

# Public Document Pack

## JOHN WARD

Director of Corporate Services

Contact: Democratic Services

Email: [democraticservices@chichester.gov.uk](mailto:democraticservices@chichester.gov.uk)

East Pallant House

1 East Pallant

Chichester

West Sussex

PO19 1TY

Tel: 01243 785166

[www.chichester.gov.uk](http://www.chichester.gov.uk)



A meeting of the **Cabinet** will be held in the Committee Rooms, East Pallant House on **Tuesday 10 January 2023 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 - 10)  
The Cabinet is requested to approve as a correct record the minutes of its meeting on Tuesday 6 December 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 **Consideration of Consultation Responses Received on Chichester District Council's Draft Infrastructure Business Plan 2023-2028** (Pages 11 - 38)  
The Cabinet is requested to consider the report and its appendices and make the following recommendations to Full Council:
  1. To approve the proposed responses to the representations received and subsequent modifications to the Draft Infrastructure Business Plan 2023-2028 as set out in Appendix 1; and
  2. To approve the amended IBP including the CIL Spending Plan attached as Appendix 2.
- 6 **Draft Treasury Management and Investment Strategy** (Pages 39 - 93)  
The Cabinet is requested to consider the report and its appendices and make the following recommendation to Full Council:

**That the Cabinet considers the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Investment Strategy, and relevant Indicators for 2023/24; and recommends them to Council for approval.**

**7 Pallant House Gallery Funding Update (Pages 95 - 98)**

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

**Cabinet recommends to Council, that following the withdrawal of Art Council England National Portfolio Funding, the Council continues to support Pallant House Gallery under the current funding arrangements for 2023/24.**

**8 The Procurement and Allocation of Temporary Accommodation for Homeless Applicants Policy (Pages 99 - 110)**

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

**The adoption of the Procurement and Allocation of Temporary Accommodation for the Homeless under Part VII of the Housing Act 1996 and Related Legislation Policy.**

**9 UK Shared Prosperity Fund and Rural England Prosperity Fund (Pages 111 - 127)**

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

- 1. That Cabinet recommends to Council that Chichester District Council accepts the allocation of Rural England Prosperity Fund (REPF), once advised, which is anticipated to be in the region of £718,000.**
- 2. That Cabinet approves that the UK Shared Prosperity Fund (UKSPF) and the Rural England Prosperity Fund (REPF) (once confirmed by the Secretary of State) is allocated through a grants award process.**
- 3. That Cabinet approves the UKSPF and REPF grants policy as set out in appendix one.**

**KEY DECISIONS**

None.

**OTHER DECISIONS**

None.

**10 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

**11 Exclusion of the Press and Public**

The Cabinet is asked to consider in respect of agenda items 11, 12 and 13 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)]

- 12 **CCTV transmission contract renewal** (Pages 129 - 131)  
The Cabinet is requested to consider the report and its appendix and make the recommendation and resolution as set out in sections 2.1 and 2.2 of the report.
- 13 **Lease renewal for Arun and Chichester Citizens Advice** (Pages 133 - 136)  
The Cabinet is requested to consider the exempt report and make the recommendations as stated in section 2.1 and 2.2 of the report.
- 14 **Future Services Framework**  
The Cabinet is requested to consider the report and its appendices and make the recommendations and resolutions as set out in sections 3.1 to 3.8 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 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 issued a seat in the public gallery.
  - You are advised not to attend any face to face meeting if you have symptoms of Covid.
- (4) 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]
- (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.

# Public Document Pack Agenda Item 2



Minutes of the meeting of the **Cabinet** held in Committee Rooms, East Pallant House on Tuesday 6 December 2022 at 9.30 am

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

**Members Absent** Mr R Briscoe

**In attendance by invitation**

**Officers Present** Mrs L Baines (Democratic Services Manager), Mrs H Belenger (Divisional Manager for Financial Services), Mr K Carter (Divisional Manager, CCS), Mr A Forward (ICT Manager), Mr K Gillett (Valuation and Estates Manager), Mrs J Hotchkiss (Director of Growth and Place), Mr A Howard (Open Spaces and Street Scene Manager), Mr P Jobson (Taxation Manager), Mrs T Murphy (Divisional Manager for Place), Western (Housing Delivery Manager), Mrs V McKay (Divisional Manager for Growth), Mrs D Shepherd (Chief Executive), Ms K Standing (Divisional Manager, Revenues, Benefits and Customer Services) and Mr J Ward (Director of Corporate Services)

## 38 **Chair's Announcements**

Apologies for absence were received from Cllr Briscoe.

## 39 **Approval of Minutes**

**RESOLVED**

**That the minutes of the Cabinet meeting held on 1 November 2022 be approved as a correct record.**

## 40 **Declarations of Interests**

Cllr Dignum declared a personal interest in respect of agenda item 12 as a member of the Chichester City Council.

## 41 **Public Question Time**

**The following public question had been submitted by Andy Sargent and was read out by Democratic Services:**

*Residents west of Chichester City are disgusted with pollution of Chichester Harbour, and on Saturday 26 November stood by the side of the road to show their concerns.*

*Also, road tankers taking household sewage from houses in Minerva Heights because no waste water connections are available is not acceptable. I understand some Minerva Heights new home owners only discover these arrangements after moving into their new homes.*

*On what date will Chichester District Council stop approving house building planning applications when it is known there are very few remaining connections possible to the waste water treatment plants?*

**Cllr Taylor provided the following response:**

Thank you for your question.

The first thing to say is that the District Council is aware of and shares residents' concerns about the impact of pollution of Chichester Harbour. The Council has, as a consequence, set out its concerns to Southern Water and the Environment Agency on a number of occasions regarding the incidents of partially treated sewage discharging into the harbour as a result of the use of the storm water bypass at the wastewater treatment works (WWTW) and the consequences for water quality and nutrient deposition. However, the Environment Agency have in the past confirmed that Southern Water are not in breach of their permit to discharge foul water into the Harbour and have advised that they do not consider that the imposition of a 'moratorium' for housing development is justified on environmental grounds. In these circumstances and without the support of the Environment Agency, it would be unreasonable for the Council to refuse planning applications due to concerns about capacity within the system.

It is also the case that developers have a right in law to connect to the foul drainage network and Southern Water does collect a surcharge from developers of all new development that requires a new connection to the public sewer network. The developer contributions, together with funding from Southern Water's capital programme is then used to upgrade Southern Water's infrastructure, to accommodate additional flows across the network as they are required by law to provide the necessary capacity. The District Council consults Southern Water on all major residential housing developments. As such, if Southern Water advise that there is available capacity or that they are able to provide the necessary capacity, then there is limited scope for the District Council to object on foul water disposal grounds. All new housing development that drains to Chichester Harbour is also required to demonstrate that it is 'nutrient neutral' to avoid further environmental harm to the harbour and comply with Natural England's requirements.

With regards to the sewerage arrangements for Minerva Heights (i.e., phase 1 of the West of Chichester strategic development), the outline planning permission allows for dwellings to be serviced via tankering arrangements prior to the development's connection to the Tangmere Strategic wastewater pipeline. The reasons for this

approach are twofold. Firstly, because of the complex nature of the pipeline delivery and secondly, due to the site being located at the very western end of the pipeline, the pumping station cannot operate effectively until a point has been reached where a certain minimum effluent flow is received from the development.

At Minerva Heights the developers have permission for up to 437 dwellings to be served via the temporary storage/tankering arrangements. Tanker movements must not take place within a window around school drop off and pick up times and best endeavours must be used to not empty the tanks during night-time hours. To date approximately 200 occupations have taken place and the developers have last week confirmed that the pumping station is on track to be handed over to Southern Water in March 2023. Officers have visited the site recently and have confirmed that the pumping station's construction is well-advanced and therefore it is expected that the development will be connected to the strategic pipeline in line with the requirements of the planning permission prior to the occupation of the 437th dwelling.

#### 42 **Compact Sweeper Procurement**

Cllr Plant introduced the item.

Mr Carter explained that there had been a successful trial of an electric compact sweeper over the last few weeks.

Cllr Taylor with reference to section 5.3 of the report requested clarification of whether the sweepers are sold on. Mr Carter explained that a second hand company will often use the sweepers to sell spare parts of in some case restore the sweeper. The average lifespan of the sweepers is five to six years.

Cllr Dignum spoke in favour of the recommendation as it would help towards the green agenda.

Cllr Lintill requested confirmation that the sweeper had been accounted for in the Asset Replacement Programme for six years time. Mr Carter confirmed that was the case.

In a vote the following recommendation was agreed:

#### **RECOMMENDED TO COUNCIL:**

**That Cabinet recommends to Council the allocation of £205,000 from reserves to purchase a new electric powered compact sweeper for use within the city centre and surrounding streets.**

#### 43 **A27 & High Speed Road Cleaning**

Cllr Plant introduced the item.

Mr Howard explained that he had received a number of questions from members. He confirmed that there are over 4000 roads in the district which can qualify for cleaning. The roads range from small cul-de-sacs to the A27. The clean of the A27

is scheduled every January in order to maximise the collection. Last year 450 bags of rubbish were recovered along with 10 van loads of vehicle parts. Roads such as Bury Hill and Harting Hill are monitored with cleaning scheduled as required. He clarified that the district council has responsibility for road cleaning with West Sussex County Council (WSSC) responsible for road maintenance and associated safety. Highways England have the road maintenance and associated safety responsibility for the A27.

Cllr Dignum requested clarification of whether items that fall off of trucks onto the A27 fall under the council's cleaning responsibility. Mr Howard confirmed that was the case.

Cllr Sutton asked whether the council was able to recover costs from those responsible. Mr Howard explained that WSSC often intervene where it is a highways issue.

In a vote the following resolutions were agreed:

**RESOLVED**

- 1. That Cabinet approves the appointment of the preferred contractor to provide traffic management and cleaning services for the A27 and selective high speed roads in the district.**
- 2. That the contract be offered for an initial period of three years, with the option to extend annually up to a maximum of ten years.**

**44 Determination of the Council Tax Base 2023-2024**

Cllr Wilding introduced the item.

Cllr Dignum requested clarification of the allocation having raised the matter at Chichester City Council. Mr Jobson explained that the figures are estimated. Each parish ends up with a mini tax base. Mr Ward clarified that the parish funds are distributed by the district council so each parish will receive a set precept unadjusted.

In a vote the following resolutions were agreed:

**RESOLVED**

**In order to comply with section 35 of the Local Government Finance Act 1992, that the following resolutions be made;**

- 1. No item of expenditure shall be treated as 'special expenses' for the purposes of section 35 of the Local Government Finance Act 1992.**
- 2. This resolution in (2.2) shall remain in force for the 2023-2024 financial year.**
- 3. The calculation of the Chichester District Council's taxbase for the year 2023-2024 be approved.**



**4. The amounts calculated by Chichester District Council as its council taxbase be those set out in appendices 1 and 2 to this report.**

**45 Replacement of the Corporate & Contact Centre Telephony Systems (Corporate Plan. 040)**

Cllr Lintill explained that the appendix to the item contained exempt material and as such would require the Cabinet to proceed to Part II if it were to be discussed.

Cllr Wilding then introduced the item.

Mr Forward explained that any changes to critical systems are taken seriously for business continuity.

Cllr Sutton asked how future proof the new system would be. Mr Forward explained that there had been rapid changes to technology in the last two years. The proposed solution uses the Cloud which will allow access to updates.

Cllr Taylor gave her support to the recommendations.

Cllr Dignum explained the frustrations of contacting officers using the current system. Mrs Shepherd explained that members would receive an email that day with information about how to use the Teams system and how best to contact officers. She also added that Teams and email are often the most effective forms of officer contact. For any member unsure of how to access Teams following the information emailed they should contact the IT department who will provide support.

Cllr Plant asked whether the system would provide members of the public with information of what number they are in the queue to be answered. Mr Forward explained that he anticipated a positive change to the customer experience and that information of where they were in the queue would be a feature of the new system. Mrs Shepherd added that it would be easier for the management team to analyse the performance statistics across the council.

Cllr Lintill requested information on how the funding would work after the three years. Mr Forward explained that the request leaves £40,000 over for the third year as the current contract had been extended for two years due to Covid. He added that the Cloud solution implementation was likely to be a cheaper option moving forwards.

Cllr Lintill asked when the system would be implemented. Mr Forward confirmed it would be by March 2023.

In a vote the following resolutions were agreed:

**RESOLVED**

- 1. That Cabinet approves a 3-year (with an option to extend for a further 12 months) contract with preferred bidder A to replace both the corporate and contact centre telephony systems.**

2. **That Cabinet approves the additional revenue budget of £8,000 a year to be added to the base budget.**
3. **That Cabinet approves the bringing forward of £60,000 existing ARP Telephony provision, from 2025/26, to the current year to fund the implementation of the new system.**

46 **Treasury Management - half year 2022-23**

Cllr Wilding introduced the item.

Cllr Lintill and Cllr Dignum commented on the useful Treasury Management training session that had been held for members the day before.

In a vote the following resolution was agreed:

**RESOLVED**

**That the Cabinet duly considered the Treasury activity summarised in the report and its appendices.**

47 **Freeland Close Parking Order**

Cllr Dignum introduced the item.

Cllr Plant asked whether there remained a facility to put the spaces back into regular use if needed. Mrs Murphy explained that the use of the bays would be monitored with the anticipation that they would be used by staff and visitors as well as residents.

In a vote the following resolutions were agreed:

**RESOLVED**

1. **That Cabinet approves an amendment to the Parking Order to enable the enforcement of parking areas around Freeland Close.**
2. **That the Director of Growth and Place be authorised to give appropriate notice of any revised charges or changes as set out within this report pursuant to the Off-street Parking Places (Consolidation) Order 2020, as varied and the Road Traffic Regulation Act 1984.**

48 **Parking Strategy**

Cllr Dignum introduced the item.

Mrs Murphy added that the Action Plan would form part of the Parking Services Work Programme for the next four years. She confirmed that the Strategy had been through the Chichester District Parking Forum and Economic Development Panel for comment, with the comments highlighted in the report papers.

Cllr Wilding requested clarification of whether the release of East Pallant car park spaces linked to a change of use for East Pallant House. Cllr Dignum explained that the Strategy allows for a change if there were to be one.

In a vote the following resolution was agreed:

**RESOLVED**

**That Cabinet approves the Chichester District Parking Strategy 2023 – 2027 and Action Plan as set out in Appendix 1.**

**49 To establish a Task Force for Chichester City**

Cllr Dignum introduced the item.

Cllr Lintill explained that she was pleased to see the City Council would be leading the walkaround and noted that the number of partners that were taking part.

Cllr Plant asked whether the timespan of completion by Easter 2023 would be long enough. Cllr Dignum clarified that the Motion to Council had requested a rapid response. An update report would be brought back to the Chichester Vision Delivery Steering Group in March 2023.

In a vote the following resolutions were agreed:

**RESOLVED**

- 1. That Cabinet considers the outcome of investigating the setting up a specific multiagency Chichester City Centre Task Force (MCCCTF) and approves a Task Force to be in place until Easter 2023, as a sub-group of the Chichester Vision Delivery Steering Group.**
- 2. That Cabinet approves the draft terms of reference as set out in appendix one.**

**50 Proposal to enter into a Service Level Agreement with Beam**

Cllr Sutton introduced the item.

Mr Western added that preventing homelessness is more than providing homes. The project aims to help people to build resilience and is an investment in prevention.

Cllr Lintill asked if the project would link to the Supporting You team. Ms Standing confirmed that the two would work cohesively together.

Cllr Taylor requested further information on crowdfunding. Mr Western explained that there are a number of websites where the public can find causes to support via crowdfunding. BEAM have created their own website which allows the user to donate whatever sum of money they can in order to help the cause they have

selected. The BEAM webpages outline an individuals story and those who wish to can contribute as little or as much as they would like to help them through the page.

Cllr Dignum gave his support to the project highlighting that it used grant funding.

In a vote the following resolution was agreed:

**RESOLVED**

**That Cabinet approves expenditure of £47,500 from the Homeless Prevention Grant (HPG) reserves to trial a 12-month pilot with Beam.**

51 **Late Items**

There were no late items.

52 **Exclusion of the Press and Public**

Cllr Lintill proposed the Part II resolution in relation to agenda item 10. This was seconded by Cllr Taylor.

In a vote the following resolution was agreed:

**That in respect of agenda items 16 and 17 that 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.**

53 **Proposed new lease for Sea Cadets, Chichester**

Cllr Dignum introduced the item.

Cllr Lintill invited Cllr Oakley to speak who had requested to do so in advance of the meeting. Mr Gillett responded to Cllr Oakley. Cllr Oakley was permitted a reply.

Cllr Oakley referred to correspondence which Mrs McKay clarified had not been seen by any of the council's estates team. She also clarified the principle that leases are granted for a fixed amount of time which cannot then be altered part way through the term. Leases may be forfeited in the case of a serious breach of covenant but that is subject to a legal process.

Cllr Sutton added that if members were not in receipt of full information then there was an option to defer. Mrs McKay explained that members should consider the evidence before them and the letter described by Cllr Oakley was a letter of support rather than evidence of facts.

Cllr Taylor spoke in favour of the recommendation.

Cllr Wilding confirmed he would not be able to consider what had not been received.

Cllr Plant requested clarification regarding realistic lease timescales. Mr Gillett confirmed the option available should be adequate.

Cllr Lintill gave her support to the recommendation.

In a vote the following resolution was agreed:

**RESOLVED**

**That the resolution as set out in section 2.1 of the report be agreed.**

**54 Chichester Contract Service: Refurbishment of four refuse collection vehicles**

Cllr Plant introduced the item.

In a vote the following resolution was agreed:

**RESOLVED**

**That the resolution as set out in section 2.1 of the report be agreed.**

The meeting ended at 11.06 am

---

CHAIRMAN

---

Date:

This page is intentionally left blank

**Chichester District Council**

**Cabinet**

**10 January 2023**

**Consideration of Consultation Responses Received on Chichester District Council's Draft Infrastructure Business Plan 2023-2028**

**1. Contacts**

**Report Author**

Karen Dower – Principal Planning Officer (Infrastructure Planning)

Telephone: 01243 521049

E-mail: [kdower@chichester.gov.uk](mailto:kdower@chichester.gov.uk)

**Cabinet Member**

Susan Taylor – Cabinet Member for Planning Services

Telephone: 01243 514034

E-mail: [sttaylor@chichester.gov.uk](mailto:sttaylor@chichester.gov.uk)

**2. Recommendation**

**2.1 That Cabinet recommends that the Council:**

- (i) Approves the proposed responses to the representations received and subsequent modifications to the Draft Infrastructure Business Plan 2023-2028 as set out in Appendix 1; and**
- (ii) Approves the amended IBP including the CIL Spending Plan attached as Appendix 2.**

**3. Background**

- 3.1 This draft Infrastructure Business Plan (IBP) 2023-2028, once approved by Council in March 2022 will replace the current IBP 2022-2027.
- 3.2 The draft IBP was subject to consultation with the City, Town, and Parish Councils; West Sussex County Council (WSCC); Neighbouring Planning Authorities including the South Downs National Park Authority; and key infrastructure delivery commissioners. The consultation ran from 13 September to 25 October 2022.
- 3.3 The IBP prioritises the strategic infrastructure projects from the Infrastructure Delivery Plan (IDP) necessary to deliver the growth identified in the Chichester Local Plan, particularly within the five-year period 2023-2028. It includes updates and new projects put forward by WSCC and the key infrastructure commissioners. Appendix A of the IBP (Appendix 2) includes the most up to date list of local projects which the City, Town and Parish Councils intend to deliver using their CIL contributions.
- 3.4 The IBP sets out the methodology for selecting which infrastructure projects have been prioritised for funding from the Community Infrastructure Levy (CIL) during the

five-year period from 2023 to 2028, which ones will be funded from S106/S278 agreements and which infrastructure projects are to be, or would need to be, funded from other sources.

