor	50,775		2,500	53,275
Property & Growth Divisional Manager	64,596			64,596
Revenues, Benefits & Housing Divisional Manager	64,596			64,596

Excludes for all posts any National Employers (NJC) and JNC for Chief Executives and JNC for Chief Officers pay awards for both April 2021 and April 2022 as not yet agreed.

Sales Commission (SC) Reward Scheme

Background

Some of CDC's services that operate in a commercial environment are in a position to expand by competing more actively against private sector competitors for new business.

There is clear benefit to CDC to further incentivise the key post holders within the services where this applies to win new contracts by rewarding them additionally for this. A Sales Commission (SC) Reward scheme seeks to achieve this objective by incentivising this behaviour.

Summary

An SC scheme should only be used where the employee directly impacts the amount of income generated through sales in a competitive environment. Services where income is derived by default, or via regulatory activities for which there is no real competition for the service user, should not be considered for SC payments. There must be direct link between sales performance and income derived.

An SC payment should be based on achieving set financial performance targets against a baseline set for that service. The measure used for this could for example be either the annual surplus (profit) or the income produced from the contracts won and maintained by the service.

Consideration would need to be given to how SC should be payable when more than one post holder within the service concerned is responsible for gaining new business or ensuring contracts are renewed. This may for example require that additional pay under the scheme is paid proportionately with the basis of this decided by a more senior manager not directly benefiting from this.

SC pay schemes are discretionary and subject to annual review by SLT. They can then be amended, including the assessment criteria and thresholds for making payments, or be withdrawn altogether as appropriate. Variation to contract letters would be issued to participants in such a scheme reflecting the discretionary position of the scheme concerned.

In order to ensure that any scheme financially rewarding staff for new business won is robust the achievement of financial targets for those services / staff will be subject to annual scrutiny, either by Internal Audit or the Finance team, with a report on this submitted to SLT.

An example of a possible scheme is shown the appendix to illustrate how such a scheme could look.

Where an officer is responsible for multiple income streams, each of which meeting the criteria for SC payments, they may each be considered, or may be aggregated for the purpose of calculating the SC payment as determined by SLT.

No SC payment would be payable where the scheme placed the overall operating budget for the service into deficit, or where income in a financial year is less than the previous financial year when adjusted for inflation, and aggregated if appropriate.

SCR would only be paid following the end of the financial year and therefore should the post holder leave the Council's employment part way through the financial year he or she would not receive SCR. This may aid staff retention for high performing staff in receipt of payments.

Any new post holder joining the service part way through the year would be assessed at the end of the financial year on a pro rata basis in proportion to the number of months worked during the year.

SC payment would be earnable during a probationary period but this would only be paid following successful completion of this and not otherwise, even if this crossed the end of the financial year.

Since SC payments are entirely discretionary, they can be withheld, or suspended during the year should the employee's disciplinary record (including formal cautions for absence management) merit intervention. This will be determined on a case by case basis by the relevant service Director. The employee has a right of appeal to the Director of Corporate Services (DCS), or where the DCS is the relevant Director to the Chief Executive.

Appendix - example Sales Commission Scheme

For this example the SC reward could be payable based on the value of commercial contracts held by the service concerned. By linking the reward to the total value, rather than just new sales, ensures that the value of on-going contract retention is also recognised, rather than rewarding for new contacts won, irrespective of how many contracts are lost. The target could be set as the value of income received in the previous financial year + X%. In this circumstance X should at least equal the rate of inflation so that pure inflationary increases in price do not themselves generate a reward payment. SLT may also consider setting a threshold above X as a stretch target. A cap may also be appropriate.

Example terms for payment of SCR:

SCR would be payable after the end of each financial year and be based on the final end of year performance for the previous year. The resulting payment would usually be paid monthly with the salary during the following 12 months. For example, in 2020-21 SC payments would be calculate on the 2019-20 outturn position in comparison with the 2018-19 position. The resulting increase in income, adjusted for inflation, would generate an entitlement to SC payments to be made monthly during 2020-21.

October 2020

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Appendix 5 – Car Allowances Table – April 2022

Mileage Rates & Essential User Payments		
	Gross Monthly Amount Payable	**Mileage Rate (pence per mile)**
Chief Executive	Nil	46.9p
Chief Officers (Directors)	Nil	46.9p
Grades H - J	Nil	46.9p
Essential Users	£103.25	46.9p
Casual Users	Nil	46.9p

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Chichester District Council

RELOCATION PACKAGE

REMOVAL AND DISTURBANCE ALLOWANCES

Expenses	Allowances for Approved Expenses
1. **Removal of Furniture and Effects** (including insurance of goods in transit)	100%
2. (a) **Sale of Residence** Legal, house agent's and mortgage redemption fees (b) **Purchase of Residence** Legal, mortgage and survey fee	Up to a maximum of £4,625 (exclusive of VAT)
(c) **Purchase of Residence Only** Legal, mortgage and survey fee	Up to a maximum of £2,311 (exclusive of VAT) payable in **Special Circumstances only.** Subject to approval in advance by the HR Manager in consultation with the appropriate Divisional Manager.
3. **Disturbance Allowance** Alteration or replacement of curtains, carpets etc.	Up to £1,122 (exclusive of VAT)
4. **Lodging Allowances etc**	Up to £141 per week for a period not exceeding six months. **Plus** Standard Class rail fare from Chichester to home every second week.
5. **Travelling Allowance** Under special circumstances to be agreed by the HR Manager and the relevant Divisional Manager, a travelling allowance of up to £113.00 per week may be payable in lieu of lodging allowance for a maximum of six months.	

Conditions

The total allowance paid to any officer shall not exceed £8058.00 (exclusive of lodging allowance, rail fare, travelling allowance and VAT).

For item 1, three competitive quotations to be sought with the lowest being selected. The officer is entitled to choose other than the lowest contractor if he pays the difference in cost. For item 3, receipted accounts to be produced.

The HR Manager/HR Officer, to examine all receipts and quotations prior to authorising reimbursement.

NB: If the officer leaves the service of the Council before the expiry of three years, the following recoupment scales apply*:

Length of Stay	Recoupment
• Up to and including 12 months	100%
• 13 to 24 months	66%
• 25 to 36 months	33%

*the Director of Corporate Services may review special cases in extenuating circumstances

The application of the Scheme (which may be applied in whole or in part) is subject to **prior approval** by the HR Manager **in consultation** with the relevant Divisional Manager.

NB: ALL AMOUNTS ARE EXCLUSIVE OF VAT

These amounts will be adjusted annually in April in line with the Consumer Prices Index (CPI).

This scheme is applied regardless as to whether the applicant benefits from the **restricted** Assisted House Purchase Scheme.

If you presently live more than 25 miles away from the office where this vacancy is based the Council will consider offering a relocation package to assist you in moving to the area. To obtain support under the scheme you would normally need to move to a location within a 15 mile radius or half hour travelling distance of your new office base.

The above information is a broad guide to the Removals Scheme and is subject to interpretation by the HR Manager, and any enquiries relating to this scheme should be directed to the HR Manager.

At management's discretion the Relocation Package may still be offered to a new staff member if requested for up to 12 months after their start date if budget remains available.

