Agenda Item No:	9	
Committee:	Council	
Date:	24 February 2022	
Report Title:	General Fund Budget Estimates 2022/23 and Medium Term Financial Strategy (MTFS) 2022/23 to 2026/27; Capital Programme 2022 - 2025	

Cover sheet:

1 Purpose / Summary

To consider the Cabinet recommendations in relation to:

- the General Fund Budget Estimates 2022/23 and the Medium Term Financial Strategy 2022/23 to 2026/27;
- the Council Tax levels for 2022/23;
- the Capital Programme 2022-2025;
- the Treasury Management Strategy Statement, Capital Strategy and Annual Treasury Investment Strategy for 2022/23.

2 Key issues

- The Final Local Government Finance Settlement was announced on 7 February 2022 and the only change to the provisional settlement figures is a slight increase of £3,295 in the Lower Tier Services Grant allocation. Business Rates Baseline Funding (Settlement Funding Assessment) Levels will be frozen in 2022-23 due to the business rate multiplier being frozen in 2022-23.
- In accordance with the motion adopted by Council in July 2019, a 0% Council Tax increase has been included in the MTFS for 2022/23 and over the medium term.
- Council Tax Referendum limits for 2022/23 have been set at an increase of 2% or £5 whichever is the higher.
- Projections for 2021/22, including the Cambridgeshire Horizons money, are showing a surplus of £2.391m. However, assuming the current balance of the Cambridgeshire Horizons money is set aside for future use, the projections would show a shortfall of £243k at the end of the financial year. This does not include for the possibility of further expenditure being identified as being appropriate to be funded from the Cambridgeshire Horizons money.
- Current forecasts for 2022/23 show a shortfall of £203k based on the assumptions detailed in Appendix C. It is proposed that a contribution of £203k from the Budget Equalisation Reserve be made to achieve a balanced budget. This shortfall increases year on year, reaching £973k in 2026/27.
- Although there are currently many uncertainties regarding the budget for 2022/23 and the MTFS, there remains a significant structural deficit which the Council will need to address.
- The final deficits for 2021/22 and 2022/23 will have to be funded from Council reserves (current balances shown in Appendix G).

- An updated Capital Programme for 2021/22 and for the medium term 2022-25 is proposed.

3 Recommendations

- **It is recommended by Cabinet that:**
  - (i) the General Fund revenue budget for 2022/23 as set out in Section 9 and Appendix A be approved;
  - (ii) the Medium Term Financial Strategy as outlined in this report and Appendix B be adopted;
  - (iii) the Capital Programme and funding statement as set out in Appendix D be approved;
  - (iv) the adoption of the additional Business Rates Relief measures as detailed in Section 6 and Appendix H using Discretionary Relief Powers be approved;
  - (v) the expenses detailed in Section 12 be approved to be treated as general expenses for 2022/23;
  - (vi) the Port Health levy for 2022/23 be set as shown in Section 13;
  - (vii) the Treasury Management Strategy Statement, Minimum Revenue Provision, Treasury Investment Strategy, Prudential and Treasury Indicators for 2022/23 and Capital Strategy 2022/23 as set out in Section 15 and Appendix E be approved;
  - (viii) the Band D Council Tax level for Fenland District Council Services for 2022/23 be set at £260.46, no increase on the current year.

Wards Affected	All
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder, Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer (S.151 Officer) Mark Saunders, Chief Accountant
Contact Officer(s)	Paul Medd, Chief Executive Peter Catchpole, Corporate Director and Chief Finance Officer (S.151 Officer) Mark Saunders, Chief Accountant
Background Paper(s)	Final Finance settlement – Department for Levelling Up, Housing & Communities (DLUHC). Spending Round 2021 (HM Treasury) Medium Term Financial Strategy working papers. Government announcements since February 2021.

This report contains the following Appendices:

Appendices

A.	(i) General Fund Revenue Estimates - Summary
	(ii) General Fund Revenue Estimates – Individual Services
B.	Medium Term Financial Strategy (MTFS)
C.	Assumptions built into Budget and Medium Term Strategy
D.	Capital Programme
E.	Treasury Management Strategy Statement, Minimum Revenue Provision Strategy, Annual Treasury Investment Strategy and Prudential Indicators
E. Annex A	Capital Strategy
F.	Parish Precepts
G.	Earmarked Reserves
H.	Business Rates - Covid-19 Additional Relief Fund (CARF) Guidelines

Report:

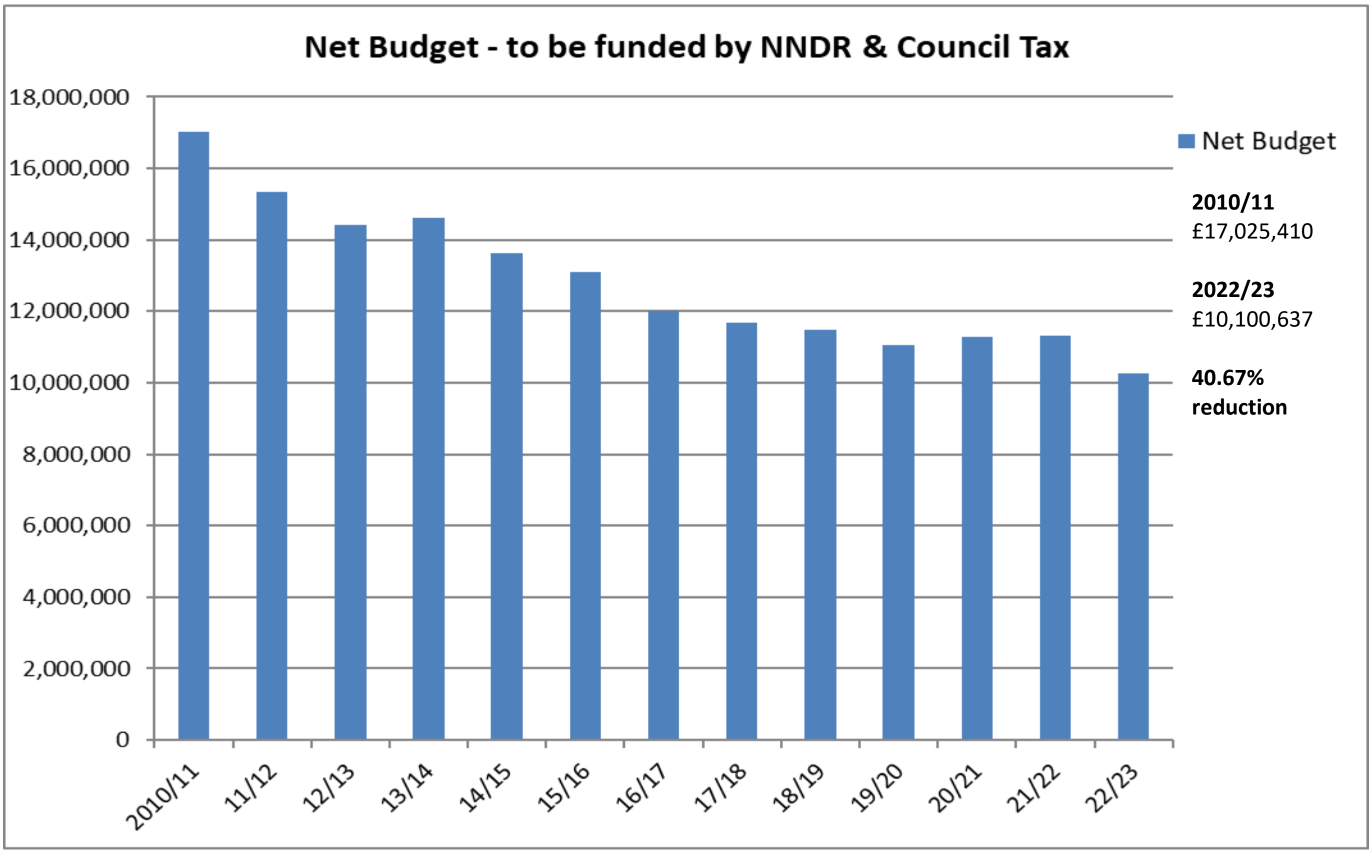
1 INTRODUCTION

1.1 This report sets out the financial implications of the council's priorities described in the Business Plan 2022/23. The Revenue budget estimates and the Capital Programme are final at this stage for approval. The draft Business Plan 2022/23 and draft Budget Estimates 2022/23 considered by Cabinet on 8th December 2021 together were subject to a public and stakeholder consultation from 4th January to 31st January 2022, prior to final budget and council tax setting for 2022/23 on 24th February 2022. The results from the consultation are published on the Council's website. There were a small number of comments in favour of increasing Council Tax.

1.2 The Overview and Scrutiny Panel considered the Draft Budget 2022/23 and MTFS on 17 January 2022 and made its comments to the Cabinet. Members asked questions, made comments and received responses from Officers and Portfolio Holders. The Panel agreed to note the revised General Fund Budget and Capital Programme for 2021/22 and agreed to send the Draft General Fund Budget Estimates 2022/23 and the Draft Medium Term Financial Strategy 2022/23 to 2026/27 for consultation. They also approved the Capital Programme 2022-2025.

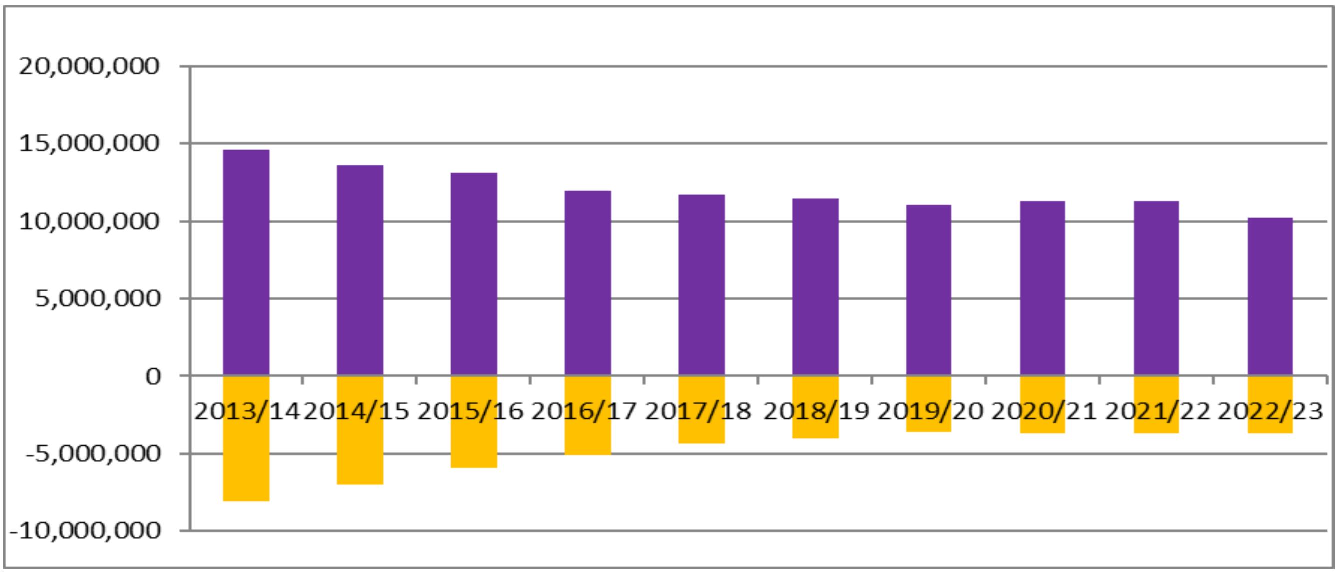
1.3 Much of the financial information is necessarily based on a number of assumptions which are wholly or partly influenced by external factors. However, where final actual costs and revenue is known then they are included, for example the Final Local Government Finance Settlement for 2022/23 was announced on 7 February 2022. Equally, some additional costs and income discussed later in this report have been updated since the Draft Budget Estimates were prepared.

1.4 Local Government has been at the forefront of the austerity measures introduced by the government to reduce the national deficit following the General Election in 2010. This Council has had to reduce its Net Budget significantly since 2010 and by the end of 2022/23 it will have reduced by 40.67%. This is exemplified in the graph below:

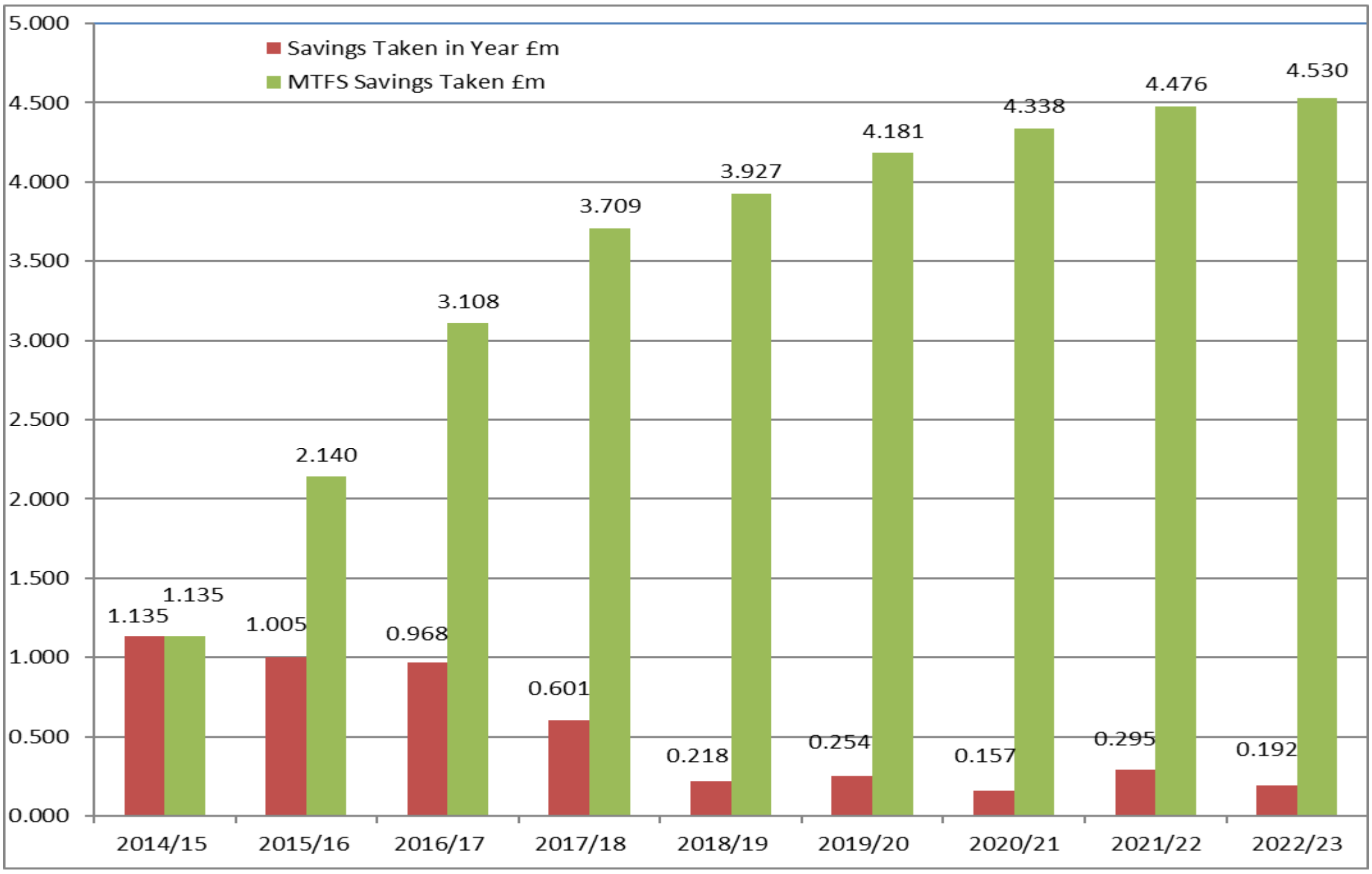


1.5 Since 2013/14 government support has reduced by around 54% and the Council's net budget by around 31% as illustrated in the following tables. In addition, Council Tax referendum principles have restricted increases in Council Tax.

	2013/14	2022/23	Reduction	%	
Government Grant	£8,094,919	£3,702,467	£4,392,452	54.26	
Net Budget	£14,604,750	£10,100,637	£4,504,113	30.84	



1.6 The following graph illustrates how successful the Council has been in delivering savings over the last 9 years, enabling it to achieve balanced budgets each year.



During these years, Members have been very clear, that where possible, front line services should be protected. The Council's strategy of identifying savings at least 12 months in advance of the financial year has led to the successful delivery of the required savings targets and means the Council are in a good position to meet the challenges of 2022/23 and beyond. These savings have been achieved through a number of ways, such as Management and Service reviews, shared services, procurement and income generation.

2 2021 SPENDING ROUND AND LOCAL GOVERNMENT FINANCE SETTLEMENT

2.1 On 27 October 2021, the Government announced the outcome of the 2021 Spending Review which outlined its' spending plans for the next three years, 2022/23 – 2024/25 by setting budgets for each central government department.

2.2 The relevant points for this Council from these announcements are as follows:

- Local Government will receive an additional £4.8bn in grant funding over the next three years (£1.6bn in each year);
- A proposed Council Tax referendum limit of 2% or £5 (together with an additional 1% increase for Adult Social Care). Police and Crime Commissioners can increase their precept by £10;
- Local Government's business rate baseline funding levels will remain the same as 2021/22 as a result of freezing the business rates multiplier in 2022/23 (normally this would increase in line with inflation as determined by the RPI rate as at September 2021, ie. 4.9%). Local authorities will be fully compensated for this decision;
- For 2022/23, a new business rates relief for eligible retail, hospitality and leisure properties with 50% relief on rates bills up to £110,000 per business. The scope of the discount for 2022/23 will return to pre-Covid-19 eligibility for retail properties. Hospitality and leisure properties will continue to remain in scope. Again, local authorities will be fully-funded for the additional costs of the relief;
- Additional funding to reduce rough sleeping and homelessness;
- There was no announcement about local government funding reforms (Fair Funding Review or business rates changes) and it is assumed that they have been pushed back to at least 2023/24 if not later;
- Following a consultation exercise which finished in April 2021, there has been no further announcement on the future of the New Homes Bonus (NHB). It is expected that the amount of NHB will reduce although there is likely to be some form of housing growth incentive;

2.3 Details of how this will be converted into specific funding allocations for individual local authorities were announced as part of the final local government finance settlement on 7 February 2022.