- 3.5 The consultation resulted in responses being received from **WSCC, Chichester District Council**, and the following City, Town, and Parish Councils: **Chichester City; Chidham and Hambrook; Earnley; Loxwood; Oving; Southbourne; Tangmere** and the following key Infrastructure Commissioners: **Southern Water**. The consultation responses are summarised in Appendix 1 of this report.
- 3.6 Most of the consultation responses related to:
- Re-phasing/timing of projects;
  - Change of project lead;
  - Projects to be deleted as they have been delivered or no longer required or are duplicates;
  - Amalgamation of projects;
  - Change in funding source;
  - Updated details/costs for the projects; and
  - New projects to be added.
- 3.7 Since the implementation of the CIL on 1 February 2016, £26,004,616 has been collected up to 31 October 2022. This includes £1,300,231 for administration (5%) £4,101,282 for parishes and £20,603,103 for CDC to spend on strategic projects. However, historically the amount spent on CIL administration has been significantly lower than that collected and at the end of the last financial year a further £604,812 had been transferred from administration to the strategic project budget, giving a revised total of £21,207,915 available for CDC (this includes funds spent on projects to date). Distributions to parishes are made half yearly in arrears and at the end of October 2022, the total amount handed over was £4,011,598 with the remainder carried forward to the next distribution.
- 3.8 The CIL deficit projected in 2026/27 and 2027/28 has widened partly as a result of a number of sites being delivered with 100% affordable housing rather than the policy requirement of 30% and partly as a result of anticipated delays to the delivery of housing at strategic sites as reflected in the latest housing trajectory, and also due to the increase in project costs. Future CIL revenue to be generated is a best estimate to aid CIL spend planning. However, we only agree CIL spend for projects one year ahead, and once sufficient money has been collected to fund them.
- 3.9 Projects within the IBP that have been delivered during 2022 from parish council CIL and other funding sources include:
- IBP/964 Picnic benches for North Hall, Loxwood Village Hall, Loxwood
  - IBP/590 Village Green Drainage improvements, Wisborough Green
  - IBP/765 Levelling of cricket outfield, Village Green, Wisborough Green
  - IBP/939 Provision of running track, Bosham
  - IBP/940 Bosham Village Hall roof repairs, Bosham
  - IBP/661 School access improvements, north of the District
  - IBP/538 Oving Road Crossroads closure



- IBP/698 Resurfacing of North Hall playground, Loxwood
- IBP/611 Refurbishment of the Chidham and Hambrook Village Hall, Chidham and Hambrook
- IBP/768 Installation of 2 bus shelters, Southbourne
- IBP/554 Development of the cemetery's new 2 acre field to make it suitable for burials, Southbourne and Westbourne
- IBP/601 Improve public footpath FP258, Chidham and Hambrook
- IBP/714 Parish owned street light replacement, Southbourne
- IBP/734 A community bus or other form of transportation, Chidham and Hambrook
- IBP/769 Phase 2 of the replacement of the Parish lights, Southbourne
- IBP/639 Bund around Malcolm Road recreation ground, Tangmere

### 3.10 Updates which require changes to be made to the CIL Spending Plan

#### West Sussex County Council projects:

- IBP/330 (Expansion of existing primary school(s) across the Chichester locality) rescheduled from 2024/2025 to 2026/2027;
- IBP/657 (School access improvements – Chichester) rescheduled from 2024/2025 to 2026/2027;
- IBP/331 (Expansion of existing primary schools across the Bournes locality) rescheduled from 2023/2024 to 2024/2025;
- IBP/660 (School access improvements – Bournes) rescheduled from 2023/2024 to 2024/2025;
- IBP/332 (Expansion of existing primary schools across the Manhood locality) rescheduled from 2024/2025 to 2026/2027;
- IBP/659 (School access improvements at expanded primary school(s) Manhood) rescheduled from 2024/2025 to 2026/2027;
- IBP/656 (Sustainable transport corridor – City Centre to Portfield) increase in total costs from £500,000 to £3,500,000 – although CIL request remains the same at £500,000;
- IBP/710 (Reconfiguration/improvement of Westhampnett Waste Transfer Station/Household Waste Recycling Site) each of the phases will be slipped by one year to £250,000 in 2023/24, £1,125,000 in 2024/25, £1,125,000 in 2025/26.

3.11 The effect of changes required to the IBP CIL Spending Plan because of this consultation, together with adjustments relating to the amount of CIL expected to be collected in relation to the housing trajectory of October 2022 are shown in Appendix 2.

## 4. Outcomes to be Achieved

4.1 The IBP is reviewed and rolled forward annually. It includes all the key infrastructure projects within the Local Plan area, monitors their progress and identifies which infrastructure projects have been selected to be funded from the District Council's CIL in the five-year period, together with the City, Town, and Parish Councils' CIL spending plans. Through the production of the IBP, the Council can prioritise the infrastructure that will be delivered utilising CIL funds to meet the needs generated by development.

## **5. Proposal**

- 5.1 The purpose of this report is to consider (a) the representations received to the consultation and suggested modifications to be made to the IBP as highlighted in this report and Appendix 1 and (b) the updated IBP 2023-2028 and CIL Spending Plan at Appendix 2.

## **6. Alternatives Considered**

- 6.1 The alternative is not to have an IBP, or not to have a formal process for selecting projects to be funded from the CIL. The disadvantage of this approach is that it does not provide 'up front' certainty about which infrastructure projects will be funded, and no guarantee that the infrastructure delivery commissioners will be able to provide the infrastructure in time to accompany the growth of the area. It also ignores the need to work in partnership with the County Council and parish councils.

## **7. Resource and Legal Implications**

- 7.1 The projects allocated for CIL funding must be published and monitored in the new Infrastructure Funding Statement to conform to the 2019 CIL Regulations.

## **8. Consultation**

- 8.1 The projects within this IBP were identified through consultation with West Sussex County Council, key infrastructure providers, and the City, Town, and Parish Councils, and considered by the Development Plan and Infrastructure Panel.

## **9. Community Impact and Corporate Risks**

- 9.1 The IBP provides transparency about which CIL projects have been prioritised for funding between years 2023-2028. It will enable the Council to have more control over the timely delivery of infrastructure. The risks are as follows:

- Outbreaks of pandemic slowing anticipated rates of development;
- Debtors being slow in making payments;
- Changes needed to the payment by instalment policy resulting in a delay in collecting CIL receipts;
- Changes to the CIL regime, resulting in less money being collected;
- Other sources of funding fail to materialise;
- Consensus not achieved over CIL spend;
- Infrastructure delivery commissioner(s) funding priorities change;
- That the infrastructure to be provided is insufficient to mitigate the impact of development;
- Inflation resulting in an increase in project costs;
- There is a risk of a loss of projected CIL receipts due to developers implementing schemes with a greater proportion of affordable housing. However, this risk is now managed via a restriction in relevant Section 106 agreements for housing development so that the planning benefits and disbenefits of any variation from the permission granted can be fully considered on a case-by-case basis.

## 10. Other Implications

	Yes	No
<b>Crime and Disorder</b>		✓
<b>Climate Change and Biodiversity</b>		✓
<b>Human Rights and Equality Impact</b>		✓
<b>Safeguarding and Early Help</b>		✓
<b>General Data Protection Regulations (GDPR)</b>		✓
<b>Health and Wellbeing</b>		✓

## 11. Appendices

Appendix 1: Summary of Representations and Proposed Modifications to the IBP  
Appendix 2: IBP 2023-2028 (electronic copy) CIL Spending Plan extract printed.

This page is intentionally left blank

Summary of representations and proposed modifications to the IBP 2023 – 2028

APPENDIX 1

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
WSCC	Education	IBP/330	Expansion of existing primary school(s) across the Chichester locality by up to 1/2 Form Entry To meet statutory duty to ensure sufficient supply of school places for pupils arising from new development (mitigation)	Slip scheme to 2026/27 based on pupil projections	2026/27	No change	No change	No change	IBP/330 will be rescheduled from 2024/2025 to 2026/2027
	Transport	IBP/657	School access improvements - Chichester. Drop off/pick up arrangements at expanded schools. To increase sustainable travel choice and modal shift for the journey to and from school.	Slip scheme to 2026/27 based on pupil projections as linked to IBP/330	2026/27	No change	No change	No change	IBP/657 will be rescheduled from 2024/2025 to 2026/2027
	Education	IBP/331	Expansion of existing primary schools across the Bournes locality in excess of 1/2 Form Entry To meet statutory duty to ensure sufficient supply of school places for pupils arising from new development (mitigation)	Slip scheme to 2024/25 based on pupil projections	2024/25	No change	No change	No change	IBP/331 will be rescheduled from 2023/2024 to 2024/2025
	Transport	IBP/660	School access improvements at expanded primary school(s) Bournes	Slip scheme to 2024/25 based on pupil projections as linked to IBP/331	2024/25	No change	No change	No change	IBP/660 will be rescheduled from 2023/2024 to 2024/2025

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
	Education	IBP/332	Expansion of existing primary schools across the Manhood locality in excess of 1/2 Form Entry	Slip scheme to 2026/27 based on pupil projections	2026/27	No change	No change	No change	IBP/332 will be rescheduled from 2024/2025 to 2026/2027
	Transport	IBP/659	School access improvements at expanded primary school(s) Manhood.	Slip scheme to 2026/27 based on pupil projections as linked to IBP/332	2026/27	No change	No change	No change	IBP/659 will be rescheduled from 2024/2025 to 2026/2027
	Education	IBP/78	Provision of additional Primary School Places	IBP/78 put forward by the Parish is a duplication of IBP/333 (WSCC Project). WSCC would suggest checking with Parish and remove IBP/78 if it is a duplication.	remove project	remove project	remove project	remove project	IBP/78 This project will be removed from the IBP as the Parish Council has confirmed that it is a duplicate.
	Transport	IBP/352	Northgate Gyrotory junction improvement	Projected scheme cost has Increased from £1,600,000 to £7,300,000. Level of CIL required to be confirmed once scheme moves forward and prioritised for funding.	No Change	£7,300,000	No change	No change	IBP/352 will update costs from £1,600,000 to £7,300,000
	Transport	IBP/360	Summersdale cycle route	Projected scheme cost has Increased from £230,000 to £2,100,000. Level of CIL required to be confirmed once scheme moves forward and prioritised for funding.	No Change	£2,100,000	No change	No change	IBP/360 will update costs from £230,000 to £2,100,000
	Transport	IBP/840	College Lane/Spitalfield Rd junction improvement and Oaklands	Projected scheme cost has Increased from £105,000 to £2,600,000. Further CIL funding may be required, to be	No Change	£2,600,000	No change	No change	IBP/840 will update costs from £105,000 to £2,600,000

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
				confirmed as the scheme develops.					
	Transport	IBP/354	Bus lane along A259 approaching Bognor Road Roundabout	Update source of funding	No change	No change	DFT, WSCC, Developer contributions	No change	IBP/354 The source of funding has been updated as requested.
	Transport	IBP/353	Westhampnett Road/ St Pancras/ Spitalfield Lane/ St James Road double mini roundabouts junction improvement. To include improvements to sustainable transport facilities along Westhampnett Road.	Change delivery lead to WSCC only.	No change	No change	No change	WSCC	IBP/353 The delivery lead will refer to WSCC only
	Transport	IBP/676	Improve links between the communities of Hambrook and Woodmancote by upgrading FP251 to bridleway	Projected scheme cost increased from £120,000 to £150,000	No change	£150,000	No change	No change	IBP/676 will update costs from £120,000 to £150,000
	Transport	IBP/671	Provision of cycle route between Summersdale and East Lavant	This duplicates the IBP/360 cycle scheme and so should be removed.	remove	remove	remove	remove	IBP/671 will be deleted as it is a duplication of project IBP/360

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
	Transport	IBP/656	Sustainable transport corridor – City Centre to Portfield part of project 656 (subject to further detail and evaluation)	Projected scheme cost increased from £500,000 to £3,500,000 (this may increase further as the project develops). Sources of funding have been updated.	No change	£3,500,000	DFT, WSCC, Developer contributions	No change	IBP/656 will update costs from £500,000 to £3,500,000 and sources of funding will be updated
	Transport	IBP/342	Toucan crossing on Oaklands Way	Project to be led by WSCC. Update scheme cost to £700,000	No change	£700,000	No change	WSCC	IBP/342 will update cost from £122,640 to £700,000 and the project lead will be updated to WSCC
	Transport	IBP/365	Road link between A27 / A285 junction and Tangmere Road	This scheme is not needed to deliver the adopted Local Plan and is very unlikely to be included in the Local Plan review because it is not deliverable. Therefore, it should be removed	remove	remove	remove	remove	IBP/365 will be deleted as requested
	Transport	IBP/361	Chichester – Selsey cycle route	Projected scheme cost and delivery timescale updated	Medium to Long term	£12,200,000	No change	No change	IBP/361 will be moved from short term to medium to long term phasing. Cost of £12,200,000 will be added
	Transport	IBP/667	Green Links across the Manhood. (GLaM project). North Selsey to Medmerry Trail - provision of public bridleway route from Paddock Lane, along Golf Links Lane to access track that circles the new Environment Agency tidal bund and improve current footpath for cycles.	Projected scheme cost has increased from £40,000 to £160,000	No change	£160,000	No change	No change	IBP/667 will update cost from £40,000 to £160,000



Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
	Waste	IBP/710	Reconfiguration/imp rovement of Westhampnett Waste Transfer Station/Household Waste Recycling Site. (subject to further detail and evaluation).	Slip each phase of funding by one year. Feasibility studies to be completed this year and it is anticipated detailed design work should take place in 2023.	Slip funding to £250,000 in 2023/24, £1,125,000 in 2024/25, £1,125,000 in 2025/26	No change	No change	No change	IBP/710, each of the phases will be slipped by one year to £250,000 in 2023/24, £1,125,000 in 2024/25, £1,125,000 in 2025/26
Chichester District Council	Transport	IBP/856	Increase the number of electric vehicle charging points in the District's car parks.	To support the increase in demand from electric vehicles, CDC has joined WSCC's concession contract for the installation of EV charge points (ECVP's) and is looking at other mechanisms for other ECVPs to come forward in the district	No change	No change			IBP/856 has been amended in the justification.
	Transport	IBP/912	Key walking route north listed in LCWIP	Range of measures which compliment some cycle route improvements.	No change	£250,000 £375,000	No change	No change	The total project cost has increased from £250,000 to £375,000
	Transport	IBP/911	Key walking route west listed in LCWIP	Range of measures which compliment some cycle route improvements.	No change	£200,000	No change	No change	The IBP database will add a comment to note that the LCWIP's key walking route west overlies route K and is considered to 'double count' route K such that the cost has not been inflated.

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
	Transport	IBP/853	Core area cycle improvement listed in LCWIP. Core zone includes a Dutch style roundabout at Orchard St/Westgate junction and similarly a crossing on Oaklands Way and parallel route	Inner ring road cycle improvements listed in LCWIP	No change	£4,850,000	S106	No change	The project description will be updated as requested.
	Transport	IBP/855	Core area walking improvement listed in LCWIP	Range of measures which compliment some of the proposed cycle route improvements.	No change	£450,000 £900,000	No change	No change	The total project cost has increased from £450,000 to £900,000
	Transport	IBP/845	LCWIP route A	Cycle route linking north Chichester via Lavant Road to Northgate gyratory - links new and existing residential areas to City Centre and Centurion Way providing route to Lavant/SDNPA	No change	£2,000,000 £4,000,000	No change	No change	The total project cost has increased from £2,000,000 to £4,000,000
	Transport	IBP/852	LCWIP route Q	Cycle route improvements to route between the station and Westgate via Chichester College fields.	No change	£150,000 £300,000	No change	No change	The total project cost has increased from £150,000 to £300,000
	Transport	IBP/847	LCWIP route E	Cycle route providing link from south east (North Mundham) to employment area in south east (Quarry Lane) and onwards to City Centre.	No change	£1,320,000 £2,600,000	No change	No change	The total project cost has increased from £1,320,000 to £2,600,000

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
	Transport	IBP/848	LCWIP route F	Cycle route from North Mundham via bridle way to Chichester Free School and onwards to Whyke Estate in South Chichester and links to route E (IBP/847).	No change	£510,000 £1,000,000	No change	No change	The total project cost has increased from £510,000 to £1,000,000
	Transport	IBP/849	LCWIP route G North	Cycle route improvement to Canal towpath between south east part of Donnington and Chichester Canal Basin including link to route H (IBP/850)	No change	£240,000 £480,000	No change	No change	The total project cost has increased from £240,000 to £480,000
	Transport	IBP/850	LCWIP route H	Cycle route linking canal towpath to central Donnington and further links northwards to access Chichester City via A27 bridge.	No change	£1,890,000 £2,800,000	No change	No change	The total project cost has increased from £1,890,000 to £2,800,000
	Transport	IBP/851	LCWIP route N	Cycle route linking Barnfield Drive retail park (and new residential areas north east of City) to New Park Road, St Pancras in City Centre.	No change	£700,000 £1,400,000	No change	No change	The total project cost has increased from £700,000 to £1,400,000
	Transport	IBP/846	LCWIP route B	Cycle route via The Broadway, Summersdale Road and College Lane linking to Spitalfield Way - links to residential areas in north east city centre via university to city.	No change	£870,000 £1,200,000	No change	No change	BP/846 has been amended to include the University's support in the database only. The total project cost has increased from £870,000 to £1,200,000
	Transport	IBP/910	LCWIP route K	Cycle route linking bridge over railway via Westgate to Orchard St roundabout links to NCN2 though west of City and Whitehouse Farm development.	No change	£790,000 £2,000,000	No change	No change	WSCC are progressing this project and intend applying for grant subject to a forthcoming

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
									consultation. The total project cost has increased from £790,000 to £2,000,000
	Transport	IBP/884	Cycle Pedestrian route along A259 corridor linking Chichester & Emsworth	Safety, Modal Shift, Environment	No change	No change	No change	No change	WSCC will report on this speed limit policy in the near future which may allow some advancement of this 'Chem route'. This update will be added to the database only.
	Transport	IBP/387	Installation of speed humps and a pedestrian/zebra crossing College Lane. Change - One Way access and Public Realm works to College Lane and Spitalfield Lane.	Pedestrian safety	No change	No change	No change	No change	Comments in the database will note that this overlays IBP/846 route B and brings an idea of what details the University would like to see. The University should discuss this project with WSCC as bus companies disfavour speed humps.
	Transport	IBP/360	Summersdale cycle route	Chichester City Transport Strategy – to reduce short car trips to and from the city centre	See WSCC comments above.	See WSCC comments above.	See WSCC comments above.	No change	Comments in the database will note that this project is likely to overlay IBP/846 LCWIP route B. It might therefore duplicate the funding.