All claim forms are obtainable from the Human Resources office and receipts and invoices must be provided with all claims.

April 2021

Chichester District Council

Cabinet **1 March 2022**

Chichester Wellbeing

1. Contacts

Report Author:

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Cabinet Member:

Roy Briscoe - Cabinet Member for Communities
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2. Recommendation

2.1 To enter into a partnership agreement with West Sussex County Council for 2022/23 – 2026/27 and receive funding annually to deliver the Wellbeing service in line with the agreed business plan.

2.2 To approve delegated authority for the Director for Housing and Communities to finalise and sign the Wellbeing partnership agreement with West Sussex County Council.

3. Background

3.1 In 2021 we celebrated 10 years of successfully delivering Chichester Wellbeing service. All the District and Borough Councils in West Sussex are contracted by West Sussex County Council Public Health to deliver a Wellbeing service. The Wellbeing service is a universal service for adults of all ages designed to reduce the risk of cardiovascular disease, cancer, and type 2 diabetes. It targets areas of the district where deprivation has been identified, and population groups who are more likely to suffer poor health outcomes. Services focus on behaviour change and early intervention around the main causes of these diseases by supporting people to achieve a healthy weight, increase physical activity, stop smoking, reduce alcohol consumption, and reduce stress.

3.2 Throughout the pandemic the service has adapted and continues to support people with their health and Wellbeing especially focusing on elements that have a greater impact on covid hospital admissions eg smoking, obesity and physical inactivity,

3.3 The current three year partnership agreement (2019/20 - 2021/22) with West Sussex County Council Public Health ends on 31st March 2022. The new partnership agreement will enable the service to continue for a further five years with funding agreed on an annual basis.

3.4 Funding for 2022/23 has been confirmed as £312,069. Details of proposed expenditure is outlined in the business plan summary in appendix 1. West Sussex County Council colleagues are still working on the partnership agreement, but this will outline the purpose of the funding for continued delivery of the Wellbeing service.

4. Outcomes to be Achieved

4.1 The service contributes to the council's corporate priority of 'Support Vulnerable People and Communities'. Outcomes for the service relate to client behaviour change, for example % of weight lost, number of times a week someone is exercising etc. Details of the outcomes we are required to measure are included in the business plan at appendix 1.

4.2 Data for the service is recorded on a spreadsheet designed by WSCC Public Health. The outcomes are measured by each project and reported quarterly to WSCC Public Health as part of the monitoring requirements for the service. Interventions with individuals are evaluated after 3 months to monitor ongoing behaviour change.

5. Proposal

5.1 It is proposed that the Council continues to deliver the Wellbeing service during the five year period of 2022/23 – 2026/27.

6. Alternatives Considered

Option 1: Not accepting the funding

6.1 If the council chooses not to accept the funding it would lose a significant, well established front line resource which enables delivery against the Corporate Objective of 'Support Vulnerable People and Communities' and the opportunity to work with targeted communities.

6.2 If the council chooses not to accept the funding West Sussex County Council will commission the service from another provider and we would be required to make the staff redundant or would have to cover the costs of TUPE.

6.3 The advantage of delivering the service 'in house' means we can adapt it according to the needs of our community. We have well established working relationships with the Public Health Team and the other District and Borough Councils in West Sussex. Much of the work we have done to date and intend to continue is well established and achieving good outcomes.

Option 2: Commission the service from the Voluntary and Community Sector

6.4 The Council could commission the service from another provider and retain management as commissioner. The Council would lose a well-established front facing service which provides positive publicity for the Council. Currently the service is flexible to meet the needs of the community and clients and delivers against objectives in the Corporate Plan. Commissioned externally, the service would be subject to additional management costs incurred by the provider which would reduce the impact and outcomes it is able to achieve.

7. Resource and Legal Implications

7.1 The cost of delivering the Wellbeing services are included within the Wellbeing funding. The Council's contribution of support and management costs is funded annually from the Councils base budget at a cost of approximately £30,000.

7.2 Staff will be issued with five year extension to contracts for the length of the partnership agreement 2022/23 – 2026/27. The team will still be subject to redundancy should the funding cease during the period of the agreement but longer contracts provide more stability and reassurance.

7.3 A separate budget has been set aside in the council reserves made up of underspends from previous Wellbeing grant funding which will cover any future redundancy costs that may arise as a result of cuts to funding or any decision made by this council to discontinue or change the way we deliver the service.

7.4 The Wellbeing service currently operates out of one small room at Westgate Leisure Centre. This arrangement will continue with Everyone Active under the same agreement (subject to inflationary increases). In addition during 2021/22 the Wellbeing service leased the council owned ground floor rooms on Market Road giving the council guaranteed income during the funding period.

8. Consultation

8.1 Consultation has not been undertaken as the service requirements are clearly set out in the partnership agreement and service specification.

9. Community Impact and Corporate Risks

9.1 Whilst the Wellbeing service is universal in supporting adults of all ages, the service is targeted to communities in greatest need and has a positive impact in communities that the council has prioritised.

9.2 The Wellbeing services are well established, are monitored carefully and have a track record of delivering positive outcomes. All services are evidence based and funded from the Wellbeing budget. Services which are commissioned externally will be subject to the same rigorous planning processes and are monitored quarterly. The corporate risks are associated with loss or reduction in current council staff to deliver and manage the services.

10. Other Implications

	Yes	No
Crime and Disorder The service will not directly impact in crime and disorder but Wellbeing advisors will work with offenders referred from the probation service to support a healthier lifestyle.	Positive	
Biodiversity and Climate Change Mitigation		No
Human Rights and Equality Impact EIA was completed at start of the project, a positive impact was identified.	Positive	

Safeguarding and Early Help The team often work with vulnerable adults. All staff are trained in safeguarding referral procedures and are DBS checked	Positive	
General Data Protection Regulations (GDPR) The service deals with personal data from clients. Processes for data handling are in place to ensure the service is compliant with GDPR there are no major risks associated with this.		No
Health and Wellbeing The service has a positive impact on the health and wellbeing of clients. Interventions are targeted to areas of deprivation and to groups where negative health outcomes are more common.	Positive	
Other (please specify)		

11. Appendices

Appendix 1 - Chichester Wellbeing business plan summary 2022/23

12. Background Papers

None

Appendix one

Chichester Wellbeing service business plan summary 2022/23

Introduction

This business plan reflects the new blended way that we are delivering Wellbeing services in Chichester District. The pandemic has raised the profile of lifestyle issues and the impact that smoking, obesity and alcohol have on the potential severity of Covid 19 symptoms. Getting the basics right is important in this current climate where these lifestyle habits are having such a serious impact on people's health and wellbeing. During 2022/23 there will be greater emphasis on the core wellbeing services. The expectation is that Covid is here to stay so we need to adapt and create flexibility in the services we provide. Alongside adapting to Covid, the prevention of lifestyle related diseases such as heart disease, diabetes and cancer remain our key priorities.

The demand for Wellbeing Advisor time has increased in recent months, the pandemic has led to people realising the need to make changes and wanting to return to 'normal' life where possible. It is anticipated that demand will continue to increase. As a result, this business plan increases capacity and flexibility within the service to meet this demand. This increased capacity will enable us to deliver more of the fundamental elements of the Wellbeing service, that being the one to one Wellbeing Advisor appointments, weight management programmes, Pre Diabetes workshops, smoking cessation etc, these are all tried and tested elements that achieve excellent results.