3 LOCAL GOVERNMENT FINANCE SETTLEMENT 2022-23

3.1 The Final Finance Settlement for 2022/23 was announced on 7 February 2022. The only change from the Provisional Finance Settlement was a slight increase of £3,295 in the Lower Tier Services Grant allocation.

3.2 The Council's Settlement Funding Assessment for 2022/23 is made up of its Business Rates Baseline Funding and a very small allocation of Revenue Support Grant (after this was phased out in 2019/20). This is detailed in Table 1 below. As a result of the freezing of the multiplier in 2022/23, the Business Rates Baseline Funding figure is the same as 2021/22.

Table 1 – Settlement Funding Assessment (Core Funding) – Estimate prior to provisional settlement

	Actual 2021/22 £000	Actual 2022/23 £000	2022/23 % Increase
Settlement Funding Assessment (Business Rates Baseline Funding + RSG)	**3,702**	**3,702**	**0.0%**

3.3 There has been no change to the Business Rates Baseline Funding figure as a result of the government freezing the business rate multiplier. Local authorities will be fully compensated for this decision by way of additional S31 Grant.

3.4 There is also a new £822m one-off and un-ringfenced Services Grant in 2022/23. This is the portion of the £1.6bn per year grant announced at the Spending Review, that will not be for social care. Councils will receive an allocation of the £822m grant based on the existing Settlement Funding Assessment (which uses 2013/14 shares for distributing). FDC’s allocation is £255,198. This allocation includes funding for the increase in employer national insurance contributions.

The £822m will remain in the local government sector in future years but may be allocated differently. This funding would be excluded from any proposed baseline for transitional support as a result of any potential funding system changes.

3.5 Lower Tier Services Grant (£111m) is maintained nationally at the same level as 2021/22. Allocations are based on the share of the ‘lower-tier’ element of the settlement funding assessment with an updated cash terms funding floor, which means no district council will face a drop in its CSP in cash terms in 2022/23.

Our allocation of this grant is £169,351 which is £3,295 higher than the provisional settlement figure and £11,654 higher than included in the draft budget report.

3.6 Core Spending Power (CSP) for local government has increased by 7.4% overall compared to 20221/22. Our increase in CSP is 5.3%. CSP is a measure of the revenue funding available for local authority services. This includes council tax; business rates; Revenue Support Grant; New Homes Bonus; adult social care grants and other grants (including the new one-off Services Grant).

These government forecasts assume that every local authority will raise their council tax by the maximum permitted without a referendum.

Assumed Council Tax increases make up 40% of the increase in CSP and Council Tax is now around 60% of the total CSP. The increased reliance on increasing council tax has been a feature of the finance settlements and CSP over the past few years.

3.7 Although the settlement was for 2022/23 only, the Medium Term forecasts detailed in Appendix B have assumed a continuation of the current policy of increasing business rates baselines by inflation based on current Treasury forecasts over the medium term. In addition, the forecasts assume a continuation of the funding currently allocated as Services Grant and Lower Tier Services Grant.

3.8 The Government will consult the sector this year about “updating the system”. This is what used to be known as the Fair Funding Review. DLUHC officials have clarified that this is likely to encompass a response to the review of New Homes Bonus. They were less clear that business rates reset would be in scope but in general, we can expect there to be a comprehensive review of the distribution of local government funding. There will be transitional protections to accompany any funding reforms.

3.9 DLUHC officials were clear that they want to work closely with the sector on these reforms. Any changes or resets of the Business Rates Retention system is a significant risk to FDC from 2023/24 onwards. FDC retain considerable sums (around £1.2m) above its Baseline Funding Level (determined in the Settlement) and for Renewable Energy (around £970k in 2022/23). These amounts are at considerable risk following any reset of the system in 2023/24.

3.10 In summary, the final settlement has provided a total of £266,852 of additional resources compared with what was included in the draft budget report.

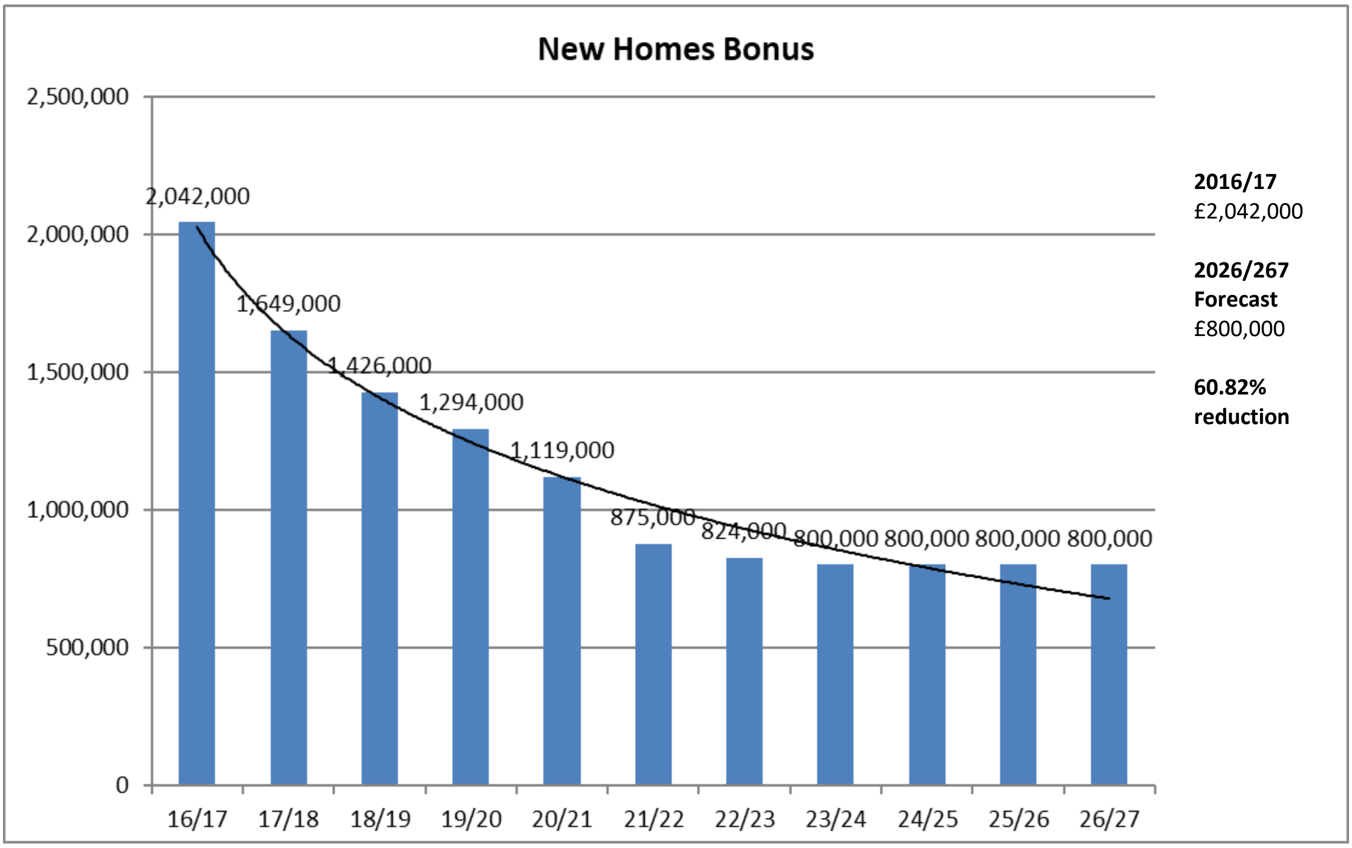
4 NEW HOMES BONUS

4.1 In 2017/18, reforms to the allocation methodology of the New Homes Bonus (NHB) were made which significantly reduced the total amount available for distribution which consequently reduced this Council's allocation.

4.2 The key focus of the reforms was to reduce the payments from 6 years to 5 years in 2017/18 and to 4 years from 2018/19. In addition, from 2017/18, a national baseline for housing growth of 0.4% was introduced, below which New Homes Bonus is not paid, reflecting a percentage of housing that would have been built anyway.

4.3 Actual NHB received in 2021/22 was £875k. Following the announcement in the 2021 spending review, a further payment based on the current methodology (based on additional homes delivered from October 2020 – October 2021) will be made in 2022/23 although no new legacy payment will be made. The actual New Homes Bonus payment in 2022/23 is £824k (a reduction of £44k on original forecasts) with the forecast NHB reducing to £800k from 2023/24 onwards.

4.4 The graph below shows how the amount received from NHB has significantly changed over the past six years together with forecasts over the medium term.



4.5 A consultation document on The Future of the New Homes Bonus was published on 10 February 2021 with a deadline for responses by 7 April 2021. Since then, there have been no further announcements on the future of the NHB and nothing was detailed in the Spending Review 2021 documents. The current national total of £556m allocated by way of NHB may also change in future spending reviews. There is however expected to be some form of housing growth incentive scheme. The impact on this Council's funding could be significant. We have included £800k of NHB funding in the MTFS from 2023/24 onwards. These could be replaced by allocations we receive from whatever the new Housing Incentive system will look like. For example, under the current system, a 0.1% increase in the growth threshold would result in the loss of around £50,000 per annum in NHB, leading to a reduction in NHB of around £200,000 compared to the current MTFS forecasts.

4.6 The lack of clarity around the future of the NHB is a significant risk to the MTFS.

5 BUSINESS RATES

5.1 Members will be aware that the Business Rates Retention system was introduced in April 2013. Under this system, authorities would benefit if their actual Business Rates income collected in a year was higher than the baseline funding determined by government.

5.2 There has been real business rates growth in Fenland over the last eight years, however how this impacts on the resources available to this Council is complex, due to the rules and the operation of the current 50% Business Rates Retention system. The complexity of the system has been exacerbated by the business rates reliefs support given by the government as a result of Covid-19.

Business Rates Pooling Arrangement – 2022/23

5.3 The Council has joined with the County Council, Peterborough City Council, Fire Authority, East Cambridgeshire and South Cambridgeshire to become part of a pooling arrangement for business rates for 2020/21 and 2021/22. Unlike the Business Rates Pilot schemes, this is not a bidding process against other pools but is part of the existing system whereby authorities can choose to apply to become a pool with the agreement of the constituent authorities.

5.4 The benefit of being in a pool is that authorities will not be liable to levy payments on their business rates growth, which is then shared amongst the pooled authorities by a mutually agreed method. This will be based on where the growth has originated from with an appropriate share allocated to the County Council and Fire Authority.

5.5 Depending on actual business rates received in 2021/22, the net effect of the pooling arrangement could be considerable for the authorities in the pool. Current forecasts indicate that this Council could receive up to £300k additional income according to the sharing methodology agreed between the pooled authorities.

5.6 The members of the current pooling arrangement have notified DLUHC of their intention to remain as a pool for 2022/23 as there is still expected to be a net benefit to each authority. For the purposes of the 2022/23 estimates, an amount of £350k has been provisionally included as this Council's share of the potential benefit. We are still awaiting final estimated figures as all authorities in the pool will now have completed the annual statutory business rates estimate, the NNDR1 form and returned this to DLUHC by the deadline of 31 January 2022.

5.7 Due to uncertainties regarding any potential changes to the local government funding regime (including business rates retention) from 2023/24 onwards and any consequential impact on pooling arrangements, no allowance for any future benefits from pooling has been included in the medium term forecasts at Appendix B.

Business Rates Reform – 2023/24 onwards

5.8 Although it appears unlikely that any major changes will take place over the SR21 period, the risk remains that some interim reforms may happen. The most likely is the Baseline Funding Level of all Councils will be reset in 2023/24 with all 'growth' income being taken into account nationally and redistributed in the new system. In the estimate for 2022/23 and the medium term forecasts, around £1.2m of business rates above the Council's Baseline Funding Level is being retained. Under a baseline reset, this would mean that initially the additional £1.2m business rates income would be removed and redistributed. What remains unclear, is how much of this £1.2m will be returned to the Council as part of its recalculated Baseline Funding Level.

5.9 In theory therefore, the Council could lose all of this additional £1.2m in the absolute worst case scenario. However, this is unlikely and would create significant volatility within future funding allocations nationally, which the government does not wish to see. There will also undoubtedly be some kind of transitional arrangements which would also limit the extent of any gains and losses in funding arising from the new system.

5.10 Although it is extremely difficult to exemplify the impact of this redistribution, in broad terms, if the Council were to lose 50% of its growth income then this would add a further £600k per annum from 2023/24 to the current forecast MTFS shortfalls. A 20% loss of growth income would add a further £240k per annum to the current shortfalls.

5.11 In addition, the current system of retaining 100% of business rates from businesses generating Renewable Energy (estimated £970k in 2022/23) and the benefits from current pooling arrangements (estimated £350k in 2022/23) could also be reviewed and amended.

5.12 At the time of writing, the Fair Funding Review, the implementation of Business Rates Reform and the changes to the New Homes Bonus are all major risk areas for this Council from 2023/24 and over the medium term.

6 ADDITIONAL BUSINESS RATES RELIEF MEASURES 2021/22 AND 2022/23

2021/22 COVID-19 Additional Relief Fund (CARF)

6.1 The Government is providing Fenland District Council with £1,908,380 of Section 31 Grant funding to implement a scheme of discretionary rate reliefs in accordance with guidance issued in mid-December 2021. The funding will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.

6.2 The guidance outlines the basis of grant allocation to billing authorities and the allocation methodology uses the change in Gross Value Added (GVA) as a proxy for the economic impacts of Covid-19 on each business sector.

6.3 The relief will be granted using discretionary relief powers under Section 47 of the Local Government Finance Act 1988 and is available to reduce chargeable amounts in respect of rates due in 2021/22.

6.4 The guidance and allocation methodology provide a clear indication from the government as to how this support should be targeted. Anglia Revenues Partnership (ARP) have modelled a scheme using the grant allocation methodology as a basis for applying this to eligible business rates premises.

6.5 The modelling and proposed scheme are intended to maximise the award of these reliefs up to the level of the Council's S31 Grant allocation. Appendix H details how the scheme will be applied including the process for reviewing/reconsidering any decision.

2022/23 Retail, Hospitality and Leisure Relief Scheme

6.6 At the budget on 27 October 2021, the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties worth almost £1.7 billion in 2022/23.

6.7 The 2022/23 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 50% relief, up to a cash limit of £110,000 per business.

6.8 Guidance about the operation and delivery of this relief was provided by government on 20 December 2021. Billing authorities and major precepting authorities will be fully reimbursed for their loss of income under the rates retention scheme as a result of awarding relief in accordance with the guidance, using a S31 grant.

6.9 The relief will be granted using discretionary relief powers under Section 47 of the Local Government Finance Act 1988 and is available to reduce chargeable amounts in respect of rates due in 2022/23.

2022/23 – Extension of Transitional Relief and Supporting Small Business Relief for Small and Medium Properties Scheme

6.10 At the Budget the government also announced that it would extend the current transitional relief scheme and the supporting small business scheme for one year in 2022/23, to the end of the current revaluation cycle. The scheme will restrict increases in bills to 15% for businesses with small properties (up to and including £20,000 rateable value) and 25% for medium properties (up to and including £100,000 rateable value).

6.11 The relief will be granted using discretionary relief powers under Section 47 of the Local Government Finance Act 1988 and is available to reduce chargeable amounts in respect of rates due in 2022/23.

6.12 The government will fully reimburse authorities for the loss of income using a S31 grant.

7 FENLAND COMPREHENSIVE SPENDING REVIEW

7.1 The estimated total net savings generated from the FDC-CSR proposals agreed previously at £1.667m will now amount to £1.8m by the end of 2020/21. During this year several proposals have been implemented together with the full-year benefit of proposals implemented in 2018/19 and 2019/20. These include the following:

- Relocation of March and Wisbech Shops
- CCTV – alternative service delivery with Peterborough City Council

together with the full-year benefit in 2019/20 and 2020/21 of the following:

- Staffing Review of Customer Services, Human Resources, Accountancy and Vehicle Workshop
- Leisure Centre management options (contract commenced 4 December 2018)
- Leisure and Open Spaces Management Review
- Community House closure

7.2 The savings generated from these and other CSR proposals are included within the Medium Term Financial Strategy detailed at Appendix B and have significantly contributed to the required savings target over the medium term.

8 FORECAST OUTTURN 2021/22

8.1 The impact of COVID-19 on the Council's delivery of services and finances have been and continue to be, significant and challenging. Members will be aware of the Council's response to COVID-19 and on the actions taken by the council to date and also on the future implications and opportunities of the COVID-19 pandemic in relation to service delivery by Fenland District Council.

8.2 The continuing impact of COVID-19 had a significant effect on the Council's budget for 2021/22 set by Council in February 2021. The approved budget showed a shortfall of £842k which was to be funded from balances and reserves to the extent that it was needed at the end of 2021/22.

8.3 An updated projection for 2021/22, taking into account the latest estimate of spending and income reduction pressures and additional government support, was included in the draft budget report presented to Cabinet on 8 December 2021. At that time, a shortfall of £987k was being projected for 2021/22. The reasons for the change in projected shortfall were detailed in the draft budget report.

8.4 The latest projected outturn for 2021/22 is set out at Appendix A and show the likelihood of a shortfall in the region of £243k by the end of this financial year.

8.5 The main reasons why the projected shortfall has significantly reduced are a reduction in employee costs (-£56k), additional income from services such as planning fees, search fees, trade waste, estates etc (-£243k), additional grant income (-£211k), income from the VAT sharing arrangement with Clarion (-£34k), additional officer time recharges to Fenland Future Ltd (-£50k) and additional use of the Cambridgeshire Horizons money (-£127k).

Cambridgeshire Horizons – Share of Surplus

8.6 In May 2021, the Council received £3,891,500 as its share of the surplus generated by Cambridgeshire Horizons Ltd. Of this, £1,050,000 was an agreed contribution to the A14 improvements, repayable to the Department of Transport at £42,000 per annum over the next 25 years. This left £2,841,500 available for this Council's future use. There are numerous conditions attached to the use of this money which restricts its future use.