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
	Transport	IBP/840	College Lane/Spitalfield Rd junction improvement and Oaklands Way cycle scheme	To make suitable for shared use. This would link 2 schemes to improve the northern side of Oaklands Way and Oaklands Way roundabout and new cycle way on northside of Oaklands Way from Northgate gyratory to College Lane.	See WSCC comments above.	See WSCC comments above.	See WSCC comments above.	No change	Comments in the database will note that this project is in progress to delivery.
Chichester City Council	Social Infrastructure	New IBP/1248	Energy Efficient building adaptations at the Council House	With a view to meeting carbon neutral target by 2030	2022-2023	£200,000	Chichester City Council	Chichester City Council	New project IBP/1248 will be added to the IBP appendix A.
Chidham & Hambrook	Transport Car parking	IBP603	Improve residents' parking in the following areas: East side of Chidham Lane to the Meadow, both sides of Broad Road by Broad Meadow, outside Mansfield Cottages top of Cot Lane and Kiln Mews Lion Park development Hambrook			£10,000			Project description will be extended to read and Kiln Mews Lion Park development Hambrook and the cost of £10,000 will be added to the IBP appendix A.
	Transport Local road network	IBP602	Provision of pavement on West side of Broad Road from Post Office to Children's play area	REMOVE This project is not being progressed.					This project will be removed from the IBP appendix A as requested.
	Transport Local road network	IBP598	Reduced speed on parish roads and around the peninsula including A259 through the parish. Linked with CHEMROUTE and cycle routes IBP676.	REMOVE WSCC is currently carrying out a review of its traffic and speeding policies which will resolve this issue.					This project will be removed from the IBP appendix A as requested.
	Transport Pedestrian infrastructure	IBP601	Improve public footpath FP258	REMOVE This work has been carried out as part of			£1,000		

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
				the redevelopment of Pynham Meadow					recorded in the IBP as completed.
	Transport Pedestrian infrastructure	IBP741	Amend project description to read  Establish better footways and provision of pedestrian refuges/ crossings on A259						Project description will be amended as requested.
	Transport Pedestrian infrastructure	IBP742	Provision of pedestrian refuges/crossings on A159	REMOVE – linked to IBP741					This project will be deleted as it has been amalgamated with IBP/741
	Transport Public transport	IBP734	A community bus or other form of transportation	REMOVE The Bourne Community Bus is now in place and the PC has committed annual funding from its budget.					This project will be removed from the IBP appendix A as requested and recorded in the IBP as completed.
	Social infrastructure	IBP816	Amend project description to read  Development the Parish Council's existing website by 2020 to meet required legislation and supply of Parish Councillors' laptops						Project description will be amended as requested.
	Community facilities	IBP611	Refurbishment of Chidham Village Hall	REMOVE This project is now completed.					This project will be removed from the IBP appendix A as requested and recorded in the IBP as completed.
	Community facilities	IBP733	Implementation of a convenience store or a community shop	REMOVE This is not required as it is not part of PC's Business Plan.					This project will be removed from the IBP appendix A as requested as the project has been abandoned.
Earnley	Transport	New IBP/1249	Measures to reduce rat running through country lanes, partly due to new approved developments	Amenity of vulnerable road users as per Conservation Area Management Plan and Parish Plan Objective 1	2022-2027	15,000-20,000	CIL	Earnley Parish Council & WSCC Highways	New project IBP/1249 will be added to the IBP appendix A.

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
	Green Infrastructure	New IBP/1250	Provision of Allotments and associated infrastructure	The new developments in the Parish only provide for small gardens and therefore there will be a need for allotments	2022-2027	20,000-80,000	CIL	Earnley Parish Council and East Wittering & Bracklesham Parish Council	New project IBP/1250 will be added to the IBP appendix A.
Loxwood	Social Infrastructure Community facilities	New IBP/1265	The supply of photo voltaics for the roof of North Hall	To help with the burden of heating costs	December 2022	£22000	CIL 15,000 North Hall Management Trustees £7,000	Loxwood Parish Council	New project IBP/1265 will be added to the IBP appendix A.
Oving	Social Infrastructure Community facilities	New IBP/1251	Jubilee Hall Men's Toilets upgrade	To improve the gent's toilet facilities and electricity consumption and water usage	Short term (2023-2028)	£23,500	CIL	Oving Parish Council	New project IBP/1251 will be added to the IBP appendix A.
	Social Infrastructure Community facilities	New IBP/1252	Battery storage for the solar panels at Jubilee Hall	We had an NHB grant to install solar panels but NHB didn't stretch to batteries so we are losing out daily on the storage of electricity and therefore reducing the running costs of the hall.	Short term (2023-2028)	£9,000	CIL	Oving Parish Council	New project IBP/1252 will be added to the IBP appendix A.
Southbourne Parish Council	Transport	IBP/694	Improvements to the area at Prinsted currently used as a parking area.	Road safety and to manage the increased the usage of the area in accordance with the Open Spaces Act whilst reducing maintenance costs.	2023/24				Project description and justification will be amended as requested in the IBP in appendix A
	Transport Cycle and pedestrian infrastructure	IBP/691	Access to the southside of the Railway station	From a safety aspect, to help keep children off the main roads and encourage people to cycle and creates links to future footbridge.					Project justification will be amended as requested in the IBP in appendix A
	Transport Public transport	IBP/768	Installation of 2 bus shelters	1 new bus shelter to be installed by the new Meadow View Development and 1 bus shelter at Bramley Gardens needs replacing.	Short term (2023-2028)	£12,000		Southbourne Parish Council	This project will be removed from the IBP appendix A as requested and recorded in the IBP as completed
	Social Infrastructure	IBP/714	Parish owned street light replacement			£30,000-£40,000	+ Parish precept	Southbourne Parish Council	This project will be removed from the IBP appendix A as

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
	street scene and built environment								requested and recorded in the IBP as completed
	Social Infrastructure street scene and built environment	IBP/769	Phase 2 of the replacement of the Parish lights.	To replace lights to LEDs to reduce maintenance costs and improve energy efficiency		£30,000	CIL and other	Southbourne Parish Council	This project will be removed from the IBP appendix A as requested and recorded in the IBP as completed
	Green Infrastructure Playing fields, sports pitches, related build and children's play areas	IBP/886	Improvements to Southbourne recreation ground and sports pavilion	The Recreation Ground needs modernising to meet the expectations of the community Adult fitness equipment installed; pavilion refurbished.  Still some modernising and enhancements to be undertaken	Short term (2023-2028)	£32,485	NHB & CIL S106	Southbourne Parish Council	Comments in the database only will note this update.
	Public and Community Services Cemetery	IBP/554	Development of the cemetery's new 2 acre field to make it suitable for burials. Includes plot structure and layout of pathways.	COMPLETED The existing cemetery will be full in 2-5 years. A new field has been purchased and needs to be made ready	Short term (2023-2028)	£138,000	Westbourne & Southbourne Joint Burial Ctee (£106000); Southbourne PC £22,827 (CIL) Westbourne PC £8877	Southbourne parish Council on behalf of Westbourne & Southbourne Joint Burial Committee	This project will be removed from the IBP appendix A as requested and recorded in the IBP as completed
Tangmere Parish Council	Transport Car parking	IBP/150	Village Centre Car Park - resurfacing	Requires drainage and a permeable (full infiltration) flexible surface with marked out parking spaces. TG/18/03289/FUL (lapsed)	2023 Short term (2023-2028)	£200,000	S106 Community Facilities	Tangmere Parish Council	The IBP has been updated to reflect the revised phasing and the database will delete reference to the planning application.
	Transport Cycle and pedestrian infrastructure	IBP/716	Tangmere airfield orbital cycle/bridleway/pedestrian/public rights of way with links to Chichester and Barnham. To extend and link up existing routes	Improve sustainable and green transport network, utilising existing public rights of way desire lines, Church Lane (south of airfield) and perimeter track. LPP 18, TNPP 8 and 9, WSCC walking and cycling strategy			WSCC -TAD Walking & Cycling for Route 192	WSCC	The project description will be updated as requested. IBP/716 will be cross referenced to projects IBP/638 and IBP/637 and vice-versa.



Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
				App1, scheme id 192, 145, 291, 194 and 292.					
	Transport Cycle infrastructure	IBP/148	Cycle routes To extend and link up existing routes	Cycle routes and pathways - improve cycle routes through village to encourage use of sustainable transport and physical activity. TNPP 8 & 9, WSCC Walking and Cycling Strategy App 1, scheme ids: 192, 145, 291, 194, 292			Existing S106 - WSCC TAD Walking & Cycling for Route 192	Developer, WSCC and Tangmere Parish Council	The project description will be updated as requested.
	Transport Local road network	IBP/140	Walking, cycling improvements and traffic Calming on Malcolm Road	TNP Section 5.9 and sustainable transport links with SDL along 'village main street' TG/20/02893/OUT				Developer, WSCC and Tangmere Parish Council	The IBP has been updated to include reference to the developer and the updates to the planning application.
	Transport Local road network	IBP/160	Traffic calming and pedestrian improvements on Meadow Way and Tangmere Road	These roads subject to "rat running" and high vehicle speeds which require inhibiting measures. Would also make road more attractive for walking and cycling. TNP Section 5.9 TG/20/02893/OUT				Developer, WSCC & Tangmere Parish Council	The IBP has been updated to include reference to the planning application.
	Transport Pedestrian infrastructure	IBP/717	Extend footway on north side of Church Lane o/s Tangmere House.	Condition of current outline planning approval TG/20/02893/OUT				Developer/ WSCC	The justification has been updated as requested and reference has been made to the planning application.
	Transport Pedestrian infrastructure	IBP/636	Improvements to Chestnut Walk - St Andrews Church footway E73/FP282	To enable mobility users access along route. To be addressed as part of the layout design for the new park in SDL TG/20/02893/OUT				Developer, WSCC, Tangmere Parish Council and St Andrews Church	The justification has been updated as requested and reference has been made to the planning application.
	Transport Pedestrian infrastructure. See also IBP 716	IBP/637	Marsh Lane PROW 292 - upgrade surface to replace current water-logged/mud sections	To enable year round foot/cycle access between Tangmere/Barnham areas and recreational use for expanding			WSCC TAD Walking & Cycling for Route 192	WSCC and Tangmere Parish Council.	IBP/637 will be cross referenced to projects IBP/716 and IBP/638 and vice-versa.

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
				populations. TNP Policy 9					
	Transport Pedestrian infrastructure. See also IBP 716	IBP/638	Link(s) between Marsh Lane PROW 292 and WSCC solar farm perimeter permissive path.	To improve connectivity between existing recreational paths along existing desire lines. TNP Policy 9			Possible application for Definitive Map Modification Order (DMMO)	WSCC and Tangmere Parish Council.	IBP/638 will be cross referenced to projects IBP/716 and IBP/637 and vice-versa.
	Social Infrastructure Built sport and leisure facilities	IBP/161	Sports Hall(s)	Indoor Sports Facility - To provide a multiple sports facility for the enlarged village. Requirement identified in CDC Open Space Study. TG/20/02893/OUT		£1,000,000	SDL S106	CDC, Tangmere Parish Council and Developer	Project cost will be updated from £500,000 to £1,000,000 and reference will be made to the planning application.
	Social Infrastructure Community facilities	IBP/153	Community Centre	Additional community facility space to serve enlarged population. TNP Policy 2 and 9. LPP 18 TG/20/02893/OUT		£2,000,000	TSDL S106	Tangmere Parish Council and Developer	Project cost will be updated from £1,000,000 to £2,000,000 and reference will be made to the planning application
	Social Infrastructure Community facilities	IBP/144	Extension to St Andrew's Churchyard for burial space	Required to cater for long term need arising from expanded population. TNP Section 5.9. Condition of current outline planning approval TG/20/02893/OUT			SDL S106	St Andrews Church	The justification has been updated as requested and reference has been made to the planning application.
	Social Infrastructure Community facilities	IBP/835	Commission study into community/indoor sport provision.	Study required to assist determination of siting, form, funding of new facility to serve enlarged village. TG/20/02893/OUT	2023 Short term (2023-2028)			Tangmere Parish Council	The IBP has been updated to include reference to the planning application.
	Social Infrastructure Community facilities	IBP/162	Church Hall (St Andrews)	TNP Section 5.9			SDL S106, Scouts-St Andrews Church	St Andrews Church and Scouts	The IBP will remove reference to the Scouts as both a funding source and delivery partner as the Scouts are no longer operating in Tangmere.

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
	Green Infrastructure Allotments	IBP/147	Improvements to existing allotments	Additional equipment required to upgrade facilities - water troughs, composting bins.		£5,000 (S106, New Homes Bonus CDC Small Grants Scheme)		Tangmere Parish Council	The funding sources will be updated as requested.
	Green Infrastructure Flood and coastal erosion risk management	IBP/723	Nettleton Avenue	New soakaway in recreation field to serve existing and new road gullies, utilising redundant foul sewer lines and access pits for conveyance and storage. To provide a diversion of flows from existing system arrangements which discharge on to Tangmere Rd.		(CIL-New Homes Bonus)	Operation Watershed, CIL		Reference to NHB will be removed.
	Green Infrastructure Flood and coastal erosion risk management	IBP/718	Malcolm Road diversion of flows from recreation field ditch to new channel to connect to existing watercourse west of Cheshire Crescent.	Loss of drainage line to Chestnut Walk & surcharging of gullies and domestic inundation on Malcolm Rd, surface flows on to Tangmere Rd . TG/20/02893/OUT  In conditions for new SDL.	Medium to long term (2029)		SDL drainage infrastructure.	Developer	The justification has been updated as requested and reference has been made to the planning application.
	Green Infrastructure Flood and coastal erosion risk management	IBP/722	Tangmere Road (Jerrard Rd to Chestnut Walk)	Numerous defects and blockages within pipework on both sides of Tangmere Rd resulting in surface flows along/across carriageways and junctions. Requires relaying of defective pipework.		(New Homes Bonus)	Operation Watershed, CIL		Reference to NHB will be removed.
	Green Infrastructure Flood and coastal erosion risk management	IBP/719	Diversion of Church Lane/Bayley Rd flows.	Current discharge is via a level gradient to Tangmere Rd/Church Lane junction resulting in inundation of Church Lane. New drainage proposed via fields south of Church Lane to link with		(New Homes Bonus)	Operation Watershed, CIL and SDL drainage infrastructure.	Developer and Tangmere Parish Council	The justification has been updated as requested and reference has been made to the planning application.

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
				existing ditch crossing the Tangmere Straight west of Museum bend. TG/20/02893/OUT In conditions for new SDL.					
	Green Infrastructure Landscaping, planting and woodland creation and public rights of way	IBP/715	New and replacement trees and hedgerows throughout the Parish.	Amenity, biodiversity and drainage management improvements <del>Note requirement to include this in IBP to support future NHB applications.</del>					The justification has been amended
	Green Infrastructure Playing fields, sports pitches, related build and children's play areas	IBP/157	Malcolm Rd Recreation Field sports pitch area - land drainage, incl. rainwater harvesting	Current poor land drainage leading to poor quality playing surface, match cancellations, maintenance difficulties and surface water run off.		£60,000 £100,000	NHB CIL/ S106	Tangmere Parish Council	The justification will be updated as requested and the cost will be increased from £60,000 to £100,000 and reference to NHB will be removed.
	Green Infrastructure Playing fields, sports pitches, related build and children's play areas	IBP/159	Outdoor recreation areas: improvements to existing play areas in Village	Overall provision of outdoor recreation areas below that required for existing and permitted Village size - see TPC response to latest CDC LPR related Open Space Study Consultation.				Tangmere Parish Council	The scheme description will be changed as requested.
	Green Infrastructure Playing fields, sports pitches, related build and children's play areas	IBP/152	Current changing/Sports Pavilion	Changing rooms are currently very tired and need modernisation. This is to meet current day requirements and standards and multi use availability. New showers and tiled areas required plus replacement of wash basins and installation of hot water supply.		£20,000 £60,000.00	Hanger/S106 and-NHB	Tangmere Parish Council	The cost will be increased from £20,000 to £60,000 and the funding sources will be updated as requested.

Authority / organisation	Infrastructure Category	IBP number	Project title/ description	Justification/ rationale	Date the project is expected to be needed, and dates for any phasing	Total estimated infrastructure cost	Sources of funding	Delivery lead	Recommended changes following consultation
	Green Infrastructure Public open space	IBP/639	Bund around Malcolm Road recreation ground.	To improve biodiversity connectivity and bolster unauthorised vehicular access preventative measures.	2022 Short term (2023-2028)	£23,722		Tangmere Parish Council	This project will be removed from the IBP appendix A as requested and recorded in the IBP as completed
	Green Infrastructure Public open space	IBP/592	Tangmere SDL specific green infrastructure (all types)	Local Plan policy 18, Tangmere Neighbourhood Plan, policies 2 ,8 and 9. Separates out projects specific to this SDL. TG/20/02893/OUT			SDL S106	Developer	The IBP has been updated to make reference to the planning application.
	Green Infrastructure Public open space	NEW IBP/1256	Potential hedge around Malcolm Road recreation ground.	To improve biodiversity connectivity and bolster unauthorised vehicular access preventative measures.	2023 Short term (2023-2028)	£2,500	CIL	Tangmere PC	New project will be added to appendix A of the IBP as requested.
	Social Infrastructure Community facilities	NEW IBP/1253	New garage and additional storage in overflow carpark Malcolm Road recreation ground.	To facilitate additional storage needs for users of the Village Centre, including new Pre-school group.	2023 Short term (2023-2028)	£25,000	S106	Tangmere Parish Council	New project will be added to appendix A of the IBP as requested.
	Social Infrastructure Community facilities	NEW IBP/1254	Tangmere Airfield, Control Tower	Restoration to enable community use plus additional space for Scouts and other community Groups.	Short term (2023-2028)		CIL S106	Tangmere Parish Council Developer	New project will be added to appendix A of the IBP as requested.
	Social Infrastructure Street scene and built environment	NEW IBP/1255	New statement art project for new Village Square	To identify and provide a statement art item for the new heart of the Village				Tangmere Parish Council Developer	New project will be added to appendix A of the IBP as requested.
Southern Water	Utility Services	IBP/728	West of Chichester to Tangmere waste water treatment works transfer pipeline	To enable growth in the local plan whilst avoiding additional environmental impact on Chichester Harbour SSSI	Completion target date July 2022 <b>February 2023</b>	£17,000,000	Southern Water	Southern Water	The target completion date has been updated as requested.
	Utility Services	IBP/932	<b>Pagham/Sidlesham nitrates reduction</b> <b>Pagham capacity upgrade and nitrates reduction</b>	Environment and growth	Completion March 2025	£16,100,000	Southern Water	Southern Water & Environment Agency	The project description will be updated as requested.



