

**Open**

# **Overview & Scrutiny Committee**

## **Agenda**

**To be held remotely  
6pm  
Thursday, 5th November 2020**



## Overview & Scrutiny Committee

### Members of Committee:

**Chairman: Councillor M J Hart**  
**Vice-Chairman: Councillor S J Chambers**

**Councillor N J Desmond**  
**Councillor S Griffiths**  
**Councillor T L Onslow**  
**Councillor S E N Rook**

**Councillor C Edginton-White**  
**Councillor S Miah**  
**Councillor M Rayner**  
**Councillor D R Sheppard**

**Would Members please note that, to ensure continuity in scrutiny, substitutes should only be appointed for the Scrutiny Committee in exceptional circumstances.**

### Information for Members of the Public:

**Part I** of the Agenda includes items for discussion in public. You have the right to inspect copies of Minutes and reports on this Agenda as well as the background documents used in the preparation of these reports.

**Part II** of the Agenda (if applicable) deals with items of "Exempt Information" for which it is anticipated that the public may be excluded from the meeting and neither reports nor background papers are open to public inspection.

1. The Overview & Scrutiny Committee meeting is open to the public except for any exempt/confidential items. These items are normally discussed at the end of the meeting. Where a meeting is held remotely, "open" means available for live or subsequent viewing.
2. Members of the public will be able to hear and see the meetings by a live stream on the Council's website:  
  
<https://www.wyreforestdc.gov.uk/streaming.aspx>
3. This meeting is being held remotely online and will be recorded for play back. You should be aware that the Council is a Data Controller under the Data Protection Act 2018. All streamed footage is the copyright of Wyre Forest District Council.

### **Declaration of Interests by Members – interests of members in contracts and other matters**

Declarations of Interest are a standard item on every Council and Committee agenda and each Member must provide a full record of their interests in the Public Register.

In addition, alongside the Register of Interest, the Members Code of Conduct ("the Code") requires the Declaration of Interests at meetings. Members have to decide first whether or not they have a disclosable interest in the matter under discussion.

Please see the Members' Code of Conduct as set out in Section 14 of the Council's constitution for full details.

### **Disclosable Pecuniary Interest (DPI) / Other Disclosable Interest (ODI)**

DPI's and ODI's are interests defined in the Code of Conduct that has been adopted by the District.

If you have a DPI (as defined in the Code) in a matter being considered at a meeting of the Council (as defined in the Code), the Council's Standing Orders require you to leave the room where the meeting is held, for the duration of any discussion or voting on that matter.

If you have an ODI (as defined in the Code) you will need to consider whether you need to leave the room during the consideration of the matter.

## **Co-opted Members**

Scrutiny Committees may wish to appoint Co-Opted Members to sit on their committee in order to add value to the scrutiny process. To appoint a Co-Opted Member, a Committee must first agree to appoint either a specific person or to approach a relevant organisation to request that they put forward a suitable representative (e.g. the local Police Authority). Co-Optees are non voting by default but Committees can decide to appoint voting rights to a Co-Optee. The Co-Option of the Member will last no longer than the remainder of the municipal year.

Scrutiny Committees can at any meeting agree to terminate the Co-Option of a Co-Opted Member with immediate effect. Where an organisation is appointed to put forward a Co-Opted Member, they are able to send a substitute in exceptional circumstances, provided that they notify Democratic Services in advance. Co-Opted Members must sign up to the Members Code of Conduct before attending their first meeting, failure to sign will mean that they are unable to participate. This also applies to substitute Co-Opted Members, who will need to allow sufficient time before a meeting in order to sign the Code of Conduct.

The following will apply:

- i) The total number of voting co-opted members on any Scrutiny Committee will not exceed 25% at any one time.
- ii) The total number of voting Co-opted Members on any Review Panel will not be limited.
- iii) Those Co-opted Members with voting rights will exercise their rights in accordance with the principles of decision making set out in the constitution.

## **For Further information:**

**If you have any queries about this Agenda or require any details of background papers, further documents or information, you should contact Louisa Bright, Principal Committee and Member Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732763 or email [louisa.bright@wyreforestdc.gov.uk](mailto:louisa.bright@wyreforestdc.gov.uk)**

Wyre Forest District Council  
Overview & Scrutiny Committee

Thursday, 5th November 2020

To be held remotely

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	<b>Apologies for Absence</b>	
2.	<b>Appointment of Substitute Members</b>  To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	<b>Declarations of Interests by Members</b>  In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered.  Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	<b>Minutes</b>  To confirm as a correct record the Minutes of the meeting held on the 3 <sup>rd</sup> September and the minutes of the meeting held on 8 <sup>th</sup> September 2020.	7
5.	<b>"How are we doing?" Performance Update</b>  To consider a report from the Business Improvement Officer which updates members on the performance of the Council for quarter 2, from 1 <sup>st</sup> July to 30 <sup>th</sup> September 2020.	18
6.	<b>Treasury Management Strategy Statement and Annual Investment Strategy Mid Year Report 2020/21</b>  To consider a report from the Corporate Director: Resources which provides members with a mid-year review of the Council's treasury management policies, practices and activities in accordance with the CIPFA Treasury Management Code of Practice.  To also consider recommendations from the Treasury Management Review Panel from its meeting on 2 <sup>nd</sup> November 2020. <b>To follow</b>	48

7.	<b>Green Homes Grant – Local Authority Delivery Scheme</b>  To consider a report from the Head of Strategic Growth which outlines the process for the Government funded Green Homes Grants to be made available to homeowners where their properties have poor energy efficiency and they have a low household income.	79
8.	<b>Amendment to the Capital Portfolio Fund Acquisition Geography</b>  To consider a report from the Corporate Director: Resources and the Corporate Director: Economic Prosperity & Place which sets out the proposed temporary arrangements for the acquisition geography for the Capital Portfolio Fund during the uncertain times brought about by the Coronavirus pandemic.	82
9.	<b>Response to Consultation on Homeworking</b>  To consider a report from the Corporate Director: Economic Prosperity & Place which sets out the responses received to the consultation with employees and unions in respect of homeworking as agreed by Council in July.	88
10.	<b>Establishment of Independent Museum Trust</b>  To consider a report from the Chief Executive which sets out the proposed steps necessary to establish Bewdley Museum as a fully independent trust.	114
11.	<b>Work Programme</b>  To review the work programme for the current municipal year with regard to the Corporate Plan Priority, Annual Priorities and the Forward Plan.	123
12.	<b>Press Involvement</b>  To consider any future items for scrutiny that might require publicity.	
13.	<b>To consider any other business, details of which have been communicated to the Solicitor of the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>	
14.	<b>Exclusion of the Press and Public</b>  To consider passing the following resolution:  “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in paragraph 3 of Part 1 of Schedule 12A to the Act”.	

Part 2

Not open to the Press and Public

15.	<b>Agenda Item No. 8 - Amendment to the Capital Portfolio Fund Acquisition Geography</b>  Appendix 1 - Acquisition criteria matrix	
16.	<b>To consider any other business, details of which have been communicated to the Solicitor of the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>	

**WYRE FOREST DISTRICT COUNCIL**

**OVERVIEW & SCRUTINY COMMITTEE**

**HELD REMOTELY**

**THURSDAY, 3RD SEPTEMBER 2020 (6PM)**

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**Present:**

Councillors: M J Hart (Chairman), S J Chambers (Vice-Chairman), N J Desmond, C Edginton-White, S Griffiths, S Miah, T L Onslow, M Rayner, S E N Rook and D R Sheppard.

**Observers**

Councillors: J F Byng, A Coleman, H E Dyke, N Martin, F M Oborski MBE, C Rogers, A Totty and P W M Young.

**OS.32      Apologies for Absence**

There were no apologies for absence

**OS.33      Appointment of Substitutes**

No substitutes were appointed

**OS.34      Declarations of Interests by Members**

Councillor C Edginton-White declared that she was a member of the Committee, and would also be giving a presentation on behalf of Bewdley Town Council, which as a Councillor had a dispensation to be able to do that.

**OS.35      Consideration of the flooding motion from Council – Evidence Gathering from voluntary partners, affected residents and businesses.**

The Chairman announced that there were three public speakers listed on the agenda. He said that an additional four speakers from Wribbenhall Residents Flood Group has requested to speak after the deadline had passed. He said that under the procedure rules for Scrutiny Committees, up to five people were permitted to speak on one agenda item. He advised that he had used his Chairman's discretion and would allow all seven people to speak, as it was an important issue and was refreshing that members of the public wanted to engage with the Council.

The Chairman invited each of the seven registered speakers in turn to address the Committee.

**Councillor C Edginton-White, Bewdley Town Council Community Flood Volunteer Group**

*In 2007 the Environment Agency commenced a temporary flood defence trial to*

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*protect 19 houses at Beale's Corner.*

*In 2014, at the end of that 7 years, during the last year of the trial the flood peak was 5.05 metres and the EA reported in later newsletters that the temporary barrier was "close to being ineffective and overwhelmed."*

*In September 2014 the barrier trial was reviewed and the EA stated that they "found that PLR (Property Level Resilience) was the most viable publicly-funded long term solution to manage flood risk for the community." The cost benefit formulae which they were obliged to use did not take into account, heritage properties, listed buildings nor the impact on the local economy which was caused by necessary bridge closures.*

*The EA were unable to guarantee deployment of the temporary barriers indefinitely saying "as it operates under permissive powers and does not know what funding will be available beyond the current spending round."*

*Bewdley Town Council Community (Flood) Volunteers Plan - On April 14<sup>th</sup> 2016 it was agreed "that the Environment Agency will take a partnership approach with Bewdley Town Council, Wribbenhall Flood Group and community volunteers to enable the temporary barrier to continue in the short term, until March 2020. The partnership approach is dependent on 3 elements being addressed. The community involvement plan will capture the details and be the basis of review. The property level protection and resilience scheme as planned was to proceed regardless of decisions around the temporary barriers. In November 2016 Bewdley Town Council in consultation with the EA drew up a Community Volunteers Plan with a handbook, published in handbook format in November 2016. The flood plan which was instituted and it was a partnership arrangement between Bewdley Town Council to be sure the barriers were continued. There was a training exercise and we then had engagement. The only engagement we had on the 23<sup>rd</sup> when the flood was when the barriers were not breached but the barriers were not put up at Beales Corner but there was serious flooding at Severn side south. The Bewdley TC Flood Volunteer Group are in regular contact locally with a team, there have been residence updates and newsletters and face-to-face. Regular flooding in Bewdley is predictable and the frequency of more significant flood events is likely. There is therefore a very strong case to be made for a permanent flood barrier at Beale's Corner and this is the position which Bewdley Town Council has consistently been putting forward.*

#### **Ruth Lemiech, Wribbenhall Residents Flood Group**

*There have been a lot of residents affected. Some of our neighbours are still unable to live in their own homes and I would also draw attention to, obviously when you think of Bewdley you often think of our corner of Beales Corner but actually Mill Side Court which has got much newer properties has been badly affected as well. Some of the residents were unable to live there for a considerable number of weeks due to flooding of their basements with sewerage. I also just wanted to remind the committee of the report from the Environment Agency in June who stated quite worryingly that over the next 30 years they predict that the flood peaks upstream of Worcester will be higher than those that we experienced in February, that normal winter flooding will be close to those we experienced in February and more extreme events that we experienced in February are likely. In terms of the photographs that you saw on the slides and just to try and share our experience of events, we had a significant flood event that was kind of a surprise that we really shouldn't have in Bewdley. It was so sudden that it wasn't possible to erect the full extent of the barriers that was about 10 days before we had the full barriers over topping. Once the barriers were in place and river levels rose we were actually warned as*



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*residents of a catastrophic failure of the barrier and a danger to life we were warned of a potential 10 foot high tidal wave as barriers were breached and we experienced the police knocking on our front door saying we've got one hour to evacuate our properties and because they felt that there was such a significant risk. I think that affected about 70 properties at that time but the Police would be able to confirm that. It was obviously very scary and really upsetting. If people know Bewdley we were evacuated as far as the Black Boy and then police moved us on. They evacuated us actually as far as the Great Western so people literally just had to abandon their residences. Most people then returned home after a couple of days but a few days later, and I am sure you saw the dramatic footage, the barriers were over topped resulting in very extensive flooding at Beales Corner. So clearly there has been a significant impact on our home and families over quite an extended period of time and obviously as we went into lockdown we are still very much in the recovery period as I know some of the other contributors will testify. There has also been a very significant impact on the town, businesses and inconvenience to other residents. My husband will talk a little bit about how the property level protection failed but what the flood group and the whole community would like is equitable protection this side of the river. We want permanent flood barriers for Beales Corner, Stourport Road and Millside Court, and that is what we will hope you will endorse this evening.*

#### **Richard Perrin, Bewdley Civic Society**

*First of all, may I say that Bewdley Civic Society wishes to acknowledge how hard the EA has worked to combat the long term and ongoing issue of flooding in Bewdley.*

*My question relates to the deployment of the temporary flood defence barriers on Beale's Corner and the first part of Stourport Road.*

*In 2000 the flood that year saw the river level at Bewdley peak at 5.56 metres and we all know that consequent upon that event Bewdley got its defences on both sides of the river, albeit the Wribbenhall side were provided with the temporary pallet type structures. I have examined the Environment Agency's Official website for River Levels at Bewdley <https://riverlevels.uk/river-severn-bewdley#.X0zMM0BFzIU> and, according to the historic information thereon, it can be seen that one occasion in February 2014 the river peaked at just over 5 metres. I understand from a previous Oversee and Scrutiny meeting about the 2020 floods that the Environment Agency (EA) advice that the Wribbenhall barriers have an operating limit of 5 metres yet from memory I have no recollection that barriers were close to being overwhelmed on that occasion. This year the flood level exceeded the height of the Wribbenhall barriers reaching a peak of 5.48 metres with resulting devastation. I have spoken to some residents who live in Stourport Road and who experienced flooding in their properties, and they tell me that the barriers in February this year had markings on them which differed to barriers previously deployed and are of the opinion that the barriers were lower than those previously deployed. I cannot vouch for this myself but, in my view, it does beg the question "were the barriers deployed in February different to those usually used? Furthermore should the EA, in the knowledge that the flood in 2000 reached 5.56 metres, have installed barriers that are fit for purpose and can deal with levels of 6 metres or more as they do on the Bewdley side? Indeed, we would like this Committee to contact the EA to see if that is an avenue they can explore before another large flood comes along.*

*I am assuming that we will not get permanent barriers before the upcoming winter when we may well get another very large flood.*

**David Hegarty, Wribbenhall Residents Flood Group**

*I will reiterate the thanks to the elected members and the officers that all the efforts they put into date. Putting it simply our house flooded; it didn't flood with water it flooded with contaminated flood water. It was contaminated with diesel, sewage and a whole host of other chemicals that are as yet unknown. The damage has been catastrophic to one of the most historic houses in Bewdley because we live in the house called the Dog Wheel. The personal property protection I've been asked to talk about well it didn't work, you know, our house flooded. There are real questions about the standard to which it was installed by the subcontractors that had the contract for the Environment Agency. If it had been installed to a high quality and effectively maybe we wouldn't have flooded but we do not know. I would put forward some very simple suggestions. So the barriers overtopped and that resulted in a massive evacuation, as you heard my wife say a few minutes ago say we have been told that 70 houses were evacuated, I was told by the police on the night that they think up to 140 houses were evacuated. We don't know if that was necessary to that degree or not? But our house protrudes out slightly, it's a timber frame with wattle and daub infill and the catastrophic impact of a wave of that size coming over could have resulted in a loss of life. Aside from that there was always the real risk of loss of life with the temporary barriers, and with children that will go the wrong side of the barriers to get to school. There are real issues here and the cost benefit analysis that was always previously applied, 19 houses protected didn't merit the investment. Quite clearly a number of the emergency services don't believe only 19 houses were at risk, if that's the case why was there such a mass evacuation when the barriers were going to be overtopped?*

Councillor A Totty joined the meeting at this point, (6.22pm).

**Irene Buxton, Wribbenhall Residents Flood Group**

*I live on the corner and the barriers that were put up at that time weren't the right barriers, they were too low. I argued the point with the Environment Agency and they said that they were the ones but they wasn't, we have had them higher than that. When I spoke to them after, they said that it would have over toppled it anyway because it would have come around onto the bridge and down. We were all evacuated, well we evacuated ourselves because it got a bit scary and I've lived in this property for 19 years and I have never experienced this in all them years. I had nearly 3ft of contaminated water, sewage you name it, everything, in my property and it has resulted in over £40,000 worth of damage. My opinion is we need permanent flood barriers and I don't believe anything else will work because I've had all the property level protection that they can offer us and it all failed miserably unfortunately, but that's how it is and I can't really say a lot more now because I'm so upset about it and I am too scared to now to live in my house when the river comes up, it is frightening.*

**Linzi Wilson, Wribbenhall Residents Flood Group**

*I am an owner of a property on Beales Corner, number 4. I brought 3 and 4 at*

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*auction in 2004 and we had several floods during the period of restoration, but this final flood was the worst I had ever experienced and I had done a lot of flood mitigation work myself prior to the floods. The PLP measures by the Environment Agency haven't been completed yet at that point. So I have only recently had the doors fitted, the front and back, in the last couple of weeks. So as yet I don't know how that will work but we were given or we were all given temporary barriers to place in the doorways and sandbags, but that obviously didn't work as it all seeped through the floors and the walls etc. So it was pretty bad in my property which was tenanted and the tenant had to be saved by the rescue services over the stable door; she was in her 70s so it wasn't terribly clever. She did appear on Sky News, so she had a lot of coverage that day. Suffice to say the property is still empty; I have lost my rental income. The work has started this week now that it is all dry, I am having a kitchen fitted which is stainless steel and if it floods again I won't have to rip it out hopefully and so there's some more mitigation work that I've done. We certainly need the permanent flood barriers in order to keep the town running.*

#### **Paul Smith, Wribbenhall Residents Flood Group**

*Six months later I am sitting here in my flooded lounge; you can see the drying machines behind me, they haven't been turned on yet, six months later. This is the problems we are dealing with. We purchased the oldest house in Bewdley in 2012 safe in the knowledge that it was protected by demountable flood defences. Since then the EA advised us that the barriers were to be withdrawn and property level protection installed instead. I could not comprehend that the only solution on offer was to allow the filthy flood waters of the Severn to rise up against our 700 year old house, our grade 2 star listed property in what I consider to be an embarrassing backwards step for Bewdley. EA contractors surveyed my property and decided that a cellar pump and a flood door were required. Contractors began working in our cellar, wrongly sinking the pump into the cellar floor, it was re-fitted a further 3 times. The flood door was only fitted last month, far too late to protect us from the flood event in February. When the flood event in February happened our cellar pump failed as soon as water touched it. As an interim measure we were given a flood gate on the front door; this failed. Property Level Protection failed on a spectacular level. Since the flood event in February Watertight have reassessed our property and they found an additional 31 points of water ingress that were missed during the first inspection, errors that contributed to our property being flooded. I could talk in length about the flood events in February; I could talk for half an hour. The 3 peaks over the 3 weeks about how Storm Dennis was widely covered on national news yet the flood defences were not deployed during the first peak, and several homes and vehicles were destroyed. I had the opportunity to speak with our Prime Minister here in Bewdley and I fed him the line, Get Bewdley Done; he seemed to like that. It's my understanding that money has never been allocated to investing in permanent flood defences for Beales Corner. We must take this opportunity to get it right. No more contrived financial equations that try and prove its only 19 properties that are protected by flood defences. This has now been dispelled completely after February's events. The Black Boy Inn on Kidderminster road was advised to evacuate along with many surrounding properties. The threat of flooding, damage to properties and risks to life far exceeds the figure of 19 properties used to justify property level protection. February's events have demonstrated that hundreds of properties and businesses were affected. Property Level Protection has failed and now has to be dismissed as the sole solution for Bewdley. Friendships have been forged, heroes have emerged and people need to be recognised for what they did,*

#### **Agenda Item No. 4**

*but these events are going to be far more regular and risk to life is going to be more frequent. My family is the subject of a documentary which will be aired on the BBC later this year following our experiences being flooded, our experiences with our insurers, the EA and our local Council.*

The Chairman thanked the speakers for their participation and for the two written representations received from local residents.

#### **OS.36      Consideration of the flooding motion from Council – Final Report and Recommendations**

The Committee considered the draft report to Council. A full discussion ensued and having heard the public participation, Members acknowledged the impact that the floods have had on those residents affected, and agreed that the Environment Agency should be invited to respond to the issues raised by residents, particularly in relation to the height of the temporary barriers.

Having fully considered the written and oral evidence presented to the Committee, Members recognised that whilst other areas of the district had been flooded, in light of the compelling and persuasive arguments, it was agreed that the priority should be to press for permanent flood defences at Beale's Corner, Bewdley. The Chairman asked the Principal Committee and Member Services Officer to incorporate the comments made by Members during the meeting into the final report, prior to it being circulated to Committee Members.

The Cabinet Member for Housing, Health, Well-being and Democratic Services thanked the Chairman and his Committee for a very professional, proactive and inclusive meeting. She said that she hoped that residents felt that the Committee understood and emphasized with them and would take the issues raised forward for them.

The Chairman thanked everybody for their diligent contributions and said it had been a very interesting and important scrutiny exercise to undertaken.

**Agreed: Having fully considered the evidence gathered from the Environment Agency, Worcestershire County Council, West Mercia Police, Hereford & Worcester Fire and Rescue Service, Severn Trent and the public participation, the Committee agreed in principle draft wording for a set of recommendations a) to h) for Council. In consultation with the Principle Committee and Member Services Officer, delegated authority be given to the Chairman of the Committee to finalise the report for Council.**

There being no further business, the meeting ended at 7.24pm.

**WYRE FOREST DISTRICT COUNCIL**

**OVERVIEW & SCRUTINY COMMITTEE**

**HELD REMOTELY**

**TUESDAY, 8TH SEPTEMBER 2020 (6PM)**

---

**Present:**

Councillors: M J Hart (Chairman), S J Chambers (Vice-Chairman), N J Desmond, C Edginton-White, S Griffiths, S Miah, T L Onslow, M Rayner, S E N Rook and D R Sheppard.

**Observers**

Councillors: G W Ballinger, J F Byng, R H Coleman, I Hardiman, F M Oborski MBE and A Totty.

**OS.37      Apologies for Absence**

There were no apologies for absence

**OS.38      Appointment of Substitutes**

No substitutes were appointed

**OS.39      Declarations of Interests by Members**

Councillor M Hart declared for the public record in relation to agenda item 8 – Planning s106 Obligations, that he is the Cabinet Member for Education on Worcestershire County Council. He said that the report detailed an order of priority as to how section 106 obligations were given and education was referenced. He said he was not declaring a Disclosable Pecuniary Interest (DPI), however flagged it for open and transparency purposes.

Councillors S Rook and A Totty joined the meeting at 6.01pm.

**OS.40      Minutes**

**Decision: The minutes of the special meeting held on the 25th June 2020, the minutes of the meeting held on the 2nd July 2020 and the minutes of the special meeting held on the 23rd July 2020 be confirmed as a correct record and signed by the Chairman.**

**OS.41      How Are We Doing? Performance Update**

The Committee considered a report from the Business Improvement Officer which updated Members on the performance of the Council for quarter 1, from 1st April to 30th June 2020.

#### **Agenda Item No. 4**

The Principal HR Advisor presented the report and appendices which included detailed reports on performance against the Council's purposes of 'Enabling', a report on capital projects and a measures report on all of the Council's purposes; namely People, Place, Housing, Planning, Business and Enabling. Members were advised that as there were no overdue actions or significant issues to highlight, an exception report had not been included on this occasion.

The Committee considered each page of the report and appendices in turn. In response to member questions, the Principal HR Advisor advised that the suggestion that there had not been any noticeable impact on performance of or productivity arising from home working being implemented in March was from an internal perspective. In relation to WFF20/21 55 *We support our people and enable them to work well* – members were advised that the HR continually work with Managers to give them the support and advice they need to effectively manage their teams, and continually provide support for the Council's employees.

**Agreed: The progress in performance for quarter 1 be noted.**

#### **OS.42**

#### **Annual Report on Treasury Management Service and Actual Prudential Indicators 2019-20**

The Committee considered a report from the Corporate Director: Resources which provided a review of the treasury management activities for 2019-20, in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

The Committee also considered the recommendations from the Treasury Management Review Panel from its meeting on 2nd September 2020.

Councillor Edginton-White joined the meeting at 6.23pm.

The Corporate Director: Resources presented the report and gave a detailed summary of the main points. She advised Members that this was the first of three statutory reports which would be presented to the Committee during the municipal year. She was pleased to report that there had been no breaches during the year and the authority had been fully compliant with the requirements of the Code.

She added that the Council's Treasury Management Consultants, Link Asset Services, had provided a comprehensive Member training session on 2nd September, which was followed by a detailed scrutiny of the report by the Treasury Management Review Panel.

Councillor N Desmond congratulated the Corporate Director: Resources and her team for providing members with a very detailed, honest and informative report. He said that as an authority the work that is done on Treasury Management is first class and thanked the Corporate Director: Resources and her team for their hard work.

**Agreed: The Overview and Scrutiny Committee recommends to Council to:**

- 1.1 Approve the actual 2019-20 prudential and treasury indicators in the report;**

- 1.2 **Approve the actual 2019-20 non-treasury prudential indicators for Capital Portfolio Fund property acquisitions;**
- 1.3 **Note the annual treasury management report for 2019-20, including information on the non-treasury prudential indicators for Capital Portfolio Fund acquisitions.**

#### **OS.43 Planning Consultation Responses**

The Committee considered a report from the Corporate Director: Economic Prosperity & Place which set out the proposed responses to the Government's recently published consultations regarding changes to the planning system.

The Corporate Director: Economic Prosperity & Place presented the report and gave a detailed summary of the 'Planning for the Future' and 'Changes to the current planning system' consultations which the Government announced in August 2020.

Members were advised that the 'Planning for the Future' white paper was a very complex document which was multifaceted, multi dimensional and not something that was very easy to categorise as something you either support or don't support. The paper proposed '*radical reform unlike anything we have seen since the Second World War*'.

Councillor D Sheppard joined the meeting at 7.16pm

In relation to the 'Changes to the current planning system' consultation, the Corporate Director: Economic Prosperity & Place explained that the paper was much more targeted and included some specific proposals around the housing numbers needed in Local Plans. He said that the suggested changes to the standard methodology for calculating housing need would not have an impact on the Local Plan that the authority has submitted for examination; however it would impact when the adopted plan is reviewed in the future.

The Committee fully discussed the report and draft responses set out in the two appendices. Members suggested a few minor amendments for the Corporate Director: Economic Prosperity & Place to weave into the proposed response to the Planning for the Future white paper.

**Agreed: Recommend to Cabinet that:**

**The responses set out in the appendices to the paper, subject to the minor amendments, are agreed.**

#### **OS.44 Planning s106 Obligations**

The Committee considered a report from the Head of Strategic Growth which sought to agree the prioritisation of allocating funding achieved through planning obligations across the various elements (such as education, highways and affordable housing) on sites where there is a shortfall in meeting the costs of all obligations following a viability assessment.