8.7 Of the £2,841,500 available, £207,370 has been allocated in 2021/22 for various consultants and studies to be carried out in advance of future Levelling Up Fund (LUF) bids for the Wisbech area together with various costs associated with the Local Plan. Consequently, there is currently £2,634,130 available for future use (£52,900 has been allocated in 2022/23 for consultant costs). No allowance has been made for the possibility that other expenditure in 2021/22 may yet be identified as being appropriate to be funded from the Cambridgeshire Horizons money.

8.8 The latest projections for 2021/22 are set out at Appendix A and with the Cambridgeshire Horizons money included, show a **surplus of -£2.391m**. However, assuming that the balance of the Cambridgeshire Horizons money (£2.634m) is set aside for future use, the net position shows the likelihood of a **shortfall in the region of £243k** by the end of this financial year, £744k lower than the £987k previously approved. Should any other expenditure be identified to be funded from the Cambridgeshire Horizons money, then the projected shortfall at the year end will be reduced accordingly.

8.9 There are still many uncertainties around the potential shortfall for 2021/22 and there is no requirement at this time, to formally approve an amount to be funded from reserves. At the present time, Corporate Management Team, Senior Managers and the Accountancy Team are managing and monitoring the position carefully and will continue to review spending levels to ensure where possible, the amount to be funded from reserves at the year-end is minimised.

8.10 Use of reserves to fund any potential shortfall in 2021/22 will have a consequential impact on the Council's ability to fund the shortfall in 2022/23 from reserves. Details of the Council's reserves are at Section 16 and Appendix G.

9 DRAFT BUDGET ESTIMATES 2022/23 AND MTFS

9.1 The Council's MTFS has to ensure that the commitments made in the Business Plan are funded not only in the year for which formal approval of the budget is required (2022/23) but for forecast years as well, within a reasonable level of tolerance.

9.2 The impact of the issues identified in Section 8 above on the Council finances in 2021/22 will largely continue into 2022/23 and the medium term. The impact of the Final Local Government Finance Settlement has been incorporated into the figures in this report.

9.3 The Council's medium term forecasts are shown at Appendix B and summarised in Table 2 below. The table includes a 0% Council Tax increase in 2022/23 and the medium term.

Table 2 - MTFS - 0% increase in 2022/23 onwards

	Estimate	Forecast	Forecast	Forecast	Forecast
	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Expenditure					
Net Service Expenditure	13,369	13,916	14,258	14,699	15,051
Corporate Items	691	664	462	460	644
Renewable Energy Rates Retained	-970	-896	-913	-929	-944
Retained Business Rates (Growth)	-1,225	-1,276	-1,305	-1,332	-1,360
Business Rates Pool - share of benefit	-350	0	0	0	0
Contribution from Business Rates Reserve	-1,415				
Net Expenditure (before use of balances)	**10,100**	**12,408**	**12,502**	**12,898**	**13,391**
Funding					
Business Rates Baseline/RSG	-3,702	-3,787	-3,859	-3,925	-3,991
Business Rates Collection Fund Deficit	1,836	184	0	0	0
Council Tax Collection Fund Surplus(-)/Deficit	-44	0	-50	-50	-50
Council Tax *(increases of 0% in 22/23 onwards)*	-7,987	-8,084	-8,182	-8,280	-8,377
Total Funding	**-9,897**	**-11,687**	**-12,091**	**-12,255**	**-12,418**
Shortfall(+) before use of balances	**+203**	**+721**	**+411**	**+643**	**+973**
Contribution from Budget Equalisation Reserve	-203	0	0	0	0
Shortfall(+) after use of balances	**0**	**+721**	**+411**	**+643**	**+973**

9.4 Government support for 2022/23 was confirmed as part of the final finance settlement. This Council will receive retained business rates and a very small amount of Revenue Support Grant from the finance settlement. The projections for 2023/24 onwards are based on the best estimates and information available and are consistent with the announcements on business rates in the Spending Round 2021. However, subject to further clarity on the detailed implementation of the announcements, there remains significant uncertainty in these projections.

9.5 The figures in Table 2 incorporates the assumptions detailed at Appendix C. With the final funding announcements and a 0% increase in Council Tax a shortfall of £203k is currently forecast for 2022/23. **It is proposed that a contribution of £203k from the Budget Equalisation Reserve be made at this time to achieve a balanced budget for 2022/23.**

9.6 The net budget requirement for 2022/23 is currently estimated at **£9.897m** (£10.100m less £0.203m use of reserves) after all identified savings, contingencies and reserve transfers are included.

9.7 The forecasts include further proposed savings from the Phase 3 of the My Fenland transformation initiative over the next two years and the medium-term, together with assumptions regarding receipts from Council Tax and Business Rates.

9.8 The development of the Commercial and Investment Strategy has the potential to generate additional significant returns over the MTFS. Currently, recharges to Fenland Future Ltd (FFL) for officer time and loan interest receipts have been included in the forecasts at Appendix A and B. These are based on the current business plan of FFL over the next three years. Additional returns may also be realised depending on the type and timing of investment opportunities. Consequently, no allowance for these further potential returns (over and above the recharges and loan interest to FFL) have been included in the MTFS at the current time.

9.9 Taking into account the proposals in the Table 2 above, the estimated net budget requirement in 2022/23 is detailed in Appendix A. The level of forecast resources available to the Council and the estimated levels of expenditure over the medium term are set out in detail in Appendix B. These show a funding gap of £973k by the end of 2026/27.

9.10 There is still considerable uncertainty around the estimates for 2022/23 and the forecasts for the medium term. Currently there are a number of ‘unknowns’ which could both positively and negatively impact on the forecasts including:

Risks associated with the MTFS forecasts:

- The ongoing impact of the Finance Settlement announcements on 2023/24 and the medium term;
- Impact of potential changes to the New Home Bonus methodology and allocations from April 2023;
- Impact of the potential business rates baseline reset from April 2023 and longer-term changes to the Business Rates Retention system;
- Impact of potential additional income in 2024/25 from the Extended Producer Responsibility scheme for managing packaging waste;
- Impact on income streams being greater than anticipated due to external factors such as Search Fees (transfer to Land Registry) and Port Income (sale of Port Sutton Bridge);
- Continuing impact of homelessness temporary accommodation costs in 2022/23 and the medium term and the impact on recovery of housing benefit subsidy;
- Potential for additional support for the Leisure Management contactor in 2022/23. A full year’s Management Fee income from the Leisure Contractor has currently been included in the 2022/23 estimates and each subsequent year of the MTFS;
- Impact of service developments eg. Marine Services future structure and Car Parking Enforcement (CPE);
- Revenue impact of funding new capital schemes not currently included in the capital programme;
- Potential impact of the My Fenland transformation programme Phases 3 and 4 with associated savings. Further detailed work is required to quantify the scope of these phases, associated savings and timing implications. £192k of savings are included in 2022/23 for Phase 3, rising to £384k per annum from 2023/24 onwards;

- Potential net benefits from FFL of loan interest and dividends from future developments over and above already included in the MTFS generating revenue income;
- Commercial and Investment Strategy and future potential positive returns to the Council;

9.11 Whatever impact the above issues may have however, there will remain a significant structural deficit for the Council to address.

9.12 The forecasts for the years 2023/24 – 2026/27 are provisional at this stage and should be considered with extreme caution. Future announcements and consultation outcomes will also determine government policy and therefore the funding in the future years. In addition, the forecasts are dependent on permanently maintaining the savings identified through the My Fenland transformation initiative.

9.13 As detailed earlier in this report, Business Rates Retention Reform, Fair Funding Review and changes to the New Homes Bonus could have a significant impact on the Council's forecast resources over term of the MTFS. Further to the risks associated with these externally determined funding streams the Council should also ensure that income budgets are achieved and new income streams considered and implemented for medium to long term sustainability in combination with any operational and transformational benefits that the Council realises. The use of general reserves to support revenue expenditure adds to the overall risks to the Council as such reserves can only be used once but the cumulative impact of such use will continue to be felt into the future.

<u>Other Risks</u>

Capital Programme – Future Funding

9.14 The Council is increasingly relying on borrowing (Internal and Prudential) to fund its future programme as the amount of capital receipts and the level of reserves available to fund the capital programme are reducing considerably over the next two years. Consequently, any new capital schemes (which do not generate a return to repay borrowing costs) will have to be funded through borrowing which will result in revenue costs and therefore will impact on the MTFS and future shortfalls.

9.15 For example, a £1m scheme with a 20 year life, funded by prudential borrowing, would result in around an additional £70,000 per annum in interest (2%) and repayment costs.

9.16 To exemplify the effect on the MTFS of potential additional costs arising from the above risks, Table 3 below details a scenario whereby the Council loses 50% of its business rates growth income following potential reforms in 2023/24.

Table 3: MTFS Potential Impact of Major Risks – for illustrative purposes only

	Estimate	Forecast	Forecast	Forecast	Forecast
	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
MTFS Shortfall - Appendix B	**203**	**721**	**411**	**643**	**973**
(0% CT increase in 2022/23 onwards)					
50% loss of NNDR growth income		600	600	600	600
Increasing NHB threshold by 0.1%		50	100	150	200
Revised Shortfall	**203**	**1,371**	**1,111**	**1,393**	**1,773**

9.17 As stated earlier, it is important to note that the figures detailed in the above table are purely illustrative as no decisions have yet been made regarding changes to these funding streams and the potential impact on this Council.

10 PARISH PRECEPTS

10.1 The levels of parish precepts set throughout Fenland are provided for information at Appendix F. These will be reported to Council as part of the Council Tax setting process

11 FEES AND CHARGES

11.1 The Overview and Scrutiny Panel reviewed fees and charges for 2022/23 at its meeting on 17 January 2022 and these were subsequently considered by Cabinet on 20 January 2022. All of the recommendations from these meetings have been included in the financial forecasts.

12 SPECIAL AND GENERAL EXPENSES

12.1 For the purposes of Section 35 of the Local Government Finance Act 1992, the Council needs to pass appropriate resolutions for each financial year to determine how expenses which could legally be regarded as special should be treated.

12.2 If expenses are treated as special expenses, then they must be charged against the parts of the Council's area to which they relate.

12.3 Parish precepts are special expenses and cannot be treated as general expenses.

12.4 Drainage Board and Port Health levies which affect only part of the Council's area are treated as general expenses unless the Council resolves otherwise. These are currently treated as general expenses and it is recommended that this position continues for 2022/23.

12.5 Expenses incurred by the Council in performing, in part of its area, a function performed elsewhere by a parish council are special expenses unless the Council determines otherwise. Currently, these are treated as general expenses. To maintain this position, it is recommended that the Council determines that such expenses should not be treated as special expenses for the financial year 2022/23.

13 PORT HEALTH

13.1 The Port Health levy for 2022/23, based on expected expenditure, is recommended as shown in Table 4 below for Council to approve.

Table 4: Port Health Levy 2022/23

	Description	**£**
a)	Port Health anticipated expenditure	16,620
b)	Port Levy	
	Fenland District Council	14,709
	South Holland District Council	1,163
	King's Lynn and West Norfolk Borough Council	748
	Total	16,620

14 FENLAND DISTRICT COUNCIL - COUNCIL TAX 2022/23

14.1 As part of the 2022/23 Final Local Government Finance Settlement, the government has confirmed that the referendum limit will be set at 2% or £5, whichever is higher for 2022/23 for District Councils. A 2% increase on the Band D Council Tax equates to £5.13 per annum (a 1.97% increase due to roundings).

14.2 Social care authorities, such as Cambridgeshire County Council can also increase their element of council tax by a further 1% in 2022/23 plus the balance of the Adult Social Care increase not utilised in 2021/22 (a further 2% for the County Council). This equates to a maximum potential increase in the County Councils' element of council tax of 4.99% (3% increase for Adult Social Care and 1.99% basic increase).

14.3 This Council at its meeting on 18 July 2019, agreed to re-position the MTFS to show 0% Council Tax increases through to 2023/24. This report extends the MTFS period and 0% increases to 2026/27. The motion agreed by Council emphasised that 0% increases in Council Tax throughout the MTFS period is an ambition and it was recognised that the Council continues to face significant financial challenges and uncertainties that may not allow this ambition to be met. These challenges and uncertainties have been exacerbated by Covid-19.

14.4 The motion also stated that Members of the Council need to act responsibly each year when setting the precept to balance the ambition of achieving a 0% Council Tax rise with the legal need to balance the budget. It was agreed that raising Council Tax in any of the next four years will be a last resort in order to minimise the financial effects of Council Tax on all of Fenland's households.

14.5 For information, an additional 1% increase in Council Tax in 2022/23 would generate in the region of £80,000 of revenue per annum to the Council. Even with this additional revenue included, the estimates for future years show a significant and increasing shortfall (see Table 5 below).

14.6 After the estimates of expenditure and income have been prepared, and the Final Settlement has been received, the next step is to set the council tax for 2022/23 for Fenland District Council.

14.7 In line with the motion agreed by Council on 19 July 2019, assumed Council Tax increases of 0% have been included for 2022/23 and over the period of the MTFS.

14.8 At this level of Council Tax, there will be a deficit to fund in 2022/23 and over the period of the MTFS. Consequently, the Council will need to continually consider its strategy to meet the estimated shortfalls shown at Table 2 and in Appendix B.

14.9 The implications of not increasing Council Tax over the MTFS is that the Council would be reducing its financial base permanently as it would not be able to recover potential revenue foregone due to the cumulative year on year impact. The consequences of continually setting zero Council Tax levels and not achieving the necessary savings/additional income have been clearly demonstrated by the events at other Councils. The ability to achieve significant year on year savings (without increasing existing and/or introducing new revenue streams together with transformational change) to balance the budget becomes progressively difficult without eventually impacting on front-line services and delivery.

14.10 Council can of course agree to a higher increase (up to the referendum limit of 2%) and a 1% increase in Council Tax raises around £80,000 revenue per annum. Table 5 shows the implications of increasing the Council Tax in 2022/23 by 1.97% per annum and thereafter compared to freezing the Council Tax in 2022/23 and throughout the MTFS period.

Table 5: MTFS Deficits at Differing Council Tax increases in 2022/23 onwards

Deficits based on different % increases	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Deficits at 0% increase *(as shown in Table 2/Appendix B)*	+203	+721	+411	+643	+973
Additional CT with 1.97% increase p.a. from 2022/23	-157	-322	-492	-672	-859
Net position at 1.97% increase	+46	+399	-81	-29	+114

14.11 For future years, the Council will consider options around introducing a scheme to accept voluntary council tax contributions from residents. whereby they can pay an additional amount over and above the ‘normal’ amount of Council Tax.

14.12 Table 6 shows the Band D Council Tax for spending at the level proposed, together with Council Tax levels from the major preceptors and Parishes.

Table 6: Band D Council Tax Levels 2022/23

COUNCIL TAX BASE	**2022/23** *30,664*		**2021/22** *30,143*	
	£	**Band D £**	**£**	**Band D £**
Fenland District Council Precept (Appendix A)	7,986,741		7,851,042	
Fenland District Band D Council Tax	***0.00%***	**260.46**	***0.00%***	**260.46**
MAJOR PRECEPTORS				
County Council	*(4.99%)*	1,469.61	*(2.99%)*	1,399.77
Police & Crime Commissioner	*(4.03%)*	257.58	*(6.42%)*	247.59
Fire Authority	*(1.96%)*	74.97	*(2.00%)*	73.53
Sub Total BAND D TAX		2,062.62		1,981.35
Parish Councils-average (Appendix F)	*(0.88%)*	48.48	*(-0.84%)*	48.05
Total average Band D Tax		**2,111.10**		**2,029.40**
Total average increase over 2021/22	**£81.70 (4.03%)**			

14.13 The County Council increase for 2022/23 includes 3% for the Adult Social Care precept (£41.99) and 1.99% on the general council tax (£27.85), giving a total increase of 4.99% (£69.84). For 2022/23, the Police and Crime Commissioner is allowed to increase council tax by up to £10.00 on a Band D property. The actual increase is £9.99 (4.03%).

15 TREASURY MANAGEMENT STATEMENT, ANNUAL TREASURY INVESTMENT STRATEGY AND CAPITAL STRATEGY 2022/23

15.1 Full details of the proposed Treasury Management, Annual Investment Strategy and Capital Strategy for 2022/23 are contained in Appendix E. The proposed Treasury Management and Annual Investment strategies were presented to and endorsed by Audit and Risk Management Committee on 14 February 2022.

15.2 The key issues relating to the strategies and their impact on the MTFS are as follows:

- Changes to the revised 2021 Charted Institute of Public Finance and Accountancy’s (CIPFA) Treasury Management and Prudential Codes which will impact on future Treasury Management Strategy Statement (TMSS) and Annual Investment reports and the risk management framework.
- The prudential and treasury indicators detailed in paragraphs 2-13 of Appendix E, show that the Council’s capital investment plans are affordable, prudent and sustainable.
- The Capital Strategy, detailed at Annex A of Appendix E, sets out the context in which capital expenditure and investment decisions are made and establishes that the Council has arrangements in place to ensure it gives due consideration to risk, reward, and impact on the achievement of priority outcomes.

- The MRP policy sets out how the Council will make prudent provision for the repayment of borrowing needs over the medium-term forecast.
- The Treasury Management Strategy has been organised so that the Council will have sufficient cash resources to meet capital expenditure plans and operational cash flows.
- Due to the Council's long term PWLB debt portfolio (£4.5m at 31/03/21) currently attracting excessive premiums it is not financially advantageous for the Council to comply with the gross borrowing and capital financing prudential indicator fully.
- Total external interest which includes finance lease interest payments; revised estimate for 2021/22 is £491,030 and the estimate for 2022/23 is £623,390. Additionally if the authority were to borrow the full £21.302m, over the next four years, to fund schemes taken forward as part of the Commercial and Investment Strategy this would currently attract annual interest payments of £447,342 by 2024/25.
- The report includes Link Groups forecast for Bank Rate which now includes a further three increases of 0.25% in March, May and November 2022 to end 2022 at 1.25%.
- The current Medium Term Financial Strategy assumes that some external borrowing will be required over the four-year period to 31 March 2025.
- The aim of the Council’s annual investment strategy is to provide security of investments whilst managing risk appropriately; investment returns are commensurate with the Council’s historic low risk appetite although we are in the process of transition as a Council from a low risk policy to an appropriate managed risk policy. The Council achieves these objectives through differentiating between “specified” and “non-specified” investments and through the application of a creditworthiness policy.
- Total investment income is an estimated £40,000 for 2021/22 and £100,000 for 2022/2023. In addition, the Council is anticipating, depending on completing due diligence checks, that it will invest up to £4m into property funds before the end of this financial year (2021/22). The Medium Term Financial Strategy for 2022/23 onwards, incorporates an estimate that such an investment would yield an annual return of £150,000.

16 REVIEW OF GENERAL FUND BALANCE AND EARMARKED RESERVES

16.1 An important part of any budget strategy is the review and consideration of reserves. Earmarked Reserves are typically held and used in a planned way to deal with issues where it is foreseen that resources need to be set aside to meet a specific need but the exact amount and timing is not known. General Reserves are held to cushion the impact of an event or events that cannot be foreseen whilst maintaining these resources at a consistent and reasonable level over the medium term.

16.2 Sufficient levels of reserves are necessary to provide for various contingent and unplanned items that could include:-

- significant increased costs of providing statutory services
- significant increased contractual costs
- an unexpected and/or significant event or disaster, e.g. civil emergency
- an unexpected major liability in law
- the need to make significant payments in relation to prior year adjustments under the direction of the external auditor

16.3 The Council's current uncommitted General Fund Balance is £2m. It is good practice to keep the balance on this reserve under review alongside ensuring that the purposes for which other earmarked reserves were allocated remain consistent with and relevant to the Council's Medium Term Financial Strategy.

16.4 The Budget Equalisation Reserve was established in 2019/20 to provide a smoothing mechanism between financial years which could provide resources to help achieve balanced budgets in future years. The current balance on this reserve is £483k and is available to meet the current estimated budget shortfall in 2021/22 (£243k). In addition, as part of the budget proposals for 2022/23 detailed in this report a contribution of £203k is required from this reserve to set a balanced budget.

16.5 The analysis of reserves at Appendix G details the projected General Fund and earmarked reserves position at 31 March 2022 and 31 March 2023 taking into account the proposals detailed in this report.

17 CAPITAL PROGRAMME

17.1 Capital Expenditure and income plans have been prepared through the Council's service and financial planning cycle. The Council's capital resources are dependent on government funding, external grants or through the ongoing disposal of assets.

17.2 A fully updated Capital Programme for 2022-25 is presented at Appendix D for approval. The programme has been updated to ensure it adequately reflects the cost and anticipated timing of schemes previously approved.

17.3 Members have continued to receive reports regarding ongoing work to dispose of surplus assets. Most recently, at its meeting on 20 January 2022, Cabinet approved a list of assets where officers should take steps to dispose of each asset using the most appropriate method to secure best value. The receipts generated from the sale of surplus assets form an important source of income to fund the capital programme. It is difficult to determine with certainty the returns the Council might be able to generate and the timing of such capital receipts. Such returns, however, are important in the context of the Council's Medium Term Financial Strategy as where capital expenditure can be financed through the application of capital receipts it does not need to be financed from borrowing. It is also relevant to note that the Investment Board will consider the business plan of Fenland Future Limited at its meeting in March 2022. Decisions taken at this meeting may result in further capital receipts over the life of the capital programme should any transfer of land take place as part of the implementation of the business plan.

17.4 The Council continues to take forward the delivery of significant regeneration projects in Wisbech and March. The profile of expenditure on the Future High Street Project in March has been updated to reflect the report Cabinet members considered at its meeting on 20 January 2022. Members considered an update on the Wisbech High Street project at its meeting on 3 February 2022 and the current status of the project is reflected in the capital programme.

17.5 Members will also note that on today's Cabinet agenda there is a report indicating that the Council has been successful in securing further funding from the Department for Business, Energy and Industrial Strategy (BEIS) as part of Wave 1 of the Social Housing Decarbonisation Fund. The proposed project will deliver energy-efficiency improvements to 450 properties owned by Clarion including 200 in Wisbech. Subject to the decision taken at the Cabinet meeting, the capital programme will be updated to reflect the grant provided by BEIS. The terms and the condition of the grant require works to be completed during the 2022/23 financial year. Match funding has been provided by Clarion and the project does not require any financial contribution from the Council's capital resources.

17.6 The Council is developing an Accommodation Strategy and a Member Steering Group has been established. There is provision in the current capital programme for the cost of undertaking those works at Fenland Hall which were deemed to be a high-priority in the recently commissioned condition survey. However, further capital resources might be required over the medium-term to implement the Accommodation Strategy.

17.7 Officers are also currently awaiting costed estimates following the commissioning of a survey of port infrastructure in Wisbech. Members will be updated once these estimates are available and future iterations of the capital programme will incorporate the cost of works required.

17.8 The Council has either bid for, or is awaiting the opportunity to bid for, capital resources in connection with several other high-profile government and CPCA-led initiatives. Should these bids be successful they will be incorporated into future updates to the capital programme and the impact of providing any match-funding required will be reflected in the revenue budget and the Medium-Term Financial Strategy.

17.9 Should resources from external funding and/or capital receipts not generate the level of receipts forecast, or there is a delay in the disposal of assets, then the capital programme will need re-visiting to ensure funding is sufficient to meet proposed expenditure including through borrowing. Reviews of the programme and resources available are carried out regularly during the year.

17.10 The Council's Borrowing Strategy which is incorporated into the Council's Treasury Management Strategy Statement, recognises that some prudential borrowing will be required over the life of the capital programme. The projected additional annual revenue costs for the Council are reflected in the MTFS.

18 RISK ASSESSMENT

18.1 There is an element of risk inherent in any process that looks into the future to make forecasts, particularly in the current economic climate and other national and international events now or in the future that may impact on the Council either directly or indirectly. The Council has a strong track record in good financial management as recognised in the recent Annual Audit Letter. This risk is further minimised by adopting the following methodology when preparing the estimates:-

- Service managers and the Accountancy Team working together to define likely service income/expenditure patterns matched with service delivery plans;
- Maintaining "earmarked" reserves for expenditure that it is known will occur but the exact amount and timing of the expenditure is not known;
- Maintaining an adequate level of general reserves to meet sudden and or unforeseen expenditure;
- Adopting clear guidelines and control systems (robust revenue and capital budget management and monitoring procedures, Financial Regulations and Contract Procedure Rules etc.) to alert service managers, and members before variances reach tolerance levels;
- Using professional and expert advice and economic forecasts where these are available, e.g. treasury management, interest rates;
- Maintaining a rolling review of forecast estimates beyond the current year.

18.2 These assumptions are made with all available information but are necessarily calculated based on broad assumptions. In the current economic climate, some of these assumptions are particularly volatile. The MTFS will be prepared annually on a rolling basis so that as information becomes more certain the figures will be updated and early consideration can be given to any action or changes in direction that may be required.

19 REPORT OF THE CHIEF FINANCE (SECTION 151) OFFICER UNDER SECTION 25 OF THE LOCAL GOVERNMENT FINANCE ACT 2003.

19.1 Under Section 25 of the Local Government Act 2003 and CIPFA Code of Practice, the Council's Chief Finance Officer (Section 151 Officer) is required to report on the robustness of the estimates made for the purpose of the budget calculations and the adequacy of the proposed reserves.

Cabinet and Council are required under the 2003 Act to consider and give due regard to the Chief Finance Officer's report as part of the budget approval and council tax setting process.

19.2 The proposed budget is set against the context of significant economic uncertainty in a post-Covid-19 world together with considerable uncertainty regarding government funding over the MTFS. The Government intends to make fundamental changes to the funding system for Local Government through the introduction of a new needs based fairer funding formula and the introduction of business rates reforms and a new system of distributing the New Homes Bonus. The cumulative impact of these changes and lack of visibility on any transition or damping arrangements means that financial planning for 2023/24 and the medium term is very uncertain.

19.3 The Corporate Director and Chief Finance Officer (Section 151 Officer) makes the following statement:

The robustness of the Budget estimates and the adequacy of the reserves are largely dependent on the levels of risk and uncertainty. There is an element of judgement as budget estimates of spending and income are made at a point in time and may change as circumstances change, particularly given the economic uncertainty in a post-Covid-19 world.

This statement on the robustness of estimates cannot give a 100% guarantee about the budget but should give the Council reasonable assurance that the budget has been based on the best information and assumptions available at the time.

The estimates that support this budget have used all the data and supporting information that the Council has at its disposal at this point in time. The principal financial assumptions made in the Budget are noted in this report and attached at Appendix C. Budget monitoring throughout the year will be an important tool in identifying, at an early stage, potential issues so appropriate action can be taken.

The delivery of the planned savings and major business projects **is critical** to the successful delivery of the Council's budget strategy. Current activity provides adequate assurance as to the deliverability of the 2022/23 budget with future year projections representing realistic planning assumptions which will be subject to review as part of the annual budget setting process. The MTFS is currently forecasting a financial shortfall for the financial year 2022/23.

The Budget has been prepared reflecting known service pressures and following thorough review by Service Managers of planned savings.

There are however significant funding risks over the period of the MTFS. Potential changes to the Business Rates Retention system are particularly concerning and will have a significant impact on this funding. As detailed in Section 5 of this report, this could result in less funding in the future. It is however uncertain as to when and what actual changes will take place and the budget and MTFS is presented on the basis of the current arrangements continuing.

Current Council policy of not increasing Council Tax in 2022/23 and over the MTFS should be viewed in the light of the forecast shortfalls detailed within this report and the financial impact of increasing Council Tax up to the referendum limit. This is exemplified in Table 5 in paragraph 14.10 of this report. In addition, as detailed in paragraph 3.6, the government's assessment of Council's Core Spending Power assumes Council Tax is increased by the maximum permitted without a referendum.

Although no use of the General Fund Balance is planned in 2022/23, it is good practice to re-assess the appropriate level of this balance over the period of the MTFS. It is proposed that this is carried out during 2022/23 taking into account actual use of this balance and updated MTFS forecasts.

Given the uncertainties detailed in this report, it is imperative that the Council maintains sufficient resources to cover any in-year unforeseen expenditure. A risk based approach to the consideration of the level of reserves is a component of the Council's overall risk management framework. Operational risks should be managed within Services' bottom line budgets and thus will not normally result in any further call on the Council's General Balances, as detailed in Section 16 above.

My assessment of the process that has been undertaken is that the calculations used in the preparation of the estimates for the Budget for 2022/23 are fair and robust and that reserves are adequate to reflect known circumstances and to be able to manage the stated uncertainties and risks that could realistically be anticipated at this point. All earmarked reserves are held for the purpose for which they are set up and are considered to be adequate to meet the requirements of those purposes when called upon based on the best information available as at the time of writing.

APPENDIX A(i)

FENLAND DISTRICT COUNCIL

Summary of Revenue Estimates

Service Summary *As detailed in Appendix A(ii)*	**Current Approved Estimate 2021/22 £**	**Projected Outturn 2021/22 £**	**Estimate 2022/23 £**
Growth & Infrastructure	1,387,770	1,423,950	958,230
Communities, Environment, Leisure & Planning	5,324,906	4,909,288	4,020,960
Resources & Customer Services	7,706,630	7,747,190	8,426,150
NET COST OF GENERAL FUND SERVICES	**14,419,306**	**14,080,428**	**13,405,340**
Corporate Items			
Contributions to/ (from) Earmarked Reserves	-131,743	-336,019	-101,020
Contributions to/(from) Business Rates Reserve	-1,987,155	-2,002,224	-1,415,206
Cambridgeshire Horizons - Share of Surplus	-3,891,500	-3,891,500	0
RTB/VAT Sharing Income	-126,317	-160,000	-70,000
Drainage Board Levies	1,594,010	1,594,010	1,721,530
Financing Charges - *Interest/Minimum Revenue Provision*	847,065	857,065	1,063,314
Investment Income and Property Funds Income	-40,000	-40,000	-250,000
New Homes Bonus	-874,916	-874,916	-823,959
A14 Contribution	74,000	74,000	74,000
Pay Award 2021/22 : 1.75%	209,000	209,000	0
Vacancy Factor (1.5%)	0	0	-181,000
Business Rates - net additional income above baseline *(government grants for reimbursement of reliefs, growth less levy payment)*	-1,544,224	-1,521,878	-1,573,797
Business Rates - reimbursement of additional Covid-19 reliefs	-1,204,300	-1,211,278	-621,016
Business Rates Pool - FDC Share of Benefit	-300,000	-300,000	-350,000
Government Grant - Covid-19 General Grants for spending pressures	-634,010	-634,010	0
Government Income Compensation Scheme Grant	-88,000	-88,000	0
Lower Tier Services Grant	-157,697	-157,697	-169,351
Services Grant	0	0	-255,198
FFL - Officer Time Recharge/Net Loan Interest	-50,000	-100,000	-161,000
Corporate Adjustments	**-8,305,787**	**-8,583,447**	**-3,112,703**
Net Expenditure before CFF savings	**6,113,519**	**5,496,981**	**10,292,637**
CFF Transformation Savings identified not yet implemented	***0***	***0***	***-192,000***
Net Expenditure after CFF savings	**6,113,519**	**5,496,981**	**10,100,637**
Contribution from Budget Equalisation Reserve	**0**	**0**	**-203,198**
NET EXPENDITURE after use of balances	**6,113,519**	**5,496,981**	**9,897,439**
Core Funding			
Revenue Support Grant	**0**	**0**	**-589**
Business Rates Baseline Funding	**-3,701,878**	**-3,701,878**	**-3,701,878**
Business Rates Collection Fund Deficit(+)	**3,620,772**	**3,620,772**	**1,835,529**
Council Tax Collection Fund Deficit(+)/Surplus(-)	**43,723**	**43,723**	**-43,760**
Council Tax	**-7,851,042**	**-7,851,042**	**-7,986,741**
Surplus(-)/Shortfall(+)	**-1,774,906**	**-2,391,444**	**0**
Balance of Cambridgeshire Horizons money set aside for for future FDC use	**2,761,500**	**2,634,130**	
	986,594	**242,686**	

APPENDIX A(ii)

GROWTH AND INFRASTRUCTURE			
Service	**2021/22 Current Approved Estimate £**	**2021/22 Projected Outturn £**	**2022/23 Original Estimate £**
Direct Services			
Transport Development	87,500	87,500	97,600
Miscellaneous (Clocks, Monuments)	21,750	21,750	3,750
Drainage (District)	3,000	3,000	3,000
Highways (District)	132,690	120,100	124,600
Car Parks	212,000	212,000	184,200
Marine Services	339,370	374,370	283,100
Economic Estates	-32,800	7,600	-190,800
Sewage Treatment Works	118,500	122,500	13,800
Parish Council Concurrent Functions	59,800	59,800	70,200
Economic Development	170,150	155,450	183,750
Regeneration	88,650	69,250	-21,800
HLF- High St Wisbech	21,660	33,730	11,130
Total Direct Services	1,222,270	1,267,050	762,530
Support Services			
Asset & Project Services	231,700	227,100	275,700
Net Cost of Services	**1,453,970**	**1,494,150**	**1,038,230**
Less Support Services Recharges to Capital Schemes	-66,200	-70,200	-80,000
TOTAL GROWTH AND INFRASTRUCTURE	**1,387,770**	**1,423,950**	**958,230**

General Notes for Appendix A(ii):

1. Within all the Service Estimates detailed in Appendix A(ii), Support Services costs have not been reallocated with the exception of recharges to Capital Schemes.

2. Similarly, Capital Charges have not been reallocated as these 'costs' are reversed out within the Corporate Items section of the estimates, thereby having no impact on the Budget Requirement and Council Tax.

3. Estimates for 2022/23 include the assumptions on pay, expenditure and income detailed at Appendix C. In addition, staff cost allocations to services have been reviewed for 2021/22 and have resulted in costs being re-allocated to better reflect time spent on providing those services.

4. In addition, the estimates for 2022/23 include the implementation of the My Fenland transformation project which has moved costs from various services and consolidated them in Customer Services.

COMMUNITIES, ENVIRONMENT, LEISURE & PLANNING			
Service	**2021/22 Current Approved Estimate £**	**2021/22 Projected Outturn £**	**2022/23 Original Estimate £**
Direct Services			
Housing Strategy	146,220	147,610	156,510
Private Sector Renewals	119,900	84,950	82,080
Housing Standards	36,350	43,870	-8,520
Care & Repair	29,010	35,750	39,410
Community Champions	65,330	65,330	0
CCTV	30,440	21,340	47,290
Safer Fenland	75,170	60,510	90,130
Licensing	-23,200	-24,050	-23,780
Housing Options	434,710	274,040	294,010
Community Development	139,400	134,200	125,890
Travellers Services	-69,520	-72,180	-70,050
Pollution Reduction	104,270	104,620	110,410
Public Health	978,140	884,390	240,060
Food Safety	152,730	149,793	152,770
Health and Safety	57,210	56,680	75,290
Refuse Collection - Domestic	1,057,026	988,505	1,241,090
Garden Waste	-199,670	-201,430	-198,150
Refuse Collection - Trade Waste	-143,880	-195,340	-150,810
Street Cleansing	834,660	832,610	879,730
Streetscene	176,060	178,970	213,530
Public Conveniences	15,860	17,230	16,380
Arts Development & Culture	10,710	9,120	25,060
Planning Policy	179,100	213,900	97,100
Development Management	-243,800	-277,100	-206,600
Building Control	54,000	54,000	54,000
Conservation	39,400	39,400	41,300
Planning Compliance	90,700	90,700	91,350
Technical Support	196,900	197,700	204,100
Leisure Centres	286,810	304,120	-319,540
Sports Development	139,080	128,190	71,840
Parks and Open Spaces	517,950	527,950	579,500
Cemeteries	-29,070	-34,660	-49,080
Markets and Fairs	-12,260	-13,080	-9,630
Community Events	56,280	57,050	106,550
Vehicle Workshop	22,890	24,600	21,740
TOTAL COMMUNITIES, ENVIRONMENT, LEISURE & PLANNING	**5,324,906**	**4,909,288**	**4,020,960**

RESOURCES AND CUSTOMER SERVICES			
Service	2021/22 Current Approved Estimate £	2021/22 Projected Outturn £	2022/23 Original Estimate £
Direct Services			
Miscellaneous Central Services	158,340	158,340	158,540
Unfunded Pension Costs/Apprenticeship Levy	991,240	993,240	1,076,720
Corporate Management	1,038,780	1,007,030	917,630
Council Tax Cost of Collection	-21,320	10,630	248,950
Business Rates Cost of Collection	-3,550	-3,650	-11,160
Housing Benefits	614,950	830,510	797,160
ICT Direct Service Costs	711,580	714,810	703,190
Policy	235,900	221,900	272,500
Land Charges	-97,150	-124,050	-65,300
Elections & Electoral Registration	194,500	192,100	192,550
Democratic Services	537,050	524,950	569,260
Emergency Planning	-48,570	-116,570	55,250
Total Direct Services	4,311,750	4,409,240	4,915,290
Support Services			
Accountancy	573,760	572,600	596,260
Information & Communication Technology	507,860	507,860	563,300
Customer Services	942,100	886,170	894,930
Post & Reprographics	135,050	130,050	127,850
Internal Audit	101,700	98,900	115,900
Legal Services	244,050	252,950	244,550
Corporate Health & Safety	3,010	3,120	21,150
Human Resources	295,200	299,450	328,870
Property Services	109,400	104,600	116,700
Fenland Hall	354,100	364,100	363,500
The Base	128,650	118,150	137,850
Total Support Services	3,394,880	3,337,950	3,510,860
TOTAL RESOURCES AND CUSTOMER SERVICES	**7,706,630**	**7,747,190**	**8,426,150**

APPENDIX B
(0% Council Tax increase)

Medium Term Financial Strategy	Projected 2021/22 £000	Estimate 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000
Expenditure						
Service Expenditure/Income						
Gross Service Expenditure	25,774	23,047	23,253	23,661	24,165	24,586
Fees and Charges	-6,210	-6,442	-6,467	-6,533	-6,598	-6,665
Grants and Contributions	-4,908	-2,081	-1,730	-1,715	-1,698	-1,685
Recycling Credits	-1,000	-1,120	-1,140	-1,155	-1,170	-1,185
Total Net Service Expenditure	***13,656***	***13,404***	***13,916***	***14,258***	***14,699***	***15,051***
Corporate Items						
Corporate Expenditure/Savings						
Drainage Board Levies	1,594	1,722	1,860	1,897	1,935	1,974
Financing Charges - Interest on External Borrowing	491	623	700	700	700	700
Financing Charges - Current Capital Programme - MRP	366	440	550	550	550	550
Vacancy Factor (1.5%)	0	-181	-187	-191	-196	-201
A14 Upgrade - contribution	74	74	74	74	74	74
CFF Transformation Savings identified not yet implemented	0	-192	-384	-384	-384	-384
	2,525	*2,486*	*2,613*	*2,646*	*2,679*	*2,713*
Corporate Income Items						
Contribution to(+)/from(-) Earmarked Reserves	-336	-101	-30	60	60	60
Contribution to(+)/from(-) Business Rates Reserve	-2,002	-1,415	0	0	0	0
Cambridgeshire Horizons - share of surplus	-3,892	0	0	0	0	0
RTB/VAT Sharing Income	-160	-70	-20	-20	-20	-20
Investment and Property Fund Income	-40	-250	-200	-200	-210	-210
New Homes Bonus	-875	-824	-800	-800	-800	-800
Business Rates - net additional income above baseline	-1,203	-604	-1,276	-1,305	-1,332	-1,360
Business Rates - renewable energy rates retained	-319	-970	-896	-913	-929	-944
Business Rates - reimbursement of additional Covid-19 reliefs	-1,211	-621	0	0	0	0
Business Rates Pool - FDC Share of Benefit	-300	-350	0	0	0	0
Government Income Compensation Scheme	-88	0	0	0	0	0
Lower Tier Services Grant	-158	-169	-169	-169	-169	-169
Services Grant	0	-255	-255	-255	-255	-255
FFL - Officer Time Recharge/Net Loan Interest	-100	-161	-475	-800	-825	-675
Contribution from Budget Equalisation Reserve	0	-203	0	0	0	0
	-10,684	*-5,993*	*-4,121*	*-4,402*	*-4,480*	*-4,373*
Total Corporate Items	***-8,159***	***-3,507***	***-1,508***	***-1,756***	***-1,801***	***-1,660***
Gross Service/Corporate Expenditure	**28,299**	**25,533**	**25,866**	**26,307**	**26,844**	**27,299**
Gross Service/Corporate Income	**-22,802**	**-15,636**	**-13,458**	**-13,805**	**-13,946**	**-13,908**
Net Budget Requirement	**5,497**	**9,897**	**12,408**	**12,502**	**12,898**	**13,391**
Funding - NNDR/CT						
Business Rates Baseline Funding/RSG	-3,702	-3,702	-3,787	-3,859	-3,925	-3,991
Business Rates Collection Fund Deficit	3,621	1,836	184	0	0	0
Council Tax Collection Fund Surplus(-)/Deficit	44	-44	0	-50	-50	-50
Council Tax *(increases of 0% in 22/23 onwards)*	-7,851	-7,987	-8,084	-8,182	-8,280	-8,377
Total Funding - NNDR/CT	**-7,888**	**-9,897**	**-11,687**	**-12,091**	**-12,255**	**-12,418**
Surplus(-)/Shortfall(+)	**-2,391**	**0**	**+721**	**+411**	**+643**	**+973**
Balance of Cambridgeshire Horizons money set aside	2,634					
Shortfall(+) after Cambs. Horizons set aside	**+243**					

Summary						
Total Gross Expenditure	**28,299**	**25,533**	**25,866**	**26,307**	**26,844**	**27,299**
Funded by:						
Fees and Charges	-6,210	-6,442	-6,467	-6,533	-6,598	-6,665
Grants and Contributions	-4,908	-2,081	-1,730	-1,715	-1,698	-1,685
Recycling Credits	-1,000	-1,120	-1,140	-1,155	-1,170	-1,185
New Homes Bonus	-875	-824	-800	-800	-800	-800
Investment Income, VAT/RTB	-200	-320	-220	-220	-230	-230
Cambridgeshire Horizons - share of surplus	-3,892	0	0	0	0	0
Contribution to(+)/from(-) Earmarked Reserves	-336	-101	-30	60	60	60
Contribution to(+)/from(-) Business Rates Reserve	-2,002	-1,415	0	0	0	0
Income Compensation Scheme	-88	0	0	0	0	0
Lower Tier Services Grant and Services Grant	-158	-424	-424	-424	-424	-424
FFL - Officer Time Recharge/Net Loan Interest	-100	-161	-475	-800	-825	-675
Contribution from Budget Equalisation Reserve	0	-203	0	0	0	0
Retained Business Rates	-3,114	-4,411	-5,775	-6,077	-6,186	-6,295
Council Tax	-7,807	-8,031	-8,084	-8,232	-8,330	-8,427
Total Funding	**-30,690**	**-25,533**	**-25,145**	**-25,896**	**-26,201**	**-26,326**
Surplus(-)/Shortfall(+)	**-2,391**	**0**	**+721**	**+411**	**+643**	**+973**
Balance of Cambridgeshire Horizons money set aside	2,634					
Shortfall(+) after Cambs. Horizons set aside	**+243**					

APPENDIX C

Assumptions built into Budget and Medium Term Financial Strategy (MTFS)

Within the forecasts are a number of assumptions which are necessary to produce the overall budget strategy. However, there is an element of risk associated with this process although the aim is to mitigate these risks as detailed in section 18 of the main report.

The main assumptions are as follows:

- 0% Council Tax increase for 2022/23 and thereafter (1% increase generates around £80k of resources and 1.97% around £157k of resources).
- 1.73% increase in Council Tax base in 2022/2023 (Tax-base 30,664) and 1.20% thereafter (increase of 375 Band D equivalent properties per annum).
- Inflation increases in Retained Business Rates income from 2023/24 onwards. Future net benefits from Business Rates will be dependent upon the impact of any potential system re-set and other changes from April 2023 onwards.
- Inclusion of this Council's share (£350k) of the potential benefit arising from the continuation of the Cambridgeshire Business Rates Pool in 2022/23 only. Potential benefit from the Pool in future years will be dependent on any changes to the Business Rates Retention System from April 2023.
- Continuation of the Lower Tier Services Grant (£169k to be received in 2022/23) and Services Grant (£255k to be received in 2022/23) in 2023/24 onwards. Although the national totals of these grants will remain in the Local Government sector in future years, they may be allocated differently.
- The New Homes Bonus for 2023/24 onwards has been included at £800k per annum as detailed in Section 4 of the report. Future allocations will be dependent upon the scheme design and national totals of any replacement Housing Growth initiative.
- 2% pay award in 2022/23 (£230k cost) and thereafter together with an allowance for pay increments of around 1% p.a. (£115k cost) reflecting the continuing impact of the pay grades re-modelling following the national pay award agreement effective from April 2019.
- Employer's Pension Contributions – following the triennial valuation as at 31.03.2019, the contribution rate for 2022/23 is to remain the same as 2021/22 (17.4% of salary) with an additional past deficit lump sum payment of £978k, representing an overall increase of 1% p.a. in total contributions. For 2023/24 onwards, following the next triennial valuation, further increases have been assumed in line with the current triennial valuation.
- Inclusion of a vacancy factor for 2022/23 onwards, equivalent to a reduction in staff costs of 1.5% (£181,000 in 2022/23).
- Specific allowance for inflation where required eg: employee costs (as detailed above), business rates, external contracts, energy and water, drainage board levies etc. Otherwise, no allowance for inflation has been included.
- Investment interest rates are forecast to begin rising from February 2022 (£100k estimated income in 2022/23).
- Investment income includes an assumed £4m investment in property funds during 2022/23 (£150k p.a. income net of costs).

- Assumptions regarding forecast income levels from fees and charges have been included based on 2021/22 projections. In addition, fee increases (where applicable) together with a review of activity levels have determined the current estimates.
- For 2022/23 onwards, a full years’ worth of Management Fee being received from the Leisure Management contractor has been assumed. This follows two years of significant additional Council support for the Leisure Management contract in 2020/21 and 2021/22 as a result of Covid-19, through deferral of the management fee and also cash support.
- For 2022/23, additional provision has been included for a continuation of the high demand for bed and breakfast and temporary accommodation for the homelessness and rough sleeper’s service. Further work is being caried out to determine the level and type of ongoing support required.
- Potential impact of My Fenland Phase 3 has been included (£194k saving in 2022/23 rising to £383k savings p.a. from 2023/24 onwards). However, further detailed work is required to quantify the scope and savings likely to be generated.
- Recharges to Fenland Future Limited to reflect the use of FDC officer time on the company’s behalf has been included (£100k in 2021/22, £125k in 2022/23 and future years). This amount could vary depending on the amount of time and types of activities being carried out for the company.
- Potential net benefits from Fenland Future Ltd of loan interest and dividends from future developments have been included. These amounts could vary depending on the timing and profitability of developments being carried out by the company.
- No potential additional income from the Extended Producer Responsibility scheme for managing packaging waste (effective from 2024/25) has been included as there are currently no indications of the level of this income.

APPENDIX D

CAPITAL PROGRAMME AND FUNDING 2021 - 2025

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Capital Programme (excluding Commercial and Investment Strategy Schemes)	12,486	13,567	8,692	1,587
Commercial and Investment Strategy Schemes	330	2,472	13,500	5,000
CURRENT FORECAST EXPENDITURE	**12,816**	**16,039**	**22,192**	**6,587**
FORECAST RESOURCES AVAILABLE				
Capital Grants	10,165	6,722	6,985	950
Usable Capital Receipts - In Year	150	215	100	100
Reserves used in year to fund Capital	463	200	0	0
Section 106s and Other Contributions	26	115	0	0
Borrowing (Internal and Prudential)	2,012	8,787	15,107	5,537
Total Forecast Resources	**12,816**	**16,039**	**22,192**	**6,587**

CAPITAL PROGRAMME SUMMARY 2021/22 - 2024/25

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
Leisure Centres								
1 Condition Survey Improvements	447	790	810	422	**2,469**	2,469		£98k R&M Reserve
Regeneration Programmes								
2 Fenland Renaissance and Place Shaping	16				**16**	16		
3 Heritage Lottery Fund - Non-FDC Properties	514				**514**	81	433	£433k HLF Grant.
4 Heritage Lottery Fund - 24 High Street, Wisbech		1,350			**1,350**	1,112	238	£238k HLF Grant.
5 Railway Station Master-Planning	2,543	1,853			**4,396**	82	4,314	£4,314k CPCA Grant, £82k S106
6 Whittlesey Flood Warning Signs	46				**46**		46	CPCA Grant £46k
7 Future High Street Fund, March	490	2,272	5,935		**8,697**	250	8,447	£2,000k CPCA, £6,447k MHCLG Future High Streets
8 Growing Fenland - Capital Grants	320				**320**		320	£320k CPCA Grant
Cemeteries								
9 Manea Churchyard	15				**15**	15		
10 Cemetery Chapels Condition Survey Works		315			**315**	315		
11 Remedial Works in Closed Cemeteries		80	190		**270**	270		
Highways								
11 Category 2 Street Lights - FDC Lights	105	176			**281**	281		
12 Street Name Plates/District Facilities Signage	18				**18**	18		
13 Street Light Improvements - Parishes (Contribution to Cat 2 Replacements)	11				**11**	11		£11k Capital Contribution Reserve
14 Growing Fenland - Civil Parking Enforcement	100	200	100		**400**		400	£400k CPCA Grant
15 Huntingdon Road Improvements, Chatteris	15	20			**35**	35		
Office Accommodation								
16 Fenland Hall and The Base - Repairs and Renewals	200	1380	100		**1,680**	1,680		
Environment								
17 Replacement and Grant-Funded Additional Litter Bins	108				**108**	83	25	£25k WRAP Grant
Port								
18 Boat/Vessels - Replacement Deck, Hull and Engines	57	35			**92**	92		
19 Wisbech Port Structural Works	328				**328**	328		
Sub Total	**5,333**	**8,471**	**7,135**	**422**	**21,361**	**7,138**	**14,223**	

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
Brought Forward	**5,333**	**8,471**	**7,135**	**422**	**21,361**	**7,138**	**14,223**	
Parks and Open Spaces								
20 West End Park, March - Park Improvements	27				**27**	9	18	£16k Cambs CC, £2k March TC
21 Parks, Play Areas and Open Space - Chatteris	60	40			**100**	100		£6k S106 money
22 Parks, Play Areas and Open Space - Doddington		75			**75**	75		£21k S106 money
23 Parks, Play Areas and Open Space - Parson Drove	24				**24**	24		
24 Parks, Play Areas and Open Space - Wisbech	20	20		15	**55**	55		£32k S106 money
25 Parks, Plays Areas and Open Space - Whittlesey		45			**45**	45		
26 Wisbech Water Park		150			**150**		150	£150K CPCA Grant
27 Wisbech Park Pavillion		555			**555**	10	545	£545K CPCA Grant
Vehicles and Plant								
28 Vehicles	321	154	257	200	**932**	932		
ICT System Replacement Programme & Upgrades								
29 Replacement & Upgrade Programme	364	390	100		**854**	854		£554k Management of Change Reserve
Improvement of Assets								
30 Sewage Treatment Works Refurbishment	80	657	250		**987**	987		
31 Birch Fen Silt Removal and Outfall Maintenance	25				**25**	25		
32 March Moorings Renewals		24			**24**	24		
33 Hostel Roof Renewal	42				**42**	42		
34 Lattersley Nature Reserve - Capping Layer		40			**40**	40		
35 Energy Efficiency Improvements to Clarion Properties	4,492				**4,492**		4,492	£4492k BEIS Decarbonisation Fund Grant
Car Parks								
36 Eastwood, Chatteris		100			**100**	100		
Economic Estates								
37 Replacement of AV Equipment at Business Centres		50			**50**	50		
38 South Fens Business Park Expansion	150	1,846			**1,996**	1,000	996	£996k CPCA 'Business Space' Funding
Private Sector Housing Support								
39 Private Sector Renewal Grants	240	40	40	40	**360**		360	£360k Govt Grant
40 Disabled Facilities Grants	1,308	910	910	910	**4,038**		4,038	£4038k Govt Grant
Total - Approved Programme	**12,486**	**13,567**	**8,692**	**1,587**	**36,332**	**11,510**	**24,822**	

APPENDIX E

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2022/23

1 Introduction

CIPFA Treasury Management Code and Prudential Code (Revised 2021)

1.1 CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

1.2 The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- address Environmental, Social and Governance (ESG) issues within the Capital Strategy;
- require implementation of a policy to review commercial property, with a view to divest where appropriate;
- create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- ensure that any long term treasury investment is supported by a business model;
- a requirement to effectively manage liquidity and longer term cash flow requirements;
- amendment to Treasury Management Practice 1 to address ESG policy within the treasury management risk framework;
- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

1.3 In addition, all investments and investment income must be attributed to one of the following three purposes: -

Treasury management

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

Service delivery

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

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return. This does not preclude the Council from taking forward investments as part of its Commercial and Investment Strategy so long as financial return is not the primary reason for taking forward the scheme. This particularly applies in the case of projects relating to housing where service delivery objectives can be achieved as well as a financial return.

1.4 As this Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report

1.5 Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

2 Background

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

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

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

CIPFA defines treasury management as:

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

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

3 The Capital Strategy Reporting Requirements

3.1 The CIPFA revised 2017 Prudential and Treasury Management Codes require all local authorities to prepare an additional document, a Capital Strategy which will provide the following:

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

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

4 Treasury Strategy Reporting Requirements

4.1 The Council is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by the Audit and Risk Management Committee and Cabinet before being recommended to the Council.

4.2 **Prudential and Treasury Indicators and Treasury Strategy** (this report), the first and most important report is forward looking and covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how investments and borrowings are to be organised) including treasury indicators; and
- an Investment Strategy (the parameters on how investments are to be managed).

A Mid-Year Treasury Management Report - This will update Members with the progress of the capital position, amending prudential indicators as necessary and whether any policies require revision.

An Annual Treasury Report - This is a backward looking review document and provides details of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

4.3 The Strategy covers two main areas:

Capital issues

- the capital expenditure plans and associated prudential indicators;
- the MRP policy.

Treasury management issues

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

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

5 Capital Prudential Indicators 2022/23 to 2024/25

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

5.2 The capital expenditure prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. Commercial activities/non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

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

Capital Programme	**2021/22 Revised Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
Forecast Capital Expenditure	**12,486**	**13,567**	**8,692**	**1,587**
Commercial and Investment Strategy Schemes	**330**	**2,472**	**13,500**	**5,000**
TOTAL	**12,816**	**16,039**	**22,192**	**6,587**
Financed by:				
Capital Grants	10,165	6,722	6,985	950

Capital Receipts	150	215	100	100
Reserves used in year to fund Capital	463	200	0	0
Section 106 and Other Contributions	26	115	0	0
Total Financing	**10,804**	**7,252**	**7,085**	**1,050**
Net Financing Need For The Year (Borrowing)	**2,012**	**8,787**	**15,107**	**5,537**

5.4 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness, its underlying borrowing need. Any capital expenditure shown above, which has not immediately been paid for will increase the CFR.

5.5 The CFR does not increase indefinitely, as each year the Council is required to pay off an element of the capital spend (including finance leases) through a statutory revenue charge (MRP). In the case of schemes taken forward as part of the Council's capital programme this has the effect of reducing the Council's (CFR) broadly over the asset's life.

5.6 In the case of capital expenditure incurred in accordance with the Council's Commercial and Investment Strategy the MRP charge cannot be determined until such time that the Investment Board approves a scheme. Where the projected Capital Financing Requirement is disclosed in this report the figures used reflect the impact of borrowing to fund the full allocation of the remaining £21.3M over the next 4 years but no assumptions have been made regarding how MRP might reduce the CFR attributable to these schemes. This approach is considered reasonable until such time that any new schemes are formally approved by the Investment Board. In accordance with the current Minimum Revenue Policy, a provision for MRP in relation to the Investment Property acquired in the 2020/21 financial year is incorporated into the information in this report and the Council's Medium Term Financial Strategy.

5.7 In this context, it is also important to note that, as well as the statutory MRP charge, the Council is permitted to make additional voluntary payments to reduce the CFR. These voluntary payments will typically reduce the statutory charge that would have been due in future years. Voluntary payments can be funded from capital resources. This is particularly significant in the context of the Council's Commercial and Investment Strategy. As a result of investments undertaken, the Council may receive significant capital receipts and/or repayments of amounts due under the terms of loan agreements with third parties, including the Local Authority Trading Company. These amounts may be received before the maturity date of the external borrowing used to undertake the initial investment. Any assumptions regarding the anticipated use of capital resources to reduce the CFR will be reported as part of future treasury management reporting.

5.8 The CFR includes any other long term liabilities (finance leases). A finance lease is a commercial arrangement between the Council and a lessor (finance company), where in consideration for a series of payments the Council has the right to use an asset (e.g. refuse vehicle) for the lease duration (typically 7 years). The annual lease payment is made up of a capital and interest repayment.

5.9 Although legally the Council doesn't own the asset during the lease duration, International Accounting Standards require that the Council capitalise the asset and liability on its balance sheet, much like a loan. Whilst this increases the CFR, the nature of the finance lease agreement doesn't require the Council to separately borrow to fund the asset.

Capital Financing Requirement (CFR)	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
CFR – as at 31 March				
Opening CFR	**6,177**	**7,821**	**16,185**	**30,676**
Movement in CFR	**1,644**	**8,364**	**14,491**	**4,883**
Closing CFR	**7,821**	**16,185**	**30,676**	**35,559**
Movement in CFR represented by				
Net financing need for the year	2,012	8,787	15,107	5,537
Less MRP and other Financing Movements	(368)	(423)	(616)	(654)
Movement in CFR	**1,644**	**8,364**	**14,491**	**4,883**

6 Minimum Revenue Provision (MRP) Policy Statement

6.1 The Council is required to pay off an element of the accumulated general fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision).

6.2 DLUHC regulations have been issued which require the Council to approve an MRP statement in advance each year. A variety of options are provided to Councils within the guidance. Councils are permitted under the guidance to establish their own approach to setting MRP and different approaches can be applied for different types of assets. The Council's principal responsibility is to ensure that it can demonstrate that whatever approach they adopt across their asset base it is prudent. Given the Council's decision to adopt a Commercial and Investment Strategy it was necessary to revise the MRP policy in 2020/21 to take account of investments which might feasibly be taken forward in accordance with the Commercial and Investment Strategy. The policy applicable for the current financial year onwards is as follows:

(1) For unsupported borrowing (including finance leases) undertaken to fund the Council's capital programme, excluding any capital expenditure approved by the Council's Investment Board, MRP will be based on the estimated useful life of the assets to be purchased or acquired. Repayments made under the terms of finance leases shall be applied as MRP.

(2) For Investment Properties purchased or constructed (following a decision taken by the Council's Investment Board) the MRP charge shall be based on the difference between the value of the asset and the value of any outstanding unsupported borrowing secured to fund the original purchase of the asset. A calculation shall be undertaken at the end of each financial year to identify the difference between the value of the asset and the amount borrowed. Where a difference exists MRP shall be charged over a period commensurate with the period the Council expects to hold the asset as set out in reports presented to the Investment Board.

(3) For any loans made to third parties, including those made to the Local Authority Trading Company, no MRP shall be charged where the loan requirement requires the third party to make repayments on at least an annual basis over the life of the loan. In the unlikely event of the Council providing a maturity loan to a third party, MRP shall be charged in equal amounts over the life of the loan.

(4) Should the Council acquire an equity stake in any third party, the MRP charge will be for the lower of twenty years or the scheduled completion date of any projects funded by the third party using the proceeds from selling an equity stake to the Council.

(5) For investment in Property Funds which the Council, following consultation with its Treasury Advisors, assesses as meeting the definition of capital expenditure MRP shall be charged over the period the Council expects to hold the investment. The period over which MRP can be charged for this type of investment shall not be permitted to exceed 20 years. Currently, the Council does not anticipate that its proposed investment in property funds referred to elsewhere in this document will meet the definition of capital expenditure.

6.3 It is important to note that DLUHC are currently consulting on potential changes to the guidance relating to setting the Minimum Revenue Provision. One potential outcome of the consultation is that government could bring forward changes to the regulations

7 The Use of Council's Resources and the Investment Position

7.1 The application of resources (capital receipts, reserves etc) and temporary use of 'surplus cash balances' to both finance capital expenditure and other budget decisions to support the revenue budget reduces cash investment balances held (see below). Unless resources are supplemented with new sources (asset sales, capital grants, etc) then new borrowing will be required to fulfil the objectives as set in the Council's Business Plan. Detailed below are estimates of the year end balances for each resource.

Year End Resources	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Fund balances / reserves	**18,740**	**15,600**	**15,800**	**15,850**
Expected Cash investments	**22,200**	**19,400**	**18,000**	**18,000**

8 Affordability Prudential Indicators

8.1 The previous sections cover the overall capital and control of borrowing prudential indicators; also within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators.

8.2 This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Financing Costs to Net Revenue Stream	2021/22 Revised Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
General Fund	**8.27**	**9.39**	**13.13**	**13.75**
Net Revenue Stream	**£9.787m**	**£11.257m**	**£11.687m**	**£12.091m**

9 Treasury Management Strategy

9.1 The capital expenditure plans set out in section 5 provide a summary of future level of spend. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity and the Council's capital strategy. This will involve both the organisation of cash flow and where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

9.2 The Council's treasury portfolio as at 31 March 2021 for borrowing and investments was £8.043m and £24m respectively. As of 31 December 2021, investments are £34m (see Appendix A attached) and borrowing £8.019m.

9.3 The Council's forward projections for borrowings are summarised below. The next table shows the actual external debt, against the underlying capital borrowing need (the Capital Financing Requirement - CFR).

	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Debt at 1 April	**7,800**	**8,130**	**16,821**	**30,061**
Expected change in debt to fund capital programme (excluding Commercial and Investment Strategy schemes)	**0**	**6,219**	**(260)**	**(260)**
Borrowing to fund Commercial and Investment Strategy Schemes	**330**	**2,472**	**13,500**	**5,000**
Other long term liabilities (OLTL)	**243**	**106**	**23**	**0**
Expected change in OLTL	**(137)**	**(83)**	**(23)**	**0**
Actual gross debt at 31 March	**8,236**	**16,844**	**30,061**	**34,801**
Capital financing requirement (CFR) at 31 March	**7,821**	**16,185**	**30,676**	**35,559**
Borrowing less CFR – 31 March	**415**	**659**	**(615)**	**(758)**

9.4 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years and ensures that long term borrowing is not undertaken for revenue or speculative purposes (in the sense of anticipating future upward movements in interest rates), other than where the borrowing fits in with the Council's approved Investment Strategy.

9.5 The Council notes that the Prudential Code published by CIPFA prohibits local authorities from borrowing in advance of need. This prohibition has been recently re-affirmed by DLUHC in its Statutory Guidance on Local Authority Investments which states that this prohibition extends to undertaking borrowing to fund the purchase of financial and non-financial investments, including investment properties. This is on the basis that in such circumstances local authorities would be borrowing 'purely in order to profit from investment of the extra sums borrowed'. Section 4 of the Council's Capital Strategy explains how the Council has had regard for this guidance and notes the Council's approach to determining whether the motivation behind any proposed investment is purely to profit from investment of any sums borrowed.

9.6 As a result of the Council's long term Public Works Loan Board (PWLB) debt portfolio of £4.5m (31/03/21) currently attracting excessive premiums (£2.391m at the time of writing this report), if it were prematurely repaid and the fixed rate market loan of £3.3m (31/03/2021), attracting a premium charge on application to prematurely repay, it is not financially advantageous for the Council to fully comply with this prudential indicator. This has been the case since the housing stock transfer in 2007 and has been acknowledged and approved by Council since then. In addition, the Council's external auditors have also acknowledged this situation and have not raised any issues with our strategy.

9.7 Interest repayments associated with the external debt (including finance leases) above are shown below. The figures in the third column reflect the interest which would fall due if the Investment Board were to approve schemes totalling the full allocation of £21.3M and borrowing was undertaken over 4 years (see table 9.3 above) funded by a maturity loan at today's rate.

YEARS	INTEREST DUE (EXISTING CAPITAL SCHEMES) £000	INTEREST DUE (FUNDING OF COMMERCIAL AND INVESTMENT STRATEGY) £000	TOTAL £000
2021/22	491	0	491
2022/23	623	59	682
2023/24	616	342	958
2024/25	611	447	1,058

9.8 The operational boundary is the limit beyond which external debt is not normally expected to exceed. In most cases this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt.

Operational Boundary	**2021/22 Revised Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
Debt	**12,000**	**14,500**	**14,500**	**14,500**
Other long term liabilities	**1,000**	**1,000**	**1,000**	**1,000**
Commercial Activities / Non Financial Investments	**21,302**	**21,302**	**21,302**	**21,302**
Total	**34,302**	**36,802**	**36,802**	**36,802**

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

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

Authorised Limit	**2021/22 Revised Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
Debt	**17,000**	**19,500**	**19,500**	**19,500**
Other long term liabilities	**1,000**	**1,000**	**1,000**	**1,000**
Commercial Activities / Non Financial Investments	**21,302**	**21,302**	**21,302**	**21,302**
Total	**39,302**	**41,802**	**41,802**	**41,802**

10 **Prospects for Interest Rates**

10.1 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link Assets Service's central view as at 7 February 2022.

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

10.2 Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021 and then to 0.50% at its meeting of 4th February 2022.

10.3 As shown in the forecast table above, the forecast for Bank Rate now includes a further three increases of 0.25% in March, May and November 2022 to end at 1.25%.

10.4 Gilt Yields / PWLB Rates - since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. Link's forecasts show little overall increase in gilt yields during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period.

10.5 While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on our gilt yields. As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant upward risk exposure to the above forecasts for medium to longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison. PWLB rates and interest rates will both be kept under review by officers to inform the Council's strategy

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

10.7 For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.

10.8 Investment returns have started improving in the second half of 2021/22 and are expected to improve further during 2022/23 as the MPC progressively increases Bank Rate.

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

10.10 On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme.

10.11 Borrowing for capital expenditure. Link’s long-term forecast (beyond 10years), for Bank Rate is 2.00%. As nearly all PWLB certainty rates are now above this level, borrowing strategy will need to be reviewed, especially as the maturity curve has flattened out considerably. Better value can be obtained at the very short and at the longer end of the curve and longer-term rates are still at historically low levels. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable.

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

11 Borrowing Strategy

11.1 As noted above in paragraph 9.5 the Council recognises that statutory guidance indicates that whilst the Council has the necessary powers to borrow in advance of need the government and CIPFA state it should refrain from doing so where such borrowing takes place purely in order to profit from investment of the extra sums borrowed. None of the Council’s current borrowing was undertaken in advance of need.

11.2 As a result of the Council’s decision not to repay debt of £7.8m at the time of the housing stock transfer in 2007, the Council is currently over borrowed (see paragraph 9.6 above); the Council’s gross debt exceeds its CFR over part of the treasury strategy.

11.3 Where the Council has insufficient internal resources to funds its capital programme the difference between available resources and funds required is met through borrowing. The Council is able to borrow internally if it identifies that it has surplus funds currently held in investments which could be used to finance its capital programme. However, any decision to borrow internally has to consider when any funds borrowed might be required to support the day-to-day cash needs of the Council. Unless the Council is able to increase the surplus funds it has available, i.e. through generating surpluses on the revenue account, internal borrowing will only provide a temporary solution to funding the capital programme.

11.4 When the Council borrows externally it will ordinarily do so using funds borrowed from the Public Works Loan Board, though this does not preclude the Council considering other sources of lending.

11.5 The current Medium Term Financial Strategy assumes that some external borrowing will be required over the four-year period to 31 March 2025. Assumptions about the level of external interest payable are reflected as part of the prudential indicators included in this document. Responsibility for deciding when to borrow externally, together with details of the amount to borrow and the term and type of any loan, rests with the Chief Finance Officer. The Chief Finance Officer's decision will be informed by advice from the Council's treasury management advisors and information regarding the progress of schemes set out in the capital programme. Any borrowing decisions will be reported to Cabinet through either the mid-year or annual treasury management reports.

11.6 The Chief Finance Officer will monitor capital plans and interest rates in financial markets and adopt a pragmatic approach to funding the capital programme. Any borrowing decisions and budget consequences will be reported to Cabinet through either the mid-year or annual treasury management reports.

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

Maturity structure of fixed interest rate borrowing 2022/23	Lower %	Upper %
Under 12 months	0	20
12 months to 2 years	0	50
2 years to 5 years	0	75
5 years to 10 years	0	75
10 years and above	0	100

Maturity structure of variable interest rate borrowing 2021/22	Lower %	Upper %
Under 12 months	0	100
12 months to 2 years	0	100
2 years to 5 years	0	100
5 years to 10 years	0	100
10 years and above	0	100

12 Debt Rescheduling / Repayment

12.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

12.2 If rescheduling was done, it will be reported to the Cabinet at the earliest meeting following its action.

13 Annual Investment Strategy - management of risk

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

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

- DLUHC’s Guidance on Local Government Investments (“the Guidance”);
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”); and
- CIPFA Treasury Management Guidance Notes 2018.

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

13.4 The above guidance from the DLUHC and CIPFA, place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means.

13.5 Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings

13.6 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

13.7 Investment instruments identified for use in the financial year are listed below under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Council’s treasury management practices – schedules.

13.8 **Specified Investments -** These investments are sterling investments (meeting the minimum ‘high’ quality criteria where applicable) of not more than one year maturity, or those which could be for a longer period but where the Council has the right to repay within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. Investment instruments identified for use in the financial year are as follows:

- term deposits with part nationalised banks and local authorities;
- term deposits with high credit criteria deposit takers (banks and building societies);
- callable deposits with part nationalised banks and local authorities;
- callable deposits with high credit criteria deposit takers (banks and building societies);
- money market funds (CNAV) / (LVNAV) / (VNAV);
- Debt Management Agency Deposit Facility (DMADF); and
- UK Government gilts, custodial arrangement required prior to purchase.

13.9 **Non-Specified Investments -** These are any other type of investment (i.e. not defined as specified above). Investment instruments identified in both “specified” and “non-specified” categories are differentiated by maturity date and classed as non-specified when the investment period and right to be repaid exceeds one year. Non-specified investments are more complex instruments which require greater consideration by members and officers before being authorised for use. Investment instruments identified for use in the financial year are as follows:

- term deposits with high credit criteria deposit takers (banks and building societies);

- term deposits with part nationalised banks and local authorities;
- callable deposits with part nationalised banks and local authorities;
- callable deposits with high credit criteria deposit takers (banks and building societies);
- Debt Management Agency Deposit Facility (DMADF);
- UK Government gilts, custodial arrangement required prior to purchase; and
- Property funds.

13.10 As a result of the change in accounting standards first introduced in 2018/19 under IFRS 9, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018, the former Ministry of Housing, Communities and Local Government, now the DLUHC, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.

13.11 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. Short term cash flow requirements (up to 12 months) include payments such as, precepts, business rate retention, housing benefits, salaries, suppliers, interest payments on debt etc.

13.12 The current forecast shown in paragraph 10.1, includes a forecast for Bank Rate to reach 1.25% in November 2022.

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

Average earnings in each year	Now
2022/23	1.00%
2023/24	1.25%
2024/25	1.25%
2025/26	1.25%
Years 6 to 10	1.50%
Years 10+	2.00%

13.14 Estimated investment income is £40,000 for 2021/22 and £65,000 in 2022/23. These estimates assume that £4m of cash balances are invested in Property Funds from 2022/23 onwards and that none of the existing cash balances held by the Authority will be utilised to fund schemes approved by the Investment Board.

13.15 **Investment treasury indicator and limit -** total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year end. Currently the Council has no treasury investments in excess of 1 year.

	2022/23 £000	2023/24 £000	2024/25 £000
Maximum principal sums invested > 365 days	**10,000**	**10,000**	**10,000**

13.16 For its cash flow generated balances, the Council will seek to utilise its call accounts and short dated deposits (overnight to 180 days) in order to benefit from the compounding interest.

13.17 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

14 Creditworthiness Policy

14.1 The Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- ''watches'' and ''outlooks'' from credit rating agencies;
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

14.2 This modelling approach combines credit ratings, Watches and Outlooks in a weighted scoring system, which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- yellow 5 years;
- dark pink 5 years for ultra-short dated bond funds with a credit score of 1.25;
- light pink 5 years for ultra-short dated bonds funds with a credit score of 1.5;
- purple 2 years;
- blue 1 year (only applies to nationalised or semi nationalised UK banks);
- orange 1 year;
- red 6 months;
- green 100 days
- no colour not to be used.

14.3 The Link creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preponderance to just one agency's ratings.

14.4 Typically, the minimum credit ratings criteria the Council will use will be short term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use

14.5 The Council's own bank currently meets the creditworthiness policy. However, should they fall below Link Group creditworthiness policy the Council will retain the bank on its counterparty list for transactional purposes, though would restrict cash balances to a minimum.

14.6 All credit ratings are monitored weekly and prior to any new investment decision. The Council is alerted to changes to ratings of all three agencies through its use of the Link Group creditworthiness service.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in credit default swaps against the iTraxx European Financials benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

14.7 Sole reliance will not be placed on the use of Link Group Creditworthiness policy. In addition, this Council will also use market data and market information, information on any external support for banks to justify its decision making process.

14.8 To further mitigate risk the Council has decided that where counterparties form part of a larger group, group limits should be used in addition to single institutional limits. Group limits will be as set through the Council's Treasury Management Practices – schedules.

14.9 In relation to financial institutions, the Council currently only invests in UK banks and building societies, which provides sufficient high credit quality counterparties to meet investment objectives. It should be noted that in some cases these banks are subsidiaries of foreign banks but these are of the highest credit quality.

15 External Service Providers

15.1 The Council uses Link Group as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the authority at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to available information, including, but not solely, our treasury advisors.

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

15.3 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The Council will engage specialist advisers for commercial-type investments.

APPENDIX E - ANNEX A

FENLAND DISTRICT COUNCIL

CAPITAL STRATEGY 2022/23-2024/25

1. OVERVIEW AND CONTEXT

1.1 The Council has established statutory and regulatory responsibilities for the management of its financial affairs. These responsibilities encompass revenue and capital expenditure. The specific responsibilities of full Council, the Cabinet, the Investment Board, Corporate Management Team (CMT) and the Council's appointed Section 151 Officer are defined within the Council's constitution.

1.2 The Council regularly updates its Medium Term Financial Strategy (MTFS). The MTFS provides a framework for setting the Council's annual revenue budget and updating the Council's three-year capital programme. The MTFS sets outs the primary assumptions underpinning the assessment of the resources available to the Council and anticipated service budgets over the coming five financial years.

1.3 Whilst local authorities are required to set a balanced revenue budget, legislation permits local authorities to obtain credit and therefore fund their capital programmes from borrowing. Individual authorities are required to have regard for the Prudential Code published by the Chartered Institute of Public Finance and Accountancy. The Prudential Code requires authorities to ensure:

- all capital expenditure and investment plans are affordable;
- all external borrowing and long-term liabilities are within prudent and sustainable levels;
- treasury management and other investment decisions are taken in accordance with professional good practice; and
- authorities can demonstrate themselves to be accountable by providing a clear and transparent framework.

1.4 Historically, this Council has discharged its responsibilities under the Prudential Code by ensuring that the Treasury Management Strategy, which is approved annually by full Council, is prepared with reference to the latest capital programme. The Capital Programme is itself developed with explicit consideration of the extent to which proposed capital investment is affordable, prudent and sustainable given the resources available to the Council as set out in the MTFS.

1.5 Following an update to the Prudential Code in December 2017, local authorities are now required to have a Capital Strategy. The introduction of this requirement acknowledges that individual authorities will each have their own approach to assessing priorities for capital investment, the amount the Authority can afford to borrow and the Authority's appetite to risk.

1.6 This strategy sets out in a single document the long term context in which capital expenditure and investment decisions are made and establishes that the Council has arrangements in place to ensure it gives due consideration to risk, reward, and impact on the achievement of priority outcomes. The Strategy is updated annually and subject to approval by Full Council alongside the annual budget.

2. CAPITAL EXPENDITURE

2.1 Capital expenditure incorporates a range of different types of financial transaction which the Council might enter into. What these transactions have in common is that they relate to investments decisions which impact on the Council and its stakeholders over a period which extends beyond the financial year in which the transaction is entered into. The Council's appointed S151 Officer ultimately has responsibility for determining whether expenditure is capital in nature in accordance with relevant regulation and statute.

Role and Purpose of the Asset Management Plan

2.2 The Council has developed an Asset Management Plan in accordance with acknowledged best practice. This document provides a strategic framework for managing the Council's current portfolio of land and buildings ensuring that officers and elected members can have confidence, in the long-term, that the Council has the land and property needed to fulfil the pledges set out in the Council's Business Plan.

2.3 The Asset Management Plan incorporates oversight of operational and non-operational property owned by the Council. Operational assets are those assets held by the Council to enable the Council, or its partners, to deliver those services which are either statutory in nature or provided on a discretionary basis to the extent that providing those services is consistent with the strategic objectives of the Council. Non-operational assets are those assets which are not directly used for the purposes of service delivery but are held to either provide the Council with a return on investment, either through rental income, appreciation in the value of the asset or the potential contribution that holding the asset makes to the Council's wider corporate objectives, e.g. taking forward opportunities to regenerate and develop the local economy.

2.4 Responsibility for the Asset Management Plan rests with the Council's Assets and Projects team which reports to the Council's Corporate Director (Growth and Infrastructure). This position is currently vacant but the responsibilities associated with this document are being fulfilled by the Corporate Director and Chief Finance Officer. The Assets and Projects team regularly appraise the condition of the Council's property portfolio to determine the revenue and capital resources required to ensure the portfolio continues to meet the needs of Service Managers. When the needs of services managers change the Assets and Projects team will assist in determining the impact on the property portfolio, including the resources required to meet those needs. The Assets and Projects team recognise that the Council's property needs are unlikely to remain static and the past cost of maintaining a Council asset is not necessarily a reliable indicator of future costs. Forward projections regarding the resources to be allocated to asset management recognise the interaction between revenue and capital expenditure in determining the Council's cost base.

2.5 The capital resources required to meet investment needs identified as part of the Asset Management Plan are routinely assessed and anticipated capital expenditure is profiled over the financial years when it is expected to be incurred. On at least an annual basis capital schemes identified as part of the Asset Management Plan are presented to a meeting of the Council's Corporate Asset Team to determine when and if they should be incorporated into the Council's Capital Programme.

Investment in Vehicles, Plant, Equipment and IT

2.8 The Council has nominated service managers who are responsible for the vehicles, plant and information technology assets in use within the Council. These assets all have an expected useful economic life informed by an assessment by the nominated manager. The need to allocate capital resources to fund the replacement of these assets at the end of their useful life is assessed annually by the Council's Corporate Asset Team. There is also an annual appraisal of business cases relating to proposals to invest in additional equipment not reflected in the programme of rolling replacements.

Role and Function of the Corporate Asset Team

2.9 The Corporate Asset Team is an officer-led group which meets bi-monthly under the Chairmanship of the relevant Corporate Director. On behalf of the Council's Corporate Management Team, the Corporate Asset Team assumes responsibility for providing a strategic oversight in respect of all matters pertaining to asset management.

2.10 All proposed changes to the Council's three-year capital programme are subject to review by the Corporate Asset Team prior to being considered by Corporate Management Team, the Cabinet and Full Council. Any scheme which is not already incorporated into the Council's Asset Management Plan will only be considered for inclusion in the Capital Programme if the Officer proposing the scheme can demonstrate, with appropriate evidence, one or more of the following:

- there is a statutory obligation for the Council to incur the capital expenditure proposed;
- the proposed capital expenditure relates to works deemed necessary on the grounds of health and safety;

- capital expenditure is proposed to protect a Council asset and reduce the risk of excessive revenue expenditure being incurred in upcoming financial years;
- the proposed capital expenditure will generate income, either of a revenue or capital nature, in excess of the capital expenditure which is expected to be incurred including any financing costs but does not meet the definition of asset acquired ‘primarily for yield’ as defined in guidance issued by HM Treasury; and/or
- the proposed capital expenditure will (after including financing costs) reduce revenue expenditure incurred by one or more of services in future financial years.

2.11 The capital financing regulations permit the Council to treat as capital expenditure certain types of transaction which do not result in the acquisition of a physical asset by the Council. These transactions can be high-volume, small value transactions such as the awarding of Disabled Facilities Grants which are currently funded from monies received as part of Cambridgeshire County Council’s Better Care Fund allocation. Such transactions do not require specific approval providing the nature and purpose of the expenditure has been approved as part of the Capital Programme.

2.12 Any proposals to incur capital expenditure which do not lead to the recognition of a physical asset where the expenditure proposed exceeds £10,000 but does not fall within the scope of the Council’s Commercial and Investment Strategy will be considered at a meeting of CMT. If approved by Cabinet, approval will be sought at a meeting of Cabinet before being considered at full Council if necessary. Possible examples include, but are not restricted to:

- granting loans to third parties (for reasons not linked to the objectives of the Commercial and Investment Strategy);

- providing grant-funding to a third party which enables that third party to undertake expenditure which would have been capital in nature had it been undertaken by the Council.

Role and Function of the Investment Board

2.13 During the 2019-20 financial year the Council initiated the development of a Commercial and Investment Strategy for the Council. The current version of the Strategy was approved by full Council on 9 January 2020.

2.14 The Commercial and Investment Strategy was developed in recognition of the investment opportunities available to the Council acknowledging that utilising the Council’s powers to invest could bring substantial benefits not only to the Council but also to the wider District and its residents. The

Capital Strategy has been updated to take account of the changes in the Council's arrangements for determining its capital priorities which arise from the implementation of the Commercial and Investment Strategy. This is explained in more detail in section four of this document.

2.15 Following the approval of the Commercial and Investment Strategy Cabinet approved the establishment of a sub-committee known as the Investment Board. The Investment Board has initially been allocated a maximum budget of £25M to take forward capital schemes which facilitate the achievement of the objectives set out in the Strategy. To date £4.028M of this allocation has been utilised to take forward specific schemes and the balance has been profiled over the upcoming three financial years.

2.16 The Investment Board undertakes its own appraisals of proposed capital schemes. The appraisal of such schemes will be separate from and in addition to the proposals for new capital schemes considered at meetings of Corporate Asset Team which follow the process outlined in paragraph 2.10 of this strategy. The Investment Board has delegated powers to approve schemes providing the maximum budget is not exceeded.

2.17 Capital schemes which fall within the remit of the Investment Board include the acquisition of share capital or the granting of loan funding to companies and/or partnerships in which the Council has an interest. The decision about whether to establish a company or enter into a partnership rests with Cabinet. The Investment Board is responsible for the approval of the business plans of any entities created as a result of a decision taken by Cabinet. Approval of the relevant business plan will precede the allocation of capital funds.

2.18 On 9 June 2020 Cabinet approved a business case for the establishment of a Local Authority Trading Company. Following that meeting the Council formally registered Fenland Future with Companies House (Company No. 12659496). Directors have been appointed to the Board of Fenland Future and the Board and during the 2021/22 financial year work on appraising potential investments and developing relevant business cases has continued.

2.19 The Council recognises that since the Commercial and Investment Strategy was approved in February in January 2020 guidance has been introduced restricting local authorities' access to Public Works Loan Board financing where that funding is to be used to acquire investment assets primarily for yield. Additionally, the Council recognises that where internal or external borrowing is utilised to acquire investment assets this has the potential to increase the Council's overall level of debt by bring forward the point in time when the Council needs to borrow externally. Notwithstanding these considerations, the Council believes there is still a substantial opportunity for the Council to deliver against its objectives linked to regeneration and improving the supply of housing in the District by investing responsibly under the aegis of the Commercial and Investment Strategy.

3 DEBT AND BORROWING AND TREASURY MANAGEMENT

3.1 Day-to-day responsibility for the Treasury Management function rests with the Chief Finance Officer. This section of the strategy reproduces key information taken from the Treasury Management Strategy Statement. The profile of borrowing linked to the Commercial and Investment Strategy shown below is indicative. The operational boundary and authorised limits shown in Tables 3 and 4 have been determined with reference to the budget allocated to the Investment Board referred to in paragraph 2.15 above. This recognises that the Investment Board could invest the remaining allocation in one financial year if this were deemed to be appropriate.

Key Considerations relating to Treasury Management

3.2 The tables below set out the Council's Investment and Debt positions with forward projections.

Year End Investments	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Fund balances / reserves	**18,740**	**15,600**	**15,800**	**15,850**
Expected investments	**22,200**	**19,400**	**18,000**	**18,000**

Table 1: Year End Investment Balances projected over the period 1 April 2021 – 31 March 2025

Year-End Debt	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Debt at 1 April	**7,800**	**8,130**	**16,821**	**30,061**
Expected change in debt to fund capital programme (excluding Commercial and Investment Strategy schemes)	**0**	**6,219**	**(260)**	**(260)**
Borrowing to fund Commercial and Investment Strategy schemes	**330**	**2,472**	**13,500**	**5,000**
Other long term liabilities (OLTL)	**243**	**106**	**23**	**0**
Expected change in OLT	**(137)**	**(83)**	**(23)**	**0**
Actual debt at 31 March	**8,236**	**16,844**	**30,061**	**34,801**

Table 2: Year End Debt and Net Investment projected over the period 1 April 2021– 31 March 2025

3.3 At 1 April 2021 the Council's Debt position comprised other long-term liabilities relating to finance leases of £243k and external borrowing of

£7.8m. These loans were taken out at prevailing market rates between 1994 and 2004. The term of these loans is between 25 and 50 years. Following the transfer of the Council's Housing Stock in 2007, which generated a significant capital receipt for the Council, the Council has retained investment balances which exceed the amounts borrowed. However, changes in prevailing interest rates since the loans were taken out mean that a high premium would be payable by the Council if it were to seek to repay any of the loans early. The premiums to be applied are considered to be prohibitively high for early redemption to be regarded as a reasonable treasury management decision. The Council continues to keep this situation under review with the support of its appointed treasury management advisors. However, for the purposes of this strategy, it has been assumed that external borrowing of £7.8m brought forward, as at 1 April 2021, will continue to be carried forward due to the current historically low interest rates.

3.4 Regulation requires the Council to determine, as part of the Treasury Management Strategy, the maximum external debt position for the upcoming three financial years. This is known as the Council's authorised limit. Additionally, the Council is required to set an operational boundary. The purpose of the operational boundary is to set a threshold for external borrowing which the Council would not expect to exceed in the ordinary management of its affairs. Sustained breaches of the operational boundary would be indicative that the Council could be at risk of exceeding its authorised limit.

3.5 The current authorised limits and operational boundaries for the period covered by this strategy are set out in the table below

Operational Boundary	**2021/22 Revised Estimate £000**	**2022/23 Estimate £000**	**2023/24 Estimate £000**	**2024/25 Estimate £000**
Debt	**12,000**	**14,500**	**14,500**	**14,500**
Other long term liabilities	**1,000**	**1,000**	**1,000**	**1,000**
Commercial Activities/ Non-Financial Investments	**21,302**	**21,302**	**21,302**	**21,302**
Total	**34,302**	**36,802**	**36,802**	**36,802**

Table 3: Operational Boundary over the period 1 April 2021 – 31 March 2025

Authorised Limit	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Debt	**17,000**	**19,500**	**19,500**	**19,500**
Other long term liabilities	**1,000**	**1,000**	**1,000**	**1,000**
Commercial Activities / Non-Financial Investments	**21,302**	**21,302**	**21,302**	**21,302**
Total	**39,302**	**41,802**	**41,802**	**41,802**

Table 4: Authorised Limit over the period 1 April 2021 – 31 March 2025

3.6 Table 2 above indicates that the Council's Actual Debt position is expected to increase over the period covered by this strategy. This reflects an anticipated decision to undertake external borrowing to fund the expenditure commitment set out in the capital programme. In accordance with the Council's constitution, any decision about when, how much and from where to borrow will be made by the appointed S151 Officer.

3.7 Regulations prevent the Council from borrowing in advance of need. There is no requirement for the Council to draw on investment balances to fund its capital commitments prior to undertaking external borrowing but guidance being developed by CIPFA encourages authorities to considering exiting long-term investments to reduce the need to take on additional debt. To manage interest rate risk effectively, the Council will continue to consider medium and long-term forecasts of interest rates provided by its Treasury Management advisors to project likely returns from the investment of surplus funds and the financing costs associated with external borrowing. This approach recognises that postponing long-term borrowing to future years could be more expensive over the life of the loan if interest rates were to increase.

3.8 The Council is required by statute to make arrangements to ensure that there is provision to repay as part of the Council's revenue budget any borrowing undertaken to finance the capital programme. This is known as the Minimum Revenue Provision (MRP) and the Council is required to approve its MRP policy on an annual basis:

	Projected Minimum Revenue Provision (£000)
2021/22	368
2022/23	423
2023/24	616
2024/25	654

Table 5: Projected Minimum Revenue Provision over the period 1 April 2021– 31 March 2025

3.9 Regulation requires the Council to ensure that its MRP policy results in prudent levels of MRP. The Council's MRP policies are explained in full as part of the Treasury Management Strategy Statement which is approved by Full Council annually. Specific provisions are in place to explain the approach taken to determine MRP for schemes taken forward as part of the Commercial and Investment Strategy.

3.10 At the present time no assumptions have been made regarding the MRP which would be due on schemes taken forward as part of the implementation of the Commercial and Investment Strategy. These assumptions will be updated as schemes are taken forward.

3.11 In recognition of the inherent volatility of commercial investment the Council has established an Investment Strategy reserve. One of the purposes of that reserve is that it should hold surpluses in respect of those years where actual income generated from commercial investments exceeds budget estimates. This can help reduce the impact on the General Fund of any unanticipated shortfall which might arise in future years.

4. COMMERCIAL ACTIVITY

4.1 The Council has a long-standing portfolio of non-operational assets which it manages to secure a rental income and income from fees and charges earned from providing facilities for conferences and meetings. The main non-operational assets held by the Council are:

- Boathouse Business Centre, Wisbech – Office Units, Conference and Meeting Space

- South Fens Business Centre, Chatteris - Office Units, Conference and Meeting Space

- South Fens Enterprise Park, Chatteris – Light Industrial Units for Small Business Use

4.2 Rents generated from the lease to third parties of areas of land, buildings and/or infrastructure held by the Council principally for the purposes of service delivery, i.e. premises at Fenland Hall, the Base and Wisbech Port have been assessed by officers to fall outside the scope of commercial activity in the context of this section of the Council Strategy. This reflects the fact that the motive for holding these assets is not principally commercial in nature.

4.3 Responsibility for assessing the need for capital investment in the current portfolio of non-operational assets, reflecting those non-operational assets held as at 31 March 2022 currently rests with the Corporate Asset Team in accordance with the arrangements set out in paragraph 2.10 above.

4.4 During the 2020-21 financial year the Council approved a Commercial and Investment Strategy. The Council has established an Investment Board to take forward capital schemes which deliver against objectives set out in part two (commercial property investment) and part three of the Strategy (commercial investment and regeneration).

4.5 The Commercial and Investment Strategy sets out the assessment criteria to be used for investments undertaken in accordance with part two of the strategy. This requires the Council to determine the net yield associated with each proposed acquisition, after taking account of financing costs, including MRP, and to assess the particular circumstances relating to each acquisition to understand the risks the Council is subject to and possible sources of mitigation. The Council is cognisant of the recent changes to the regulations which govern the basis on which authorities can take out loans from the Public Works Loan Board and specifically preclude authorities who plan to acquire investment assets primarily for yield from accessing PWLB loans. Reference to the current regulations has been incorporated into the Investment Board's decision-making processes.

4.6 Following approval of a proposal in March 2021 to date, the Council has acquired one commercial investment property which is let to a commercial tenant on a 25-year repairing and insuring lease.

4.7 The Investment Board is a sub-committee of the Cabinet. The Council's constitution requires that the committee's membership includes the Leader (who Chairs the Investment Board), the Portfolio Holder for Finance, as well as one other member of Cabinet appointed by the Leader or two members of Cabinet if the Leader also has the Finance Portfolio. The constitution requires the Chair of the Investment Board to ensure the Investment Board meets a minimum of three times each year. The Chair of the Overview and Scrutiny Panel will attend the Investment Board's meetings in an observational capacity.

4.8 The Investment Board is a decision-making body and its functions include the determination of investment appraisals and business cases submitted for its consideration. A report on the discharge of these functions is provided to the Cabinet twice a year.

4.9 The Investment Board also has responsibility for monitoring the performance and financial delivery of those appraisals and business cases it agrees to fund. The Section 151 Officer ensures that reports on the activities of the Investment Board prepared for consideration by Cabinet include details about the impact of the Board's activities on the overall financial position of the Council.

4.10 Statutory guidance published by MHCLG requires the Council to:

- assess and disclose publicly the extent to which it is dependent on profit-generating investments to deliver a balanced revenue budget over the life of the medium-term financial strategy; and
- to set limits for gross debt and commercial income as a proportion of the Council's budgeted net service expenditure over the life of the medium-term financial strategy.

Commercial Income as a proportion of net service expenditure

4.10 The current limit for budgeted commercial income as a proportion of net service expenditure has been set at 20% (equivalent to commercial income of £2.816M per year based on 2021/22 budgeted net service expenditure).

4.11 The Investment Board was established in January 2020. To date it has approved the acquisition of one tenanted industrial property. The indicator recommended by CIPFA is reported in the table below::

Budgeted Income 2021/22 non-operational assets (Economic Estates)	£925K
Net Service Expenditure	£14.08M
Commercial Income as a % of Net Service Expenditure	6.6%
Approved Limit	20%

Table 6: Commercial Income as a proportion of Net Service Expenditure

Gross Debt as a proportion of net service expenditure

4.12 The current limit for gross debt as a proportion of net service expenditure has been set at 375% (equivalent to gross debt of £52.8M per year based on 2021/22 budgeted net service expenditure).

4.13 As explained in paragraph 3.3 above whilst the Council has not undertaken external borrowing in recent years it does have £7.8M of external debt which was taken out at prevailing market rates between 1994 and 2004. This impacts on the calculation of gross debt as a proportion of net service expenditure as follows:

Gross Debt expected as at 31 March 2022	£7.8M
Net Service Expenditure (2021/22)	£14.08M
Gross Debt as a proportion of Net Service Expenditure	55.4%
Approved Limit	375%

Table 7: Gross Debt as a proportion of Net Service Expenditure

Commercial Property Investment – Loan to Value Assessment

4.14 An important consideration when appraising the impact of the Council's commercial and investment strategy on the Council is to consider the extent to which borrowing undertaken by the Council to fund investment in property is matched by the underlying value of the assets purchased.

4.15 When assets are first purchased it is common for the directly attributable costs associated with acquiring the asset, including applicable stamp duty, to exceed the realisable value of the asset. Consequently, if a property purchase is funded from borrowing this may mean in the early years of the Council's ownership the fair value of property owned by the Council may be less than the borrowing undertaken by the Council to fund the acquisition. Over time, if property prices appreciate this will have a positive impact on the Council's loan to value ratio.

4.16 The Council will obtain valuations of all its commercial investment properties annually and disclose the Loan to Value ratio as part of each year's capital strategy.

4.17 The Council has one commercial investment property which had been funded from borrowing. A valuation of that asset obtained as part of work completed to produce the 2020/21 statutory accounts indicated that, as at 31 March 2021, its value was equal to the consideration the Council had paid to the vendor in March 2021 exclusive of stamp duty and legal fees.

Borrowing in Advance of Need

4.17 Statutory guidance on Local Authority Investments and the Prudential Code published by CIPFA requires that authorities must not borrow in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Government has clarified that this requirement extends to the use of external borrowing to fund the purchase of non-financial investments, including investment properties.

4.19 As noted in paragraph 2.15 above the Council's Investment Board has been allocated a budget of £25M to take forward the Council's Commercial and Investment Strategy. The Council's Commercial and Investment Strategy provides for two types of investments to be taken forward: part two of the strategy sets out the process to be followed for commercial property investment and part three is concerned with investments for regeneration and place-shaping.

4.20 The Council will need to undertake external borrowing if it is to utilise the full budget of £25M which has been allocated by Full Council.

4.21 The statutory guidance recognises that the Council can disregard the provisions of the Prudential Code and the statutory guidance providing it explains its reasons for doing so and its policies for investing the extra amounts borrowed and the arrangements in place to manage the associated risks. However, the decision taken by government in November 2020 to preclude Councils from accessing loans from the Public Works Loans Board if they plan to acquire investment assets primarily from yield limits Councils' opportunities to take forward proposals which would previously have been possible.

4.22 The delivery of objectives linked to the Council's Commercial and Investment Strategy represents a key element of the Council's Business Plan. Whilst the regulatory context in which Councils are permitted to invest has altered and is expected to alter again following implementation of the revised Prudential Code from 2023/24, this Council nevertheless believes there are opportunities for prudent investment in the District. Such investments can contribute to enhancing the District's economic vitality and act as leverage which enhances the viability of investment in our District funded by the private sector.

4.23 The Commercial and Investment Strategy sets out in detail the appraisal and decision-making approach the Investment Board is required to follow before any investment in commercial property is undertaken. This ensures that appropriate governance arrangements are in place and the Council has due regard to the risks associated with investments both individually and in the context of the overall level of risk presented by the Council's current portfolio.

4.24 Active monitoring of the portfolio will take place throughout the year with reference to the indicators included in this strategy together with appropriate commentary relevant to the particular investments held by this Council.

5. KNOWLEDGE AND SKILLS

5.1 The Council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

5.2 Appropriate external advice will be engaged from suitably qualified professionals as and when required. This will apply particularly in those circumstances when the Council needs to undertake independent due diligence prior to making a decision regarding a proposed investment. Additionally, the Council will continue to enlist the year-round support of external Treasury Management advisors. This support is currently provided by Link Asset Services.

5.3 Internal and external training is offered to members to ensure they have up to date knowledge and expertise to understand and challenge capital proposals brought forward for approval and interpret the treasury management policies developed by officers in conjunction with relevant professional advisors.

APPENDIX F

PARISH PRECEPTS 2022/23

TAX BASE (Equated Band D Properties)	PRECEPT 2021/22 £	COUNCIL TAX PER BAND D PROPERTY £	PARISH	TAX BASE (Equated Band D Properties)	PRECEPT 2022/23 £	COUNCIL TAX PER BAND D PROPERTY £	INCREASE FROM 2021/22 %
350	12,852	**36.72**	**BENWICK**	357	12,852	**36.00**	-2.0
3,364	151,000	**44.89**	**CHATTERIS**	3,384	155,000	**45.80**	2.0
275	12,750	**46.36**	**CHRISTCHURCH**	281	16,000	**56.94**	22.8
843	56,459	**66.97**	**DODDINGTON**	863	60,000	**69.52**	3.8
1,193	30,000	**25.15**	**ELM**	1,202	30,000	**24.96**	-0.8
397	19,000	**47.86**	**GOREFIELD**	397	20,000	**50.38**	5.3
1,135	54,000	**47.58**	**LEVERINGTON**	1,160	56,000	**48.28**	1.5
890	61,000	**68.54**	**MANEA**	911	65,055	**71.41**	4.2
6,606	320,000	**48.44**	**MARCH**	6,726	320,000	**47.58**	-1.8
241	13,000	**53.94**	**NEWTON IN THE ISLE**	241	10,000	**41.49**	-23.1
455	20,560	**45.19**	**PARSON DROVE**	463	20,660	**44.62**	-1.3
389	12,000	**30.85**	**TYDD ST GILES**	400	15,000	**37.50**	21.6
5,610	171,015	**30.48**	**WHITTLESEY**	5,736	172,000	**29.99**	-1.6
787	65,851	**83.67**	**WIMBLINGTON**	839	67,168	**80.06**	-4.3
6,427	368,885	**57.40**	**WISBECH**	6,504	389,640	**59.91**	4.4
1,181	80,116	**67.84**	**WISBECH ST MARY**	1,200	77,074	**64.23**	-5.3
30,143	**1,448,488**	**48.05**	**GRAND TOTAL**	**30,664**	**1,486,449**	**48.48**	**0.88**

EARMARKED AND GENERAL RESERVES - Revised 2021/22 and Estimated 2022/23

APPENDIX G

Reserve Name	**Balance 01.04.21 £**	Capital Funding £	Revenue Contributions to(+)/from(-) 2021/22 £	**Revised Balance 31.03.22 £**	Capital Funding £	Revenue Contributions to(+)/from(-) 2022/23 £	**Estimated Balance 31.03.23 £**	*Comments / Conditions of Use*
Travellers Sites	**326,101**		47,640	**373,741**		48,560	**422,301**	Can only be used for specific future maintenance liabilities.
Station Road, Whittlesey - Maintenance	**4,800**		2,800	**7,600**		2,800	**10,400**	Required for future road maintenance.
CCTV - Plant & Equipment	**21,128**		10,000	**31,128**		10,000	**41,128**	Available for future CCTV maintenance & replacement liabilities.
Invest to Save	**104,000**		-104,000	**0**			**0**	Original Funding agreement with Salix Finance has been terminated and grant repaid.
Management of Change	**800,468**	-354,000		**446,468**	-200,000		**246,468**	Available for the effective management of any organisational changes required to meet the Council's future priorities.
Specific Government Grants (received in previous years)	**1,327,622**		-392,199	**935,423**		-70,190	**865,233**	Available to fund specific spending commitments in future years.
Business Rates Equalisation Reserve	**4,146,689**		-2,002,224	**2,144,465**		-1,415,206	**729,259**	Available to assist the Council in smoothing out volatility in the business rates retention system.
Capital Contribution Reserve	**315,196**	-11,000		**304,196**			**304,196**	Available to fund specific spending commitments in future years.
Port - Buoy Maintenance	**146,999**		-8,000	**138,999**		-19,000	**119,999**	Available for future buoy maintenance to service windfarms.
Repairs and Maintenance	**562,706**	-98,000		**464,706**			**464,706**	Available to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.
Heritage Lottery Fund (HLF) - Wisbech	**80,898**		-33,730	**47,168**		-11,130	**36,038**	To manage the Heritage Lottery Funded scheme in Wisbech.
Solid Wall Remediation	**100,000**			**100,000**			**100,000**	Available to fund potential costs linked to solid wall installations in the District.
Highways Street Lighting	**29,367**		19,230	**48,597**		19,230	**67,827**	Available to fund future repairs and maintenance relating to street lighting.
Investment Strategy Reserve	**1,340,168**			**1,340,168**			**1,340,168**	Established to provide future funding for Commercial and Investment Strategy projects.
Budget Equalisation Reserve	**482,633**		-242,686	**239,947**		-203,198	**36,749**	Year-end surpluses are transferred to this reserve. If a deficit is forecast this reserve can be used to offset the expected shortfall.
Planning Reserve	**391,138**		-85,000	**306,138**		-16,390	**289,748**	Available to fund additional planning costs not reflected in the annual budget, including the development of the Local Plan.
Elections Reserve	**30,000**		30,000	**60,000**		30,000	**90,000**	Available to fund four-yearly District-wide elections. Transfers are made to this reserve each year to fund the cost of the next District-wide election.
Specific Covid-19 Government Grants (received in 2020/21)	**1,838,547**		-1,770,980	**67,567**			**67,567**	Specific Government Grants received for Covid-19 initiatives eg. Business Support, Test & Trace and Outbreak Management.
Port - Pilots Staff Development Training	**24,000**		-24,000	**0**			**0**	Available to fund the training of maritime pilots to fulfill the authority's statutory functions.
Cambridgeshire Horizons - A14 Contribution	**0**		1,008,000	**1,008,000**		-42,000	**966,000**	Monies received from Cambridgeshire Horizons specifically for contribution to A14 improvements. To be paid over 25 years at £42k per annum.
Cambridgeshire Horizons - Share of Surplus	**0**		2,634,130	**2,634,130**		-52,900	**2,581,230**	Available for the Council's future use in accordance with the conditions attached to the receipt.
TOTAL EARMARKED RESERVES	**12,072,458**	-463,000	-911,019	**10,698,439**	-200,000	-1,719,424	**8,779,015**	
General Fund Balance	**2,000,000**			**2,000,000**			**2,000,000**	Unallocated general reserve required for various and unplanned for contingencies, to mitigate risks associated with future financial planning as well as for general day to day cash flow needs.
TOTAL RESERVES	**14,072,458**	-463,000	-911,019	**12,698,439**	-200,000	-1,719,424	**10,779,015**	

NB: In accordance with the Council's Financial Rules and Scheme of Financial Delegation (Part 4, Rule 6 of the Constitution), paragraphs B57 - B60 delegates authority to the Chief Finance Officer to approve expenditure from these reserves in accordance with their approved use as detailed above.

APPENDIX H

COVID-19 Additional Relief Fund (CARF) - Non-Domestic Rates Discretionary Rate Relief Guidelines Addendum

Background

The Local Government Finance Act 1988 provides for Non-Domestic Rate relief to be awarded for certain types of organisations and businesses. Relief under this scheme is payable under discretionary relief powers under section 47 of the LGFA 1988

The Relief covered in this document is the COVID-19 Additional Relief Fund (CARF) which is available for the period 1 April 2021 to 31 March 2022. This relief is funded by central government as part of measures to support businesses that have been impacted by the effects of the pandemic and follows guidance from Government.

This relief is aimed at hereditaments where the business has experience adverse effects due to the COVID-19 pandemic but up to this point has received no rates relief or grants under other COVID schemes.

Guideline aim

These guidelines set out the local scheme which will be used to distribute the funds made available by Government to local businesses in response to the impact of the pandemic. It also provides the details of how the scheme will be administered.

Applications for Rate Relief

Business rate payments remain legally due and payable in accordance with the most recent bill, until such time as any relief is awarded. Hereditaments that are identified as potentially being eligible for the COVID-19 Additional Relief Fund (CARF Relief) will have a relief applied to their 2021/2022 bill. They will then be invited to complete a post assurance application form, online. Failure to engage in this process or to confirm eligibility will result in the relief being removed.

How Applications are Processed

The Business Rates team will carry out a post assurance exercise to determine the validity of the award of CARF relief. Should ARP fail to be satisfied that the award is correct then the relief may be removed.

Notification of the Decision

Notice of the award of relief will contained within a revised Business Rates Demand Notice. The relief will be credited to the 2021/22 demand notice and any resulting credit balance carried forward to the 2022/23 demand notice reducing ongoing instalments. If a refund is required by the business this will need to be requested by the ratepayer after the award has been made.

Period of Award

This relief is awarded for the maximum period of one year between 1 April 2021 and 1 April 2022, there is no scope for extending this period.

Eligibility Criteria
Relief should not be awarded to ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS),
Relief should not be awarded to a hereditament for a period when it is unoccupied (other than hereditaments which have become closed temporarily due to the government's advice on COVID-19, which should be treated as occupied for the purposes of this relief).
Support will be directed towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact
All awards are subject to Subsidy regulations and as such a declaration to confirm these regulations are not breached forms part of the application process

Some premises are deemed ineligible for relief under the scheme as are considered to have suffered downturn due to Covid. These include:

- Advertising rights
- ATM's
- Banks/Insurance/Building Societies
- Cemeteries
- Civic amenity sites
- Colleges of further education
- Communication stations
- Crematoria
- Exhaust and tyre centres
- Funeral Parlours/Chapel of rest
- Garages (Transport and commercial)
- Hospitals and Clinics
- Landfill gas Generator sites
- Local Authority Schools
- Mineral producing hereditament
- Water processing plants
- Vehicle repair and workshops
- Veterinary Clinics
- Waste Recycling Plants
- Pet Groomers
- Pitches for stalls sales or promotions
- Post Offices
- Surgeries, Clinics and Health Centres
- Telescope sites

Appeals

There is no legal right of appeal on discretionary relief, however in keeping with the good customer care practice and principles of transparency this scheme provides for a review/reconsideration of any decision.

There is provision within these guidelines for a request for reconsideration of a decision to be made by the Head of NDR, Recovery and Enforcement or the Section 151 Officer (dependant on the value). It will be necessary to provide further information or, to show that sufficient "weighting" or consideration has not been given to a particular factor or factors raised in the application. No relief can be backdated on applications received after 30 September 2022.

Action	Timescale
If the applicant wishes to ask for a reconsideration of a decision, the request should be made in writing to the Strategic Revenues Manager or to the Section 151 Officer and must demonstrate that some or all of the relevant factors contained within this document are met	A request for a reconsideration should be sent to the Council within 1 month of the date on the letter of refusal/award.
The Council will acknowledge receipt of a request for a reconsideration in writing and advise the applicant of the date that the application will be reviewed by the Strategic Revenues Manager or by the Section 151 Officer.	Letter advising the date of application review will be sent within one week of the receipt of appeal letter.
The Strategic Revenues Manager or the Section 151 Officer will review the appeal. A letter will be sent to the applicant advising the final decision of the Council.	The letter will be sent within one week of the final decision.