## APPENDIX 2 IBP CIL Spending Plan

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<b>1st April b/fwd</b>	<b>16,665,310.00</b>	<b>20,933,108.02</b>	<b>16,589,038.31</b>	<b>11,033,141.77</b>	<b>8,752,331.48</b>	<b>- 4,348,614.06</b>	<b>- 2,580,477.08</b>
<b>KNOWN INCOME<sup>1</sup></b>							
Gross Income	7,757,971.80	2,595,554.05	1,623,729.20	244,689.90			
Parish Share	1,300,345.78	556,720.23	376,186.65	61,172.48			
Admin	387,898.57	129,777.70	81,186.47	12,234.50			
<b>CDC Net Income</b>	<b>6,069,727.45</b>	<b>1,909,056.12</b>	<b>1,166,356.08</b>	<b>171,282.92</b>			
Interest to 31 March 2022	179,570.57						
<b>PROJECTED INCOME<sup>2</sup></b>							
Gross Income	-	103,217.71	471,877.49	1,184,245.02	1,311,391.88	2,354,397.05	£ 3,774,523.99
Parish Share	-	15,482.66	88,036.24	206,825.98	246,767.82	468,540.22	£ 840,723.25
Admin	-	5,160.89	23,593.87	59,212.25	65,569.59	117,719.85	188,726.20
<b>CDC Net Income</b>	<b>-</b>	<b>82,574.17</b>	<b>360,247.38</b>	<b>918,206.79</b>	<b>999,054.46</b>	<b>1,768,136.97</b>	<b>2,745,074.54</b>
<b>FUNDS AVAILABLE</b>	<b>22,914,608.02</b>	<b>22,924,738.31</b>	<b>18,115,641.77</b>	<b>12,122,631.48</b>	<b>9,751,385.94</b>	<b>- 2,580,477.08</b>	<b>164,597.46</b>
<b>PROJECTED EXPENDITURE</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>		
IBP/330 - Primary School places E-W Chichester (subject to further detail and evaluation)					3,000,000.00		
IBP/657 - School access improvements at expanded primary school(s) Chichester.					50,000.00		
IBP/656 - Sustainable transport corridor – City Centre to Portfield part of project 656 (subject to further detail and evaluation)		75,000.00	425,000.00				
IBP/355 - RTP1 screens at Chichester City ( £53,372.11 spent in prior years)	60,000.00						
IBP/353 - Sustainable transport corridor – City Centre to Westhampnett (subject to further detail and evaluation).		100,000.00	400,000.00				

## APPENDIX 2 IBP CIL Spending Plan

IBP/331 - Primary School places Bournes. (subject to further detail & evaluation)			3,000,000.00				
IBP/660 - School access improvements at expanded primary school(s) Bournes.			50,000.00				
IBP/332 - Primary School places Manhood Peninsula. (subject to further detail & evaluation)					3,000,000.00		
IBP/659 - School access improvements at expanded primary school(s) Manhood.					50,000.00		
IBP/349 - A286 Birdham Rd/B2201 (Selsey Rd Roundabout) Junction Improvement. (subject to further detail and evaluation).Project paused pending Local Plan Review work.		440,000.00					
IBP/775 - Southern Gateway public realm with new city square (subject to further detail and evaluation).		1,000,000.00					
IBP/710 - Reconfiguration/improvement of Westhampnett Waste Transfer Station/Household Waste Recycling Site. (subject to further detail and evaluation).		250,000.00	1,125,000.00	1,125,000.00			
IBP/593 - Early Years Places, Whitehouse Farm Development. (subject to further detail and evaluation).				2,100,000.00			
IBP/206 - Southern Gateway provision of bus/rail interchange & improvements to traffic & pedestrian circulation.		3,000,000.00					
IBP/840 College Lane/Spitalfield Road Junction and oaklands Way cycle schemes to make it suitable for shared use and link to improve northern side of Oaklands Way & Oaklands Way roundabout and provision of cycle way on northern side of Oaklands Way from Northgate gyratory in the west to College Lane in the east (subject to further detail and evaluation).		105,000.00					
IBP/842 CDC strategic wildlife corridors connecting Chichester and Pagham Harbours to the SDNP (The funding for this project is now approved and the funding is now safeguarded).	141,500.00	143,700.00	144,500.00	145,300.00			



## APPENDIX 2 IBP CIL Spending Plan

IBP/877 Extensions to Chichester City GP surgery: Langley House (subject to further detail and evaluation).	420,000.00						
IBP/726 Extension to Southbourne GP Surgery (Subject to further detail and evaluation)	450,000.00						
IBP/773 Southern Gateway Health Hub (Subject to further detail and evaluation)					3,000,000.00		
IBP/1155 Willow Park, Terminus Road additional primary care for the GP federation to lease to supplement existing Chichester GP surgeries (Subject to further detail and evaluation)	700,000.00						
IBP/844 3G Sports Pitch, Southern Gateway (subject to further detail and evaluation)		880,000.00					
IBP/354 Bus lane along A259 approaching Bognor Rd Roundabout (subject to further detail and evaluation)		342,000.00	1,938,000.00				
IBP/287 Coast protection- Selsey East Beach-raising of the sea wall (subject to further detail and evaluation)					5,000,000.00		
IBP/913 Birdham Ambulance Community Response Post (ACRP) (The funding for this project is now approved and the funding is now safeguarded)	10,000.00						
IBP/362 Selsey to Witterings cycle route (subject to further detail and evaluation)	200,000.00						
<b>Total expenditure</b>	<b>1,981,500.00</b>	<b>6,335,700.00</b>	<b>7,082,500.00</b>	<b>3,370,300.00</b>	<b>14,100,000.00</b>	-	-
<b>31st March c/fwd</b>	<b>20,933,108.02</b>	<b>16,589,038.31</b>	<b>11,033,141.77</b>	<b>8,752,331.48</b>	<b>4,348,614.06</b>	<b>- 2,580,477.08</b>	<b>164,597.46</b>

### Notes

1. This is based on actual income received up to 18 October 2022 and outstanding instalments due to be received from Demand Notices issued up to this date
2. This is the projected income from CIL liable sites that are expected to be commenced based on the Councils understanding at October 2022
3. Permitted sites of 1 to 4 units have been ignored in these calculations

**\*Note regarding CIL spend on education**

Nationally as well as in West Sussex there has been a drop in the birth rate in recent years and this influences the number of children seeking school places. Build and occupancy rates from housing developments also influences pupil numbers and makes timing for new schools or expansions hard to predict. If additional accommodation is provided too early this could cause an oversupply of places and schools financially unviable due to having to maintain a building that is not being fully utilised.

## Chichester District Council

CABINET

10 January 2023

### Draft Treasury Management and Investment Strategy

#### 1. Contacts

##### Report Authors:

Helen Belenger – Divisional Manager Financial Services  
E-mail: [hbelenger@chichester.gov.uk](mailto:hbelenger@chichester.gov.uk)

Kevin Gillett – Valuation & Estates Manager  
Telephone: 01243 534727 E-mail: [kgillett@chichester.gov.uk](mailto:kgillett@chichester.gov.uk)

##### Cabinet Member:

Peter Wilding - Cabinet Member for Finance, Corporate Services and Revenues and Benefits. Telephone: 01428 707324 E-mail: [pwilding@chichester.gov.uk](mailto:pwilding@chichester.gov.uk)

#### 2. Recommendation

- 2.1. **That the Cabinet considers the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Investment Strategy, and relevant Indicators for 2023/24; and recommend them 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 updated late in 2021 and the documents presented to Committee incorporate updated elements where required. Appendix 1 highlights the changes made to help members consider the updated sections.
- 3.3. 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 Strategy for 2023/24 is approved before 1 April 2023 in accordance with CIPFA's Treasury Management in the Public Services: Code of Practice and the DLUHC'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 2023/24.

## 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. Due to differences in timing between the deadlines for this report and the Council's annual budget and capital strategies, the information contained in these documents is based on that available during Autumn 2022. 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 documents were considered by the Corporate Governance and Audit Committee on 31 October 2022. No changes were proposed.

## 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 3.

## 9. Other Implications

	Yes	No
<b>Crime &amp; Disorder</b>		✓
<b>Climate Change</b> 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	✓	
<b>Human Rights and Equality Impact</b>		✓
<b>Safeguarding and Early Help</b>		✓

	Yes	No
<b>General Data Protection Regulations (GDPR)</b>		✓
<b>Health and Wellbeing</b>		✓
<b>Other (Please specify):</b> 1. <b>Compliance with the Local Government Act 2003</b> 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 2022/23 and 2023/24

10.2. Appendix 2- Treasury Management Policy Statement, Treasury Management Strategy Statement, Treasury Prudential Indicators and Annual Investment Strategy for 2023/24.

10.3. Appendix 3 - Treasury Management Practices (TMP's) Extract of TMP 1 Risk Management.

10.4. Appendix 4 - Glossary

## 11. Background Papers

11.1. None.

This page is intentionally left blank

Appendix 1 – Summary of the main amendments between 2022-23 and 2023-24

This appendix reports significant changes only

Item	TMS page	Comment
Treasury management Policy Statement	3	Moved two paragraphs from the main text into the statement itself (from “The Council regards...”).
Treasury Management Strategy	5	Added paragraph confirming that the Council’s long-term investments are within scope of a Treasury investment as the Council is currently debt-free.
Risk management	6	New Code requirement Included reference to proportionality in risk statement
Treasury investments and borrowing	7	New Code requirement Updated wording starting “The contribution that treasury investments...”
Counterparty Limits	8	Increased maximum individual counterparty limit to £7m (from £6m) based on resource projections. This limit is then applied via tables 3 and 4.
Borrowing strategy statement	14	New Code requirement New policy statement included
Treasury management Indicators	6 & 17	New Code requirement Added prudential indicator for the Liability Benchmark
Prudential limit for long term treasury investments	18	New Code requirement Now splits total between expected investments with expected maturities over the next three years (nil presently) and investments with no fixed maturity, being mainly the Council’s external fund investments.

Policy on Use of Financial Derivatives	19	New Code requirement Added confirmation that the Council will seek, and take into account, external advice before entering into financial derivatives
Markets in Financial Instruments Directive II	20	New Code requirement Added confirmation that the Council maintains a list of entities with which it has elected professional investor status within the Council's Treasury Management Practices
Investment training	20	Updated the core requirement to add "and that they are commensurate with the authority's risk appetite and activities." In line with updated Code requirements. Added further details of the evaluation of skills and experience that have been undertaken by investment counterparties as part of the MIFID2 professional client approval process.
<b>Investment Strategy</b>		
Commercial investments	26	Proportionality indicator for 2023-24 onwards now based on calculation of projected net revenue stream from the Council's financial strategy
Service Investments	26 - 29	New Code requirement  Entirely new section added
<b>Appendix A</b>		
Economic Outlook	31	Added commentary to underline that the UK fiscal position is changing so rapidly during Autumn 2022 that the projections contained in appendix A are certain to be out of date when this strategy comes into effect.
<b>Treasury Management Policies</b>		
TMP1 – Risk Management	Appendix 3	New Code requirement – added paragraph starting "This organisation regards..."  Added reference to ESG Counterparty policy
TMP2 – Liquidity Management	Appendix 3	New Code requirement – replaced "This council will only borrow.." with section starting "This organisation will not borrow...". The update clarifies the restrictions on borrowing in advance of need proscribed by the updated Code.



<p>TMP3 - Interest rate, inflation and market risk management</p>	<p>Appendix 3</p>	<p>Removed bullet point that required new borrowing to be restricted to 'invest to save projects' – this did not match the Treasury and Investment strategy.</p> <p>Added a new section to explain the methodology used for assessing market variability and risk - starting from "The Council will also calculate..."</p> <p>Added new section covering hedging, including derivatives.</p> <p>Added new sub-section on Price risk management</p>
---	-------------------	--

This page is intentionally left blank

## Appendix 2 - Treasury Management and investment Strategy

### Contents

Part 1: Treasury Investments .....	3
Treasury Management Policy Statement .....	3
Risk Appetite Statement .....	6
Treasury Investments and Borrowing .....	7
Investment Objective .....	8
Counterparty limits .....	8
Business model for holding investments .....	13
Negative interest rates .....	13
Liquidity Management .....	13
Responsible Investing .....	13
Borrowing .....	14
Borrowing Sources .....	15
Operational Boundary for External Debt.....	15
Authorised Limit for External Debt.....	16
Treasury Management Indicators.....	17
Prudential indicator for the Liability Benchmark .....	17
Security and credit risk.....	17
Maturity Structure of Borrowing .....	18
Prudential limits for long term treasury management investments.....	18
Market and economic risk.....	18
Other Items .....	19
Policy on Use of Financial Derivatives.....	19
Investment of Money Borrowed in Advance of Need .....	20
Investment Training .....	20

Investment Advisers .....	21
Reporting.....	21
Treasury investments .....	21
Other Options Considered .....	22
Part 2 - Commercial Investments .....	23
Security.....	24
Liquidity .....	25
Proportionality – Commercial Investments.....	25
Part 3 - Service Investments .....	26
Governance and suitability .....	27
Approved Service Investments .....	28
Risk Management.....	28
Proportionality – Service investments.....	29
Part 4 - Non-Specified Investments .....	30

# Treasury Management Policy Statement, Treasury Management Strategy Statement and Annual Investment Strategy for 2023/24

## Part 1: Treasury Investments

### 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 and statutory guidance issued by the Department for Levelling Up, Housing and Communities.

The Council defines treasury management as:

“The management of the organisation’s borrowing, 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 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 Treasury Management Code and the statutory 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, 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 Treasury Code and the statutory 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 Treasury Management Statement is underpinned by 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 30 September 2022 the Council held £115.4m of investments as set out in table 1.

*Table 1: Investment Portfolio Position*

Investments	£m	Return %*
Short term Investments (cash, call accounts, deposits)	18.0	
Money Market Funds	57.4	
<b>Total Liquid Investments</b>	<b>75.4</b>	<b>1.89</b>
External Pooled funds	40.0	4.20
<b>Total Treasury Financial Investments</b>	<b>115.4</b>	<b>2.64</b>
Carried Loss on Fair Value of External Funds	(3.6)	
<b>Current Value of Investments</b>	<b>111.8</b>	

*\*returns are based on Q2 22-23. They are not representative of future returns.*

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. The temporary effects of COVID funding have increased the Council’s net funds for investment by around £20m, although officers expect much of this to be settled over the next 12 months.

CIPFA’s Prudential Code for Capital Finance in Local Authorities (“the Prudential Code”) states that, as a minimum, the Council must forecast its liability benchmark for the current and future 2 financial years. 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.

The Code requires any substantial mismatches between actual loan debt outstanding and the liability benchmark to be explained. As the Council’s net Treasury position is debt free across the entire forecast period, the Council’s liability benchmark (and Capital Financing Requirement, “CFR”) is also nil or negative across the forecast period, indicating that there is no present need to borrow, and no further explanation is required.

From the projection in table 2 the Council has determined that its long-term investments in pooled funds are Treasury, not Commercial, investments. They are therefore managed under part 1 of this strategy. The Council accepts that, should it cease to be debt free, this classification will be reviewed in line with the requirements of the Treasury Code.

Table 2: Liability Benchmark forecast to 31 March 2027 (£m)

	2022 Actual	2023	2024	2025	2026	2027
Capital Financing Requirement	(1)	0	0	0	0	0
Less: Other debt liabilities	0	0	0	(1)	(1)	(1)
Balance sheet resources						
• Usable Reserves	84	76	76	76	76	78
• Working capital	29	6	3	3	3	6
Treasury Investments	112	82	79	78	78	83
Minimum Liquidity Allowance	(10)	(10)	(10)	(10)	(10)	(10)
(Liability)/ Investment Benchmark	102	72	69	68	68	73

The above figures are based on resource projections and include assumptions about timing of transactions that may differ from actual delivery.

An assumption that debt liabilities will increase slightly in 2024/25 due to the implementation of IFRS16 has been incorporated into these forecasts. 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 2024.

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.

## Risk Appetite Statement

Any investment made by the Council should be proportionate to its financial capacity – so that plausible losses can be absorbed in budgets or reserves without unmanageable detriment to local services

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 Treasury Code. Whilst fundamentally risk averse the Council will however accept some modest degree of risk.

The Council mitigates Treasury investment risk by using counterparty limits based on the available resources to plausible losses, and ensures that investments are diversified across high credit quality counterparties 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.

For Commercial and Service investments, the Council uses a combination of factors that are set out in parts 2 and 3 of this document.

## **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.

The contribution that treasury investments make to the objectives of the Authority is to support effective treasury management activities. 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 stable long-term balance of treasury investments is expected to fluctuate between £82m and £79m during the 2023/24 financial year (table 2, above).

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 available reserves available to cover investment losses are forecast to be £76 million on 31st March 2024.

From this figure the following sums are excluded as they would not be available to fund any loss:

- Forecast CIL balance       £8m
- Capital receipts reserve   £1m

The Authority's expected available reserves to cover any default is therefore £67m.

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, equivalent to £8m; or,
- 15% of the Council's available reserves as defined above, equivalent to £12m.

Given the forecasts above, the strategy increases the general counterparty investment limit for 2023/24 to £7m.

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 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	£7m	Unlimited	
Secured investments	10 years	£7m	Unlimited	1
Banks (unsecured)	13 months	£3.5m	Unlimited	1,2
Building societies (unsecured)	13 months	£3.5m	£7m	1
Money market funds	n/a	£7m or 0.5% of fund value	Unlimited	1 3
Strategic pooled funds (excluding LAPF)	n/a	£7m	£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	£3.5m	£7m	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 £7m, 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	£7m per broker (1)
Foreign countries	£7m 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 through 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 considered.

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 in 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 strategy recognises that the following are not prudent activities for the Council to undertake.

1. Borrowing to investment for the primary purpose of return
2. Making any investment or spending decision that will increase the Council's capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the function of the Council and where any financial returns are either related to the financial viability of the project or otherwise incidental to the primary purpose

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	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £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	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £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

### Prudential indicator for the Liability Benchmark

This strategy incorporates the Liability benchmark – shown at table 2 as a Performance indicator relevant to the Council.

Whilst the Council is debt-free, this indicator is of relatively lesser value. However, if the Council does take out borrowing, any substantial mismatches between actual loan debt outstanding and the liability benchmark will be explained.

Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment (unless any currently unknown future borrowing plans increase the benchmark loan debt requirement).

### 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	<ul style="list-style-type: none"> <li>• Overall Fair value of external funds</li> </ul> Less <ul style="list-style-type: none"> <li>• Nominal value of funds invested</li> </ul> Plus <ul style="list-style-type: none"> <li>• reserves set aside to reduce risk</li> </ul> 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.

### **Prudential limits for 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)*

	Maturing during			No fixed maturity
	2023/24	2024/25	2025/26	
Limit on principal invested beyond year end	20	20	20	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 most 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 £3.5m).

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 because of changes to the composition of the investment portfolio or to variation in the fair value of the portfolio. The position as at 31 March 2022 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	-	-	(0.52)	
External Pooled Funds and Money markets	(0.53)	(0.38)	(0.05)	
<b>TOTAL</b>	<b>(0.53)</b>	<b>(0.38)</b>	<b>(0.57)</b>	<b>1.48</b>

## Other Items

There are several 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 any financial derivatives to ensure that it fully understands the implications.

## **Markets in Financial Instruments Directive II**

The Authority has opted up to professional client status with 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 appropriate. A list of counterparties who have accepted elective professional status of the Council is included in the Council's treasury management practices.