#### **Agenda Item No. 4**

The Head of Strategic Growth presented the report and advised members that planning obligations, under s106 of the Town and Country Planning Act 1990, were a mechanism which mitigates the impact of a development proposal to assist in making it acceptable in planning terms that might not otherwise be acceptable.

She added that they are focused on site specific mitigation of the impact of development and s106 obligations are often referred to as 'developer contributions' along with highway contributions and the Community Infrastructure Levy (where these have been introduced). She said that the amount of s106 contribution differs in each planning application as each site has different characteristics which dictate the need for s106 to be applied.

Members welcomed the report and fully supported the recommendation to Cabinet.

**Agreed: Recommend to Cabinet that:**

**The priority list set out in paragraph 3.10 of the report to the Overview and Scrutiny Committee is used to determine the allocation of s106 obligations where the viability of sites is deemed to be such that not all policy requirements can be met.**

#### **OS.45 Consultation Response to the Pre-Submission Draft of the Shropshire Local Plan Regulation 18**

The Committee considered a report from the Senior Planning Policy Officer on the consultation currently running on the Pre-Submission draft of the Shropshire Local Plan (Regulation 18).

The Senior Planning Policy Officer presented the report and advised that the consultation was held from 3rd August to 30th September 2020. She explained that as a neighbouring Local Authority, Wyre Forest District Council had been invited to respond to the Pre-Submission consultation; this was to comply with Duty to Co-operate.

The Committee discussed the draft response and proposed some slight amendments to paragraphs 1 and 8.

**Agreed: The Committee recommends the consultation response as set out in Appendix 1 and confirms paragraphs 2 to 7 inclusive and 9 to 13 unchanged and as written and amends paragraph 1 to say:**

***Thank you for the opportunity to comment on the Shropshire Council Local Plan Review Pre-Submission Consultation document, We are not objecting to the plan but would make the following comments:***

**Amendment to paragraph 8:**

***However, Wyre Forest District Council has serious concerns that the future development will result in adverse pressure on existing infrastructure that is important to Wyre Forest District, such as traffic levels on the A442 from Bridgnorth to Kidderminster and additional pressure on the Dowles Road/Welch Gate air quality management area junction in Bewdley and***



***Stourport. Traffic modelling work must identify highway improvements that may be necessary as a result of future development.***

**OS.46      Work Programme**

The Chairman announced that there were currently no items listed on the work programme for Members to consider at the October meeting. He said If no items were put forward by Officers in the next few days, the meeting would be cancelled.

**OS.47      Press Involvement**

There were no further items for scrutiny that might require publicity.

There being no further business, the meeting ended at 7.55pm.



## Overview & Scrutiny Committee

### Briefing Paper

Report of: Rhiannon Foxall, Business Improvement Officer  
Date: Thursday 5<sup>th</sup> November 2020  
Open

### How Are We Doing? Performance Update

#### 1. Summary

- 1.1 To update Members on the performance of the Council for Quarter 2 (from 1<sup>st</sup> July 2020 to 30<sup>th</sup> September 2020).

#### 2. Background

- 2.1 Performance management is instrumental in all council activities as it helps us to keep track of how well we are performing and enables any potential issues to be identified at an early stage so remedial action can be taken. It also informs our decision-making processes which underpin the delivery of our Corporate Plan 2019-23.
- 2.2 The Council has processes in place to monitor our performance including:
- Corporate Plan Actions
  - Corporate Risks and associated actions
  - Leading Measures
  - Lagging Measures

#### 3. Progress

- 3.1 **Appendix 1** is the [exception report](#).
- 3.2 **Appendix 2** is a detailed report of performance against our purpose of '[People](#)'.
- 3.3 **Appendix 3** is a detailed report of performance against our purpose of '[Business](#)'.
- 3.4 **Appendix 4** is the [business tracker](#) report.
- 3.5 **Appendix 5** is the [capital projects](#) report.

#### 4. Key Achievements/Issues

- 4.1 Only one action features on the exception report (erection of industrial units former Frencos site) and an explanatory note has been provided.

**5. Options**

- 5.1 That the progress in performance for quarter 2 be noted.

**6. Consultation**

- 6.1 Leader of the Council  
6.2 Corporate Leadership Team

**7. Related Decisions**

- 7.1 None.

**8. Relevant Council Policies/Strategies**

- 8.1 Wyre Forest District Council Corporate Plan 2019 – 2023.

**9. Implications**

- 9.1 Resources: No direct implications from this report.  
9.2 Equalities: No direct implications from this report.  
9.3 Partnership working: No direct implications from this report.  
9.4 Human Rights: No direct implications from this report.  
9.5 E-Government: No direct implications from this report.

**10. Equality Impact Needs Assessment**

- 10.1 An equality impact assessment has been undertaken and it is considered that there are no discernible impacts on the nine protected characteristics as set out by the Equality Act 2010.

**11. Wards affected**

- 11.1 None.

**12. Appendices**

- 12.1 Appendix 1 – Exception report  
12.2 Appendix 2 – Full 'People' report  
12.3 Appendix 3 – Full 'Business' report  
12.4 Appendix 4 – Business tracker report  
12.5 Appendix 5 – Capital Projects report

**13. Background Papers**

Corporate Plan action information is available on the Council's Performance Management System, Pentana Performance. Alternatively, reports can be requested from the Business Improvement Officer.

**Officer Contact Details:**

Name: Rhiannon Foxall  
Title: Business Improvement Officer  
Contact Number: Ext. 2786  
Email: [rhiannon.foxall@wyreforestdc.gov.uk](mailto:rhiannon.foxall@wyreforestdc.gov.uk)

## Exception report for all purposes

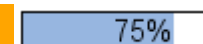
Those actions that are approaching their due date or are overdue



### Support me to run a successful business

WFF 20/21 82

Erection of industrial units former Frenco site



Due Date	Managed By	Latest Note	Latest Note Date
31-Aug-2020	Mike Parker	Revised programme now expecting completion by the end of the calendar year; timetable further impacted by covid 19.	23-Sep-2020

## HELP ME WITH MY FINANCIAL SITUATION

This report details the progress we have made against our purpose of 'help me with my financial situation'.



### Measures

As a way of measuring the progress with our purpose, we collect key data to monitor trends and patterns. This data not only helps us to understand the impact of the work that we are doing but it also assists with decision making at a corporate level. The latest available data is detailed below:

#### LA037 Average earnings

Aim to  
Maximise



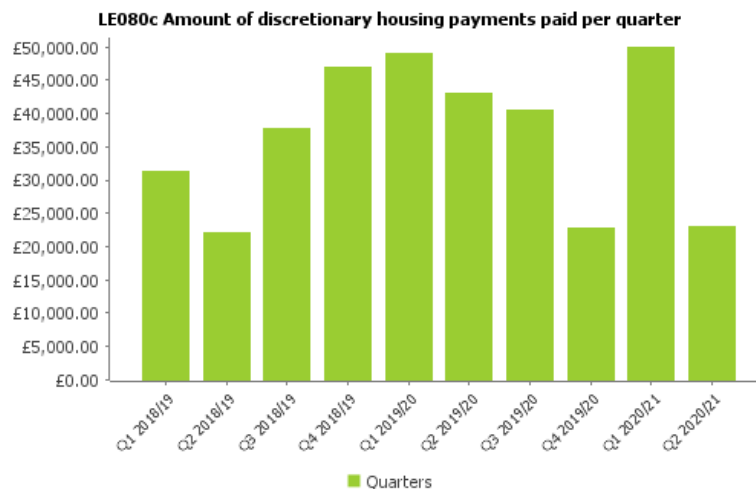
Current  
Value £28,626.0  
0



Managed By Kate Bailey

**LE080c** Amount of discretionary housing payments paid per quarter

Goldilocks



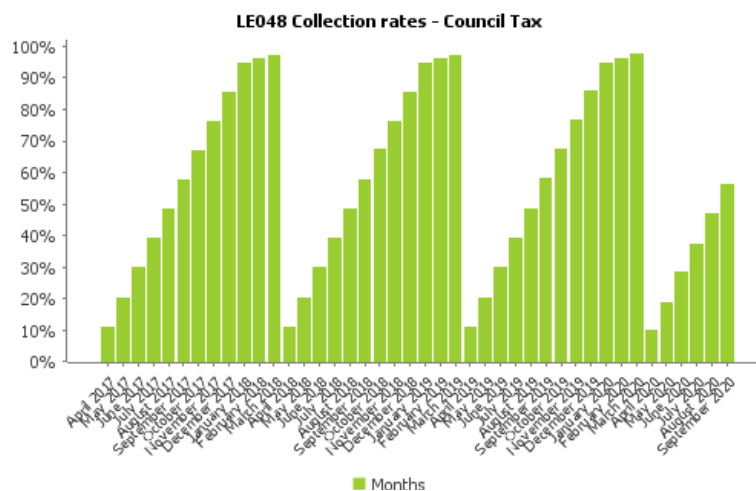
Current Value £22,893.00



Managed By Lucy Wright

**LE048** Collection rates – Council Tax

Aim to Maximise



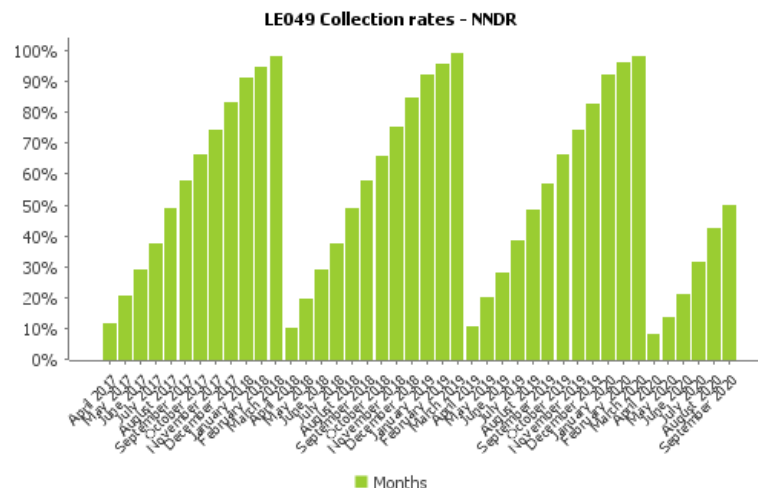
Current Value 56.26%



Managed By Lucy Wright

LE049 Collection rates – NNDR

Aim to  
Maximise



Current  
Value

49.77%

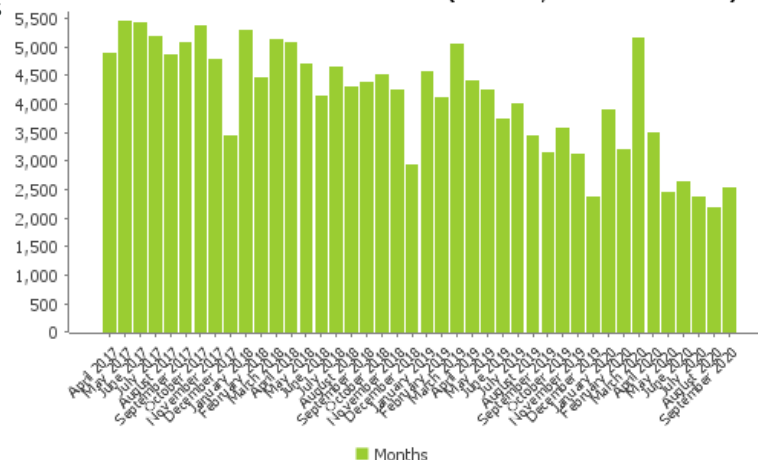


Managed By Lucy Wright

LE072 Total customer demand via all  
channels (Revenues, Benefits  
and Welfare)

Goldilocks

LE072 Total customer demand via all channels (Revenues, Benefits and Welfare)



Current  
Value

2,537

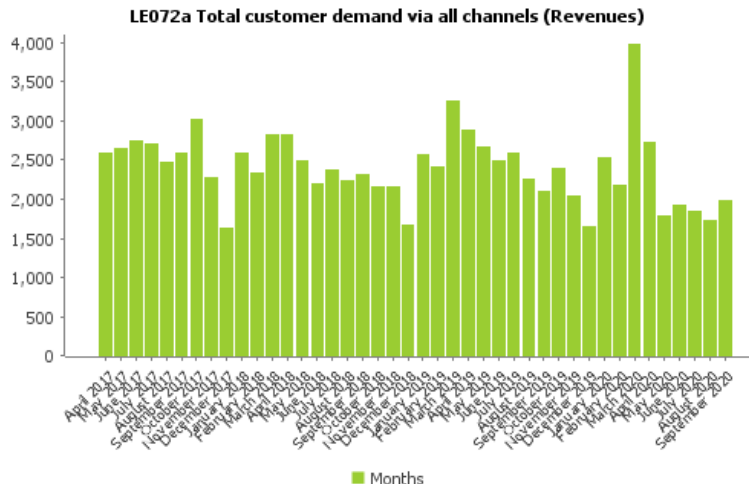


Managed By Lucy Wright



## Agenda Item No. 5 Appendix 2

**LE072a** Total customer demand via all Goldilocks channels (Revenues)

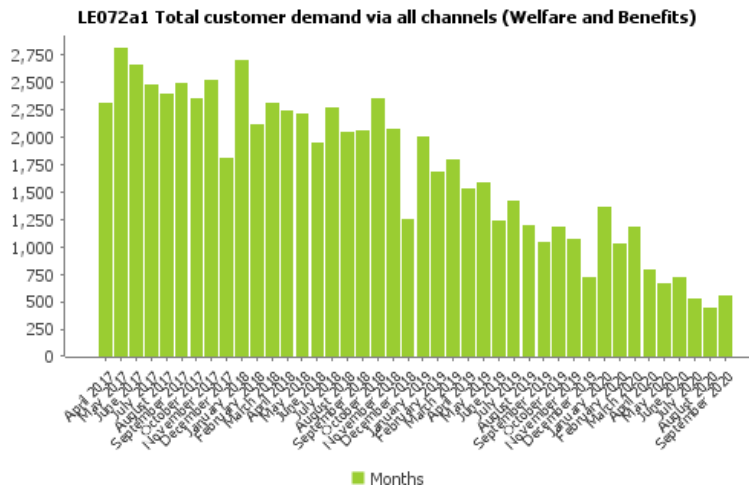


Current Value 1,988



Managed By Lucy Wright

**LE072a** Total customer demand via all Goldilocks channels (Welfare and Benefits)  
1



Current Value 549

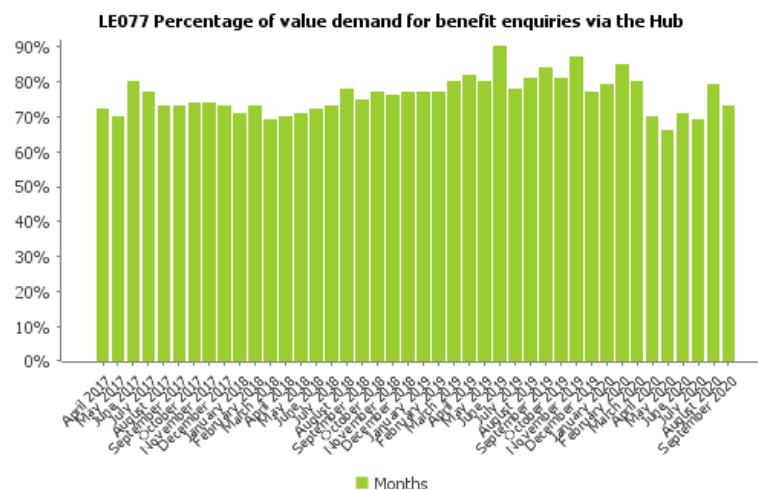


Managed By Lucy Wright

## Agenda Item No. 5 Appendix 2

**LE077** Percentage of value demand for benefit enquiries via the Hub

Aim to  
Maximise



Current  
Value

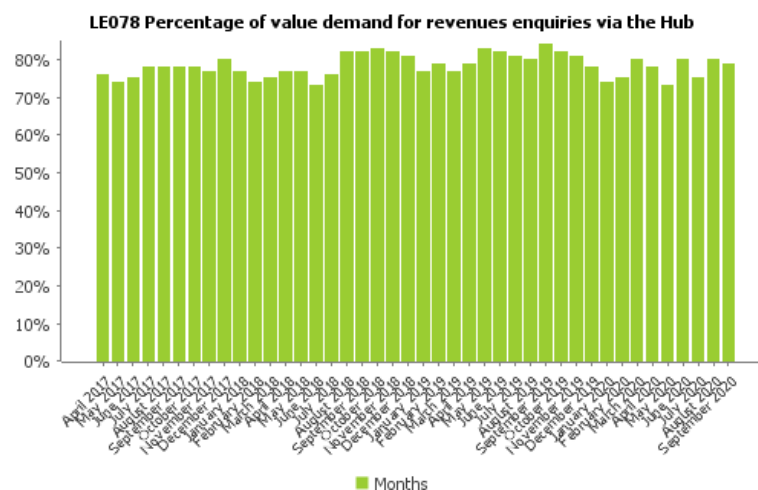
73%



Managed By Lucy Wright

**LE078** Percentage of value demand for revenues enquiries via the Hub

Aim to  
Maximise



Current  
Value

79%

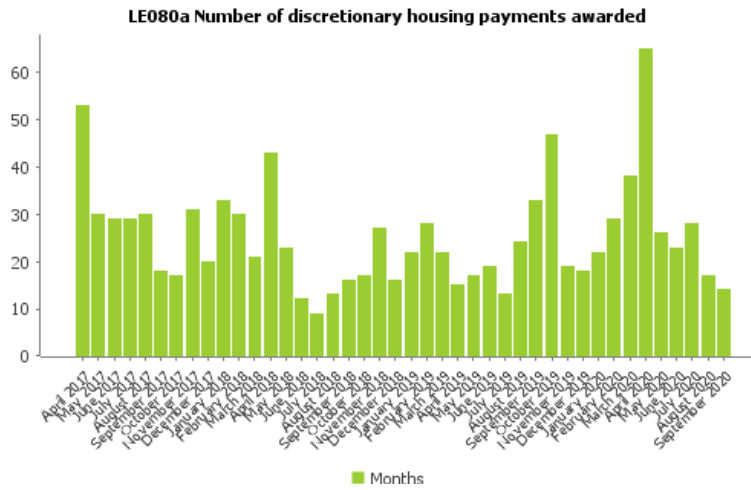


Managed By Lucy Wright

## Agenda Item No. 5 Appendix 2

**LE080a** Number of discretionary housing payments awarded

Goldilocks



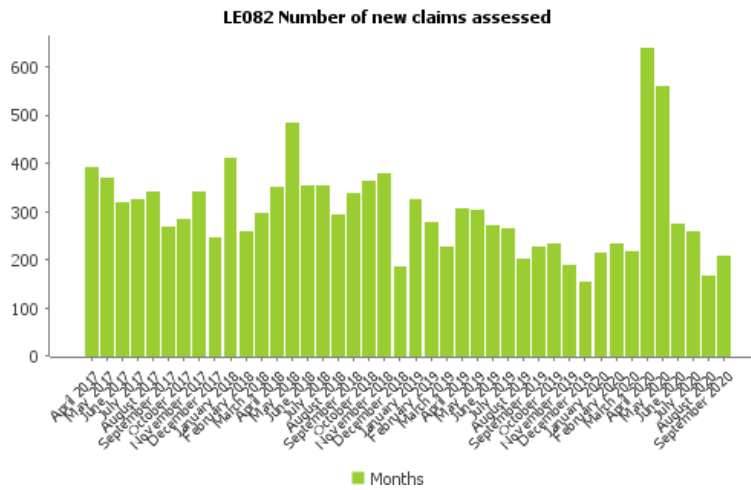
Current Value 14



Managed By Lucy Wright

**LE082** Number of new claims assessed

Goldilocks



Current Value 206

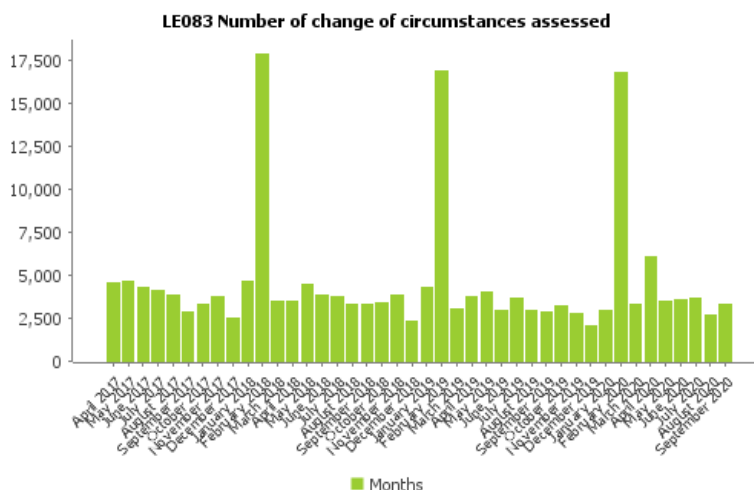


Managed By Lucy Wright

## Agenda Item No. 5 Appendix 2

**LE083** Number of change of circumstances assessed

Goldilocks



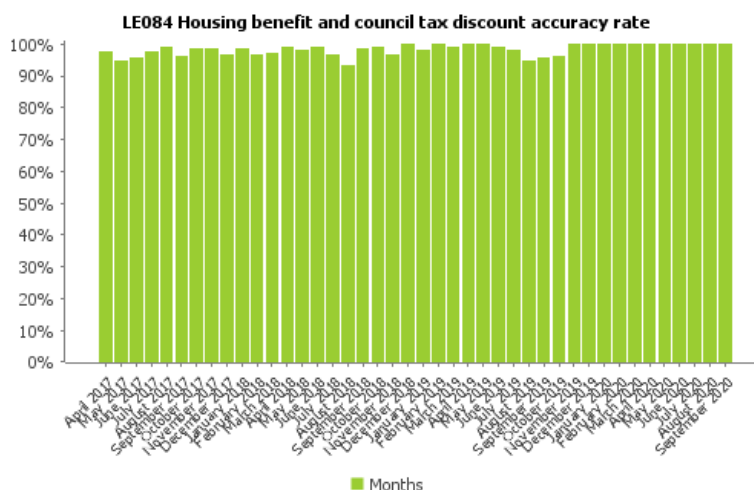
Current Value 3,365



Managed By Lucy Wright

**LE084** Housing benefit and council tax discount accuracy rate

Aim to Maximise



Current Value 100%



Managed By Lucy Wright

## GIVE ME A VOICE

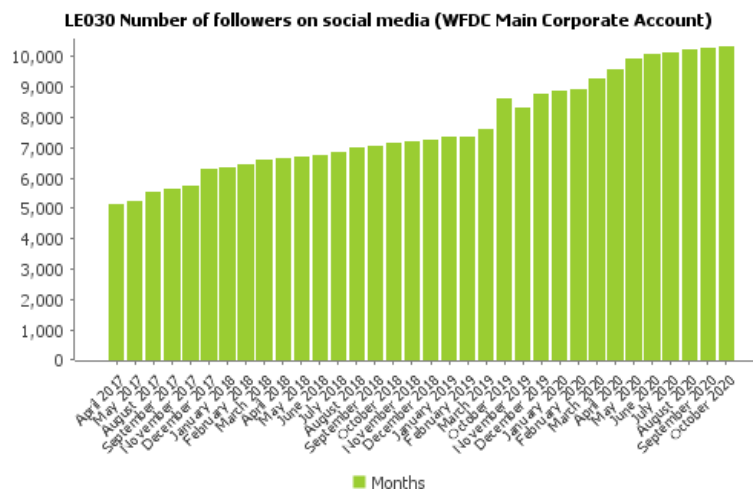
This report details the progress we have made against our purpose of 'give me a voice'.



### Measures

As a way of measuring the progress with our purpose, we collect key data to monitor trends and patterns. This data not only helps us to understand the impact of the work that we are doing but it also assists with decision making at a corporate level. The latest available data is detailed below:

**LE030** Number of followers on social media (WFDC Main Corporate Account) Aim to Maximise



Current Value 10,328

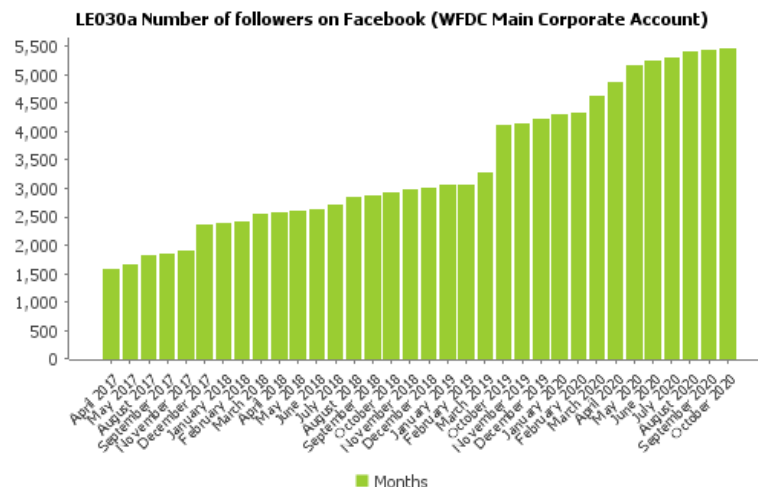


Managed By Suzanne Johnston-Hubbold

## Agenda Item No. 5 Appendix 2

**LE030a** Number of followers on Facebook (WFDC Main Corporate Account)

Aim to  
Maximise



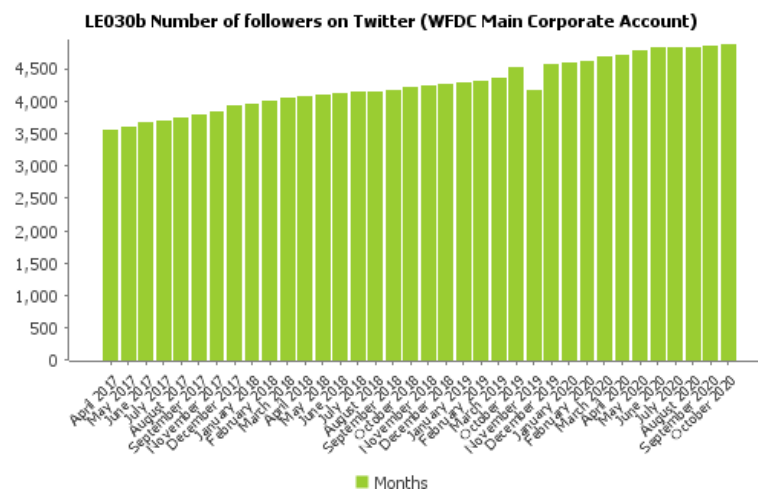
Current  
Value



Managed By Suzanne  
Johnston-  
Hubbold

**LE030b** Number of followers on Twitter (WFDC Main Corporate Account)

Aim to  
Maximise



Current  
Value



Managed By Suzanne  
Johnston-  
Hubbold

## HELP ME IMPROVE MY HEALTH AND WELL-BEING

This report details the progress we have made against our purpose of 'help me improve my health and well-being'.