Financials

Income	
Annual funding allocation for Wellbeing service	£257,969
Additional funding for NHS Health Checks, Smoking cessation and alcohol reduction	£54,100
Total income for service	**£312,069**
Expenditure	
Core service consisting of: Wellbeing advisors (2.6fte) Senior wellbeing Officer Admin support Room hire -Westgate / Market Road Training Resources / printing etc	£146,194
Additional services	
NHS Health checks and Smoking cessation	£22,100
Alcohol Wellbeing Advisor	£32,000
Weigh Better Life - Adult weight management programme staff costs	£ 27,148

Workplace health – staff costs	£ 33,627
Wellbeing Active – a range of activities delivered by external providers	£ 17,000
Falls Prevention – commissioned service	£34,000
Total	**£312,069**

Additional services – description and outcome measures

Project Name	**Weigh Better Life - Adult weight management – in house**
Annual allocation	£ 27,148
Service description	• 12week course • 15 courses planned for the year • Delivered in person and online Chichester (1 evening), Selsey and Midhurst, Petworth, • The programme is open to all adults with a BMI of >25 but < 40 clients above this level will be referred to tier 3 services
Key Performance Indicators	• 60% of people starting will complete the sessions • People will be expected to attend 75% of the course (9 out of 12 weeks) to be classed as a completer. • 30% of completers will achieve 5% weight loss by the end of 12 weeks • 50% of completers will achieve 3% weight loss by the end of 12 weeks • 50% of completers maintain or continue to lose weight at 3 months • 35% of completers maintain or continue to lose weight at 6 months
Data Collection & Evaluation	Before and after BMI / weight, food diaries, Case studies, follow up at 3 months post course completion

Project Name	**Workplace health**
Annual allocation	£33,627
Service description	A service for workplaces to engage their staff in health and wellbeing. • Work with 12 new businesses during the year • Work with 15 existing businesses • Focus should be on Small and Medium Enterprises (SMEs) and businesses employing manual workers with a 70:30 split with larger organisations
Key Performance Indicators	70% of businesses engaged with are SME 30% have worked with Wellbeing previously
Data Collection & Evaluation	Businesses engaged with are recorded, individual clients and their outcomes are recorded on the main service database

Project Name	**Wellbeing Active**
Annual Allocation	£ 17,000
Service description	• Walking with poles • Community based Yoga fit and Pilates for beginners • Weekly walks in Chichester and Midhurst for beginners • Other activity to be planned during the year dependent on demand
Key Performance Indicators	80% of people increase their physical activity levels 50% maintain at 3 months 35% maintain at 6 months
Data Collection & Evaluation	Attendance registers, Phone evaluation, case studies

Project Name	**Falls prevention**
Annual Allocation	**£ 34,000**
Service description	Clients are being supported online or by phone or face to face if preferred. A service aimed at supporting people who are at increased risk of falling
Key Performance Indicators	Minimum of 90 people to be referred to the programme within the financial year 95% of new referrals have received home exercise guidance and a support call 75% have received 9/12 interactions (telephone call, email, virtual activity) 80% have achieved activity levels of above 30 minutes per week 75% of participants with a self-reported improvement in overall wellbeing 80% of participants rate the services as 'satisfactory' or better. 75% of the people who have completed the course to be maintaining their strength and balance 3 months after completion 75% of the people who have completed the course to be maintaining their strength and balance 6 months after completion
Data Collection & Evaluation	Attendance registers, Client forms, database, 3 month follow up

Governance and accountability

- WSCC public health and the Wellbeing Manager meet quarterly to contract manage the programme
- Wellbeing is reported to Overview and Scrutiny Committee annually
- Commissioned projects are monitored quarterly

Chichester District Council

Cabinet **1 March 2022**

Authority's Monitoring Report 2020-2021

1. Contacts

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2. Recommendation

2.1 That Cabinet approve the Authority's Monitoring Report 1st April 2020 – 31st March 2021 for publication.

2.2 That the Director of Planning and the Environment be authorised, following consultation with the Cabinet Member for Planning Services, to make any minor amendments to the Authority's Monitoring Report prior to its publication.

3. Background

3.1 The Authority's Monitoring Report (AMR) is published annually by Chichester District Council and is the main mechanism for assessing the performance, implementation and outcomes of the Local Plan. The AMR for 2020-2021 is appended to this report.

3.2 The AMR covers the period 1 April 2020 to 31 March 2021, although significant events occurring since 31 March 2021 are also noted including an update on progress with the Local Plan preparation as discussed with members in October and January briefings. The AMR is prepared in line with a requirement set out in the Localism Act 2011 for local planning authorities to publish annual information reporting progress with Local Plan preparation, neighbourhood plan details and CIL information. It also needs to report activity relating to the duty to cooperate and show how the implementation of policies in the Local Plan is progressing using key indicators.

3.3 Regulation 34 of the Town and Country Planning (Local Planning) (England) Regulations 2012 sets out the basic information that AMRs must contain, although local authorities have discretion to include any other useful information relating to planning policy preparation and performance. This report uses the monitoring framework contained in Appendix G of the Chichester Local Plan: Key Policies 2014-2029 (Chichester Local Plan).

3.4 The AMR covers the Chichester Local Plan area, so excludes that part of the District which falls within the South Downs National Park. However, the data for two policy indicators (EN1 and EN6) in the 'Policy Indicators - Environment' section of the AMR relate to the whole of Chichester District (including the South Downs National Park). In addition, one of the policy indicators (EN3) in the 'Policy Indicators - Environment section' covers a section of the Solent shoreline, and includes data from one site (Warblington) located outside the District due to set survey routes.

3.5 Following consideration of the AMR by the Development Plan and Infrastructure Panel on 26 January 2022, a few minor changes were made to the document in response to Member comments. They are all incorporated in the revision of the AMR which accompanies this report.

4. Outcomes to be Achieved

4.1 The preparation of the AMR ensures that policies in the adopted Local Plan are effectively monitored and indicates whether any changes need to be considered if a target has not been met.

5. Proposal

5.1 The purpose of this report is to update Members on performance against local planning policy indicators over the monitoring period 1 April 2020 to 31 March 2021, as well as developments in key planning policy matters. The report seeks Members' endorsement of the AMR 2020-21 for publication on the council's website. Key highlights from the AMR are summarised below.

Headline AMR Issues

- The AMR reports on the current approach to housing development detailing housing need for the plan area based on the Government's standard housing method. Since 15th July 2020, the adopted Local Plan became 5 years old, and from that date the Council's five-year supply has been assessed against the standard methodology. The Council's five-year housing land supply assessment as at 1st April 2021 reports 5.3 years of housing supply.

- The AMR provides an update on the position with the A27 upgrade particularly in relation to mitigation measures and feasibility work which have been the subject of recent member briefings. The AMR also details key developments in the treatment of wastewater in the local plan area such as the Statement of Common Ground with Southern Water and the Environment Agency and how the issue of nutrient neutrality affects new development proposals that discharge into Chichester Harbour.