## **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**

The Council will critically assess the existing skills available to ensure robust decision making and effective ongoing management and monitoring, commensurate with the Authority's risk appetite and investing activities

Member and officer training is essential to understanding roles, responsibilities, keep up to date with changes and to effectively plan, discharge and scrutinize Treasury activity.

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 as needed.

Training will be provided to members when requested and at a minimum annually and as part of Member induction.

### **Investment Advisers**

The Council's treasury advisor is Arlingclose Limited and receives specific advice on investment, debt and capital finance issues. Responsibility for final decision making remains with the Council and its officers.

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

### Part 2 - Commercial Investments

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, which includes the Land and Property Sub Category, 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;
- Preference will be given to acquisitions where they 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 abortive transaction costs (such as professional fees) without guarantee of securing the investment as the Council may be one of several bidders in a competitive market;

- Price & Cost Risk – Once acquired the value of the investment may fluctuate over time, which due to the nature of property investments, will likely reflect variations in supply and demand;
- 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 value of the Council’s current commercial investment portfolio is disclosed in the Council’s statement of accounts and set out below using the latest valuation information available (31 March 2022). 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	31.3.2022 actual	
	Purchase cost	Gains or (losses)	Value in accounts
IP001	0.87	0.38	1.25
IP002	0.87	0.14	1.01
IP003	2.51	2.97	5.48
IP004	1.61	(0.36)	1.25
IP005	1.63	0.01	1.64
IP006	3.64	(0.39)	3.25
LD264	0.06	0.0	0.06
<b>TOTAL</b>	<b>11.19</b>	<b>2.75</b>	<b>13.94</b>

## 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 property 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 seven properties owned by the Council for investment purposes, their total market value was assessed at £13.94m on 31 March 2022, 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 compelled to sell these properties. Investment property is considered 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 2022/23 year-end accounts preparation and audit process value these any properties materially below their purchase cost, then the Director of Corporate Services 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 dependent on which property sector it falls in, 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.

### **Proportionality – Commercial Investments**

Income from commercial investments is expected to remain below 10% of the Council's net revenue stream.

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, predictable return over the medium term. The figures are presented here are a proportion of net cost of net revenue stream as presented in the Council's financial strategy

Table 13: Proportionality of Commercial Investments (£m)

	2021/22 Actual	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
Investment income * (£m)	0.90	0.90	0.90	0.90	0.90	0.90
Net revenue stream (£m) **	22.3*	23.7*	13.3	14.7	15.0	15.4
Proportion	4.0%	3.8%	6.8%	6.1%	6.0%	5.9%

Investment income is net of direct costs but before changes in fair value (ie; net operating surplus).

The net revenue stream indicator prior to 2023-24 was based on net cost of services as the Council did not previously calculate this figure as part of its financial strategy. For 2023-24 this indicator is based on net revenue stream projections which are now prepared as part of the Council's financial strategy.

Forecast commercial income levels for 2023-24 and future years are not available at the date of writing this strategy. The figures are based on best estimates assuming 'no change'.

### Part 3 - Service Investments

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.

'Investments for service purposes' (or service investments) are taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services. The Council has also determined that loans made to employees under the Council's employment terms and conditions also falls within this category of investment.

They are distinct from treasury investments in that:

- They are not principally made to manage the Council's short term and surplus cash balances;
- They may or may not involve financial returns; however, primary purposes of these investments are their contribution to the Council's corporate objectives and statutory responsibilities.

Service investments are non-specified investments, and this requires the council to determine:

- procedures for determining which categories of investments may be prudently used
- which categories of investments have been defined as suitable for use;
- the upper limits for the maximum amounts, both individually and cumulatively, that may be held in each identified category, and the overall amount held in non-specified investments, including confirmation that investments made have remained within those limits

### **Governance and suitability**

All service investments must demonstrate a clear contribution towards the Council's strategic objectives or delivery of statutory responsibilities.

Governance arrangements for any new investments will be subject to the processes set out in the Council's constitution, including any delegation arrangements provided in that document.

Any fundamentally new or additional significant service investment outside those specified as approved investment vehicles below will be required to have direct Council approval. Any such approval will require the Council's s.151 to:

- confirm (after seeking advice from the Council's Monitor Officer) the legality of the proposed investment and the nature of the transaction, and that all authorities to proceed have been obtained;
- satisfy themselves that the documentation is adequate both to deliver the organisation's objectives and protect the organisation's interests;
- ensure that relevant due diligence has taken place;
- ensure that counterparties are judged satisfactory in the context of the organisation's creditworthiness policies and that limits have not been exceeded; and,
- be content that the terms of any transactions have been fully checked against the market and have been found to be competitive, or that there are sufficient and valid reasons for the Council to depart from market competitive rates.

Outside of this, the section 151 officer has delegated authority to implement this investment strategy, subject to the following overarching responsibilities:

- the total exposure is limited to the funding approved for this purpose in advance by the Council's Cabinet;
- appropriate due diligence is carried out on service investment proposals in accordance with the risk appetite of the authority and the requirements of Statutory Codes and Regulations;
- the total investment is proportionate to the Council's available financial resources (see 'proportionality - service investments', below); and,
- proportionate and adequate governance process is in place for the approval, monitoring, and ongoing risk management of the investment.

### **Approved Service Investments**

1. **Company and Entity Loans.** Loans to external companies, other entities (charities, voluntary associations etc) and non-incorporated entities will only be made for Capital purposes and not to support any revenue expenditure of the borrower. No loan will be made to any entity or organisation who does not make a significant contribution to the local economy.
2. **Loans to local individuals.** These will only be made to current residents of the District and must relate to the furtherance of Council priorities and objectives, or the proper discharge of the Council's functions. For soft loans secured by a charge against the property asset, the Council's loan and the mainstream lender's loan will not, as a combined sum, exceed 95% of the property value.
3. **Loans to employees.** There will only be made to individuals who have a current employment contract with the District Council and for purposes agreed by management.
4. **Loan Commitments and Guarantees:** The Authority may provide guarantees in very limited circumstances. In the exceptional circumstance that the Council provides a financial guarantee, this will be in accordance with the Council's constitution.

The most likely guarantee provided by the Council is for 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). These guarantees are not financial guarantees linked to an underlying debt instrument and, as such, they are not deemed to be a service investment.

## Risk Management

Any particular investment will carry its own risks, and therefore this strategy determines individual limits on service investment categories based on potential risk.

For any investment, there is always the risk that the original investment may not be repaid. In this respect service investments, by their nature, are not the same as Treasury investments, and therefore the objective isn't to prioritise security above all other considerations or even to the same extent as for Treasury investments. A balanced view will be taken that considered the overall public good against the risk of loss of public funds.

### Proportionality – Service investments

This investment strategy determines limits for each category of approved service investment and sets an overall ceiling for service investment as required by the Regulations.

The Council's Financial strategy sets out the extent to which the overall Council budget is supported by income from non-Treasury investments. Apart from this, the Council's revenue budget is also exposed to the risk of impairment losses from service investments.

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.

The percentage limits set below are based on a proportion of the Council's average net revenue stream, estimated at £14.5m over the next five years in the Council's financial strategy.

*Table 14: Loans for service purposes in £000 – annual limits to 2026/27*

Category	2021/22 Actual Income %	2022/23 to 2026/27 Income %	Income Limit p.a	Upper lending Limit TOTAL
Company and Entity Loans	NIL	<1	145	1,000
Loans to local individuals	<1	<1	145	1,000
Loans to employees	<1	<1	75	500
Financial Guarantees	N/A	N/A	N/A	See below
Overall			365	2,500

It is not possible to determine a limit for any financial guarantees in advance however no guarantee will be entered into without explicit consideration of the requirements of the Prudential Code and approval by both the s.151 officer and that required by the Council's constitution.

## Part 4 - 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's only qualifying non-specified investments are those listed above under service and commercial investments. The Council has already proportionality limits for these investments at Tables 13 and 14.

If the need arises to make a further 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)*



## Appendix A

### Arlingclose's Economic Outlook for the remainder of 2022/23 (based on 7<sup>th</sup> November 2022 interest rate forecast)

**Officer's commentary: Although the most recent forecast available, the economic landscape is changing so rapidly that this is likely to be out of date by the time this strategy comes into force. Officers will continue to evaluate economic updates as they are published.**

	Current	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	2.25	4.25	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.75	4.25	3.75	3.25
Downside risk	0.00	-1.00	-1.00	-0.75	-0.50	-0.50	-0.50	-0.75	-1.25	-1.50	-1.75	-1.75	-1.75

Arlingclose expects Bank Rate to rise further during 2022/23 to reach 4.25% by the end of the year, with smaller rises in 2023.

The MPC remains concerned about inflation but sees the path for Bank Rate to be below that priced into markets. Following the exceptional 75bp rise in November.

Arlingclose believe the MPC will slow the rate of increase at the next few meetings and now expects Bank Rate to peak at 4.25%, with a further 50bp rise in December and smaller rises in 2023.

The UK economy likely entered into recession in Q3, which will continue for some time. Once inflation has fallen from the peak, the MPC will cut Bank Rate.

Arlingclose expects gilt yields to remain broadly steady despite the MPC's attempt to push down on interest rate expectations. Without a weakening in the inflation outlook, investors will price in higher inflation expectations given signs of a softer monetary policy stance.

Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales will maintain yields at a higher level than would otherwise be the case.

#### Background:

UK interest rate expectations have eased following the explosive mini-budget, with a growing expectation that UK fiscal policy will now be tightened to restore investor confidence, adding to the pressure on household finances. The peak for UK interest rates will therefore be lower, although the path for interest rates and gilt yields remain highly uncertain.

Globally, economic growth is slowing as inflation and tighter monetary policy depress activity. Inflation, however, continues to run hot, raising expectations that policymakers, particularly in the US, will err on the side of caution, continue to increase rates and tighten economies into recession.

The new Chancellor dismantled the mini-budget, calming bond markets and broadly removing the premium evident since the first Tory leadership election. Support for retail energy bills will be less generous, causing a lower but more prolonged peak in inflation. This will have ramifications for both growth and inflation expectations.

The UK economy is already experiencing recessionary conditions, with business activity and household spending falling. Tighter monetary and fiscal policy, alongside high inflation will bear down on household disposable income. The short- to medium-term outlook for the UK economy is bleak, with the BoE projecting a protracted recession.

Demand for labour remains strong, although there are some signs of easing. The decline in the active workforce has fed through into higher wage growth, which could prolong higher inflation. The development of the UK labour market will be a key influence on MPC decisions. It is difficult to see labour market strength remaining given the current economic outlook.

Global bond yields have steadied somewhat as attention turns towards a possible turning point in US monetary policy. Stubborn US inflation and strong labour markets mean that the Federal Reserve remains hawkish, creating inflationary risks for other central banks breaking ranks.

However, in a departure from Fed and ECB policy, in November the BoE attempted to explicitly talk down interest rate expectations, underlining the damage current market expectations will do to the UK economy, and the probable resulting inflation undershoot in the medium term. This did not stop the Governor affirming that there will be further rises in Bank Rate.

## **TREASURY MANAGEMENT PRACTICE NOTES**

### **TMP 1 – RISK MANAGEMENT**

#### **General Statement**

This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment.

The Section 151 Officer will oversee the design, implementation and monitoring of all arrangements for the identification, management and control of treasury management 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 consider 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.

#### **[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.

The Council's credit and counterparty policy relating to environmental, social and governance (ESG) investment considerations is at section 8, below

### **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 minimum credit rating criteria and compliance with the Council's counterparty list is reviewed before any investment decision is made.

In considering credit rating, the lowest rating issued by three main agencies (above) 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 always enable it to have a level of funds available to it which are necessary for the achievement of its business/service objectives.

This organisation will not borrow earlier than required to meet cash flow needs unless there is a clear business case for doing so and will only do so for the current capital

programme, to fund future debt maturities, or to ensure an adequate level of short-term investments to provide liquidity for the organisation..

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. Forecasts are 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

### **[3] Interest rate, inflation and market risk management**

This risk is the risk of fluctuations in interest rates and other market factors that create 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:

- retaining an appropriate minimum level of reserves 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

The most significant risk relates to price movements and interest rate risk for 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.

We compare these figures against the individual counterparty limits set out in its annual Treasury strategy, which are seen as representative of a measure of the maximum amount that the council is willing to risk.

The Council will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs, and that the policy for the use of derivatives is clearly detailed in the annual strategy.

The council will also calculate prior to setting its annual budget and financial strategy the risk that current reserves held for price risk mitigation will not be significant to cover any loss in the next financial period. This will be calculated as follows:

1. Total value of portfolio invested
2. Expected standard normal deviation of capital returns of portfolio

Worked example

Nominal value of portfolio                    £37m  
 Volatility – standard deviation            4.2%  
 Revenue reserve for price risk            £1.5m

STRATEGIC POOLED FUND PORTFOLIO			CHICHESTER				From:	30/06/2021	To:	30/06/2022
FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility
AEGON (KAMES) DIVERSIFIED MONTHLY INCOME FUND	MULTI ASSET	4,418,978	4,252,802	-558,166	252,279	1.0	-11.60%	5.24%	-6.36%	8.1%
CCLA - DIVERSIFIED INCOME FUND	MULTI ASSET	1,926,326	2,790,668	-209,332	26,005	0.2	-6.99%	0.87%	-6.13%	4.0%
CCLA - LAMIT PROPERTY FUND	PROPERTY	3,268,201	11,686,433	1,915,166	366,225	1.0	19.60%	3.75%	23.35%	5.6%
M&G STRATEGIC CORPORATE BOND FUND	BOND	3,975,350	3,468,493	-618,211	103,508	1.0	-15.13%	2.53%	-12.59%	3.2%
NINETY ONE (INVESTEC) DIVERSIFIED INCOME FUND	MULTI ASSET	4,843,652	4,388,892	-494,846	176,181	1.0	-10.13%	3.61%	-6.53%	2.3%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	11,187,364	4,396,634	1,119	335,196	1.0	0.03%	7.63%	7.65%	12.8%
THREADNEEDLE STERLING SHORT-DATED CORPORATE BOND FUND	BOND	2,332,345	2,153,552	-216,935	33,788	1.0	-9.15%	1.43%	-7.73%	2.1%
THREADNEEDLE STRATEGIC BOND FUND	BOND	2,561,534	2,382,226	-366,787	44,144	1.0	-13.34%	1.61%	-11.74%	2.6%
WELLINGTON MULTI-ASSET HIGH INCOME FUND	MULTI ASSET	200,000	1,782,000	-380,000	141,470	1.0	-17.58%	6.54%	-11.03%	6.6%
<b>GRAND TOTAL</b>			<b>37,301,701</b>	<b>-927,991</b>	<b>1,478,797</b>	<b>0.9</b>	<b>-2.43%</b>	<b>3.87%</b>	<b>1.44%</b>	<b>4.2%</b>

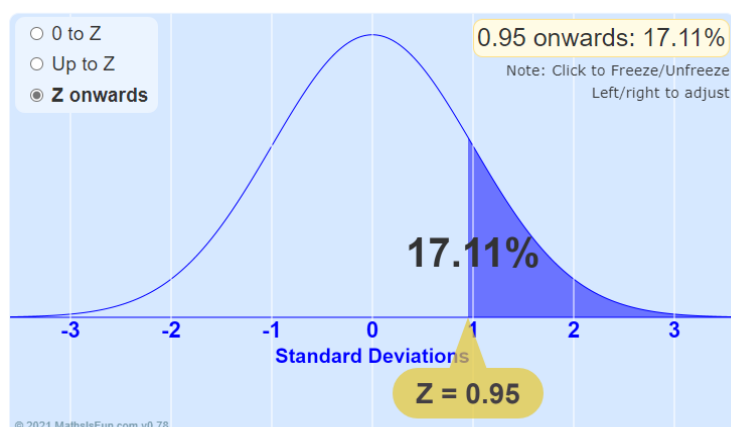
Calculation

1. Revenue reserve/ nominal value                    4.0% = figure 1
2. Z value (figure 1/ SD of portfolio)                    4.0/4.2 = 0.95

Result: A £1.5m reserve for this portfolio is expected cover annual losses in any one year >82% of the time.

Due to the in year volatility in 2022-23 the fair value risk reserve was increased by £1.457m in November 2022 by Council. This now means that a earmarked reserve for this risk amounts to £2.886m. The situation will continue to be monitored regularly.

## Standard Normal Distribution Table



### [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 ensures 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] Ethical, Social and Governance (ESG) Risk**

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 in 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 UNEFI 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.

#### **[9] Price risk management**

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the



sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

Management information on price movements will be prepared and presented to relevant bodies during the year in accordance with TMP6 and an assessment will be made of the need to add to (or withdraw from) the Council's investment risk reserve each budgetary year.

This page is intentionally left blank

**Appendix 4 – Treasury Management Glossary (updated August 2022)**

<b>Authorised Limit (Also known as the Affordable Limit)</b>	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).
<b>Balances and Reserves</b>	Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
<b>Bail - in Risk</b>	<p>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.</p> <p>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.</p>
<b>Bank of England</b>	The central bank of the UK
<b>Bank Rate</b>	The official interest rate set by the Bank of England’s Monetary Policy Committee and what is generally termed at the “base rate”.
<b>Basis Point</b>	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 <b>interest rates</b> and <b>bond yields</b> . 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.
<b>Bill</b>	A certificate of short-term debt issued by a company, government or other institution, tradable on the financial market
<b>Bond</b>	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.

<b>Call Account</b>	A deposit account that can be called back (repayment requested), normally on an instant basis
<b>Capital Expenditure</b>	Expenditure on the acquisition, creation or enhancement of capital assets.
<b>Capital Financing Requirement (CFR)</b>	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.
<b>Capital gain or loss</b>	An increase or decrease in the capital value of an investment, for example through movements in its market price.
<b>Certainty Rate</b>	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.
<b>CD's</b>	Certificates of Deposits with banks and building societies
<b>Capital Receipts</b>	Money obtained on the sale of a capital asset.
<b>Capital Strategy</b>	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.
<b>Cash Plus fund</b>	A collective investment scheme similar to a money market fund but with a longer duration (around 6 months)
<b>CIPFA</b>	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
<b>Collective Investment Scheme</b>	Scheme in which multiple investors collectively hold units or shares. 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')
<b>Commercial Investment</b>	An investment whose primary purpose is generating income, such as investment property.
<b>Constant Net Asset Value (CNAV)</b>	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
<b>Corporate Bonds</b>	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.