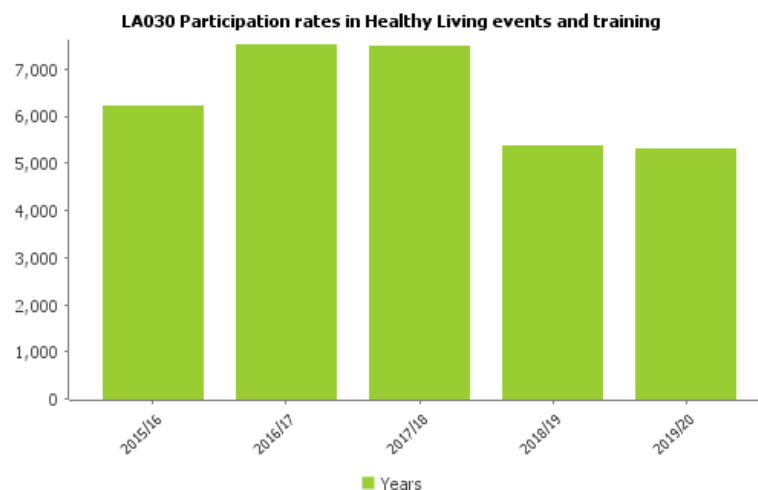


### Measures

As a way of measuring the progress with our purpose, we collect key data to monitor trends and patterns. This data not only helps us to understand the impact of the work that we are doing but it also assists with decision making at a corporate level. The latest available data is detailed below:

**LA030** Participation rates in Healthy Living events and training

Aim to  
Maximise



Current  
Value

5,297<sup>1</sup>



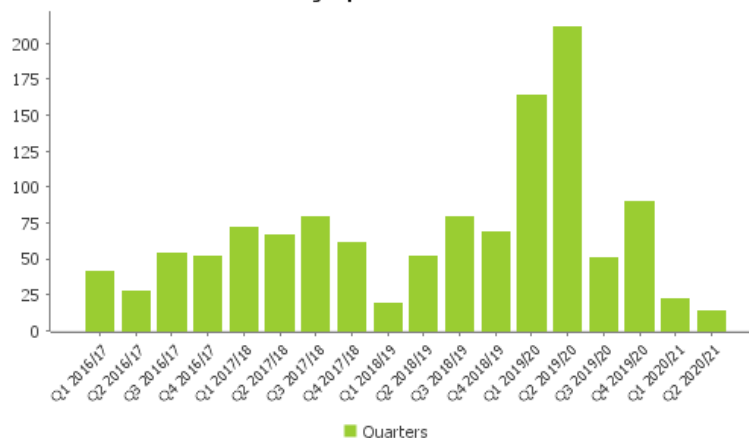
Managed By Kate Bailey

<sup>1</sup> Estimated as still awaiting some figures from external organisations

**LA044** Number of residents who experience a positive health outcome as a consequence of a housing improvement intervention

Aim to  
Maximise

**LA044 Number of residents who experience a positive health outcome as a consequence of a housing improvement intervention**



Current Value 14



Managed By Kate Bailey

**LE032** Participation rates in sport/leisure facilities – Wyre Forest Leisure Centre

Aim to  
Maximise

**LE032 Participation rates in sport/leisure facilities – Wyre Forest Leisure Centre**



Current Value 22,669



Managed By Dale Evans



## PROVIDE ME WITH THE INFORMATION THAT I NEED

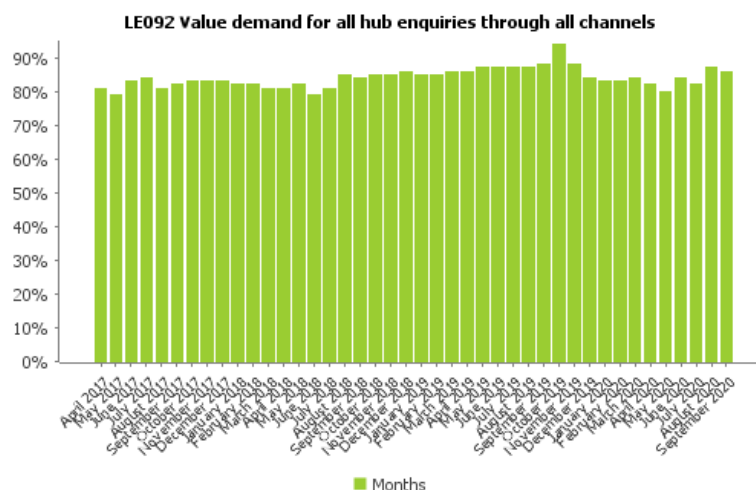
This report details the progress we have made against our purpose of 'provide me with the information that I need'.



### Measures

As a way of measuring the progress with our purpose, we collect key data to monitor trends and patterns. This data not only helps us to understand the impact of the work that we are doing but it also assists with decision making at a corporate level. The latest available data is detailed below:

**LE092** Value demand for all hub enquiries through all channels      Aim to Maximise

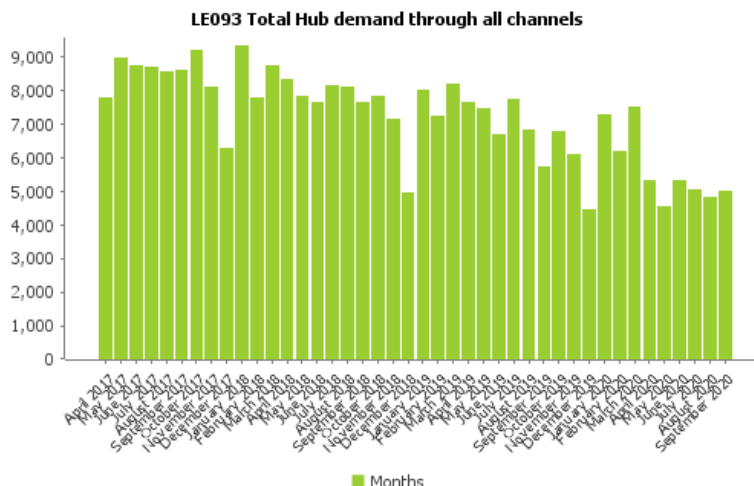


Current Value 86%



Managed By Lucy Wright

LE093 Total Hub demand through all Goldilocks channels



Current Value 4,976



Managed By Lucy Wright

### Cross cutting measures

Listed below are primary measures for other purposes but also impact on this purpose:

LA045 Number of people presenting themselves in need of housing advice

LE030 Number of followers on social media (WFDC Main Corporate Account)

LE030a Number of followers on Facebook (WFDC Main Corporate Account)

LE030b Number of followers on Twitter (WFDC Main Corporate Account)

LE091 Number of requests for adaptations

## SUPPORT ME TO RUN A SUCCESSFUL BUSINESS

This report details the progress we have made against our purpose of 'support me to run a successful business'.



### Actions

Listed below is the progress against our current major projects that support the delivery of our purpose of 'support me to run a successful business'



WFF 20/21 58

Business Rates Retention Scheme

50%



Due Date

Managed By

Latest Note

Latest Note Date

31-Mar-2021

Tracey Southall

The current pandemic has resulted in the lowest collection rates for both council tax and business rates for many years. As at 1st Oct 20, Council Tax in year collection rates are at 56.26% compared to 57.92% last year. NNDR in year collection rates are at 49.77% compared to 56.78% last year. Normal recovery processes were put on hold until the end of June however we are yet to receive a date from the magistrates court so we can issue summons for non-payment.

15-Oct-2020

WFF 20/21 59

Apprenticeships Programme (Year 8)

10%



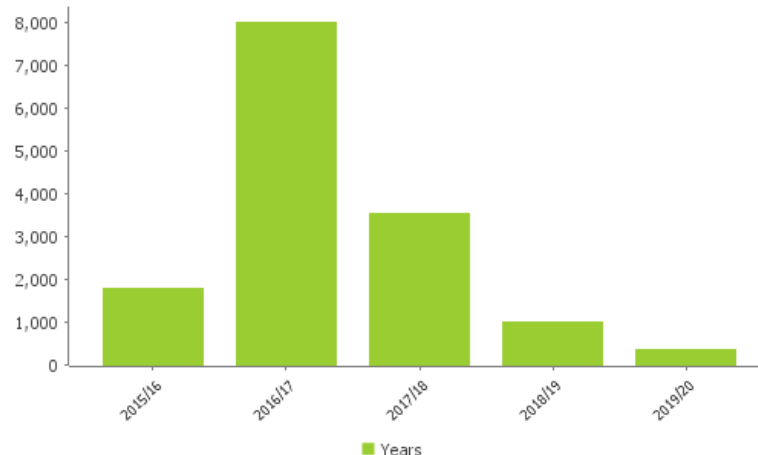
Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2021	Mike Parker	<p>CAB is still the only grant to have been paid. 3 more grants have been approved for the following apprenticeships: 2 x Digital Marketing Level 3 1 x Business Admin Level 3 Another grant was approved but the business recruited a non-eligible apprentice (not resident in Wyre Forest) so the offer was withdrawn.</p>	23-Sep-2020

## Measures

As a way of measuring the progress with our purpose, we collect key data to monitor trends and patterns. This data not only helps us to understand the impact of the work that we are doing but it also assists with decision making at a corporate level. The latest available data is detailed below:

**LA034** Area of new commercial floor space completed through development  
Aim to Maximise

**LA034 Area of new commercial floor space completed through development**



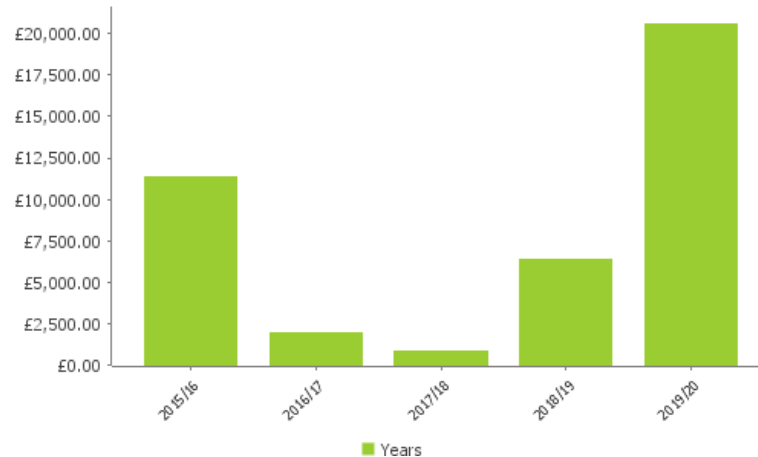
Current Value 360



Managed By Kate Bailey

**LA010** Total value of start up grants to businesses provided  
Aim to Maximise

**LA010 Total value of start up grants to businesses provided**



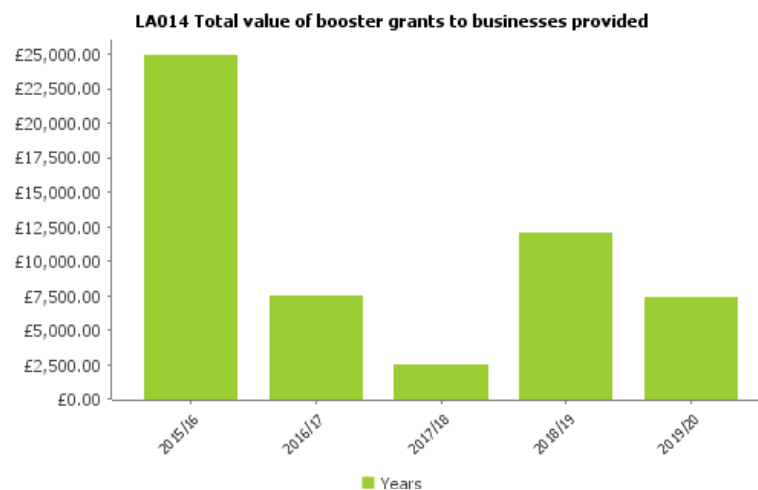
Current Value £20,617.43



Managed By Jonathan Elmer

**LA014** Total value of booster grants to businesses provided

Aim to  
Maximise



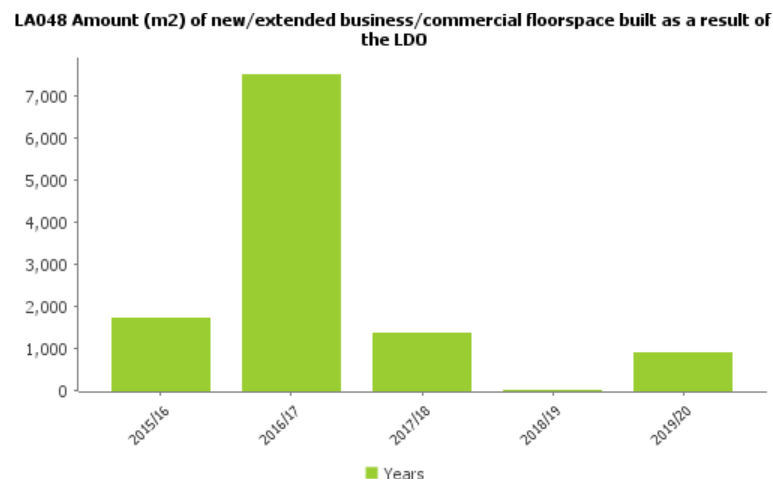
Current Value £7,360.29



Managed By Jonathan Elmer

**LA048** Amount (m2) of new/extended business/commercial floorspace built as a result of the LDO

Aim to  
Maximise



Current Value 910

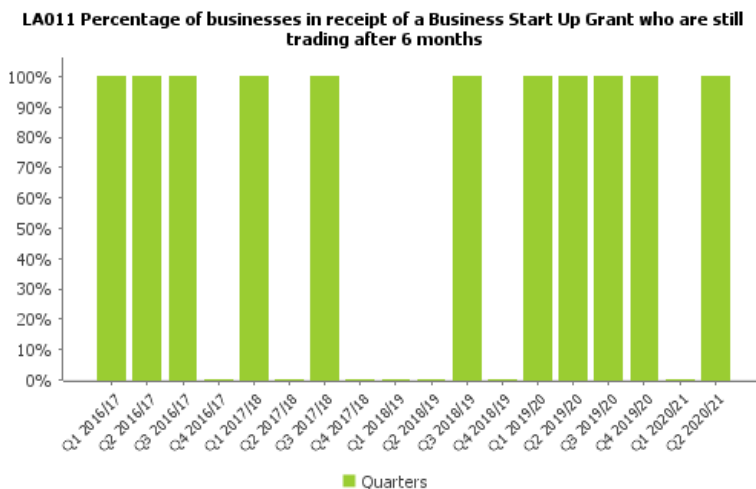


Managed By Jonathan Elmer

## Agenda Item No. 5 Appendix 3

**LA011** Percentage of businesses in receipt of a Business Start Up Grant who are still trading after 6 months

Aim to Maximise



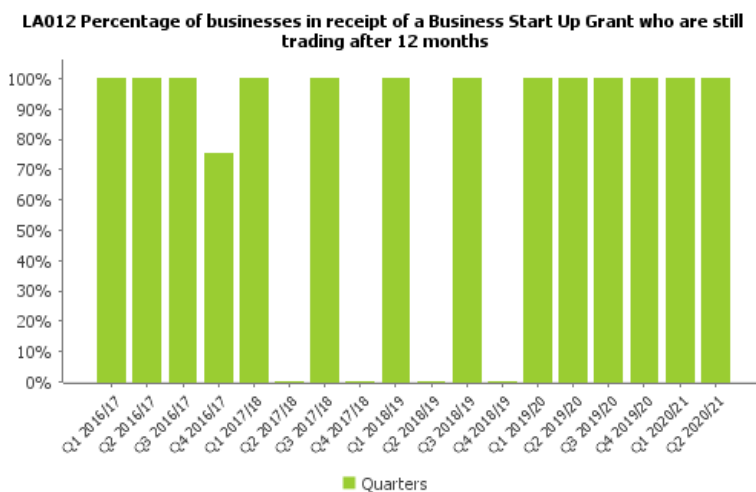
Current Value 100%



Managed By Jonathan Elmer

**LA012** Percentage of businesses in receipt of a Business Start Up Grant who are still trading after 12 months

Aim to Maximise

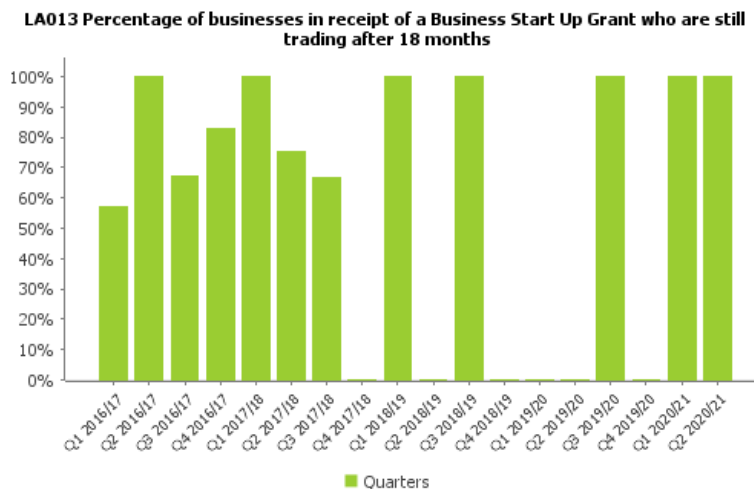


Current Value 100%



Managed By Jonathan Elmer

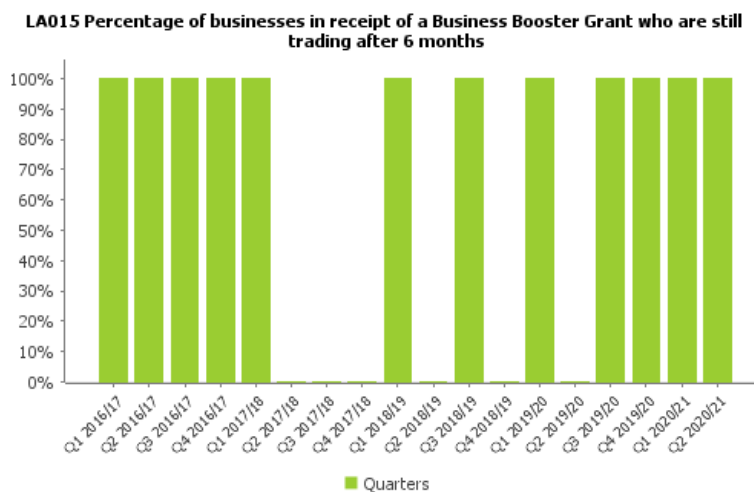
**LA013** Percentage of businesses in receipt of a Business Start Up Grant who are still trading after 18 months  
Aim to Maximise



Current Value 100%

Managed By Jonathan Elmer

**LA015** Percentage of businesses in receipt of a Business Booster Grant who are still trading after 6 months  
Aim to Maximise



Current Value 100%

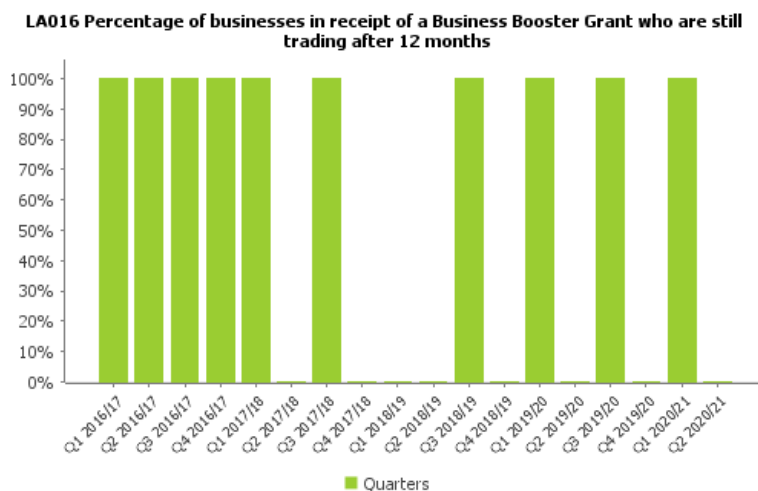
Managed By Jonathan Elmer



## Agenda Item No. 5 Appendix 3

**LA016** Percentage of businesses in receipt of a Business Booster Grant who are still trading after 12 months

Aim to  
Maximise



Current  
Value

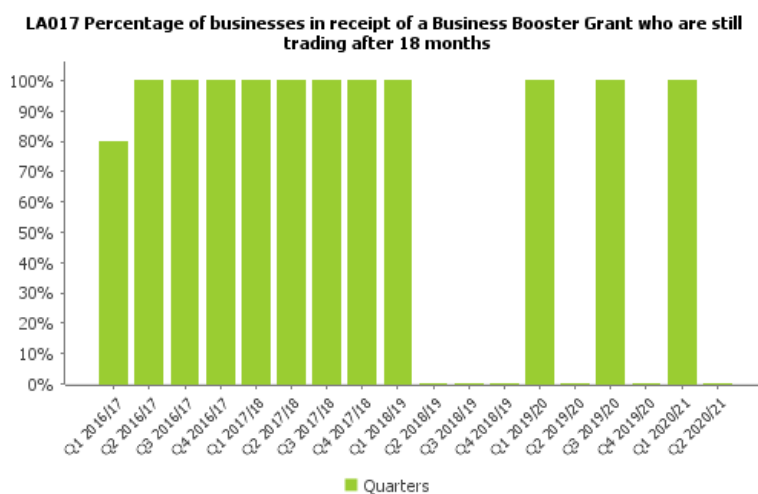
0%



Managed By Jonathan  
Elmer

**LA017** Percentage of businesses in receipt of a Business Booster Grant who are still trading after 18 months

Aim to  
Maximise



Current  
Value

0%

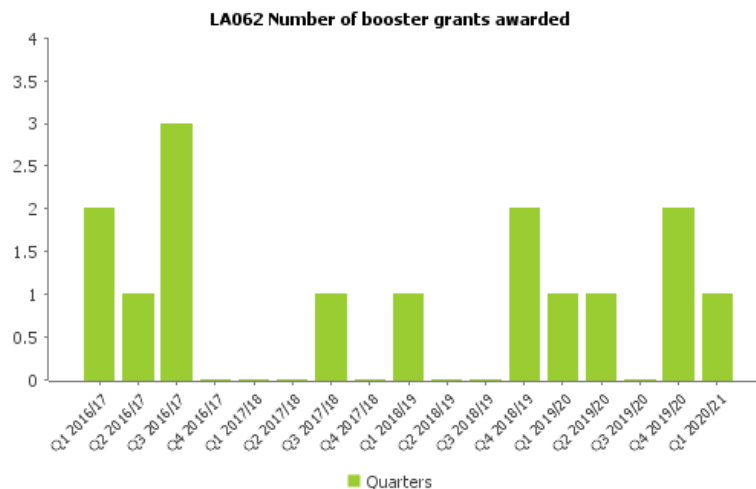


Managed By Jonathan  
Elmer

## Agenda Item No. 5 Appendix 3

**LA062** Number of booster grants awarded

Aim to  
Maximise



Current  
Value

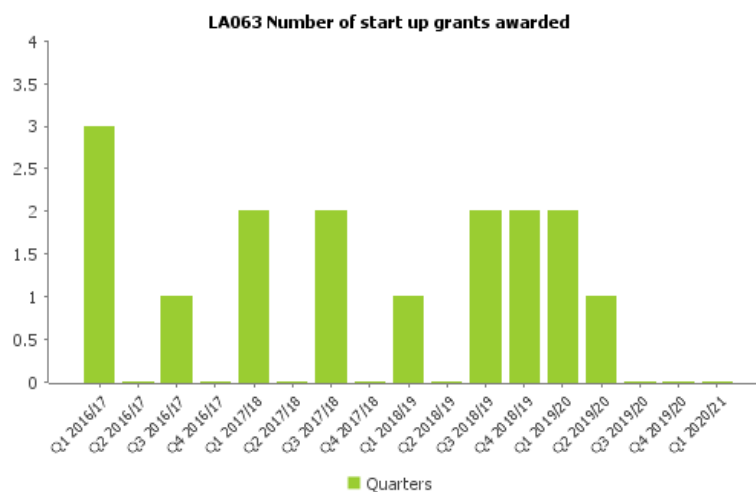
1



Managed By Jonathan  
Elmer

**LA063** Number of start up grants awarded

Aim to  
Maximise



Current  
Value

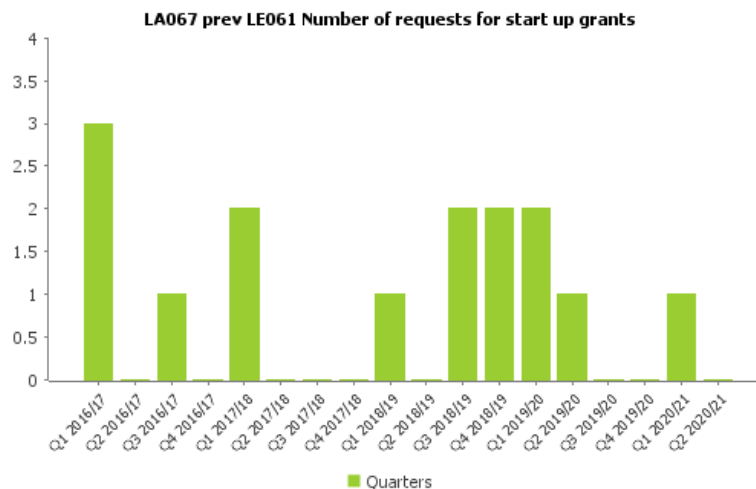
0



Managed By Jonathan  
Elmer

**LA067** Number of requests for start up grants  
**prev**  
**LE061**

Aim to  
Maximise



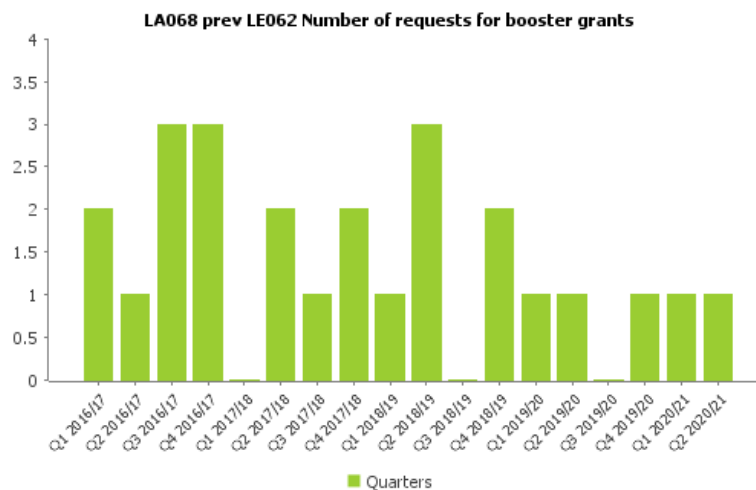
Current Value 0



Managed By Jonathan Elmer

**LA068** Number of requests for booster grants  
**prev**  
**LE062**

Aim to  
Maximise



Current Value 1



Managed By Jonathan Elmer

## Risks

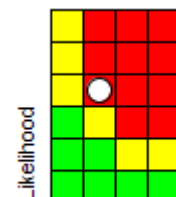
The below risk(s) has been identified as part of our Corporate Risk Register. All of the actions and measures detailed in this report aim to

mitigate this risk(s) as well as drive forward our purpose of 'support me to run a successful business'.