- The AMR reports on the progress with the Tangmere Compulsory Purchase Order and that it has now been confirmed by the Inspector. The CPO was subject to a 6-week judicial review period which ended on 3 February 2022.

Local Plan Progress

- The Council approved an update to the Local Development Scheme (LDS) covering the Chichester Local Plan area on 12 March 2021. However, due to the further work required prior to the next stage of consultation associated with the

A27, revised development distribution and the Duty to Co-operate (as discussed with members), timescales for the production of the Local Plan Review have been updated and are reflected in this AMR.

- Following the Council report on "strategic infrastructure and way forward" in July 2021, further key areas of work were identified to support the soundness of the plan prior to publication of the Local Plan Review at Regulation 19. These further steps in the plan production process are also being progressed as a result of advice received from the Planning Inspectorate in the Summer of 2021. It is critical that further work associated with confirming a deliverable package of mitigation for the A27, a further review of housing development options across the plan area, and the requirements of the duty to co-operate are met before publication of the next stage of the Local Plan review.

- Further work to test the implications of a revised development strategy is being undertaken in autumn/winter 2021/22 alongside the duty to co-operate engagement with neighbouring authorities. The next stage of consultation (Reg 19) of the Local Plan is planned for summer 2022 with submission of the Plan intended in autumn 2022 and examination commencing in early 2023.

- A review of the Site Allocation Development Plan Document (DPD) which identifies non-strategic sites for housing, employment and other development requirements is planned to commence following adoption of the Chichester Local Plan Review.

- A Pitch Delivery Assessment was commissioned to support and inform the Gypsy, Traveller and Travelling Showpeople DPD. This work is very close to being finalised and an updated timetable for the DPD will appear in the next iteration of the LDS.

Neighbourhood plans

- A total of 25 parishes within, or partly within, the Chichester Local Plan area are subject to Neighbourhood Plan Area Designations. Oving and Funtington were the most recently designated in March and April 2021 respectively.

- The neighbourhood plans for Hunston, Plaistow & Ifold and Southbourne are all at Examination whilst Loxwood, West Wittering and Wisborough Green have all held their Pre-submission Consultations.

- No new neighbourhood plans were 'made' in the monitoring period. To date a total of 12 neighbourhood plans within the Chichester Local Plan area have been 'made'.

Community Infrastructure Levy Contributions

- As a result of changes to the Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019, Local Authorities which have adopted CIL are now required to produce an annual Infrastructure Funding Statement (IFS). This annual Infrastructure Funding Statement is published on the Council's website and covers CIL and S106 contributions and spending for the twelve months up to the 31 March 2021.

Duty to Cooperate

- The Council has continued to engage with neighbouring authorities regarding the status of the Local Plan review and next steps associated with the A27 mitigation strategy, revised development strategy and the ability of those authorities to accommodate unmet housing need for the Chichester Plan area based on the government's standard method housing figure. The most recent engagement was in December 2021 through written correspondence to neighbouring authorities and to those authorities that share a housing market area.

- In relation to Bird Aware Solent, in September 2020, Bird Aware Solent was bestowed the honour of "best sustainability campaign in the public sector" by the Institute of Environmental Management and Assessment (IEMA) and in November 2020, the organisation was presented with a 'highly commended' accolade for its social media activity at the international awards ceremony 'Drum Social Media Awards'.

- The Council has also carried out joint work with Coastal West Sussex authorities on gypsy and traveller needs; continues to have discussions with Havant Borough Council in relation to strategic transport and wastewater issues and has been working with the wider Partnership for South Hampshire (PfSH) in relation to nitrates. The Council also collaborates with other statutory bodies including National Highways, the Environment Agency, Natural England, Historic England, Southern Water and the Chichester Harbour Conservancy as well as attending regular meetings at the Chichester Water Quality Group.

Economy

- Employment floorspace completions in 2020-21 (Use Classes B1-B8) totalled 3,988.10 sq.m (gross), or 3,485 sq.m (net). Overall, a total of 101,527.20 sq.m gross (67,149.90 sq.m net) has been completed in the Local Plan area over the period 2012-2021.

- In relation to the allocated employment sites, there has been no further employment development since the last monitoring period and in relation to horticultural glasshouse development, the Council did not grant any planning permission for such development during the monitoring period. Non-retail uses in primary shopping frontages uses within Chichester Centre continued to slightly exceed the adopted Local Plan target of 25% during the monitoring period.

Housing and Neighbourhoods

- The adopted Local Plan makes provision to deliver a total of 7,388 additional dwellings over the period 2012-2029 amounting to an average of 435 homes per year. Housing completions over the monitoring period totalled the equivalent of

461 net dwellings. The NPPF sets a requirement to maintain a five-year supply of deliverable housing sites. On 15th July 2020, the adopted Local Plan became 5 years old, and from that date the Council's five-year supply had to be assessed against the standard methodology for assessing housing need. This increased housing need from 435 to 634 dwellings per annum. This increase meant that actual housing completions fell short of the requirement of 568 dwellings for the monitoring year (4 months local plan requirement/8 months standard methodology), creating an overall shortfall for the period 2012-2021 of 67 dwellings.

- Considerable progress is being made towards future housing delivery at the majority of the strategic sites. The Local Plan allocates land to deliver a total of 3,250 homes at Strategic Development Locations (SDLs) and provides for a further 630 homes on strategic sites to be identified at the settlement hubs.

- In relation to the SDLs, Shopwyke, Westhampnett/North East Chichester and West of Chichester are all under construction. Phase 2 of Westhampnett/North East Chichester has reserved matters planning permission for the remaining 200 dwellings. Phase 2 of West of Chichester has 850 dwellings remaining without planning permission. With regards to the Tangmere strategic site, an outline planning application for a residential-led mixed use development comprising up to 1,300 dwellings was reported to the Planning Committee on 31 March 2021 where it was resolved to grant outline permission subject to completion of the Section 106 Agreement.

- At the Settlement Hubs, all the remaining strategic housing requirement now has planning permission with the majority of developments underway or expected to commence shortly. In total, 967 dwellings have been completed on strategic sites since 2012 – this number is a reflection of the longer planning lead times needed to bring forward larger housing developments.

- During the year to 31 March 2021, a total of 101 net dwellings were completed on parish housing sites bringing the total completions on parish sites since the start of the Local Plan period to 1086 net dwellings. A total of 860 parish homes were planned to 2029. Actual recorded net dwellings completed on sites of less than 5 dwellings in the monitoring year across the Local Plan area total 13. This figure is much lower than previous years since many small sites could not be visited to record completions due to Covid-19 restrictions.

- A total of 148 affordable homes were completed in the Local Plan area over the year 2020-21. In the period since 1 April 2012, a net total of 1118 affordable dwellings have been built representing 30.1% of all net dwellings completed, meeting the Local Plan target of 30%.

- During the monitoring period, 5 sites were granted permanent planning permission for 7 gypsy and traveller pitches and 1 site was granted permanent planning permission for a travelling showpeople plot. A total of 85 gypsy and traveller pitches and 20 travelling showpeople plots have been granted permanent planning permission in the Plan area since 2012.