<b>Counterparty List</b>	List of approved financial institutions with which the Council can place investments with.
<b>Covered Bond</b>	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."
<b>CPI</b>	Consumer Price Index – the UK's main measure of inflation
<b>Credit Rating:</b>	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
<b>Debt Management Office (DMO)</b>	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 <b>DMADF</b> . All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign credit rating.
<b>Department for Levelling Up, Housing and Communities (DLUHC)</b>	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.
<b>Diversification /diversified exposure</b>	The spreading of investments among different types of assets or between markets in order to reduce risk.
<b>ESG</b>	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.
<b>European Investment Bank (EIB)</b>	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
<b>Fair Value</b>	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.
<b>Federal Reserve</b>	The US central bank. (Often referred to as "the Fed").
<b>Floating rate notes (FRNs)</b>	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.
<b>FTSE 100 Index</b>	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.
<b>General Fund</b>	This includes most of the day-to-day spending and income of the Council
<b>Gilts</b>	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.
<b>Gross Domestic Product (GDP)</b>	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
<b>Liability Benchmark</b>	The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance
<b>Liquidity</b>	The degree to which how quickly an asset can be bought or sold without impacting its price.
<b>IFRS</b>	International Financial Reporting Standards.
<b>LIBOR</b>	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.
<b>Maturity</b>	The date when an investment or borrowing is repaid.
<b>Maturity Structure / Profile</b>	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.
<b>MIFID2</b>	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.
<b>Minimum Revenue Provision (MRP)</b>	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.
<b>Money Market Funds (MMF)</b>	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

	<p>by modest dividends.</p> <ul style="list-style-type: none"> <li>• <b>Constant net asset value (CNAV)</b> 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".</li> <li>• <b>Variable net asset value (VNAV)</b> 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</li> <li>• <b>Low Volatility NAV (LVNAV)</b> 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.</li> </ul>
<b>Multilateral Development Banks</b>	See Supranational Bonds below.
<b>Municipal Bonds Agency</b>	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.
<b>Operational Boundary</b>	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.
<b>Pooled Funds</b>	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'.
<b>Property</b>	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.
<b>Prudential Code</b>	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. The Prudential Code was last updated in 2021.
<b>Prudential Indicators</b>	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
<b>Public Works Loans Board (PWLB)</b>	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.
<b>REIT</b>	Real estate Investment Trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many respects
<b>Revenue Expenditure</b>	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.
<b>RPI</b>	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.
<b>Risk</b>	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.
<b>Service Investments</b>	Investments for service purposes' (or service investments) are taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services.
<b>(Short) Term Deposits</b>	Deposits of cash with terms attached relating to maturity and rate of return (Interest) with maturity durations of less than 365 days
<b>Supranational Bonds</b>	Instruments issued by supranational organisations created by governments through international treaties (often called <b>multilateral development banks</b> ). 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.
<b>Treasury (T) -Bills</b>	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.
<b>Temporary Borrowing</b>	Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.
<b>Treasury Management Code</b>	CIPFA's Code of Practice for Treasury Management in the Public Services, initially published in 2003, subsequently updated in 2017 and 2021
<b>Treasury Management Practices (TMP)</b>	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.
<b>UNEFI</b>	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
<b>Unsupported Borrowing</b>	Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.
<b>Variable Net Asset Value (VNAV)</b>	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.
<b>Yield</b>	In general terms, yield is the income return on an investment and usually expressed as an annual percentage.

This page is intentionally left blank

**Chichester District Council**

**CABINET**

**10 January 2023**

**Pallant House Gallery Funding Update**

**1. Contacts**

**Report Author:**

Sarah Peyman – Divisional Manager Culture & Sport  
Telephone: 01243 534791 E-mail: [speyman@chichester.gov.uk](mailto:speyman@chichester.gov.uk)

**Cabinet Member:**

Roy Briscoe - Cabinet Member for Community Services & Culture  
Telephone: 07877 070591 E-mail: [rbriscoe@chichester.gov.uk](mailto:rbriscoe@chichester.gov.uk)

**2. Recommendation**

- 2.1 Cabinet recommends to Council, that following the withdrawal of Art Council England National Portfolio Funding, the Council continues to support Pallant House Gallery under the current funding arrangements for 2023/24.**

**3. Background**

- 3.1 In 2016, a formal review of funding for Pallant House Gallery (PHG) was initiated to consider the future of the funding arrangements, under the heading of “Cultural Grants”. Recommendations were presented to Overview and Scrutiny Committee in November 2016 and were approved by Cabinet in December 2016.
- 3.2 Annual funding of £130,000 for PHG for the years 2018 to 2022 was committed. The funding agreement is conditional upon the reporting to the satisfaction of the Council (acting reasonably) on annual activity and the Grantee continuing to receive Arts Council England (ACE) funding for the same period.
- 3.3 On 19 January 2021, Council agreed to a one-year extension to the funding agreement until 31 March 2023 in line with an extension of ACE funding. This enabled the gallery to continue to extend their work with the local community and targeted groups for the long recovery from the lockdowns as a result of covid-19.
- 3.4 In July 2022 the Council’s funding was extended by a further year until 31 March 2024 to allow for completion of a joint social and economic impact assessment between CFT, PHG and The Novium Museum. Following the completion of the studies, future funding for the cultural organisations will be reviewed.
- 3.5 PHG received Arts Council England National Portfolio Organisation (NPO) funding from 2019-2023 of £89,119 per annum. Receipt of this funding was a requirement for receiving CDC funding.

- 3.6 They submitted their 2023 – 2026 National Portfolio Organisation (NPO) funding application for 2023-26 in June 2022. On 4 November 2022 PHG were informed that they had not been successful in their application and all NPO funding was to be removed from 1 April 2023.
- 3.7 NPO funding represented 5% of PHG's total income in 2021-2, and PHG is confident that this reduction in funding can be mitigated. However, CDC funding accounts for a further 9% of total income, and so the combined loss of income (£220,000) would threaten the level of service PHG is able to provide to its audiences.

#### **4. Outcomes to be Achieved**

- 4.1 To continue to fund PHG for 2023/24. If the funding is not continued it would greatly reduce or cease, PHG's ability to deliver its award-winning community programme. The programme delivers regular and ongoing support to over 200 adults with a range of special needs, in addition to this the gallery also provides social prescribing and works with daycentres, care homes and charities such as Stonepillow and Mind. The loss of funding would also jeopardise its work with schools, colleges, and further education institutions within the Chichester District. Currently, PHG also offers free entry to all children up to 18, students, carers, and jobseekers, and discounts to NHS, emergency services and armed forces, which would be at risk without funding.

In addition, the Gallery is responsible for the care, conservation, storage, display, and interpretation of the internationally significant Hussey Bequest (on permanent loan from CDC) and for the care and upkeep of the interiors of the Grade-1 listed Queen Anne townhouse and surrounding gardens and terraces, which is owned by the District Council.

#### **5. Proposal**

- 5.1 Following the withdrawal of ACE NPO funding from 1 April 2023 to recommend to Council that CDC continue to support PHG with £130,000 funding for 2023-24 as previously agreed, whilst the Social and Economic Impact Assessment are undertaken, and the cultural grants are reviewed by the Council in advance of the 2024/25 budget setting process.

#### **6. Alternatives Considered**

- 6.1 The Council could in line with ACE, withdrawal it's funding for 2023/24 but this would result in a reduction in budget with very short notice for the Gallery and would have a negative impact on the delivery of services over the following year.
- 6.2 The joint social and economic impact study for The Novium Museum, Chichester Festival Theatre and Pallant House Gallery are due to take place in 2023-24 and the findings of this will feed into the Council's future review of cultural grants in advance of 2024-25.

#### **7. Resource and Legal Implications**

7.1 The one-year extension of the current £130k funding has already been budgeted for but the funding agreement currently states:

‘This Agreement is conditional upon the Grantee continuing to receive Arts Council England funding for the same period.’

Therefore, if funding is agreed for 2023/24, an amendment to the funding agreement will be required.

7.2 A review of the latest annual accounts was undertaken and at the time no concerns were raised about the organisations operations.

## 8. Consultation

8.1 PHG have met with ACE to discuss their withdrawal of funding and the gallery have been encouraged by ACE to apply for transition funding for the period of April – October 2023. They have also provided details of further project funding the gallery could apply for aimed at working with hard-to-reach groups.

## 9. Community Impact and Corporate Risks

9.1 Continued funding will enable the gallery to continue to deliver their work to the local community, identified groups and targeted individuals.

9.2 The community programme currently provides support to 200 adults with a range of needs, in addition to delivering through social prescribing. They also work with daycentres, care homes and charities such as Stonepillow and Mind.

9.3 Work also takes place with schools, colleges and further education institutions within the Chichester District and offers free entry to all children up to 18, students, carers, and jobseekers, and discounts to NHS, emergency services and armed forces.

9.4 In addition, the Gallery is responsible for the care, conservation, storage, display, and interpretation of the Hussey Bequest (on permanent loan from CDC) and for the care and upkeep of the interiors of the Grade-1 listed Queen Anne townhouse and surrounding gardens and terraces, which is owned by the District Council.

9.5 Withdrawal of Council funding would have a negative impact on all these areas of work.

## 10. Other Implications

	Yes	No
<b>Crime and Disorder</b>		X
<b>Climate Change and Biodiversity</b>		X
<b>Human Rights and Equality Impact</b>		X
<b>Safeguarding and Early Help</b>		X
<b>General Data Protection Regulations (GDPR)</b>		X
<b>Health and Wellbeing</b>	X	

<b>Other</b> (please specify)		

**11. Appendices**

11.1 None

**12. Background Papers**

12.1 None

## Chichester District Council

### CABINET

10 January 2023

### The Procurement and Allocation of Temporary Accommodation for Homeless Applicants Policy

#### 1. Contacts

**Report Author:**

Kerry Standing, Divisional Manager, Housing, Revenues and Benefits

Tel: 01243 521092 E-mail: [kstanding@chichester.gov.uk](mailto:kstanding@chichester.gov.uk)

**Cabinet Member:**

Alan Sutton, Cabinet Member for Housing, Communications, Licensing and Events

Tel: 01798 342452 E-mail: [asutton@chichester.gov.uk](mailto:asutton@chichester.gov.uk)

#### 2. Recommendation

**That Cabinet: -**

##### 2.1 Recommends to Council the adoption of the Procurement and Allocation of Temporary Accommodation for the Homeless under Part VII of the Housing Act 1996 and Related Legislation Policy.

#### 3. Background

3.1 The Council is required to have a policy which sets out how Chichester District Council as the local housing authority for the Chichester District procures temporary accommodation and allocates this to people who present themselves as homeless. The intention is and continues to remain to provide temporary accommodation on a short-term basis.

3.2 The Council has always looked ahead to forecast the need for services and temporary accommodation for homeless households. Homelessness reviews have been undertaken in 2015 and 2020. These reviews have in the past led to the identification of the need for additional temporary accommodation which in turn led to the purchase of the bungalow in Freeland Close. This was converted into temporary accommodation and then demolished in 2021 to make way for the development of 17 new additional short stay flats on the site.

#### 4. Outcomes to be achieved

4.1 The outcome required is a compliant policy adopted by council and implemented by officers.

#### 5. Proposal

5.1 The proposal is to adopt an appropriate policy (attached as the appendix) which complies with the requirement to set out the Council's approach to the procurement and allocation of temporary accommodation for the homeless. It confirms that the

Council understands that resources available for use are limited but recognises the need to provide sufficient units of temporary accommodation to meet the need.

- 5.2 The policy includes the Council's aim to accommodate homeless people within the local authority area as far as is reasonably practicable or as close to where they were previously living. The policy also recognises the shortage of accommodation locally and the need to procure accommodation in other areas i.e., in an emergency the council may need to place households outside of the district in bed and breakfast accommodation or other nightly paid accommodation.
- 5.3 The policy covers temporary accommodation provided under sections 188, 189B, 205(3) or 193 of the Housing Act 1996. The policy applies to both Council-owned temporary accommodation, any accommodation used in partnership with other bodies and the use of bed and breakfast accommodation. The Council seeks to ensure that the standard of the accommodation it provides is in accordance with Chapter 17 of the Homelessness Code of Guidance for Local Authorities 2018 (as amended periodically) as appropriate.
- 5.4 The policy complies with all relevant primary (statutes) and secondary (regulations and orders) legislation, national guidance (notably the Homelessness Code of Guidance for Local Authorities 2018) and the Council's own strategies and policies. The policy is intended to explain the Council's approach to procuring sufficient units of temporary accommodation to meet the anticipated demand during the coming year(s) and to explain how decisions are reached when allocating those units to individual homeless households.
- 5.5 As required, the policy will be kept under periodic review and revised or updated as required.

## **6. Other options considered**

- 6.1 As it is a requirement for the Council to have an appropriate policy on the procurement and allocation of temporary accommodation no other options have been considered.

## **7. Resource and Legal Implications**

- 7.1 The policy has been written and reviewed in conjunction with a barrister from Pallant Chambers. The relevant legislation and guidance are set out in section 5.4 above.
- 7.2 In addition the need for a policy is due to the decision in the Supreme Court case of *Nzolameso v Westminster City Council* [2015] UKSC 22, which held that where a local authority is unable to accommodate homeless households in its own local authority area it must have a policy agreed by elected members that outlines the process of allocating housing out of the local authority area.

## **8. Consultation**

- 8.1 Consultation has been undertaken with staff in the Housing Service and colleagues involved with assisting homeless households. An update will be provided to all members via the members bulletin and there will be a more detailed awareness session at the forthcoming Housing and Communities Panel.



## 9. Community Impact and Corporate Risks

- 9.1 The primary aim of the proposal is to have a positive community impact and to ensure that the council is meeting its statutory duties.

## 10. Other Implications

	Yes	No
<b>Crime and Disorder</b>		√
<b>Biodiversity and Climate Change Mitigation</b>		√
<b>Human Rights and Equality Impact</b> This proposal is designed to help those with less life chances and who are experiencing homelessness and who have less equality in life than others.	√	
<b>Safeguarding and Early Help</b> The housing service works closely with colleagues at West Sussex County Council and understand and recognise safeguarding, self-neglect and early help issues. The homeless and temporary accommodation teams make appropriate referrals under the West Sussex safeguarding and self-neglect policies for those accommodated in temporary accommodation.	√	
<b>General Data Protection Regulation (UK GDPR)</b> The policy document itself does not itself involve the processing of personal data; the implementation by Housing Services of the policy once adopted will comply fully with all GDPR principles and practices		√
<b>Health and Wellbeing</b> This proposal is designed to improve residents' health and wellbeing by accommodating them into suitable temporary accommodation.	√	
<b>Other</b> (please specify)		

## 11. Appendices

- 11.1 The Procurement and Allocation of Temporary Accommodation for the Homeless under Part VII of the Housing Act 1996 and Related Legislation.

This page is intentionally left blank



Chichester District Council

A Policy for

The Procurement and Allocation of Temporary Accommodation for Homeless Applicants under Part VII of the Housing Act 1996 and Related Legislation

January 2023

## **(1) Introduction**

- 1.1 The purpose of this policy is to set out how Chichester District Council (the Council) as the local housing authority for Chichester District procures temporary accommodation and allocates this to people who present themselves as homeless. Temporary accommodation is usually provided on an ongoing short-term basis.
- 1.2 The Council understands that resources available for use are limited but recognises the need to provide sufficient units of temporary accommodation at affordable prices as well as the need to procure accommodation in other areas.
- 1.3 The Council aims to accommodate homeless people within the local authority area of Chichester District as far as reasonably practicable or as close to where they were previously living.

## **(2) Scope**

- 2.1 This policy covers temporary accommodation provided under sections 188, 189B, 193 or 205(3) of the Housing Act 1996. This policy applies to both Council-owned temporary accommodation, any accommodation used in partnership with other bodies and also the use of bed and breakfast accommodation. The Council seeks to ensure that the standard of the accommodation it provides is in accordance with Chapter 17 of the *Homelessness Code of Guidance for Local Authorities 2018* (as amended periodically) (the *Homelessness Code of Guidance*) as appropriate.
- 2.2 This policy complies with all relevant primary (statutes) and secondary (regulations and orders) legislation, national guidance (notably the *Homelessness Code of Guidance*) and the Council's own strategies and policies. The Council has also had due regard to the guidance provided by the Supreme Court in *Nzolameso v Westminster City Council* [2015] UKSC 22. Accordingly this policy is intended to explain the Council's approach to procuring sufficient units of temporary accommodation to meet the anticipated demand during the coming year and to explain how decisions are reached when allocating those units to individual homeless households.

## **(3) Procurement of Temporary Accommodation**

### *Chichester District Council's Own Temporary Accommodation*

- 3.1 The Council has invested in its own self-contained temporary accommodation. It has accommodation available at Westward House and Freeland Close Chichester. The Council carries out regular inspections of these units and ensures that the standard of this accommodation is in accordance with Chapter 17 of the *Homelessness Code of Guidance* as appropriate.
  - (a) In Westward House, there are 44 units which comprise one three-bed house, three three-bed flats, nine two-bed flats (of which six are ground floor), and 31 one-bed units (of which 15 are ground floor and two of which are wheelchair accessible).

- (b) In Freeland Close, there are 17 units which comprise three two-bed flats (of which one is ground floor), one wheelchair accessible flat and 13 one-bed studio flats (of which five are on the ground-floor).

*Other Accommodation in the Chichester District*

- 3.2 There is no temporary accommodation available in any registered provider stock in this area which can be used for temporary accommodation.
- 3.3 The Council works in partnership with bed and breakfast providers and other hotel chains. Where necessary, Council staff will search online for available vacancies.
- 3.4 It is understood that availability of these local providers fluctuates particularly during a holiday period or when an event (such as festivals on the Goodwood Estate) is being held in the area and in those circumstances staff must search for available accommodation which is further afield.
- 3.5 The appendix to this policy contains a list of checks which are carried out by the Council to monitor the standard of accommodation for any bed and breakfast accommodation and HMO (houses in multiple occupation) accommodation which is routinely used. The Council aims to inspect the accommodation which is routinely used at least every 12 months.

*Demand for Temporary Accommodation*

- 3.6 The figures below show the demand for temporary accommodation during the last financial year:
  - (a) There were 165 households placed in Council owned temporary accommodation in the last financial year.
  - (b) There were also 120 households placed in bed and breakfast accommodation in the last financial year, of which 27 households included a child. Many of these households will have subsequently moved into Council owned temporary accommodation (and are therefore included within the figure provided at (a) above).
  - (c) The median length of stay in bed and breakfast accommodation in the last financial year was 33 nights.
- 3.7 The Council understands that past demand cannot necessarily be used to predict the future and is mindful of various factors which might affect the number of applicants, including changes to the private rental sector, the increasing cost of energy and other changes in the economy.
- 3.8 The Council will monitor the number of households in temporary accommodation and anticipate demand annually. This allows the Council to know if there is additional demand and if the procurement of additional self-contained units is required.

#### **(4) Allocation of Temporary Accommodation**

- 4.1 The Council recognises that any temporary accommodation offered must be available and suitable for occupation by a homeless applicant and any other person who normally resides with him or her as a member of the applicant's family or any other person who might reasonably be expected to reside with them.
- 4.2 Where bed and breakfast placements are used, the Council will seek to move applicants from bed and breakfast accommodation into short-term self-contained accommodation as soon as reasonably practicable.
- 4.3 In an emergency context and where accommodation is needed at short notice, a homeless household can be placed in temporary accommodation in any location where there is availability on that day until the case can be better assessed as soon as reasonably practicable.