CORPRISK02

**Unable to improve the economic prosperity of the district.** Lack of vitality in the local economy – although the District is holding up reasonably well in the current economic conditions it still aims to stimulate growth to support the economic recovery and to support the recovery of the local economy. The Council is now in its tenth year of the State of the Area Programme which includes a number of projects to assist in the stimulation of economic recovery. The Council continues to host of the North Worcestershire Economic Development and Regeneration Service (having adopted a new North Worcestershire Economic Strategy in 2019) and maintains its membership of two Local Enterprise Partnerships and continues to maximise the benefit of that position, although it is recognised that this may change as the Government seems to eliminate dual LEP membership from April 2021. The Business Rates Retention Scheme introduced in 2013/14 increases the incentive to promote growth as there is significant financial risk to this Council if we are unable to sustain the baseline level of the business rates reflected in government projections. The detail in relation to reform of the Business Rates System towards 75% retention and Fair Funding Review is still emerging. We will continue to review our position as more information is released. Membership of the Worcestershire Business Rates Pool has only mitigated this risk to a certain extent and economic

Current  
Risk  
Matrix

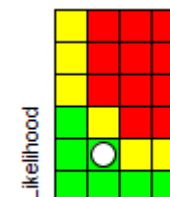


Impact

Impact Marginal  
Likelihood Significant



Target  
Risk  
Matrix



Impact

Impact Marginal  
Likelihood Very Low



growth is key to the future financial sustainability of the Council, this may change following Business Rates Reform. Successful bid for 75% rate retention pilot for 2019/20 but all the net overall gain will be invested in activity to reduce social care pressure (subject to a no detriment agreement for district councils). The 75% pilot will end 31st March 2020 so new pooling arrangements have been agreed for 2020–21 now it has been confirmed that the funding reform has been delayed to 2021–22. The Council has successfully bid for funding through the Future High Streets Fund initiative and submits its Full Business Case in May 2020. The impact of Brexit influences this risk and COVID–19 presents a significant challenge and increase in this key risk

**Agenda Item No. 5**  
**Appendix 4**

WYRE FOREST

		BUSINESS START-UP GRANTS				BUSINESS BOOSTER / GROWTH GRANTS			
		Grant Awarded	6 months Survival	12 months Survival	18 months Survival	Grant Awarded	6 months Survival	12 months Survival	18 months Survival
2011/12	Q1	1	-	-	-	0	-	-	-
	Q2	5	-	-	-	0	-	-	-
	Q3	5	1	-	-	0	-	-	-
	Q4	6	5	-	-	2	-	-	-
2012/13	Q1	7	5	1	-	1	-	-	-
	Q2	2	6	5	-	1	2	-	-
	Q3	5	7	5	1	5	1	-	-
	Q4	1	2	5	5	1	1	2	-
2013/14	Q1	1	5	6	5	1	5	1	-
	Q2	3	1	2	5	0	1	1	2
	Q3	8	1	4	4	2	1	5	1
	Q4	6	3	1	2	1	-	1	1
2014/15	Q1	4	8	1	4	6	2	1	5
	Q2	6	6	3	1	2	1	-	1
	Q3	7	4	8	1	10	6	2	1
	Q4	6	6	6	3	3	2	1	-
2015/16	Q1	6	7	4	7	4	10	6	2
	Q2	6	6	6	6	3	3	2	1
	Q3	3	6	5	4	5	4	9	6
	Q4	4	6	6	4	1	3	3	2
2016/17	Q1	3	3	6	5	2	5	4	8
	Q2	0	4	6	6	1	1	3	3
	Q3	1	3	3	4	3	2	5	4
	Q4	0	-	3	5	0	1	1	3
2017/18	Q1	2	1	3	3	0	3	2	5
	Q2	0	-	-	3	0	-	1	1
	Q3	0	2	1	3	1	-	3	2
	Q4	0	-	-	-	0	-	-	1
2018/19	Q1	1	-	2	1	2	1	-	3
	Q2	0	-	-	-	0	-	-	-
	Q3	2	1	-	-	4	2	1	-
	Q4	1	-	-	-	0	-	-	-
2019/20	Q1	2	2	1	-	1	4	2	1
	Q2	0	1	-	-	1	-	-	-
	Q3	0	2	2	1	1	1	4	2
	Q4	1	-	1	-	1	1	-	-
2020/21	Q1	0	-	2	2	0	1	-	4
	Q2	0	1	-	1	0	1	0	-

## Capital Projects

This report details the progress of all capital projects



WFF 20/21 68	Green street depot 2020 improvement and investment plan	<div><div>100%</div></div>									
	<table> <tr> <th>Due Date</th><th>Managed By</th><th>Latest Note</th><th>Latest Note Date</th></tr> <tr> <td>30-Jun-2020</td><td>Steve Brant</td><td>Building fully completed and we are in 12 month retention period.</td><td>19-Aug-2020</td></tr> </table>	Due Date	Managed By	Latest Note	Latest Note Date	30-Jun-2020	Steve Brant	Building fully completed and we are in 12 month retention period.	19-Aug-2020		
Due Date	Managed By	Latest Note	Latest Note Date								
30-Jun-2020	Steve Brant	Building fully completed and we are in 12 month retention period.	19-Aug-2020								
WFF 20/21 77	Churchfields	<div><div>80%</div></div>									
	<table> <tr> <th>Due Date</th><th>Managed By</th><th>Latest Note</th><th>Latest Note Date</th></tr> <tr> <td>31-Dec-2020</td><td>Mike Parker</td><td>Work continues in accordance with timetable, expecting completion early 2021.</td><td>23-Sep-2020</td></tr> </table>	Due Date	Managed By	Latest Note	Latest Note Date	31-Dec-2020	Mike Parker	Work continues in accordance with timetable, expecting completion early 2021.	23-Sep-2020		
Due Date	Managed By	Latest Note	Latest Note Date								
31-Dec-2020	Mike Parker	Work continues in accordance with timetable, expecting completion early 2021.	23-Sep-2020								

Listed below are actions that will become capital projects in the future

WFF 20/21 31	Lion Fields
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**WYRE FOREST DISTRICT COUNCIL**

**OVERVIEW AND SCRUTINY COMMITTEE**

**5<sup>TH</sup> NOVEMBER 2020**

**Treasury Management Strategy Statement and  
Annual Investment Strategy Mid-year Review Report 2020-21**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Councillor G Ballinger
<b>RESPONSIBLE OFFICER:</b>	Corporate Director: Resources
<b>CONTACT OFFICERS:</b>	Tracey Southall - Ext. 2100 tracey.southall@wyreforestdc.gov.uk Helen Ogram - Ext. 2907 helen.ogram@wyreforestdc.gov.uk Lisa Hutchinson lisa.hutchinson@wyreforesdc.gov.uk
<b>APPENDICES:</b>	Appendix 1 - Prudential and Treasury Indicators Appendix 2 - Capital Portfolio Fund Prudential Indicators & Ratios

**1. PURPOSE OF REPORT**

- 1.1 To provide Members with a mid-year review of the Council's treasury management policies, practices and activities in accordance with the CIPFA Treasury Management Code of Practice.

**2. RECOMMENDATION**

**Overview and Scrutiny Committee recommends to Council to:-**

- 2.1 **Approve this Treasury Management Mid-year Review and updated Prudential Indicators and Ratios.**

**3. BACKGROUND**

- 3.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.



- 3.2 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 the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 3.3 Accordingly, treasury management is defined as:
- “The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 3.4 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).
- 3.5 The primary requirements of the Code are as follows:
1. Creation and maintenance of a Treasury Management Policy Statement that sets out the policies and objectives of the Council's treasury management activities.
  2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
  3. Receipt by the Full Council of an Annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
  4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
  5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Treasury Management Review Panel who considered and endorsed this report on 2<sup>nd</sup> November 2020, and made recommendations to this Committee. Council approval will then be sought.

3.6 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2020-21 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2020-21;
- A review of the Council's borrowing strategy for 2020-21;
- A review of any debt rescheduling undertaken during 2020-21;
- A review of compliance with Treasury and Prudential Limits for 2020-21.

3.7 Local authorities are required to prepare a Capital Strategy that is intended to provide the following:

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

A report setting out the revised Capital Strategy will be taken to full Council, in February 2021.

#### **4. ECONOMIC UPDATE (as provided by Link Asset Services)**

4.1 Economic performance to date and outlook

4.1.1 United Kingdom (UK)

As expected, the Bank of England's Monetary Policy Committee (MPC) kept Bank Rate unchanged on 6<sup>th</sup> August 2020. It also kept unchanged the level of quantitative easing (QE) at £745bn. Its forecasts were optimistic in terms of three areas:

- The fall in Gross Domestic Product (GDP) in the first half of 2020 was revised from 28% to 23% (subsequently revised to - 21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by the COVID-19 national lockdown.
- The peak in the unemployment rate was revised down from 9% in Q2 to 7½% by Q4 2020.

- It forecast that there would be excess demand in the economy by Q3 2022 causing consumer price index (CPI) inflation to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank of England (the Bank) were to leave policy unchanged, inflation was still projected to be above 2% in 2023.

It also squashed any idea of using negative interest rates, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including QE and the use of forward guidance.

The MPC expected the £300bn of quantitative easing purchases announced between its March 2020 and June 2020 meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.

In conclusion, this would indicate that the Bank could now just ‘sit on its hands’ as the economy was recovering better than expected. However, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to downside risks, which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March 2020, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October 2020 is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September 2020 a second six month package commencing 1<sup>st</sup> November 2020 of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid-September 2020.

Overall, the pace of recovery is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June 2020 through to August 2020 which left the economy 11.7% smaller than in February 2020.

The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/European Union (EU) trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.

There will be some painful longer term adjustments as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.

One key addition to the Bank's forward guidance was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate.

The Financial Policy Committee (FPC) report on 6<sup>th</sup> August 2020 revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

#### 4.1.2 United States of America (US)

The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August 2020 meeting, the Federal Reserve (the Fed) tweaked its inflation target from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan.

It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy.

The Federal Open Market Committee (FOMC) updated economic and rate projections in mid-September 2020 showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

#### 4.1.3 Eurozone (EZ)

The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The European Central Bank (ECB) has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.

#### 4.1.4 China and Japan

In China, after a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

In Japan there are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.

#### 4.1.5 World Growth

Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

#### 4.2 Link's interest rate forecast:

4.2.1 The Council's treasury advisor, Link Asset Services (Link), provided the following forecast as at 11<sup>th</sup> August 2020 (the forecasts are for Public Works Loan Board (PWLB) certainty rates; ie, 20 basis points below the standard PWLB rates):

Link Group Interest Rate View 11.8.20										
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

4.2.2 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its meeting on 6<sup>th</sup> August 2020 (and the subsequent September 2020 meeting), although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31<sup>st</sup> March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

**Bond yields / PWLB rates.** There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020.

In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the initial phases of the health crisis in March 2020, we have seen these yields fall sharply to unprecedented lows as major western central banks took rapid action to deal with excessive stress in financial markets, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. At the close of the day on 30<sup>th</sup> September 2020, all gilt yields from 1 to 6 years were in negative territory, while even 25-year yields were at only 0.76% and 50-year at 0.60%.

From the local authority borrowing perspective, HM Treasury imposed two changes of margins over gilt yields for PWLB rates in 2019-20 without any prior warning. The first took place on 9<sup>th</sup> October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11<sup>th</sup> March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4<sup>th</sup> June 2020, but that date was subsequently put back to 31<sup>st</sup> July 2020. It is clear HM Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11<sup>th</sup> March 2020 in margins over gilt yields, the current situation is as follows: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year.

As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.

- 4.2.3 The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus.

There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

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

- **UK** - second nationwide wave of virus infections requiring a national lockdown
- **UK / EU trade negotiations** – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.



- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable.

There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.

- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021**. In the German general election of September 2017, Angela Merkel's Christian Democratic Union (CDU) party was left in a vulnerable minority position dependent on the fractious support of the Social Democratic Party of Germany (SPD), as a result of the rise in popularity of the anti-immigration Alternative for Germany (AfD) party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.
- **US – the Presidential election in 2020**: this could have repercussions for the US economy and SINO-US trade relations (China & US).

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

- **UK** - stronger than currently expected recovery in UK economy.
- **Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

**5. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY UPDATE**

- 5.1 The Treasury Management Strategy Statement (TMSS) for 2020-21 was approved by this Council on 26<sup>th</sup> February 2020.
- 5.2 There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.
- 5.3 The Council's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:
- Security of Capital
  - Liquidity
- 5.4 The Council will also aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. In the current economic climate, it is considered appropriate to keep investments short term, and only invest with highly credit rated financial institutions, using Link's suggested creditworthiness approach and credit default swap (CDS) overlay information provided by Link. However, consideration is given to special tranche rates that are occasionally offered by those banks that are part-nationalised.
- 5.5 A breakdown of the Council's current investment portfolio as at 30<sup>th</sup> September 2020 is shown in Section 7 of this report.
- 5.6 As shown by the interest rate forecasts in section 4.2.1, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%, while some entities, including more recently the Debt Management Account Deposit Facility (DMADF), are offering negative rates of return in some shorter time periods. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31<sup>st</sup> March 2023, investment returns are expected to remain low.

- 5.7 While the Bank of England has said that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the Covid crisis; this has caused some local authorities to have sudden large increases in investment balances searching for an investment home, some of which was only very short term until those sums were able to be passported on. The Corporate Director: Resources will continue to monitor this very closely. Should negative interest rates be imposed then prudent steps will be taken to safeguard the Council's investments. The current approved investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury function. In these circumstances this would enable the Council to hold 50% of investments with the Council's own bank, Lloyds, and the remaining 50% may be placed with the DMO as a fall-back position. However, it may be necessary for a temporary breach in the Policy to be made until a possible further update could be brought to Council for approval. Any such breach would be reported to Members.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have suggested that they might resort to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a glut of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions.

Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

- 5.8 Although the credit rating agencies changed their outlook on many UK banks from stable to negative outlook during the quarter ended 30<sup>th</sup> June 2020 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of UK banks. However, during Q1 and Q2 2020, banks made provisions for expected credit losses and the rating changes reflected these provisions.

As we move into the next quarters ahead, more information will emerge on actual levels of credit losses. (Quarterly performance is normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that UK banks went into this pandemic with strong balance sheets. Indeed, the Financial Policy Committee (FPC) report on 6<sup>th</sup> August 2020 revised down their expected credit losses for the banking sector to “somewhat less than £80bn”. They stated that in their assessment, “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.

All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on negative watch, but with a small number of actual downgrades.

Link have conducted some stress testing on the Link credit methodology based list of counterparties supplied to clients, to test for the results of a 1 notch downgrade to all Long Term Ratings from all agencies. Under such a scenario, only Commerzbank, Norddeutsche Landesbank, NatWest Markets Plc (non-ring-fenced entity), Leeds, Skipton and Yorkshire Building Societies moved from Green to No Colour. While there are a further 17 drops in other entities’ suggested durations, in these instances, these entities still remain potentially available for use. (Note that this scenario excludes any additional impact from relative movement in CDS pricing.)

- 5.9 The Council is currently maintaining an under-borrowed position, but will potentially be required to consider further external borrowing during the next six months and will monitor the market to secure the most advantageous rates. Investments during the first six months of the year have been in line with the strategy, and there have been no deviations from the strategy.
- 5.10 As outlined in Section 4 above, there is still considerable uncertainty and volatility in the financial and banking market, both globally and in the UK.

## **6. THE COUNCIL’S CAPITAL POSITION (PRUDENTIAL INDICATORS)**

- 6.1 This part of the report is structured to update:
- The Council’s capital expenditure plans;
  - How these plans are being financed;
  - The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
  - Compliance with the limits in place for borrowing activity.

## 6.2 Prudential Indicator for Capital Expenditure

The table below shows the revised estimates for capital expenditure and the changes since the capital programme was agreed for the Budget. The change in the totals is a result of slippage between years of the programme following a review of expected cash outflows and any amendments to the Capital Programme approved by Council in the first half of 2020-21. The 2020-21 capital programme and associated prudential indicators will be amended for slippage during the revised budget process.

<b>Capital Expenditure by Service/Major Schemes</b>	<b>2020-21 Original Estimate</b>	<b>2020-21 Mid Year Position</b>	<b>2020-21 Latest Revised Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive and Solicitor to the Council	414	-	-
Community Well-being and Environment	2,884	-	3,279
Economic Prosperity and Place	3,532	305	10,505
Capital Portfolio Fund/Development Loans Fund	1,500	128	19,209
Resources	363	59	468
Vehicle, Equipment and Systems Renewals	760	266	951
<b>Total</b>	<b>9,453</b>	<b>758</b>	<b>34,412</b>

The latest revised estimates contain slippage from 2019-20 and take into account any currently estimated re-profiling of capital schemes to future years.

## 6.3 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

<b>Capital Expenditure</b>	<b>2020-21 Original Estimate</b>	<b>2020-21 Mid Year Position</b>	<b>2020-21 Latest Revised Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total capital expenditure</b>	<b>9,453</b>	<b>758</b>	<b>34,412</b>
Financed by:			
Capital receipts	2,198	121	1,100
Capital grants	3,811	278	11,637
Revenue	-	-	174
<b>Total financing</b>	<b>6,009</b>	<b>399</b>	<b>12,911</b>
<b>Borrowing need</b>	<b>3,444</b>	<b>359</b>	<b>21,501</b>

6.4 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

The latest estimate of the Capital Financing Requirement is slightly higher than original budget due to some capital programme slippage. In addition, the Capital Portfolio Fund and Development Loans Fund capital schemes have been, and will continue to be re-profiled once individual business cases are approved.

Prudential Indicator – External Debt / the Operational Boundary

	<b>2020-21 Original Estimate</b>	<b>2020-21 Latest Revised Estimate</b>
	<b>£'000</b>	<b>£'000</b>
<b>CFR</b>	61,158	61,158
<b>External Debt/Operational Boundary</b>	65,000	65,000

The External Debt/Operational Boundary prudential indicator allows for maximum flexibility should there be a suitable call on the Capital Portfolio/Development Loans Fund schemes.

6.5 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, gross borrowing will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2020-21 and next two financial years. This allows some flexibility for limited borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent (TMSS Section 8.5).

<b>Limits to Borrowing Activity</b>	<b>2020-21 Original Estimate  £'000</b>	<b>2020-21 Latest Revised Estimate  £'000</b>
Gross Borrowing	61,000	61,000
Less Investments	(18,000)	(18,000)
Less Icelandic Investments (currently frozen)	-	(13)
Net Borrowing	43,000	42,987
CFR (year end position)	61,158	61,158

The Corporate Director: Resources reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

- 6.6 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

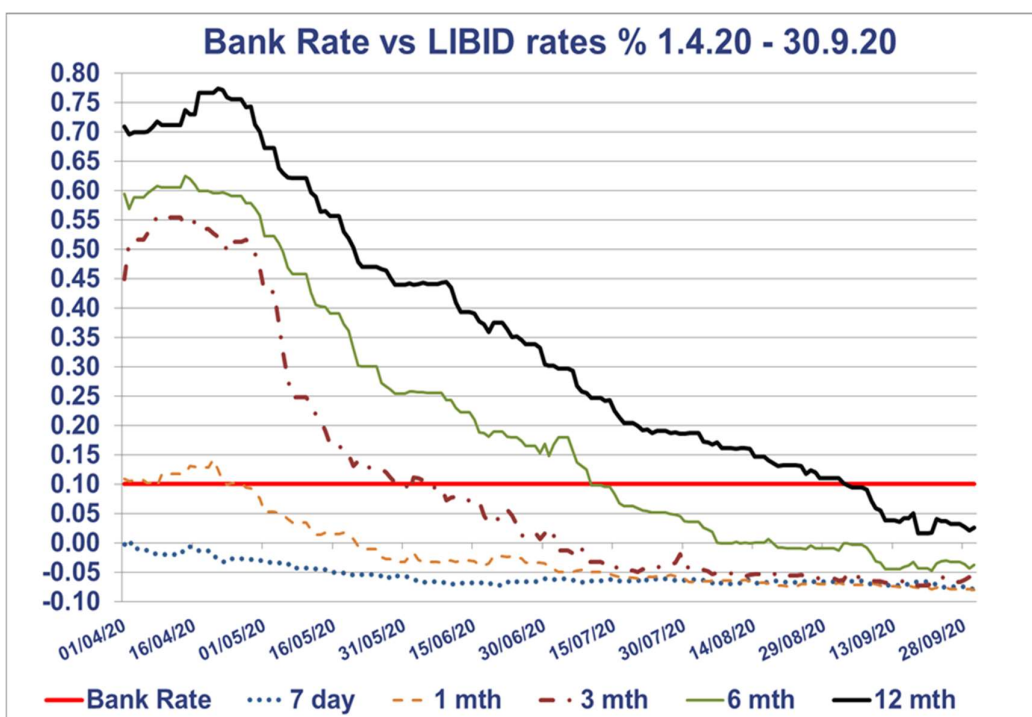
<b>Authorised Limit for External Debt</b>	<b>2020-21 Original Indicator  £'000</b>	<b>2020-21 Revised Indicator  £'000</b>
Borrowing	75,000	75,000

## **7. INVESTMENT PORTFOLIO 2020-21**

- 7.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 5, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%.
- 7.2 The investment portfolio yield for the first six months of the year against the benchmark (7 Day LIBID) is shown below:

Benchmark	Benchmark Return	Council Performance to 30/09/2020	Investment Interest Earned to 30/09/2020
7 day LIBID	-0.06%	0.264%	£32,500

As illustrated above, the authority out-performed the benchmark by approximately 32 bank basis points (bps). The Council's original budgeted investment return for 2020-21 was £180,000. The original budget assumed an average rate of return of 1% on estimated average investments of £18m. Whilst the percentage achieved on our investments exceeds the benchmark indicator, the actual interest received has significantly reduced due to the impact of the COVID-19 pandemic on interest rates.



Average investment balances held by the Council in the first half of 2020-21 were significantly higher due to the COVID-19 business support grants received in April 2020. Since the Council was holding this funding on a temporary basis before pass-porting on to eligible businesses a decision was made by the Corporate Director: Resources to temporarily withdraw from Money Market Funds (MMF) as market indications were uncertain at that time. In line with the SLY policy, security of funds was considered paramount; the Debt Management Office (DMO) was used as an alternative to MMFs whilst markets settled and grants were paid out. This approach was used for the period 01/04/20 to 22/05/20 and was yielding just 0.04%, thus reducing the average rate earned for the period. The DMO is a safe haven as an Executive Agency of HM Treasury and this approach was consistent with many other Local Authorities at the time.



The Council is also a member of the Link Benchmarking Club, the results of which are reported separately to the Treasury Management Review Panel at its September and January meetings.

- 7.3 The tables below show investments held at 1<sup>st</sup> April 2020 compared to investments held at 30<sup>th</sup> September 2020, excluding Icelandic investments.

<b>Investments Held With</b>	<b>1<sup>st</sup> April 2020 £</b>	<b>Average Rate of Return</b>	<b>Duration</b>
Santander	2,000,000	0.40%	Instant Access
Handelsbanken plc	3,000,000	0.20%	Instant Access
Debt Management Account Deposit Facility (DMADF)	6,825,000	0.04%	Instant Access
Lloyds	2,000,000	0.45%	95 Day Notice
NatWest	3,000,000	0.85%	95 Day Notice
Santander	1,000,000	0.90%	95 Day Notice
Santander	1,000,000	1.10%	180 Day Notice
Lloyds	1,000,000	1.25%	Fixed to 02/07/2020
Lloyds	1,000,000	1.05%	Fixed to 19/02/2021
DMADF	2,000,000	0.09%	Fixed to 03/04/2020
DMADF	10,000,000	0.045%	Fixed to 03/04/2020
DMADF	15,000,000	0.08%	Fixed to 03/04/2020
<b>Total</b>	<b>47,825,000</b>		

Investments Held With	30 <sup>th</sup> September 2020 £	Average Rate of Return	Duration
Lloyds	405,000	0.05%	Instant Access
Santander	500,000	0.12%	Instant Access
Handelsbanken plc	4,365,000	0.05%	Instant Access
Aberdeen Money Market Fund	2,780,000	0.09%	Instant Access
Lloyds	2,000,000	0.20%	95 Day Notice
Santander	2,000,000	0.47%	35 Day Notice
Santander	1,000,000	0.50%	95 Day Notice
Santander	1,000,000	0.70%	180 Day Notice
NatWest	1,555,000	0.15%	95 Day Notice
Coventry BS	1,000,000	0.08%	Fixed to 17/11/2020
NatWest CD	1,000,000	0.21%	Fixed to 19/08/2021
Lloyds	1,000,000	1.05%	Fixed to 19/02/2021
Lloyds	1,000,000	0.30%	Fixed to 02/07/2021
Coventry BS	1,000,000	0.08%	Fixed to 01/12/2020
Standard Chartered	1,000,000	0.08%	Fixed to 11/12/2020
<b>Total</b>	<b>21,605,000</b>		

7.4 As illustrated in the economic background section above, investment rates available in the market remain at historically low levels. The average level of funds available for investment purposes in the first six months of 2020-21 was £24,620,980. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of COVID-19 business support grants, precept payments, receipt of grants and progress on the Capital Programme, including the timing of prudential borrowing.

#### 7.5 Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function. However, yields continue to be extremely low whilst the Council adheres to the low risk strategy due to the current economic climate, currently exacerbated by the COVID-19 pandemic.

The investment counterparty criteria continue to be very sensitive to any changes in the banking sector; this is particularly true for changes in the Credit Default Swap (CDS) overlay.

Although CDS prices, (these are market indicators of credit risk), for UK banks spiked upwards at the end of March 2020/early April 2020 due to the liquidity crisis throughout financial markets, CDS prices have returned to more average levels since then, although they are still elevated compared to end-February 2020. Pricing is likely to remain volatile as uncertainty continues. However, sentiment can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

## **8. EXTERNAL BORROWING**

8.1 The Council's capital financing requirement (CFR) – as at 1<sup>st</sup> April 2020 was £40.566m, currently projected to rise to £61.158m by 31<sup>st</sup> March 2021 if all 2020-21 capital schemes are completed. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council's external borrowing totalled £37m at 1<sup>st</sup> April 2020.

8.2 The table below shows the Council's external borrowing as at 30<sup>th</sup> September 2020, totalling £39m.

<b>Lender</b>	<b>Principal</b>	<b>Date</b>	<b>Type</b>	<b>Interest Rate</b>	<b>Maturity</b>
PWLB	£1m	15/03/13	Fixed interest rate	2.62%	15/03/22 (9 years)
PWLB	£1m	29/07/14	Fixed interest rate	3.99%	29/07/33 (19 years)
PWLB	£1m	20/10/14	Fixed interest rate	3.54%	20/10/56 (42 years)
PWLB	£1m	02/12/14	Fixed interest rate	3.44%	02/12/39 (25 years)
PWLB	£1m	20/01/15	Fixed interest rate	2.99%	20/01/39 (24 years)
PWLB	£1m	04/02/15	Fixed interest rate	2.87%	04/02/41 (26 years)
PWLB	£1m	04/02/15	Fixed interest rate	2.80%	04/02/37 (22 years)
PWLB	£1m	08/04/15	Fixed interest rate	2.96%	08/04/35 (20 years)
PWLB	£1m	02/07/15	Fixed interest rate	3.35%	02/07/32 (17 years)
PWLB	£1m	20/07/15	Fixed interest rate	3.40%	20/07/31 (16 years)
PWLB	£1m	29/07/15	Fixed interest rate	3.13%	29/07/30 (15 years)

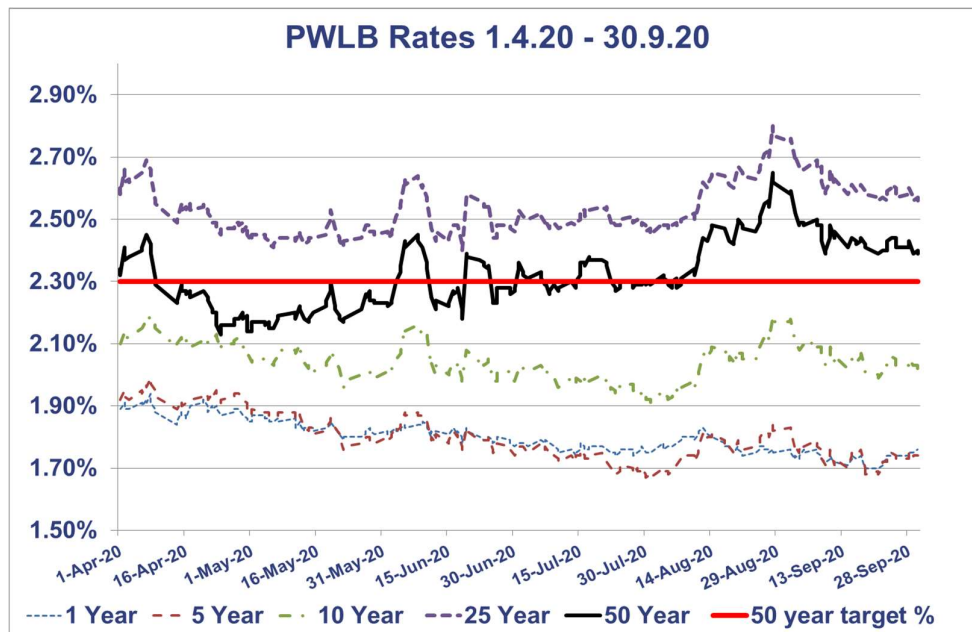
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<b>Lender</b>	<b>Principal</b>	<b>Date</b>	<b>Type</b>	<b>Interest Rate</b>	<b>Maturity</b>
PWLB	£1m	06/08/15	Fixed interest rate	2.96%	06/08/28 (13 years)
PWLB	£1m	02/02/16	Fixed interest rate	2.99%	02/02/63 (48 years)
PWLB	£1m	24/06/16	Fixed interest rate	2.21%	24/06/26 (10 years)
PWLB	£1m	03/03/17	Fixed interest rate	2.42%	03/03/62 (45 years)
PWLB	£1m	26/03/18	Fixed interest rate	2.28%	26/03/64 (46 years)
PWLB	£1m	14/09/18	Fixed interest rate	2.49%	14/09/68 (50 years)
PWLB	£1m	14/09/18	Fixed interest rate	2.53%	14/09/60 (42 years)
PWLB	£1m	25/09/18	Fixed interest rate	2.59%	25/03/62 (43.5 years)
Charnwood Borough Council	£2m	12/10/18	Fixed interest rate	1.40%	09/10/20 (2 years)
PWLB	£1m	03/12/18	Fixed interest rate	1.79%	03/12/24 (6 years)
PWLB	£1m	12/12/18	Fixed interest rate	2.47%	12/12/68 (50 years)
PWLB	£1m	17/12/18	Fixed interest rate	2.46%	17/12/66 (48 years)
PWLB	£1m	11/02/19	Fixed interest rate	2.38%	11/02/65 (46 years)
PWLB	£1m	12/03/19	Fixed interest rate	2.36%	12/03/66 (47 years)
PWLB	£1m	25/03/19	Fixed interest rate	1.82%	25/09/27 (8.5 years)
PWLB	£1m	25/03/19	Fixed interest rate	2.29%	25/09/59 (40.5 years)
PWLB	£1m	26/03/19	Fixed interest rate	2.20%	26/09/67 (48.5 years)
PWLB	£1m	01/04/19	Fixed interest rate	1.80%	01/04/29 (10 years)
PWLB	£1m	04/06/19	Fixed interest rate	1.74%	04/11/29 (10.5 years)
PWLB	£1m	04/06/19	Fixed interest rate	2.17%	04/11/69 (50 years)
PWLB	£1m	24/06/19	Fixed interest rate	2.13%	26/01/61 (41.7 years)
PWLB	£1m	08/07/19	Fixed interest rate	1.86%	08/07/34 (15 years)
PWLB	£1m	20/08/19	Fixed interest rate	1.67%	20/08/69 (50 years)
Crawley Borough Council	£2m	10/12/19	Fixed Interest rate	1.40%	10/12/21 (2 years)

Lender	Principal	Date	Type	Interest Rate	Maturity
Portsmouth City Council	£2m	30/06/20	Fixed interest rate	1.00%	30/06/22 (2 years)
<b>Total</b>	<b>£39m</b>				

8.3 Further borrowing may be scheduled in 2020-21 if the Council acquires any further properties utilising the Capital Portfolio Fund. Borrowing will be secured at the most appropriate time relating to the Council's cash flow and the borrowing rates. The Corporate Director: Resources is monitoring the rates closely, along with our treasury advisors, Link, to seek the most advantageous rates when the cash flow is required, although internal borrowing may well also be utilised.

8.4 The graph below shows the movement in PWLB certainty rates for the first six months of the year.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.70%	1.67%	1.91%	2.40%	2.13%
Date	18/09/2020	30/07/2020	31/07/2020	18/06/2020	24/04/2020
High	1.94%	1.99%	2.19%	2.80%	2.65%
Date	08/04/2020	08/04/2020	08/04/2020	28/08/2020	28/08/2020
Average	1.80%	1.80%	2.04%	2.54%	2.33%

**8.5 Increase in the cost of borrowing from the PWLB**

Due to the increase in PWLB margins over gilt yields in October 2019, and the subsequent consultation on these margins by HM Treasury - which ended on 31<sup>st</sup> July 2020 the Council has refrained from undertaking new long-term PWLB borrowing for the present and has met its requirements for additional borrowing by using short-term borrowing from another local authority until such time as new PWLB margins are finally determined. In addition, the effect of coronavirus on the capital programme objectives are being assessed. Therefore, our borrowing strategy is kept under review and regularly revised in order to achieve optimum value and risk exposure in the long-term. Members will continue to be updated as this area evolves.

It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Council may make use of this new source of borrowing as and when appropriate.

In the short-term, for the balance of the Capital Portfolio Fund, it should be possible to manage this risk by a combination of internal and short-term borrowing. However, it may make the Development Loans Fund less attractive and may mean future capital schemes fail to be financially viable once the increased costs of borrowing are factored in. The position will continue to be monitored and reported to Members as appropriate but we are in a fortunate position as we have taken most of this risk off the table in relation to the Capital Portfolio Fund to date by taking tranches of borrowing at the historically low rates.

**9. DEBT RESCHEDULING**

- 9.1 Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates, and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

**10. COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS**

- 10.1 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". Council's approved Treasury and Prudential Indicators (affordability limits) are outlined in the approved Treasury Management Policy and Strategy Report.
- 10.2 During the financial year to date the Corporate Director: Resources confirms that the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

- 10.3 The Prudential and Treasury Indicators are shown in Appendix 1. These have been updated for the slippage in the Capital Programme and the associated requirements to undertake external borrowing.
- 10.4 The original prudential indicators in respect of the Capital Portfolio Fund are reported in Appendix 2; these will be updated during the revised budget process. More information on the performance of the Capital Portfolio Fund will be reported separately in future property focussed reports.

## **11. LOCAL ISSUES**

- 11.1 The table below details the Council's remaining Icelandic investment as at 30<sup>th</sup> September 2020.

<b>Bank</b>	<b>Original Investment £</b>	<b>Interest Claimed £</b>	<b>Total Claim £</b>	<b>Dividends Received £</b>	<b>Balance Outstanding including Interest Due £</b>	<b>Balance Outstanding Principal Only £</b>
Kaupthing Singer & Friedlander	5,000,000	156,378	5,156,378	4,469,033	687,345	666,500

- 11.2 As the capital programme expenditure progresses and balances of reserves that contribute to the make-up of the cash reserves available for investment reduce, further external borrowing may be sourced within affordability limits to fund approved projects. The increase in the PWLB rates means that we may no longer rely on borrowing from HM Treasury and will work with our Treasury advisors to explore alternative means of cheaper borrowing. The Corporate Director: Resources currently considers that cash balances should be held at no less than £5m for a Council of our size (including the Council's Working Balance of £1.2m). The forecast reduction in daily cash balances, anticipated to be severely impacted by the COVID-19 pandemic, together with the current limitations on the counterparty list, that are highly likely to continue, will make longer term investments more challenging to manage.
- 11.3 The COVID-19 pandemic is placing unprecedented pressure on the Council finances and the Cabinet reports on Financial Stress testing taken in May and July 2020 together with the Quarter one Budget Monitoring Cabinet report in September, showed the inevitability of a significant increase in the funding gap due to the unlikely prospect of the Government providing full funding to mitigate losses. The cash flow impact of the pandemic is being closely managed with early morning treasury team meetings held daily.

The approved delegation in place to provide flexibility for the Corporate Director: Resources in consultation with the Cabinet Member for Strategy and Finance to use General reserves to replace reduced income and increased expenditure that is not covered by government funding is being factored into treasury cash flows, as is, the receipt of significant sums of MHCLG Funding that is then pass ported to third parties.

- 11.4 This Council has fully complied with the requirements of MHLG additional guidance regarding non-treasury investments. Whilst, in accordance with approved policies and strategies, these property acquisitions are not investments a new suite of prudential indicators is included in this report for full transparency.
- 11.5 The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports. There are no such changes to treasury risk management to report at this mid-year stage.
- 11.6 The legal agreement for the external fund management of the £10m Development Loans Fund is finalised. There are no loans complete at 30<sup>th</sup> September 2020 and the impact of the increase in PWLB rates last year continues to be assessed.

## **12. KEY ISSUES**

- 12.1 The Key issues are contained in sections 3 to 11 of this report.
- 12.2 As reported previously, the returns the Council is currently receiving from investments are significantly lower than those achieved during the years up to 2007-08. Rates have subsequently plummeted since the outbreak of COVID-19 and funds available for investment are forecast to decrease significantly due to the effects of the pandemic on the Council's cash reserves.
- 12.3 Higher Treasury PWLB rates means that alternative less costly sources of borrowing will now be explored. This is a developmental area and Members will be updated as further information emerges.

## **13. FINANCIAL IMPLICATIONS**

- 13.1 The Financial Implications of the treasury management function will be included in the Council's Medium Term Financial Strategy and Budget and Policy Framework, currently being prepared.



**14. LEGAL AND POLICY IMPLICATIONS**

- 14.1 The Local Government Act 2003 supplemented by Regulations set out a new framework for a prudential system for local authority capital finance. This Act, together with CIPFA's Prudential Code for Capital Finance in Local Authorities, came into effect on 1<sup>st</sup> April 2004. This code together with recent revised editions, guides decisions on what Local Authorities can afford to borrow and has statutory backing under Regulations issued in accordance with the Local Government Act 2003.
- 14.2 Adoption of the CIPFA Code of Practice on Treasury Management in the Public Services as part of the Authority's Standing Orders and Financial Regulations, gives it the status of a "code of practice made or approved by or under any enactment", and hence proper practice under the provisions of the Local Government and Housing Act 1989.
- 14.3 The Treasury Management Code and Prudential Code, along with MHCLG Guidance on investments requires the Council to have regard to additional disclosures with increased emphasis on transparency, accountability, proportionality and the risk management framework. The impact of these will continue to be reflected in the Treasury Management Service Strategy and Capital Strategy that are both approved annually by Council.

**15. RISK MANAGEMENT**

- 15.1 The Council is aware of the risks of passive management of the treasury portfolio. With the support of its external consultants we continue to proactively manage our investments. Link Asset Services are the Council's advisors.
- 15.2 Shorter-term rates and likely future movements in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.
- 15.3 The Council continues to progress its most significant capital investment proposals in many years as well as major injections of finance in its key priority of securing the economic prosperity of the district. Until the recent increase in PWLB rate the affordability of capital was helped by historically low interest rates keeping the costs of borrowing relatively low. The recent unexpected rise in PWLB borrowing rates increases risk, however this is a developmental area that we will continue to monitor closely.

15.4 The future financial position for the Council will be extremely challenging. The decision to leave the European Union and the progression of the 'Brexit' process, along with the unprecedented Coronavirus crisis, has left Local Government more uncertain than ever about the future of funding for the sector. Due to the timing and extent of future austerity measures to continue to balance the national budget, it continues to remain too early to judge the final impact of the decision to leave the European Union and the Coronavirus crisis on Local Government Finances. Following the emergency cuts in the Bank Base Rate in March to 0.10% there is speculation that there could be further rate changes to come, possibly even negative interest rates. The future impact of this will be assessed and taken into account in the Revised Budget. The PWLB borrowing rates, whilst still at historically low rates, continue to be volatile as the markets respond to the Coronavirus pandemic, Brexit and global economic events. There remains the potential to make savings in respect of future borrowing that will be taken into account as part of the MTFS. The Autumn budget has been cancelled. A comprehensive spending review "in the last weeks of November" will set one year budgets, and this apparently will include local government funding. The significant uncertainty around future funding across the public sector remains a key risk making projections of future treasury cash flows very difficult.

15.5 The risks associated with property acquisitions that the MHCLG Guidance allies to treasury management are well documented in the approved Capital Strategy 2020-30 report:

[http://www.wyreforest.gov.uk/council/docs/doc55298\\_20191217\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc55298_20191217_cabinet_agenda.pdf)

Potential risks are regularly updated in annual Capital Strategy reports and individual business case proposals.

## **16. EQUALITY IMPACT ASSESSMENT**

16.1 This is a financial report and there is no requirement to consider an Equality Impact Assessment.

## **17. CONCLUSION**

17.1 See Recommendations.

## **18. CONSULTEES**

18.1 Link Asset Services (Treasury Advisors).

18.2 Leader of the Council/Cabinet Member for Strategy and Finance

18.3 Corporate Leadership Team.

**19. BACKGROUND PAPERS**

- 19.1 Local Government Act 2003.
- 19.2 CIPFA's Revised Prudential Code for Capital Finance in Local Authorities, 2017.
- 19.3 CIPFA's Revised Code of Practice on Treasury Management in the Public Services, 2017.
- 19.4 Local Government and Housing Act 1989.
- 19.5 Council 26/02/20 – Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and updated Prudential Indicators 2020-21.
- 19.6 Council 26/02/20 – Capital Strategy 2020-30
- 19.7 Council 24/07/19 – Asset Management Strategy
- 19.8 Council 23/09/20 - Annual Report on Treasury Management Service and Actual Prudential Indicators 2019-20.

## APPENDIX 1 Prudential and Treasury Indicators

PRUDENTIAL INDICATORS	2019-20	2020-21	2021-22	2022-23	2023-24
	actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
<b>Capital Expenditure</b>	13,200	34,412	4,567	1,324	1,224
<b>Ratio of financing costs to net revenue stream</b>	13.51%	21.52%	25.97%	26.06%	26.06%
<b>Local Indicator - Ratio of financing costs to net revenue stream including Capital Portfolio Income</b>	1.57%	7.77%	9.65%	10.55%	10.55%
<b>Gross Borrowing</b>					
brought forward 1 April	29,414	37,426	61,000	60,000	58,000
carried forward 31 March	37,426	61,000	60,000	58,000	57,000
<b>Capital Financing Requirement as at 31 March</b>	40,566	61,158	60,574	58,992	57,410
<b>Annual change in Capital Financing Requirement</b>	10,171	20,592	(584)	(1,582)	(1,582)
<b>Incremental impact of capital investment decisions</b>		£ p	£ p	£ p	£ p
Increase in council tax (band D) per annum		-	-	-	-

TREASURY MANAGEMENT INDICATORS	2019-20	2020-21	2021-22	2022-23	2023-24
	actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
<b>Authorised Limit for external debt -</b>					
borrowing	75,000	75,000	75,000	75,000	75,000
other long term liabilities	0	0	0	0	0
<b>TOTAL</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>
<b>Operational Boundary for external debt -</b>					
borrowing	65,000	65,000	65,000	65,000	65,000
other long term liabilities	0	0	0	0	0
<b>TOTAL</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>
<b>Actual/Forecast external debt</b>	<b>37,426</b>	<b>61,000</b>	<b>60,000</b>	<b>58,000</b>	<b>57,000</b>
<b>Upper limit for fixed interest rate exposure</b>					
Net principal re fixed rate investments	100%	100%	100%	100%	100%
<b>Upper limit for variable rate exposure</b>					
Net principal re variable rate borrowing / investments	100%	100%	100%	100%	100%
<b>Upper limit for total principal sums invested for over 364 days</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
(per maturity date)	2m	2m	2m	2m	2m

Maturity structure of fixed rate borrowing	upper limit	lower limit
under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

**APPENDIX 2 Capital Portfolio Fund Prudential Indicators & Ratios. Note that the performance of the Property Portfolio fund will be separately reported in property focused reports.**

Calculated for acquisitions up to 30<sup>th</sup> September 2020 (Note, will be updated during revised budget process)

Capital Portfolio Fund as at 30th September 2020		2020-21	2021-22	2022-23
<b>DEBT TO GROSS SERVICE EXPENDITURE RATIOS</b>				
Non treasury property investments debt to gross service expenditure (GSE) ratio	<i>Gross debt of non treasury property investments as a percentage of gross service expenditure, where gross service expenditure is a proxy for the size and financial strength of a local authority.</i>	34.11%	33.29%	32.75%
<b>DEBT TO NET SERVICE EXPENDITURE RATIOS</b>				
Non treasury property investments debt to net service expenditure (NSE) ratio	<i>Gross debt of non treasury property investments as a percentage of net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.</i>	150.37%	143.08%	140.77%
<b>LOAN TO VALUE RATIOS</b>				
Loan to PPE value ratio (property)	<i>The amount of non treasury property investment debt compared to the total asset value (Long term assets - PPE).</i>	28.44%	27.99%	27.54%
Loan to value ratio (property only)	<i>The amount of property debt compared to the total property asset value (property portfolio only).</i>	99.14%	97.57%	95.99%
<b>CFR RATIOS</b>				
CFR - Property	<i>Property CFR as a proportion of the gross CFR</i>	41.49%	41.41%	41.41%
<b>FINANCING COSTS TO NET SERVICE EXPENDITURE RATIOS</b>				
Property investments financing costs to net service expenditure (NSE) ratio	<i>Non treasury property investments financing costs as a percentage of net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.</i>	6.40%	6.20%	6.20%
<b>INCOME/INVESTMENT COVER RATIOS</b>				
Property investment cover ratio	<i>The total net income from property investments, compared to the interest expense.</i>	74.11%	70.66%	70.66%
Property target income returns (excluding financing costs)	<i>Net revenue income (excluding financing costs) compared to equity. This is a measure of achievement of the portfolio of properties.</i>	6.19%	6.11%	6.11%
Property target income returns (including financing costs)	<i>Net revenue income compared to equity. This is a measure of achievement of the portfolio of properties.</i>	1.97%	1.88%	1.88%
Commercial income to NSE ratio	<i>Dependence on non-fees and charges income to deliver core services. Fees and charges should be netted off gross service expenditure to calculate NSE.</i>	3.14%	3.26%	3.26%
<b>TRENDS</b>				
Gross income	<i>The income received from the investment portfolio at a gross level over time.</i>	(£1,323,620)	(£1,384,800)	(£1,384,800)
Operating costs	<i>The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-financial investments expands.</i>	£282,090	£357,460	£357,460
Financing costs	<i>The trend in financing costs of the non-financial investment portfolio over time, as the portfolio of non-financial investments expands.</i>	£710,280	£711,500	£711,500
Net income	<i>The income received from the non-financial investment portfolio at a net level (less costs) over time.</i>	(£331,250)	(£315,840)	(£315,840)

Whilst, in accordance with approved policies and strategies, these property acquisitions are not investments, the above suite of prudential indicators is included in this report for full transparency.



## Overview & Scrutiny Committee

### Briefing Paper

Report of: Kate Bailey  
Date: 5 November 2020  
Open

### Green Homes Grant – Local Authority Delivery Scheme

#### 1. Summary

- 1.1 The purpose of this report is to outline the process for the Government funded Green Homes Grants to be made available to homeowners where their properties have poor energy efficiency and they have a low household income. This will include the requirement to amend the capital programme.

#### 2. Background

- 2.1 The Government department for Business, Energy and Industrial Strategy, BEIS, opened for bids to the Green Home Grants Local Authority Delivery Scheme in August 2020. Wyre Forest District Council supported a Wychavon led joint bid by Worcestershire Councils and has been awarded £200k for measures to properties in our district.
- 2.2 The eligibility criteria have a relatively narrow focus to improve energy efficiency in owner-occupied properties that have a poor energy efficiency rating of E,F or G, where off mains gas and the household income is less than £30k. Eligible works include modernising heating and insulation with up to £10k per property.
- 2.3 The Private Sector Housing team can deliver the grants through a process of identifying likely eligible properties and directly marketing the opportunity to them. If there is insufficient take up through this route the grants will be promoted through social media etc. As a joint bid there is some flexibility that if any council is underspent, the funding can go across to areas where higher demand is identified.
- 2.4 The scheme only runs until the end of March 2021. It is anticipated that following this first tranche, BEIS will look to provide further funding in following years.
- 2.5 Wychavon are managing the formal returns to BEIS and utilising ActonEnergy to support the monitoring and management of the project.

#### 3. Key Issues

- 3.1 The Green Home Grants are capital and therefore need to be included in the council capital program.

- 3.2 The exact number of applications that will be received and the amount of grant eligible in each case is not known. Although the budget is £200k there is scope to increase should there be high demand not mirrored elsewhere in the county. It is anticipated that approximately 30 grants will be delivered in Wyre Forest.
- 3.3 The scheme will aim to complete all grants by end of March 2021.
- 3.4 A Service Level Agreement will be set up between Wychavon and district partners to facilitate the transfer of funds, monitoring of data and adherence to the grant requirements.

#### **4. Options**

- 4.1 That Overview and Scrutiny
  - 4.1.1 recommend to Cabinet to recommend to Council that there is an amendment to the Capital programme by £300k to provide Green Homes Grants (to be recovered by funding from BEIS) noting that the exact level of expenditure will be dependent on the number of eligible applicants and grant funding received OR
  - 4.1.2 Make any alternative or additional recommendations to Cabinet.

#### **5. Consultation**

- 5.1 CLT
- 5.2 The bid has been developed in conjunction with neighbouring authorities in Worcestershire and Act On Energy.

#### **6. Related Decisions**

- 6.1 Not applicable.

#### **7. Relevant Council Policies/Strategies**

- 7.1 The Housing Assistance Policy sets out mechanisms for grant delivery that will be adhered to.

#### **8. Implications**

- 8.1 Resources: capital funding for the works will be claimed from BEIS via Wychavon District Council. A management fee of £7k is available to support our council costs in delivering the scheme and other costs will be met within existing resources. This will be used within the Private Sector Housing team and supporting functions. Although WFDC share of the grant is £200k it is proposed that the capital funding programme is amended to include up to £300k in case more funding becomes available. Only those monies received



through the grant will be spent so there will be no further financial contribution from the Council.

- 8.2 Equalities: Not applicable
- 8.3 Partnership working: Positive joint working with neighbouring authorities and Act On Energy to deliver this grant.
- 8.4 Human Rights: Not applicable
- 8.5 E-Government: Not applicable
- 8.6 Transformation: Not applicable

**9. Equality Impact Needs Assessment**

- 9.1 An Equalities Impact Screening Assessment has been undertaken and this indicates there are no adverse effects of this decision on any groups with protected characteristics, so a full EIA is not required.

**10. Wards affected**

- 10.1 All.

**11. Appendices**

- 11.1 Not applicable.

**12. Background Papers**

- 12.1 Not applicable.

**Officer Contact Details:**

Richard Osborne  
Principal Environment Health Officer  
Ext 2564



## Overview & Scrutiny Committee

### Briefing Paper

Report of: Tracey Southall – Corporate Director: Resources  
Mike Parker – Corporate Director Economic Prosperity  
& Place  
Date: 5th November 2020  
Open with exempt appendix

### Amendment to the Capital Portfolio Fund Acquisition Geography

#### 1. Summary

- 1.1 This report sets out the proposed temporary arrangements for the acquisition geography for the Capital Portfolio Fund during the uncertain times brought about by the Coronavirus pandemic.

#### 2. Background

- 2.1 This Council has successfully used PWLB borrowing to fund Capital Portfolio property purchases within our agreed combined Local Enterprise Partnership (LEP) geography comprising the Worcestershire and Greater Birmingham and Solihull LEP areas. This reflects the Council's multiple objectives including economic development and regeneration as set out below in an extract from the latest Capital strategy approved by February Council as part of the suite of Budget papers.
- 2.2 The Council's current Capital Portfolio Fund policy is that it will always be the Council's preference to invest within the district area to support regeneration and local economic development whilst also allowing the Council to consider opportunities within the wider geographical area of the two LEPs which the district is a member of.
- 2.3 In the light of the uncertainty around some sectors and the consequent impact that will have on property holding, together with the impact on property values which the current Coronavirus is having, it is considered necessary to introduce some interim amendments to the Council's current policy.
- 2.4 Members are aware that our external Auditors Grant Thornton required significant evidence for the two out of area purchases (Stratford Court and Buntsford Gate) made so far to support our asset classification as Operational Assets rather than Investment Properties. The evidence was accepted and the asset classification was not challenged. GT were not minded to challenge the evidence presented for this classification. All of the Council's acquisitions have been supported by thorough due diligence and robust businesses cases and it is satisfying to know that GT accepted the Council's justification for all of its acquisitions made to date. Currently the portfolio comprises five acquisitions, two of which are outside the district and they account for 37% of

total capital expenditure on the Portfolio so far, or 31% of the total £26.5m approved budget (as at 31st March 2020).

- 2.5 For some Council's also making acquisitions, out of area purchases funded by PWLB borrowing have been controversial, highlighted by the disproportionately high levels of debt some Councils have chosen to undertake to fund such schemes. However, current legislation and code guidance do not prevent such action and there is a view that the government has forced some councils down this more extreme route as one of the few choices, given the large reductions in government funding and need for innovative ways to protect future sustainability.
- 2.6 The impact of COVID-19 on the property market is significant and has created an uncertain future for some sectors, retail and office in particular. The enforced migration to home working and the move to even more online shopping has been significant in these areas of the market. Whilst the chancellor is making determined efforts to get people back to offices and to using the high street, it is clear that the pandemic will result in some permanent changed behaviours, but the full effect is as yet unknown. The future for the property market remains uncertain at this time. There will be a 'new normal' though and hopefully the market will recover quickly and alternative uses found for vacant retail or office units through conversion/adaptation e.g. to meet housing need. This will take time and property owners (such as pension funds) may choose to play a waiting game with some empty properties whilst a demand equilibrium is found.

### **3. Key Issues**

- 3.1 Officers and the external auditors are content that all purchases made so far both within and outside the district are compliant with all legislative and code requirements.
- 3.2 The reasoning behind the combined LEP geography allowed the Council to fulfil its economic aspirations to the fullest extent on the basis that the success of both LEPs would add growth potential to the local economy; it also enabled the Council the opportunity to spread risk over the greater geographic area and also to develop a balanced portfolio of sector, location and quality. For purchases made so far the Council has followed its robust strategies and has been confident of the ability to justify its acquisitions, including those made outside the district.
- 3.3 The report from the recent Public Accounts Committee and also the consultation on Future Lending Terms from the PWLB all signal change. The clear message is that 'debt for yield' schemes will not be able to be financed through the PWLB moving forward. Indications are that the legislation and Code Guidance will be tightened up probably with effect from April 2021, at best to make justification of out of district purchases funded by PWLB borrowing far more difficult to justify. It is somewhat perverse that it would seem that CIPFA and the Government are not saying councils will not be able to continue to make out of district purchases in the future but rather, if they do,

moving forward, they will not be able to get funding from HMT and therefore LAs will take the risk, not Government.

<https://publications.parliament.uk/pa/cm5801/cmselect/cmpubacc/312/31202.htm>

- 3.4 There are funding sources that councils could continue to use to fund out of area purchases: capital receipts (insufficient available in WFDC's case, unless the Council made some major disposals, whether within or outside the Capital Portfolio Fund) or borrowing from other sources, including the UK Municipal Bonds Agency which has successfully issued its first couple of loans.
- 3.5 The initial 1% PWLB rate increase in October 2019 was intended to choke off more commercial, debt for yield schemes due to concerns about the national debt cap and the PAC review. However, the effect of this has since been eliminated by interest rate reductions following the COVID pandemic. There does not seem to be a suggestion that debt for yield is or will be made illegal but it is clear that HMT will not provide borrowing to support it in the future. A further threat is that, if a Council chooses to include debt for yield schemes within their capital programme, all PWLB borrowing for that financial year will be withdrawn.
- 3.6 Rob Whiteman, Chief Executive of CIPFA, recently reminded all Members that adherence to Code guidance is mandatory for CIPFA Members: others only "must have regard to the code".
- 3.7 In the light of the developing advice on the use of PWLB funding together with the impact of the pandemic, it is proposed that the Council limits any further acquisitions made through the Capital Portfolio Fund to in-district purchases only. This is proposed as a temporary measure until greater clarity is available in respect of the uncertainties identified. A further report would follow once matters were clearer if a return to a wider geography was proposed. With this in mind it will be necessary to agree an amendment to the threshold the Council uses to determine whether acquisitions should be pursued (see policy below). It is also over two years since the Council originally agreed its Capital portfolio Fund strategy (March 2018) and it is proposed that in the forthcoming annual update of the Capital Strategy, that a refreshed Capital Portfolio Fund strategy is also brought forward for consideration.
- 3.8 The Capital Portfolio Fund supports both regeneration and economic growth allied to the Council's income generation/commercialism objectives. The Development Loan Fund will help deliver the Council's regeneration and economic development objectives in terms of both housing and commercial regeneration in accordance with the corporate plan priority "to support you to contribute to a successful local economy", whilst also potentially generating future income streams.
- 3.9 This Council confirms that it has fully complied with the MHCLG requirements and has done so ahead of the formal timeline due to the significant Capital Portfolio Fund activity in 2018-19. In accordance with approved policies and

strategies, these property acquisitions are not investments; property purchases completed so far are classified as operational assets, however the full suite of prudential indicators is included in this report for full transparency.

- 3.10 Allocations that have been approved so far from the Capital Portfolio Fund are shown in the table below; Where schemes are allocated but not spent this is subject to approval of full business cases.

Capital Portfolio Capital Fund	Expenditure		Committed
	Purchase Price/ Development Cost	SDLT, Fees and Capitalised Costs	
	£000	£000	£000
<b>Acquisitions at 1st April 2019</b>			
Worcester Street/High Street Retail Units, Kidderminster	1,034	51	
Stratford Court Offices, Solihull	6,110	424	11
Buntsford Gate Offices, Bromsgrove	1,487	87	
Forest House Start-up Units, Kidderminster	730	37	
<b>Acquisitions 2019-20</b>			
Riverside Food and Beverage Units, Kidderminster	2,420	135	43
Goldthorn Road Industrial Unit	4,100	240	28
<b>Committed Schemes</b>			
Industrial Units, Kidderminster		395	33
	15,881	1,370	114
Total Capital Expenditure		17,251	17,365
Total Capital Approval			26,500
<b>Balance of Funds remaining (Max)</b>			9,135

- 3.11 The table below summaries the current projection of the revenue impact of the Capital Portfolio Fund acquisitions in 2020-21:

Property	2020-21 Original £	2020-21 Est. Outturn £
<b>EXPENSES</b>		
Property Expenses	235,620	235,620
General Expenses	52,260	52,260
Recharges	44,980	44,980
Increased bad debt provision		100,000
<b>COST OF CAPITAL</b>		
Capital Financing (MRP & Interest)	1,445,920	1,445,920
<b>GROSS INCOME</b>	(2,183,620)	(1,973,620)
<b>NET INCOME BEFORE TRANSFER TO RESERVES</b>	(404,840)	(94,840)
Variance		310,000
<b>NET POSITION AFTER TRANSFER TO RESERVES</b>		
Transfer to sinking fund/risk reserve (20%)	18,150	18,150
<b>Net Revenue Impact 2020-21</b>	(386,690)	(76,690)
<b>Variance to Approved budget (OE to Outturn)</b>		310,000

- 3.12 The temporary limitation of the geographical area for the acquisition of further capital portfolios properties may reduce the scope for the achievement of financial yield, which whilst secondary to the regeneration and economic objectives is still an important benchmark for consideration as part of business case proposals. Proposals would still have to at the very least fund the borrowing costs but given the reduced potential to source properties and the less attractive infrastructure of the district net returns may be lower than would otherwise be available within the wider combined LEP geography. It may also prove more challenging and potentially take longer to source acquisition opportunities that meet our criteria within district.
- 3.13 The Council has adopted policies for the Capital Portfolio Fund and Development Loans Fund including legal considerations were set out in depth in appendices 3/1 and 3/2 to the medium term financial strategy report, which was considered by Cabinet on 20 December 2016. These remain current so will not be repeated but can be found at:
- <http://www.wyreforestdc.gov.uk/media/2639628/20161220FinancialStrategy2017-2020IncludingCover.pdf> (pages 34 to 54).
- 3.14 Part of the Council's agreed Capital Portfolio Fund strategy contains a criteria matrix (appendix 1) which the Council uses to make an initial assessment of potential acquisitions and a threshold of a score of 250 has been agreed (proposals scoring lower may still be considered if there are exceptional reasons for doing so). Given the limitations brought about by the temporary in-district only geography, there will need to be a reduction in this threshold figure (for example the district has no 'major prime' or 'micro prime' locations making this score unattainable). It is proposed that this threshold figure is reduced to 200 to reflect the types of opportunity which might be available within the district.
- 3.15 The latest MHCLG Guidance on investments that should be read in conjunction with the new Prudential Code introduces the requirement for additional disclosures with increased emphasis on transparency, accountability, proportionality and the risk management framework. The Solicitor to the Council is satisfied that the underlying legal powers for these policies remain unchanged and can still be relied upon and that the current Capital Strategy has appropriate regard to the new Investment Guidance.
- 3.16 In accordance with approved policies and strategies, these property acquisitions are not investments; property purchases completed so far are classified as operational assets, however the full suite of prudential indicators is included in this report for full transparency.
- 3.17 Given the current market uncertainty together with the clear signal of imminent changes to the operating arrangements for the PWLB and Code Guidance, albeit that they will not be effective until some point in the future, it is appropriate to temporarily revise this Council's policy to limit future property acquisitions to within area. Further consideration to this matter and appropriate

revisions to the Capital Portfolio Fund strategy will be brought forward as part of the forthcoming Capital Strategy.

#### **4. Conclusion**

- 4.1 Given the current uncertainty brought about by the Coronavirus pandemic and the impending changes to the PWLB and Code Guidance it is considered necessary to temporarily limit any further acquisitions of properties through the Capital Portfolio Fund to within district only. Further consideration of the Capital Portfolio Fund policy is expected as part of the forthcoming Capital Strategy.

#### **5. Options**

- 5.1 The Overview and Scrutiny Committee has the following options:

5.1.1 To recommend to Cabinet that the proposed temporary limitation of the geography for Capital Portfolio Fund purchases is agreed;

5.1.2 To recommend to Cabinet any other alternative recommendation.

#### **6. Appendices**

Appendix 1 (exempt) – Acquisition criteria matrix

#### **7. Background Papers**

Cabinet 20<sup>th</sup> December 2016

##### **Officer Contact Details:**

Name: Tracey Southall

Title: Corporate Director: Resources

Contact Number: 2100

Name: Mike Parker

Title: Corporate Director: Economic Prosperity & Place

Contact Number: 2500



## Overview & Scrutiny Committee

### Briefing Paper

Report of: Mike Parker – Corporate Director Economic Prosperity  
& Place  
Date: 5th November 2020  
Open

### Response to Consultation on Homeworking

#### 1. Summary

- 1.1 This report sets out the responses received to the consultation with employees and unions in respect of homeworking as agreed by Council in July.

#### 2. Background

- 2.1 In July Council agreed to undertake a consultation of staff and unions with regard to the future arrangements for homeworking and to report back to Council in December. The resolution was to: *“authorise the Head of Paid Service to initiate formal consultation with staff and unions with a view to maximising home working at the optimal level, in order to minimise the building space that the Council occupies ... with a further report to Council no later than December 2020 to seek Council’s approval of any changes to terms and conditions.”*
- 2.2 The consultation was undertaken between 4<sup>th</sup> September 2020 and 5<sup>th</sup> October 2020. A total of 28 responses were received, a summary of which is set out in Appendix 1.
- 2.3 A recent Atlas Cloud (specialist IT services provider) nationwide survey of workers who had worked at home during lockdown found that 87% of UK office workers stated their desire to be able to work from home at least some of the time and Just shy of 70% of UK office workers stated their desire to be able to work both from home and the office – the ‘hybrid’ solution as it has been termed. The survey found that *“Office workers who are working from home are regaining a significant amount of time in their day by not having to commute. Not only will this be a tremendous boost for their work-life balance but the survey results show that, on average, employees are willing to give back a substantial proportion of their time saved as additional work hours. The average home worker regained 84 minutes in their day by not having to commute. 46 minutes (55%) of this regained time was spent doing personal activities and 38 minutes (45%) was spent working.”* The findings from the survey went on to say that *“Employees could regain more than 25 working days of personal time over the year (based on a 7 hour working day).... With the top 3 uses for the extra personal time being: 1) Sleeping (49.3%), 2) Spending time with family (46.2%), and 3) Exercising (43%), employers could*



*benefit from well-rested, happier, and healthier employees, making them likely to be far more productive in the time that they do spend working.*" This was not a survey of Wyre Forest employees and clearly some of the issues are not directly comparable such as the length of most commuting, but it is of interest in the context of the Council's proposal.

### **3. Key Issues**

- 3.1 The summary of issues raised in the consultation and set out in Appendix 1 indicates that of the few who responded to the consultation there are mixed views as expected; some find homeworking beneficial, others have reservations. Some of the matters raised are of a practical nature which as can be seen from the response by the Corporate Leadership Team can be readily dealt with in the roll out of more homeworking; some matters continued to be raised about allowances even though the consultation stated that these would be considered through the pay and grading review, which remains the case.
- 3.2 All of the consultation responses have been carefully considered and where there are practical actions which can be adopted as the Council moves forward, they will be. However the harsh reality the Council faces is that at least for the foreseeable future the pandemic situation is not likely to change and the Council will need to continue to ensure the safety of its employees by continuing to enable homeworking where services can be delivered effectively that way. The Council has to plan positively for the future and it has to plan for homeworking as a solution to that short term challenge presented by the pandemic, but it should sensibly plan for the longer term future where the hybrid working from a combination of home and office is likely to become the 'norm' for many office based workers, not just those within the Council. For those reasons it is recommended that the Council proceeds with its intended review of services with team managers between January and March with a view to being ready to introduce new hybrid ways of working from 1<sup>st</sup> April 2021 which maximise the ability to deliver services from a homeworking environment for those services and for those employees where this can be carried out effectively. If the Government advice effective at that time allows such safe working then the Council would begin introducing the new homeworking model from 1<sup>st</sup> April, however if the advice regarding the pandemic at that time is still to work at home where it can be done so effectively then the Council would continue to support such measures and would only introduce the office working environment part of the hybrid solution when it was safe to do so.
- 3.3 Since the consultation was undertaken, the Government advice has changed and currently is that employees should continue to work from home if they can and where it effective to do so; this advice is in the light of the autumnal continued rise in Covid-19 cases and the prospect of a possible 'second spike'.
- 3.4 In order to accompany the new way or working the Council will need to refresh its current guidance on homeworking which dates back to 2009 with a

refresh in 2011 just in advance of the Council's occupation of Wyre Forest House. The draft new policy formed part of the consultation and it is proposed that this new policy be agreed through the Joint Negotiating and Consultation Committee with the unions and adopted as part of the implementation of the hybrid solution.

- 3.5 Once the review of the homeworking opportunities has been completed the Council will have a clearer perspective on the amount of operational floorspace that it requires and this will enable appropriate amendments to the Council's Strategic Asset Management Plan (SAMP) and the Facilities Asset Management Plan (FAMP) to be undertaken.

#### **4. Conclusion**

- 4.1 The Council has undertaken a consultation of all of its employees and union representatives into the introduction of increased working from home. A total of 28 responses were received, these are summarised at Appendix 1. Recommendations are to be made to Council at its meeting in December on how to make homeworking a more permanent feature going forward.

#### **5. Options**

- 5.1 The Overview and Scrutiny Committee has the following options:
- 5.1.1 To recommend to Cabinet that the consultation responses together with the Corporate Leadership Team responses are noted and reported to Council at its December meeting; and that the review of services set out in 3.2 to this report is recommended to Council.
- 5.1.2 To recommend to Cabinet any other alternative recommendation.

#### **6. Appendices**

Appendix 1 – Consultation responses

#### **7. Background Papers**

Council July 2020

#### **Officer Contact Details:**

Name: Mike Parker

Title: Corporate Director: Economic Prosperity & Place

Contact Number: 2500

**Homeworking Consultation – Summary of Consultation Responses**

**Thank you to everyone who submitted feedback /comments**

**The responses received have been grouped under thematic matters which occurred throughout the submissions received to avoid duplication and any personal information relating to any individual has been redacted for the purpose of this summary.**

Feedback/Comments	Response
<p><b>1. Practicalities of Homeworking</b></p> <p>Facilities for employees working at home differ and consideration will need to be given to undertaking home assessments of the environment in which employees will be working.</p> <p>Clear guidance is required for printing documents at home.</p> <p>How do Managers ensure their staff are working efficiently and effectively to ensure that our residents get value for money, as well as ensuring that staff are working when they should be? How do we maintain and promote motivation and innovation? A good work/life balance rarely refers to more time at work!</p> <p>How can costs like stationery and printing for example be controlled - it is very easy to put a ream of WFDC paper in your printer and then print everything else on it too unintentionally.</p> <p>Thinking about those staff who cannot/do not want to work from home and are therefore one of the only people in the office, how do we control them getting all the internal queries and phone calls, which of course would not be fair?</p> <p>Having managed a significant number of staff in my previous role, it can be difficult to monitor</p>	<p>Staff working from home have completed a comprehensive self assessment, any areas highlighted as a concern will be addressed via discussions with the individual member of staff and their line manager. They will continue to be a feature of the Homeworking Policy.</p> <p>Documents should not be printed at home for IT security reasons. Printing can still be undertaken in the office and collected as necessary.</p> <p>The Council's current ways of working rely on the trust of all of our employees to undertake their duties professionally and managers are trusted to see that services are delivered efficiently and effectively. This does not change with the introduction of working at home; many officers have been working at home for some or all of their time for over ten years now and it has not had any detriment on service delivery. Offering greater flexibility for employees who are able to work at home improves their work life balance and offers the opportunity for time spent travelling between home and work to be used more efficiently as the employee sees fit.</p> <p>See above on printing</p> <p>All staff working from home are available via the phone and have their phone extensions redirected to themselves. The Mitel software which the phone system uses enables laptops to be used as 'softphones'.</p> <p>Comments noted.</p>

<p>employee work levels especially when working from home. I recognise that work plans can be developed with employees and regular 121s introduced. Daily contact between the manager and employee at the beginning of the pandemic made employees think about what they intended to achieve that day, but moving forward perhaps it could be a requirement for all employees to update their electronic diaries with the activities / actions they intend to complete each day. This can be done at the beginning of the week and can be monitored by the supervisor by having access to the employees diary. However, it is not an exact science as telephone calls and urgent emails can disrupt the day's work plan.</p> <p>I've worked in a number of local authorities both large inner city and small rural councils and have to say that the IT section here at Wyre Forest are head and shoulders above anything I have worked with before. The team are extremely helpful and provide a very effective and efficient service – I never thought I would say that about an IT section !! but they have been excellent.</p> <p>My general observation would be that the Guidance appears heavily skewed towards voluntary homeworking and not re-written to reflect the current Council-led initiative which is distinctly not voluntary. I can see where section 7 comes from with respect to travelling expenses, but I feel staff could be seriously affected. In the normal course of events, one would normally undertake one daily commute. Therefore if a situation arises that more than one separate visit is required on a particular day, I would be penalised for having to make the additional journey as opposed to the Council incurring the costs. That is surely unacceptable.</p> <p>With regard to homeworking generally, my particular post mostly requires access to a computer which is solely office based and therefore I have very limited capability to working from home. This was quickly exhausted at the start of lockdown. Also, I frequently refer to record drawings which are held in the offices and they have yet to be digitised. Also, having recently moved home, I have no safe space for homeworking as we have down-sized and the accommodation is suited to being a small residence with no safe facility for homeworking due to lack of space and power/internet capabilities.</p> <p>If we are to work at WFH (or other) and at home the same applies as above but we also need to have a desk set up at work the same as home otherwise it will be very disruptive working</p>	<p>Thank you, noted.</p> <p>The current situation is not “Council-led” other than to ensure that as a responsible employer it ensures that the Government guidance is followed to work at home where it can be done effectively and that employees are able to work in a safe environment. It would be unusual in normal circumstances for more than one commute to and from the office from home at the beginning and end of the day. In terms of those undertaking site visit any costs incurred will be reimbursed.</p> <p>The intention is that in discussing with managers the services which can be delivered effectively from home, consideration will also be given to the working arrangements for the individual(s) delivering the service.</p> <p>Comment noted.</p>
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<p>I have done a self-assessment of my makeshift work station at home as requested, which declared some drawbacks. I don't necessarily understand or agree with all elements of the assessment, nor have I got an understanding to what extent I should take action to address failure points. Do I have to install blinds? Do I have to move a plug socket? Do I have to have a proper office chair? I understand from the frequently asked questions that managers (or other suitably qualified staff I guess) are not due to undertake formal assessments any time soon, but I find it difficult to fully formulate my view on homeworking until I know the potential impacts upon my home. I have a small home and no dedicated office space, and don't have a full understanding on what is required or expected regarding the creation of one. This includes the physical space as well as the internet provision. My internet is somewhat basic but has always been more than adequate for my personal needs. Working from home I seem to (more than others) struggle with video conferencing. I can switch my video off and that's fine by me. However, could I be expected to upgrade my internet (if even technically possible)? I think that in the past 6 months people (including the public) have generally been understanding regarding the limitations of working from home (incl internet dropping out) but I fear that this understanding will evaporate if this is no longer an emergency situation (doing the best we can given the situation) and instead becomes a situation the council has decided to continue beyond the emergency (to save costs).</p>	<p>These are matters for discussion with your Line Manager as part of the workstation assessment</p>
<p>I.T. can be an issue and could definitely do with better mob phones etc. e.g. smartphones for ease of access to emails while out at appointments etc.</p>	
<p>Need to consider a rota of office visits for keeping team connected as it can become isolating for employees and managers Easy to get frustrated if something goes wrong – no one to bounce it off.</p>	<p>This will be part of a hybrid working solution.</p>
<p>I need to go into the office to access files and print off documents.</p>	<p>We acknowledge not all tasks can be done from home and there will be some that require attendance in the office.</p>
<p>I feel really inefficient working from home. Everything takes longer to do and then it is harder to send out. I am sending out documents that have only been proof read on screen and potentially contain errors. I have to send them out (because time is critical) with a</p>	<p>Comments noted, we recognise that there are some tasks that can't be done or done as efficiently from home.</p>

<p>caveat that I need to check them once I have printed them out. This means revisiting work that I have “moved on” from and everything just takes longer.</p> <p>My job is paper based. I often have to cross refer many documents and need to have the documents and plans on the desk. Without access to a printer I find this very difficult. To read a complicated case report or guidance notes on the screen whilst cross referring to the original query etc. is frustrating to say the least and time consuming (a simple highlighter or strike out – is replaced by copious notes). To compare plans whilst flicking between screens is impossible. I have also found that my eyesight has deteriorated over the last 6 months and I now need glasses to read – I appreciate this might have happened anyway – but I am sure that 6 months of 6-7 hours of nonstop computer use has not helped.</p> <p>You have already acknowledged that some matters simply can’t be done from home. Documents that need to be sealed have to be done in hard copy and signed by an authorised signatory (please note that the temporary removal of the Chairman for sealing has been most welcomed, thank you) and many land registry applications have to be sent by post and signed by a conveyancer (so we cannot ask someone in the office to do it for us, for example the Form NAP that I sent to the land registry yesterday). By not being in the office daily (or not having someone in the office daily to do it for you and interrupt their working day) then this means that you add delays to matters that could be simply processed.</p> <p>Unfortunately, I do not live in a big house with the luxury of an “office”. I work at my kitchen table (on a fold up chair, there is no room for an office chair) the “desk space” is barely big enough for me and in the evenings just move the computer and my current work to the side ready for the next morning. I feel like work has taken over my life. You mention work life balance in your consultation – there is no work life balance anymore – work has taken over my home and this makes me really sad. I am also far more sedentary at home than at work – working from my kitchen does nothing for my step count and general well being. If I had a big house with an “office” that I could put all my work in and lock the door then maybe I would find it easier – but I don’t (unless I win the lottery).</p> <p>Work life balance of family / home situation, home working space; some people do not have</p>	<p>As above.</p> <p>As above.</p> <p>All of these concerns will be addressed in the proposed discussion with your Line Manager about the ability for your role to be delivered effectively through homeworking.</p> <p>The appropriateness of individuals being able to work from home will be part of the conversation</p>
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<p>suitable home working space and must be assessed by a manager/ trained assessor. Recognise working from home for some people not achievable due to personal/ space circumstances, cannot put it as a job requirement to work from home if not safe for them.</p> <p>Need to recognise that there are many roles whereby the officers need an office base to support their working in the area, mobile staff, whilst not necessarily needing a workstation dedicated all day need to use facilities, get printing, write up notes etc. So, some free space needs to be built into calculations of available space.</p> <p>A lot of my work is currently online based due to the pandemic, however, when things go back to normal, even if there will be an overall increase in online engagement as a result of the pandemic, the paper based output will inevitably significantly increase due to the nature of the job. Dealing with that from home is nigh on impossible. Even with dedicated secretarial support, which we do not currently have, creating court bundles will still need office presence. And even with secretarial support a lot of the correspondence that goes out contains enclosures that need to be compiled and checked by the lawyer at the location rather than by a secretary remotely. Whilst we managed remotely during the full lockdown, it was something that took significantly longer than it would have taken in person and it was very much a case of making do in a difficult situation. Not something that could be undertaken as a norm. In addition documents sent out often require certification, etc. In the current circumstances part of the correspondence is often located in different places, etc, making collation and posting difficult.</p> <p>As things return more to normal it will be necessary for me to have an office base for when I have court hearings and trials with access to a printer. Often there is a need for a last-minute support from the office and my colleagues that will not be possible to provide remotely. In addition, whilst there might be more remote hearings in court, undertaking these from a domestic environment is not ideal on a long-term basis.</p> <p>The lack of a printer that would allow me to quickly print documents and make notes, rather than reading everything online, which leads to eye strain, makes things more difficult. It is manageable in what is basically an emergency</p>	<p>with Line Managers when they consider their service areas.</p> <p>There will always be some flexible shared desks available in any offices.</p> <p>See comments above about accepting need for some activities to be office based.</p> <p>See above re printing at home.</p>
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<p>situation but a more permanent homeworking would present a need for a printer for everyday printing. This need would of course be somewhat minimised with regular presence in the office that would allow for printing in advance.</p> <p>On a permanent basis, I think that the Legal team could work very efficiently in a more remote manner provided that there remain desks dedicated to the Legal team in the office that would guarantee the ability of the team to work regularly face to face in full for a part of the working week.</p> <p>I just want to respond with details of my need for office presence or where it would be beneficial. I am able to effectively carry out my role remotely most of the time but do not feel that a permanent move to full time home working would be in the best interest of the Council for this role due to the following:</p> <p>Need for access to safe where existing contracts are not scanned Need for office access for printing/preparing hard copy engrossments, sealing and receipt/postage of the same Some need for printing when schedules are lengthy or dealing with multiple documents at a time Need for team support Benefit of having face to face contact with client officers – often easier to identify key issues Benefits of having admin support in person to enable checking and easier explanations Wish to continue storage of hard copy contracts (even where signed electronically) in case of cyber attack Use of library resources</p> <p>I have always been classed as a fixed office worker but due to Covid-19 have moved to a mix of home working and coming into the office for two days a week.</p> <p>It was agreed by Management and HR that I could come into the office to work if needed due to my injury. I am very grateful for this and would ask that it can continue. At home, I have to work from the dining room table, dining room chair so the position is not ideal anyway. I do not have the luxury of space to dedicate to setting up a home office or to accommodate any office equipment, so the dining room table is the only alternative.</p> <p>I do find it very beneficial to be able to sit at a proper desk and on a proper chair for my 2 full days (7 hours) at work. My Manager has kindly</p>	<p>The hybrid home/office solution would ensure desks in the office would be available.</p> <p>See all comments above. This proposal is not to force people to work from home permanently, a hybrid office and home solution is the most likely appropriate arrangement for most employees.</p> <p>The self assessment of the workstation at home should have picked these matters up.</p>
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<p>let me alter my working pattern so that my home working days are only 5 hours per day (Tues-Thurs).</p> <p>Whilst under the current circumstances, with the guidance being clear that we should work from home where possible, we are managing the work, it is not on the basis of 100% working from home. Some areas of work are easier to manage from home eg contracts and litigation where the online court systems allow it (&amp; there are a number of proceedings that it has not been possible to issue, due to problems with the court system that, once resolved will have to be issued using paper documents requiring office presence), but in other areas, some attendance is required to be able to work effectively, even in the current circumstances. It has to be said, that due to the number of admin tasks that now have to be performed, the work is not being progressed as quickly as usual, which has resulted in significant stress for some team members.</p> <p>Unfortunately, the way that legislation is drafted for a number of functions that the council is responsible for requires that documents are issued in paper form, eg regulatory notices (planning enforcement, breach of condition etc), court papers, property papers eg declarations, leases, transfers, planning agreements, TPOs, burial grants. It therefore isn't just attending to seal a document that requires a presence in the office, there are tasks that need to be done associated with that which need office presence. Letters need to accompany documents being issued. Documents need to be copied and/or scanned. At the moment much of this is being done by solicitors as they need to be completed and sent out the same day that they are sealed or signed. Whilst colleagues have been very helpful, their roles require them to do other work which means that they can't simply drop everything when a document needs to be sent out.</p> <p>We need to be able to access paper records in the safe and in files. There is no facility for all deeds to become electronic as they need to be produced in paper form. A safe needs to be retained for these documents and to keep other documents eg at election time, secure. The Council's seal is also kept in the safe. Access is needed to the safe by officers who will need somewhere to work while they are using the papers that they have accessed.</p> <p>Not all legal research tools are electronic as they are not available electronically and some are much more effectively used in paper form eg</p>	<p>The proposal is not for everyone to work at home 100%, see comment above on hybrid solution.</p> <p>See above, it is acknowledged that some functions will still need to be carried out in the office.</p>
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<p>where you need more than one resource open at a time. There is a continued need for a library that everyone can access (some resources are used by multiple team members and other teams).</p> <p>There has also been a significant impact as a result of having no admin support in the office able to complete secretarial roles. Legal documents are often lengthy and, whilst we have all created our own precedent banks to use as much as possible, the role requires diverse documents that frequently require significant adaptation and documents received often require significant amendment. Documents marked up have no one to type them up. This can be very time consuming. Long term, the effectiveness of the legal team would be reduced if they had to continue to perform the admin tasks permanently. This would require the presence of someone in the office who could pick up the work left as digital dictation does not enable all admin issues to be dealt with due to the nature of the work and the need to send things by post. The uncertainty around homeworking has delayed the recruitment of a legal secretary to undertake the a role that includes the secretarial function as it is not clear exactly what they would be able to do. It would only be an effective use of an officer if they and solicitors could be in the office, even if it is not all solicitors all of the time.</p>	
<p><b>2. Interaction with Colleagues</b></p> <p>Interaction with colleagues face to face remains important and the opportunity to come into the office for a day a week would be welcomed. Having noted the comment around “water cooler conversations” that aid creativity there is a need to develop and maintain that creative approach, which is most successfully using face to face meetings as ideas and thoughts can be “bounced off each other”. Therefore, an opportunity for such meetings to take place would be welcomed.</p> <p>In my xx odd years of working for WFDC I was classed as a ‘fixed worker’ as I did not have the equipment to work from home. Since March I have been working from my dining room table and chair which is far from ideal as I do not have the luxury of a spare room or even the extra room to accommodate a work station or office chair so have had to make it work. From the start of July, I have been working from home 3 days a week and book my desk out at Wyre Forest House for the other 2 days as there are certain aspects of the job that could not or were difficult to continue to carry out from home</p>	<p>Noted and agreed, the intention is to retain the ability for face to face meetings to take place in the new office environment.</p> <p>Comments noted.</p>