Environment

- In Chichester District (including the National Park), 44.2% of Sites of Special Scientific Interest (SSSI) are considered to be in a favourable condition, which is similar to the overall West Sussex County figure of 45.8%. Of the SSSI in the District assessed as being in unfavourable condition, 83 are categorised as recovering, 34 assessed to be declining, with a further 4 units showing no change. Overall, 82.4% of the SSSI area is in favourable or recovering condition, falling short of achieving the Natural England target of 95%. The District Council is working closely with Natural England and other partners including the Chichester Water Quality Group and the Partnership for South Hampshire Water Quality Group to determine the best way to address this, both through planning policy and when considering planning applications. Certain types of new development must now be nutrient neutral to avoid detrimental harm to Chichester Harbour's ecology and conservation.

- The AMR reports that in relation to visitor number and activities impacting on recreation disturbance within Chichester and Langstone Harbours, that car park survey data for 2020/21 shows a 24% increase in car parking on the previous 2018/19 data and indicates a year-on-year increase in levels of car parking at or near the coast.

- In 2021, the Selsey and Fishbourne Conservation Area Character Appraisals were being updated along with Article 4 Directions for both areas and will be put forward for adoption in the first half of 2022. An amendment to the Westbourne Conservation Area Character Appraisal is currently under review and will be progressed in the first half of 2022.

- Air quality monitoring data indicates that annual mean Nitrogen Dioxide concentrations continue to improve in Chichester District. Air quality at all three of the AQMAs in the local plan area was compliant with the annual mean standard although the data reflects reduced traffic flows during 2020 due to Covid-19. In relation to carbon dioxide emissions, there has also been an overall decline for Chichester District since 2016.

Strategic Infrastructure

- Over the year to 31 March 2021, the Environment Agency continued to be consulted on all relevant planning applications with any objections made by the EA being addressed through flood risk assessments and/or incorporating their recommended conditions into planning decisions.

6. Alternatives Considered

6.1 No alternative has been considered since preparation of the AMR is a statutory requirement for all local planning authorities.

7. Resource and Legal Implications

7.1 The AMR is prepared using the resources within the Planning Policy team.

8. Consultation

8.1 Departments within the District Council as well as relevant external organisations have been consulted to obtain data necessary for the preparation of this report.

9. Community Impact and Corporate Risks

One of the main purposes of preparing an AMR is to provide updated information for communities and interested parties on planning policy performance.

10. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		x
Climate Change and Biodiversity		x
Human Rights and Equality Impact		x
Safeguarding and Early Help		x
General Data Protection Regulations (GDPR)		x
Health and Wellbeing		x
Other		x

11. Appendix

11.1 Chichester District Council Authority's Monitoring Report 2020-2021.

12. Background Papers

12.1 None.

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Chichester District Council

THE CABINET **1 March 2022**

Changes to Priorities and Principles of Grant Funding

1. Contacts

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2. Recommendation

2.1 That Cabinet approve the Council's Priorities and Principles of Grant Funding shown in appendix 1, with effect from 1 April 2022

3. Background

3.1 At the meeting of 8 March 2016, Cabinet heard the outcomes of the review of Grants and Concessions, and approved a number of recommendations including the updated Grants and Concessions Policy, and the "Priorities and Principles for Funding" to be promoted.

3.2 The Priorities and Principles for Funding are reviewed annually by the Grants and Concessions Panel as part of their monitoring and formulation of the "Annual Report of Grants and Concessions", and have made subsequent recommendations for amendment to Cabinet, most recently in March 2019.

3.3 At their meetings of October 2021 and January 2022, the Grants and Concessions Panel discussed changes to reflect current circumstances, and at the meeting of 19 January 2022 recommended changes with effect from April 2022. The proposed Priorities and Principles for Funding are attached at Appendix 1, with changes highlighted.

4. Outcomes to be Achieved

4.1 In developing appropriate Priorities for grant funding for the future, the Grants and Concessions Panel recognise:

- The positive contributions of private, voluntary and community sectors in furthering the Council's aims and objectives.
- The value of grant giving in supporting the District's residents
- The changes in the delivery of services for local residents, particularly in light of the Covid19 pandemic.

- Reflect the current focus of Chichester District Council, most notably the commitment to the Climate Emergency, and the Future Services Framework.

4.2 The Priorities and Principles of Funding for the programme should clearly articulate the expectations of the Council. The advertised ‘Priorities’ are the key areas of activity that the Council will support, and by omission those it will not. The ‘Principles’ are considerations that we expect all applicants to evidence irrespective of their proposed project. Applicants typically develop their bids over time and are expected to discuss their proposal with a Funding Adviser at a timely point before submission; early notification of any changes is helpful to inform those conversations ahead of applications to come in the next financial year.

5. Proposal

5.1 The current Priorities for funding have been in place for three financial years without change, and the Grants and Concessions Panel in consultation with the Funding Advisers have concluded that they continue to operate well. The Panel felt that the Priorities are bringing forward a good range of proposals across the sectors, despite the changes in circumstances around the pandemic. Accordingly, no significant change to the Priorities is proposed.

5.2 Noting the conclusions of the Future Services Framework and the decision to now signpost “Vision” Groups (local organisations in the Market Towns seeking to enhance the local offer) to the Discretionary Grants Pot, it was felt that the existing Priority for “Improving Places and Spaces” could thematically accommodate such applications in the future without requiring changes to the advertised Priorities.

5.3 The Council declared a Climate Emergency in July 2019 and the Grants and Concessions Panel wish to encourage applicants who seek grant funding to demonstrate greater commitment to address their environmental impact. They propose adding a funding principle, which will require all applicants to demonstrate how they have considered their project’s impact on the climate and adapted their proposal as a result or put mitigation in place. Similar requirements have been trialled recently with some smaller funding opportunities from this Council, most notably the Covid Recovery Grants in 2021 and the externally funded Enabling Grants offered by Economic Development, but there are opportunities here to be more scrutinising of wider projects seeking the support of this Council.

6. Alternatives Considered

6.1 In considering how best to respond to the Climate Emergency, Panel did consider introducing a specific Funding Priority. They reflected on the types of projects that might come forward, and the historic experience of the Low Carbon Chichester District Fund, and practically the parity of funding opportunity given the number of potential applicants against the annual budget available. As explained above, a principle that all applicants would need to address was felt to be more effective at highlighting the need for all organisations to both understand and reduce their environmental impacts.

7. Resource and Legal Implications

7.1 The Budget for discretionary grants remains at £175,000 for the year ahead and is allocated in the Council's draft Budget for 2022/23. Promotion of changes to the Grants scheme for 2022/23 await the approval of both this document and the budget. It is recognised that the greater demand on the discretionary grants scheme may require more careful monitoring through the year, which the Panel can address at their meetings. Any necessary significant changes to process could be facilitated through the existing delegations from Cabinet.

7.2 Documented Priorities and Principles are valuable to the Funding Advisers. In conjunction with the Grants and Concessions Policy and other guidance documents, they help give clear and consistent advice to potential applicants. Encouraging greater efforts to manage or mitigate environmental impact will require Funding Advisers to consider the relative merits of actions applicants are proposing to take, and internal training from the Environmental Strategy Team is already being progressed. Funding Advisers may also be required to give advice to applicants who are unsure how best to achieve such outcomes, and where possible this will be signposting to existing, sector specific, sources of guidance.