##### *Allocation Principles*

- 4.4 When allocating temporary accommodation, the Council's own accommodation is the preferred choice for placing homeless applicants at the interim duty to accommodate stage, provided that this is suitable for the particular applicant. Indeed section 208 (1) of the Housing Act 1996 (discharge of functions: out-of-area placements) requires housing authorities to secure accommodation within their district insofar as is reasonably practicable.
- 4.5 It is recognised, however, that the housing stock within Chichester District is limited and priority must be given to certain applicants on the basis of the individual and collective needs of the household. In making the offer of temporary accommodation, the individual circumstances of the applicant and his or her household will be considered as well as the likely duration of the stay in that accommodation. In making the decision, the Council takes into account homelessness legislation and guidance as well as other relevant legislation such as the Children's Act 2004 and the Care Act 2014.
- 4.6 Furthermore, the Council will also always comply with its public sector equality duty in section 149 of the Equality Act 2010 when making offers of temporary accommodation. For any household with a member with a 'relevant protected characteristic' the Council will have due regard to the need to:
  - (a) Eliminate unlawful discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Equality Act 2010.
  - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
  - (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

### *Suitability Factors*

- 4.7 When determining the suitability of temporary accommodation, the particular needs of the applicant and his or her household will be considered, including but not limited to the following (where applicable):
- (a) The availability of temporary accommodation within Chichester District - if suitable accommodation is available within this District, it will be the Council's preference to place the household within it.
  - (b) The size and layout of the accommodation based on the needs of the household.
  - (c) The medical/care needs of the household as well as the age and vulnerabilities of members of the household. The impact on health of occupying certain accommodation may be subject to an assessment by an independent medical advisor. It will also be considered whether such medical care is being provided within the district and whether such care could be easily transferred to a different location.
  - (d) Education needs - the impact on schooling and travelling distance to a school will be considered. However, the Council may reasonably suggest that a child enrolls in a school close to the temporary accommodation. Priority will be given to special educational needs and students who are close to taking public examinations in determining priority for in-district placements.
  - (e) Any significant caring responsibilities provided by those in the household and the location of those receiving this care.
  - (f) Employment – the Council will consider the commuting distance for any applicants or members of their household in paid employment.
  - (g) Affordability will be considered as set out at paragraphs 17.46 and 17.47 of the *Homelessness Code of Guidance*.
  - (h) Where there is a risk of violence or harassment, including domestic abuse situations - with due consideration of the Domestic Abuse Act 2021.
  - (i) The welfare of any children within the household within the meaning of the Children Act 2004.
  - (j) Other relevant factors notified to the Council in writing.

### *Procedure for making offers of Temporary Accommodation*

- 4.8 All offers of temporary accommodation will be given in writing, either when the offer is made or, if it is an out-of-hours placement, on the next working day after the placement has begun. The letter making the offer will tell the applicant (a) the address of the accommodation which is being offered and (b) the consequences of refusing the offer.

- 4.9 There is no obligation on the Council to enable applicants to view the interim accommodation prior to its acceptance. Very often an offer of interim accommodation has to be made at short notice following a first contact by an applicant to the Council.
- 4.10 Section 202 of the Housing Act 1996 does not include a right to request an internal review by the Council of the suitability of the interim accommodation which it has offered under section 188 of the Housing Act 1996. However, applicants can request a reconsideration of the suitability of their temporary accommodation at any time either orally or in writing.

*Notification Arrangements for Households Placed Outside Chichester District*

- 4.11 Where it becomes necessary to place an applicant and, where applicable, his or her household in temporary accommodation and private rented sector accommodation outside Chichester District, the Council is required by section 208 of the Housing Act 1996 (discharge of functions: out-of-area placements) to provide written notification to the LHA for the area where that accommodation is located.
- 4.12 Where applicants have identified social, education or medical needs and it is considered that an offer of suitable accommodation outside Chichester District is appropriate, the Council will make arrangements with the local housing authority for the area with the accommodation to transfer provision of the relevant services etc at the time that the applicant and, where applicable, the household move to the accommodation.

*Refusal of offers*

- 4.13 If an applicant chooses to refuse an offer of temporary accommodation any of the following duties in Part VII of the Housing Act 1996 may come to an end, depending on the basis upon which the temporary accommodation was offered:
- (a) Section 188: interim accommodation duty
  - (b) Section 190 (2): duty to accommodate for a reasonable period
  - (c) Section 193 (2): main or full housing duty
- 4.14 For example, if temporary accommodation is refused when it is offered pursuant to the local housing authority's duty to provide interim accommodation under section 188 of the Housing Act 1996, this duty will be discharged. No other accommodation will be offered to the applicant while the local housing authority continues to look into which homeless housing duties apply.
- 4.15 If an applicant is concerned about the suitability of the allocated unit of temporary accommodation, it is advised that the offer is accepted but that a request for a reconsideration of the suitability is made. In this way, the applicant may avoid the consequences of refusing an offer.



### *Discharge of Housing Duties and Temporary Accommodation*

- 4.16 Where the Council decides that an applicant who is being accommodated under the interim duty (section 188 of the Housing Act 1996) is not owed a main (full) duty under section 193 (2) of the Housing Act 1996, he or she will be given reasonable notice to move out of the accommodation, subject to the period of notice set out in the licence to occupy agreement.
- 4.17 If the interim duty is brought to an end because of deliberate and unreasonable conduct on behalf of the applicant, he or she will be given reasonable notice to move out of the accommodation, subject to the period of notice set out in the licence to occupy agreement. A separate procedure *Working Together to Stop Homelessness: A Procedure for Dealing with Deliberate and Unreasonable Refusal to Co-operate under Section 193B (2) of the Housing Act 1996* deals with discharging the duty because of deliberate and unreasonable conduct.
- 4.18 Where an interim accommodation duty or a main housing duty is discharged by the Council following a refusal by an applicant of an offer of suitable accommodation, the applicant's temporary accommodation position is as follows:
- (a) If the applicant occupies temporary accommodation under an interim duty (section 188 of the Housing Act 1996) he or she will usually be asked to vacate the property within a reasonable time, subject to the period of notice set out in the licence to occupy agreement.
  - (b) If the applicant occupies accommodation under the main or full duty (section 193 (2) of the Housing Act 1996) and having refused an offer of suitable accommodation has requested a review of that offer, he or she will only continue to be accommodated during the review period in exceptional circumstances. In such cases the Council will consider the overall merits of the review request, any new information or evidence which might affect the original decision to be reviewed, the applicant's personal circumstances and the potential impact of the loss of the accommodation on the applicant and his or her household, for example a health or disability issue or the views of social services.
  - (c) If the applicant is to be provided with accommodation while the review request is considered, the applicant will be informed in writing. If the review request is successful, the accommodation will continue to be provided; if it is not allowed by the Council, the applicant will be asked to vacate the property within a reasonable period of time, subject to the period of notice set out in the licence to occupy agreement.
  - (d) If the applicant's accommodation is not to be extended while the review request is considered, the applicant will be informed in writing. In that case, the applicant will be asked to vacate the property within a reasonable period of time, subject to the period of notice set out in the licence to occupy agreement.

### **(5) Review of this Policy**

- 5.1 This policy will be kept under periodic review and revised or updated as required.

## Appendix

### Health and Safety Compliance Checks for Temporary Accommodation

#### Documentation

- ✓ Current gas safety certificate
- ✓ Current electrical installation condition report
- ✓ Current fire safety certificate for any fire safety installations eg fire alarm and emergency lighting systems
- ✓ Fire risk assessment showing evidence of regular reviews
- ✓ A valid energy performance certificate if required
- ✓ Carbon monoxide detectors, where appropriate landlord must make sure the alarms are in working order at the start of each new tenancy
- ✓ Hard wired smoke alarms on each floor of the property
- ✓ Landlords are also required to ensure that furniture and furnishings supplied must comply with The Furniture and Furnishings (Fire) (Safety) Regulations 1988 (as amended)
- ✓ Public liability insurance
- ✓ Houses in multiple occupation (HMO) licence (if required)

#### Physical Standard

- ✓ Access to individual bathroom/toilet facilities
- ✓ Sufficient bedroom spaces available to meet the needs of the homeless household
- ✓ Accommodation is reasonably secure with individual locks, although it is appreciated that the provider of the accommodation will require access for various purposes such as cleaning and carrying out inspections
- ✓ Free from Category 1 hazards under the Housing Health and Safety Rating System

**Chichester District Council**

**THE CABINET**

**10 January 2023**

**UK Shared Prosperity Fund and Rural England Prosperity Fund**

**1. Contacts**

**Report Author:**

Tania Murphy – Divisional Manager - Place

Telephone: 01243 534701 E-mail: [tmurphy@chichester.gov.uk](mailto:tmurphy@chichester.gov.uk)

**Cabinet Member:**

Eileen Lintill – Leader of the Council

Tel: 01798 342948 Email: [elintill@chichester.gov.uk](mailto:elintill@chichester.gov.uk)

**Recommendations**

**2.1 Cabinet recommends to Council to accept the allocation of the Rural England Prosperity Fund (REPF), (when confirmed by the Secretary of State) which is indicated to be in the region of £718,000.**

**2.2 Cabinet recommends to Council that the REPF (when confirmed by the Secretary of State) is allocated through a grants award process.**

**2.3 Cabinet approves the UKSPF and REPF grants policy as set out in appendix one.**

**2. Background**

**UK shared Prosperity Fund (UKSPF)**

3.1 Full Council received a report in May 2022 setting out the background to the UKSPF where it was advised that this council had been provisionally allocated £1million of funding over three years, broken down as 22/23 £105,750, 23/24 £211,500 and 24/25 £682,750. It was advised at the time that this was the minimum allocation in line with other similar districts locally and that the fund would only be released upon successful submission and approval of an Investment Plan for the district.

3.2. At Full Council delegated authority was approved for the Chief Executive, Director for Corporate Services and the Director for Growth and Place to submit the Investment Plan in consultation with the Leader of the Council and the Leader of the Opposition. Work was undertaken over the summer and a number of consultation meetings took place with the Leader of the Council and the Leader of the opposition. Information was provided on: The investment plan, proposed expenditure allocation, consultation with key partners and the risks associated with the delivery of the plan.

- 3.3 Following a decision notice approval on 21 July 2022 and agreement from the local MPs an investment plan was submitted to the Department for Levelling Up, Housing and Communities (DLUHC). The Investment Plan reflects challenges and opportunities which were areas the funding could help to address and was based on feedback from discussions with partners and community groups across the district.
- 3.4 The Department for Levelling Up, Housing and Communities have advised that CDC's Investment Plan for the UKSPF has been approved and funding of £1.02 million has been allocated. An urgent decision was required to ensure that the Memorandum of Understanding to release the funds could be signed within the timescales. This was completed before the 23 December deadline issued by DULUC. The urgent decision notice also enabled CDC to accept the UKSPF allocation, to approve the allocation of funding to a grants scheme and to enable a scheme of delegation for the management of the fund. The urgent decision notice will be reported to January 2023 Full Council.

### **Rural England Prosperity Fund (REPF)**

- 3.5 Full Council received a report in September setting out the background to the REPF, where it was advised that Chichester District had been identified as eligible for funding and had been given an indicative allocation of £718,472 for a two-year period from April 2023 (in addition to the UKSPF allocation of £1m). Council was advised that to access the fund, an addendum to the UKSPF Investment Plan was required. At Full Council delegated authority was approved for the Chief Executive, Director for Corporate Services and the Director for Growth and Place to submit the addendum in consultation with the Leader of the Council and the Leader of the Opposition.
- 3.6 Officers undertook consultation with all parish councils and relevant stakeholders, the Leader and the Leader of the Opposition, and information was provided relating to the fund. The Rural England Prosperity Fund is capital funding only and provides an opportunity for CDC to distribute grants to eligible organisations to:
- Support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy, including farm businesses looking to diversify income streams.
  - Support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy.
- 3.7 Following a decision notice approval on 27 October 2022 and agreement from the local MPs an addendum was submitted to the Department for Levelling Up, Housing and Communities (DLUHC). The addendum reflects additional challenges and opportunities related to the rural nature of the district, which were

considered to be areas the funding could help to address. This was based on feedback from discussions with partners and community groups across the district.

- 3.8 The Department for Levelling Up, Housing and Communities have advised that a decision on the REPF addendum will be made at the end of January. Due to the tight timeframes involved to inform our local community about the funding, the Officers are seeking approval to accept the funding when received and to distribute the funding via the grants and concession panel.
- 3.9 Whilst the funding for the UKSPF covers all geographical areas of Chichester district, officers are currently clarifying the position relating to eligibility of areas in the district for the Rural England Prosperity Fund, as recent correspondence from DEFRA has suggested that not all locations in the district might be included. Once the clarification on this has been received, measures will be put in place to ensure that communication with grant applicants and the process for allocation of funding reflects any amendments to the district.
- 3.10 The proposed grant policy which will be used to allocate a proportion of the UK Shared Prosperity Fund and all of Rural England Prosperity Fund through the Grants and Concessions Panel is shown at Appendix 1.
- 3.11 CDC will be managing and monitoring the fund over the three years and will continue to engage with partners and community groups across the district to ensure that they are aware of the availability of the fund.

#### **4. Outcomes to be Achieved**

- 4.1 To ensure that the UK Shared Prosperity and Rural England Prosperity Funds are spent according to the requirements of the fund, and that the district benefits from this funding over the three years.

#### **5. Proposal**

- 5.1 That Chichester District Council accepts the anticipated allocation of £718,742.00 Rural England Prosperity Fund (REPF) when notification has been received from the Secretary of State and approves that the REPF is allocated through a grants award process.
- 5.2 Cabinet approves the new Grants and concession policy as set out in appendix one for the UKSPF and REPF.

#### **6. Alternatives Considered**

- 6.1 Do nothing –this would not provide funding to communities and businesses across the district.

#### **7. Resource and Legal Implications**

- 7.1 CDC will be required to assess and approve applications for a share of the fund from other organisations, process payments, carry out day-to-day monitoring,

contracting, evaluation and ongoing stakeholder engagement. A number of officers across the authority will support the delivery process of the scheme and a part time administration role funded from the UKSPF will be appointed to assist with the monitoring requirements.

7.2 The existing governance arrangements in place through the Grants and Concessions Panel will be utilised to allocate a proportion of the funding by way of grants to external organisations.

7.3 There will be some additional support required from the Finance and Legal teams in providing advice and assistance with the ongoing monitoring and allocation of the fund. Staff within the Communities team will be involved where projects are considered at the Grants and Concessions Panel.

## 8. Consultation

8.1 Consultation was undertaken with a number of third parties and groups when the Investment Plan and Addendum were being developed. The Leader and Leader of the Opposition, along with the MPs for the district were also consulted as part of the process. The Grants and Concession members have also been consulted on the new policy.

## 9. Community Impact and Corporate Risks

9.1 The allocation of these funds to Chichester District brings in an additional estimated £1.7million which will be used for the benefit of the community.

9.2 There is a risk that the projects and initiatives do not meet the criteria of the funds or that the full amount is not spent each year (in which case any underspends are required to be returned to DLUHC). To mitigate this there will be monitoring and engagement with project leads and fund beneficiaries, along with funding agreements in place.

## 10. Other Implications

	Yes	No
<p><b>Crime and Disorder</b></p> <p>Projects relating to graffiti and crime and disorder will be delivered as part of the funding, which are anticipated to have a positive impact on crime and disorder.</p>	X	
<p><b>Climate Change and Biodiversity</b></p> <p>Beneficial in that some of the projects will deliver benefits for the environment.</p>	X	
<p><b>Human Rights and Equality Impact</b></p>		X
<p><b>Safeguarding and Early Help</b></p>		X

<b>General Data Protection Regulations (GDPR)</b>		X
<b>Health and Wellbeing</b> Beneficial in that some of the projects will deliver benefits for health and wellbeing.	X	
<b>Other</b>		

## 11. Appendices

11.1 Proposed Grant policy

## 12. Background Papers

None

This page is intentionally left blank



## Appendix one

### UK Shared Prosperity Fund and Rural England Prosperity Fund Grant Policy

#### UK Shared Prosperity Fund

Chichester District Council has been allocated funding through the UK Shared Prosperity Fund (UKSPF). The funding priorities for the UKSPF relate to selected Missions from the Levelling Up White Paper. They are:

- **Communities and Place** – enabling investment in restoring community spaces and relationships and creating foundations for economic development at a neighbourhood-level. Outputs under this theme should strengthen the social fabric of communities and support building pride in place.
- **Support for Local Businesses** – interventions that support local businesses to thrive, innovate and grow.
- **People and Skills** – reducing barriers to employment some people face and supporting them to move towards employment and education. Can also include targeting of funding towards skills to support employment and local growth. Funding for 2024/25 only.

The total anticipated funding available for grants split by year and by funding priority is shown in the table below. (Please note these amounts are subject to change).

UK Shared Prosperity Fund				
Funding Priority	2022-23 Grants Pot	2023-24 Grants Pot	2024-25 Grants Pot	Total Grants Pot
Communities and Place	£0	£34,500	£263,100	<b>£297,600</b>
Supporting Local Business	£0	£14,800	£87,700	<b>£102,500</b>
People and Skills	£0	£0	£87,700	<b>£87,700</b>
<b>Totals</b>	<b>£0</b>	<b>£49,300</b>	<b>£438,500</b>	<b>£487,800</b>

Whilst most of the allocations will be for revenue projects, it is a requirement of the fund that there is a minimum of 13% capital in year 2 and 20% capital in year three.

#### Rural England Prosperity Fund

Chichester District Council has also been allocated funding through the Rural England Prosperity Fund (REPF). The objectives of the REPF sit within the UKSPF priorities for Supporting Local Businesses and Community and Place. The Rural England Prosperity Fund provides capital funding to:

- Support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy. This includes farm businesses looking to diversify income streams.
- Support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy.

The total anticipated funding available for Rural England Prosperity Fund grants split by year and by funding priority is shown in the table below. (Please note these amounts are subject to change).

<b>Rural England Prosperity Fund</b>			
<b>Funding Priority</b>	<b>2023-24 Grants Pot</b>	<b>2024-25 Grants Pot</b>	<b>Total Grants Pot</b>
Communities	£89,809	£269,427	<b>£359,236</b>
Business	£89,809	£269,427	<b>£359,236</b>
<b>Totals</b>	<b>£179,618</b>	<b>£538,854</b>	<b>£718,472</b>

The Rural England Prosperity Fund is purely to support capital projects with no revenue expenditure permitted. Expenditure must be on assets such as buildings or equipment and cannot fund any running costs or promotional activity. Projects will also not be funded where they have already benefitted from other current DEFRA funding.

### **General Guidance for both the UK Shared Prosperity Fund and Rural England Prosperity Fund**

Through preparing CDC's Investment Plan for the UK Shared Prosperity Fund and the Rural England Prosperity Fund, a number of interventions, outputs and outcomes were selected. These were selected based on understanding of projects which would have the greatest impact in our district and that can be delivered by either CDC, partner organisations or community groups. A list of the selected interventions, outputs and outcomes is provided at the end of this document.

Grant applicants will be required to set out how their project meets the intervention as specified and how the outputs and outcomes will be measured against the baseline. For example, an organisation requesting a grant to fund a social action project will need to provide a baseline for their engagement numbers and monitor them throughout the life of their project, with the project activity contributing to an overall increase. Chichester District Council will also collect other evidence to show improvement brought about by UKSPF and REPF projects including photographs, enrolment registers, planning and completion documentation.