<p>on a long term basis. It also provides me with face to face contact with other members of staff, it is good for my mental health.</p> <p>However, I do find it very isolating at times and no longer feel part of or connected to my team but am resigned to the fact that this is most probably going to have to be my new way of working going forward and am willing to</p> <p>With home working, is that there is no social interaction, this isn't good for mental health. Quite often we need to ask questions &amp; discuss problems with the whole team. It's good to be able to bounce ideas off one another &amp; find solutions to problems.</p> <p>Hard to work at maximum productivity every day with minimal contact with others. The easiest way I can put this is, if you have been to the gym or an exercise class, you push yourself a lot harder when you go with someone else rather than on your own. The same principle applies with office and homeworking; you have others around you to motivate you.</p> <p>I find that it is harder to interrupt someone when you are not aware of what they are doing at that point in time. An office environment gives you the opportunity, when you see that they are momentarily free, to show someone a clause or section of report and ask for a second opinion. It allows you to overhear what people are working on and to interject if you are duplicating that work or have done it before. It also allows you to prepare for something that might be landing on your desk in the coming days or weeks. It also provides a training environment – learning by osmosis of sitting by your desk. Especially in a small team – where we are asked to comment on a wide range of subjects. Sharing ideas, knowledge, concerns and frustrations occurs naturally in a group; it does not in isolation. This has all been lost sitting at my kitchen table.</p> <p>I understand, post Covid-19, that in the current economic climate savings have to be made and I know that I have to adjust and do what I am told. However, you have asked for our feedback and I really don't feel as efficient and productive as I could be in carrying out my duties at home and I miss the support that my colleagues give to me when I have a query on a new point of law or a clause that is ambiguous. I feel that working in a team environment is beneficial to my work</p>	<p>Managers will be having regular well-being check-in conversations with their staff, for staff struggling with the isolation and their mental health please speak to your line manager, HR and/or mental health first aider. All employees have access to Employee Assistance Programme and there is additional information on Your Life pages on COLIN.</p> <p>Comments noted.</p>
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<p>and “healthy” for my mind.</p> <p>Management/ team cohesion challenges, can't access all staff / manager situation that needs recognition/support. Office meetings, booking in desks and meeting rooms by all managers option needed.</p> <p>Teams; need to have one day a week that whole team in for each team so set up each day has certain teams in that use the space. Important interaction between certain teams that support each other. Suggest that face to face meetings needed for teams/ managers each month at least.</p> <p>I welcome the proposal for more homeworking due to the distance I have to commute and would be happy to work from home on a more permanent basis for a few days a week. I have already worked from home one day a week before the pandemic and found it worked really well. However, now I am working from home all the time, whilst I have found myself to be highly productive and effective in general in matters where I have plenty of experience, I have found it problematic that I do not have an easy access to the pool of knowledge of my colleagues when dealing with novel or highly complex issues. In the xx team the ability to brainstorm with the rest of the team in person on ideas, approaches and solutions is absolutely invaluable as each member brings a different experience, knowledge and legal angle to the problem at hand. Whilst zoom sessions, e-mail and phone calls can be helpful it is never as valuable as a personal interaction. Solutions can take much longer to reach than they would have otherwise.</p> <p>Collective time in the office also helps with team building and ensures closeness of the team that just cannot be maintained with long term remote working, the dynamics of the team just aren't the same. There is a definite detachment from the rest of the team working on my own all the time as we just don't know things about each other we would have known otherwise, just from normal, everyday interaction in the office, despite being in regular contact. This feeling of isolation would not be helped by being able to hot desk in the office on different days because that would not provide the necessary team engagement. In that particular respect I would prefer to work from home permanently, from an established work space, than having to book a random desk in the office, which would not guarantee team engagement.</p> <p>A lot can be dealt with via zoom, e-mails and</p>	<p>The ability to book desks for those needing to is already in place.</p> <p>See above re Line Managers and review of their service areas.</p> <p>Comments noted.</p>
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phone calls but often a personal interaction is the most efficient way in which to progress a matter.

I miss seeing colleagues from both my team and other teams too; of course I would rather stay home at the present time where it feels safer but in the longer term when it is safe to return to the office I would like to do so; although our team often worked apart for most of the week, having one set day a week where we worked in the office together was really beneficial for us and I hope that will be retained. I feel that working apart from colleagues in both my team and other teams across the Councils can result in some opportunities being missed – for instance sharing ideas isn't so easy or natural when working apart, and work can easily be duplicated which can be easily avoided when working in the same office. While home working part of the time would be nice I think it is vital to retain office space going forward.

I do miss the daily contact with my colleagues and do feel cut off from my team. Even if I didn't have my injury I don't think I would manage well working from home all week, as I need some interaction with people.

Team meetings when we discuss issues that may not all impact on everyone, take time for everyone, but it is hard to dip in and out of the meetings and 1 to 1s are not always timed at a moment when someone wants to be able to progress an issue and needs support. Managers who carry their own case load have less time to undertake that work due to the longer amount of time needed for the management role. What would be a quick conversation in the office with a document or plan in front of you can take so much longer remotely. The work is not process orientated and unique solution are needed that benefit from discussion. Relying on teams and zoom does not bring the same results as in an office setting. Hot desking with eg only one desk for the team would not resolve this issue nor would desks apart from each other.

### 3. Mental Health Considerations

What analysis is available to show what effect permanent working from home has on people's mental/social wellbeing and how can a good team working spirit be enhanced when the team would rarely be together? If people sign up to working from home now because it suits them, their office desk space gets reallocated, but what if it doesn't work for their successor?

It is acknowledged that homeworking may impact on an individual's mental well-being. Throughout the pandemic and continue to do so information/support is provided to assist people with their mental well-being i.e. signposting, EAP scheme, Mental Health First Aiders.

<p>One thing that I hadn't realised before was how important it was to differentiate the start of the work day from homelife. To leave the house and "start" work in a different environment is an important trigger to clearing my brain. Perhaps other people are better at doing this than me but I have noticed this on the days that I do go into the office: I feel more prepared for "work".</p> <p>I am lonely at home. Really lonely. If I work from home all week, I could easily not see another adult. As I said above, my job is mainly paper based and therefore there is very little in the way of conversation or contact with the "outside world". I often don't know colleagues on the other side of jobs and so therefore, even if I contact them, it is often "cold" as a lot of the time you are arguing a point so there is more conflict than compassion. I note in your FAQs that you have provided support for mental wellbeing and we have had weekly team zoom meetings but that does not replace seeing people, even just to say hello to. For me a happy state of mind is really important – and makes me more productive.</p> <p>I have noticed a difference in the wellbeing and stress levels of colleagues. The lack of certainty in the current climate obviously plays a part, but the lack of team members to easily discuss matters with and share ideas and develop solutions, plays a significant part. Much of what we have to do involves finding new solutions to complex issues and having an opportunity for shared views can be invaluable, even of this is done informally across the office or by calling a quick meeting with colleagues to go through a document. Zoom and teams meetings have not proved to be as successful. Social interaction can be important in building professional relationships. Welfare checks and case discussion take much longer. When working together, it is easier to spot when someone is struggling and needs extra support when you see them regularly.</p> <p><b>4. Implementation Timetable for Homeworking</b></p> <p>Looking ahead especially with the Government's approach to getting employees back into the office and the potential introduction of a vaccine, which would make the 2 metre social distancing redundant, will there be a need to review the approach at a time in the future or are we saying this will be the new norm?</p>	<p>Noted.</p> <p>See comments above regarding workstation assessments, discussion with Line Manager about appropriateness of being able to work from home and about mental health.</p> <p>Please see earlier response on well-being</p> <p>We set out originally a three stage approach to working in the current pandemic, including stage 3 which envisaged the situation described. The Council believes that there have been some very positive attributes associated with working from home and it is envisaged that the hybrid of increased working at home mixed with some days in the office will become the 'new norm'.</p>
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<p>I'm somewhat confused by the various timings of events, 3.9 of the consultation states that between January and March 2021 managers will be tasked to review services that can work from home in order to maximise home working. The home working guidance (4.2, 4.2.1) uses the term request for home working.</p> <p>As responses to this consultation have to be submitted by 5th October 2020, the above suggests that a.) employees don't know for sure if they are/ are to be considered a home worker and b.) whether or not the homeworking is 'mandated' by management or to take the form of a request. You will appreciate that any response to the consultation may differ significantly on whether the employee is to request home working or the employer is to mandate it – which is it please?</p>	<p>Noted, the documents will be reviewed and the Homeworking policy amended for consistency.</p> <p>The consultation is clear that between January and March managers will be asked to review their services and discuss with their teams which services and which team members can effectively work more from home.</p>
<p><b>5. Homeworking Allowances</b></p> <p>For some reason you do not wish to entertain discussions of homeworking allowances within this response.</p> <p>Q “Why can we not consult and negotiate allowances for home working as part of this policy? It seems more appropriate in this forum than as part of the pay and grading review?” A “As this element is a change to terms and conditions it has been included with the pay and grading review where we can negotiate with trade unions with the aim of achieving a collective agreement”</p> <p>Again this seems to re-iterate that the homeworking consultation is NOT anything to do with a change to terms and conditions?</p> <p>I would like to comment on the costs associated with homeworking; heating, lighting, loss of a suitable room as a permanent office/ workstation even though you do not wish to hear these, but without knowing clearly what I am being consulted on it is difficult for me to formulate a response.</p> <p>I cannot believe that you have now indicated that you are reviewing these [original homeworking] allowances and may not consider paying them in the future. I cannot believe that you have stated you are not looking for comments on this matter in this consultation – yet it clearly relates to homeworking! And should be included in this consultation. I want my comments to be included in this consultation, as this does relate to homeworking</p>	<p>The consultation made this clear.</p> <p>Noted.</p> <p>As mentioned in the Q and A's - As this element is a change to terms and conditions it has been included with the pay and grading review where we can negotiate with trade unions with the aim of achieving a collective agreement.</p>

<p>and is an important factor.</p> <p>I feel by not including this matter in the consultation, is just a way of sweeping under the carpet all the long term homeworkers rights and loyalty, and benefits to now new homeworkers, who are moving with the times, supporting the Council, releasing even more office space for the Council to rent out.</p> <p>As stated in your last Corporate Brief, available to view on the intranet (Zoom briefing), it was stated that "You would Continue to invest in your staff".</p> <p>Taking away any allowance we receive is not investing in your staff.</p> <p>I have worked now for nearly xx years with Wyre Forest District Council, staying loyal, getting paid less than the National Pay Scales.</p> <p>I did receive the long service award - which was taken away too - by this Council, and was not acceptable!</p> <p>As a Council worker, how much more penalisation can be directed at the workers who help make the Council what it is?</p> <p>I feel you risk the loss of valuable staff, if you continue to pursue to take away more and more.</p> <p>I have read the home working consultation and note the comment that you do not expect any comments relating to home working allowances as this forms part of the Pay and Grading review upon which consultations are taking place with trade unions. I feel that this is denying a voice to all staff who may be affected by any changes relating to their home working arrangements. Therefore, I am making a comment upon this element of the change to home working practices whether they are expected / invited or not and expect them to be considered either as part of this consultation or the pay and grading review.</p> <p>If we are to work at home permanently then we should be reimbursed for the purchase of a desk and other equipment needed (I have already bought my desk as found it very difficult to work at the dining room table, I have also purchased a laptop riser as my laptop was stacked on books, I currently have my monitor, keyboard, chair and mouse from the office.</p> <p>I appreciate that the financial allowances will be reviewed as part of the pay and grading review but for some members of staff that may be unfortunate enough to be downgraded, how will they be compensated?</p>	<p>Leasing space in Wyre Forest House to external tenants represents an important source of revenue for the Council which enables it to protect jobs and continue to deliver services.</p> <p>As a Council we can review terms and conditions periodically and align with other authorities. Decisions to review terms and conditions are not taking lightly and due to the significant funding gap we have to look at everything. Whenever we review terms and conditions we gather regional and national information to see what other authorities are doing.</p> <p>As mentioned in the Q and A's - As this element is a change to terms and conditions it has been included with the pay and grading review where we can negotiate with trade unions with the aim of achieving a collective agreement.</p> <p>The Council has agreed the provision of furniture at home where the workstation assessment indicates a need and the furniture is provided through the Council's provider.</p> <p>The pay and grading review is a separate consultation with Unions and there will be provisions i.e. 12 month protection for staff adversely affected.</p>
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<p>I understand that the proposal is to not pay an allowance towards the cost of homeworking. I find this odd as the fact that home workers were paid something in the past surely evidences a recognised need and fairness? The consultation document hails the reduced commuting cost, which obviously depends on one's commute. I live local and throughout a year I will certainly don't spend as much on bicycle maintenance as I do on heating my house all day throughout chilly days and electricity for lighting and laptop. I've always used the same old bike to commute into the office for 4 to 5 days each week for the last 10 years and I've only recently had to change my tyres for the first time and install a new cassette (£80 total cost). I would certainly have paid a multitude of this in gas and electric over the years. I appreciate that there might be the option to claim home working tax relief, but this option was there for home workers previously, and did not stop anyone from getting an allowance.</p> <p>Need to consider costs of additional heating &amp; lighting on worker</p> <p>I have worked for the council for xx years and 10 years as a homeworker. I was the one of three people who trialled the homeworking (full time) and never returned back to the office. 10 years ago our department manager encouraged us to go homeworking due to the Council needing to make savings so we jumped on board with it. In our terms and conditions of homeworking, we were told what the homeworking allowance would be and accepted it based on that. When other people started to go homeworking about 9 years ago they queried the home working allowance and provided evidence from the HMRC website stating that our allowance was well below their recommendations and that it should also increase yearly to make allowance for the cost of inflation but we were then told that this allowance was fixed and would never be changed which at the time we all thought was also unfair because our heating/lighting/broadband all change on a regular basis and as we all know, our bills always seem to increase and not decrease.</p> <p>I am also struggling to pay for my bills and this allowance, even though a small token, helps me in a big way and to take it away would just be yet another blow. Until last year's small cost of inflation pay rise, I have (along with everyone else) not had a pay increase for a long time (7 years I believe). This I have also felt in my household but now you are also bringing in that</p>	<p>See previous responses regarding homeworking allowance.</p> <p>Allowances are dealt with as part of the pay and grading review.</p> <p>The current allowance is below the HMRC rate and this will be considered during negotiations with Unions as part of the pay and grading review.</p> <p>For the last three years and the four years before that the Council has had a local pay arrangement which provided modest percentage increases.</p> <p>As of April 2021 we will be returning to the National pay negotiations and applying the agreed percentage.</p> <p>See comments above that this is part of the Pay and Grading Review considerations</p>
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<p>new pay grading system which you state will not technically affect my pay, but it does because the cost of inflation rise I would have been given next year will get eaten up in the new pay grading system to keep me where I am.</p> <p>I have worked for the Council for xx years. In this time I have witnessed many changes, years ago the Council used to care about their staff but I am sorry to say this is no longer the case. I have been loyal to the Council and have always done my best to support the organisation. However, over the years we seem to be penalised in every way possible. We have not had a pay increases over the years to help with the budget you have taken our long service pay awards away and now once again you are looking at a wage review which will inevitably show in our wage packet even though you say it won't. We seem to lose out in every way. We have thanks you emails regarding how hard we have worked during this pandemic and have given Wyre Forest District Council a fantastic reputation however, after all the work we have done you once again want to penalise us by not paying home workers allowances for heating &amp; internet etc. when at the end of the day we are saving the Council money and have increased our workload. You say you value your staff but constantly are taking money away from us or simply not paying the allowances this doesn't seem to show that you value us in any way shape or form. We all have bills to pay which are constantly increasing. Over the years we have been paid less than national pay scales. We are also feeling the pinch. We have been kicked out of the building Wyre Forest House the building which was built for us only to be moved into Green Street offices which once again have been built for us and now once again have not been able to work in the offices and have worked from home which is now going to be long term which will inevitably result in renting Green Street Offices or more staff moved from Wyre Forest House so we will no longer have the office which was built for us. We will be working from home which will once again help with the budget but you do not want to pay any allowances for working from home. I feel you do not realise how loyal your staff are and have been over the years and you should certainly think again about the home working allowances for all staff who work from home.</p> <p>Payment consideration for home working review must be fair and have some recognition, flexibility; costs will be variable for people. e.g. if living close to office, no petrol saving, only costs.</p> <p>If home is work base. payment for mileage to</p>	<p>Please see previous response regarding pay increases.</p> <p>This has additional tax implications as it is deemed a 'benefit', but the application of mileage allowance includes provision for the start and finish point being home rather than office</p>
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<p>office/ area working? Additional broadband costs for some people to improve broadband, that if not working would not be needed, e.g. me paying £26 a month where otherwise would only be £15 a month. Home equipment costs, chair and tables and other items, need a standard allowance against which people can buy what suits the location as well if needs be.</p> <p>Only trades union members being consulted on pay and grading review and expect to drop all the current allowances, not fair and fact that most union members are not representing the office based staff so this issue for home workers will not be adequately represented / considered. what will council do to ensure office based staff across all grade are represented and considered in the review and not rely on just the trade union representatives?</p> <p>I have always been an office worker, due to Covid -19 I started to work from home as requested. I found this difficult and struggled to adapt to begin with. I was not alone and speaking with my colleagues who were also struggling like myself and those who have long been home workers supported me in the transition.</p> <p>To find that I was not going to be paid to work from home as it was a short-term measure and I would be saving money on my commute was a real kick in the teeth. The amount staff have been paid to work from home isn't great, that said it's the principle. By paying staff to work from home is shows you value them, you support them and you understand them.</p> <p>I have been home working for over 6 months now, I am not saving money I am spending it! I live close to the office so I am not saving on travel expenses, however I am paying out on electricity, gas , water etc. We listen to customers day in day out with their difficult financial situations and we do our best to support them at the same time trying to get them to pay their council tax bill, we see their income and listen to their situation, however no one listens to us or looks at our income.. incidentally our income is often far less that the customers we try to support. Our daily expenses are going up yet our wages do not reflect the cost of living or the hard work we do.</p> <p>Staff who have worked from home for many years are in the same situation as staff who have just started to work from home so why is it ok to pay them to work from home but not the new staff... what's the difference? Please do not insult me by saying I have no travel expenses, as they also save on this.</p>	<p>Please see previous responses regarding equipment</p> <p>This is the appropriate and standard procedure for negotiating the pay and grading review.</p> <p>No employee is "paid to work at home", but no employee has been furloughed and all employees continue to receive 100% of their salaried remuneration.</p>
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<p>I am enjoying working from home for the time being – I like the benefits of the work/life balance, and I can personally see the benefits of not driving into the office 4 days a week as I would normally do (working from home 1 day a week), although I am still undertaking site visits once or twice per week.</p> <p>I do however think it is unfair to completely remove the financial contribution to home workers (although I appreciate there is the government tax rebate system). Not everyone will have saved commuting costs (or like me will still be traveling for site visits and therefore still incurring commuting costs) which I think should be considered. I have noticed that my electricity costs have risen significantly since March and I am now paying more each month – no doubt this will increase over winter as the heating will be on more too. On the whole my broadband works well but can be temperamental, I would not expect to have to cover the costs for upgrading this to meet WFDC standards. In addition while have most of my printing done by a colleague in the office (or where I have had to visit the office to print &amp; sign legal notices etc), there are some occasions where I have had to use my own printer, paper &amp; ink – while only a small cost to me it will add up over time along with using my own stationary in the absence of being able to use the office stationary. In addition I have purchased my own desk chair to make my current work space more comfortable; on this note I'm not sure that having done a brief i-learn module that I am qualified to assess my workspace sufficiently, however I also do not wish to modify my home to turn it into an office – the setup I have at present works for me and my home.</p> <p>I know the pay review is currently ongoing. I do save petrol money for two return journeys a week for work whether that balances out heating/lighting during the winter months for home working I don't know. However, if grades change following the review, I feel some compensation for heating/electricity needs to be addressed for those who find themselves in a worse position.</p> <p>You are looking at taking away our home allowance for homeworkers. Before I worked from home, I did not have broadband and was told that the council wants employees to work from home. I had to set up broadband for Council purposes only. I was told that the council will subsidise the expenditure – It has caused me extra financial commitment and currently subsidized by a small nominal</p>	<p>As above this is being dealt with through the pay and grading review.</p>
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<p>amount. If this is taken away then I am subsidizing the Council, which to me is not looking after its long term, loyal employee. No consideration just penny pinching.</p> <p><b>6. Miscellaneous</b></p> <p>The Frequently asked questions seem confusing;</p> <p>Q "Can you clarify if the council intends moving to permanent home working for roles which can be carried out at home or is it an expectation/request from the individual?" A "It is unlikely that there will be many permanent home working roles.."</p> <p>Question - as stated above, why can't these roles be identified prior to the consultation so that employees directly affected have the opportunity to feedback appropriately?</p> <p>Q "Will contracts of employment be changed to state permanent home working?" A "No. A number of staff currently have home/office capability (pre COVID) so this will be the same."</p> <p>Am I fundamentally missing something here, the above reply states there will be no changes to contracts of employment but the timetable associated with this clearly sets out the path and includes "01/01/2021 – 31/03/2021 – notice period if necessary to dismiss and re-engage". Is this therefore a consultation for a change to terms and conditions or not?</p> <p>Thank you for the opportunity to respond to the homeworking consultation. I fully support the proposals and the draft homeworking guidance. I have faith in CLT to continue to keep us safe during the current pandemic and acknowledge that changes will have to be made to address the Council's financial situation.</p> <p>I am grateful that we have not been furloughed and have been given all the equipment and support to work from home. I would not have been able to work as effectively as I have been able to do without the help of our IT team.</p> <p>I would be happy to continue with my current working arrangements (working from home for the majority of the time and going into the office on days when I have agendas to print and post</p>	<p>There is no inconsistency, it is expected that more roles will be able to work in a hybrid fashion with more working at home than present and less office presence than they may have been used to; it is not envisaged that there will be many posts which lend themselves to permanently working from home for their full time.</p> <p>It was felt that it would be more responsible to allow managers and their teams to agree their best ways of making more of homeworking, rather than taking a 'top down' dictatorial approach.</p> <p>The consultation was on a change in working practices not a change to terms and conditions</p> <p>Comments noted.</p>
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<p>out etc). Whilst I am still working the same amount of hours, I feel that my work-life balance has improved as there is more flexibility with home working.</p> <p>I am able to split my day up at home, which is beneficial for when I have to work late to support evening meetings.</p> <p>There is a failure to acknowledge the service done for the Council by the many of us who have become home workers over the past few years. As Council offices closed and space became limited we have supported the Council in its aims to cut costs and increase revenues. Some have done so voluntarily and others more reluctantly as available space become less and less. I myself saw my workspace at WFH reduced and reduced until a permanent desk was not made available for me and I was advised that I could move from desk to desk to fit in around the non working days of my colleagues. My only option of a stable work space was to begin home working. Others were affected by the noise of the reduced workspace meaning more people working closer together and felt that home working would enable them to achieve a better working environment that they could control and not constantly face disruption.</p> <p>You comment that letting office space to raise income must be exploited as fully as possible but it feels that this is being done at the expenses of your loyal staff and taking advantage of their goodwill.</p> <p>The consultation suggests the savings made by reduced commuting outweighs the additional costs of running a home office without any analysis of whether this is actually the case for the majority of staff.</p> <p>I would like to declare that I absolutely enjoyed the last 6 months working from home. I never worked from home previously and didn't think I would actually like it as much as I have. However I, and I expect others, interpreted the staff survey undertaken in June as a way of measuring how we were coping with the temporary and necessitated situation, not as an indication of the appetite for working from home on a more permanent basis. So, citing the 'encouraging' responses of this staff survey in the current consultation is I believe somewhat inappropriate and could be misleading. This is not to say that I don't recognise the benefits of homeworking, because I do, especially on a personal and individual level. I do however have reservations regarding the practicalities and also regarding the long term impacts for the</p>	<p>A number of organisations/authorities are moving towards agile working this isn't specific to this Council. Agile working creates flexibility and benefits to both the employer and employee.</p> <p>See comment above on importance of external income.</p> <p>Comment noted.</p> <p>We recognise the results of the survey were a snapshot at time and that is why we have planned a three staged approach to the return to the office and what that will look like.</p>
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<p>organisation as a whole.</p> <p>It works for me as I benefit from the flexibility &amp; lower travel costs etc. I'm pretty self- sufficient type!</p> <p>As a recent trainee, it is so much harder to learn new skills while working from home. Something to bear in mind if any form of succession planning is on the radar.</p> <p>I appreciate the council is trying constantly to make savings but I have been a loyal worker and homeworker for the council all this time and by doing this I do not feel valued. I have saved the council a lot of money in my increased productivity, positivity, heating, lighting and toiletries as I'm not using the council's supplies. Not to mention that I have never been in the office to increase the risk of this infection or any other infection. You have put in your corporate brief that you would "Continue to invest in your staff". How is this investing in us when things keep being taken away?</p> <p>Having little or no access to secretarial support means that I am finding myself typing up documents, all of which are significantly slower than a trained secretary – plus it puts me under pressure as I feel like I should be doing my "work" whilst doing administrative tasks – so often work over to try and catch up or do the administration tasks etc. in the evening</p> <p>IT have been brilliant and have provided me with a laptop that works (and doesn't keep crashing/being slow like my last one), I now have a set of headphones for the phone which means my neck is much better and I'm not worried that my home phone battery is going to run out mid call. I would like to thank them for the continued support that they have provided.</p> <p>Homeworking has been made possible and has worked well due to the fact that Wyre Forest has a fantastic well managed IT section who ensure that the hardware, software and security issues facing the Council are all under control. During the pandemic, I have been able to work from home pretty much as effectively as working in the office with the exception of the inability to print but it has made us think about alternatives to printing and different ways of working around issues to save on printing. The introduction of Teams has been great to manage meetings, share screens and to see and chat issues through with some of our work colleagues, granted it's not quite the same as</p>	<p>Comments noted.</p> <p>Comments noted.</p> <p>Comments noted.</p> <p>Secretarial support is still available.</p> <p>Noted, thank you.</p> <p>Noted.</p>
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<p>meeting people face to face but it's the next best thing and a lot safer in the current climate. The main issue with homeworking is the sometimes inconsistent internet connection but these issues are few and far between but nonetheless annoying when they happen.</p> <p>During pandemic , challenge for parents of kids / caring roles, needs a temporary policy to support those workers can't afford to lose those workers, must have an agreement to have them work less hours for the same money.</p> <p>Approach should make clear review to make sure 'optimal level' covers safety, effective working not necessarily the most efficient work life balance, business resilience/ continuity Service reviews approach to home working over few months good.</p> <p>Should be identifying persons in roles where the role suits and the person is able effectively to work from home most of the time. Cannot be just role based as we may have change of personnel where the incoming person does not have home working capability.</p> <p>Homeworking workstations must be assessed by competent person as part of council H&amp;S duty, not just self-assessed. assessment of home working needs to take account of surrounding / personal factors.</p> <p>WFDC staff do their best across all departments to make the council look good, they do their jobs to the best of their ability and continue to look at ways to improve our services and bring in more revenue, yet we are repaid for our loyalty and hard work by removing long service payments, no longer paying staff to work from home and our wages are low. What respect and support do the staff get? Its difficult times at the moment and everyone is feeling it, once we are on the other side of covid-19 how may loyal staff will you have left, staff that have years of knowledge, when jobs pick up do you think the staff you have so caringly looked after, will be hanging round, I fear they may not. Will you be able to attract hard working and loyal staff to work for you if you are not paying a competitive wage? Being a council worker isn't as attractive as it once was. A thank you for our hard work does not pay our bills, a decent wage for a decent job does.</p> <p>I have worked for the Council for xx years and have gone through many changes. When I first worked for the Council back in the 19xx's, we were looked after then. I now feel that the</p>	<p>During the lockdown there was flexibility for staff who had children at home</p> <p>This is implicit in the consultation.</p> <p>Noted</p> <p>Following the self assessment, areas of concern should be discussed with your line manager. If considered appropriate a competent person could be sent out to undertake an assessment if it is determined this post continues to work from home.</p> <p>There is a parallel pay and grading review exercise currently being undertaken.</p> <p>This proposal will benefit a number of employees who appreciate the benefits that more homeworking would enable.</p>
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**Agenda Item No. 9**  
**Appendix 1**

<p>Council is not looking after or taking any consideration towards their employees welfare. I have been a loyal employee and feel that there has been very little recognition on the Councils behalf. There has been no pay rises for several years. On top of this my long-term service award has been taken away. yes – long term, loyalty, which is something you don't get very often these days.</p>	
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## Overview & Scrutiny Committee

### Briefing Paper

Report of: Ian Miller – Chief Executive  
Date: 5<sup>th</sup> November 2020  
Open

## ESTABLISHMENT OF INDEPENDENT MUSEUM TRUST

### 1. SUMMARY

- 1.1 This report sets out the proposed steps necessary to establish Bewdley Museum as a fully independent trust, no longer part of Wyre Forest District Council – once fully in place the only relationship would be that the Council would expect to be the principal funding partner. It invites the Overview and Scrutiny Committee's comments on the main recommendations that will be considered by Cabinet on 10 November.

### 2. BACKGROUND

- 2.1 The main recommendations before the Cabinet are expected to be to:
- 2.1.1 **endorse** the project plan to establish Bewdley Museum as a self-standing trust with a board of trustees with the Council transferring its role as trustee of the Bewdley Museum Trust (No 527511) to the new trustees or to a new charitable incorporated organisation that would subsume that Trust ("the museum trust");
- 2.1.2 **note** that all property and collection items vested in the Bewdley Museum Trust will remain vested in the museum trust;
- 2.1.3 subject to confirmation that sufficient trustees can be appointed, **agree** that
- (a) the properties known as The Guildhall, 12 Load Street; Bewdley Museum, 12 Load Street; and Queen Elizabeth II Jubilee Gardens, High Street, all in Bewdley, should be transferred to the museum trust at nil consideration, in accordance with the Council's power under section 123 of the Local Government Act 1972 to dispose of land at less than best value;
  - (b) the Council's leasehold interest in Unit 4 Building 329, Rushock Trading Estate should be assigned to the museum trust;
  - (c) any collection items owned by or deposited with the Council should be transferred to the museum trust, at nil consideration in respect of items owned by the Council;
  - (d) the stock of the shop as it exists immediately prior to the new trustees assuming responsibility for the museum should be transferred to the museum trust but the value of the stock should be appropriately recognised in the agreement about financial arrangements that will be reached between the Council and the museum trust;

- 2.1.4 **note** that, subject to completion of the steps outlined above, relevant staff of the Council will be transferred to the museum trust in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE").
- 2.2 Reports to Cabinet and Council in September 2019 identified that areas of discretionary activity where the income (if any) is less than the gross costs funded by the Council will have to make the largest contribution to closing the financial gap. "Examples include parks, play areas, toilets, economic development and regeneration, the museum and events and activities. However, this has to be considered within the context of the priorities in the corporate plan. The Cabinet intends to adopt a positive approach, seeking to maintain these activities where they align with the Council's priorities and looking for alternative ways to ensure their sustainability wherever possible. However the option of reducing or ending services has to be kept open to ensure that the financial gap is closed." The reports went on to say "Work is under way to explore conversion of Bewdley Museum into a self-standing charitable trust which would be overseen by a board of independent trustees and which would employ the staff. This change is considered essential in order to move the Museum to a sustainable position where its operating costs can fall because of the tools that would be available to it as a charity. The financial and support calls on the District Council would be reduced or removed, and the District Council's role would be limited to being a funding partner." The Corporate Plan approved by Council in September 2019 identifies the strategic action of "Establish Bewdley Museum as a self-standing charity".
- 2.3 Since then, officers have identified the steps that would need to be taken into order to progress the vision set out last autumn. This work has been informed by consultancy support, including an options appraisal undertaken by cfp, and discussions with the Bewdley Museum Management Committee. A project team is in place, chaired by the Chief Executive, and involving staff from relevant teams. The process of change is complex, as will be apparent from the detail within the project plan in Appendix 1.
- 2.4 The remainder of the report describes the proposals that would enable this positive move for the future of the museum and other important assets in Bewdley. It intended to inject new energy from the trustees who will be appointed and to secure a sustainable future for the museum, Guildhall and QEII Gardens. It will bring these assets under the control and direction of a board of trustees with relevant skills to develop the offer further. It is not about the District Council walking away – while the Council would expect to reduce how much it spends, it is envisaged that it would enter a grant agreement that would be worth several hundred £ thousand a year.

### **3. KEY ISSUES**

- 3.1 The Council's financial position has worsened as a result of COVID-19 and the financial gap is now greater than in September 2019. It is imperative that progress is made to place the museum on a sustainable financial footing but outside the Council, in order that the level of grant support from the Council can be reduced. The museum is recognised as an important draw for visitors to Wyre Forest and Bewdley, with over 200k visits recorded in 2019. While its collections relate to the Wyre Forest area as a whole, the association is strongest with Bewdley and reflected in its name. However it is unrealistic to expect Bewdley Town Council to bear the cost of running the museum, as the total net cost runs to over £450k (which does not include the cost of

QEII Jubilee Gardens) - that is approximately two and a half times the Town Council's precept for 2020-21. The Town Council could choose to make a financial contribution, in recognition of the importance of the museum to the town's tourism offer, although at present it does not do so. For the foreseeable future, the District Council is likely to have to perform the role of principal funder if the museum is to continue on a sustainable footing: without the District Council's financial contribution, the only realistic alternative is closure.

- 3.2 The work undertaken since September 2019 now permits the Council to take the steps that will secure implementation of the new governance model. In endorsing the project plan, the Cabinet will be asked to agree that Bewdley Museum should be established as a self-standing trust with a board of trustees. The Council has performed this role for many years as trustee of the Bewdley Museum Trust (No 527511). The intention at present is to continue with the Trust but to vest it in new trustees with effect from 1 January 2022. This process will require the approval of the Charity Commission and if, in light of its advice or other factors, it is identified that it would be preferable to constitute the museum trust as a charitable incorporated organisation, that route would be implemented instead. (For example, a charitable incorporated organisation limits the personal liability of trustees and might mean that it would not be necessary to establish a separate trading arm.) Either governance model would have the same outcome in terms of the Council's role: it would cease to be involved in the trust as trustee. All actions taken by the Council will have to comply with relevant legislation on charities and will be taken with full awareness of the responsibilities of the Council as the current trustee.
- 3.3 Whichever governance model is adopted, all property and collection items vested in the Bewdley Museum Trust will remain vested in the museum trust: they are held by a charity and will continue to be held by a charity. The collection held by the Council extends beyond property and items vested in the trust. The recommendations therefore include seeking the Cabinet's agreement to transfer any collection items owned by or deposited with the Council to the museum trust, at nil consideration in respect of items owned by the Council. This would not disturb the basis on which any particular item is held: in particular, any item that has been deposited with the Council (as opposed to acquired by it, whether by purchase, gift or other means) would continue to be held on deposit and would be returned if the owner wished to have it back. As part of the process, efforts will be made to contact depositors, where known, to inform them and to give them the opportunity to withdraw items if they wish.
- 3.4 However the process of transferring the collection and certain other key steps, such as transfer of land and buildings and staff, will happen only if sufficient trustees can be appointed to the museum trust. It will be important that the trustees are in place as a shadow board some months in advance of the formal transfer of responsibility. It would mean that those who will be responsible for the charity would be able to work alongside the Council in the transitional period, and be able to take appropriate preparatory steps such as deciding arrangements for support services and other matters that change on or soon after the date of transfer. It will be the case that, if no or too few trustees come forward, the Council will have to address the future ability of the charity to carry out its purposes in light of the need for the Council to reduce the levels of funding it is able to provide to support the museum. This would be the subject of a separate report and decision-making process.

- 3.5 The recommendations include the transfer of significant land and buildings from the Council to the museum trust: The Guildhall, 12 Load Street; Bewdley Museum, also at 12 Load Street and Queen Elizabeth II Jubilee Gardens, High Street, all in Bewdley. The proposal is that they should be transferred to the museum trust at nil consideration, in accordance with the Council's power under section 123 of the Local Government Act 1972 to dispose of land at less than best value. The Council has commissioned an independent valuation of the properties in question. (As is always the case, a valuation for disposal is conducted on a different basis from the balance sheet valuation in the Council's accounts which is calculated solely for accounting purposes. Unsurprisingly, the different basis of valuation produces different results.) It is expected that the Council will be able to rely upon the general disposal consent from the Secretary of State. This allows a council to dispose of land and buildings where the estimated value is less than £2m without reference to him, if the council is proposing to obtain less than best value and it considers that the disposal will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area.
- 3.6 It is also proposed to assign the Council's leasehold interest in the museum store at Rushock. However this would be subject to obtaining agreement from the landlord. The current lease expires in 2022-23 and the options appraisal notes the possibility of working with Worcestershire Museums on joint storage arrangements: this will be a matter for the museum trust to pursue. The store contains not only museum collection items but also space occupied by the District Council's archived files (for which the District Council will need to pay rent if the museum trust becomes the leaseholder).
- 3.7 The site is used for more than a museum. It incorporates a tourist information centre (staff roles in respect of the museum and TIC are seamless) and provides not only Bewdley's art gallery but also an important venue for promotion of crafts and performing arts in the town. Finally the land incorporates Bewdley's premier open public space which has recently received a further award of a Green Flag from Keep Britain Tidy, as it has done for many years.
- 3.8 The transfer of the land, buildings and operation of the museum and Queen Elizabeth II gardens from the Council to the museum trust would therefore be of wider significance than simply the museum. It would trigger the transfer of relevant staff to the museum trust in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). The transfer would be on their existing terms and conditions. It is intended to negotiate admission of the museum trust to the Worcestershire Pension Fund so that they could continue to benefit from membership of the Local Government Pension Scheme. Information would be provided to staff and recognised trade unions in accordance with TUPE. It would be open to the museum trust to recruit any new staff on whatever terms and conditions it wished to offer – this is one of the ways in which the cost of operating the museum could fall over time – and it would assume full responsibility for making any changes in respect of transferred staff, subject to compliance with employment law.
- 3.9 The financial implications are dealt with below, and will need to be reflected in the medium term financial strategy in terms of levels of future grant funding from the Council.

**4. FINANCIAL IMPLICATIONS**

- 4.1 The net revenue cost of the museum, museum store and Guildhall is £454k in 2020-21 rising to £472k in 2022-23, provided as Council support, as set out in the budget book. This includes depreciation. In addition, the Council maintains the QEII Gardens which are estimated to cost c£120k a year.
- 4.2 The transfer of these assets to the museum trust is expected to unlock the opportunity for it to make significant cost reductions that are not open to the Council. Principally these relate to the cost of Council support services, central recharges and grounds maintenance. No museum trust would choose to spend as much on these services as the Council spends. The transition to making its own arrangements will need to be an early focus for the museum trustees once identified. The Council will be prepared to provide its services if necessary for a period beyond December 2021 but it should expect not to undertake this work in the longer term. A reduction in the Council's activities is likely to lead to a reduction in staffing levels in support services and grounds maintenance, which is also likely to arise from the ongoing work with town councils on transfer of assets under the localism agenda. It is difficult to predict the impact with any accuracy at this stage but it is expected that, taken together, there will be one off exit costs associated with downsizing the Council as a result of the wider localism agenda. The funding of these costs together with any other exit costs proposed to close the funding gap will be addressed as part of the MTFS.
- 4.3 The Council faces significant one off costs in ensuring that the museum trust is successfully established. These have been estimated at up to £100k and the Corporate Leadership Team has allocated funding from the innovation fund. The report recommends proceeding on the swiftest timetable to implement the museum trust. The Council would therefore bear the costs of transition, with the expectation that they would be recouped within a maximum of two years. The cfp consultancy report identifies options for annual savings and increased income totaling over £100k although not all of these would materialise in the first 12 months. However it is considered realistic to assume that the Council could reduce its net contribution by at least £50k/year from the outset.
- 4.4 An alternative, slower time line is articulated in the consultancy reports if the Council sought funding for the transition costs from the National Lottery Heritage Fund. However this route is uncertain, firstly because it is not known if or when the Heritage Fund will reopen its Heritage Grants programme; and secondly because there is no guarantee of a successful outcome for any application. There could be a delay of 9-12 months even if a grant was successfully secured. In simple cost-benefit terms, it would be preferable for the Council to obtain funding towards the transition costs. However this would not demonstrate the Council's commitment to implementing changes swiftly in order to address its financial situation.
- 4.5 The stock in the museum shop at the point of transfer to the museum trust will have a value – the Council pays for the stock. It is not proposed to transfer this stock at nil value but instead to reflect the value in an appropriate way in the detail of the agreement about financial arrangements with the museum trust.

- 4.6 The medium term financial strategy will need to be aligned with the outcome achieved in respect of the financial agreement with the museum trust, including the future level of grant funding. This is expected to show an annual reduction of at least £50k from January 2022, rising in subsequent years to at least £100k.

## **5. LEGAL AND POLICY IMPLICATIONS**

- 5.1 The Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended, make no provision in respect of the Council's role as trustee of the existing trust. In the absence of specific statutory provision vesting decision-making on this matter in the Council, it therefore falls to the Cabinet to take decisions in accordance with the legislation and the Council's executive arrangements.
- 5.2 In its capacity as sole trustee of a charity, when taking decisions on behalf of the charity, the Council has a duty to act in the charity's best interests and to avoid any conflict between its duty to the charity and the interests it has in its capacity as the Council.
- 5.3 The Charity Commission has a set of objectives, two of which are most relevant to this report. The first is to promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities. The second is to promote the effective use of charitable resources.
- 5.4 The steps proposed are to ensure that the charity is able to continue to be sustainable without the current level of reliance on financial support from the council, which cannot be guaranteed in the long term, by reducing costs and becoming more self-sufficient.
- 5.6 The Council will enter into appropriate discussions with leaseholders, license holders and other bodies that have rights in respect of the land and buildings proposed for transfer. In simple terms, it is not proposed that the nature of current arrangements would alter at the point of transfer although arrangements beyond that point (for example on the expiry of a lease or licence) would be a matter for the museum trust.

## **6. OPTIONS**

- 6.1 The Overview and Scrutiny Committee has the following options:
- 6.1.1 To support the recommendations to Cabinet set out in paragraph 2.1;
- 6.1.2 To submit alternative proposals to the Cabinet on what decisions it should take.

## **7. BACKGROUND PAPERS**

- 7.1 Reports about corporate plan and financial context, Cabinet 18 September 2019; Council 25 September 2019
- 7.2 Bewdley Museum Options Appraisal report from cfp, July 2020
- 7.3 Report from Caroline Taylor Consulting, October 2020
- 7.4 Circular 06/03 Local Government Act 1972: General Disposal Consent 2003

Bewdley Museum Independent Trust Working Group – Project Plan

Appendix 1

Version 6 - October 2020

Task	Key Actions	Timescale	Lead Officer
<b>Project Management</b>	<ul style="list-style-type: none"> <li>➤ Identify people requirement</li> <li>➤ Appoint trust recruitment &amp; project consultants</li> </ul>	Jan 2021	AB / SB
<b>Collection &amp; Store</b>	<ul style="list-style-type: none"> <li>➤ Collection ownership</li> <li>➤ Collection condition survey</li> </ul>	Jan – Sep 2021	LC /JA
<b>Trustees</b>	<ul style="list-style-type: none"> <li>➤ Numbers of trustees and skill mix</li> <li>➤ Trustees proposal and shadow board</li> <li>➤ Potential for merging with any other Trusts</li> <li>➤ Advertise for trustees</li> <li>➤ Shadow trustee board to be in place by June 2021</li> <li>➤ Trustee appointments</li> </ul>	Jan 2021 – Apr 2021	AB / SB Consultants
<b>Business Planning</b>	<ul style="list-style-type: none"> <li>➤ Service level agreements – WFDC</li> <li>➤ Future income &amp; expenditure predictions</li> </ul>	Jan – Mar 2021	TS
	<ul style="list-style-type: none"> <li>➤ Revised business plan</li> <li>➤ Vision – Mission – Values</li> <li>➤ Revised service operating plans</li> </ul>	Apr – Sep 2021	AB / SB Consultants
	<ul style="list-style-type: none"> <li>➤ Memberships</li> <li>➤ Donations</li> <li>➤ Gift Aid</li> <li>➤ Legacy programme</li> </ul>	Apr – Sep 2021	AB / Trust Consultants



## Agenda Item No. 10

	➤ Fund raising		
<b>Legal &amp; Governance Arrangements</b>	<ul style="list-style-type: none"> <li>➤ Review current trust status</li> <li>➤ Revise legal constitution / change purpose</li> <li>➤ Review volunteer groups</li> <li>➤ Review friends group</li> <li>➤ Review management committee role</li> <li>➤ Draft and agree new constitution</li> </ul>	Jan – Mar 2021	JA
	<ul style="list-style-type: none"> <li>➤ Confirm charity vehicle</li> <li>➤ Confirm constitution with charity commission</li> <li>➤ Confirm extent of all assets to be transferred</li> <li>➤ Close old agreement - Charity Commission consent</li> </ul>	Apr – Sep 2021	JA
	<ul style="list-style-type: none"> <li>➤ Licences - craft workers – terminate and grant new license</li> <li>➤ Lease - cafe transfer lease</li> <li>➤ Lease - Bewdley Town Council office – transfer lease</li> <li>➤ Covenants</li> </ul>	Apr – Sep 2021	CB
<b>Marketing &amp; Communication</b>	<ul style="list-style-type: none"> <li>➤ Community consultation and stakeholder engagement</li> <li>➤ Marketing &amp; communications to secure positive press (November 2020 onwards)</li> </ul>	Jan – Dec 2021	SJH
<b>Finance</b>	<ul style="list-style-type: none"> <li>➤ Accounts - Review 5 year trading plan produced with options appraisal</li> <li>➤ VAT – Review position status</li> <li>➤ Forecast impact on WFDC budget over the MTFS</li> <li>➤ Future accounting issues between WFDC and the Trust – Recharging position</li> </ul>	Jan – Sep 2021	TS

**Agenda Item No. 10**

<b>Property Issues</b>	<ul style="list-style-type: none"> <li>➤ Land ownership</li> <li>➤ Condition survey of buildings &amp; grounds (Inc QE11 gardens)</li> <li>➤ Building maintenance – Draft 10yr forward plan</li> <li>➤ Inventory of equipment</li> <li>➤ Landlord consent for transfer of lease on the store</li> <li>➤ Valuation of site for S.123 purposes (October 2020)</li> <li>➤ Advertise disposal of public open space (2 consecutive weeks)</li> </ul>	Jan – Sep 2021	VB/JL
<b>Staffing</b>	<ul style="list-style-type: none"> <li>➤ Transfer of staff (TUPE)</li> <li>➤ Staffing levels for independent trust</li> <li>➤ Pension issues – secure admitted body status; clarity of costs post transfer, particularly in relation to any subsequent restructures by trust</li> </ul>	Apr – Dec 2021	RS
<b>Risk Register</b>	<ul style="list-style-type: none"> <li>➤ Draft project register</li> </ul>	Nov 2020	SB

**Project Plan Working Group**

<b>JA</b>	<b>Jane Alexander</b>	<b>Principal Solicitor</b>
<b>AB</b>	<b>Alison Bakr</b>	<b>Project Lead - Museum Manager</b>
<b>VB</b>	<b>Victoria Bendall</b>	<b>Estates Surveyor</b>
<b>CB</b>	<b>Charlotte Beswick</b>	<b>Property Solicitor</b>
<b>SB</b>	<b>Steve Brant</b>	<b>Head of Community &amp; Environment</b>
<b>LC</b>	<b>Liz Cowley</b>	<b>Collections &amp; Interpretation Officer</b>
<b>SJH</b>	<b>Suzanne Johnston-Hubbold</b>	<b>Communications and Engagement Officer</b>
<b>JL</b>	<b>James Leach</b>	<b>Asset Maintenance &amp; Compliance Officer</b>
<b>RS</b>	<b>Rachael Simpson</b>	<b>Principal HR Advisor</b>
<b>TS</b>	<b>Tracey Southall</b>	<b>Corporate Director - Resources</b>

**Overview & Scrutiny Committee  
Work Programme 2020-2021**

**11<sup>th</sup> June 2020**

“How are we doing?” Q4 update (Housing and Planning)

Consideration of the flooding motion from Council

Car Parking Changes as of 1st June 2020

Information Items:

Recommendation Tracking 2019-2020

Feedback from Cabinet 31-03-2020

**25<sup>th</sup> June 2020 – Special**

Consideration of the flooding motion from Council – Evidence Gathering from the Environment Agency

**2<sup>nd</sup> July 2020**

Consideration of the flooding motion from Council – Evidence Gathering from Worcestershire County Council, West Mercia Police, Hereford & Worcester Fire and Rescue Service and Severn Trent

Review of Public Space Protection Orders (PSPOs) and Results of the Consultation Process

Community Led Housing Policy Update

Property Flood Grants – Amendment to Capital Programme

Bromsgrove Street Car Park Developer Agreement

Nominations for Treasury Management Review Panel

**23<sup>rd</sup> July 2020 – Special**

Capital Portfolio Fund - Quarterly Fund Report - EXEMPT Appendix

**3<sup>rd</sup> September 2020 – Special**

Consideration of the flooding motion from Council – Evidence Gathering from voluntary partners, affected residents and businesses.

Consideration of the flooding motion from Council - Draft Final Report and Recommendations for Council

**8<sup>th</sup> September 2020**

“How are we doing?” Q1 update (Enabling)

Annual Report on Treasury Management Service and Actual Prudential Indicators 2019-20

Planning Consultation Responses

Planning s106 Obligations

Consultation Response to the Pre-Submission Draft of the Shropshire Local Plan Regulation 18

Information Items:

Feedback from Cabinet 07-07-2020

**5<sup>th</sup> November 2020**

“How are we doing?” Q2 update (Business and People)

Treasury Management Strategy Statement and Annual Investment Strategy Mid  
Year Report 2020/21

Green Homes Grant – Local Authority Delivery Scheme

Amendment to the Capital Portfolio Fund Acquisition Geography - EXEMPT

Appendix

Response to Consultation on Homeworking

Establishment of Independent Museum Trust

Information Item:

Feedback from Cabinet 16-09-2020

**4<sup>th</sup> February 2021**

“How are we doing?” Q3 update (Place)

Treasury Management Strategy Statement and Annual Investment Strategy 2021-22