7.3 In order to support smaller potential applicants, it may also be appropriate to facilitate training opportunities to help them understand what climate management options might be available to them.

8. Consultation

8.1 In considering changes to the Priorities and Principles, the Grants and Concessions Panel have asked for feedback from the Funding Advisers to consider the appropriateness of the current Priorities and Principles and any changes in demand for grant support, enquires that could not currently be supported, or other emerging views from the sectors they represent.

8.2 In considering the impact of introducing the proposed funding principle, Funding Advisers were asked to consider the likely impact for future applicants. Those organisations are not identifiable, but Funding Advisers have considered the requirements of other funders, and the requirement to demonstrate positive action to address climate change appears (in a variety of forms) in a number of funding streams. It is therefore considered that future applicants will either recognise the shared expectation across funders that this is increasingly important, or the Council should be otherwise steadfast in having this expectation.

9. Community Impact and Corporate Risks

9.1 Revisions to the Council's priorities for funding continues to recognise the value of the contributions of third parties, and thereby make the District a positive place to live, work and enjoy.

10. Other Implications

Are there any implications for the following? If you tick "Yes", list your impact assessment as a background paper in paragraph 13 and explain any major risks in paragraph 9		
	Yes	No
Crime and Disorder While the nature of future funding requests cannot be predicted, it is likely that some will have positive outcomes in this area.		X
Climate Change and Biodiversity The funding priority for improving places and spaces specifically encourages the creation of habitat, and the introduced principle ensures that all applicants will ned to evidence their actions in this regard.		X
Human Rights and Equality Impact While the nature of future funding requests cannot be predicted, it is likely that some will have positive outcomes in this area.		X
Safeguarding and Early Help While the nature of future funding requests cannot be predicted, it is likely that some will have positive outcomes in this area. Any application that relates to work with young people are adults as defined by the Care Act are required to attest to their Safeguarding arrangements.		X
Heath and Wellbeing While the nature of future funding requests cannot be predicted, it is likely that some will have positive outcomes in this area.		X
General Data Protection Regulations (GDPR) Any monitoring that grantees are expected to undertake would not include personal information, and be limited to more general conclusions or is specific circumstances, anonymised case studies.		X

11. Appendices

11.1 Proposed Priorities and Principles for Funding with effect from April 2022

12. Background Papers

12.1 None

What are Chichester District Council's Priorities and Principles for Funding?

Priority Areas:
Applications must meet one of the following areas

- **Economy**

  To support projects that bring forward inward investment.

  To support viable start-up and existing SMEs (small and medium-sized enterprises) to implement 'growth' projects which require:
  - relocation and expansion into larger premises within the district or
  - occupation of long-term vacant commercial premises

- **Improving Places and Spaces**
  Improvements to publicly owned space or built assets that enhance the wellbeing of local residents, or the habitats of the District's wildlife.

- **Targeted Projects**
  Projects where the primary benefit is to residents in greatest need. Priority would be given to projects that are: locally appropriate, able to evidence need and offer effective solutions.

Principles

In addition to the Priorities, Chichester District Council has adopted six Principles that it considers important in developing appropriate projects for financial support. Applications will be assessed against the following considerations:

- Will the project increase participation or employment?
- Does the project demonstrate working with others?
- Does the project have clear objectives and outcomes?
- Does the project demonstrate Value for Money?
- Is there evidence that the project is needed or addresses a recognised gap in provision?
- <u>How have you designed the project to minimise its climate impact?</u>
- Is the project ready for implementation?

Chichester District Council

THE CABINET **1 March 2022**

Choose Work

1. Contacts

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2. Recommendation

2.1 That Cabinet agree to receiving £62,857 from West Sussex County Council Economic Recovery Fund, and delegate to the Divisional Manager for Communities the allocation of funds over three years (2022/23 – 2024/25)

3. Background

3.1 Chichester District Council has for a number of years delivered a successful programme of support for local residents trying to get into or returning to employment. Periods of unemployment through a range of circumstances can be significantly detrimental to an individual's employment opportunities. Providing residents with one to one support in identifying their employment goals and bespoke support in getting them into work or closer to it has been very successful. In 2020/21, despite the pressures of the pandemic, the Choose Work service supported 66 new clients; 82% of clients were supported into paid employment.

3.2 For a number of years, broadly comparable services across the Districts and Boroughs in West Sussex have worked collectively to ensure equality of opportunity. Through this informal group funding from West Sussex County Council pooled business rates has been used to sustain the individual services in each area, coordinated by Horsham District Council. While this source of funding has ceased, a final contribution (for Chichester District Council £62,857) has been offered from the Economic Recovery Fund to deliver employment and training support for the next three years.

4. Outcomes to be Achieved

4.1 The bid to the Economic Recovery Fund highlighted the existing strengths of the service, and the funding is to support residents in securing employment, including supporting residents through retraining into new growth areas.

4.2 The award is intended to support the service over a three year period and no further funding will be available through this route. Therefore, the Districts and

Boroughs are encouraged to seek alternative sources of funding to sustain the service during and beyond the three year period, and additional resources have been included within the grant offer for fund raising support, proposed to be hosted and coordinated by Horsham District Council.

5. Proposal

5.1 Given the continued success of the existing Choose Work service, it is proposed to use the funds to maintain the current service for 2022/23. Demand for the service has continued to be high in 2021/22 (59 new client journeys started from April 2021 to end December 2021). Clients typically self refer to the service but it is well known to local partners and other organisations who can identify and support future clients.

5.2 The current service costs around £49,000 per annum to run and one third of the receipt will not cover the full cost of the service. In year one the balance will be funded from the Choose Work Reserve held for the service (estimated balance £41,500 at end of 2021/22).

5.3 During the course of 2022/23, officers will continue to work locally to identify other sources of funding – the Department for Work and Pensions had funded a one year “Youth Hub” for clients aged 18-25, and while that project will cease at the end of March 2022, further conversations are being pursued regarding funding.

5.4 In line with the terms of the Economic Recovery Fund grant, Horsham District Council are proposing to recruit a one year funding officer post on behalf of the Districts and Boroughs to identify sources of funding. Officers will continue to engage with that group to ensure the best outcome for the service in Chichester District.

5.5 As future funding is uncertain there will be regular monitoring in place in particular in Q3 of 22/23 to assess the financial position of the service.

6. Alternatives Considered

6.1 The service could be significantly reduced in scale. Halving the service would bring it in line with the identified funding source, but would significantly reduce the capacity at a time when client numbers are increasing (of the 49 new clients in the first three quarters of 2021/22, 12 (20%) presented in December). Sustaining capacity would seem to be in the best interests of future clients, while other funding sources are explored.

Resource and Legal Implications

7.1 Historically the Council had made a capital contribution to the service, in the hopes that external sources of funding could continue to be identified to sustain the service. This has been broadly successful over a number of years but the reserve has, as intended, been utilised as match funding and reduced over time. Alone the reserve would not fund the service for more than 12 months. Sustaining the service remains dependent on attracting external funding, hence the proposals at 5.4 and 5.5.

7.2 Management of the service, including time dedicated to the actions described in 5.3 and 5.4 fall within the existing resources of the Communities Team.

7. Consultation

8.1 The bid to West Sussex County Council for this funding was developed by Horsham District Council with the full support of the respective departments from across the six District and Borough Councils in West Sussex.

8.2 The delivery of the service continues to reflect the changing needs of individual clients, and the feedback from past clients has allowed the service to adapt.

8. Community Impact and Corporate Risks

9.1 Sustaining the current service will continue to provide positive benefit to existing and future clients, and expedite their return or entry to paid employment. Local businesses are also supported at a time when some are struggling to find new staff for vacancies.

9. Other Implications

Are there any implications for the following? If you tick "Yes", list your impact assessment as a background paper in paragraph 13 and explain any major risks in paragraph 9		
	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
Health and Wellbeing It is recognised that not being in work can be a major source of stress, and support into employment can alleviate. There are strong links, referrals and joint working with the Social Prescribing, Wellbeing and Housing teams.		X
General Data Protection Regulations (GDPR)		X

10. Appendices

11.1 None

11. Background Papers

12.1 None

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Chichester District Council

CABINET **1 March 2022**

Review of Skin Piercers Registration Policy, Fees and Charges

1. Contacts

Report Author:

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Cabinet Member:

Penny Plant - Cabinet Member for Environment and Chichester Contract Services
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2. Recommendation

2.1 That Cabinet recommends the revised skin piercing registration fees and charges 2022-23 for consideration and approval by the General Licensing Committee.

3. Background

3.1 Under Part III of the Local Government (Miscellaneous Provisions) Act 1982 and the Local Government Act 2003, businesses and practitioners undertaking the practice of acupuncture, tattooing, ear piercing, electrolysis, semi-permanent skin colouring and cosmetic piercing are required to register with the Council.

3.2 The Council adopted model bylaws for the above processes in February 2007. The purposes of which were to secure:

a) The cleanliness of the premises and fittings in such premises;
b) The cleanliness of the person so registered and persons assisting persons so registered in their practice and;
c) The cleansing and, so far as is appropriate, the sterilization of instruments, materials and equipment used in connection with the registered practices.

3.3 Currently Chichester charge a single fee of £87 for the registration of both the premises and practitioners in one single registration. The current fee structure is not compliant with the legislation which requires both the premises and person to be registered separately.

3.4 The current fee structure also does not suit the way these businesses operate and does not readily enable registration of individual practitioners who may move practices frequently, who rent rooms within a premises as independent self-employed practitioners, or practitioners who operate in multiple locations or visit people's homes.

3.5 It is also inconsistent with the approach adopted by our neighbouring authorities across Sussex. All other authorities charge a separate fee for (a) the business and (b) practitioners.

4. Outcomes to be Achieved

4.1 That proposed fees are deemed to be fair and reasonable, based on the "Open for business: LA Guidance" on locally set fees and which achieve recovery of the Council's costs in administering and delivery of these discretionary services which are valued by local businesses.

5. Proposal

5.1 That the revised fee structure is introduced on 1 July 2022 which ensures the Skin Piercer registration scheme achieves cost recovery.

5.2 The proposal is to charge as below:

Premises registration	£180 per premises
Personal registration	£70 per person/practitioner
Administrative charge	£25

5.3 When an application is made, the registration cannot be withheld and once issued can only be removed by a Magistrate.

5.4 The fees and charges proposed are consistent with other Local Authority charges across West Sussex and take into account officer inspection time, travel time and administrative time.

5.5 Once registered there is no provision in the legislation to charge annually for a premises or person to re-register on a regular basis which is consistent with other registration processes across other Local Authorities. Compliance checks of premises will subsequently be carried out based on risk and following up any complaints or intelligence received. This work is reflected in the proposed fee.

6. Alternatives Considered

6.1 That fees remain in the current format and at the current level. This however does not comply with the current legislation and the full cost of administering the regulations would not be recovered resulting in the deficit being borne by the Council. It also prevents the separate registration of the premises and the practitioner which is a disadvantage to local practitioners.

7. Resource and Legal Implications

7.1 Skin Piercing Registration will continue to be administered from the existing staff resources within the Health Protection team.

7.2 There are no further legal implications.

8. Consultation

8.1 All skin piercers currently registered with the Council have been advised by letter of the anticipated change to the registration fees and charges from 1 July 2022. On approval of the proposed fees, those currently registered will be given until 1 September 2022 to renew their registration with the Council at no additional charge as the Council has no authority to recharge businesses and practitioners already registered. The new charges will apply to new registrations from 1 July 2022.

8.2 All documentation, registration forms and the Council's website pages relating to skin piercers are in the process of being updated.

9. Community Impact and Corporate Risks

9.1 The proposed changes are to bring the fees in line with the purpose of the legislation and to ensure that both skin piercer premises and those trading as mobile skin piercers (i.e. no premises) are captured within the registration scheme. The change in charges may be a challenge for regulated businesses but ensuring all types of skin piercers are included within the scheme should be seen as a positive move and it will assist in ensuring a level playing field for all businesses.

9.2 Failure to approve suitable fee levels for all registrations will result in the Council's costs in administering the regime not being recovered.

10. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder The change to the fees will ensure that those mobile skin piercers who do not have a premises to trade from are still captured by the registration scheme and are therefore regulated.	**X**	
Biodiversity and Climate Change Mitigation		**X**
Human Rights and Equality Impact		**X**
Safeguarding and Early Help		**X**
General Data Protection Regulations (GDPR)		**X**
Health and Wellbeing		**X**
Other (please specify)		**X**

11. Appendices

11.1 None

12. Background Papers

12.1 None

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Chichester District Council

CABINET **1st March 2022**

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 – Civil Penalty Policy

1. Contacts

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Cabinet Member:

Alan Sutton - Cabinet Member for Housing, Communications, Licensing and Events
Telephone: 07951 312020 E-mail: asutton@chichester.gov.uk

2. Recommendation

2.1 That Cabinet approves The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 – Civil Penalty Policy

2.2 That Cabinet delegates the enforcement powers and ability to issue civil penalties in relation to the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 to the Director of Housing and Communities.

2.3 That the monies received through the issuing of fines are used to meet the cost and expenses incurred in, or associated with, carrying out any such enforcement work.

3. Background

3.1 The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 established minimum standards for domestic privately rented property. In order to ensure compliance councils are provided with the power to issue financial penalties to landlords who fail to ensure their property meets the required standard.

3.2 From the 1st April 2018, additional legislation was introduced preventing landlords of relevant domestic private rented properties from being able to issue a tenancy to a new or existing tenant if their property had an Energy Performance Certificate (EPC) rating below 'E' ('A' rating is the most efficient, and 'G' is the least efficient). Furthermore, from 1st April 2020, landlords were prohibited from continuing to let such a property.

3.3 Landlords wishing to continue let a property with a sub-standard EPC rating must carry out energy efficiency improvements to achieve the minimum EPC rating required unless the landlord registers a valid exemption.

3.4 In September 2021, Chichester and Arun District Councils, were successful in applying for government funding to undertake a joint project focussed on identifying non-compliant properties and enforcement of the regulations.

3.5 As part of this dedicated work the project team have been legally advised to develop a specific policy for the issuing of civil penalty in accordance with the regulations to ensure effective enforcement is undertaken in a fair, consistent, and transparent way.

3.6 The policy will be added to the Housing Standards Financial Assistance and Enforcement Policy 2021-26 as a further appendix.

4. Outcomes to be Achieved

4.1 Landlords with property that fails to meet the minimum required standard will be contacted by council officers in the first instance and reminded of the requirements of the regulations. Landlords will be given the opportunity to engage with officers and put forward proposals for ensuring their property reaches compliance within a reasonable timescale.

4.2 On adoption of this policy, officers will have the tools available to robustly enforce the regulations when landlords fail to engage or take the necessary steps to sufficiently improve their property. The policy will allow the issuing of civil penalties with all monies received being used to cover enforcement costs.

5. Proposal

5.1 Introduce the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 – Civil Penalty Policy to transparently show how the level of fine will be determined, taking account of aggravating and mitigating factors.

6. Alternatives Considered

6.1 The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 place a statutory duty on the District Council, therefore there are no alternatives in this instance.

7. Resource and Legal Implications

7.1 Following a successful grant funding application, £76,000 was received by Arun District Council to fund a dedicated team, covering both Arun and Chichester Districts, to undertake a 6-month project to identify non-compliant properties, undertake investigatory work and take enforcement action where necessary.

7.2 Fixed penalty notices will be issued if landlords fail to comply with compliance notices. The level of fine will be determined in accordance with the policy and fine matrix, taking account of aggravating factors and mitigating. There may be the need to consult Legal Services on occasion.

7.3 On conclusion of the dedicated project, the level of work and staffing resources required will be analysed to determine future resourcing requirements. This will be regularly monitored going forward.

8. Consultation

8.1 Consultation is not relevant in this instance as this is a statutory function, which the Council has a duty to undertake.

9. Community Impact and Corporate Risks

9.1 The Council may be open to challenge if it fails to regulate landlords as required by the Regulations.

10. Other Implications

	Yes	No
Crime and Disorder		√
Climate Change and Biodiversity Enforcement of the regulations will contribute to the overall improvement of the energy efficiency of the private rented stock, thereby reducing energy demands in line with the climate change agenda.	√	
Human Rights and Equality Impact		√
Safeguarding and Early Help		√
General Data Protection Regulations (GDPR)		√
Health and Wellbeing The work undertaken will improve the energy efficiency of residential accommodation thereby decreasing energy costs and improving the thermal comfort. A warm, efficient home will have a positive impact on health and wellbeing.	√	
Other (please specify)		

11. Appendices

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 – Civil Penalty Policy

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The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 – Civil Penalty Policy

Introduction

Section 38 of The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 enables the Council as the Enforcement Authority the power to issue a financial penalty if they are satisfied that there is or has been in the 18 months preceding the date of service of the penalty notice a breach of one of more of the following:

- Prohibition on letting sub-standard property (Regulation 23)
- Providing false or misleading information on the Private Rented Sector (PRS) Exemption Register (Regulation 36(2)
- Failure to comply with a compliance notice Regulation 37 (4)(a)

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 section 40 specifies the maximum financial penalty for each breach in relation to domestic private rented property.

Renting out a non-compliant property for less than 3 months	£2,000
Renting out a non-compliant property for 3 months or more	£4,000
Providing false or misleading information on the PRS Exemption Register	£1,000
Failure to comply with a compliance notice	£2,000

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 section 41 specifies the maximum financial penalty for each breach in relation to non-domestic private rented property.

Renting out a non-compliant property for less than 3 months	Whichever is the greater of £5,000 and 10% of the rateable value of the Property The financial penalty must not exceed £50,000,

Renting out a non compliant property for 3 months or more	Whichever is the greater of £10,000 and 20% of the rateable value of the Property The financial penalty must not exceed £150,000
Providing false or misleading information on the PRS Exemption Register	£5,000
Failure to comply with a compliance notice	£2,000

The penalty amounts apply per property and per breach of the Regulations and the total of the financial penalties imposed must be no more than £5,000.

The Council is also entitled to impose a publication penalty on the offender in addition to the financial penalty imposed in all cases related to domestic properties.

The following matrix will be used as a guide to determine the appropriate penalty

	Low Culpability	High Culpability	Notes
Low Harm	25%	50%	% = Proportion of Maximum Penalty
High Harm	50%	100%	

Factors Affecting Culpability:

High: Landlord has a previous history of non-compliance with regulatory requirements and/or landlord has failed to comply with requests to comply with these regulations. Knowingly or recklessly providing incorrect information in relation to exemptions to these regulations.

Low: First Offence under these regulations, no previous history of noncompliance with housing related regulatory requirement. Complex issues partially out of control of the landlord have led to non-compliance.

Factors Affecting Harm

High: Very low EPC score. Vulnerable tenants occupying property for an extended period of time since non-compliance.

Low: No vulnerable tenants, higher EPC score close to minimum accepted EPC rating.

Aggravating and Mitigating Factors:

Facts may come to light as part of the investigation for the offences which may warrant adjustments to be made to the Financial Penalty and the imposition of the publication penalty, or not. Details of these factors will be included in the Penalty Notice. In addition, information may be provided in representations from a landlord as part of his request to review the Penalty Notice. Officers will have regard to these factors and adjust the penalty to increase (up to the Maximum of £5000) or to reduce the penalty as they feel appropriate. The landlord will be served a Notice after the review with an explanation of any adjustment made.

The Council does not have a prescribed list of what constitutes an aggravating or mitigating factor for these purposes, and it is not bound to deem any facts or circumstances as aggravating or mitigating, What constitutes aggravating or mitigating factors is different in every case and each case shall be given due consideration.

Penalty amounts will be proposed by authorised Officers and checked and confirmed by a line manager within Housing Standards.

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Notice of the Making of an Urgent Decision

Para 1 of the second sub-section of section 3 in Part 3 of Chichester District Council's *Constitution* provides for any senior officer to make urgent decisions following consultation with the Leader or Deputy Leader of the Council and the Chairman of the Overview and Scrutiny Committee on any matters where it is not practicable to refer these to a meeting of the Council, the Cabinet or other committee provided that a full report on any decisions taken shall subsequently be made.

A decision of this nature has been made as set out below:

Decision title	To approve the release of £20k towards the feasibility survey for the Energy, Efficiency and Thermal Comfort works at Westward House
Decision taker	Kerry Standing
Decision consultees	Eileen Lintill – Leader Clare Apel - Chairman of the Overview and Scrutiny Committee Alan Sutton – Cabinet Member for Housing, Communications, Licensing and Events
Decision date	8 February 2022
Decision details	In the absence of a Cabinet meeting officers be authorised to proceed with the Westward House Energy, Efficiency and Thermal Comfort feasibility survey and approve the release of £20k from capital reserves. A further report will be presented to Cabinet and Council for approval of full implementation of the project and release of funding estimated to be £100k against a total estimated cost of £300k.
Reason for urgency	Funding timeline deadline
Name and date of the meeting to receive a full report	A full report is not required but the decision will be reported to the next available Cabinet and/or Council meeting.

Louise Rudziak
Director of Housing and Communities
1 March 2022

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of the Local Government Act 1972.

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