Grant recipients will be required to submit data, evidence and narrative progress updates on a quarterly or six-monthly basis (depending on the nature and scale of the project) through the life of the project. This is to allow CDC to complete the required information returns for the Department for Levelling Up, Housing and Communities. The frequency and nature of required reporting will be confirmed to grant recipients.

CDC will be requested to submit a range of information to DLUHC – examples include:

- Spend to date and forecast for each investment priority
- Narrative summary of progress with an overall red, amber, or green rating
- Any forecast underspend and how/when it will be addressed
- Case Studies or opportunities for ministerial visits
- Indication of whether any slippage or delays in the programme have been identified, the reasons and how/when it will be resolved.

Should grant recipients consider that their project might not meet the stated interventions, outcomes or outputs or will be deviating from the original application, this must be advised immediately to CDC. It is a requirement placed upon CDC that any material changes are reported to the Department for Levelling Up, Housing and Communities. In most cases these requests are required before the change is made to the project. Grant recipients must allow sufficient time for CDC to consider and process these changes.

CDC will be required to demonstrate that any funding is spent during the financial year in which it has been allocated. Fund recipients must ensure that their projects meet the timescales for delivery. The Department for Levelling Up, Housing and Communities are able to claim back any underspend should projects not be completed by 31<sup>st</sup> March each year.

Grant recipients should be aware that the Department for Levelling Up, Housing and Communities may undertake randomised sampling of use of the UK Shared Prosperity and Rural England Prosperity Funds. This could include surveys, case studies and control trials.

Grant recipients will be required to use the branding and publicity of the UKSPF and REPF scheme across all stages of the project and all communication methods. This can include logo use, plaques on physical assets, website links, social media promotion, print and digital materials. DLUHC do not require sight of branding or publicity materials prior to use, but evidence of compliance should be kept for audit purposes.

All Lead Local Authorities and applicants for grants from the UKSPF and REPF must consider whether the funding will be used to provide a subsidy and whether that subsidy will contravene obligations. Sufficient time should be built into the programme to enable consideration to be given to this. If a subsidy is identified, lead local authorities must explain through the reporting mechanisms how the subsidy has been provided compliantly.

CDC will undertake a check of any other grants which applicants have applied for or been awarded through the district council.

It is expected that grant recipients follow the minimum procedures as set out below in relation to procurement. Grant recipients will be required to submit evidence of compliance with these in order that CDC can monitor and report:

- Contract value up to £2,499 – direct award
- Contract value between £2,500 and £24,999 – 3 written quotes or prices from relevant suppliers
- Contract value £25,000 or more – Formal tender process

CDC is required to adhere to the Equality Act 2010 and work within the duties placed on us through the Public Sector Equality Duty. This requirement covers the work undertaken by CDC Officers in administering and coordinating the UK Shared Prosperity and Rural England Prosperity Funds.

Projects will require match funding of a minimum of 20% and individual grants will not generally exceed £40,000, unless in exceptional circumstances.

Grants cannot be sought retrospectively for projects that have already started (or completed). Applicants will be required to wait for written confirmation of the decision and complete the grant offer agreement before undertaking any associated works.

Applicants will be required to consider the following and demonstrate this in their application:

- 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?
- How have you designed the project to minimise its climate impact?
- Is the project ready for implementation?

### **Grants and Concessions Panel**

Chichester District Council's Grants and Concessions Panel will meet to consider applications for grants from the UKSPF and REPF allocation. Applications will be considered once a year, with additional opportunities made available only in exceptional circumstances. The closing dates for bids will be published on CDC's website. CDC will aim to notify grant applicants within 10 working days of the decision.

Grant applicants should email [funding@chichester.gov.uk](mailto:funding@chichester.gov.uk) for details on the UKSPF and REPF schemes.

Where CDC Officers have been working with partners to deliver a particular project for which grant funding is being requested, the CDC Officer concerned will attend the Grants and Concessions Panel to provide further detail as required.

The programme is likely to be competitive and we will not be able to support every project.

For both UK Shared Prosperity Fund and Rural England Prosperity Fund, the following approval arrangements will be in place:

- Grants up to £5,000 – Officer delegation
- Grants between £5,000 and £10,000 – Leader of the Council in conjunction with the Cabinet Member for Community services and ward members.
- Grants above £10,000 – Grants and Concessions Panel or by electronic or other documented means.

## UKSPF Interventions, Example Projects, Outputs and Outcomes

The UKSPF interventions, example projects, outputs and outcomes are shown in the table below.

Interventions should consider local and national policies and priorities, including environmental priorities (e.g., Net Zero) and should complement existing provision (e.g., Project Gigabit and Job Centre Plus) or interventions being delivered by other funding sources. They must comply with all relevant laws, and measures are expected to be in place to recover funding where beneficiaries do not comply. Some costs cannot be included in proposed interventions including costs for political activity, statutory duties, donations, and contingencies.

Grant applicants will be expected to demonstrate how their project will deliver the outputs and outcomes as specified in the table below for the proposed project. Information relating to baseline data must be provided at grant application stage, along with details of the measuring and monitoring processes in place to provide evidence of the output and outcome being achieved. Please note that figures shown are the total anticipated amounts for the life of the UKSPF and the outputs/outcomes of a range of projects may be combined to reach them.

Investment Priority	Selected Intervention	Example Projects	Outputs	Outcomes
Communities and Place	<b>E1:</b> Funding for improvements to town centres and high streets, including better accessibility for disabled people	<ul style="list-style-type: none"> <li>Regenerating a town square or high street</li> <li>Public realm improvements (e.g., street art, street furniture, decorative improvements)</li> <li>Outreach / engagement / participatory programmes for community spaces</li> </ul>	Amount of public realm created or improved: 1000(m2)	<ul style="list-style-type: none"> <li>Increased footfall (3% increase)</li> <li>Reduced vacancy rates (3% decrease)</li> </ul>
Communities and Place	<b>E3:</b> Creation / improvement of local green spaces, community gardens, watercourses, and embankments, along with incorporating natural features into wider public spaces.	<ul style="list-style-type: none"> <li>Development of a new park, particularly in areas with the least access to greenspace</li> <li>Development of a new community garden</li> <li>Improvements to a canal towpath, particularly in more deprived neighbourhoods</li> <li>Urban/riparian tree planting</li> <li>Changes to management of green spaces, verges etc.</li> <li>Regeneration of existing parks or community gardens, particularly in</li> </ul>	Amount of green or blue space created or improved: 1000 (m2)	<ul style="list-style-type: none"> <li>Increased users of facilities/amenities (3% increase)</li> </ul>

Investment Priority	Selected Intervention	Example Projects	Outputs	Outcomes
		<p>areas with poor quality parks and gardens</p> <ul style="list-style-type: none"> <li>Improving access to existing parks</li> </ul>		
<b>Communities and Place</b>	<b>E4:</b> Enhanced support for existing cultural, historic and heritage institutions	<ul style="list-style-type: none"> <li>Development, restoration, or refurbishment of local natural, cultural and heritage assets and sites</li> <li>Delivery of outreach, engagement and participatory programmes for local assets and sites</li> </ul>	Number of events/participatory programmes: 5	<ul style="list-style-type: none"> <li>Increased visitor numbers (3% increase)</li> </ul>
<b>Communities and Place</b>	<b>E5:</b> Design and management of the built and landscaped environment to 'design out crime'	<ul style="list-style-type: none"> <li>Promoting the active use of streets and public spaces throughout the daytime and evening</li> <li>Improvements to streetlighting</li> <li>Installation of new CCTV</li> </ul>	Number of neighbourhood improvements undertaken: 50	<ul style="list-style-type: none"> <li>Reduction in neighbourhood crime (3% decrease)</li> </ul>
<b>Communities and Place</b>	<b>E6:</b> Support for local arts, cultural, heritage and creative activities.	<ul style="list-style-type: none"> <li>Funding for maker spaces</li> <li>Funding for local art galleries/museums for exhibitions</li> <li>Support for artists to showcase work</li> <li>Locally led music and theatre performances, tours, author events and film screenings</li> <li>Funding for cultural, heritage and creative events</li> <li>Support for outreach / engagement / participatory programmes as part of wider local arts, cultural, heritage and creative activities</li> <li>Support for the establishment / development of cultural / heritage collaborative networks to share knowledge locally</li> </ul>	Number of organisations receiving grants: 10	<ul style="list-style-type: none"> <li>Number of community-led arts, cultural, heritage and creative programmes as a result of support (5)</li> </ul>
<b>Communities and Place</b>	<b>E8:</b> Funding for the development and promotion of wider campaigns which	<ul style="list-style-type: none"> <li>Campaigns promoting the local area and its culture/heritage/leisure/visitor offer to residents and visitors</li> </ul>	Number of people reached: 500	<ul style="list-style-type: none"> <li>Increased footfall (3% increase)</li> </ul>

Investment Priority	Selected Intervention	Example Projects	Outputs	Outcomes
	encourage people to visit and explore the local area.	<ul style="list-style-type: none"> <li>Campaigns to encourage visitors from further afield to visit and stay in the region, collaborating with other places where appropriate</li> </ul>		<ul style="list-style-type: none"> <li>Reduced vacancy rates (3% decreased)</li> </ul>
<b>Communities and Place</b>	<b>E9:</b> Funding for impactful volunteering and/or social action projects to develop social and human capital in local places.	<ul style="list-style-type: none"> <li>Funding for local volunteering groups, such as youth charities, carers groups or refugee support groups</li> <li>Support for people to develop volunteering and/or social action projects locally</li> </ul>	Number of projects: 5	<ul style="list-style-type: none"> <li>Improved engagement numbers (3% increase)</li> </ul>
<b>Communities and Place</b>	<b>E10:</b> Funding for local sports facilities, tournaments, teams, and leagues; to bring people together.	<ul style="list-style-type: none"> <li>Renovation/maintenance of existing sports facilities</li> <li>Support for community sports leagues</li> <li>Regeneration of an unused area to build sports facilities</li> <li>Creation of new 3G sports pitches and other sports facilities</li> </ul>	Number of facilities supported/created: 3	<ul style="list-style-type: none"> <li>Increased users of facilities/amenities (3% increase)</li> </ul>
<b>Communities and Place</b>	<b>E11:</b> Investment in capacity building and infrastructure support for local civil society and community groups	<ul style="list-style-type: none"> <li>Funding for community spaces, such as village halls, libraries or community centres for local civil society and community groups to use</li> <li>Training programmes to support local civil society and community group leaders.</li> </ul>	Number of organisations receiving grants: 10	<ul style="list-style-type: none"> <li>Improved engagement numbers (3% increase)</li> </ul>
<b>Communities and Place</b>	<b>E13:</b> Community measures to reduce the cost of living, including measures to improve energy efficiency, and combat fuel poverty and climate change.	<ul style="list-style-type: none"> <li>Programmes/campaigns to encourage uptake of energy efficiency measures for homes, including water pumps and increased insulation.</li> </ul>	Number of people reached: 250	<ul style="list-style-type: none"> <li>Increased take up of energy efficiency measures (3% increase)</li> </ul>
<b>Supporting Local Business</b>	<b>E16:</b> Investment in open markets and improvements to town centre retail and service sector infrastructure, with wrap	<ul style="list-style-type: none"> <li>Funding to support the establishment and ongoing running of a new open-air market</li> </ul>	Number of local markets supported: 5	<ul style="list-style-type: none"> <li>Increased footfall (3% increase)</li> </ul>

Investment Priority	Selected Intervention	Example Projects	Outputs	Outcomes
	around support for small businesses.	<ul style="list-style-type: none"> <li>Business support activity for entrepreneurs</li> </ul>		
<b>Supporting Local Business</b>	<b>E17:</b> Funding for the development and promotion of the visitor economy, such as local attractions, trails, tours, and tourism products more generally.	<ul style="list-style-type: none"> <li>Development of local visitor trails and tours</li> <li>Grants for the development, promotion, and upkeep of local tourist attractions</li> <li>Development of other local visitor experiences based around the local offer</li> </ul>	Number of local events or activities supported: 5	<ul style="list-style-type: none"> <li>Increased footfall (3% increase)</li> </ul>
<b>Supporting Local Business</b>	<b>E23:</b> Strengthening local entrepreneurial ecosystems and supporting businesses at all stages of their development to start, sustain, grow, and innovate, including through local networks.	<ul style="list-style-type: none"> <li>Strengthening local entrepreneurial ecosystems and connecting businesses to wider support on, for example, innovation, trade, and skills</li> <li>Establishing local peer-to-peer networking/support and learning to improve sharing of best practice</li> <li>Development of evidence-based regional entrepreneurial support, led by entrepreneurs, risk capital providers, corporates, academia, and government</li> </ul>	Number of businesses receiving grants: 5	<ul style="list-style-type: none"> <li>Jobs safeguarded (10)</li> </ul>
<b>Supporting Local Business</b>	<b>E29:</b> Supporting decarbonisation and improving the natural environment whilst growing the local economy. Infrastructure to deliver effective decarbonisation across energy, buildings, and transport and beyond.	<ul style="list-style-type: none"> <li>Funding for net zero initiatives for local business</li> </ul>	Number of businesses receiving non-financial support: 10	<ul style="list-style-type: none"> <li>Number of businesses adopting new to the firm technologies or processes (3).</li> </ul>
<b>Supporting Local Business</b>	<b>E30:</b> Business support measures to drive employment growth, particularly in areas of higher unemployment.	No example projects specified by DLUHC	Number of businesses receiving non-financial support: 10	Increased number of businesses supported (3% increase)



Investment Priority	Selected Intervention	Example Projects	Outputs	Outcomes
<p style="text-align: center;"><b>People and Skills</b></p>	<p><b>E33:</b> Employment support for economically inactive people: Intensive and wrap-around 121 support to move people closer to mainstream provision and employment, supplemented by additional and/or specialist life and basic skills support where there are local provision gaps.</p> <p>This can include projects promoting the importance of work to help people live healthier and more independent lives, alongside building future financial resilience and wellbeing. This intervention will also contribute to building community cohesion and facilitate greater shared civil pride, leading to better integration for those benefitting from support.</p> <p>Expected cohorts include, but are not limited to people aged over 50, people with a disability and health condition, women, people from an ethnic minority, young people not in education, employment or training and people with multiple complex needs</p>	<ul style="list-style-type: none"> <li>• Personalised and intensive support through keyworkers, including referrals to relevant local training, skills, and specialised support</li> <li>• Supported employment provisions and placements for individuals with health and disability needs.</li> <li>• Support for groups of people with similar health barriers to share personal experiences, coping strategies or information about their conditions.</li> <li>• Counselling and advice services including tailored work-focused mental health support to help individuals with coping strategies and support plans for transition into work.</li> <li>• Financial support to enrol onto courses and complete qualifications, including debt advice, housing support, financial support for clothes or travel, childcare support.</li> <li>• Enrichment activities for the socially isolated delivered in community centres such as sports, arts, and other interactive activities.</li> <li>• Volunteering and work experience opportunities to improve opportunities and promote wellbeing</li> <li>• Referrals to services that offer a holistic approach to substance misuse treatment</li> <li>• Specialist outreach for housing or those with criminal backgrounds</li> </ul>	<p>Number of people receiving support to gain employment: 15</p>	<p>Number of people in employment, including self-employment, following support (15)</p>

Investment Priority	Selected Intervention	Example Projects	Outputs	Outcomes
		<ul style="list-style-type: none"> <li>Person-centred emotional, practical, or financial support for carers, and advice on how to balance caring and work responsibilities, or support around health and wellbeing</li> </ul>		

### Rural England Prosperity Fund Interventions, Example Projects, Outputs and Outcomes

The REPF interventions, example projects, outputs and outcomes are shown in the table below.

Grant applicants will be expected to demonstrate how their project will deliver the outputs and outcomes as specified in the table below for the proposed project. Information relating to baseline data must be provided at grant application stage, along with details of the measuring and monitoring processes in place to provide evidence of the output and outcome being achieved. Please note that figures shown are the total anticipated amounts for the life of the REPF and the outputs/outcomes of a range of projects may be combined to reach them.

Investment Priority	Selected Intervention	Example Projects	Outcomes
<b>Supporting Rural Businesses</b>	<b>1.1</b> Capital grant funding for small scale investment in micro and small enterprises in rural areas.	<ul style="list-style-type: none"> <li>Creation and expansion of rural leisure and tourism businesses. E.g., creating event venues or farm tourism facilities such as accommodation, wedding venues and leisure facilities.</li> <li>Funding for resilience infrastructure and nature-based solution that protect local businesses and community areas from natural hazards including flooding and coastal erosion</li> <li>Purchase of equipment for food processing for non-farmer-owned businesses. E.g., purchasing new process and packaging machinery such as brewing equipment and onsite vending machines, equipping development kitchens, or modernising existing kitchen equipment for increased energy efficiency or increased productivity through automation.</li> </ul>	Jobs created Jobs safeguarded
<b>Supporting Rural Businesses</b>	<b>1.3:</b> Capital grant funding for developing and promoting the visitor economy.	<ul style="list-style-type: none"> <li>Development of local visitor trails and infrastructure to support this such as information boards or visitor centres.</li> <li>Grants for the development of local tourist attractions</li> <li>Development of local visitor experiences based on the local offer.</li> </ul>	Jobs created Jobs safeguarded

Investment Priority	Selected Intervention	Example Projects	Outcomes
<b>Supporting Rural Communities</b>	<b>2.1:</b> Capital grant funding for investment and support for digital infrastructure for local community facilities.	<ul style="list-style-type: none"> <li>Capital grants for provision of gigabit capable digital infrastructure at rural hubs for community use. E.g., village halls, pubs, post offices.</li> </ul>	Increased users of facilities or amenities
<b>Supporting Rural Communities</b>	<b>2.2:</b> Capital grant funding for investment in capacity building and infrastructure support for local civil society and community groups.	<ul style="list-style-type: none"> <li>Capital grants for provision of net zero infrastructure for rural communities and to support rural tourism activity. E.g., EV charging points, community energy schemes, such as scaled up biomass, heat pumps or solar.</li> <li>Capital grants for kitchens in community hubs which can support food and drink entrepreneurs get accreditation for food production.</li> <li>Funding for resilience infrastructure and nature-based solutions that protect local businesses and community areas from natural hazards including flooding and coastal erosion.</li> </ul>	Increased users of facilities or amenities
<b>Supporting Rural Communities</b>	<b>2.3:</b> Capital grant funding for creation and improvements to local rural green spaces.	<ul style="list-style-type: none"> <li>Capital grants to establish or enhance rural green and blue infrastructure including community gardens, green spaces, watercourses, and embankments, greening of streets and paths, or incorporating natural features into wider public spaces.</li> </ul>	Increased use of cycleways or paths Increased users of facilities or amenities
<b>Communities</b>	<b>2.6:</b> Capital grant funding for active travel enhancements in the local area.	<ul style="list-style-type: none"> <li>Creation of new or upgrading of existing footpaths and cycle paths, particularly in areas of health need.</li> </ul>	Increased use of cycleways or paths
<b>Communities</b>	<b>2.7:</b> Capital grant funding for rural circular economy projects	Capital grants to enable setting up or enhancing rural community-led repair cafes or mend workshops. This includes providing premises and tools/equipment to support this activity.	Number of community-led programmes as a result of support

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank