

**Open**

## **Cabinet**

## **Agenda**

**To be held remotely  
6pm  
Tuesday, 22nd December 2020**



**Wyre Forest** District Council



## **Cabinet**

### **The Cabinet Members and their responsibilities:-**

<b>Councillor G Ballinger</b>	<b>Leader of the Council &amp; Strategy &amp; Finance</b>
<b>Councillor F Oborski MBE</b>	<b>Deputy Leader &amp; Economic Regeneration, Planning &amp; Capital Investments</b>
<b>Councillor N Martin</b>	<b>Housing, Health, Well-being &amp; Democratic Services</b>
<b>Councillor H Dyke</b>	<b>Culture, Leisure &amp; Community Protection</b>
<b>Councillor J Thomas</b>	<b>Operational Services</b>

### **Scrutiny of Decisions of the Cabinet**

The Council has one Scrutiny Committee that has power to investigate policy issues and question members of the Cabinet who have special responsibility for a particular area of the Council's activities. The Cabinet also considers recommendations from this Committee.

In accordance with Section 10 of the Council's Constitution, Overview and Scrutiny Procedure Rules, and Standing Order 2.4 of Section 7, any item on this agenda may be scrutinised by the Scrutiny Committee if it is "called in" by the Chairman or Vice-Chairman of the Overview & Scrutiny Committee and any other three non-Cabinet members.

*The deadline for "calling in" Cabinet decisions is 5pm on Tuesday 12<sup>th</sup> January 2021.*

Councillors wishing to "call in" a decision on this agenda should contact Louisa Bright, Principal Committee and Member Services Officer, Wyre Forest House, Finepoint Way, Kidderminster. Telephone: 01562 732763 or email [louisa.bright@wyreforestdc.gov.uk](mailto:louisa.bright@wyreforestdc.gov.uk)

### **Urgent Key Decisions**

If the Cabinet needs to take an urgent key decision, the consent of the Scrutiny Committee Chairman must be obtained. If the Scrutiny Committee Chairman is unable to act the Chairman of the Council or in his/her absence the Vice-Chairman of the Council, must give consent. Such decisions will not be the subject to the call in procedure.

### **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.

1. The Cabinet 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.

#### **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)

Documents referred to in this agenda may be viewed on the Council's website - [www.wyreforestdc.gov.uk/council/meetings/main.htm](http://www.wyreforestdc.gov.uk/council/meetings/main.htm)

Wyre Forest District Council

Cabinet

Tuesday, 22nd December 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>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.	
3.	<b>Minutes</b>  To confirm as a correct record the Minutes of the meeting held on the 10th November 2020.	6
4.	<b>CALL INS</b> a verbal update will be given on any decisions which have been "called in" since the last meeting of the Cabinet.	
5.	<b>Items Requiring Urgent Attention</b>  To consider any item which, in the opinion of the Chairman requires consideration at the meeting as a matter of urgency.	
6.	<b>Public Participation</b>  In accordance with the Council's Scheme for Public Speaking at Meetings of Full Council/Cabinet, to allow members of the public to present petitions, ask questions, or make statements, details of which have been received by 12 noon on Monday 14 <sup>th</sup> December 2020. (See front cover for contact details).	

<b>7.</b>		
<b>7.1</b>	<p style="text-align: right;"><b>Councillor G Ballinger</b></p> <p><b>Medium Term Financial Strategy 2021-24</b></p> <p>To consider a report from the Corporate Director: Resources which in accordance with the Council's Budget and Policy Framework Procedure Rules and in line with the Wyre Forest Forward programme, provides the Cabinet with financial information in order to make proposals for the Budget Strategy for the period 2021-24.</p> <p><i>The appendices to this report have been circulated electronically.</i></p>	15
<b>7.2</b>	<p><b>Capital Strategy 2021-31</b></p> <p>To consider a report from the Corporate Director: Resources and the Corporate Director: Economic Prosperity and Place to seek Council approval of a Capital Strategy for 2021-31.</p> <p><i>The appendices to this report have been circulated electronically.</i></p>	61

<b>8.</b>	<b>To consider any other business, details of which have been communicated to the Solicitor to 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>	
<b>9.</b>	<p><b>Exclusion of the Press and Public</b></p> <p>To consider passing the following resolution:</p> <p>"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".</p>	

## Part 2

Not open to the Press and Public

<b>10.</b>		
<b>10.</b>	<b>To consider any other business, details of which have been communicated to the Solicitor to 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  
CABINET  
HELD REMOTELY  
10TH NOVEMBER 2020 (6PM)**

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**Present:**

Councillors: G W Ballinger (Chairman), F M Oborski MBE (Vice-Chairman), H E Dyke, N Martin and J W R Thomas.

**Observers:**

Councillors: A Coleman, R H Coleman, N J Desmond, C Edginton-White, S Griffiths, I Hardiman, M J Hart, M Rayner, C Rogers and P W M Young.

**CAB.32 Apologies for Absence**

There were no apologies for absence.

**CAB.33 Declarations of Interests by Members**

No declarations of interest were made.

**CAB.34 Minutes**

**Decision: The minutes of the Cabinet meeting held on 16th September 2020 be confirmed as a correct record and signed by the Chairman.**

**CAB.35 Call Ins**

No decisions had been called in since the last Cabinet meeting.

**CAB.36 Items Requiring Urgent Attention**

There were no items requiring urgent attention.

**CAB.37 Public Participation**

There was no public participation.

**CAB.38 Financial and Strategic Policy Context for the Medium Term Financial Strategy**

A report was considered from the Chief Executive on the financial and policy context for the medium term financial strategy (MTFS) for 2021-2024.

The Leader introduced the report and formally moved the recommendations for approval. He said this was an important report on the road to shaping the Council's MTFS for the three years from 2021 to 2024, and the draft strategy

would come to the December meeting of Cabinet.

He said whichever administration was in power now would have to face up to the fact that urgent action was required to reduce the council's expenditure. The Government was not going to cover 100% of the costs and lost income that the council has suffered this year because of COVID-19.

He added that the impact was expected to continue beyond the current year. Even if the virus was defeated by the recently announced vaccine, the Government had already made legislation to spread the deficit on collection funds over three years; and had not promised to meet those deficits by extra funding. He said COVID would continue to affect Wyre Forest District Council adversely for years to come, even if income including local taxation miraculously recover to its former levels by 1 April 2021.

The Leader explained that the report set out a bold and ambitious agenda for change to close the £2.7m gap that was predicted for 2023-24. He said that, if approved, the suggested approach would be the subject of consultation prior to the MTFS coming to Cabinet meeting in December. He said it was only right that the public and others should have their say and that Cabinet should hear their views before it moved ahead.

In response to public comments from the opposition, the Leader said it was simply wrong to characterise the proposals in the report as a plan to 'close more services' or a plan that simply means "dumping services on to the local Town Councils". He added that the previous administration enthusiastically embarked on a programme of shared services ten years ago. The Progressive Alliance was going to build on that, but not limit themselves to shared services with councils. He said they were prepared to consider joint ventures with other bodies including the private sector and outsourcing to the private sector if appropriate.

In conclusion, the Leader said the Progressive Alliance was not shying away from tackling the funding gap which was inherited from the previous administration and which had been made worse by COVID. He said they were planning to go wider and deeper in their efforts to protect front-line services that local communities value and leave no stone unturned. He added it was right to explore if the sale of part or all of Wyre Forest House represented a viable proposition; If the authority was going to be a smaller council, it would need less space. However, they would need to see if the business case stacked up first. He said the proposals are a massive programme of radical change, not cuts in services. This would have an unavoidable impact on staff and on management costs, and change the role of councillors, allowing their numbers to be reduced as well. He said that the Progressive Alliance agreed that front line services that local communities value should be protected and believed that the approach outlined in the report was a credible route map for achieving that.

The Cabinet Member for Economic Regeneration, Planning and Capital Investments seconded the proposals.

**Decision: The Cabinet AGREED the suggested approach to the medium**

**term financial strategy set out in section 4 of the report, and that this should now be the subject of consultation prior to the Cabinet taking final decisions on its proposals for the strategy at its meeting in December.**

**CAB.39 Capital Portfolio Fund Temporary Arrangements for Acquisition Geography**

A report was considered from the Corporate Director: Resources and the Corporate Director: Economic Prosperity & Place to agree temporary arrangements for the acquisition geography for the Capital Portfolio Fund during the uncertain times brought about by the Coronavirus pandemic.

The Cabinet Member for Economic Regeneration, Planning and Capital Investments presented the report and formally moved the recommendations for approval.

She said that the authority did not have much choice on this issue. She explained that the PWLB recently announced that councils should not now be making out of area purchases. This was in response to controversial actions taken by other councils. She added that the out of area purchases made by Wyre Forest District Council had not been controversial and were compliant with all legislative and code requirements.

The Cabinet Member for Economic Regeneration, Planning and Capital Investments said the exact impact of COVID-19 on the property market was unknown. It was quite likely that in some very big urban areas empty offices would be hanging like lead balloons and the market not moving at all. What effect there would be in Wyre Forest was unknown, and she said it was appropriate at this time to put the temporary arrangements in place.

In conclusion she said that a revised strategy for the Capital Portfolio Fund would accompany the MTFS in December which would include the Capital Strategy. She said the strategy would not change the temporary position about purchases within district, and hopefully when things settled down the authority would be able to look again at its wider economic geography.

The Leader seconded the proposals.

The Chairman of the Overview and Scrutiny Committee, Councillor M Hart, presented the recommendations from the Committee which fully supported the Cabinet proposals.

**Decision: In line with the recommendations from the Overview and Scrutiny Committee from its meeting on 5<sup>th</sup> November 2020;**

**The Cabinet RECOMMEND to Council:-**

- 1.1 That until further notice, only within district purchase proposals are considered for the balance of the Capital Portfolio Fund.**
- 1.2 That the Capital Strategy is temporarily amended to reflect 1.1**



above.

- 1.3 That for the duration of the period in 1.1 above, for acquisitions made through the Capital Portfolio Fund a threshold of a score of 200 will be used when assessing proposals against the scoring criterial matrix.**

**CAB.40 Write Off of Amounts Outstanding**

A report was considered from the Corporate Director: Resources to enable the Cabinet to consider writing off the sum of £107,071.23 in respect of debts that cannot be collected.

The Cabinet Member for Operational Services presented the report and formally moved the recommendation for approval. He said that despite considerable efforts the authority had been unable to collect the 5 cases detailed in the appendix of the report that are in respect of National Non-Domestic Rates (NNDR).

The Cabinet Member for Operational Services explained that it was for Cabinet to authorise the write off of debts over £10k and, as billing authority, the council was responsible for the collection of NNDR rates circa £30m pa and also for the recovery of any related debt in the event of non-payment.

He said as a council it is never satisfactory to write off debt and he was sure that the Corporate Director: Resources, as the council's Chief Financial Officer, would have pursued every avenue to recover these debts. He added that debts would continue to be monitored even after write off and will be pursued if circumstances change. He explained that the council was a member of the Worcestershire Business Rate Pool, and these business rate write offs will go into the Worcestershire Business Rate Pool accounts for the year 2020-2021, and the costs of the non-collection will be met by both the Government and the Pool.

The Cabinet Member for Housing, Health, Well-being and Democratic Services seconded the proposal. She said that the council's financial team had done extensive work to try and recover the debts and it was very sad that authority was in the position of having to write them off.

**Decision: The Cabinet DECIDED that:**

**The total of £107,071.23 as detailed in the Appendix to the report, be written off, for National Non-Domestic Rates.**

**CAB.41 Response to Homeworking Consultation**

A report was considered from the Corporate Director: Economic Prosperity & Place to agree responses to the recently completed homeworking consultation and to agree the recommendations to Council in December. The consultation was undertaken between 4<sup>th</sup> September and 5<sup>th</sup> October 2020.

The Cabinet Member for Housing, Health, Well-being and Democratic

Services presented the report and formally moved the recommendations for approval. She explained that in July Council agreed to undertake a consultation with staff and unions regarding the future arrangements for homeworking. She said a total of 28 mixed responses had been received; some were followed up where cause for concern had been raised and a number of them did not relate to homeworking. She said that financial allowances regarding working from home would be dealt with separately as the authority was currently undertaking a pay and grade review, in which the unions were involved; she confirmed that the unions had no issues with the homeworking consultation.

The Cabinet Member for Housing, Health, Well-being and Democratic Services further explained that all the consultation responses had been carefully considered and, as the Council moved forward, any practical actions which could be adopted would be. She said the harsh reality faced by the Council was that at least for the foreseeable future the pandemic situation was not likely to change and the Council would need to continue to ensure the safety of its employees by continuing to enable homeworking where services can be delivered effectively that way. She added that the Council had to plan positively for the future and a hybrid system of working by way of a combination of home and office offered the best of both worlds. It was proposed that the Council proceeds with the review of services with team managers with a view to introduce new hybrid ways of working from 1<sup>st</sup> April 2021. She said team managers were best placed to do this as they know how their service areas worked and would explore all avenues within their own teams.

In conclusion, she said the authority had undertaken a consultation, taken on board those that did reply and confirmed that the unions had no issues. She added that recommendations would be made to Council at its meeting in December on how to make homeworking a more permanent feature going forward. She thanked the Chairman and members of the Overview and Scrutiny Committee for an extensive exploration of this issue. She said she acknowledged their comments and respected their opinion, but did not agree with them. She thanked all members of staff for their outstanding and exemplary work; and how all departments had adapted to home and new ways of working, and that was how Cabinet want to proceed.

The Leader seconded the proposals. He said he hoped homeworking would continue with an option of a hybrid model in the long term. He acknowledged that there would be issues that would need to be addressed, such as mental health well-being. However he was confident that the authority had appropriate support in place to deal this this.

The Chairman of the Overview and Scrutiny Committee presented the recommendations from the Committee which did not support the Cabinet proposals. He said it was important that the Council did not confuse this important issue with the current Government guidance in relation to homeworking as a result of the Covid-19 pandemic; he said it was about the future working of the Council and the majority of the Committee had real concerns about the lack of detail and felt that the process should be halted and revised post April 2021.

**Decision: Having had regard to the recommendations from the Overview and Scrutiny Committee from its meeting on 5<sup>th</sup> November 2020;**

**The Cabinet DECIDED that Council be recommended to:**

- 1.1 Note the responses which were submitted in response to the consultation process;**
- 1.2 Agree to proceed with a review of teams and the services they deliver with a view to enabling more individuals to operate on a hybrid model working at home and in the office where it is feasible for employees to do so; and to introduce such working from 1<sup>st</sup> April 2021 or when the Government advice is such that a return to working from the office is safe, in the event that this is later than 1<sup>st</sup> April 2021.**

**CAB.42 Green Homes Grant – Local Authority Delivery Scheme**

A report was considered from the Corporate Director: Economic Prosperity & Place to recommend amending the Capital Programme to enable the distribution of the Green Homes Grant.

The Cabinet Member for Housing, Health, Well-being and Democratic Services presented the report and formally moved the recommendation for approval. She explained that the authority supported a Wychavon-led consortium bid by Worcestershire Council's and had been awarded £200k for measures to properties in the district.

She added that as a joint bid there was some flexibility that, if any council was underspent, the funding can be moved across to areas where a higher demand was identified. The recommendation to council allowed for such flexibility. She said as the Green Homes Grant was capital expenditure it would need to be included in the Council's capital programme.

The Leader seconded the proposals.

The Chairman of the Overview and Scrutiny Committee presented the recommendation from the Committee which fully supported the Cabinet proposal to Council.

**Decision: In line with the recommendations from the Overview and Scrutiny Committee from its meeting on 5<sup>th</sup> November 2020;**

**The Cabinet RECOMMEND to Council that:**

**There is an amendment to the Capital Programme to include expenditure of £300,000 to provide Green Homes Grants fully matched by the Department of Business, Energy and Industrial Strategy (BEIS) funding.**

**CAB.43 Establishment of Independent Museum Trust**

A report was considered from the Chief Executive to agree the 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.

The Cabinet Member for Culture, Leisure and Community Protection presented the report and thanked the Overview and Scrutiny Committee for their recommendations and comments.

She explained that paragraph 4.3 of the report dealt with the point that the committee made regarding items deposited with the museum, but which are not owned by the existing charitable trust or by the district council. She said it confirms that depositors have the right, just as they do now, to remove items that are on deposit because they have not transferred ownership to the existing charitable trust or to the district council. She further explained that the authority would make efforts to contact depositors before the proposed new trustees take over so that depositors have the opportunity, if they wish, to withdraw their items. She was happy to confirm that recommendation 2.3 (c) did not intend to change the status of deposited items or the depositors' rights. However, if it would assist, she would add the words at the end of paragraph 2.3 (c) "and without affecting depositors' rights in respect of deposited items".

The Cabinet Member for Culture, Leisure and Community Protection said she had considered the point about a reversion clause very carefully. She explained that the purpose of what the authority was trying to achieve was the creation of a successful stand-alone charity that allows the museum to prosper and thrive but at lower cost to the council than the current arrangements. She added a reversion clause would, in her opinion, regrettably encourage trustees to think that they had a parachute: that if the charity experienced significant financial or operational difficulties for whatever reason, it would not be necessary for the trustees to address the issue and that they could simply propose the collapse of the charity and everything would come back to the district council to deal with.

She added that, if Bewdley Town Council wished to agree to put itself forward as the recipient of such a reversion clause, she would be happy to consider it, however it would have to be lock, stock and barrel: all the buildings and land and all the museum collection, and all the financial and charitable obligations that go with it. She said that she suspected that the town council would not rush to take up that suggestion, nor should the district council. In conclusion she proposed that Cabinet do not accept that part of the Overview and Scrutiny Committee's recommendation. She formally moved the recommendations set out in the report, as amended, for approval.

The Leader said he agreed with what the Cabinet Member had said and was happy to second the proposals.

The Chairman of the Overview and Scrutiny Committee said he was grateful to the Cabinet Member for the revision to point 2.3 (c), and thanked the Chief

Executive for his presentation to the Overview and Scrutiny Committee and for answering the questions raised by Committee members.

**Decision: Having had regard to the recommendations from the Overview and Scrutiny Committee from its meeting on 5<sup>th</sup> November 2020;**

**The Cabinet DECIDED to:**

- 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”);**
- 1.2 note that all property and collection items vested in the Bewdley Museum Trust will remain vested in the museum trust;**
- 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; 11 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 and without affecting depositors’ rights in respect of deposited items;**
  - 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;**
- 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”);**

- 1.5 note that estimated costs of up to £100k will be incurred in establishing the museum trust and that these will be funded from the innovation fund;**
- 1.6 note that the medium term financial strategy will need to address the future funding levels from the Council, as set out in paragraph 5.5;**
- 1.7 delegate to the Chief Executive in consultation with the Corporate Director: Resources and the Solicitor to the Council all steps necessary to implement the successful establishment of the museum trust. This includes but is not limited to:**
  - a. Arrangements to recruit trustees, the arrangements to be made in consultation with the Cabinet Member for Culture, Leisure and Community Protection;**
  - b. Advertising the disposal of public open space and, in consultation with the said Cabinet Member, considering and deciding on any objections received;**
  - c. Dealing with all matters related to transfer of staff from the Council to the museum trust in accordance with TUPE;**
  - d. obtaining landlord's consent for the assignment of the leasehold interest in the store and consent to share occupation with the Council to enable the Council's archive to remain;**
  - e. Agreement of the financial arrangements with the museum trust, including the level of grant to reflect the adopted medium term financial strategy.**

There being no further business, the meeting closed at 7.12pm.

**WYRE FOREST DISTRICT COUNCIL**

**CABINET**  
**22<sup>nd</sup> DECEMBER 2020**

**Medium Term Financial Strategy 2021-24**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Councillor G Ballinger
<b>RESPONSIBLE OFFICER:</b>	Corporate Director: Resources
<b>CONTACT OFFICER:</b>	Tracey Southall, Ext 2100 tracey.southall@wyreforestdc.gov.uk
Appendix 1 Appendix 2 Appendix 3 Appendix 4 – Part 1 Appendix 4 – Part 2 Appendix 4 – Part 3 Appendix 5A Appendix 5B  Appendix 6	Corporate Priority Progress Tables Base Budget Projections 2021-24 Variance Analysis Part 1 – Fees and Charges for Noting Part 2 – Fees and Charges - Cabinet Part 3 – Fees and Charges - Council Budget Risk Matrix Budget Risk Matrix – Budgetary Response Budget Consultation Results  <i>The appendices to this report have been circulated electronically and a public inspection copy is available on request. (See front cover for details.)</i>

**1. PURPOSE OF REPORT**

- 1.1 In accordance with the Council's Budget and Policy Framework Procedure Rules and in line with the Wyre Forest Forward programme, to provide the Cabinet with financial information in order to make proposals for the Budget Strategy for the period 2021-24.

**2. RECOMMENDATIONS Include**

**The Cabinet is asked to NOTE:**

- 2.1 **The fees and charges as set out in Appendix 4 – Part 1.**
- 2.2 **The comments from the Strategic Review Panel at its meeting on the 29th October 2020;**
- 2.3 **The results of the Budget Consultation survey included in Appendix 6 and summarised in paragraph 9 of this report;**

**The Cabinet is asked to ENDORSE and RECOMMEND to the Strategic Review Panel for scrutiny:**

- 2.4 **The Council's updated Medium-Term Financial Strategy taking into account the results of the Budget Consultation;**
- 2.4.1 **There are two Cabinet Proposals – taking into account the impact on the Council's Capital and Revenue Budgets for 2021-24 (paragraph 10.2) as follows;**
- a.) **Approval of a further programme of phased savings for the strategic repositioning of the Council from the Wyre Forest Forward Savings Programme as set out in 10.2.1 and table 6.21 of £0.8m in 2021-22, £1.2m in 2022-23, £1.5m in 2023-24 ongoing after this year;**
- b.) **Approval of £200k generic capital budget to support expansion of the Council's income generating activity, to be funded from prudential borrowing with the revenue costs met from within approved financially viable business cases. The Innovation Fund will be used to fund any one-off revenue business case costs.**
- 2.4.2 **The level of net expenditure and resultant Council Tax for 2021-24 as per paragraphs 10.1 and 10.4 including the revenue implications of the Capital Strategy report also on this agenda;**
- 2.4.3 **The fees and charges in line with this strategy and the impact on the Council's Revenue Budget for 2021-24, as shown in Part 3 of Appendix 4 (paragraph 10.1 also refers) which incorporate decisions taken by Council on 9<sup>th</sup> December in respect of licensing fees and charges;**
- 2.4.4 **The removal of the priority about affordable housing from the Corporate Plan.**
- 2.4.5 **The Cabinet is asked to APPROVE the fees and charges as set out in Appendix 4 – Part 2.**

### **3. BACKGROUND**

- 3.1 This medium-term financial strategy has been prepared against the backdrop of the COVID-19 pandemic coupled with the ongoing uncertainty around the UK's trade deal (if any) with the European Union following the transition period. The UK economy and Councils up and down the Country are facing the most challenging set of circumstances since the Second World War and this significantly increases the risk of not being able to maintain financial sustainability.
- 3.2 The forecast impact as a result of the COVID-19 pandemic is summarised in section 5.7 below. This has been updated and refreshed to include the estimated impact of the second period of lockdown from the 5<sup>th</sup> November to the 2<sup>nd</sup> December.
- 3.3 The ongoing pandemic has been a huge resource drain on both central and local government and has resulted in delays in normal work programmes and a revision of priorities and plans. Forward planning, even for one year, is extremely challenging and for this reason it is highly likely that forecasts in this report will have to be reviewed and refreshed for February Council. More significant resets of our forecasts may also have to be made in the future and this will be done as part of Budgetary Control Cabinet reports and also as part of next year's MTFS process.



- 3.4 Cabinet on the 10<sup>th</sup> November considered a report from the Chief Executive setting out the Financial and Strategic Context for this MTFS. The proposals in this report have been subject to public consultation from the 11<sup>th</sup> November to the 10<sup>th</sup> December and the results are reported in section 9.

#### **4. THE ROLE OF THE STRATEGIC REVIEW PANEL**

- 4.1 The Cabinet Strategic Review Panel was retained to assist with this year's budget process.
- 4.2 The first meeting of the Panel was in late October. The Panel reviewed the challenging financial landscape and considered the forecast position of the Council and estimated Funding Gap particularly in light of the impact of the COVID-19 pandemic. The main focus of meetings to be held in January/February 2021 will be Cabinet Proposals and Alternative Budget Proposals together with the proposed Capital Strategy (this is a separate report on the agenda). The process feeds into key decisions about the shape of the strategy to be approved by full Council in February 2021, when the council tax will also be set.

#### **5. WYRE FOREST DISTRICT COUNCIL – OUR JOURNEY AND WHERE WE WERE HEADING BEFORE THE COVID-19 PANDEMIC**

- 5.1 This section of the Medium-Term Financial Strategy provides a narrative about what the Council has been doing, why and what outcomes it has achieved looking backwards. It also looks forward to the period covered by the medium-term financial strategy and so reflects the significant impact the ongoing COVID-19 Pandemic is having and is forecast to have on the Council's financial position.

##### **5.2 Looking backwards**

Prior to the ongoing coronavirus pandemic, austerity required local government to reshape radically what it does: in the period since 2010 Government funding for the Council (excluding COVID-19 funding) has fallen by over 50% in absolute terms (more in real terms). In Wyre Forest, we have used three main tools as part of our Wyre Forest Forward transformation programme:

- Making ourselves as efficient as we can be internally, including use of “systems thinking” reviews;
- Growing our income;
- Using alternative delivery vehicles, including shared services with other councils, and working with local organisations such as Parish and Town councils, to reduce costs.

- 5.3 Our net revenue budget will have reduced from £16.4m in 2009-10 to £12.2m in 2023-24 based upon current plans. This represents a reduction of around 26% in absolute terms, and more in real terms. The total savings target from the Wyre Forest Forward programme including all Cabinet Proposals has increased significantly as a result of COVID-19 to £4.68m in 2023-24, of which projections show we should achieve £3.10m (66%); forecast as at December 2020. The ongoing target unachieved is extremely challenging; work has already started to progress savings plans and we are cautiously optimistic this is achievable, subject to bold decisive action, especially when we consider the Council's strong track

record in reducing expenditure since 2009. The further proposals planned go a considerable way towards closing the gap between what we are spending and our income.

- 5.4 Successive medium-term financial strategies, which are approved each February by full Council, have been transparent about the gap between income and expenditure and that this would ultimately have to be closed. The Council has been very successful in putting back the point at which unpalatable decisions might have to be taken. Since 2009, the Council has rationalised its offices and leisure centres, investing significant capital sums to make them happen, but in a way that has produced revenue savings of well over £1m a year. The investment to improve the Green Street depot site will make a modest but nevertheless worthwhile revenue contribution to improving the position; more importantly, the site is fit for the future and supports our efforts to grow commercial income, which until the pandemic hit were going very well.
- 5.5 It is not just the Council's estate that has been transformed since 2009. Many other initiatives have been successfully implemented to save money, to make the Council more efficient or to grow income. They include a range of mature shared services; innovative and successful localism projects with community groups and parish councils to run or meet part of the cost of a range of local assets and services. We are also making strenuous efforts to grow commercial income both by selling services to residents and businesses and by buying assets to make economic and regeneration contributions to the Wyre Forest area whilst also producing a revenue contribution through the capital portfolio fund.
- 5.6 All of this good work has though been severely damaged by COVID; it has caused delays in the progression of localism work and some income streams in particular have suffered damage that it may not be possible to recover from, over the term of this Strategy. Thus, despite past successes, this Medium-Term Financial Strategy is heavily influenced by the negative impact of the ongoing pandemic and the consequent increase in uncertainty and risk to the Council's finances. The Spending Review offers cold comfort to district councils. In effect, funding for 2021-22 is being held flat in cash terms, with the exception of some additional funding for homelessness, and the currently proposed criterion of 2% for council tax increases offers only very limited scope for addressing the Council's financial position. The extension of the income guarantee to 30<sup>th</sup> June 2021 recognises that COVID-19 will continue to impact income streams in the next financial year but makes a probably unrealistic assumption that they will broadly have recovered by that point. While longer term financial plans will not be set out by the Government until the Spending Review in 2021, the likelihood is that the state of the public finances will eventually result in a further lengthy period of austerity for local government, with any additional resources continuing to be focussed on social services pending the long-overdue reform of funding for social care. Unless the Government abandons its manifesto commitments not to increase the main taxes it controls, its actions – for example in extra funding for NHS, defence and police – continue to suggest that its investment priorities lie elsewhere.

### **The ongoing impact of COVID-19**

- 5.7 The table below summarises the refreshed estimate of the overall impact of the ongoing pandemic on the Council's financial position.

**Table 5.7 Current Estimated Financial Impact of COVID**

	2020-21 £	2021-22 £	2022-23 £	2023-24 £
<b>COVID-19</b>				
Additional Costs (Excluding £250k funding gap not achieved and Leisure costs)	579,470	16,870		
Estimated additional costs of Leisure provision subject to reconciliation	611,100			
WF Forward Savings not achieved	168,310			
Loss of Income - Leisure Centre	581,720			
Covid related pressures		700,000		
Loss of non Collection Fund Income (excluding Leisure)	1,254,800	393,430		
Loss of HB Overpayments/bad debt provision	517,200	225,000		
Loss of WFDC share of Council Tax (including extra CTRS costs)	492,000	67,000		
Loss of WFDC share of Business Rates includes lower CPI multiplier	819,300	253,410	282,670	312,810
Expenditure in relation to EDRF Town Centre Funding (max)	90,200			
<b>Total COVID costs/Lost Income</b>	<b>5,114,100</b>	<b>1,655,710</b>	<b>282,670</b>	<b>312,810</b>
<b>Government Funding not pass ported</b>				
Emergency Grant Funding Received in 2020-21 (note £50k accounted for in 2019-20 but costs in 2020-21)	- 1,603,970			
New Burdens Funding	- 130,000			
EDRF Town Centre Funding (max)	- 90,200			
Income Co-Funding	- 1,110,560	- <b>383,940</b>		
Homelessness	- 4,500			
Additional Housing benefit on Homelessness expenditure	- 89,000			
Reduced costs and extra income as a result of Covid	- 207,000			
Spread of 2020-21 Council Tax Collection Fund Losses over 3 years (CTax)	- 492,000	164,000	164,000	164,000
New Tax Income Guarantee (75%) (CTax)**		- <b>123,000</b>	- <b>123,000</b>	- <b>123,000</b>
NNDR Irrecoverable Loss spread over 3 years	- 819,300	273,100	273,100	273,100
New Tax Income Guarantee (75%) (CTax)**		- <b>204,830</b>	- <b>204,830</b>	- <b>204,830</b>
Gain from adopting new appeals provision methodology for Business Rate appeals		- 68,270	- 68,270	- 68,270
<b>Total COVID Funding</b>	<b>-4,546,530</b>	<b>- 342,940</b>	<b>41,000</b>	<b>41,000</b>
<b>Net Impact COVID</b>	<b>567,570</b>	<b>1,312,770</b>	<b>323,670</b>	<b>353,810</b>

\*\* Funding for collection fund losses will be kept under review as we have yet to see any guidance on what “irrecoverable” means so in that context it might be optimistic to assume we will get 75% of the above row\*\* Any updates will be reflected in the February reports.

## **Reserves**

- 5.8 Whilst there is an adequate level of general reserves available towards balancing the budget of £6.033m (including the £1.2m Working Balance) following the 2019-20 Final Accounts savings, the impact of the COVID-19 pandemic has significantly worsened the Council's financial position. It is clear that the future financial position for the Council will continue to be extremely challenging. Given the uncertainty and inherent economic risks this Council, along with the Public Sector generally, faces, a number of key earmarked risk reserves were replenished out of final accounts savings and the overall total increased from £7.868m to £8.752m as at 31<sup>st</sup> March 2020. The table in Appendix 1 summarises progress the council has made in the delivery of its Corporate Priorities which has been significant to date. The ongoing impact of the Coronavirus pandemic has however caused not only delays but an ongoing negative impact on demand and income, which may prove to represent permanent damage in some areas.

## **Looking forward**

- 5.9 The Council has done exceptionally well in generating additional income and implementing efficiency savings that have put back the date at which it has to bring its expenditure into line with income. However, in the absence of additional Government funding and if the Council takes no further actions beyond those previously agreed, the impact of COVID-19 is that the Council will exhaust its general balances within the lifetime of the MTFS, early in 2023-24.
- 5.10 The Council's financial position requires more radical and rapid action than in the past. In summary, the Council is going to have to become a much smaller organisation, that seeks to deliver fewer services itself or even at all. This will allow it to close the financial gap by bolder and more ambitious steps than incremental changes in:
- growing income;
  - efficiency; and
  - alternative service delivery models.
- 5.11 The Council's managed available reserves mean there should just about be sufficient time to implement changes to align income with expenditure. This will require the bold decisive plans, set out in the November Cabinet report on the Financial and Strategic Policy Context for the MTFS and now presented for approval in this report, to be progressed. However, there is no room for complacency; prompt implementation of proposals is essential following approval of the MTFS at Full Council in February. Significant changes will be required which will undoubtedly lead to the Council becoming a smaller organisation. The Corporate Leadership Team is already devoting considerable effort to identifying the opportunities that exist as well as assessing the impact of potential changes. We will continue to focus on driving down cost through efficiency savings, growing income and seeking alternative delivery mechanisms, with the key stream of Localism being a priority. However, it is recognised that the gap will not be closed entirely by such measures and that the Council now needs to approve plans to reduce spending on or even end some services on its journey to becoming a smaller organisation. Appropriate

compromises will need to be made on that journey in terms of balancing control against maintaining pace and securing agreements, for example, accepting we cannot always host shared services.

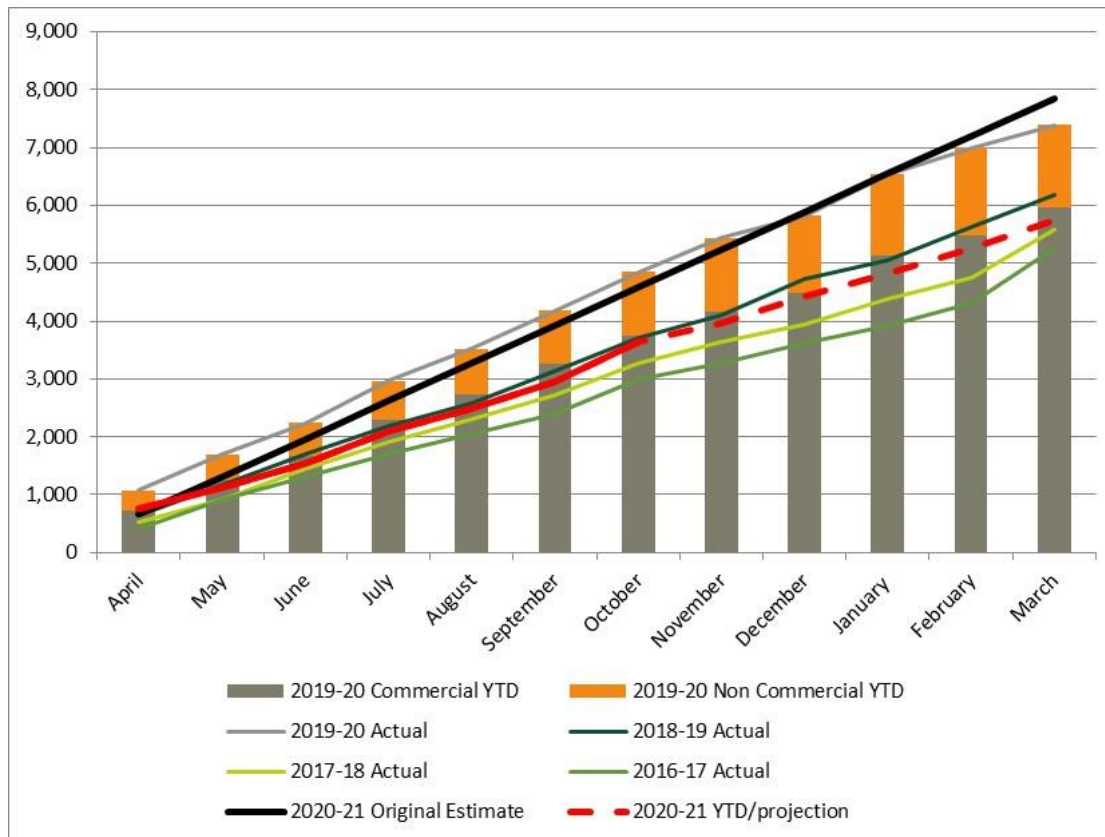
- 5.12 Because the District Council collects council tax for the county council, police, fire and parish councils, the public is often misled into thinking that the total average bill at Band D of £1,880 in 2020 is the responsibility of Wyre Forest District Council, when its element is only £219 or 12% of the total bill, the equivalent of £4.22 a week.
- 5.13 Total council tax bills have increased ahead of the rate of inflation in recent years. One of the main reasons has been the introduction of the adult social care precept to help fund social services provided by Worcestershire County Council. It was first payable in 2017 at £21.60 for a Band D property and has since grown to £116.04 in 2020. The county council's element of council tax, including the adult social care precept, increased by £50.30 in 2020. There was a further substantial increase in the precept issued by the Police and Crime Commissioner for West Mercia in 2020, which added £8.54 at Band D: the police element of council tax exceeded the District Council element for the first time in 2019. It will be seen that the county council and police increases in 2020 were both significantly higher in cash terms than the District Council's increase of £5 – the maximum increase allowed by the Government's criteria.
- 5.14 For five of the ten years between 2011 and 2020, the District Council's element of council tax was frozen. At Band D, the District Council's element of council tax increased from £197.62 in 2010-11 to £219.34 in 2020-21, an increase of £21.72 or 11%, significantly lower than inflation across that period. As can be seen, **the District Council's increase over 10 years is significantly lower than the cash increase decided by the County Council for 2020-21 alone.**
- 5.15 This Strategy proposes increasing the district element of council tax at the rate permissible without triggering a referendum on an "excessive" council tax increase. Based on last year's criteria, of 2% or £5, whichever is the higher, the medium-term financial strategy retains the previously planned increase of £5 a year. The Budget Consultation, reported in section 9, asked for feedback on higher council tax increases than that and a clear majority of 97% said they would be prepared to pay those higher increases. Disappointingly, the Spending Review referred only to a 2% threshold although consultation is expected by MHCLG as part of the provisional local government settlement which might see the "or £5, whichever is the higher" reinstated for district councils or even more flexibility for council tax increases. Such a change is not guaranteed but, for now, the MTFS assumes an increase of £5 in 2021 and subsequent years. (2% would represent £4.39 at Band D so the impact on the MTFS would be minor if the higher limit of £5 is not confirmed). If a higher increase should be permissible, then the February report will reflect this.
- 5.16 While the Cabinet's proposal is that all residents should be asked to pay a little more than now for the District Council's services, it does not consider it appropriate to add further to the burden of the poorest working age residents. They have to pay a minimum contribution of 20% of council tax. A formal decision not to undertake a review of the scheme for 2021 was published on the 16<sup>th</sup> November 2020, in accordance with the legislation.

- 5.17 In addition to the modest change in the contribution that households will be asked to pay for District Council services, the Council will also benefit from limited growth in the number of houses. However, this is being stymied by the increased number of residents claiming Council Tax Reduction Support as a result of COVID-19 and the increased likelihood of depressed collection rates which reduce our council tax base. The impact of the pandemic on the economy including the impact on the construction industry is difficult to predict but it is highly likely to be negative. The strategy projects that 33,780 rising to 34,180 dwellings will be paying council tax in the period from 2020 to 2023. The Local Plan was the subject of a second pre-submission consultation prior to expected adoption in early 2021 and will provide for growth of over 5,500 dwellings in the period to 2036. This growth in population is essential, not only to address the district's housing needs and to support economic growth but also to help in closing the Council's financial gap. It is however less than certain that this growth can be secured in this timeframe given the economic recovery required as and when the ongoing pandemic is over.

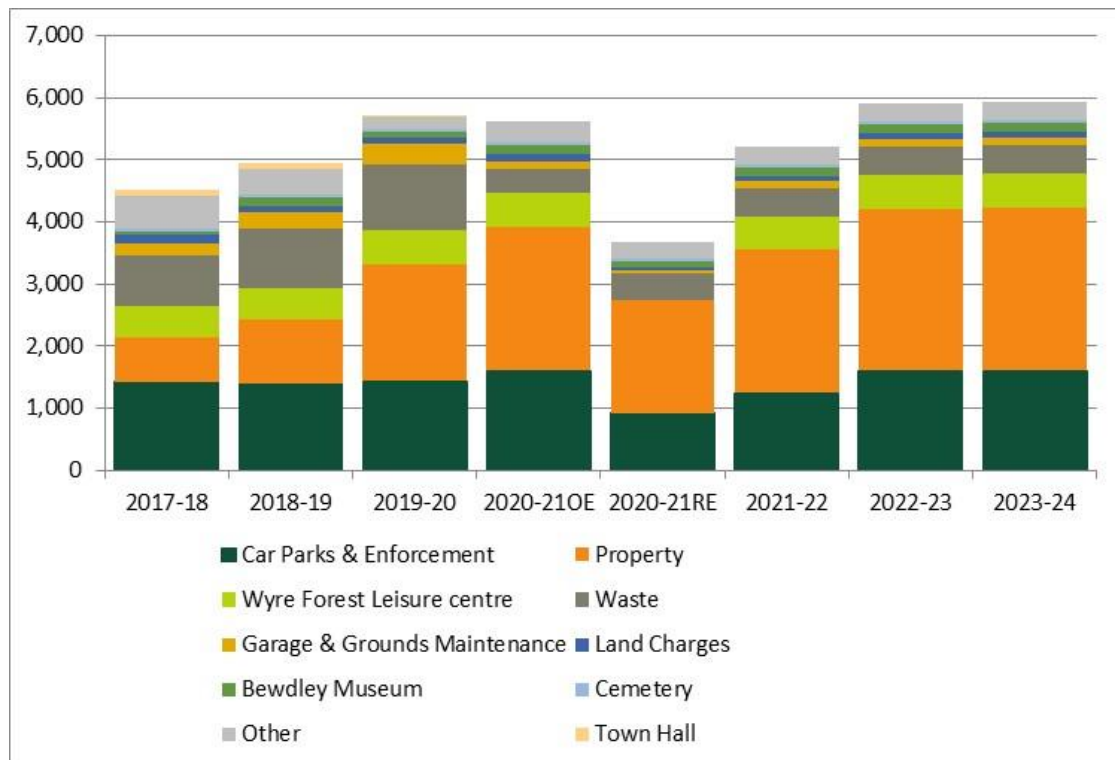
### **External Income including Fees and Charges**

- 5.18 The Council previous excellent track record in generating income has served us well. However as set out in the table in 5.7 COVID has severely reduced receipts in the current year and meant that future projections have been re-forecast resulted in a revised projection in 2020-21 of £5.67m, compared to an original estimate of £7.85m and an actual of £7.39m in 2019-20. The Council will continue to increase income from fees and charges where possible but may struggle or even fail to maintain previous estimates whilst the economy recovers. Thus, income generation is set to be a much smaller part of the solution to close the funding gap.
- 5.19 Nevertheless, the Strategy continues to identify and take advantage of opportunities to grow commercial income beyond existing plans where possible, with business cases for new or expanded services being considered. The generic funding pots of £250k capital and £100k revenue approved a few years ago for allocation to support new proposals have now been largely used and the Innovation Fund will now be used for revenue proposals. A Cabinet Proposal is included this year for the creation of a generic capital pot to support new income generation proposals for speed of decision making. The Development Loan Fund of £10m has now been fully operational for 2 years and is open for applications. COVID has all but stopped the opportunities for our partners Finance Birmingham to find businesses investing in our economy and wanting to take a loan from us. The good news is that the £1.9m loan approved in March 2020, just before the first lockdown, as part of the Silverwoods Industrial Unit development is being finalised with drawdown expected to commence early in 2021. As loans are issued to developers and companies, this should generate a return for the Council and supplement the returns already being generated from the Capital Portfolio Fund. £17.365m of the £26.5m in the Capital Portfolio Fund has now been spent or committed. The reduction in PWLB rates by a whole percentage point on 26<sup>th</sup> November 2020 may assist with the viability of business cases for both the Capital Portfolio and the Development Loans Funds, but in order to take advantage of PWLB borrowing the Council's Section 151 officer will have to confirm that there is no intention to buy investment assets primarily for yield at any point in the next three years (no such purchases have been made in recent years and it is not intended to change that stance). No potential opportunities explored have proved financially viable so far this year.

5.20 The improvement in income generation over the past 5 years is shown in the following graph but by contrast the forward lower projections are also shown:



The previous success of the income generation work can be further evidenced through the following graph that analyses growth over key income streams. Again the contrast to projections for the next 3 years is also shown. Income from the Property Portfolio is being carefully monitored as COVID continues to bite and increased bad debts are inevitable although BNP Paribas and Jones Valerio will help us to mitigate this as far as possible:



- 5.21 Whilst this illustrates the excellent progress the Council has previously made in what was a key cornerstone of our strategy, the ongoing impact of COVID together with scale of the funding gap means income generation is now a much smaller part of the strategy. We continue to refine estimates of additional commercial income and use innovative thinking to develop new ideas for plans that might be achievable to align with the work of the commercial team at the Depot and of projected net income from the capital property portfolio but this Strategy resets a lower level of expectation of net income over the medium term.

### Staffing costs and pay

- 5.22 The Council's workforce is both its greatest asset but also the largest single controllable area of expenditure. Thus, it will be necessary to continue to reshape and redeploy staffing resources of the Council as part of the range of measures to close the financial gap. All services and their staff have contributed to what has been achieved: this is acknowledged and welcomed. However, the Council needs to go further. It is expected that overall staffing levels will fall, except to the extent that additional posts may be created in areas where commercial income can more than meet the cost and depending on whether the District Council hosts any newly created shared services. Last year a significant management restructure in one directorate was approved that is saving circa £200k pa. But this is not enough: all parts of the Council will need to review their staffing costs. This will include examination of the scope for shared services for the vast majority of services currently provided solely for the district by WFDC staff. Other service delivery models will also be explored including joint service delivery models for major services such as waste. Only if all other options have been explored and exhausted and it remains necessary to secure cost savings, outsourcing to the private sector is an option for some services.



- 5.23 While staffing numbers are expected to fall, the Cabinet is clear nevertheless that staff should be suitably rewarded. Council agreed on 25<sup>th</sup> September 2019 that the Council should revert to applying national pay increases with effect from April 2021 and that a pay and grading review should be undertaken. The assumptions about future pay increases in the medium-term financial strategy have been revised downwards in light of the impact of COVID and the approach for public sector pay outside local government announced by the Chancellor on 25<sup>th</sup> November. Ultimately, the Council has no control over the outcome of the national pay increases for local government, and an offer from the Local Government Employers for 2021 is not expected for some time yet. The Government's approach for the rest of the public sector is not necessarily a guide for what will happen in local government, and certainly it would be imprudent to assume that there will be no increase. The announcement of the increase in the National Living Wage (NLW) to £8.91 from April 2021 as part of the Spending Review, has been factored into the pay and grading review to "future proof" the Council's pay scale to ensure that the NLW does not overtake the lowest points on the scale. The detail in relation to the implementation of the pay and grading review is proving more complex than originally thought and the implementation date has been deferred until July 2021. It is nevertheless clear that the review is likely to increase the staffing bill by over £200,000pa and this has been factored into the MTFs. The Council's formal approval of the outcome of the pay and grading review will be sought at its February meeting.

### **The Challenges ahead**

- 5.24 Virtually every aspect of the Council's services depends on information and communication technology in terms of ensuring efficient delivery, including digital services. The approved phased capital allocation for the ICT strategy, topped up last year as part of the Cabinet Proposal process, is proving to be invaluable to improving the digitisation of the Council. Home working and remote meetings have been rolled out successfully and the Digital First Board continue to make good progress to improving the digital offer of this Council, reducing costs where possible.
- 5.25 The core functions of the Council will remain the things that it is required to do by law, such as collecting waste, removing litter, producing a local plan and processing planning applications and administering local taxes and benefits. These activities cost about £4.5m (39%) a year. The remainder of the Council's work is discretionary. While the Council is not obliged to undertake them, they are often services that are highly valued by local communities and businesses. They include such things as parks and toilets, economic development and regeneration and cultural and leisure services. The Council spends about £3.2m (27%) a year on discretionary activities with a further £3.8m (34%) on corporate costs including the costs of the democratic core and pensions deficit funding.
- 5.26 The programme of change described in this strategy will continue to apply to all services to ensure that the Council is organised to meet the priorities of the Council noting the results of the recent Budget Consultation process, and also future changes and challenges. This is expected to reduce management costs as a result of implementing new service delivery models and a holistic review is planned for implementation prior to the elections in May 2023.
- 5.27 The strategic issues facing the Council include:

- The COVID-19 pandemic has pushed back Government plans for reform of local government finance until the spending review of 2022 and the detail of what the future holds for public services including local government will probably not emerge until fiscal events in 2021. The Council continues to remain vulnerable to other changes in respect of local government finance, such as the rules for distributing new homes bonus;
- The nature of the UK's trade deal (if any) with the European Union following the transition period remains uncertain at the time of writing. If a trade deal cannot be reached for January 2021, most commentators predict further adverse impacts for the UK economy in the short- to medium-term. While Wyre Forest will not be directly impacted by disruption that might occur around ports, local residents and businesses may suffer interruptions in supply chains across the range of goods and products. Costs of products imported from the EU may rise and, conversely, firms exporting to the EU may find that demand for their products falls as a result of tariffs. An absence of a trade deal is highly likely to worsen the local economic impacts of COVID;
- Adoption of a new Local Plan following the inspector's examination in early 2021. This is critical to the future development and growth of the district, to protect Wyre Forest from unscrupulous developers and "planning by appeal";
- Securing further positive progress at the major development site at Lionfields, Kidderminster. A development partner was selected in 2017 for Parcel 1, a 1.13-hectare site, on the basis of delivering a cinema led leisure development including food and beverage outlets. The redevelopment of Parcels 2 (former Magistrates' Court and Indoor Market) and Parcel 4 (Bromsgrove Street car park) is being pursued as part of the Future High Street funding bid, which may open up further development opportunities.

**Government funding, controls over council expenditure and significant policy initiatives**

- 5.28 The autumn budget was cancelled. The spending review on 25<sup>th</sup> November set a one-year budget for local government funding. It contrasts with the promise that "Multi-year NHS and schools' resource settlements will be fully funded" and that "areas crucial to our economic recovery have their budgets set for further years so they can plan and help us Build Back Better". Bizarrely, this includes the NHS which seems far from central in economic recovery compared to the role that councils play. Increases in NHS funding far outstrip the "levelling up" fund for infrastructure and the incipient UK Shared Prosperity Fund although the Council will seek to access them when their parameters are confirmed. In the medium- to longer- term, financial commentators are predicting that there will be a return to austerity to help pay for the costs of the extra borrowing if the Government respects its manifesto commitment not to increase the main taxes including VAT and income tax. The contribution that economic recovery will make to growth in Government tax yields is, at best, uncertain. What all this means for public services including local government will probably not emerge until the spending review in 2021 or later. Other key points are:

- a. The provisional local government settlement for 2021-22 is expected to be published before Christmas. In many respects, it is expected to “roll over” the arrangements from 2020-21 (just as they were rolled over from the previous year). Revenue support grant will increase by a modest inflationary amount but this will not benefit the Council as RSG is zero in 2020-21. There may be only limited scope to increase council tax by 2%, although it is hoped that the £5 maximum per year will be confirmed and there could even be greater flexibility permitted. New homes bonus will continue for one further year but completion of housing has been significantly affected during 2020. The report is based on a £5 council tax increase even though the Government has not confirmed that district councils will have the usual flexibility of “x% or £5, whichever is higher”: the difference is modest as a 2% increase represents £4.39 at Band D. Unless there are major differences between the assumptions made in this report and the provisional settlement, it will not be necessary to update the figures until the final MTFS in February;
- b. There is currently a wide-ranging programme of Government policy initiatives that affect the Council. They include significant potential adverse changes to the Council’s role in respect of planning arising from the proposals in the planning white paper. The Environment Bill continues to progress through Parliament and will demand major changes to the waste collection service, with a requirement for separate food waste collections from 2023;
- c. Ministerial enthusiasm for devolution accompanied by reorganisation into unitary authorities – which was to be articulated in a devolution and local economic recovery white paper in September - was high in July but had evaporated by early October. It has been made clear that the Government would not be adopting a top-down approach. Latest signals are that the devolution white paper will not appear until after the May elections. In a note from the Secretary of State, councilors were told that – except for North Yorkshire, Cumbria and Somerset, where councils have been invited to submit proposals - “given the pressures councils face this winter with the pandemic, I believe it would not be right at this time for them to further progress or focus on ideas for reform. The pandemic has rightly necessitated resources across Whitehall being re-allocated to tackling Covid, and this must be Whitehall’s and town halls’ number one priority at present.” If reorganisation was to happen in the three areas mentioned, it would be likely to be implemented in 2023. The process in any other areas would take even longer, and there has been no indication that Worcestershire councils are likely to pursue such a course. Thus, the medium term financial strategy cannot assume that local government reorganisation will intervene in the period before 2024 and obviate the need for the Council to take major steps to address its financial position.
- d. Additional COVID funding has been announced in respect of irrecoverable collection fund losses (in addition to the legislative change already made that allows them to be spread over three years) and the income guarantee has been extended to include the first quarter of 2021-22. Estimates of the Council’s potential allocations have been incorporated in the MTFS. The Council is working to submit a bid against the £100m pot managed by the Department for Digital, Culture, Media and Sport (DCMS) for funding towards the Leisure Centre COVID related costs. No value of any potential allocation is included in the MTFS as yet.

- e. Additional funding has been announced for 2021-22 for homelessness and rough sleeping and cyber security. Allocations for Wyre Forest are not yet known and will help to meet spending pressures in these areas. It is hoped that the MTFS in February will be able to take account of these funding streams.

**Business rates**

- 5.29 This Council is currently participating in a pan-Worcestershire Business Rates Pool 50% Business Rate Retention for 2020-21. Membership includes the Fire Authority. Given the confirmation that the current arrangement will end on the 31<sup>st</sup> March 2021, an application has been made for a Worcestershire Pool for 2021-22 based on the same membership. This will be confirmed as part of the Provisional Finance Settlement and a final decision then made within 28 days. The ongoing impact and further appeals result in uncertainty about performance of the Pool; this is being managed by the Corporate Director: Resources in conjunction with the other treasurers within the Pool. Business rates projections included within this report will be reviewed and revised if necessary before budget recommendations are finalised. It is unknown if Business Rate Pools will cease when the new funding system is introduced in 2022 or later.

**6. KEY ISSUES - BASE POSITION, PRESSURES AND ASSUMPTIONS**

- 6.1 Attached at Appendix 2 is the forecast base budget position for the period 2020-21 to 2023-24. The Capital Programme together with the details to support the related recommendations in this report is contained in the separate Capital Strategy report; the revenue implications are included within the MTFS projections.
- 6.2 The Base Budget shown at Appendix 2 includes the financial implications of all previous decisions which reduced costs in areas such as the Wyre Forest Forward Programme. New Cabinet Proposals are considered within this report at paragraphs 10.2 and 10.3.
- 6.3 Inflation has been included in the Base Budget for 2021-24 onwards as follows:

**Table 6.3 Inflation Assumptions- including Local Pay Arrangements**

The assumption about national pay increases has been reduced to 2% from the assumption of 3% in the previous MTFS. It is not known how the Local Government Employers will proceed. While it is prudent to reduce the assumption, it would not be prudent to assume that there will be no increase: the Chancellor's decisions about other public sector workers do not involve a freeze for all staff and, given the structure of negotiating groups in local government, it seems unlikely that the Employers could mimic the divisive approach taken by the Chancellor. Extra cost is also estimated as a result of the pay and grading review, although final figures are not yet known and will be reported to Council in February: for now, the estimate is of over £200k pa on a full year basis.

## Agenda Item No. 7.1

	2020-21	2021-22	2022-23	2023-24
Consolidated increase	1.25%	2.00%	2.00%	2.00%
Non-consolidated award	0.25%	zero	Zero	Zero
Total	1.50%	2.00%	2.00%	2.00%

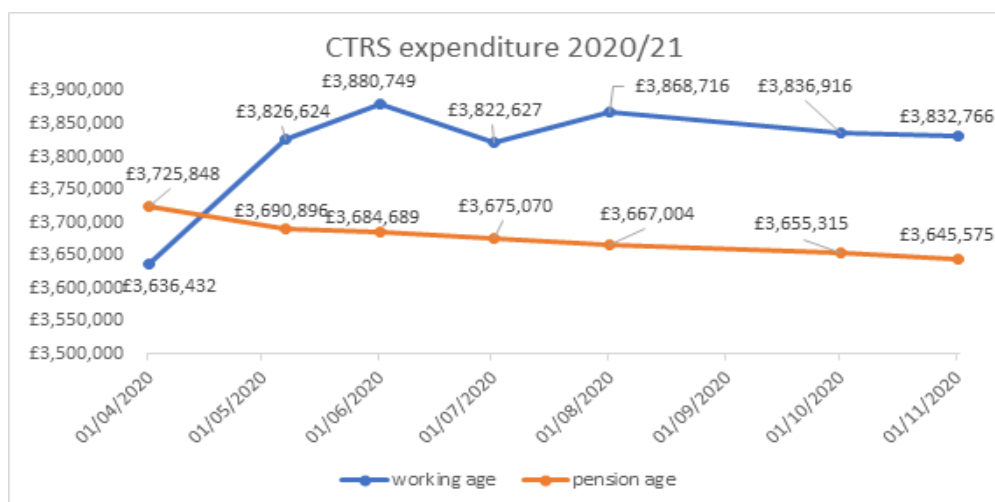
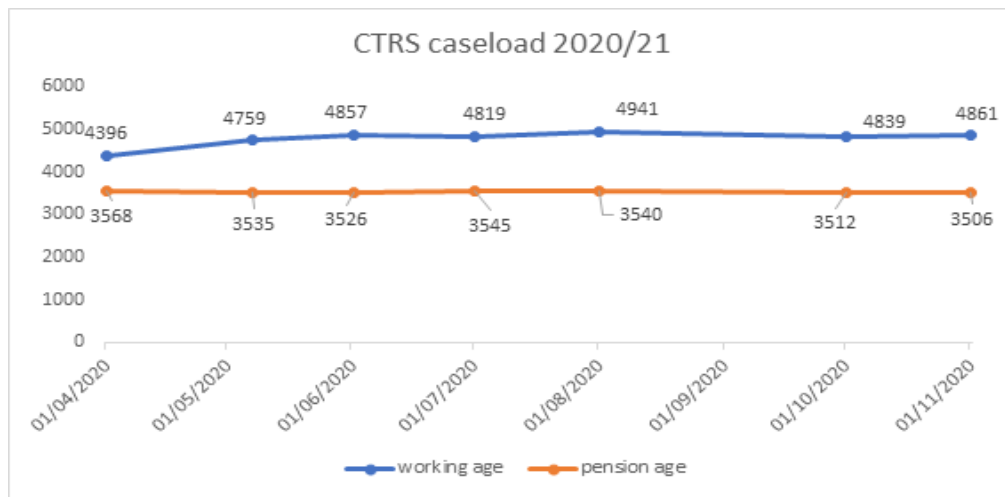
Other Inflation Assumptions	2020-21 %	2021-22 %	2022-23 %	2023-24 %
Business rates – forecast CPI (to be confirmed in due course)	2.0	1.0*	1.0	1.0
Other contractual commitments	included at actual	included at actual	included at actual	included at actual

\*to be offset by S31 Grant Funding

- 6.4 No other inflation will be included in the estimates for the financial strategy.
- 6.5 The Base Budget takes account of the current position in relation to the forecast level of interest that the Council can expect to receive. The current assumptions that have been used within the Base Budget are much lower than previously predicted due based on projections, taking into account the economic decline as a result of COVID-19. There have also been reports of rates moving into negative territory so the Council would have to pay banks to hold our funds but this is not currently factored into the MTFS. The rates assumed are as follows.:
- a. Expected returns in 2021-22 based on investment returns of 0.10%;
  - b. Expected returns in 2022-23 based on investment returns of 0.10%;
  - c. Expected returns in 2023-24 based on investment returns of 0.10%.
- 6.6 To create capacity to support the pace and scale of change the Corporate Leadership Team has made various allocations from the **Innovation Fund** to meet the cost of additional resource required to meet the ambitious innovation agenda. The Innovation Fund balance is forecast to stand at £428k as at end November 2020 taking into account commitments, including a top-up of £100k from savings arising from the previous management restructure. The proposed budget includes for the top-up of this reserve by £250k pa from 2021-22 towards future severance costs. An accounting provision will be made in the accounts for severance costs at an appropriate time. The General Risk Reserve is forecast to stand at £367k as at the end of November taking into account commitments. This is also being replenished by £200k as part of the budget process. CLT are in the process of reviewing all existing earmarked reserves and if it is possible to release any into general reserves this will be included in the February update MTFS report. Both of these key reserves will be reviewed and potentially replenished as part of the final accounts process.
- 6.7 The current projection is that the **annual savings target that needs to be achieved for both Wyre Forest Forward** including the impact of COVID-19 over the next three years to close the funding gap and to avoid drawing on reserves is around £2.56m. The signal in the one-year Spending Review that negative RSG will be

deferred for another year is very welcome but unfortunately is offset by other new funding pressures; it does though lessen the funding gap forecast in 2021-24.

- 6.8 The wider impact of the COVID pandemic on local residents and businesses is being felt in the local economy. The human price is being paid not just by those who have been seriously ill, suffered mental ill health or have sadly died but also as measured in the adverse impact on jobs and wages and business closures. Following the second national lockdown, Wyre Forest will enter Tier 2 (high) under the three-tier system of local restrictions and this system is expected to apply until at least Easter. The number of claimants of job seekers allowance has increased from 1,510 in October 2019 to 3,475 in October 2020 (+130%); of those, younger claimants aged 16 to 24 have increased from 320 to 705 (+120%). The increases have occurred before the furlough scheme came to an end. The number of working age households claiming council tax reduction support has increased by over 11% from 4,369 in early February to 4861 at the start of November. This is shown in the following graphs:



- 6.9 The roll-out of **Universal Credit** from November 2018 to new applicants has gone relatively smoothly so far and some reductions in staffing numbers have been possible, achieved by natural wastage, due to ongoing reductions in team workloads. Savings of c£50k pa are included in this MTFS and this will continue to be monitored and further savings made where possible.

**Priorities**

- 6.10 The budget consultation sought views on the Council's corporate priorities in a question asking the public for an indication of preference of 2 out of the current 3 priorities. The consultation results were:

85% of respondents supported - a safe, clean and green living environment

78% of respondents supported – supporting a successful local economy

37% of respondents supported – good quality and affordable housing

In line with these results, the Cabinet will be invited to recommend to Council in February that the corporate plan should be amended to omit the priority of good, quality and affordable housing. A revised version of the corporate plan will be presented to Cabinet for consideration in February and for formal adoption by Council.

**Reducing expenditure: alternative service delivery models**

- 6.11 The Cabinet plans to examine the scope for the vast majority of services currently provided solely for the district by WFDC staff to be the subject of shared services with another council or councils in Worcestershire or other organisations. This will include the possibility of joint venture vehicles with the private sector and the option of a joint waste collection and disposal authority. Options for the nature reserves and rangers include transfer to another council or relevant voluntary sector body. This process could involve the transfer of relevant assets to other organisations or their placing in joint venture vehicles. Only if all other options have been explored and exhausted and it remains necessary to secure cost savings, outsourcing to the private sector is an option for some services such as revenues & benefits or waste collection. The table in paragraph 6.21 provides details of further work planned to close the Funding Gap, with the indicative timetable of reviews to examine potential alternative delivery options.
- 6.12 The Government's Environment Bill will require weekly food waste collection. The Government had proposed further consultation on whether councils should offer free garden waste collection although nothing has been heard for several months. The latter idea is considered a significant retrograde step, as the surplus that the Council generates from charging for garden waste collections helps to sustain other services. The Government has promised to meet all the costs of change but it is impossible to rely on such a "guarantee" at this stage when legislation has not been passed and detailed estimates of costs and the regime for funding them are not known. This area thus represents a potentially significant funding risk for the council in future.
- 6.13 Other tools to reduce the expenditure of the Council will be pursued. The Cabinet believes that Wyre Forest should seek to avoid the additional cost of preparing its own local plan every five years. The work on a new plan has to start soon after each plan is adopted and costs a six-figure sum in consultancy reports alone. Thus, to cover future plan periods after the current proposed plan has been adopted, the Cabinet is minded to recommend to Council that it should seek partners for a joint local plan, whether for North Worcestershire or even the whole of Worcestershire, in order to reduce staffing and consultancy costs.

- 6.14 The Cabinet is planning to end a range of discretionary activities where possible. Therefore, it is not proposing continuation of the community leadership fund (which would add £33k to the Council's costs in 2021-22, if maintained at its previous level) and is proposing no further additions to the community grants fund (as they would also add to the Council's costs). Worthwhile community groups and charities now need to seek support from the Wyre Forest community lottery, which has recently launched, and the Council will continue to promote the lottery. The programme of events and activities previously organised by the District Council will now come to an end, without exception – this includes but is not limited to the Older People's Event, Mike Oborski No Barriers Awards etc
- 6.15 The changes outlined above will reduce the need for support services such as finance, HR, ICT, audit etc. There will be fewer WFDC staff to recruit, pay or support, there will be many fewer financial transactions to process and so on. While teams in these areas can therefore expect to shrink over time, options to reduce costs and improve resilience will also be sought through shared services with other councils or other delivery models.
- 6.16 Wyre Forest House has been too big for the Council's needs ever since it was first occupied in October 2012. The previous administration recognised this and adopted a strategy of letting out increasing amounts of the building to a range of private and public sector tenants. However, there are now large areas that are vacant and the market position is uncertain as a result of COVID: many organisations are reviewing and reducing how much office space they use, but conversely others may be looking for more dispersed, local provision rather than maintaining large city-centre offices. In the Cabinet's view, the point has been reached where significant decisions will need to be taken about how much office accommodation the Council should own. Its own need for offices will fall as a consequence of being a smaller organisation and the steps outlined above. The Cabinet therefore proposes to commission a full business case to explore either disposing of Wyre Forest House entirely or dividing the building so that the Council would retain and occupy only part of it and dispose of the remainder. If it was decided to proceed with a sale, this would generate a one off capital receipt that could be used to reduce the Council's debt and therefore provide a benefit to the revenue account.
- 6.17 It will be apparent that the changes above, if implemented, would be likely to reduce significantly the need for the current management structure. When there is greater clarity about the changes being implemented and the timetable, a holistic management review will be undertaken in light of those changes, which would be expected to reduce the cost and number of managers (over and above any changes that arise directly as a result of new service delivery models). However, in the meantime it is unrealistic to expect the Council to reduce management costs significantly as the proposals above involve a radical programme of change, preparation of business cases, negotiation of shared service agreements or contracts etc. The pressures on managers have increased because of COVID and the significant changes implemented in April 2020 and it would not be reasonable to expect that workloads should be further increased by reducing middle and senior management posts at this time. As a consequence of the programme of moving services to alternative delivery models and reductions in management, it might also become necessary to consider the future hosting arrangements for existing shared services based in WFDC and to transfer the lead authority role to another council.



## Localism

- 6.18 Working with our Town and Parish Council partners to protect services and amenities that our communities value by the transfer or sharing of ongoing costs is a key aspiration of the previous and current MTFS. Local councils can use headroom available to them as a result of them not being subject to the principles specifying what constitutes an excessive council tax increase. The localism agenda is expected over time to reduce the role for a number of District Council teams, including support services, grounds maintenance and toilet maintenance, as town councils and the museum trust make their own arrangements. The reduction in scale of these teams may require other action, for example if it is no longer feasible to carry on undertaking highways verges work on behalf of the county council – maintaining the verges is the latter council's statutory responsibility and the District Council presently has to subsidise it, so returning the work to the county council would allow the subsidy to end. Discussions are ongoing covering a wide range of services and assets with a flexible approach being taken to how arrangements can work for the mutual benefit of both parties.
- 6.19 If our Town and Parish Councils increased their precept levels to the English average for 2020-21, it would generate circa £0.875m but it would be overly optimistic to include this figure as a saving in the MTFS without evidence to support it. The table below shows the potential contribution to our funding gap from the ongoing Localism work that was included in last year's MTFS as a Cabinet Proposal. These savings are phased over a number of years to allow the Town and Parish Councils to raise their precepts incrementally. Whilst work is well in progress to progress and agree arrangements with our Town and Parish Council partners on services that could be transferred/shared subject to detailed negotiations, this has moved at a slower pace than anticipated so these savings targets have been rescheduled as follows and will be updated further as necessary in the February version of the MTFS:

Approved Cabinet Proposal for Generic Localism Savings – re-profiling	Previous MTFS	Proposed MTFS – rephased	Variance
Year	£	£	£
2020-21	135,000	7,000*	(128,000)
2021-22	245,000	150,000	(95,000)
2022-23	350,000	365,000	15,000
2023-24	525,000	525,000	0
2024-25	700,000	700,000	0

*\*Note to table £7,000 target has been achieved in 2020-21 and some savings have been made against future year's targets*

- 6.20 Finally, the changes outlined above mean that there should also be a reduction in the number and cost of councillors: a smaller organisation needs fewer councillors, particularly if the Cabinet model of governance is maintained. However, any review by the Boundary Commission to reduce the number of councillors, even if the Council successfully applied for inclusion in its forward work programme, would not

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be implemented until the 2027 elections. A review would also allow redrawing of ward boundaries to take account of future population growth as a result of the local plan.

6.21 Table 6.21 below shows a summary programme of work to explore and implement more shared services, alternative service delivery options and other planned transformation, together with indicative timetables:

<b>Work Area/Alternative Service Delivery Option sought</b>	<b>Date work will start</b>	<b>Target end date</b>	<b>Narrative</b>	<b>Potential Saving £££, ££, £</b>
Environmental services with a particular focus on waste collection	Dec 2020	Aug 2021	<p>Led by Head of Community and Environment. Business case to be presented to September cycle of meetings, with aim for new arrangements to commence from April 2022</p> <p>If shared service not deliverable, review will be reshaped to be led by Chief Executive to seek joint venture or, if all other options exhausted, outsourcing: this may affect implementation timetable.</p>	£££
Development management	April 2021	Nov 2021	<p>Led by Corporate Director: EPP</p> <p>Business case to be presented to December cycle of meetings, with aim for new arrangements to commence from April 2022 if achievable.</p>	££
Private Sector Housing	April 2021	Nov 2021	<p>Led by Corporate Director: EPP and Head of Strategic Growth, with focus on the regulatory functions</p> <p>Business case to be presented to December cycle of meetings, with aim for new arrangements to</p>	

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<b>Work Area/Alternative Service Delivery Option sought</b>	<b>Date work will start</b>	<b>Target end date</b>	<b>Narrative</b>	<b>Potential Saving £££, ££, £</b>
			commence from April 2022 if achievable.	
Revenues, benefits, customer services	April 2021	Nov 2021	<p>Led by Corporate Director: Resources</p> <p>Business case to be presented to December cycle of meetings, with aim for new arrangements to commence from April 2022 if achievable.</p> <p>If shared service not deliverable, review will be reshaped to seek joint venture or, if all other options exhausted, outsourcing: this may affect implementation timetable.</p>	£££
<p>Support services (finance, ICT, Internal Audit)</p> <p>Tranche 1</p> <p>Tranche 2</p>	<p>Aug 2021</p> <p>Aug 2022</p>	<p>Jan 2022</p> <p>April 2023</p>	<p>For Finance (FS Manager lead) and ICT (ICT Manager) there will be two tranches, tranche 1 will commence following the pay and grading review. Tranche 2 will be after bulk of other proposals as resource will need to be maintained to help deliver other changes. Internal Audit will be looked in conjunction with Finance in Tranche 2.</p>	<p>2021-22</p> <p>££</p>
Joint local plan	2021	2021	<p>Commence discussions with other councils about principle of joint local plan during 2021 with view to reaching agreement on way ahead by Dec 2021</p> <p>This will also include preparing a business case for shared service</p>	

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<b>Work Area/Alternative Service Delivery Option sought</b>	<b>Date work will start</b>	<b>Target end date</b>	<b>Narrative</b>	<b>Potential Saving £££, ££, £</b>
			for forward planning. Timetable for review and implementation to be shaped around process of adopting current round of local plans and confirmation of move to joint local plan.	
Elections & committee support	July 2021	Nov 2021	Led by Solicitor to the Council Business case to be presented to February cycle of meetings, with aim for new arrangements to commence from April 2022  Timing of review driven by 2022 being “quiet” election year and need for any change to be implemented in good time before WFDC & parish elections in 2023	£
Civil enforcement, community safety	Sept 2021	January 2022	Led by Head of Community and Environment. Business case to be presented to February cycle of meetings, with aim for new arrangements to commence from April 2022	££
Nature reserves & ranger service	Sept 2021	January 2022	Led by Head of Community and Environment. Business case to be presented February cycle of meetings, with aim for new arrangements to commence from April 2022	££
Minimise or, wherever possible, cease other	Feb 2022	June 2022	Chief Executive to lead	££

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<b>Work Area/Alternative Service Delivery Option sought</b>	<b>Date work will start</b>	<b>Target end date</b>	<b>Narrative</b>	<b>Potential Saving £££, ££, £</b>
discretionary services if no localism transfers or shared services achievable				
Environmental and depot-based services if not already covered in earlier reviews	April 2022	July 2022	Led by Head of Community and Environment. Business case to be presented to September cycle of meetings, with aim for new arrangements to commence from January 2023	£
Housing & homelessness	Jan 2022	Aug 2022	Led by Head of Strategic Growth  Business case to be presented to September cycle of meetings, with aim for new arrangements to commence from April 2023	££
Support services (HR, legal etc.)	Jan 2022	Aug 2022	Led by Solicitor to the Council  Business case to be presented to September cycle of meetings, with aim for new arrangements to commence from April 2023	£
Management Review	Sept 2022	Dec 2022	Chief Executive to lead For implementation April 2023	£££
Boundary Commission Review	March 2021	Implementation May 2027 elections	Chief Executive to seek place in LGBC(E) programme. Detailed timetable for decision by LGBC(E)	£

## 7. SUMMARY OF OTHER MAIN ASSUMPTIONS TO BE USED AND RELEVANT FACTORS

### 7.1 The key assumptions are:

- a. Government funding – **negative RSG** deferred for 2021-22 then previous level assumed.
- b. **New Homes Bonus** – a one-off payment of circa £38k for New Homes Bonus in 2021-22 due to current low number of new homes and position on long term empty homes. Legacy payments only assumed as per the current MTFS.
- c. **Increases in Council tax** of £5 pa from 2021-22 onwards. If as part of the Final Settlement flexibility up to a 3% increase is allowed, then the proposed increase will be revised to reflect this. No change to the local council tax reduction scheme for 2021-22 is proposed so the maximum reduction will remain at 20%.
- d. The approach to be taken to **fees and charges** this year will continue to have regard to demand and other market conditions. As a result, some fees and charges may be frozen or increased by less than the average of 5%. The proposals for 2021-22 show that 63% of Fees and Charges are to be frozen whilst a further 11% are proposed to be increased but below the general 5%. As decided last year, car parking fees and charges will be frozen for 2021-22 to retain the new simpler charging structure introduced from 2020-21 with circa 5% increases proposed from April 2022. Car parking income has been adversely impacted by the ongoing pandemic, but it is hoped that it will recover over the next 18 months and this is reflected in the proposed MTFS.
- e. **2% pay increase** assumed from 2021-22 together with an assumption that the introduction of a Job Family approach to pay grading. The estimated cost of the pay and grading review included in the proposed budget is likely to increase the staffing bill by over £200,000pa in a full year: the final figures will be included in the February MTFS.
- f. The results of the **Pension Fund's triennial revaluation** in 2019 were more favourable in the final event than initially anticipated resulting in savings in the annual step-up increases of £274k in 2020-21, £269k in 2021-22 and £285k in 2022-23. The Council has also benefited from a saving of £437k for the three years from 2020-21 as a result of payment in advance of the Pension Fund Deficit for 3 years in respect of last actuarial evaluation and £135k over the same three years for a reduction in employers on cost rates. So far forecasts for the Pension Fund performance taking into account the COVID-19 impact are not adversely impacted as relatively high proportion of funds are held in tech and health companies. The Pension Fund also carries equity protection insurance so it is hoped that losses can be avoided. However, this is far from certain and the actuaries may be requested to carry out annual reviews of fund performance and, if necessary, fund members will be requested to make additional contributions to protect their position. Reserves based on previous assumptions about contributions have been reviewed and reduced to levels that should be adequate to cover our potential interim liabilities. It has, therefore, been possible to release the sums as detailed at the start of this paragraph into General Reserves to help

towards the Funding Gap.

- g. Wyre Forest Leisure Centre- The Wyre Forest Leisure Centre has performed extremely well since opening and there is a strong partnership between the Council and Places Leisure (PL). The original approved budget for 2020-21 included £536,090 (£44,674 per month) which was a contract payment from PL to the Council. This helped to defray the Council's costs of borrowing which funded the construction of the building. Given the ongoing pandemic and limitations on the leisure industry this sum for 2020-21 will not be realised and although 71.25% of the loss should be covered by the MHCLG co-funding scheme for sales, fees and charges there is still a significant cost to the council. In addition to this loss the council has also agreed to co-fund additional expenditure as a result of the COVID impact and this is estimated to amount to £611k in 2020-21, subject to reconciliation. The proposed budget assumes that from 2021-22 the contract payment will be received in full as the leisure industry will hopefully have recovered from the pandemic – indeed from 2<sup>nd</sup> December, gyms and leisure centres have been allowed to operate under all three tiers of local restrictions. It is also assumed therefore that additional cost support for Places Leisure will cease. This would be a good outcome for the Council but represents a significant risk and will be kept under review. The Council has engaged Strategic Leisure to work with us to submit a bid for funding from the £100m pot managed by the Department for Digital, Culture, Media and Sport (DCMS) – which will address the ongoing challenges faced by local authority leisure centres. It is too early to build any such funding into this MTFS.
- h. **Council Tax Base** – There has been a decrease between 2020-21 and 2021-22 of 165 Band D equivalent properties, impacted by increased CTRS awards because of the pandemic. Informed by data from planning applications, an increase of **200 Band D equivalent properties pa** or circa 0.6% compared to the 2021-22 Council Tax Base will be assumed for the final 2 MTFS years. This is the first time we have experienced a reduction and is as a consequent of low housing growth and an increase in exemptions, discounts and benefit claimants that have all contributed to a lower chargeable Council Tax Base for the district for 2021-22. After 2021-22 modest growth forecast of 200 properties pa is assumed. These relatively modest forecasts reflect the continued slowdown in the completion of new properties experienced over the last few years. They are lower than assumed in the government's figures for Settlement purposes but more realistic for this Council. However, pending details of the local government provisional settlement, the reduction in Council Tax Base could impact on the ability of the Council to take full advantage of 2% (or £5) increase, or even greater flexibility if permitted. This has been picked up by the District Council Network (DCN) and through them, we will press Government to ensure that the lower tax base should not prevent the council from receiving the full benefit of any council tax flexibility.
- i. Accounting for the **Collection Fund, both Council Tax and Business Rates** have changed because of the COVID-19 pandemic. New legislation has been passed allowing deficits to be spread over 3 years. The Spending Review has announced funding in 2021-22 for irrecoverable losses but the amount for the Council is not yet known: an early estimate has been made. Based on the current forecasts of this council's position the following deficits

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have been assumed in the MTFS, noting that this is only the District Council's proportion of the overall Collection Fund forecast deficit adjusted for the estimated contribution from Government:

Council Tax Deficit – 2021-22 - £200k, 2022-23 - £164k and in 2023-24 - £164k.

The position for Business Rates is even more difficult to gauge as it is heavily influenced by decisions on provision for appeals and bad debts not made until year end and also due to uncertainty around the continuation of the Worcestershire Business Rates Pool.

Additional COVID funding was announced on the 25<sup>th</sup> November in respect of irrecoverable collection fund losses (in addition to the legislative change already made that allows them to be spread over three years). On the face of it the Government are pledging to fund 75% of irrecoverable losses but the technical detail is needed in order to fully understand how this will work and assumptions included in this report may be revised in February.

Assumptions included within this MTFS for Business Rate income compared to previous assumptions are shown in the table below:

<b>Business Rates Income</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
MTFS 20-23 Inflation Assumption (%)	2%	2%	2%	2%
MTFS 20-23 Assumption (£000) inclusive of growth and S31 grant	3,341	3,123	3,181	3,240
<b>MTFS 20-23 Assumption inclusive of growth, S31 grant and net of deficit (£000)</b>	<b>3,341</b>	<b>3,123</b>	<b>3,181</b>	<b>3,240</b>
		1%	1%	1%
MTFS 21-24 Assumption (£000) inclusive of growth and S31 grant	3,341	2,870	2,898	2,927
MTFS 21-24 Deficit Assumption (£000)	0	(273)	(273)	(273)
MTFS 21-24 COVID Tax Income Guarantee grant (£000)	0	205	205	205
Contribution from Appeals reserve		68	68	68
<b>MTFS 21-24 Assumption inclusive of growth, S31 grant and net of deficit and COVID Tax Income Guarantee grant (£000)</b>	<b>3,341</b>	<b>2,870</b>	<b>2,898</b>	<b>2,927</b>
<b>Difference (Reduction) (£000)</b>	<b>0</b>	<b>253</b>	<b>283</b>	<b>313</b>

Note that the COVID Tax Income Guarantee Grant technical guidance has not been issued and our best estimates of our likely allocations are included in the above table

More information is required about the impact of the second lockdown from the 5<sup>th</sup> November to the 2<sup>nd</sup> December on both council tax and business rate income and how long and what form recovery will take. This makes the estimation of these major funding streams extremely difficult and the estimates detailed above will be kept under review and revised for the February Cabinet and Council reports.

- j. **No provision** has been made in respect of the claim from **Worcestershire Acute Hospitals NHS Trust for charitable exemption business rates** for the Kidderminster Hospital and Treatment Centre as this claim has been strongly refuted.



- k. **Homelessness Reduction Act** -the new burdens funding has failed to cover the additional costs of the homelessness service in relation to provision of emergency accommodation under S188 duties. During 2020 we have seen a slight increase in approaches of people experiencing homelessness on the day and had already placed over 60 households in emergency accommodation up to October. In addition to this the Council accommodated almost another 50 single/childless couple homeless households under the “everyone in” initiative of which 31 have been found short- or long-term housing solutions. Average monthly case load for officers is up by 28% for cases in the prevention stage and 90% for those in relief stage. As reported to Cabinet on 16th September 2020, the Council has been exposed to the extra costs of £175k as a result of the decision by the Planning Committee not to approve the planning application for the Bridge Street redevelopment. This is made up of £120k abortive capital expenditure and £55k increase (net of housing benefit) in the ongoing homelessness budget. The consequence of the Planning Committee’s decision is a worsening of the Council’s financial position and this is included in the variance analysis in Appendix 3 (together with COVID related variances). It is not yet clear to what extent the additional funding for homelessness announced in the Spending Review will cover the predicted pressures in this service area.
- l. The revised **capital and revenue implications** of the current Capital Programme have been included in projections. including the allocation of £300k to provide Green Homes Grants fully matched by Department of Business, Energy and Industrial Strategy (BEIS) funding approved by Council on December 9<sup>th</sup> 2020. This allocation exceeds the council’s initial allocation to provide headroom without the requirement for a further report to council in case further monies are redistributed from underspending Worcestershire authorities. The Capital Strategy Report seeks as a general principle delegation to Cabinet in future to exercise such flexibility to agree additional capital expenditure that is fully funded by external grant. The formal recommendation will be made as part of the suite of MTFS papers to Council in February 2021.
- m. Revised estimates for the Capital **Portfolio Fund** taking into account the forecast impact of COVID of reduced/additional net income compared to the original assumption and is currently forecast to achieve £89,600 in 2020-21, £111,410 in 2021-22, £322,790 in 2022-23 and £341,060 in 2023-24. This is after allowance has been made for a generic Planned Property Maintenance Reserve of 20% of the total net income to supplement the service charge sinking fund to help mitigate future risk. These figures will continue to be closely monitored and will be refined as further information emerges.
- n. Funding from the **Police and Crime Commissioner (PCC)** for the current level of **Community Safety Partnership staffing** has not been confirmed other than £14k for 2020-21. Therefore, in line with the approval as part of last year’s MTFS this service will cease from the 31<sup>st</sup> March 2021 as it no longer looks possible to reach agreement for a Localism arrangement. This is assumed in the MTFS projections.

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- o. Costs of additional waste collection round have been included from April 2020 given the operational demands. The extra staffing costs are £47k in 2020-21 rising by inflation thereafter.
- p. Provision of £700k has been included within the proposed budget for further income reductions and additional costs in relation to COVID-19 in 2021-22. This is an estimate of the overall impact on Council budgets.
- q. In terms of external Prudential Borrowing, the Council is currently under borrowed and the current intention is that internal borrowing will continue to be utilised cash flow permitting but may enter into further external borrowing in 2020-21 and beyond. This will continue over the medium and longer term and an average interest rate of between 2%-3% for 2021-22, through to 2023-24 is our assumption within the base budget to fund the cost of this. The reduction in PWLB rates of a whole percentage point with effect from 26<sup>th</sup> November 2020 may assist the viability of future business cases for both the Capital Portfolio and the Development Loans Fund. The only approval since the rate increase in October 2019 has been the £1.9m Development Loans Fund for the Silverwoods development. Alternative sources of borrowing will continue to be explored and sourced.

7.2 Progress to meet the generic Wyre Forest Forward (WFF) savings targets has been affected by the COVID pandemic. The WFF savings in the current budget compared to the revised budget are shown in the table below. This table has been updated for savings achieved including those from the approved management restructure.

7.3 The Table below shows the breakdown of unachieved generic savings targets and proposed use of reserves after Cabinet Proposals in the revised budget to illustrate the scale of the financial gap the Council needs to address. The Table shows that the generic Localism savings have been rescheduled from 2020-21 onwards as set out in paragraph 6.19. This Council has a good track record of achieving target savings. However, the significant use of reserves in 2021-22 and beyond means that further significant change is inevitable. Use of reserves across the MTFS is predicated on achievement of significant generic savings/increased income. Work is underway to agree plans to meet these targets and these are expected to be progressing well by the start of 2021-22.

**Table 7.3 How the Strategy addresses the Financial Gap**

	2020-21	2021-22	2022-23	2023-24
Financial Gap	£	£	£	£
Efficiency targets in approved business cases	0	18,000	18,000	18,000
Wyre Forest Forward Savings not yet achieved	0	455,800	128,560	82,880
Generic Localism Savings to be confirmed	0	14,530	228,350	385,770
Efficiency Savings (2%, 1%, 1%, 1%) EPP	44,570	76,570	76,570	76,570
New Cabinet Proposal for further Savings	0	800,000	1,200,000	1,500,000
<b>SUB- Total</b>	<b>44,570</b>	<b>1,364,900</b>	<b>1,651,480</b>	<b>2,063,220</b>
Use of reserves from Proposed 2020-23 Strategy	763,970	1,257,330	450,350	495,970
<b>TOTAL</b>	<b>808,540</b>	<b>2,622,230</b>	<b>2,101,830</b>	<b>2,559,190</b>

## The Development Plan

- 7.4 The Council is now well-advanced with its review of the Local Plan for the period 2016-2036. If the Council does not plan for further significant growth in population in the medium to long-term, there is a significant risk of losing resources over time as Wyre Forest's population declines relative to the population of England. Significant growth could be delivered only through the current review of the local development framework which is not likely to be adopted before early summer 2021. Several allocations are being carried forward from existing plans and do not need to await the adoption of the new Local Plan before they can be developed. They are expected to contribute significant numbers of dwellings within the next few years.
- 7.5 Latest population mid-year estimates (2019 MYE) show that growth was much lower in 2018-19 compared with the previous year with only an additional 229 people recorded as opposed to 347. Wyre Forest has seen 2.4% growth over the last 5 years, with just over a third of this growth occurring in 2016-17. This is much greater than that seen over the 10 years 2001-2011 (1.1% growth). Worcestershire as a whole has seen a 3.5% growth 2014-19 compared with 4.4% 2001-11. However, population growth in Wyre Forest is lagging behind the rest of Worcestershire and the country as a whole. A breakdown of the figures shows that migration, especially internal, accounted for almost all the growth. There was actually a loss of 175 people as a result of deaths exceeding births over the 12-month period. In comparison, 2017-18 had 62 more deaths than births and 2018-19, 214.

	2015 MYE	2016 MYE	2017 MYE	2018 MYE	2019 MYE	% change
England	54,786,327	55,268,067	55,619,430	55,977,178	56,286,961	3.6%
West Midlands	5,751,000	5,800,734	5,860,706	5,900,757	5,934,037	3.9%
Worcestershire	578,593	583,053	588,370	592,057	595,786	3.5%
Wyre Forest	99,503	99,902	100,715	101,062	101,291	2.4%

Latest projections (2018) show a projected increase in population to 112,713 by 2043. This equates to an increase in population of 11.5% over 25 years. This is much higher than the 6.1% growth predicted for 2016-2041 based on the 2016 projections. However, the projected growth is significantly lower than the county and regional but higher than the national projections. These latest projections suggest that the region is growing at a different rate to the nation as a whole. Whereas England is now projected to grow more slowly, Worcestershire as a whole is predicted to grow at a much faster rate. However, that growth is dominated by Wychavon (28.0%), Malvern Hills (18.8%) and Bromsgrove (18.6). In comparison, Redditch is projected to grow by only 1.5% and Worcester by 4.7%.

	2018	2043	% change
England	55,977,178	61,744,098	10.3
West Midlands	5,900,757	6,708,180	13.7
Worcestershire	592,057	678,580	14.6
Wyre Forest	101,062	112,713	11.5

- 7.6 Significant growth can continue to help with our income and tax base in the long-term. The Council will have to provide some additional services (e.g. refuse collection) but many others are not elastic in response to population (e.g. museum, economic development, town centre, street cleaning). More people living locally would mean greater competition and demand for some services and provide greater opportunities for external income generation than might otherwise have been the case.

**8. FUNDING: LOCAL AUTHORITY REVENUE FINANCE SETTLEMENT FOR 2021-22, BUSINESS RATES AND NEW HOMES BONUS**

- 8.1 The one-year spending review for 2021-22 was unveiled on 25<sup>th</sup> November confirming that 75% business rate retention and the fair funding formula have been delayed to 2022 or beyond. The key points from the autumn statement and the Spending Round are set out in paragraph 5.28.
- 8.2 Table 8.2 below identifies the overall estimated position in relation to the Government Grant, Business Rates, New Homes Bonus and Council Tax income – this report is being issued before the provisional local government settlement and will be updated only if the provisional settlement involves major differences from the estimates that have been made. Negative RSG has been removed for a third year in 2021-22 but is assumed to continue thereafter. All figures are subject to confirmation when the Final Settlement figures are issued. There is a risk that the projections of business rates and council tax taking into the ongoing impact of COVID-19 will prove to be less accurate than for “normal” years. The table below shows the value of the retained business rates separately for further information and sensitivity analysis for further potential scenarios is set out in the tables in paragraph 16.8.

**Table 8.2.1 Total Funding including RSG, New Homes Bonus, Business Rates and Council Tax**

Year	Revenue Support Grant £	Business Rates £	New Homes Bonus £	Council Tax £	Total £
2017-18	553,300	2,920,240	1,910,300	6,783,860	12,167,700
2018-19	100,680	3,282,070	1,272,700	7,004,100	11,659,550
2019-20	0	3,997,920	906,100	7,234,190	12,138,210
2020-21	0	3,341,180	261,530	7,445,500	11,048,210
2021-22	0	2,869,590	239,960	7,578,210	10,687,760
2022-23	(356,790)	2,898,290	63,390	7,792,970	10,397,860
2023-24	(356,790)	2,927,270	0	8,009,740	10,580,220
Total	(59,600)	22,236,560	4,653,980	51,848,570	78,679,510

**This table does not include the collection fund deficit or COVID Tax guarantee grant**

**New Homes Bonus**

- 8.3 New Homes Bonus grant in 2019-20 was paid on the basis of 4 years’ award; there was no grant paid for baseline growth below 0.4% for the annual grant award for 2018-19 to 2020-21. However, the probability is that New Homes Bonus funding will not continue in its current form in 2022 and beyond. Current assumptions are that

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only legacy payments will continue past 2021-22. Notwithstanding these downward revisions, this council's entitlement to New Homes Bonus has been marginal since 2018-19 and so this funding stream reduces significantly over the MTFS as shown below.

<b>Table 8.3 NHB Forecast for new MTFS</b>	<b>2019/20 Total Budget</b>	<b>2020/21 Total Budget</b>	<b>2021/22 Total Budget</b>	<b>2022/23 Total Budget</b>	<b>2023/24 Total Budget</b>
NHB YEAR 6 2016/17 PAID UNTIL 2019/20 (4 yrs)	673,410				
NHB YEAR 7 2017/18 PAID UNTIL 2020/21 (4 yrs 80%)	30,730	30,730			
NHB YEAR 8 2018/19 PAID UNTIL 2021/22 (4 yrs 50%)	138,570	138,570	138,570		
NHB YEAR 9 2019/20 PAID UNTIL 2021/22 (4 yrs 50%)	63,390	63,390	63,390	63,390	
NHB YEAR 10 2020/21 ONE YEAR ONLY		28,840			
NHB YEAR 11 2021/22 ONE YEAR ONLY*			38,000		
	906,100	261,530	239,960	63,390	0
*estimate subject to confirmation					

- 8.4 New Homes Bonus will continue as part of the one-year Settlement for 2021-22: a modest funding allocation should be receivable and this will be reflected once known. The arrangements for allocation of New Homes Bonus (NHB) funding pose a serious challenge to future financial sustainability for this and many other councils as the Council uses the bonus to fund its revenue activities, including important work on economic regeneration and development. This is even more significant given the (delayed) transition to the new funding model where business rates growth is of increased importance. The impact of the introduction of the national baseline in 2018 of 0.4%, below which funding allocations will not be made, has had a severely detrimental impact on this Council's funding. This has been exacerbated by a slowdown in the housing growth within the district.
- 8.5 Since introduction of the scheme housing growth has been within a range of 194 to 599 of the council tax base. This has given rise to NHB as shown in Table 8.5:

<b>Table 8.5 Year NHB Paid</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Additional Properties	464	192	227	227	186	206
Change in Long term Empties	135	2	21	21	14	-2
<b>Net New Properties for NHB</b>	<b>599</b>	<b>194</b>	<b>248</b>	<b>248</b>	<b>200</b>	<b>204</b>
<b>Change for 2017/18</b>						
Number of Band D Equivalents		176	244	209	159	187
Deduct Baseline 0.40%		163	165	166	167	168
<b>Net New Properties for NHB</b>		<b>13</b>	<b>79</b>	<b>43</b>	<b>-8</b>	<b>19</b>
NHB fundign Year £000	673	31	139	63	0	0*
Cumulative NHB Grant £000	2,358	1,910	1,273	906	262	240
*no funding assumed until Provisional one-year settlement announced						

\*For 2017/18 NHB the 0.4% baseline meant that out of total growth of 176 properties only 13 qualified for NHB grant funding

\*\* Payments of NHB grant are based on additional properties in the prior 12 months so additional properties refer to performance in prior year

- 8.6 The estimation of additional properties giving rise to NHB has been undertaken by the forward planning and council tax teams in liaison with finance officers. The results are shown in the table below:

<b>Table: NHB Additional Properties</b>	2017-18	2018-19	2019-20	2020-21	2021-22
Estimated Completions	176	244	209	159	187
Estimated Baseline	163	165	166	167	168
Estimated No attracting NHB	13	79	43	0	19

- 8.7 The amount of NHB (and also council tax) that the Council receives is sensitive to the timing of housing completions and a significant proportion of future income is therefore dependent on receipt of large scale residential applications and the pace at which developers build-out their sites. Housing completions in the district have slowed down in recent years as existing major sites are developed; it could also be due to uncertainty created by Brexit and the COVID pandemic. The assumed, optimistic and pessimistic projections presented in Table 8.7 illustrate the potential volatility inherent with this funding stream.

Table– Assumed Growth in Housing and Sensitivity of NHB Receivable				
£'000	2019-20	2020-21	2021-22	2022-23
Net additional no of properties	209	159	187	190
NHB Grant Payable (£'000)	166	0	0	0
<b>Cumulative NHB (ASSUMED)</b>	<b>906</b>	<b>233</b>	<b>240</b>	<b>63</b>
Cumulative NHB (optimistic) + 5%	951	245	252	66
Cumulative NHB (Pessimistic) -5%	861	221	228	60

- 8.8 Business Rate projections based on the 50% revised Worcestershire pooling agreement for 2020-21 continuing into 2021-22 are shown in table 8.8 below. These take into account the Council's share of forecast growth from major redevelopments, appeals, reliefs, economic regeneration work, forecast increases in the multiplier for inflation and other Business Rates market intelligence. These estimates may require updating following the final confirmation/decision regarding Pool membership and also completion of the statutory 2021-22 estimates for the MHCLG in January 2021. The Table below shows the revised assumptions and growth assumed in this budget report.

**Table 8.8.1- Revised Value of Retained Business Rates (before spread of 2020-21 deficit/Covid Tax Guarantee grant)**

Year	Value of Retained Business Rates (including future forecasts)	Growth	Average Annual Growth
	£	£	%
2013-14	2,435,300		-
2014-15	2,300,280	(135,020)	-5.5%
2015-16	2,547,610	247,330	10.8%
2016-17	2,802,660	255,050	10.0%
2017-18	2,920,240	117,580	4.2%
2018-19	3,282,070	361,830	12.4%
2019-20	3,997,920	715,850	21.8%
2020-21	3,341,180	(656,740)	-16.4%
2021-22	2,869,590	(471,590)	-14.1%
2022-23	2,898,290	28,700	1.0%
2023-24	2,927,270	28,980	1.0%
Total	32,322,410	491,970	1.5%

Due to COVID-19 the government has deferred progression of the Fair Funding Review and the introduction of the 75% retention of locally collected rates until further notice. This additional revenue should replace reductions in RSG and New Homes Bonus but is likely to come with additional responsibilities that give rise to additional costs. At this point in time it is not possible to calculate the effects of any change as not enough details are known. This will be covered in a future MTFS. The optimistic view in Table 8.8.2 reflects the limited perceived upside over the period of the MTFS. The downside risk is limited by the membership of the Worcestershire Business Rates Pool.

Table 8.8 - Projected local share of Business Rates Based on Worcestershire Pool Arrangements				
£'000	2020-21	2021-22	2022-23	2023-24
<b>As Modelled (ASSUMED)</b>	<b>3,341</b>	<b>2,870</b>	<b>2,898</b>	<b>2,927</b>
As Modelled +2.5% (optimistic)	3,425	2,942	2,970	3,000
As Modelled -7.5% (pessimistic)	3,090	2,655	2,681	2,707

### Other Key Operational Assumptions

- 8.9 The Council's 'Net Service Expenditure' is the total amount spent on services, offset by income associated with the provision of those services such as planning fees receivable, income generated by the Council's car parks, or service specific grant income. The basis of the Council's projected Net Service Expenditure is the 2020-21 budget. This is adjusted for known 'one-offs' (income or expenditure arising in 2020-21 only) and then appropriate inflation rates are applied. Finally, further allowances are made for material changes in service income or cost on the basis of discussion with the relevant Service Managers. For 2020-21 onwards budgets have also been reviewed in order to identify both one-off and ongoing efficiencies that can be made in order to balance the Council's finances over the medium to long term.

- 8.10 Other key operational assumptions are as follows:

#### Expenditure Pressures

Additional expenditure may be unavoidable due to the ongoing impact of COVID-19, policy, legislative or commercial pressures. Where material and anticipated at this stage these cost increases (or reductions in income) are incorporated into the MTFS

The projections include amounts relating to benefit subsidies.

#### Sensitivity of estimates

Many individual elements within the Council's operational income and expenditure can be financially volatile. For example, a relatively few major planning applications can generate the bulk of fee income. However, the demand for services can generally be anticipated and, on a portfolio basis, the cost of services is both relatively stable and manageable. It is therefore considered reasonable to apply an overall sensitivity to Net Service expenditure of 2.5% either way, as set out below:

Table 8.10 - Projected Net Service Expenditure				
£'000	2020-21	2021-22	2022-23	2023-24
<b>As Modelled (ASSUMED)</b>	<b>11,742</b>	<b>12,340</b>	<b>11,679</b>	<b>12,207</b>
As Modelled +2.5% (pessimistic)	12,036	12,649	11,971	12,512
As Modelled -7.5% (optimistic)	10,861	11,415	10,803	11,291

## 9. **BUDGET CONSULTATION RESULTS**

- 9.1 The Budget Consultation survey was launched on the 11<sup>th</sup> November and ran until the 10<sup>th</sup> December 2020. The results of this consultation are set out below and have informed the proposals in this report.
- 9.2 A total of 894 respondents accessed the consultation. A summary of the responses (top two categories of response) is shown below. A full list of the questions and more detailed analysis is available in Appendix 6.

**Question 2: Localism** - "Wyre Forest District Council should look to transfer assets and responsibility for more discretionary services."

13% Strongly agree  
42% Agree

**Question 3: Shared Services-** *To what extent do you agree with the following statement:*

"Wyre Forest District Council should explore developing shared services with councils or other organisations."

30% Strongly agree  
44% Agree

**Question 4: Outsourcing to the Private Sector-** *To what extent do you agree with the following statement:*

"Wyre Forest District Council should consider outsourcing some services to the private sector."

30% Disagree  
33% Strongly Disagree

**Question 5: Developing a joint Local Plan** - *To what extent do you agree or disagree with the following statement:*

"Wyre Forest District Council should look to work with other neighbouring authorities to develop a joint Local Plan."

32% Strongly agree  
47% Agree

**Question 6: Wyre Forest House** - *How strongly do you agree or disagree with the following statement:*



"Wyre Forest District Council should commission a full business case exploring the future of Wyre Forest House."

43% Strongly agree

41% Agree

**Question 7: Reducing the number of councillors** - To what extent do you agree or disagree with the following statement:

"Wyre Forest District Council should pursue a Boundary Commission Review with a view to reducing the number of elected members."

43% Strongly agree

35% Agree

**Question 8: Management review and restructure** - To what extent do you agree or disagree with the following statement:

"Wyre Forest District Council should undertake a wholesale management review and restructure to reduce the number of managers and related costs once the change programme has been implemented."

48% Strongly agree

44% Agree

**Question 9: Council Tax**

Would you be prepared to pay a few more pounds each year for district council services?

59% Yes

41% No

**Question 10: Council Tax-** How much extra would you be willing to pay?

Would you be prepared to pay an extra 40-50p a week for district council services?

97% Yes

3% No

- 9.3 The Council continues to engage with the public, staff, other Members and various stakeholders in setting the direction of the Council. In these times of financial uncertainty, difficult choices will be required on selective reductions in costs in line with the Council's priorities. The consultation undertaken this year has helped to inform the Cabinet's Proposals. The total number of people taking part in the budget consultation is much higher than last time (894 versus 613 responses) and can be considered to be a representative sample of overall public opinion.
- 9.4 The questions received support with a minimum of 55% supporting or strongly supporting every proposal except in respect of outsourcing to the private sector where 63% disagreed or strongly disagreed with the proposal. The proposal that received the strongest support was to undertake a wholesale management review and reduce the number of managers and related costs once the change programme has been implemented with 92% of respondents either supporting or strongly

supporting this proposal. It is also encouraging to note that 97% would be prepared to pay a few more pounds each year for district council services, however the current referendum limits prevent this being progressed. The indicative work programme set out in the table at paragraph 6.21 reflects the results of this budget survey with outsourcing of services to the private sector identified as the least preferred option.

## **10. CABINET PROPOSALS**

- 10.1 This section presents the Cabinet's proposed spending plans for the next three years.

### **Council tax**

For five of the nine years between 2011 and 2020, the district council's element of council tax was frozen. At Band D, the district council's element of council tax increased from £197.62 in 2010-11 to £219.34 in 2020-21, an increase of £21.72 or 11% significantly lower than inflation across that period. Inflation as measured by CPI is running well under 2% at 0.9% at present (1.5% as at October 2019). It is not expected to rise significantly by the time the Council sets council tax for 2021-22 at the end of February.

It is proposed that the Wyre Forest element of council tax will be increased by £5 pa or 2.28% for 2021-22 and a further £5 pa for 2022-23 onwards. In the probably unlikely event that as part of the Final Settlement greater flexibility for a higher increase is allowed, then the proposed increase will be revised to reflect the highest level that does not trigger a referendum. The increase in the District Council's tax from 2010-11 to 2021-22 taking into account the latest proposal is only 13.5% compared to a CPI increase of 21.3% between 2010 and 2020 demonstrating that households within Wyre Forest have enjoyed sub inflation increases across that period.

### **Fees and Charges**

All services were asked to consider relevant changes to fees and charges and the potential additional income this could generate. The risk of failing to optimise income due to elasticity of demand, changing economic circumstances and the emergence of competition was evaluated. As a result, some fees and charges have been frozen or increased by less than the average of 5%. The proposals for 2021-22 show that 63% of Fees and Charges will be frozen whilst a further 11% are to be increased but below the general 5%.

Car parking charging policy was reviewed last year and the approved simplified approach that included for the first time a regime of seasonal charging for Stourport and Bewdley has been reflected in this report. These changes were set out in detail in the report to Overview and Scrutiny Committee on 5<sup>th</sup> December 2019 and a freeze for 2021-22 was proposed and subsequently agreed by Cabinet:

[http://www.wyreforest.gov.uk/council/docs/doc55246\\_20191205\\_o\\_and\\_s\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc55246_20191205_o_and_s_agenda.pdf) .

## Spending proposals

- 10.2 The Cabinet Proposals build on the strategic policy context agreed at Cabinet in November 2020 to transform the Council to become a smaller organisation utilising a range of service delivery models that are more financially viable than at present to preserve key services whilst reducing the funding gap. The proposals also reflect the fact that, whilst income generation will be a smaller part of the funding gap solution, it continues to remain important and a top-up of the generic capital funding for commercial activity is proposed. This year there are just two Cabinet proposals as follows:

10.2.1 Approval of a further programme of phased savings for the strategic repositioning of the Council from the **Wyre Forest Forward Savings Programme as set out in table 6.21 of £0.8m in 2021-22, £1.2m in 2022-23, £1.5m in 2023-24 and thereafter.** Severance costs arising from this transformation forward work programme will be met from the Innovation Fund.

10.2.2 Approval of **£200k generic capital budget to support expansion of the Council's income generating activity** to supplement revenue funding from the Innovation Fund of £200k in 2021-22, to be funded from prudential borrowing with the revenue costs met from within approved financially viable business cases.

- 10.3 There are two Cabinet Proposals this year as set out in 10.2.1 and 10.2.2 above, one for revenue savings and one for a modest capital budget with revenue costs to be met from proposals.
- 10.4 The following table demonstrates the forecast position for the Council when all of the Cabinet Proposals are incorporated into the Base Budget. The Council is forecast to hold a balance of £1,866k at the end of 2023-24 (see reserves table in 11.2):

**Table 10.4 – Revised Forecast Financial Position including Cabinet Proposals (before Finance Settlement)**

	<b>Revised 2020-21 £</b>	<b>2021-22 £</b>	<b>2022-23 £</b>	<b>2023-24 £</b>
Net Expenditure on Services (per Appendix 2)	14,456,490	13,052,030	12,007,210	12,535,190
COVID Support grants	(2,714,530)	(711,770)	(327,830)	(327,830)
<b>Total Net Expenditure on Services (per Appendix 2)</b>	<b>11,741,960</b>	<b>12,340,260</b>	<b>11,679,380</b>	<b>12,207,360</b>
<u>Less</u>				
Cabinet Proposals	0	(800,000)	(1,200,000)	(1,500,000)
Net Expenditure	11,741,960	11,540,260	10,479,380	10,707,360
Contribution (from)/to Reserves	(763,970)	(1,257,330)	(450,350)	(495,970)
<b>Net Budget Requirement</b>	<b>10,977,990</b>	<b>10,282,930</b>	<b>10,029,030</b>	<b>10,211,390</b>
<u>Less</u>				
Revenue Support Grant	0	0	(356,790)	(356,790)
Business Rates	3,341,180	2,869,590	2,898,290	2,927,270
New Homes Bonus	261,530	239,960	63,390	0
Collection Fund Deficit	(70,220)	(404,830)	(368,830)	(368,830)
Council Tax Income	7,445,500	7,578,210	7,792,970	8,009,740
WFDC Council Tax: £5 increase per annum	<b>219.34</b>	<b>224.34</b>	<b>229.34</b>	<b>234.34</b>
Percentage increase in Council Tax	2.39%	2.28%	2.23%	2.18%

- 10.5 The Cabinet proposals identified in Section 10.2 build on the savings identified within all previous Financial Strategies and include cost reduction items to help progress the Council towards financial self-sufficiency.

## 11. **WORKING BALANCES, RESERVES AND PROVISIONS**

- 11.1 The Council has adopted the general principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Local Authority Reserves and Balances.
- 11.2 The following Reserves are available to assist the Council in meeting General Fund Expenditure 2021-24 as part of the Financial Strategy predicated on the generic savings shown in table 7.3 being achieved.

**Table 11.2 - New Reserves (available for the MTFS) table after Cabinet Proposals**

<b>Reserves Statement</b>	<b>Revised 2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>	<b>2023-24 £000</b>
Reserves as at 1st April	4,834	4,070	2,812	2,362
Release of Earmarked Reserves to General Reserves	0			
Contribution to/(from) Reserves	(764)	(1,257)	(450)	(496)
<b>Reserves as at 31st March</b>	<b>4,070</b>	<b>2,812</b>	<b>2,362</b>	<b>1,866</b>

- 11.3 In addition, the Council holds a working balance of £1.2m. An external report by Link Asset Services in late 2018, advised that we considered increasing the working balance up to £1.5m. Currently, £1.2m is considered to be adequate taken together with earmarked reserves held; this may be increased from any easing of cost

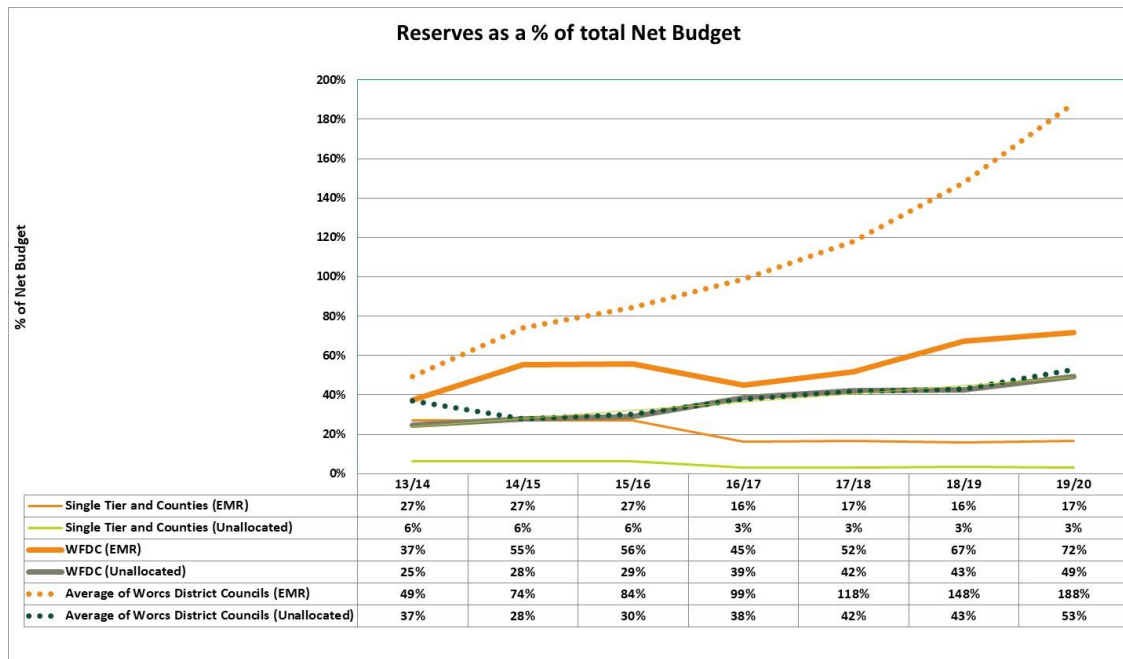
pressures, should they arise, as part of the Final Accounts process, to provide additional risk mitigation and the position will continue to be kept under review.

- 11.4 The Council also currently holds earmarked reserves of £8.473m (as at 20<sup>th</sup> November 2020). It should be noted that the Council has commitments against such earmarked reserves and the forecast balance after commitments is £7.051m. General Risk and Innovation Fund Reserves are also held and the MTFS includes proposals to replenish these two reserves as set out in paragraph 6.6. The level of both of these reserves will be reconsidered as part of the Final Accounts process. A Planned Property Maintenance reserve was created last year by taking 20% of the net proceeds from Capital Portfolio purchases to help mitigate future unknown risk.
- 11.5 The following graph shows that both our general unallocated reserves (including the working balance) and our levels of earmarked reserves are a relatively small percentage of our annual net revenue budget. It also shows that our reserve levels are falling below those held by other district councils.

The anomalies in accounting for the current Business Rates Retention System caused a spike in the earmarked reserves for 2014-15 and 2015-16 due to increased reserves for appeals, which we have been obliged to allocate at the external auditor's request. We should be mindful that these EMRs are for specific purposes and are likely to be required. In the extremely unlikely event that they were all imprudently released for revenue expenditure they would not cover even 6 months' expenditure.

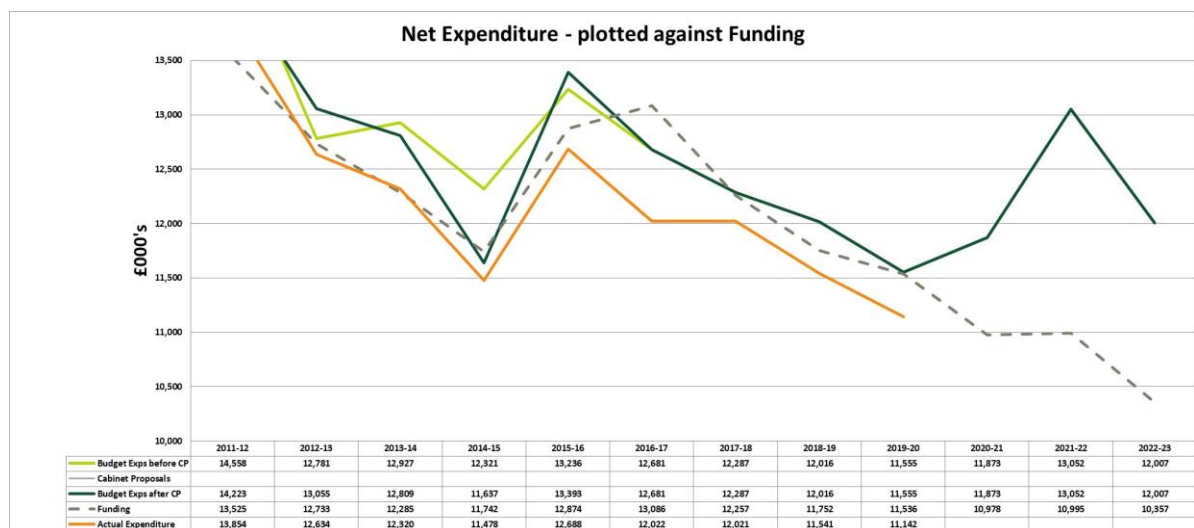
This analysis, together with the diminishing reserves shown in the table in 11.2, means this Council has extremely limited capacity to draw further on reserves to meet extra costs/further funding reductions. Indeed, with increased financial risk there is pressure to hold larger reserves to mitigate the impact of potential service reductions. The increase in earmarked reserves at the end of 2019-20 is in response to the prevailing uncertainty and risk.

**Figure 11.5 Graph to show Reserves as a Percentage of Net Budget Actuals**



11.6 The following graph shows the net expenditure against available funding (excluding reserves) and illustrates the increasing funding gap as the years progress.

**Figure 11.6 Revised Graph to show Net Expenditure compared to Funding 2011-12 to 2021-23**



## 12. CAPITALISATION OF REVENUE EXPENDITURE

12.1 The Chief Financial Officer will apply any unallocated Capital Receipts to fund suitable expenditure at year end in consultation with the Chief Executive in accordance with delegated authority.

12.2 No applications have been made for capitalisation directions for 2020-21.

- 12.3 There is an extant Government direction allowing capitalisation of revenue transformation costs that could potentially include severance costs planned to be met from the Innovation Fund as part of this MTFS proposal. However this will not be pursued as no capital receipts are available to fund such expenditure.

**13. FINANCE STRATEGY**

- 13.1 The Council needs a Medium-Term Finance Strategy to maintain a sound financial structure for the future.

- 13.2 The Key Objectives are proposed as follows:

- a. To reduce expenditure to a sustainable level.
- b. A balanced budget within resources available identified into the medium term taking into account the ongoing impact of the COVID-19 pandemic.
- c. To manage the Council's assets in order to achieve maximum efficiency.
- d. To manage the Council's investments efficiently and effectively to maximise interest generation, whilst protecting principal.
- e. To make realistic provisions for inflation, pensions, committed growth and legislative requirements whilst securing the Council's financial position.
- f. To set aside any available balances, initially to be used primarily for "one-offs" (e.g. investment, service or corporate growth) and/or depending on the amount of balances, used in a phased manner beyond one year to avoid fluctuations in the level of the Council Tax.
- g. To ensure the early recognition of emerging issues associated with assessment of risk and appropriate management of the budget process in relation to the assessment of the degree of risk.
- h. To direct available financial resources in line with approved service priorities and reallocate from low/nil priority areas in line with Council Policy to maximise achievement of approved Key Commitments.
- i. For Council Tax increases the aim should be to keep to a maximum increase of about 2% or £5, whichever is the higher, and below the point at which a referendum would be triggered. If as part of the Final Settlement flexibility up to a 3% increase is allowed, then the proposed increase will be revised to reflect this.
- j. Maximise external income generation opportunities.
- k. To adopt new/innovative service delivery options to facilitate a more commercial approach and economic regeneration, utilising capital investment where this is shown to be viable in the relevant business case proposals. This includes continued progression of the development loans fund and capital portfolio fund balancing risk against reward.

**14. POWERS TO LIMIT EXCESSIVE INCREASE IN COUNCIL TAX AND REFERENDUMS**

- 14.1 The Localism Act abolished the ability for central government to cap the level of Council Tax increase that a local authority can charge. However, to replace these powers government have introduced a 'local tax lock'.

- 14.2 These powers allow local people a vote to stop council tax going up if their local authority increases Council Tax by more than an amount specified by government. If the local electorate votes against that increase, the local authority will have to revert to a council tax level that is compliant. For this report it has been assumed that any increases in 2021-22 above 2% or £5, whichever is the higher, would trigger a referendum. If as part of the Final Settlement flexibility up to a 3% increase is allowed, then the proposed increase will be revised to reflect this.
- 14.3 Since Spending Review 2015 a Council's tax raising abilities have been taken into account when determining the balance of Central resources to be allocated. The shortfall in revenue raised by a tax increase below the maximum permissible level has to be wholly funded locally.

**15. EQUALITY IMPACT NEEDS ASSESSMENT (EIA)**

- 15.1 EIAs will be undertaken as appropriate as part of reviews of service delivery arrangements and implementation of new models. There are no proposals in this report that require an assessment, because of their generic nature.

**16. BUDGET RISK MANAGEMENT AND SENSITIVITY ANALYSIS**

- 16.1 Achieving ongoing financial sustainability is the most significant risk facing the Council. The work done by the Strategic Review Panel will provide a range of ideas for the Cabinet to consider in making its recommendations on the Medium Term Financial Strategy.
- 16.2 The Accounts and Audit Regulations 2015 require Local Authorities to fully consider and manage Risk as part of the Budget process. Attached at Appendix 5 is an analysis of the significant financial risks which are affecting the Council.
- 16.3 All local authorities are required to formalise their approach to risk management and evidence it more directly as part of the budgetary process. This requirement has arisen as a result of:-

- a. *Regulation 3 of the Accounts and Audit Regulations 2015 state that:*  
"A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk."

In addition Regulation 4 of the Accounts and Audit Regulations 2015 also state that:

"The financial control systems determined must include measures to ensure that risk is appropriately managed".

- b. *Prudential Framework:-*  
The assessment of affordability of financial plans requires a judgement about risk. Prudential Indicators are the monitoring tool to assess performance and risk.



*c. CIPFA Guidance on Reserves and Balances:-*

Highlights the need to consider risks facing the authority; the risks posed by the continuing austerity measures place pressure on the Council to hold higher levels of reserves to ensure ongoing sustainability.

- 16.4 In late October 2019 CIPFA issued a Financial Management Code (FM Code) which provides guidance for good and sustainable financial management in local authorities and will provide assurance that authorities are managing resources effectively. The first full year of compliance will be 2021-22. This reflected the recognition that organisations will need time to reflect on the contents of the code and could use 2020-21 to demonstrate how they are working towards compliance. However, the extra resource requirement as a result of COVID-19 has meant the work is yet to commence. This will link to the Financial Resilience Index information also to be provided by CIPFA. CIPFA issued Guidance on Prudential Property Investment in Mid November 2019 including a detailed methodology on how authorities could calculate whether their property investments are proportional to the size of their revenue budgets. The calculations for the Council will be included within the reporting on the levels of adequate reserves to cover off risk as part of the S151 Officer's report in February.
- 16.5 Assumptions used in this MTFS are as set out in sections 6 and 7 and the overall sensitivity analysis is set out below. The base budget makes no allowance for headroom for additional investment in priorities. In summary, other pressures not yet known and/or not taken into account at this stage are:
- COVID-19 any additional costs that are not yet known.
  - Leisure Centres – further unknown costs arising from the recovery of this sector on our local contract.
  - Exit from the European Union/Brexit – the Strategy assumes a neutral financial impact over the MTFS
  - Potential nationalisation of land charge searches by 2023.
  - Future impact of welfare reforms including rising number of pensioners.
  - Pressure to hold higher reserves because of higher risks/decreased funding.
  - Emerging/unknown implications of Worcestershire County Council decisions.
  - Impact of the Government's Waste Strategy.
  - Emerging/unknown impact of the Spending Review
  - Impact of the ongoing claims for mandatory business rates relief by Acute Hospitals Trust
- 16.6 The financial projections suggest deficits in funding across all three years under consideration, leading to an overall projected net deficit over the three years of some £2.56m. In broad terms this can be explained by the combination of ongoing forecast COVID cost pressures and reduced income not met by government grant, and reductions in Revenue Support Grant and New Homes Bonus receipts.
- 16.7 The deferred Business Rates baseline reset, likely to be post 2022, could result in a reduction in the ability to retain business rates growth and therefore there is a risk this will impact adversely on our overall funding position.

**Sensitivity Analysis**

- 16.8 The following tables summarise the Assumed, Pessimistic and Optimistic amounts for key elements of the Council's income and expenditure for each year of the MTFS.

The "Extreme" totals represent the unlikely situations where all the aspects of the Council's finances are either positive or negative. In reality management would take action to address expenditure at the point in time that significant shortfalls in income were identified. The tables do however show the sensitivity (and therefore the risk) relating to key areas and the difference between the optimistic and pessimistic assumptions for example New Homes Bonus illustrates the sensitivity of the overall financial projections to these underpinning assumptions:

<b>Table 16.8.1 Sensitivity Summary 2021-22</b>					
Description	<i>Pessimistic</i>		<i>Assumed</i>	<i>Optimistic</i>	
	£000	£000	£000	£000	£000
INCOME					
Council Tax	7,483	95	7,578	0	7,578
RSG	0	0	0	0	0
Business Rates	2,655	215	2,870	215	2,655
New Homes Bonus	228	12	240	(12)	252
EXPENDITURE					
Net Service Expenditure	12,649	309	12,340	(925)	11,415
Extreme Adverse Circumstances		631			
Extreme Positive Circumstances				(722)	

<b>Table 16.8.2 Sensitivity Summary 2022-23</b>					
Description	<i>Pessimistic</i>		<i>Assumed</i>	<i>Optimistic</i>	
	£000	£000	£000	£000	£000
INCOME					
Council Tax	7,603	190	7,793	0	7,793
RSG	(464)	107	(357)	(107)	(250)
Business Rates	2,681	217	2,898	217	2,681
New Homes Bonus	228	(165)	63	(3)	66
EXPENDITURE					
Net Service Expenditure	11,971	292	11,679	(876)	10,803
Extreme Adverse Circumstances		641			
Extreme Positive Circumstances				(769)	

<b>Table 16.8.3 Sensitivity Summary 2023-24</b>					
Description	<i>Pessimistic</i>		<i>Assumed</i>	<i>Optimistic</i>	
	£000	£000	£000	£000	£000
INCOME					
Council Tax	7,724	286	8,010	0	8,010
RSG	(464)	107	(357)	(107)	(250)
Business Rates	2,707	220	2,927	220	2,707
New Homes Bonus	0	0	0	0	0
EXPENDITURE					
Net Service Expenditure	12,512	305	12,207	(916)	11,291
Extreme Adverse Circumstances		918			
Extreme Positive Circumstances				(803)	

## 17. LOCAL GOVERNMENT ACT 2003

- 17.1 Local Government Act 2003 (Sections 25-29) places duties on Local Authorities on how they set and monitor budgets.
- 17.2 Sections 25-27 require the Section 151 Officer to report on the robustness of the estimates and the adequacy of its proposed financial reserves. This will be reported

to Cabinet on 9th February 2021 and form part of the Council report on 24th February 2021.

- 17.3 Section 28 places a statutory duty on an authority to review its budget from time to time during the year. If the Budget Monitoring Report shows that there has been deterioration in the Authority's financial position, the authority must take such action as it concludes necessary. The Council currently reviews the Budget on a quarterly basis, with CLT/Cabinet receiving monthly budget monitoring reports, and this practice will continue.

**18. CONSULTEES**

- 18.1 Corporate Leadership Team  
18.2 Cabinet

**19. BACKGROUND PAPERS**

- 19.1 Accounts and Audit Regulations 2015  
19.2 Agendas and Minutes of the Strategic Review Panel from October 2020 onwards  
19.3 Cabinet Report on updated Capital Strategy 2021-31 also on this agenda  
19.4 Budget Consultation Results  
19.5 Spending Review 2020 November 25<sup>th</sup> 2020  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938054/SR20\\_print.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938054/SR20_print.pdf)  
19.6 Corporate Plan 2019-23  
<https://www.wyreforestdc.gov.uk/media/4734748/CorporatePlanJPEG.JPG>.  
19.7 Cabinet 10<sup>th</sup> November 2020 Financial and Strategic Policy Context for the Medium Term Financial Strategy  
[http://www.wyreforest.gov.uk/council/docs/doc56166\\_20201110\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc56166_20201110_cabinet_agenda.pdf)

APPENDIX 1 – MTFs – DELIVERY OF CORPORATE PRIORITIES.

1. SUMMARY OF HIGHLIGHTS OF COUNCIL'S PROGRESS IN DELIVERY OF ITS CORPORATE PRIORITIES

These highlights of what has been achieved demonstrate how the Council has been delivering its priorities and strategic actions as set out in the current corporate plan 2019-23. The outcomes we have achieved in the last 12 months or so also feature in the following table:

**Priority: Supporting a successful local economy**

	<b>What we've done</b>
Working with partners to create the conditions and certainty to foster a growing and sustainable local economy	Worked with Worcestershire partners and both Local Enterprise Partnerships to support businesses through the Coronavirus pandemic, distributing grants and providing access to support and funding opportunities. Enabled the successful establishment of the Kidderminster Business Improvement District (BID). Working as part of River Severn Partnership to develop projects as part of the catchment wide area.
Bringing forward regeneration and development opportunities and the infrastructure to support them	Development Agreement in place with Cordwell to deliver a cinema led leisure development of the site. Successful Expression of Interest submitted to the National Lottery Heritage Enterprise Fund for gap funding to bring the former Magistrate's Court and indoor market building back into a positive use. This also forms part of the bid to Future High Streets Fund for Kidderminster town centre for which the full business case was submitted in June 2020; includes proposals for Crown House site, former Magistrates' Court building and Bromsgrove Street car park. Successfully supported the demolition of Crown house and surrender of lease which was completed in the first half of 2020. New Railway Station Ticket Office and forecourt works completion in summer 2020 and brought into service in June. Contract completed with Homes England for £2.7m Housing Infrastructure Fund contribution towards Churchfields highways works which is expected to be complete by early 2021

APPENDIX 1 – MTFS – DELIVERY OF CORPORATE PRIORTIES.

	<b>What we've done</b>
	Disposed of land in Stourport in support of new medical centre facility which began construction in summer 2020 and is expected to be completed by summer 2021.
Creating new job opportunities and improving skills	Continuing to run the successful 'Opening Doors to Business' event for local schools. Monthly updates of District at Worcestershire Business Leaders. Eighth year of support for new apprenticeships to enable employers to cover the costs of employing them. Through the NWEDR team in liaison with GBSLEP Growth Hub a North Worcs Business Advisor appointed to support businesses.
Helping new businesses to start up and existing businesses to grow	<p>In 2019/20  42 entrepreneurs received business start-up advice which has resulted in 4 new business start-ups  15 businesses have accessed grants totalling £20,671  EU funds:  29 businesses accessed £667,093 worth of grant funding including 3 businesses being awarded grants of £100,000 – Beakbane Ltd, TruLine Expanded Products Ltd and D-Zine Furnishing Solutions Ltd.</p> <p>In 2020/21 to date:  13 entrepreneurs received business start-up advice. No new business start-ups have been reported this year.  7 businesses have accessed grants totalling £15,464</p> <p>EU funds:  8 businesses accessed £190,846 worth of grant funding.</p>
Promoting the District as a great place to invest in, live in and visit	<p>Continue to grow the Business Ambassador Scheme;  North Worcestershire Annual Business Awards gala evening held in November 2019.</p> <p>Work in partnership with Worcestershire LEP Inward Investment team to facilitate relevant enquiries from internal and external businesses.</p>

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	<b>What we've done</b>
	<p>Worked successfully with GBSLEP Growth Hub to facilitate a dedicated North Worcestershire Business Growth officer to work alongside NWEDR.</p> <p>Adoption of the North Worcestershire Economic Growth Strategy.</p>

	<b>What outcomes we've achieved</b>
A community with lower unemployment and improved skills	<p>Claimant count 6.2% in September 2020 which is higher than the Worcestershire average (5.4%) but below the regional and average (7.3%) and national average (6.4%).</p> <p>However, it is worth noting that this figure is nearly 3x the figure at the same time last year.</p>
A diverse and well connected economy with vibrant and successful town centres	<p>Completion of phase 2 of town centre public realm works of £1m opening up of Worcester Street to traffic with on street parking.</p> <p>Submission of final business case to Future High Streets Fund to bring about transformation of Crown House, Magistrates' Court and Bromsgrove Streets sites.</p> <p>Completion of new Rail Station and forecourt area.</p> <p>Successful establishment of BID for Kidderminster.</p> <p>Appointment of HemingwayDesign to assist the development of a Kidderminster 2040 vision.</p>
Increased visitor opportunities	<p>Bewdley Museum has been awarded a Certificate of excellence for the 2019-20 season which will make it the fourth year running. Visitor numbers in 2018-19 season closed at 204,186 which was 13,090 ahead of the previous year. This year to November 20<sup>th</sup> we are at 206,108 which means we exceeded our numbers for the total visitors last season and are currently 11,922 ahead at the same time last year.</p>
Redevelopment of redundant and under-used land and buildings	<p>Development Agreement in place with Cordwell to facilitate cinema led leisure development on former Glades leisure</p>

APPENDIX 1 – MTFS – DELIVERY OF CORPORATE PRIORTIES.

	<b>What outcomes we've achieved</b>
	<p>centre site, but impacted by Covid-19 delaying delivery until 2021 at the earliest. Demolition of Crown House completed in first half of 2020.</p> <p>Construction of new industrial units on former Frencos site due for completion in by end of December 2020.</p> <p>Completion of agreement with development partner to purchase 6 new industrial units off Silverwoods Way with construction due to start in early 2021.</p> <p>Supported developer with Development Loan Fund to assist delivery</p>
Improved infrastructure	<p>Silverwoods Way (Hoobrook link road) opened September 2016. All vacant plots now have proposed residential, food and beverage or employment use proposals. Attracted £2.7m Housing Infrastructure Fund monies to support c£6m highway infrastructure scheme to open up brownfield land at Churchfields for residential development.</p> <p>New Rail Station building and forecourt completed in June 2020.</p>

**Priority: A clean and green living environment**

	<b>What we've done</b>
Creating a greener and cleaner local environment	<ul style="list-style-type: none"> <li>• Maintained high levels of street cleansing both mechanical and manual to ensure roads and streets remain clean and litter free</li> <li>• Increased cleansing regimes within the three towns providing specialist cleansing of street furniture for example benches</li> <li>• Undertaken a number of area deep cleans</li> <li>• Worked in partnership with key fast food providers on street clean up initiatives and subway improvements.</li> <li>• Maintain 400 acres of nature reserves and 600 acres of Parks and Open Green Spaces.</li> <li>• Burlish Top nature reserve project 3 new ponds 10 new wild flower</li> </ul>



APPENDIX 1 – MTFS – DELIVERY OF CORPORATE PRIORTIES.

	What we've done
	<p>areas and the establishment of sustainable ecological management. The cleaning of new area of tipped waste in preparation of opening the land to the public late 2020. Development proposal for a masterplan to develop this site to include a café, retail offer, trails and activities, education programme and visitor centre. To market this reserve to local people and tourists to maximise use of the exceptional space and raising awareness and use of our reserve.</p> <ul style="list-style-type: none"> <li>• Burlish Top - A new off road link for both cyclists and pedestrians has been created along the Kingsway</li> <li>• Stourport master plan project - Planting of over 1600 trees in the Stourport riverside floodplain to support targeted biodiversity goals.</li> <li>• Franche Bike Track - Working with local councillors and the local community to provide an enhanced bike track facility at White Wickets park which can be used to teach local children cycle skills.</li> <li>• Riverside North collaborative project to restore pedestrian access around the wild-life pond</li> <li>• Continue to run the localism fund allocated to parishes and community groups on environmental improvement, projects and activity.</li> <li>• Stourgate Project – The creation of new public access area and the creation of wildflower rich areas of meadow along the river Stour corridor</li> <li>• Jubilee Gardens - Maintenance and development of the gardens by the museum team. Developing a broader offer in the gardens for visitors such as the café and events</li> <li>• Fixed penalty notices continue to increase in relation environmental</li> </ul>

APPENDIX 1 – MTFS – DELIVERY OF CORPORATE PRIORTIES.

	What we've done
	<p>crimes for littering and fly tipping offences</p> <p>FPN's issued 2018/19: 171</p> <p>FPN's issued 2019/20: 202</p> <p>FPN's issued to date 20/21: 95</p> <ul style="list-style-type: none"> <li>Increased the number of cameras to tackle environmental crime such as fly tipping</li> <li>Undertaken duty of care inspections to ensure businesses are complying with waste regulations</li> <li>Undertaken SCRAP campaign highlighting issues surrounding fly tipping</li> <li>Tackling ASB issues.</li> <li>Revised introduction to tackle dog related issues</li> <li>Supported local litter picking groups</li> <li>To maintain high levels of enforcement and education on environmental crime. Increased dedicated team to deal with enviro crime</li> </ul>
Supporting the provision and maintenance of high quality public spaces	<p>Bid and been awarded for £2.41m Heritage Lottery Fund grant to improve Brinton Park</p> <p>Announcement in July 2020 confirmed we have been successful.</p>
Creation of new woodland	<p>Bewdley Museum - worked with volunteers to deliver some of the areas they were previously involved with. Started a new volunteer group for the gardens.</p> <p>Working with the woodland trust to create a new area of woodland on part of the former golf course.</p>
Creation of state of the art bat habitat in Hurcott wood.	<p>Working with the Local and National branches of the Bat conservation trust and local businesses to create a state of the art bat habitat that demonstrates best practice approaches for bat conservation</p>

APPENDIX 1 – MTFS – DELIVERY OF CORPORATE PRIORTIES.

	What we've done
	that can be used as models for bat mitigation in development works.  St Georges Bike project.
Working with partners to reduce crime and the fear of crime	Working with Police on waste carriers licence checks to ensure they are operating correctly
Motor vehicle anti-social behaviour in Stourport	Set up a multi-agency meeting to address the issues and formulate an action plan
Anti-social behaviour	Action the complaints that are received via the WFDC website ASB form
Improvements to youth shelter at White Wickets	Working with KDYT, WFDC & local councillors to show young people we are listening to them by reinstating the sides of the youth shelter at the park. Balance of funding to go to the new bike track facility
White Ribbon campaign against domestic abuse in November/December	Working with partners to deliver the annual campaign
PSPOs	Worked with partners to implement PSPOs in Bewdley & Stourport to replace old Alcohol Restriction Zones
Nominated neighbour scheme	Working on the implementation of a nominated neighbour scheme to help elderly and vulnerable members of the community feel safer in their homes and reduce the chance of distraction burglars targeting the area
Loan Sharks	Worked with partners to raise awareness of loan sharks
Hate Crime	Worked with partners to raise awareness to residents of Wyre Forest on what a hate crime is and how to report it
Community Ambassadors	Our Community Ambassadors in the high schools are continuing to deliver our key community safety messages

APPENDIX 1 – MTFS – DELIVERY OF CORPORATE PRIORTIES.

	What outcomes we've achieved
Clean streets and quality open, green public spaces that are enjoyed by all	<ul style="list-style-type: none"> <li>• 2 Green flag parks and 1 Green Pennant Park</li> <li>• An area that is an outstanding example of quality open space with a wide diversity of plant and animal life</li> <li>• Maintained the high levels of street cleaning.</li> <li>• Ongoing liaison and successful joint working with community groups on litter picking</li> <li>• Creation of high quality bike, scooter and skate facility at St Georges park that is used by multiple age demographics</li> </ul>
An environment that is respected and cared for, and where local people take pride in their surroundings	<p>Delivered community safety projects including the Community Ambassadors scheme, White Ribbon against Domestic Abuse, Hate Crime Awareness campaign and seasonal crime prevention initiatives.</p> <p>Bewdley Museum - delivery of our education programme and demonstrations on site enhancing the visitor experience.</p> <p>Management of the site and park to a high standard with volunteer help.</p> <p>Continued to work with partners to tackle Serious and Organised Crime covering CSE, drug related crime, county lines and modern day slavery</p> <p>Working with partners to establish a new North Worcestershire ASB Complex Case Group and to review the Community Trigger process</p> <p>Continued to co-ordinate the North Worcestershire Community Safety Partnership</p> <p>Commenced a review of the PSPOs for Stourport and Bewdley ahead of October 2020</p>

APPENDIX 1 – MTFS – DELIVERY OF CORPORATE PRIORITIES.

	<b>What outcomes we've achieved</b>
	Implementing the externally funded CCTV digital upgrade in partnership across North Worcestershire
Low levels of crime and anti social behaviour	<p>To ensure anyone who transports waste are compliant and hold the relevant documentation</p> <p>Working with partners to improve perceptions of crime ratings</p> <p>Working with partners to reduce crime and anti-social behaviour</p> <p>Finalising and implementing the North Worcestershire Complete Community Safety Partnership Plan by April 2020</p>

**Priority: Good quality and affordable homes for all**

	<b>What we've done</b>
Working towards meeting current and future housing needs, with an up-to-date local development plan that provides for growth in the number of houses	The Local Plan was submitted in April 2020 with an expected examination in public due for Winter 2020/21 and an adopted Local Plan in 2021/22.
Preventing and reducing homelessness	<p>Ongoing implementation of the Homelessness Reduction Act 2017 and the adoption of a revised Homelessness and Rough Sleeper Strategy.</p> <p>During 2019/2020 there were 468 households approaching the council for initial assessments.</p> <p>During 2019/2020 duty ended and therefore case closed at the following stages;</p> <p>213 households at prevention, 244 at relief stage and 33 at main duty stage.</p>

	<b>What we've achieved</b>
An increased supply of good quality and decent homes that are affordable to individuals and families	1134 units of housing were granted planning approval in 2019-20 and of these 206 were for affordable housing.

**WYRE FOREST DISTRICT COUNCIL**

**REVENUE BUDGET TOTAL REQUIREMENTS - DISTRICT COUNCIL PURPOSES**

SERVICE	2020/21		2021/22			2022/23			2023/24		
	Original Estimate £	Revised Estimate £	At Nov.20 Prices £	Inflation £	TOTAL £	At Nov.20 Prices £	Inflation £	TOTAL £	At Nov.20 Prices £	Inflation £	TOTAL £
CHIEF EXECUTIVE AND SOLICITOR TO THE COUNCIL	1,374,060	1,906,710	1,403,750	47,330	1,451,080	1,512,500	95,800	1,608,300	1,545,230	145,860	1,691,090
COMMUNITY WELL-BEING AND ENVIRONMENT	4,421,860	6,593,050	4,449,480	156,590	4,606,070	4,083,210	311,080	4,394,290	3,978,980	476,540	4,455,520
ECONOMIC PROSPERITY AND PLACE	2,709,940	3,032,320	2,790,700	100,410	2,891,110	2,621,320	206,490	2,827,810	2,599,380	310,190	2,909,570
RESOURCES	3,689,640	3,625,920	4,677,290	(37,010)	4,640,280	3,853,470	(71,240)	3,782,230	4,252,510	(106,490)	4,146,020
<b>LESS:</b> CAPITAL ACCOUNT	12,195,500	15,158,000	13,321,220	267,320	13,588,540	12,070,500	542,130	12,612,630	12,376,100	826,100	13,202,200
REVERSAL OF CAPITAL CHARGES	1,676,860	1,414,370	1,544,810	2,360	1,547,170	1,778,540	4,750	1,783,290	1,824,090	7,250	1,831,340
INTEREST RECEIVED	(1,888,940)	(1,976,280)	(1,935,030)	0	(1,935,030)	(1,960,940)	0	(1,960,940)	(1,934,570)	0	(1,934,570)
CAPITAL PORTFOLIO FUND AND DEVELOPMENT	(180,000)	(50,000)	(20,000)	0	(20,000)	(20,000)	0	(20,000)	(20,000)	0	(20,000)
LOANS FUND	(340,140)	(89,600)	(122,960)	11,550	(111,410)	(338,670)	15,880	(322,790)	(365,330)	24,270	(341,060)
INCREASES IN FEES AND CHARGES	0	0	(17,240)	0	(17,240)	(84,980)	0	(84,980)	(202,720)	0	(202,720)
<b>TOTAL NET EXPENDITURE ON SERVICES</b>	<b>11,463,280</b>	<b>14,456,490</b>	<b>12,770,800</b>	<b>281,230</b>	<b>13,052,030</b>	<b>11,444,450</b>	<b>562,760</b>	<b>12,007,210</b>	<b>11,677,570</b>	<b>857,620</b>	<b>12,535,190</b>
<b>LESS:</b> CONTRIBUTION FROM RESERVES	(485,290)	(763,970)			(2,057,330)			(1,650,350)			(1,995,970)
<b>NET BUDGET REQUIREMENT</b>	<b>10,977,990</b>	<b>13,692,520</b>			<b>10,994,700</b>			<b>10,356,860</b>			<b>10,539,220</b>
<b>LESS:</b> REVENUE SUPPORT GRANT	0	0			0			356,790			356,790
BUSINESS RATES	(3,341,180)	(3,341,180)			(2,869,590)			(2,898,290)			(2,927,270)
EXPENDITURE RELATED COVID SUPPORT GRANT	0	(1,603,970)			0			0			0
CO-FUNDING COVID SUPPORT GRANT	0	(1,110,560)			(383,940)			0			0
COVID TAX INCOME GUARANTEE GRANT	0	0			(327,830)			(327,830)			(327,830)
COLLECTION FUND DEFICIT	70,220	70,220			404,830			368,830			368,830
NEW HOMES BONUS	(261,530)	(261,530)			(239,960)			(63,390)			0
<b>GENERAL EXPENSES -</b>											
COUNCIL TAX INCOME	<b>7,445,500</b>	<b>7,445,500</b>			<b>7,578,210</b>			<b>7,792,970</b>			<b>8,009,740</b>
<b>COUNCIL TAX LEVY</b>		<b>219.34</b>			<b>224.34</b>			<b>229.34</b>			<b>234.34</b>
<b>COUNCIL TAX BASE</b>		<b>33,945</b>			<b>33,780</b>			<b>33,980</b>			<b>34,180</b>

**OVERALL SERVICE BUDGET VARIATIONS  
CURRENT APPROVED BUDGET COMPARED TO REVISED BUDGET 2020-21  
BEFORE FUNDING**

	£
<b>TOTAL REVISED BUDGET 2020-21</b>	<b>14,456,490</b>
<b>LESS UNALLOCATED GOVERNMENT SUPPORT</b>	
COVID Support grant (Tranches 2,3 & 4)	<b>(1,603,970)</b>
Co-Funding Support grant	<b>(1,110,560)</b>
<b>REVISED BUDGET AFTER S31 GRANTS</b>	<b>11,741,960</b>
<b>CURRENT APPROVED BUDGET 2020-21</b>	<b>11,463,280</b>
<b>INCREASED NET EXPENDITURE ON YEAR</b>	<b>278,680</b>

Description of Estimated Major Variances	Extra Costs/ Reduced Income £	Savings/ Additional Income £
<b><u>Chief Executive and Solicitor to the Council</u></b>		
1. Elections - Prior year VAT overclaim	13,450	
<b><u>Resources</u></b>		
1. Reduced Housing Benefit subsidy from recovered overpayments and increased bad debt provision	425,200	0
2. Loss of Court fees due to reduced business conducted by the Courts	130,000	0
3. Pension Costs (Deficit funding, releases of pension reserve and unfunded benefits)	0	(331,620)
4. Reduction in consultancy (Inform CPI £10k, Recovery Action £15k, bought in Services £8.5k)	0	(33,100)
5. New burden's grant (previously recorded as Corporate)	0	(130,000)
6. Software updates to Revenues and Benefits software	19,500	0
7. Home working (furniture)	6,000	0
8. Increased postage costs	9,000	0
<b><u>Community Well Being and Environment</u></b>		
1. Wyre Forest Leisure Contract (provisional subject to reconciliations)	1,192,820	0
2. Car Parking Fees, Fines and running expenses	756,380	0
3. Reduced demand / opportunity for Depot services from external customers due to COVID-19	251,090	0
4. Increased demand for garden (£53,500) and bulky waste services (£7,620)	0	(61,120)
5. Trade Waste - tipping charges saving due to fall in volumes	0	(47,960)
6. COVID - sanitising play areas	20,000	0
7. Increased Fuel cost - additional round off-set by savings from disruption to trade waste and external works due to COVID	14,570	(17,180)
8. Bin purchases due to growth in demand for recycling bins (£5k) and garden waste (£10k)	15,000	0
9. Reduction in demand for bin sales to developers	6,000	0
10. Street Furniture and Nameplates - Litter Bins, current year programme curtailed due to COVID	0	(7,500)
11. Cancellation of events and play scheme programme	0	(24,000)
12. Museum Closure/COVID-19 - Reduced income from commercial activities	5,030	0
13. Community Safety Partnership contribution to staffing partially matched by increased costs		(6,570)
<b><u>Economic Prosperity and Place</u></b>		
1. Property estate (including Capital Portfolio Fund) - Increased costs, voids and bad debt provision	259,260	
2. WFH lets and room hire	71,820	0
3. Bridge Street abortive costs following planning decision	120,000	0
4. Homelessness Costs due to higher demand	140,000	0
5. Software maintenance Private Sector Housing	7,100	0
6. HMO Penalty Income	0	(24,000)
7. New Street benefit receipts due to occupation level being higher than budget	0	(8,000)
8. Planning Income (net of a reduction in expenditure funded by the 20% uplift)	77,000	(9,170)
9. Land charges income	41,000	0
10. Licensing income	17,720	0
11. Local Plan preparation	5,000	0
12. Street naming income	0	(6,810)
13. Kidderminster Market Licence (TC improvements & COVID)	4,500	0
<b><u>Capital Account</u></b>		
1. Capital Account - treasury interest received	130,000	0
2. External Interest Paid - slippage on capital programme (TBC)	0	(136,440)
3. MRP and Borrowing - reduction in external borrowing costs due to slippage in Capital Programme in 2019-20 and 2020-21	0	(280,640)
<b><u>Corporate Variations</u></b>		
1. Generic Income growth target growth achieved	25,000	0
2. Corporate savings (Pay) (TBC)	0	(77,310)
3. Additional Covid pay costs (TBC)	120,510	0
4. Additional Pay Costs (new refuse round - includes redeployed driver resource) (TBC)	53,000	0
5. Wyre Forest Forward Savings achieved	188,370	0
6. Localism savings slipped due to impact of COVID	135,000	0
7. COVID Support Grant	0	(1,603,970)
8. Co-Funding Grant	0	(1,110,560)
	4,259,320	(3,915,950)
Other minor variations		(64,690)
<b>Increased Net Expenditure on Year</b>		<b>278,680</b>

**OVERALL SERVICE BUDGET VARIATIONS  
REVISED BUDGET 2020-21 COMPARED TO BASE BUDGET 2021-22  
BEFORE FUNDING**

	£
TOTAL BUDGET 2021-22	13,052,030
ADD: Fees and Charges inflation/growth	(17,240)
LESS: UNALLOCATED GOVERNMENT SUPPORT (Co-Finding grant Q1)	(383,940)
COVID TAX INCOME GUARANTEE GRANT	(327,830)
	12,323,020
2020-21 REVISED BUDGET (AFTER S31 GRANTS)	11,741,960
INCREASED NET EXPENDITURE ON YEAR	<u>581,060</u>

Description of Estimated Major Variances	Extra Costs/ Reduced Income £	Savings/ Additional Income £
<b><u>Chief Executive and Solicitor to the Council</u></b>		
1. Elections - One-off VAT expense 2020-21	0	(13,810)
<b><u>Resources</u></b>		
1. Additional cost pressures arising from COVID 19	700,000	0
2. General Risks EMR	200,000	0
3. Innovation Fund top-up	250,000	0
4. One-off new burdens funding received 2010-21	130,000	0
5. Reinstate consultancy budget (Revenues) for services suspended in 2020-21 due to COVID	33,500	0
6. Reduction in Admin Subsidy	23,700	0
7. Re-instate Court cost budget as expect Courts to return to normal business	0	(130,000)
8. One-off costs 2020-21 to upgrade software to support Covid response (Trak and Trace)	0	(5,000)
9. One-off costs 2020-21 to upgrade software to support Covid response (Legislative changes)	0	(10,130)
10. Lower bad debt provision in 2021-22 compared to 2020-21	0	(100,000)
11. Home working - purchase of furniture (from COVID support grant)	0	(6,000)
<b><u>Community Well Being and Environment</u></b>		
1. Leisure centre - no cashflow support and management fee reinstated	0	(1,192,820)
2. Partial recovery in demand for Depot services from external customers	0	(314,750)
3. Partial recovery in revenue from car parks	0	(317,660)
4. Demand for extra/replacement bins expected to return to normal pattern	0	(15,000)
5. Tipping volumes expected to rise due to growth in demand	54,640	0
6. Normal demand for bin sales to developers expected to resume	0	(6,000)
7. Increased demand for garden waste	0	(14,170)
8. Sanitising to be undertaken by internal staff	0	(20,000)
9. Street Furniture and Nameplates - Litter Bins, standard programme reinstated	7,500	0
10. CWE Unachieved efficiency target	0	0
11. Cemetery	5,000	0
12. Bewdley Museum - Recovery from COVID	0	(6,900)
13. Reduction in support grant given to KTC	0	(30,900)
14. No KAFF from 2021-22	0	(2,070)
15. Funding identified for Community Safety in 2020-21 is non recurring	14,000	0
16. Community Leadership Fund not built into the base budget	0	(33,000)
<b><u>Economic Prosperity and Place</u></b>		
1. Property estate (including Capital Portfolio Fund)	0	(407,500)
2. Wyre Forest House Lets	0	(48,390)
3. Abortive costs Bridge Street non-recurring	0	(120,000)
4. Homelessness Costs	0	(65,850)
5. Local Plan preparation	50,000	0
6. Street naming income	5,500	0
7. Land charges income	0	(10,000)
8. Planning Income	0	(10,000)
9. Licensing income	0	(9,540)
10. HMO Penalty Income	24,000	0
<b><u>Capital Account</u></b>		
1. Capital Account - treasury interest received	30,000	0
2. Treasury interest payable	0	(40,930)
3. MRP and Borrowing - reduction in external borrowing costs due to slippage in Capital Programme in 2019-20 and 2020-21 - TBC	342,430	0
<b><u>Corporate Variations</u></b>		
1. Generic Income growth target achieved	25,000	0
2. Pay inflation	206,500	0
3. Corporate (Pay) savings includes one-off increase 2020-21 due to COVID and vacancy adjustment	0	(186,330)
4. Wyre Forest Forward Savings (£455k) and Generic Localism savings (£15k) targets (before Cabinet Proposals)	0	(470,330)
5. Pay and Grading Review (Resources)	178,200	0
6. COVID Support Grant	1,603,970	0
7. Co-Funding Grant	726,620	0
8. COVID Tax Income Guarantee Grant		(327,830)
	4,610,560	(3,914,910)
Other minor variations		(114,590)
<b>Increased Net Expenditure on Year</b>		<b>581,060</b>



**WYRE FOREST DISTRICT COUNCIL**

**FEES AND CHARGES 2021-2022**

**SUMMARY**

DIRECTORATE	KEY	CHANGES IN INCOME		
		2021-22 £	2022-23 £	2023-24 £
<b>Fees and Charges - Noting</b> Appendix 4 (Part 1)	C	-	-	-
	R	-	-	-
	S	-	-	-
<b>Fees and Charges - Cabinet</b> Appendix 4 (Part 2)	C	-	-	-
	R	15,980 CR	66,480 CR	116,480 CR
	S	-	-	-
<b>Fees and Charges - Council</b> Appendix 4 (Part 3)	C	-	-	-
	R	1,260 CR	1,260 CR	1,260 CR
	S	-	-	-
<b>GRAND TOTAL</b>	C	-	-	-
	R	17,240 CR	67,740 CR	117,740 CR
	S	-	-	-

**Key - Changes in Resources**

C - Capital

R - Revenue

S - Staffing - Stated in FTE's

Compounded Effect of Fees and Charges

For Summary

2021-22	2022-23	2023-24
£	£	£

17,240 CR    67,740 CR    117,740 CR  
                   17,240 CR    67,740 CR  
                                   17,240 CR

<b>17,240 CR</b>	<b>84,980 CR</b>	<b>202,720 CR</b>
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## APPENDIX 4 (Part 1)

**WYRE FOREST DISTRICT COUNCIL****FEES AND CHARGES 2021-2022****NOTING**

Cost Centre	ACTIVITY AND DESCRIPTION OF SERVICE OPTION	KEY			
			2021-22 £	2022-23 £	2023-24 £
<b>R500</b>	<b><u>CHIEF EXECUTIVE</u></b>				
	<b><u>Elections - Sale of Registers</u></b>	C	-	-	-
	Charges in line with The Representation of the people (England and Wales) Regulations 2001.	R	-	-	-
		S	-	-	-
<b>R185</b> <b>R193</b>	<b><u>COMMUNITY WELL-BEING AND ENVIRONMENT</u></b>				
	<b><u>Civil and Environmental Enforcement</u></b>	C	-	-	-
	To maintain Fixed Penalty Notices and Penalty Charge Notices at statutory levels.	R	-	-	-
		S	-	-	-
<b>R605</b>	<b><u>ECONOMIC PROSPERITY AND PLACE</u></b>				
	<b><u>Development Control</u></b>	C	-	-	-
	Planning application fees are set by statute. They were increased by 20% in 2018-19.	R	-	-	-
		S	-	-	-
<b>R637</b>	<b><u>Environmental Health - Pollution Control</u></b>	C	-	-	-
	To maintain LAPPC charges at statutory level (revised annually).	R	-	-	-
		S	-	-	-
<b>R638</b>	<b><u>Licensing Activities - Gambling Act 2005</u></b>	C	-	-	-
	To charge permit fees and certain premises fees as determined by Government.	R	-	-	-
		S	-	-	-
<b>R638</b>	<b><u>Licensing Activities - Licensing Act 2003</u></b>	C	-	-	-
	To maintain Liquor Licensing fees at statutory levels.	R	-	-	-
		S	-	-	-
<b>R638</b>	<b><u>Licensing Activities - Pavement Licence</u></b>	C	-	-	-
	A pavement licence was introduced in 2020/21. To maintain the licence fee at statutory levels.	R	-	-	-
		S	-	-	-
	<b>TOTALS</b>	<b>C</b>	-	-	-
		<b>R</b>	-	-	-
		<b>S</b>	-	-	-



Wyre Forest District Council



Service	Elections and Electoral Registration	Service Manager	Electoral Services Manager
Directorate	Chief Executive	Cabinet Member	Housing, Health, Well-being and Democratic Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Elections and Electoral Registration</b>			
<b>SALE OF EDITED AND FULL ELECTORAL REGISTERS</b>			
Charges for Marked Registers only (per legislation)			
<b>Edited and Full Register</b>			
Data	20.00	20.00	No VAT currently charged
	plus 1.50 per 1,000 entries	plus 1.50 per 1,000 entries	
Printed	10.00	10.00	No VAT currently charged
	plus 5.00 per 1,000 entries	plus 5.00 per 1,000 entries	
<b>Overseas Electors</b>			
Data	20.00	20.00	No VAT currently charged
	plus 1.50 per 1,000 entries	plus 1.50 per 1,000 entries	
Printed	10.00	10.00	No VAT currently charged
	plus 5.00 per 1,000 entries	plus 5.00 per 1,000 entries	
<b>Marked Registers</b>			
Data	10.00	10.00	No VAT currently charged
	plus 1.00 per 1,000 or part	plus 1.00 per 1,000 or part	
Printed	10.00	10.00	No VAT currently charged
	plus 2.00 per 1,000 or part	plus 2.00 per 1,000 or part	

**NOTES:**Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Operational Services	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Civil and Environmental Enforcement</b>			
<b>Fixed Penalty Notices</b>			
Depositing Litter (Section 87/88 - Environmental Protection Act 1990)	150.00* (Maximum penalty 2,500.00)	150.00* (Maximum penalty 2,500.00)	No VAT currently charged
Fly-Posting or Graffiti (Section 43 - Anti-Social Behaviour Act 2003)	150.00* (Maximum penalty 2,500.00)	150.00* (Maximum penalty 2,500.00)	No VAT currently charged
Unauthorised distribution of free printed matter (Schedule 3A, paras. 1(1) and 7 - Environmental Protection Act 1990)	150.00* (Maximum penalty 2,500.00)	150.00* (Maximum penalty 2,500.00)	No VAT currently charged
Nuisance Parking (Section 6(1) - Clean Neighbourhood Act 2005)	100.00 (Maximum penalty 1,000.00)	100.00 (Maximum penalty 1,000.00)	No VAT currently charged
Abandoning a vehicle (Section 2A(1) - Refuse Disposal (Amenity) Act 1978)	200.00 (Maximum penalty 2,500.00)	200.00 (Maximum penalty 2,500.00)	No VAT currently charged
Failure to produce authority - Waste Carrier's Licence (Section 5/5B - Control of Pollution (Amendment) Act 1989)	300.00* (Maximum penalty unlimited)	300.00* (Maximum penalty unlimited)	No VAT currently charged
Failure to produce documentation - Waste Transfer Notes (Section 34(5) and regulations made under it/34/(6)/34A - Environmental Protection Act 1990)	300.00* (Maximum penalty unlimited)	300.00* (Maximum penalty unlimited)	No VAT currently charged
Industrial & Commercial Waste Receptacle Offences (Section 47 - Environmental Protection Act 1990)	100.00* (Maximum penalty 1,000.00)	100.00* (Maximum penalty 1,000.00)	No VAT currently charged
Failure to comply with a community protection notice (Section 48/52 Anti-Social Behaviour, Crime and Policing Act 2014)	100.00 (Maximum penalty unlimited)	100.00 (Maximum penalty unlimited)	No VAT currently charged
Depositing Controlled Waste (Fly Tipping) (Section 33(1)(a) and Section 33(Z)(a) - Environmental Protection Act 1990)	400.00* (Maximum penalty unlimited)	400.00* (Maximum penalty unlimited)	No VAT currently charged
Breach of Public Space Protection Order (Section 59 Anti-Social Behaviour, Crime and Policing Act 2014)	100.00 (Maximum penalty 1,000.00)	100.00 (Maximum penalty 1,000.00)	No VAT currently charged
<b>Penalty Charge Notices</b>			
Parking Offences (Fines will be reduced by 50% if paid within 14 days from date of issue)	Minimum 50.00 Maximum 70.00	Minimum 50.00 Maximum 70.00	No VAT currently charged No VAT currently charged

**NOTES:**

\* Environment Enforcement Officers can reduce these fines using their discretion based on individual circumstances

## APPENDIX 4 (Part 1)



Wyre Forest District Council



Service	Planning Applications	Service Manager	Development Manager
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Planning Applications - Statutory Fees Set By Central Government</b>			
<b>OPERATIONS</b>			
<b>New Dwellings</b>			
<u>Outline planning permission</u>			
Site does not exceed 2.5 hectare - rate per 0.1 hectare	462.00	462.00	No VAT currently charged
Site exceeds 2.5 hectares	11,432.00	11,432.00	No VAT currently charged
Rate per additional 0.1 hectare in excess of 2.5 hectares	138.00	138.00	No VAT currently charged
Maximum	150,000.00	150,000.00	No VAT currently charged
<u>In other cases</u>			
New Dwellings - dwellings less than 50 houses - rate per dwelling	462.00	462.00	No VAT currently charged
New Dwellings - dwellings exceeds 50 houses	22,859.00	22,859.00	No VAT currently charged
rate per additional dwelling over 50 houses	138.00	138.00	No VAT currently charged
Maximum	300,000.00	300,000.00	No VAT currently charged
<b>Buildings other than dwellings, agricultural building, plant or glasshouses etc.)</b>			
<u>Outline planning permission</u>			
Site does not exceed 2.5 hectares - rate per 0.1 hectare	462.00	462.00	No VAT currently charged
Site exceeds 2.5 hectares	11,432.00	11,432.00	No VAT currently charged
Rate per additional 0.1 hectare in excess of 2.5 hectares	138.00	138.00	No VAT currently charged
Maximum	150,000.00	150,000.00	No VAT currently charged
<u>In other cases</u>			
No additional floor space	234.00	234.00	No VAT currently charged
Gross area less than 40 sq metres	234.00	234.00	No VAT currently charged
Gross floor area between 40 and 75 sq metres	462.00	462.00	No VAT currently charged
Rate in excess of 75 sq metres, but less than 3,750 (per 75 sq metres)	462.00	462.00	No VAT currently charged
Gross floor area in excess of 3,750 sq metres	22,859.00	22,859.00	No VAT currently charged
Rate per additional 75 sq metre in excess of 3,750 sq metres	138.00	138.00	No VAT currently charged
Maximum	300,000.00	300,000.00	No VAT currently charged
<b>Agricultural buildings on agricultural land (other than glasshouses)</b>			
<u>Outline planning permission</u>			
Site does not exceed 2.5 hectares - rate per 0.1 hectare	462.00	462.00	No VAT currently charged
Site exceeds 2.5 hectares	11,432.00	11,432.00	No VAT currently charged
Rate per additional 0.1 hectare in excess of 2.5 hectares	138.00	138.00	No VAT currently charged
Maximum	150,000.00	150,000.00	No VAT currently charged
<u>In other cases</u>			
Gross area less than 465 sq metres	96.00	96.00	No VAT currently charged
Gross floor area between 465 and 540 sq metres	462.00	462.00	No VAT currently charged
Gross floor area between 540 and 4,215 sq metres	462.00	462.00	No VAT currently charged
Rate per additional 75 sq metres in excess of 540 sq metres	462.00	462.00	No VAT currently charged
Gross floor area in excess of 4,215 sq metres	22,859.00	22,859.00	No VAT currently charged
Rate per additional 75 sq metres in excess of 4,215 sq metres	138.00	138.00	No VAT currently charged
Maximum	300,000.00	300,000.00	No VAT currently charged
<b>Glasshouses on agricultural land</b>			
Gross area less than 465 sq metres	96.00	96.00	No VAT currently charged
Gross floor area in excess of 465 sq metres	2,580.00	2,580.00	No VAT currently charged
<b>Erection, alteration or replacement of plant or machinery</b>			
Gross area less than 5 hectares	462.00	462.00	No VAT currently charged
Gross area in excess of 5 hectares	22,859.00	22,859.00	No VAT currently charged
Rate per additional 0.1 hectare in excess of 5 hectares	138.00	138.00	No VAT currently charged
Maximum	300,000.00	300,000.00	No VAT currently charged

## APPENDIX 4 (Part 1)



Wyre Forest District Council



Service	Planning Applications	Service Manager	Development Manager
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge	Proposed Charge	Proposed Charge
Planning Applications - Statutory Fees Set By Central Government	TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	FROM 01-04-2021 £ Charges before VAT	FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Enlargement, improvement or alteration of dwellings for domestic purposes</b>			
One dwelling	206.00	206.00	No VAT currently charged
2 or more dwellings	407.00	407.00	No VAT currently charged
Operations within residential curtilage for domestic purposes (including buildings, gates and fences etc.)	206.00	206.00	No VAT currently charged
Car parks, roads and access to serve a single undertaking where associated with existing use	234.00	234.00	No VAT currently charged
Operations not within above categories - rate per 0.1 hectare	234.00	234.00	No VAT currently charged
Maximum	2,028.00	2,028.00	No VAT currently charged
<b>USES</b>			
Change of use of a building to one or more dwellings			
From single dwelling to 50 or fewer dwellings	462.00	462.00	No VAT currently charged
From single dwelling to more than 50 dwellings	22,859.00	22,859.00	No VAT currently charged
Rate per additional dwelling in excess of 50 dwellings	138.00	138.00	No VAT currently charged
Maximum	300,000.00	300,000.00	No VAT currently charged
From other building to 50 or fewer dwellings	462.00	462.00	No VAT currently charged
From other building to more than 50 dwellings	22,859.00	22,859.00	No VAT currently charged
Rate per additional dwelling in excess of 50 dwellings	138.00	138.00	No VAT currently charged
Maximum	300,000.00	300,000.00	No VAT currently charged
Material changes of use on land or building(s) other than above	462.00	462.00	No VAT currently charged
<b>ADVERTISEMENTS</b>			
Advertisements on business premises or other land within the business curtilage relating to nature of business, goods sold, services provided, or name of persons undertaking business	132.00	132.00	No VAT currently charged
Sign relating to business in the locality but not visible from that site	132.00	132.00	No VAT currently charged
All other advertisements	462.00	462.00	No VAT currently charged
<b>OTHER APPLICATIONS</b>			
Certificate of existing use or development	As for a planning application	As for a planning application	
Certificate of proposed use or development	50% of planning application	50% of planning application	
Prior approval application under the General Permitted Development Order			
Application made under parts 6, 7 or 31	96.00	96.00	No VAT currently charged
Application made under part 24	462.00	462.00	No VAT currently charged
Renewal of permission			
Under the Town and Country Planning and Compulsory Purchase Act 2004 you can renew an application that was approved before 1st October 2009 and has not expired.			
Householder	68.00	68.00	No VAT currently charged
Major Development	690.00	690.00	No VAT currently charged
All other cases	234.00	234.00	No VAT currently charged



Wyre Forest District Council



Service	Planning Applications	Service Manager	Development Manager
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Planning Applications - Statutory Fees Set By Central Government</b>			
Variation or removal of a condition	234.00	234.00	No VAT currently charged
Requests for confirmation that a condition or conditions attached to a grant of planning permission has been complied with			
Householder developments (per request)	34.00	34.00	No VAT currently charged
All other cases (per request)	116.00	116.00	No VAT currently charged
Application for Non-Material Amendments following a grant of planning permission			
Householder developments (per request)	34.00	34.00	No VAT currently charged
All other cases	234.00	234.00	No VAT currently charged
Applications for Certificates of Alternative Development	234.00	234.00	No VAT currently charged
Please note that the following applications are County Matters which should be submitted to Worcestershire County Council:			
a) Operations connected with exploratory drilling for oil or gas			
b) Mineral operations			
c) Use for disposal of refuse or waste material			

**NOTES:**Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>

## APPENDIX 4 (Part 1)



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge  TO 31-03-2021 £  Charges inclusive of VAT (if applicable)	Proposed Charge  FROM 01-04-2021 £  Charges before VAT	Proposed Charge  FROM 01-04-2021 £  Charges inclusive of VAT (if applicable)
<b>Pollution Control</b>			
<b>LAPPC CHARGES</b>			
<b>Application Fee</b>			
Standard process (includes solvent emission activities)	1,650.00	1,650.00	No VAT currently charged
Additional fee for operating without a permit	1,188.00	1,188.00	No VAT currently charged
PVRI, SWOBs and Dry Cleaners	155.00	155.00	No VAT currently charged
PVR I and II combined	257.00	257.00	No VAT currently charged
VRs and other Reduced Fee Activities	362.00	362.00	No VAT currently charged
Reduced fee activities: Additional fee for operating without a permit	99.00	99.00	No VAT currently charged
Mobile plant	1,650.00	1,650.00	No VAT currently charged
for the third to seventh applications	985.00	985.00	No VAT currently charged
for the eighth and subsequent applications	498.00	498.00	No VAT currently charged
Where an application for any of the above is for a combined Part B and waste application, add an extra £310 to the above amounts			
<b>Annual Subsistence Charge</b>			
Standard process - Low	739.00 (+99.00)*	739.00 (+99.00)*	No VAT currently charged
Standard process - Medium	1,111.00 (+149.00)*	1,111.00 (+149.00)*	No VAT currently charged
Standard process - High	1,672.00 (+198.00)*	1,672.00 (+198.00)*	No VAT currently charged
PVRI, SWOBs and Dry Cleaners - Low	79.00	79.00	No VAT currently charged
PVRI, SWOBs and Dry Cleaners - Medium	158.00	158.00	No VAT currently charged
PVRI, SWOBs and Dry Cleaners - High	237.00	237.00	No VAT currently charged
PVR I and II combined - Low	113.00	113.00	No VAT currently charged
PVR I and II combined - Medium	226.00	226.00	No VAT currently charged
PVR I and II combined - High	341.00	341.00	No VAT currently charged
VRs and other Reduced Fees - Low	228.00	228.00	No VAT currently charged
VRs and other Reduced Fees - Medium	365.00	365.00	No VAT currently charged
VRs and other Reduced Fees - High	548.00	548.00	No VAT currently charged
Mobile plant, for first and second permits - Low**	646.00	646.00	No VAT currently charged
Mobile plant, for first and second permits - Medium**	1,034.00	1,034.00	No VAT currently charged
Mobile plant, for first and second permits - High**	1,506.00	1,506.00	No VAT currently charged
for the third to seventh permits - Low	385.00	385.00	No VAT currently charged
for the third to seventh permits - Medium	617.00	617.00	No VAT currently charged
for the third to seventh permits - High	924.00	924.00	No VAT currently charged
eighth and subsequent permits - Low	198.00	198.00	No VAT currently charged
eighth and subsequent permits - Medium	316.00	316.00	No VAT currently charged
eighth and subsequent permits - High	473.00	473.00	No VAT currently charged
Late payment Fee	52.00	52.00	No VAT currently charged
Where a Part B installation is subject to reporting under the E-PRTR Regulation, add an extra £103 to the above amounts			
<b>Transfer and Surrender</b>			
Standard process transfer	169.00	169.00	No VAT currently charged
Standard process partial transfer	497.00	497.00	No VAT currently charged
New operator at low risk reduced fee activity (extra one-off subsistence charge - see Art 15(2) of charging scheme)	78.00	78.00	No VAT currently charged
Surrender: all Part B activities	0.00	0.00	No VAT currently charged
Reduced fee activities: transfer	0.00	0.00	No VAT currently charged
Reduced fee activities: partial transfer	47.00	47.00	No VAT currently charged
<b>Temporary transfer for mobiles</b>			
First transfer	53.00	53.00	No VAT currently charged
Repeat following enforcement or warning	53.00	53.00	No VAT currently charged
<b>Substantial Change</b>			
Standard process	1,050.00	1,050.00	No VAT currently charged
Standard process where the substantial change results in a new PPC activity	1,650.00	1,650.00	No VAT currently charged
Reduced fee activities	102.00	102.00	No VAT currently charged
<b>LAPPC Mobile Plant Charges (not using simplified permits)</b>			
First and second permits - Application Fee	1,650.00	1,650.00	No VAT currently charged
First and second permits - Subsistence Fee - Low	646.00	646.00	No VAT currently charged
First and second permits - Subsistence Fee - Medium	1,034.00	1,034.00	No VAT currently charged
First and second permits - Subsistence Fee - High	1,506.00	1,506.00	No VAT currently charged
For the third to seventh permits - Application Fee	985.00	985.00	No VAT currently charged



## APPENDIX 4 (Part 1)



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge  TO 31-03-2021 £  Charges inclusive of VAT (if applicable)	Proposed Charge  FROM 01-04-2021 £  Charges before VAT	Proposed Charge  FROM 01-04-2021 £  Charges inclusive of VAT (if applicable)
<b>Pollution Control</b>			
For the third to seventh permits - Subsistence Fee - Low	385.00	385.00	No VAT currently charged
For the third to seventh permits - Subsistence Fee - Medium	617.00	617.00	No VAT currently charged
For the third to seventh permits - Subsistence Fee - High	924.00	924.00	No VAT currently charged
Eighth and subsequent permits - Application Fee	498.00	498.00	No VAT currently charged
Eighth and subsequent permits - Subsistence Fee - Low	198.00	198.00	No VAT currently charged
Eighth and subsequent permits - Subsistence Fee - Medium	316.00	316.00	No VAT currently charged
Eighth and subsequent permits - Subsistence Fee - High	473.00	473.00	No VAT currently charged
<b>LA-IPPC CHARGES</b>			
Note: every subsistence charge below includes the additional £103 charge to cover LA extra costs in dealing with reporting under the E-PRTR Regulation.			
Application	3,363.00	3,363.00	No VAT currently charged
Additional Fee for operating without a permit	1,188.00	1,188.00	No VAT currently charged
Annual Subsistence - Low	1,446.00	1,446.00	No VAT currently charged
Annual Subsistence - Medium	1,610.00	1,610.00	No VAT currently charged
Annual Subsistence - High	2,333.00	2,333.00	No VAT currently charged
Late Payment Fee	52.00	52.00	No VAT currently charged
Substantial Variation	202.00	202.00	No VAT currently charged
Transfer	235.00	235.00	No VAT currently charged
Partial Transfer	698.00	698.00	No VAT currently charged
Surrender	698.00	698.00	No VAT currently charged

**NOTES:**

\* The additional amounts in brackets must be charged where a permit is for a combined Part B and waste installation

\*\* Not using simplified permits

**LA-IPPC Charges****KEY**

Subsistence charges can be paid in 4 equal quarterly instalments paid on 1st April, 1st July, 1st October and 1st January. Where paid quarterly the total amount payable to the local authority will be increased by £38.

Reduced fee activities are listed in the Schedule to the Part B scheme.

**Newspaper Advertisements**

Newspaper adverts may be required under EPR at the discretion of the LA as part of the consultation process when considering an application (see Chapter 9 of the General Guidance Manual). This will be undertaken and paid for by the LA and the charging scheme contains a provision for the LA to recoup its costs.

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>

## APPENDIX 4 (Part 1)



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge  TO 31-03-2021 £  Charges inclusive of VAT (if applicable)	Proposed Charge  FROM 01-04-2021 £  Charges before VAT	Proposed Charge  FROM 01-04-2021 £  Charges inclusive of VAT (if applicable)
<b>Gambling Permits - Statutory Fee Set By Central Government</b>			
<b>Club Gaming</b>			
New Application	200.00	200.00	No VAT currently charged
Renewal Application	200.00	200.00	No VAT currently charged
Grant ( Club Premises Cert Holder)	100.00	100.00	No VAT currently charged
Renewal (Club Premises Cert Holder)	100.00	100.00	No VAT currently charged
Annual Fee	50.00	50.00	No VAT currently charged
Change of Name	100.00	100.00	No VAT currently charged
Copy of Permit	15.00	15.00	No VAT currently charged
Existing Operator	100.00	100.00	No VAT currently charged
<b>Club Gaming Machine</b>			
New Application	200.00	200.00	No VAT currently charged
Renewal Application	200.00	200.00	No VAT currently charged
Grant ( Club Premises Cert Holder)	100.00	100.00	No VAT currently charged
Renewal (Club Premises Cert Holder)	100.00	100.00	No VAT currently charged
Annual Fee	50.00	50.00	No VAT currently charged
Variation of Permit	100.00	100.00	No VAT currently charged
Change of Name	25.00	25.00	No VAT currently charged
Copy of Permit	15.00	15.00	No VAT currently charged
Existing Operator	100.00	100.00	No VAT currently charged
Transfer of Permit	25.00	25.00	No VAT currently charged
<b>Prize Gaming</b>			
New Application	300.00	300.00	No VAT currently charged
Renewal Application	300.00	300.00	No VAT currently charged
Transitional Application Fee	100.00	100.00	No VAT currently charged
Change of Name	25.00	25.00	No VAT currently charged
Copy of Permit	15.00	15.00	No VAT currently charged
Existing Operator	100.00	100.00	No VAT currently charged
<b>Family Entertainment Gaming Machines</b>			
New Application	300.00	300.00	No VAT currently charged
Renewal Application	300.00	300.00	No VAT currently charged
Change of Name	25.00	25.00	No VAT currently charged
Copy of Licence	15.00	15.00	No VAT currently charged
Existing Operator	100.00	100.00	No VAT currently charged
<b>Licensed Premises less than 2 Gaming Machines</b>			
New Application	50.00	50.00	No VAT currently charged
<b>Licensed Premises more than 2 Gaming Machines</b>			
New Application	150.00	150.00	No VAT currently charged
Annual Fee	50.00	50.00	No VAT currently charged
Change of Name	25.00	25.00	No VAT currently charged
Copy of Permit	15.00	15.00	No VAT currently charged
Existing Operator	100.00	100.00	No VAT currently charged
Transfer of Permit	25.00	25.00	No VAT currently charged
Variation of Permit	100.00	100.00	No VAT currently charged
<b>Small Society Lottery</b>			
Lottery Application (New)	40.00	40.00	No VAT currently charged
Lottery Application (Renewal)	20.00	20.00	No VAT currently charged

**NOTES:**Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>

## APPENDIX 4 (Part 1)



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge	Proposed Charge	Proposed Charge
Gambling Premises License Fees - Statutory Fee Set By Central Government	TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	FROM 01-04-2021 £ Charges before VAT	FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Notification of Change</b>			
Adult Gaming Centre	50.00	50.00	No VAT currently charged
Betting Premises (excluding Tracks)	50.00	50.00	No VAT currently charged
Betting Premises (Tracks)	50.00	50.00	No VAT currently charged
Bingo Club	50.00	50.00	No VAT currently charged
Family Entertainment Centre	50.00	50.00	No VAT currently charged
<b>Copy of Licence</b>			
Adult Gaming Centre	25.00	25.00	No VAT currently charged
Betting Premises (excluding tracks)	25.00	25.00	No VAT currently charged
Betting Premises (tracks)	25.00	25.00	No VAT currently charged
Bingo Premise	25.00	25.00	No VAT currently charged
Family Entertainment Centre	25.00	25.00	No VAT currently charged
<b>Copy of Notice</b>			
Temporary Use Notices	25.00	25.00	No VAT currently charged

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## APPENDIX 4 (Part 1)



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge  TO 31-03-2021 £  Charges inclusive of VAT (if applicable)	Proposed Charge  FROM 01-04-2021 £  Charges before VAT	Proposed Charge  FROM 01-04-2021 £  Charges inclusive of VAT (if applicable)
<b>Licensing Act 2003 - Statutory Fee Set By Central Government</b>			
<b>Club Premise Certificate (New &amp; Variation)</b>			
Band A - (rateable value £0 to £4,300)	100.00	100.00	No VAT currently charged
Band B - (rateable value £4,301 to £33,000)	190.00	190.00	No VAT currently charged
Band C - (rateable value £33,001 to £87,000)	315.00	315.00	No VAT currently charged
Band D - (rateable value £87,001 to £125,000)	450.00	450.00	No VAT currently charged
Band E - (rateable value over £125,000)	635.00	635.00	No VAT currently charged
<b>Club Premises Certificate Annual Fee</b>			
Band A - (rateable value £0 to £4,300)	70.00	70.00	No VAT currently charged
Band B - (rateable value £4,301 to £33,000)	180.00	180.00	No VAT currently charged
Band C - (rateable value £33,001 to £87,000)	295.00	295.00	No VAT currently charged
Band D - (rateable value £87,001 to £125,000)	320.00	320.00	No VAT currently charged
Band E - (rateable value over £125,000)	350.00	350.00	No VAT currently charged
Copy of Certificate	10.50	10.50	No VAT currently charged
Notification of change of name or alteration of club rules	10.50	10.50	No VAT currently charged
Change of relevant registered address of club	10.50	10.50	No VAT currently charged
<b>Personal Licence</b>			
Application	37.00	37.00	No VAT currently charged
Copy	10.50	10.50	No VAT currently charged
<b>Premises Licence Application and Variation</b>			
Band A - (rateable value £0 to £4,300)	100.00	100.00	No VAT currently charged
Band B - (rateable value £4,301 to £33,000)	190.00	190.00	No VAT currently charged
Band C - (rateable value £33,001 to £87,000)	315.00	315.00	No VAT currently charged
Band D - (rateable value £87,001 to £125,000)	450.00	450.00	No VAT currently charged
Band E - (rateable value over £125,000)	635.00	635.00	No VAT currently charged
Dx2	900.00	900.00	No VAT currently charged
Ex3	1,905.00	1,905.00	No VAT currently charged
Application for making of a provisional statement	315.00	315.00	No VAT currently charged
Vary a Designated Premises Supervisor	10.50	10.50	No VAT currently charged
Transfer a Premises Licence	23.00	23.00	No VAT currently charged
Notification of Interest in a Premises	21.00	21.00	No VAT currently charged
Notification of Change of name or address (holder of premises licence)	10.50	10.50	No VAT currently charged
Interim authority notice following death etc of Licence Holder	23.00	23.00	No VAT currently charged
Right of freeholder etc to be notified of licensing matters	21.00	21.00	No VAT currently charged
<b>Premises Licence Annual Fee</b>			
Band A - (rateable value £0 to £4,300)	70.00	70.00	No VAT currently charged
Band B - (rateable value £4,301 to £33,000)	180.00	180.00	No VAT currently charged
Band C - (rateable value £33,001 to £87,000)	295.00	295.00	No VAT currently charged
Band D - (rateable value £87,001 to £125,000)	320.00	320.00	No VAT currently charged
Band E - (rateable value over £125,000)	350.00	350.00	No VAT currently charged
Dx2	640.00	640.00	No VAT currently charged
Ex3	1,050.00	1,050.00	No VAT currently charged
<b>Temporary Events Notice</b>			
Temporary Events Notice	21.00	21.00	No VAT currently charged
Copy of Temporary Events Notice	10.50	10.50	No VAT currently charged
<b>Premises Licence Annual Fee - Large Venues</b>			
Number of Persons Present :-			
5,000 to 9,999	500.00	500.00	No VAT currently charged
10,000 to 14,999	1,000.00	1,000.00	No VAT currently charged
15,000 to 19,999	2,000.00	2,000.00	No VAT currently charged
20,000 to 29,999	4,000.00	4,000.00	No VAT currently charged
30,000 to 39,999	8,000.00	8,000.00	No VAT currently charged
40,000 to 49,999	12,000.00	12,000.00	No VAT currently charged
50,000 to 59,999	16,000.00	16,000.00	No VAT currently charged
60,000 to 69,999	20,000.00	20,000.00	No VAT currently charged
70,000 to 79,999	24,000.00	24,000.00	No VAT currently charged
80,000 to 89,999	28,000.00	28,000.00	No VAT currently charged
90,000 and over	32,000.00	32,000.00	No VAT currently charged



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge	Proposed Charge	Proposed Charge
Licensing Act 2003 - Statutory Fee Set By Central Government	TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	FROM 01-04-2021 £ Charges before VAT	FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Premises Licence Additional Fee - Large Venues</b>			
Number of Persons Present :-			
5,000 to 9,999	1,000.00	1,000.00	No VAT currently charged
10,000 to 14,999	2,000.00	2,000.00	No VAT currently charged
15,000 to 19,999	4,000.00	4,000.00	No VAT currently charged
20,000 to 29,999	8,000.00	8,000.00	No VAT currently charged
30,000 to 39,999	16,000.00	16,000.00	No VAT currently charged
40,000 to 49,999	24,000.00	24,000.00	No VAT currently charged
50,000 to 59,999	32,000.00	32,000.00	No VAT currently charged
60,000 to 69,999	40,000.00	40,000.00	No VAT currently charged
70,000 to 79,999	48,000.00	48,000.00	No VAT currently charged
80,000 to 89,999	56,000.00	56,000.00	No VAT currently charged
90,000 and over	64,000.00	64,000.00	No VAT currently charged
Minor Variation	89.00	89.00	No VAT currently charged
<b>Pavement Licence</b>			
Every 6 Months	100.00	100.00	No VAT currently charged

**NOTES:**

\* A multiplier of twice the fee and annual charge applies where use of the premises is exclusively or primarily for the carrying on, on the premises of the supply of alcohol for consumption on the premises.

\*\* A multiplier of three times the fee and annual charge applies where use of the premises is exclusively or primarily for the carrying on, on the premises of the supply of alcohol for consumption on the premises.

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>

## APPENDIX 4 (Part 2)

**WYRE FOREST DISTRICT COUNCIL****FEES AND CHARGES 2021-2022****CABINET**

Cost Centre	ACTIVITY AND DESCRIPTION OF SERVICE OPTION	KEY	CHANGES IN RESOURCES		
			2021-22 £	2022-23 £	2023-24 £
R500	<b><u>CHIEF EXECUTIVE</u></b>				
	<b><u>Elections - Sale of Stationery</u></b>	C	-	-	-
	Fees and charges reviewed and commercial judgement used.	R S	10 CR -	10 CR -	10 CR -
R505	<b><u>Committee Administration - Sale of Agendas</u></b>	C	-	-	-
	Increase charges by 5% in line with Council Policy.	R	-	-	-
		S	-	-	-
R515	<b><u>Legal Services - Road Closure Orders</u></b>	C	-	-	-
	Increase charges by 5% in line with Council Policy.	R	100 CR	100 CR	100 CR
		S	-	-	-
R515	<b><u>Legal Services - fees</u></b>	C	-	-	-
	Fees and charges reviewed and commercial judgement used.	R	-	-	-
		S	-	-	-
R002	<b><u>COMMUNITY WELL-BEING AND ENVIRONMENT</u></b>				
	<b><u>Domestic Waste - Extra Capacity Bins</u></b>	C	-	-	-
	Fees and charges reviewed and commercial judgement used.	R S	- -	- -	- -
R003	<b><u>Trade Waste</u></b>	C	-	-	-
	Fees and charges reviewed and commercial judgement used.	R	-	-	-
		S	-	-	-
R005	<b><u>Garden Waste</u></b>	C	-	-	-
	Fees and charges reviewed and commercial judgement used.	R	-	-	-
		S	-	-	-
R040	<b><u>Cemeteries</u></b>	C	-	-	-
	Increase charges by 5% in line with Council Policy.	R	2,400 CR	2,400 CR	2,400 CR
		S	-	-	-
R065	<b><u>Bewdley Museum</u></b>	C	-	-	-
	Fees and charges reviewed and commercial judgement used.	R	-	-	-
		S	-	-	-
R160	<b><u>Parks and Green Spaces</u></b>	C	-	-	-
	Fees and charges reviewed and commercial judgement used.	R	-	-	-
		S	-	-	-
R163	<b><u>Rangers Services</u></b>	C	-	-	-
	Fees and charges reviewed and commercial judgement used.	R	-	-	-
		S	-	-	-
R185	<b><u>Car Parks - Meter income, Season Tickets, Parking</u></b>				
	<b><u>Dispensations</u></b>	C	-	-	-
	Fees and charges reviewed.	R	-	50,000 CR	100,000 CR
		S	-	-	-

## APPENDIX 4 (Part 2)

**WYRE FOREST DISTRICT COUNCIL****FEES AND CHARGES 2021-2022****CABINET**

Cost Centre	ACTIVITY AND DESCRIPTION OF SERVICE OPTION	KEY	CHANGES IN RESOURCES		
			2021-22 £	2022-23 £	2023-24 £
R189	<b><u>Car Parks</u></b> Management Fee only - increase charges by 4.5%.	C	-	-	-
		R	7,460 CR	7,460 CR	7,460 CR
		S	-	-	-
R200	<b><u>Bulky waste - Domestic and Trade</u></b> Fees and charges reviewed and commercial judgement used.	C	-	-	-
		R	2,000 CR	2,000 CR	2,000 CR
		S	-	-	-
R200	<b><u>Cleansing - Contract Work</u></b> Fees and charges reviewed and commercial judgement used.	C	-	-	-
		R	-	-	-
		S	-	-	-
R229	<b><u>Garage</u></b> Increase in Class 4 MOT only.	C	-	-	-
		R	1,500 CR	1,500 CR	1,500 CR
		S	-	-	-
R236	<b><u>Grounds Maintenance - Traffic Island Sponsorship</u></b> Fees and charges reviewed and commercial judgement used.	C	-	-	-
		R	-	-	-
		S	-	-	-
R236	<b><u>Grounds Maintenance</u></b> Fees and charges reviewed and commercial judgement used.	C	-	-	-
		R	-	-	-
		S	-	-	-
R252	<b><u>Grounds Maintenance - Arboricultural Services</u></b> Fees and charges reviewed and commercial judgement used.	C	-	-	-
		R	-	-	-
		S	-	-	-
R253	<b><u>Driver Training</u></b> Fees and charges reviewed and commercial judgement used.	C	-	-	-
		R	-	-	-
		S	-	-	-
R253	<b><u>Landscaping</u></b> Fees and charges reviewed and commercial judgement used.	C	-	-	-
		R	-	-	-
		S	-	-	-
R251	<b><u>ECONOMIC PROSPERITY AND PLACE</u></b> <b><u>Wyre Forest House - Room Hire</u></b> Fees and charges reviewed and commercial judgement used.	C	-	-	-
		R	-	-	-
		S	-	-	-
R510	<b><u>Land Charges</u></b> Increase charges by 2.5% in line with Worcs County Council increase for Highways proportion of fee	C	-	-	-
		R	1,800 CR	2,300 CR	2,300 CR
		S	-	-	-
R625	<b><u>Building Control</u></b> To Implement charges as set by North Worcestershire Building Control	C	-	-	-
		R	-	-	-
		S	-	-	-
R631	<b><u>Street Naming and Numbering</u></b> Increase charges by 5% in line with Council Policy	C	-	-	-
		R	550 CR	550 CR	550 CR
		S	-	-	-

## APPENDIX 4 (Part 2)

**WYRE FOREST DISTRICT COUNCIL****FEES AND CHARGES 2021-2022****CABINET**

Cost Centre	ACTIVITY AND DESCRIPTION OF SERVICE OPTION	KEY	CHANGES IN RESOURCES		
			2021-22 £	2022-23 £	2023-24 £
<b>R675</b>	<b><u>Private Sector Housing</u></b> Licence fees and penalty charges for houses in multiple occupation. Increase some charges by 5% in line with Council Policy.	C R S	- 150 CR -	- 150 CR -	- 150 CR -
<b>R679</b>	<b><u>Housing Strategy &amp; Enabling</u></b> Custom and self build register charges. Increase charges by 5% in line with Council Policy.	C R S	- 10 CR -	- 10 CR -	- 10 CR -
<b>R703</b>	<b><u>Property Services</u></b> Fees and charges reviewed and commercial judgement used.	C R S	- - -	- - -	- - -
<b>R704</b>	<b><u>Regeneration and Economic Development</u></b> Fees and charges reviewed and commercial judgement used.	C R S	- - -	- - -	- - -
	<b>TOTALS</b>	<b>C R S</b>	- 15,980 CR -	- 66,480 CR -	- 116,480 CR -





Wyre Forest District Council



Service	Elections and Electoral Registration	Service Manager	Electoral Services Manager
Directorate	Chief Executive	Cabinet Member	Housing, Health Well-being and Democratic Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Elections</b>			
<b>ELECTIONS STATIONERY</b>			
The Occupier Address Labels (per property)	0.10	0.10	No VAT currently charged
Political Party Address Labels (per 1000 or part thereof)	20.00	21.00	No VAT currently charged
Street Index (each)	20.00	21.00	No VAT currently charged
Printed copies of maps Election results (per sheet)	0.10	0.10	No VAT currently charged

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Committee Administration	Service Manager	Principal Committee and Member Services Officer
Directorate	Chief Executive	Cabinet Member	Housing, Health Well-being and Democratic Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Committee Administration</b>			
<b>SUPPLY OF MINUTES / AGENDAS TO OUTSIDE BODIES / COMPANIES</b>			
Cabinet and Full Council Agendas (per annum)	106.00	111.00	No VAT currently charged
Scrutiny Committees Agendas (per annum)	100.00	105.00	No VAT currently charged
Development Control Agendas (per annum)	122.00	128.00	No VAT currently charged
Other Committee Agendas - individual (per annum)	21.00	22.00	No VAT currently charged

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Road Closures	Service Manager	Principal Solicitor
Directorate	Chief Executive	Cabinet Member	Strategy and Finance

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Road Closure Orders</b>			
Charitable / community events (if the application received less than 6 weeks in advance of the event)	147.00	154.00	No VAT currently charged
Charitable / community events (if the application received more than 6 weeks in advance of the event)	111.00	117.00	No VAT currently charged
Remembrance Day Parades	Free	Free	No VAT currently charged
National Royal Celebrations	Free	Free	No VAT currently charged
All other events / reasons for road closure, including commercial events (if application received less than 6 weeks in advance of the event)	185.00	194.00	No VAT currently charged
All other events / reasons for road closure, including commercial events (if application received more than 6 weeks in advance of the event)	147.00	154.00	No VAT currently charged

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Legal Services	Service Manager	Principal Solicitor
Directorate	Chief Executive	Cabinet Member	Strategy and Finance

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge	Proposed Charge	Proposed Charge
	TO 31-03-2021	FROM 01-04-2021	FROM 01-04-2021
	£	£	£
	Charges inclusive of VAT (if applicable)	Charges before VAT	Charges inclusive of VAT (if applicable)
Legal Services Administration			
Recoverable fees relating to legal services	Price on Application	Price on Application	Price on Application

**NOTES:**

Pricing decisions delegated to the Service Manager

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Operational Services	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>LGV Courses</b>			
Practical driving test on a 1 to 1 basis (2 to 1 price on application) <i>Course includes: 1 hour assessment, 5 day course, drive time and classroom based. Use of vehicle for test included.</i>	1,200.00	Price on application	No VAT currently charged
<i>Practical driving: Module 4 only</i>	TBC	Price on application	No VAT currently charged
As above on a 2:1 basis (each)	850.00	Price on application	No VAT currently charged
Theory / hazard perception course <i>1 day course includes loan of materials (books, DVD): 4 hour practice classroom based and the booking of an official test in Worcester.</i>	99.00	Price on application	No VAT currently charged
2 day course CPC theory / CPC practical course <i>Course includes: loan of materials (books and DVD) and the use of a vehicle for the practical test if taken in conjunction with HGV test.</i>	250.00	Price on application	No VAT currently charged
2 Day course (as above) not in conjunction with HGV test	350.00	Price on application	No VAT currently charged
CPC Course per 7 hour module	70.00	Price on application	No VAT currently charged

**NOTES:**

Pricing decisions delegated to the Head of Service



Wyre Forest District Council



Service	Operational Services	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge	Proposed Charge	Proposed Charge
<b>Domestic Waste Collections</b>	<b>TO 31-03-2021</b>	<b>FROM 01-04-2021</b>	<b>FROM 01-04-2021</b>
<b>Trade and Domestic Bulky Collections</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Charges inclusive of VAT (if applicable)	Charges before VAT	Charges inclusive of VAT (if applicable)
<b>BULKY CHARGES – DOMESTIC</b>			
1-2 items	25.00	30.00	No VAT currently charged
3-4 items	45.00	50.00	No VAT currently charged
5-6 items	Price on application	Price on application	No VAT currently charged
7-8 items			No VAT currently charged
9-10 items			No VAT currently charged
11+ items			No VAT currently charged
<b>Charges for the Supply of a Replacement Wheelie Bin</b>	38.00	36.00	No VAT currently charged
<b>Extra capacity bin (covers a 3 year period)</b>	80.00	99.00	No VAT currently charged
<b>Developers / RSL's bin charge for delivery</b>			
240 litre	30.00	30.00	36.00
1100 litre	462.00	400.00	480.00
Unscheduled waste collection fee	30.00	50.00	No VAT currently charged
<b>Garden Waste Contracts*</b>			
Annual collection contract - 240ltr bin	52.00	52.00	No VAT currently charged
Annual collection contract - 140ltr bin	36.00	36.00	No VAT currently charged
Annual collection contract - 660ltr bin	Price on application	Price on application	No VAT currently charged
Annual collection contract - 1100ltr bin	Price on application	Price on application	No VAT currently charged
Administration / set-up fee	20.00	20.00	No VAT currently charged

**NOTES:**

Additional capacity bins will only be provided in circumstances where:-  
 A family consists of 6 or more members or a family member produces medical waste.  
 There is an overriding proviso that all households actively participate in the Recycling Scheme

\*No admin / set-up fee is payable on additional bins.

Replacement bins are only provided where proven damage has occurred, and only after the first instance. Subsequent bins are replaced at the rates stipulated above.



Wyre Forest District Council



Service	Operational Services	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Trade Waste and Commercial Waste Collections - Refuse</b>			
<b>WEEKLY COLLECTION</b>			
<b>COUNCIL OWNED WHEELIE BINS - Cat 1 - liable to landfill tax</b>			
140 litre (one lift per week) - existing customers only	280.00	280.00	No VAT currently charged
240 litre (one lift per week)	335.00	335.00	No VAT currently charged
360 litre (one lift per week) - existing customers only	425.00	425.00	No VAT currently charged
660 litre (one lift per week)	650.00	650.00	No VAT currently charged
1100 litre (one lift per week)	899.00	899.00	No VAT currently charged
<b>COUNCIL OWNED WHEELIE BINS - Cat 2 - not liable to landfill tax</b>			
140 litre (one lift per week) - existing customers only	245.00	245.00	No VAT currently charged
240 litre (one lift per week)	255.00	255.00	No VAT currently charged
360 litre (one lift per week) - existing customers only	290.00	290.00	No VAT currently charged
660 litre (one lift per week)	420.00	420.00	No VAT currently charged
1100 litre (one lift per week)	520.00	520.00	No VAT currently charged
1100 litre Schools (40 weeks)	440.00	440.00	No VAT currently charged
<b>ALTERNATE WEEKLY COLLECTION</b>			
<b>COUNCIL OWNED WHEELIE BINS - Cat 1 - liable to landfill tax</b>			
140 litre (one lift every other week) - existing customers only	150.00	150.00	No VAT currently charged
240 litre (one lift every other week)	185.00	185.00	No VAT currently charged
360 litre (one lift every other week) - existing customers only	235.00	235.00	No VAT currently charged
660 litre (one lift every other week)	395.00	395.00	No VAT currently charged
1100 litre (one lift every other week)	540.00	540.00	No VAT currently charged
<b>COUNCIL OWNED WHEELIE BINS - Cat 2 - not liable to landfill tax</b>			
140 litre (one lift every other week) - existing customers only	135.00	135.00	No VAT currently charged
240 litre (one lift every other week)	145.00	145.00	No VAT currently charged
360 litre (one lift every other week) - existing customers only	170.00	170.00	No VAT currently charged
660 litre (one lift every other week)	280.00	280.00	No VAT currently charged
1100 litre (one lift every other week)	345.00	345.00	No VAT currently charged
1100 litre Schools (40 weeks every other week)	310.00	310.00	No VAT currently charged
<b>PLASTIC SACKS</b>			
Pack of 25	130.00	130.00	No VAT currently charged
Pack of 50	235.00	235.00	No VAT currently charged
<b>Additional One-Off Collections - Single Lift Fee</b>			
140 litre - 360 litre	35.00	35.00	No VAT currently charged
600 litre - 1100 litre	45.00	45.00	No VAT currently charged
<b>Multiple Collections as above</b>	Price on Application	Price on Application	No VAT currently charged
<b>Trade Waste Bulky Collections</b>	Price on Application	Price on Application	No VAT currently charged

**NOTES:**

Free 240 litre bin collections are provided to institutions eligible for maximum National Non Domestic Rate relief (e.g. Places of Worship), a second bin will attract an annual charge based upon the Commercial Trade Price list.



Wyre Forest District Council



Service	Operational Services	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Trade Waste and Commercial Waste Collections -Recycling</b>			
<b>WEEKLY COLLECTIONS</b>			
<b>COUNCIL OWNED WHEELIE BINS - Cat 1 - liable to Recycling gate Fee</b>			
240 litre (one lift per week)	285.00	285.00	No VAT currently charged
660 litre (one lift per week)	505.00	505.00	No VAT currently charged
1280 litre (one lift per week)	665.00	665.00	No VAT currently charged
<b>ALTERNATE WEEKLY COLLECTION</b>			
<b>COUNCIL OWNED WHEELIE BINS - Cat 1 - liable to Recycling gate Fee</b>			
240 litre (one lift every other week)	160.00	160.00	No VAT currently charged
660 litre (one lift every other week)	320.00	320.00	No VAT currently charged
1280 litre (one lift every other week)	430.00	430.00	No VAT currently charged
<b>Additional One-Off Collections - Single Lift Fee</b>			
240 litre - 360 litre	35.00	35.00	No VAT currently charged
660 litre - 1280 litre	45.00	45.00	No VAT currently charged
<b>Multiple Collections as above</b>	Price on Application	Price on Application	No VAT currently charged
<b>Trade Waste Bulky Collections</b>	Price on Application	Price on Application	No VAT currently charged

**NOTES:**

Free 240 litre bin collections are provided to institutions eligible for maximum National Non Domestic Rate relief (e.g. Village Halls), a second bin will attract an annual charge based upon the Commercial Trade Price list.





Wyre Forest District Council



Service	Parks and Open Spaces	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Cemetery Fees</b>			
<b>CHARGES ONLY APPLY TO KIDDERMINSTER CEMETERY</b>			
<b>INTERMENTS - RESIDENTS ONLY **</b>			
Child up to 1 month	Free	Free	N/A
Child aged 1 month to 5 years*	Free	Free	N/A
Child aged 5 to 18 years*	180.00	Free	No VAT currently charged
Persons over 18 years*	575.00	605.00	No VAT currently charged
Burial of cremated remains*	235.00	245.00	No VAT currently charged
<b>INTERMENTS - NON-RESIDENTS OF WYRE FOREST</b>			
Child up to 18 years*	365.00	Free	No VAT currently charged
Persons over 18 years*	1,150.00	1,210.00	No VAT currently charged
Burial of cremated remains*	420.00	440.00	No VAT currently charged
<b>PURCHASED GRAVES - RESIDENTS ONLY **</b>			
Purchase of burial rights - Child up to 5 years	Free	Free	No VAT currently charged
Purchase of burial rights - 5 years upwards	655.00	690.00	No VAT currently charged
Purchase of burial rights for cremated remains - Child up to 5 years	Free	Free	No VAT currently charged
Purchase of burial rights for cremated remains - 5 years upwards	340.00	355.00	No VAT currently charged
<b>PURCHASED GRAVES - NON-RESIDENTS OF WYRE FOREST</b>			
Purchase of burial rights	1,300.00	1,365.00	No VAT currently charged
Purchase of burial rights for cremated remains	680.00	715.00	No VAT currently charged
<b>MISCELLANEOUS CHARGES</b>			
Maintenance of grave. Planting with Spring and Summer bedding per annum (specified areas of the Cemetery only)	150.00	130.83	157.00
<b>CHARGES OF USE OF STAFF/FACILITIES</b>			
For attendance of Registrar other than between 9:00am and 10:00am (weekdays other than Bank/Public Holidays)	75.00	65.83	79.00
Premium to be applied to cost of burials taking place wholly or partially outside normal working hours	10%	10%	
Assessing suitability of grave for additional burials	55.00	48.33	58.00
<b>MONUMENTS / GRAVE STONES ETC</b>			
The right to place or erect a memorial including first inscription	290.00	254.17	305.00
The right to place or erect a commemorative plaque or kerb stone	145.00	126.67	152.00
Each additional inscription	55.00	48.33	58.00
Vase	55.00	48.33	58.00
Certified copy of entry in Register of Burials / Burial Grant	35.00	30.83	37.00
Transfer of exclusive Right of Burial	90.00	79.17	95.00
Surrender of exclusive Right of Burial	60.00	52.50	63.00

**NOTES:**

\* Subject to attendance charge for Registrar

\*\* These fees are also charged if the deceased lived in the District for the majority of their life and took up a place in full time care outside the District within 2 years of their death. The family is to provide the relevant information for demonstrating this to the burial authority.


**Wyre Forest District Council**


<b>Service</b>	<b>Cultural Services</b>	<b>Service Manager</b>	<b>Museum Manager</b>
<b>Directorate</b>	<b>Community Well-Being and Environment</b>	<b>Cabinet Member</b>	<b>Culture, Leisure and Community Protection</b>

**PROPOSAL OF SCALE OF FEES AND CHARGES**

<b>INCOME DESCRIPTION</b>	<b>Current Charge</b>	<b>Proposed Charge</b>	<b>Proposed Charge</b>
<b>Museum</b>	<b>TO 31-03-2021</b>	<b>FROM 01-04-2021</b>	<b>FROM 01-04-2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
	Charges inclusive of VAT (if applicable)	Charges before VAT	Charges inclusive of VAT (if applicable)
<b>MUSEUM</b>			
<b>Bewdley Museum</b>			
Adults	Free	Free	N/A
Senior Citizen	Free	Free	N/A
Accompanied Children	Free	Free	N/A
Unaccompanied Children	Free	Free	N/A
Residents' Season Ticket	Free	Free	N/A
School Parties Admission Charge	Free to commercial judgement	Price on Application	No VAT currently charged
General Enquiries (per hour)	20.00	16.67	20.00
Weddings and Special Occasions	Commercial Judgement	Price on Application	No VAT currently charged
<b>Hire of Education Room</b>			
Minimum Charge	Free	Free	N/A
Maximum Charge (per half day)	Commercial Judgement	Price on Application	No VAT currently charged
Commercial Bookings	Commercial Judgement	Price on Application	No VAT currently charged
<b>Hire of Wyre Forest Gallery</b>			
Charge for local organisations & emerging community artists (per week)	Free	Free	N/A
Commercial Bookings	Commercial Judgement	Price on Application	No VAT currently charged
<b>Hire of Sawyard Gallery</b>			
Charge for local organisations & emerging community artists (per week)	Free	Free	N/A
Commercial Bookings	Commercial Judgement	Price on Application	No VAT currently charged
<b>Hire of Guild Hall</b>			
Minimum Charge	Free	Free	N/A
Maximum Charge	Commercial Judgement	Price on Application	No VAT currently charged

**NOTES:**

Pricing decisions delegated to the Head of Service.

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Parks and Open Spaces	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge	Proposed Charge	Proposed Charge
	TO 31-03-2021	FROM 01-04-2021	FROM 01-04-2021
	£	£	£
	Charges inclusive of VAT (if applicable)	Charges before VAT	Charges inclusive of VAT (if applicable)
<b>Parks Events</b>			
<b>GREEN SPACES - Parks and Green Spaces (not Nature Reserves)</b>			
Fund Raising/Charity Events Ground Hire per day (refundable deposit applies)	Price on application	Price on application	No VAT currently charged
Commercial Events (refundable deposit applies)	Price on application	Price on application	No VAT currently charged
Health and Safety Outdoor Event check	60.00	50.00	60.00
<b>Grounds maintenance - external contracts</b>			
Based upon an hourly rate			
Arborists	Price on application	Price on application	VAT charged at current rate
Grounds Maintenance	Price on application	Price on application	VAT charged at current rate
Landscaping	Price on application	Price on application	VAT charged at current rate
<b>Advertising and Sponsorships</b>			
Refuse vehicle banners	Price on application	Price on application	VAT charged at current rate
Traffic Island Sponsorship	Price on application	Price on application	VAT charged at current rate

NOTES:

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Wyre Forest District Council



Service	Operational Services	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Rangers Services and Nature Reserves</b>			
<b>RANGER SERVICES</b>			
Minimum Charge	Free	Free	No VAT currently charged
Maximum Charge	55.00	55.00	No VAT currently charged
Young Rangers (per term)	28.00	28.00	No VAT currently charged
<b>NATURE RESERVES</b>			
Small charitable or community events (less than 20 people) up to 3 hrs	Price on Application	Price on Application	No VAT currently charged
over 3 hrs	Price on Application	Price on Application	No VAT currently charged
Medium charitable or community events (more than 20 people less than 100) up to 3 hrs	Price on Application	Price on Application	No VAT currently charged
over 3 hrs	Price on Application	Price on Application	No VAT currently charged
Large charitable or community events (more than 100 people) up to 3 hrs	Price on Application	Price on Application	No VAT currently charged
over 3 hrs	Price on Application	Price on Application	No VAT currently charged
Commercial and fund raising events	Price on Application	Price on Application	No VAT currently charged

**NOTES:**

Pricing decisions delegated to the Head of Service.  
Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Operational Services	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge	Proposed Charge	Proposed Charge
	TO 31-03-2021 £	FROM 01-04-2021 £	FROM 01-04-2021 £
<b>Parking Dispensations and Event Support</b>	Charges inclusive of VAT (if applicable)	Charges before VAT	Charges inclusive of VAT (if applicable)
<b>Parking Dispensations</b>			
Charge per application - daily rate	15.00	15.00	No VAT currently charged
Charge per application - up to 7 days	100.00	100.00	No VAT currently charged
Charge per application - more than 7 days	Price on application	Price on application	No VAT currently charged
<b>EVENTS SUPPORT</b>			
Trailer cabin unit - charge per unit	Price on Application	Price on Application	VAT charged at current rate
The provision of above, but on a more permanent basis	Price on Application	Price on Application	VAT charged at current rate
Facilitating access or removing bollards - charge per hour	Price on Application	Price on Application	VAT charged at current rate
Car Boot events	Price on Application	Price on Application	No VAT currently charged
Private Cleansing work	Price on application	Price on application	VAT charged at current rate

**NOTES:**

Pricing decisions delegated to the Head of Service



Wyre Forest District Council



Service	Operational Services	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION		Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Car Parks Fees and Charges</b>	<b>Maximum Stay</b>			
<b>Short Term</b>				
<b>Bewdley</b>	1 hour	100 p	83 p	100 p
Load Street Surface Vehicle Park (Upper)	2 hours	200 p	167 p	200 p
<b>Kidderminster</b>				
Market Street Surface Vehicle Park				
<b>Stourport-on-Severn</b>				
Bridge Street Surface Vehicle Park				
<b>Long Term</b>				
<b>Kidderminster</b>	1 hour	100 p	83 p	100 p
Aldi Store Surface Vehicle Park	2 hours	200 p	167 p	200 p
Batemans Yard Surface Vehicle Park	3 hours	300 p	250 p	300 p
Pike Mills Surface Vehicle Park	24 hours	500 p	417 p	500 p
<b>Blakedown</b>	48 hours	1000 p	833 p	1000 p
The Avenue Surface Car Park				
<b>Long Term</b>				
<b>Bewdley</b>	1 hour	100 p	83 p	100 p
Dog Lane Surface Vehicle Park	2 hours	200 p	167 p	200 p
Gardners Meadow Surface Vehicle Park	3 hours	400 p	333 p	400 p
Load Street Surface Vehicle Park (Lower)	24 hours	600 p	500 p	600 p
<b>Stourport-on-Severn</b>	48 hours	1000 p	833 p	1000 p
Raven Street Surface Vehicle Park				
Riverside Meadows Surface Vehicle Park				
Severn Meadows No. 1 Surface Vehicle Park				
Severn Meadows No. 2 Surface Vehicle Park				
Severn Meadows No. 3 Surface Vehicle Park				
Vale Road Surface Car Park				
<b>(Applied 1st April - 30th September)</b>				
<b>Long Term</b>				
<b>Bewdley</b>	1 hour	100 p	83 p	100 p
Dog Lane Surface Vehicle Park	2 hours	200 p	167 p	200 p
Gardners Meadow Surface Vehicle Park	3 hours	300 p	250 p	300 p
Load Street Surface Vehicle Park (Lower)	24 hours	500 p	417 p	500 p
<b>Stourport-on-Severn</b>	48 hours	1000 p	833 p	1000 p
Raven Street Surface Vehicle Park				
Riverside Meadows Surface Vehicle Park				
Severn Meadows No. 1 Surface Vehicle Park				
Severn Meadows No. 2 Surface Vehicle Park				
Severn Meadows No. 3 Surface Vehicle Park				
Vale Road Surface Car Park				
<b>(Applied 1st October - 31st March)</b>				

**NOTES:**

Charges apply Monday-Sunday between 08:00 and 21:00.



Wyre Forest District Council



Service	Operational Services	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Ticket Length	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Car Parking Season Tickets</b>				
<b>Wyre Forest Ticket</b>	1 month	45.00	37.50	45.00
All car parks	6 months	250.00	208.33	250.00
	12 months:	400.00	333.33	400.00
	payable in 11 instalments*			
<b>Senior Citizen Ticket</b>	12 months:	175.00	145.83	175.00
All car parks	payable in 11 instalments*			
<b>Bromsgrove St Ticket</b>	1 month	36.00	30.00	36.00
Bromsgrove Street Surface Vehicle Park	6 months	170.00	141.67	170.00
<b>Note</b> - All season tickets are valid on this car park	12 months:	300.00	250.00	300.00
	payable in 11 instalments*			

**NOTES:**

\*First month paid in advance. Remainder payable as 10 monthly Direct Debit payments.



Wyre Forest District Council



Service	Operational Services	Service Manager	Head of Community and Environment Services
Directorate	Community Well-Being and Environment	Cabinet Member	Operational Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Fleet Management</b>			
<b>External contracts based upon</b>	Price on Application	Price on Application	VAT charged at current rate
<b>Staff and Members Servicing</b>			
Fixed service charges Std A	120.00	100.00	120.00
Fixed service charges Full B	192.00	160.00	192.00
All servicing excludes parts - which will be an additional charge			
<b>Car Inspection</b>	54.00	45.00	54.00
<b>Staff / Members Cars</b>			
Labour charges per hour based upon	61.20	51.00	61.20
PLUS additional material at cost*			
<b>MOT</b>			
Class 4	45.00	54.85	No VAT currently charged
Class 4 - Staff Only	N/A	35.00	No VAT currently charged
Class 7	58.00	58.00	No VAT currently charged
<b>Taxi Fees &amp; Charges</b>			
Taxi Inspection - Single Recovery Charges to WRS	48.00	48.00	No VAT currently charged
Taxi Reinspection - Direct Charge - Floor	34.00	34.00	No VAT currently charged
Taxi Reinspection - Direct Charge - Ramp	41.00	41.00	No VAT currently charged
Taxi Missed Inspection (Less than 24hrs) - Direct Charge	41.00	41.00	No VAT currently charged
Taxi MOT (as part of above scheduled inspection) - Direct Charge	35.00	35.00	No VAT currently charged
Taxi MOT Independently Booked - Direct Charge	49.00	49.00	No VAT currently charged

**NOTES:**

Pricing decisions delegated to the Head of Service

\* Work undertaken is dependant upon workload capacity and the need to maintain the operational fleet





Wyre Forest District Council



Service	Facility Hire	Service Manager	Facilities and Asset Manager
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge	Proposed Charge	Proposed Charge
	TO 31-03-2021	FROM 01-04-2021	FROM 01-04-2021
	£	£	£
	Charges inclusive of VAT (if applicable)	Charges before VAT	Charges inclusive of VAT (if applicable)
<b>Hire of Facilities</b>			
<b>WYRE FOREST HOUSE</b>			
<b>Partnership and Commercial rate (hourly)</b>			
Council Chamber	Price on Application	Price on Application	Price on Application
Stourport on Severn & Bewdley rooms combined	Price on Application	Price on Application	Price on Application
Stourport-on-Severn & Bewdley rooms separately	Price on Application	Price on Application	Price on Application
Kidderminster & Rock rooms combined	Price on Application	Price on Application	Price on Application
Kidderminster & Rock rooms separately	Price on Application	Price on Application	Price on Application

**NOTES:**

Pricing decisions delegated to the Facilities and Asset Manager  
 Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>


**Wyre Forest District Council**


<b>Service</b>	<b>Property Services</b>	<b>Service Manager</b>	<b>Director</b>
<b>Directorate</b>	<b>Economic Prosperity &amp; Place</b>	<b>Cabinet Member</b>	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

<b>INCOME DESCRIPTION</b>	<b>Current Charge</b>	<b>Proposed Charge</b>	<b>Proposed Charge</b>
<b>Property Services</b>	<b>TO 31-03-2021</b>	<b>FROM 01-04-2021</b>	<b>FROM 01-04-2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
	Charges inclusive of VAT (if applicable)	Charges before VAT	Charges inclusive of VAT (if applicable)
Fees relating to surveys prior to lettings	Price on Application	Price on Application	Price on Application
<b>NOTE</b>			
Pricing decisions delegated to the Service Manager			

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Land Charges	Service Manager	Head of Strategic Growth
Directorate	Economic Prosperity and Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION		Current Charge	Proposed Charge	Proposed Charge
Land Charges		TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	FROM 01-04-2021 £ Charges before VAT	FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>LAND CHARGES - RESIDENTIAL &amp; COMMERCIAL</b>				
Basic Land Charges Search Fee		25.50	26.00	No VAT currently charged
Con 29 Part 1		96.00	82.00	98.40
Highway Information Payable to Worcs County Council		42.84	36.60	43.92
Total		164.34	144.60	168.32
Each additional residential/commercial property/parcel of land		25.50	26.00	No VAT currently charged
Con 29 Part 1		22.20	18.96	22.75
Total		47.70	44.96	48.75
<b>Each Optional Enquiry - Residential and Commercial</b>				
Questions answered by WFDC		24.64	21.05	25.26
Question 4 WFDC		11.40	9.74	11.69
Question 4 payable to Worcs County Council Highways		13.24	11.30	13.56
Total		24.64	21.04	25.25

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>

## APPENDIX 4 (Part 2)



Wyre Forest District Council



Service	Building Control	Service Manager	Building Control Manager - North Worcestershire
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Building Control - Fees Set By North Worcestershire Building Control Shared Service</b>			
<b>STANDARD CHARGES FOR THE CREATION OR CONVERSION TO NEW HOUSING</b>			
Application Charge	Price on application	Price on application	VAT Charged at Current Rate
Regularisation Charge	Price on application	Price on application	No VAT Currently Charged
Additional Charge *	Price on application	Price on application	VAT Charged at Current Rate
<b>DOMESTIC EXTENSIONS TO A SINGLE BUILDING</b>			
Conversion of attached garage into habitable room:			
Application Charge	375.00	312.50	375.00
Regularisation Charge	450.00	450.00	No VAT Currently Charged
Additional Charge *	Price on application	Price on application	VAT Charged at Current Rate
Extension where floor area is less than 10m <sup>2</sup> :			
Application Charge	Price on application	Price on application	VAT Charged at Current Rate
Regularisation Charge	Price on application	Price on application	No VAT Currently Charged
Additional Charge *	Price on application	Price on application	VAT Charged at Current Rate
All Other Extensions:			
Application Charge	Price on application	Price on application	VAT Charged at Current Rate
Regularisation Charge	Price on application	Price on application	No VAT Currently Charged
Additional Charge *	Price on application	Price on application	VAT Charged at Current Rate
Loft Conversions:			
Application Charge	Price on application	Price on application	VAT Charged at Current Rate
Regularisation Charge	Price on application	Price on application	No VAT Currently Charged
Additional Charge *	Price on application	Price on application	VAT Charged at Current Rate
Detached Garage over 30m <sup>2</sup>			
Application Charge	Price on application	Price on application	VAT Charged at Current Rate
Regularisation Charge	Price on application	Price on application	No VAT Currently Charged
Additional Charge *	Price on application	Price on application	VAT Charged at Current Rate
Electrical Works by Non-Qualified Electrician:			
Application Charge	Price on application	Price on application	VAT Charged at Current Rate
Regularisation Charge	Price on application	Price on application	No VAT Currently Charged
Renovation of Thermal Element:			
Application Charge	231.00	192.50	231.00
Regularisation Charge	275.00	275.00	No VAT Currently Charged
Installing Steel Beams(s) within an Existing House:			
Application Charge	225.00	187.50	225.00
Regularisation Charge	270.00	270.00	No VAT Currently Charged
Window Replacement:			
Application Charge	225.00	187.50	225.00
Regularisation Charge	270.00	270.00	No VAT Currently Charged
Installing New Boiler or Wood Burner, etc:			
Application Charge	440.00	366.67	440.00
Regularisation Charge	530.00	530.00	No VAT Currently Charged
<b>ALL OTHER WORK - ALTERATIONS</b>			
Application Charge	Price on application	Price on application	VAT Charged at Current Rate
Regularisation Charge	Price on application	Price on application	No VAT Currently Charged
<b>Supplementary Charges</b>			
Archived plans			
Re-open archived file and issue completion certificate	55.44	46.20	55.44
Site Visit relating to archived case - per site visit	72.34	60.28	72.34



Wyre Forest District Council



Service	Building Control	Service Manager	Building Control Manager - North Worcestershire
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Building Control - Fees Set By North Worcestershire Building Control Shared Service</b>			
<b>Withdrawn Applications</b>			
Process request - Admin Charge	55.44	46.20	55.44
Building Notice - No inspection having taken place	refund fee less admin charge	refund fee less admin charge	refund fee less admin charge
Building Notice - Inspections having taken place	refund fee less admin charge less £66.90 per visit	refund fee less admin charge less £55.75 per visit	refund fee less admin charge less £66.90 per visit
Full Plans - not checked, no inspections	refund fee less admin charge	refund fee less admin charge	refund fee less admin charge
Full Plans - checked, no inspections	refund inspection fee less admin charge	refund inspection fee less admin charge	refund inspection fee less admin charge
Full Plans - checked, with site inspections	refund fee less admin charge less £66.90 per visit	refund fee less admin charge less £55.75 per visit	refund fee less admin charge less £66.90 per visit
<b>Redirected Inspection fees/issue copy documents</b>			
Re invoice to new address	55.44	46.20	55.44
Optional Consultancy Services	Price on application	Price on application	VAT Charged at Current Rate

**NOTES:**

For Quotations by Telephone Please Ring North Worcestershire Building Control on 01527 881402

\* The additional charge is payable on deposit if the electrician is not specified on the application form, or the person / company specified is not a Part P registered electrician

These charges have been set on the following basis:

1. That the building work does not consist of, or include innovative or high risk construction techniques and / or the duration of the building work from commencement to completion does not exceed 12 months.

2. That the design and building work is undertaken by a person or company that is competent to carry out the relevant design and building work. If they are not, the building control service may impose supplementary charges.

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Planning	Service Manager	Head of Strategic Growth
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Street Naming and Numbering</b>			
<b>Existing Properties</b>			
Renaming an existing street	302.00	317.00	No VAT currently charged
Additional charge per premise	75.50	79.00	No VAT currently charged
Renaming (where the premise is NOT also numbered) or renumbering a premise	150.00	158.00	No VAT currently charged
Additional charge per premise	28.50	30.00	No VAT currently charged
Adding a name to or renaming a premise (where the premise is also numbered)	28.50	30.00	No VAT currently charged
Additional charge where this includes naming of a building (e.g. a block of flats)	75.50	79.00	No VAT currently charged
<b>New Developments</b>			
Naming a New Street	302.00	317.00	No VAT currently charged
Naming and Numbering a new Premises	150.00	158.00	No VAT currently charged
Additional charge for each adjoining premise	28.50	30.00	No VAT currently charged
Additional Charge where this includes naming of a building (e.g. a block of flats)	75.50	79.00	No VAT currently charged
Confirmation of address to solicitors/conveyancers/occupiers or owners	28.50	30.00	No VAT currently charged

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Service	Housing	Service Manager	Head of Strategic Growth
Directorate	Economic Prosperity & Place	Cabinet Member	Housing, Health, Well-Being and Democratic Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Private Sector Housing</b>			
HMO Licence - 5 year licence	825.00	825.00	No VAT currently charged
HMO Licence if application submitted and complete within 21 days	600.00	600.00	No VAT currently charged
Residential Caravan Site New Application	820.00	820.00	No VAT currently charged
Residential Caravan Site New Application if submitted and complete within 21 days	600.00	600.00	No VAT currently charged
Residential Caravan Site Annual Inspection Fee	220.00	220.00	No VAT currently charged
<b>Smoke &amp; CO Regulations Penalty Charges as per Published Statement of Principles*</b>			
Penalty fee where no previous action has been taken	600.00	630.00	No VAT currently charged
Penalty fee for landlords who have had previous single action taken against them under Housing Act 2004 or other housing legislation	1,815.00	1,906.00	No VAT currently charged
Penalty fee for landlords who have had previous multiple actions taken against them under Housing Act 2004 or other housing legislation	3,650.00	3,833.00	No VAT currently charged
Officer time spent to enforce the regulations	Charged at Cost	Charged at Cost	No VAT currently charged
Purchase and Equip Property with Alarms	Charged at Cost	Charged at Cost	No VAT currently charged
Recovery Costs**	600.00	630.00	No VAT currently charged
Administration Costs	305.00	320.00	No VAT currently charged

**NOTES:**

\* The amount of Penalty Charge shall be a maximum of £5,000.  
 \*\* The penalty charge shall be reduced by the £500 cost recovery element if paid within 14 days of the issue of the penalty charge notice.  
 Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>

## APPENDIX 4 (Part 2)



Wyre Forest District Council



Service	Housing	Service Manager	Head of Strategic Growth
Directorate	Economic Prosperity & Place	Cabinet Member	Housing, Health, Well-Being and Democratic Services

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Housing Strategy and Enabling</b>			
Custom and self build register charges	28.00	29.00	No VAT currently charged

**NOTES:**

This is a charge made to individuals or groups for registering on the Council's self-build register.  
Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>





Wyre Forest District Council



Service	Regeneration	Service Manager	Head of Economic Development and Regeneration for North Worcestershire
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge	Proposed Charge	Proposed Charge
	TO 31-03-2021 £	FROM 01-04-2021 £	FROM 01-04-2021 £
Regeneration and Economic Development	Charges inclusive of VAT (if applicable)	Charges before VAT	Charges inclusive of VAT (if applicable)
<b>Town Centre Promotions</b>			
National brand - Bus, van or marquee per day	120.00	120.00	No VAT currently charged
National brand - Bus, van or marquee per week	600.00	600.00	No VAT currently charged
Established local business - Bus, van or marquee per day	120.00	120.00	No VAT currently charged
Established local business - Bus, van or marquee per week	600.00	600.00	No VAT currently charged
New local business or start-up - first occasion	Free	Free	
New local business or start-up - second occasion	N/A	N/A	No VAT currently charged
New local business or start-up - thereafter - per day	30.00	30.00	No VAT currently charged
New local business or start-up - thereafter - per week	150.00	150.00	No VAT currently charged
Leafleting only (without stall or table) per day	30.00	30.00	No VAT currently charged
Registered charities (local) - first occasion	Free	Free	
Registered charities (local) - second occasion	N/A	N/A	No VAT currently charged
Registered charities (local) - thereafter - per day	60.00	60.00	No VAT currently charged
Registered charities (local) - thereafter - per week	300.00	300.00	No VAT currently charged
Registered charities (national) per day	100.00	100.00	No VAT currently charged
Registered charities (national) per week	400.00	400.00	No VAT currently charged

**NOTES:**Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>

## APPENDIX 4 (Part 3)

**WYRE FOREST DISTRICT COUNCIL****FEES AND CHARGES 2021-2022****COUNCIL**

Cost Centre	ACTIVITY AND DESCRIPTION OF SERVICE OPTION	KEY	CHANGES IN RESOURCES		
			2021-22 £	2022-23 £	2023-24 £
	<b><u>ECONOMIC PROSPERITY AND PLACE</u></b>				
<b>R605</b>	<b><u>Development Control - Planning Advice</u></b> Increase charges by 5% in line with Council Policy.	C R S	- 60 CR -	- 60 CR -	- 60 CR -
<b>R605</b>	<b><u>Development Control - High Hedges</u></b> Fees and charges reviewed and commercial judgement used.	C R S	- 20 CR -	- 20 CR -	- 20 CR -
<b>R605</b>	<b><u>Development Control - Pre-application Advice</u></b> Fees and charges reviewed and commercial judgement used.	C R S	- 1,000 CR -	- 1,000 CR -	- 1,000 CR -
<b>R625</b>	<b><u>Building Control - Decision Notices</u></b> To increase charges by 5% for copies of decision notices held by the Council prior to the formation of the North Worcestershire Building Control Shared Service.	C R S	- 10 CR -	- 10 CR -	- 10 CR -
<b>R605</b>	<b><u>Development Control - Sale of Documents</u></b> Increase charges by 5% in line with Council Policy.	C R S	- 170 CR -	- 170 CR -	- 170 CR -
<b>R637</b>	<b><u>Environmental Health - Water Sampling</u></b> Water sampling and analysis charges are set by Worcs Regulatory Services. No increase is being proposed in 2021/22	C R S	- - -	- - -	- - -
<b>R637</b>	<b><u>Environmental Health - Control of Dogs</u></b> The charges levied for the control of stray dogs are set by Worcs Regulatory Services on a cost recovery basis. Charges are consistent across all authorities within the Shared Service. No increase is being imposed in 2021/22	C R S	- - -	- - -	- - -
<b>R638</b>	<b><u>Licensing Activities - Hackney Carriages</u></b> No increase are being proposed in 2021/22 to Hackney Carriage licences.	C R S	- - -	- - -	- - -
<b>R638</b>	<b><u>Licensing Activities - Animal Activity Licensing</u></b> The Animal Activity licensing charges were introduced in October 2018, covering animal boarding, dog breeding, pet shops, riding establishments and performing animals. WRS are not proposing an increase in 2021/22	C R S	- - -	- - -	- - -
<b>R638</b>	<b><u>Licensing Activities - Other General Licensing</u></b> No increase is being proposed in 2021/22	C R S	- - -	- - -	- - -
<b>R638</b>	<b><u>Licensing Activities - Gambling Act 2005 (Premises)</u></b> No increase is being proposed in 2021/22	C R S	- - -	- - -	- - -

## APPENDIX 4 (Part 3)

**WYRE FOREST DISTRICT COUNCIL****FEES AND CHARGES 2021-2022****COUNCIL**

Cost Centre	ACTIVITY AND DESCRIPTION OF SERVICE OPTION	KEY	CHANGES IN RESOURCES		
			2021-22 £	2022-23 £	2023-24 £
<b>R638</b>	<b><u>Licensing Activities - Scrap Metal Dealers Licence</u></b> Scrap metal dealers licence is a 3 year licence which was introduced in 2014. Level of charges are recommended by Worc's Regulatory Services. No increase is being proposed in 2021/22 across all Districts	C R S	- - -	- - -	- - -
<b>R310</b>	<b><u>RESOURCES</u></b> <b><u>Council Tax and NNDR</u></b> Summons Costs      £50 Liability Order Costs <u>£30</u> <u>£80</u> Bi-annual review of summons costs and liability orders to reflect inflation and additional Magistrates Court costs.	C R S	- - -	- - -	- - -
	<b>TOTALS</b>	C R S	- 1,260 CR -	- 1,260 CR -	- 1,260 CR -



Wyre Forest District Council



Service	Planning	Service Manager	Development Manager
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>High Hedge Applications</b>			
<b>High Hedge Applications</b>			
Householder	400.00	420.00	No VAT currently charged
Other	400.00	420.00	No VAT currently charged
Concession (for those in receipt of housing or council tax benefits)	175.00	184.00	No VAT currently charged
<b>NOTES:</b>			

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Planning & Building Control	Service Manager	Development Manager
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Planning Advice</b>			
<b>Building Control Decision Notices (Pre 01-01-2012)</b>			
<b>Sale of Copy Documents</b>			
Reply to general individual queries, Planning or Building Control for up to 6 questions (after that the full Local Land Charge Search fee will be charged)	28.00 per Question	29.00 per Question	No VAT currently charged
If any query requires a site visit to be made (e.g. compliance with conditions)	79.00	83.00	No VAT currently charged
<b>Charges for Copy Documents</b>			
See Note 2 below			
Monthly Decision List - Emailed	Free	Free	Free
Weekly Planning Application List - Emailed	Free	Free	Free
Decision Notices	23.00	20.00	24.00
Decision Notices Additional Copies	1.50	1.33	1.60
A4 - For each copy	1.50	1.33	1.60
A3 - For each copy	1.50	1.33	1.60
A2 - For each copy	4.00	3.50	4.20
A1 - For each copy	5.40	4.75	5.70
A0 - For each copy	6.60	5.83	7.00

**NOTES:**

Note 1 - Copies, where appropriate, are available free up to a cumulative single transaction value of £10 for individuals (the discretion of Head of Service to be applied in cases of multiple separate transactions) and charged at full cost to representatives of professional and/or commercial companies.  
Note 2 - Copies of all planning application plans and decision notices made from 2006 onwards are available online at zero cost at <http://www.wyreforestdc.gov.uk/planning-and-buildings.aspx>  
Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>

## APPENDIX 4 (Part 3)



Wyre Forest District Council



Service	Planning	Service Manager	Development Manager
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Permitted Developments and Pre-application Advice</b>			
<b>Permitted Development enquiries</b>			
<b>Proposed development type</b>			
Householder	Free	Free	Free
Other	Free	Free	Free
<b>Pre-Application advice</b>			
<b>Householder</b>	Free	Free	Free
Cost of each additional meeting	Free	Free	Free
<b>Residential Development including Conversions (see note 1)</b>			
1 dwelling	100.00	87.50	105.00
Cost of each additional meeting	45.00	39.17	47.00
2-3 dwellings	280.00	245.00	294.00
Cost of each additional meeting	120.00	105.00	126.00
4-5 dwellings	375.00	328.33	394.00
Cost of each additional meeting	175.00	153.33	184.00
6-7 dwellings	550.00	481.67	578.00
Cost of each additional meeting	250.00	219.17	263.00
8-9 dwellings	750.00	656.67	788.00
Cost of each additional meeting	350.00	306.67	368.00
10-24 dwellings	1,000.00	875.00	1,050.00
Cost of each additional meeting	550.00	481.67	578.00
25-49 dwellings	1,600.00	1,400.00	1,680.00
Cost of each additional meeting	700.00	612.50	735.00
50 - 74 dwellings	2,000.00	1,750.00	2,100.00
Cost of each additional meeting	900.00	787.50	945.00
75 - 99 dwellings	2,600.00	2,275.00	2,730.00
Cost of each additional meeting	1,200.00	1,050.00	1,260.00
100 - 149 dwellings	3,200.00	2,800.00	3,360.00
Cost of each additional meeting	1,300.00	1,137.50	1,365.00
150 - 199 dwellings	3,500.00	3,062.50	3,675.00
Cost of each additional meeting	1,500.00	1,312.50	1,575.00
200 - 299 dwellings	4,200.00	3,675.00	4,410.00
Cost of each additional meeting	1,800.00	1,575.00	1,890.00
300 - 499 dwellings	4,800.00	4,200.00	5,040.00
Cost of each additional meeting	2,000.00	1,750.00	2,100.00
500+ dwellings	5,200.00	4,550.00	5,460.00
Cost of each additional meeting	2,500.00	2,187.50	2,625.00
<b>Non Residential/Commercial Development (see note 1)</b>			
Gross floor area up to 75m2	Free	Free	Free
Cost of each additional meeting	Free	Free	Free
Gross floor area 76m2 - 249m2	150.00	131.67	158.00
Cost of each additional meeting	75.00	65.83	79.00
Gross floor area up to 250m2 - 499m2	300.00	262.50	315.00
Cost of each additional meeting	150.00	131.67	158.00
Gross floor area 500m2 - 999m2	650.00	569.17	683.00
Cost of each additional meeting	325.00	284.17	341.00
Gross floor area 1,000m2 - 2,499m2	1,600.00	1,400.00	1,680.00
Cost of each additional meeting	720.00	630.00	756.00
Gross floor area 2,500m2 - 4,999m2	2,500.00	2,187.50	2,625.00
Cost of each additional meeting	850.00	744.17	893.00
Gross floor area 2,500m2 - 9,999m2	3,400.00	2,975.00	3,570.00
Cost of each additional meeting	1,100.00	962.50	1,155.00
Gross floor area +10,000m2	4,800.00	4,200.00	5,040.00
Cost of each additional meeting	1,500.00	1,312.50	1,575.00

## APPENDIX 4 (Part 3)



Wyre Forest District Council



Service	Planning	Service Manager	Development Manager
Directorate	Economic Prosperity & Place	Cabinet Member	Economic Regeneration, Planning and Capital Investments

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge	Proposed Charge	Proposed Charge
	TO 31-03-2021 £	FROM 01-04-2021 £	FROM 01-04-2021 £
Permitted Developments and Pre-application Advice	Charges inclusive of VAT (if applicable)	Charges before VAT	Charges inclusive of VAT (if applicable)
<b>Other Categories</b>			
Advertisements	75.00	65.83	79.00
Cost of each additional meeting	25.00	21.67	26.00
Change of Use	150.00	131.67	158.00
Cost of each additional meeting	75.00	65.83	79.00
Telecommunications	225.00	196.67	236.00
Cost of each additional meeting	115.00	100.83	121.00
Glasshouses/Poly Tunnels	80.00	70.00	84.00
Cost of each additional meeting	20.00	17.50	21.00
Others (see note 2)	75.00	65.83	79.00
Cost of each additional meeting	25.00	21.67	26.00
<b>Historic Environmental and Tree related enquiries</b>			
Separate Listed Building and Conservation Area Advice (Up to 3 Separate Matters - see note 3)	60.00	52.50	63.00
Cost per additional matter to be considered	15.00	13.33	16.00
Cost of each additional meeting	25.00	21.67	26.00
Separate Tree related Advice - number of trees not exceeding 10	60.00	52.50	63.00
Cost of each additional meeting	25.00	21.67	26.00
Separate Tree related Advice - number of trees over 10 but not exceeding 30	120.00	105.00	126.00
Cost of each additional meeting (see Note 4)	25.00	21.67	26.00
<b>Exemptions</b>			
As set out in Guidance Note (e.g. Parish Councils, etc)			

**NOTES:**

Note 1 - If only principle to be discussed developer to provide indicative capacity

Note 2 - Includes other development proposals such as variation or removal of conditions-proposed changes of use, car parks and certificates of lawfulness.  
Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge  TO 31-03-2021 £  Charges inclusive of VAT (if applicable)	Proposed Charge  FROM 01-04-2021 £  Charges before VAT	Proposed Charge  FROM 01-04-2021 £  Charges inclusive of VAT (if applicable)
<b>Water Sampling and Analysis Charges - Fees Recommended By Worcestershire Regulatory Services</b>			
<b>POLLUTION CONTROL</b>			
<b>Water Sampling Charges</b>			
The Regulations allow local authorities to charge a fee, to enable reasonable costs of services (lab fees etc) to be recovered			
<b>Proposed Fees and Charges</b>			
Risk Assessment	55.00 per hour	55.00 per hour	No VAT currently charged
Sampling (each visit)	55.00 per hour	55.00 per hour	No VAT currently charged
Investigation	55.00 per hour	55.00 per hour	No VAT currently charged
Analysing a sample taken under regulation 10 (small supplies) (Plus extra lab costs for additional parameters where required)	lab analysis cost	lab analysis cost	No VAT currently charged
taken during monitoring for Group A parameters	lab analysis cost	lab analysis cost	No VAT currently charged
taken during audit monitoring	lab analysis cost	lab analysis cost	No VAT currently charged

**NOTES:**

Where the request is made by the Owner/Occupier and the Authority is not the only service provider - VAT will be added.  
Where the authority instigates the testing under regulations i.e. Periodic tests, assessments - VAT is not applicable in this instance.  
Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



## APPENDIX 4 (Part 3)



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Hackney Carriage/Private Hire Fees</b>			
Hackney Carriage Vehicle (includes renewal plates and twice yearly vehicle inspections)	430.00	430.00	No VAT currently charged
Private Hire Vehicle (includes renewal plates and twice yearly vehicle inspections)	430.00	430.00	No VAT currently charged
Change of Business (Sell Car and Transfer Plate)	108.00	108.00	No VAT currently charged
Temporary Replacement HC & PH vehicle (excluding plates & decals)	107.00	107.00	No VAT currently charged
<b>Initial or Replacement Licences/Plates (if lost or damaged)</b>			
External Car Plate	50.00	50.00	No VAT currently charged
Internal (Executive Vehicles) Car Plate	22.00	22.00	No VAT currently charged
Vehicle Decals - Replacements	20.00	20.00	No VAT currently charged
Exemption Notice (Executive Vehicles)	30.00	30.00	No VAT currently charged
<b>Vehicle Testing</b>			
Vehicle Retest Fee (if re-tested within 48 hours of failure)	32.00	32.00	32.00
Vehicle Retest Fee (if re-tested after 48 hours of failure)	61.00	61.00	61.00
Hackney Carriage/Private Hire Drivers Licence (valid for 3 years)	426.00	426.00	No VAT currently charged
Disclosure and Barring Service check	64.00	64.00	No VAT currently charged
Drivers Badge	26.00	26.00	No VAT currently charged
Drivers' Knowledge Test	56.00	56.00	No VAT currently charged
Private Hire Operators (valid for 1 year)	477.00	477.00	No VAT currently charged
Private Hire Operators (valid for 5 years)	1,810.00	1,810.00	No VAT currently charged

**NOTES:**Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Licensing and Registration - Animal Activity Licence</b>			
<b>Animal Activity Licence</b>			
Animal Boarding, Dog Breeding, Pet Shops, Riding Establishments			
Application Fee	329.00	329.00	No VAT currently charged
1 Year Licence Fee	184.00	184.00	No VAT currently charged
2 Year Licence Fee	364.00	364.00	No VAT currently charged
3 Year Licence Fee	546.00	546.00	No VAT currently charged
Variation Fee	240.00	240.00	No VAT currently charged
Inspection Fee	163.00	163.00	No VAT currently charged
Vet Fees	Charged at Cost recovery	Charged at Cost recovery	
<b>Animal Activity Licence</b>			
Performing Animals (No Risk Assessment)			
Application Fee	219.00	219.00	No VAT currently charged
1 Year Licence Fee	N/A	N/A	No VAT currently charged
2 Year Licence Fee	N/A	N/A	No VAT currently charged
3 Year Licence Fee	300.00	300.00	No VAT currently charged
Variation Fee	158.00	158.00	No VAT currently charged
Inspection Fee	163.00	163.00	No VAT currently charged
Vet Fees	Charged at cost recovery	Charged at Cost recovery	

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Licensing and Registration</b>			
Dangerous Wild Animals Initial	432.00	432.00	No VAT currently charged
Renewal	285.00	285.00	No VAT currently charged
Vet fees/Animal welfare visit (if applicable)			
Zoo Licences Initial	2,075.00	2,075.00	No VAT currently charged
(plus Inspector's expenses)		(plus Inspector's expenses)	
Renewal	1,866.00	1,866.00	No VAT currently charged
(plus Inspector's expenses)		(plus Inspector's expenses)	
Vet fees/Animal welfare visit (if applicable)	Charged at Cost	Charged at Cost	
Acupuncture, Tattooing, Electrolysis, Ear Piercing, Skin Piercing & Semi-Permanent Skin			
Colouring -			
Certificate of Registration: (a) Person	210.00	210.00	No VAT currently charged
(b) Premise	302.00	302.00	No VAT currently charged
(c) Persons & Premises	No Longer Available	No Longer Available	
Sex Establishments Initial	5,487.00	5,487.00	No VAT currently charged
Renewal	2,107.00	2,107.00	No VAT currently charged
Transfer	421.00	421.00	No VAT currently charged

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge  TO 31-03-2021 £  Charges inclusive of VAT (if applicable)	Proposed Charge  FROM 01-04-2021 £  Charges before VAT	Proposed Charge  FROM 01-04-2021 £  Charges inclusive of VAT (if applicable)
<b>Gambling Premises Licence Fees</b>			
<b>Gambling Premises Licence - New Application</b>			
Adult Gaming Centre	1,765.00	1,765.00	No VAT currently charged
Betting Premises (excluding Tracks)	2,648.00	2,648.00	No VAT currently charged
Betting Premises (Tracks)	2,205.00	2,205.00	No VAT currently charged
Bingo Club	3,085.00	3,085.00	No VAT currently charged
Family Entertainment Centre	1,765.00	1,765.00	No VAT currently charged
Temporary Use Notices	449.00	449.00	No VAT currently charged
<b>Gambling Premises Licence - Annual Fee</b>			
Adult Gaming Centre	883.00	883.00	No VAT currently charged
Betting Premises (excluding Tracks)	530.00	530.00	No VAT currently charged
Betting Premises (Tracks)	883.00	883.00	No VAT currently charged
Bingo Club	883.00	883.00	No VAT currently charged
Family Entertainment Centre	660.00	660.00	No VAT currently charged
<b>Provisional Statement Application</b>			
Adult Gaming Centre	1,765.00	1,765.00	No VAT currently charged
Betting Premises (excluding Tracks)	2,648.00	2,648.00	No VAT currently charged
Betting Premises (Tracks)	2,205.00	2,205.00	No VAT currently charged
Bingo Club	3,085.00	3,085.00	No VAT currently charged
Family Entertainment Centre	1,765.00	1,765.00	No VAT currently charged
<b>Licence Application (Provisional Statement Holders)</b>			
Adult Gaming Centre	837.00	837.00	No VAT currently charged
Betting Premises (excluding Tracks)	1,061.00	1,061.00	No VAT currently charged
Betting Premises (Tracks)	837.00	837.00	No VAT currently charged
Bingo Club	1,061.00	1,061.00	No VAT currently charged
Family Entertainment Centre	837.00	837.00	No VAT currently charged
<b>Application to Transfer</b>			
Adult Gaming Centre	837.00	837.00	No VAT currently charged
Betting Premises (excluding Tracks)	1,061.00	1,061.00	No VAT currently charged
Betting Premises (Tracks)	837.00	837.00	No VAT currently charged
Bingo Club	1,061.00	1,061.00	No VAT currently charged
Family Entertainment Centre	837.00	837.00	No VAT currently charged
<b>Application to Vary</b>			
Adult Gaming Centre	883.00	883.00	No VAT currently charged
Betting Premises (excluding Tracks)	1,322.00	1,322.00	No VAT currently charged
Betting Premises (Tracks)	1,101.00	1,101.00	No VAT currently charged
Bingo Club	1,546.00	1,546.00	No VAT currently charged
Family Entertainment Centre	883.00	883.00	No VAT currently charged
<b>Reinstatement of Licence</b>			
Adult Gaming Centre	837.00	837.00	No VAT currently charged
Betting Premises (excluding Tracks)	1,061.00	1,061.00	No VAT currently charged
Betting Premises (Tracks)	837.00	837.00	No VAT currently charged
Bingo Club	1,061.00	1,061.00	No VAT currently charged
Family Entertainment Centre	837.00	837.00	No VAT currently charged

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Street Trading</b>			
Single Unit up to 12 x 12 (max 5m length) Food - Initial	2,575.00	2,575.00	No VAT currently charged
- Renewal	2,450.00	2,450.00	No VAT currently charged
Single Unit up to 12 x 12 (max 5m length) Non-Food - Initial	2,145.00	2,145.00	No VAT currently charged
- Renewal	1,935.00	1,935.00	No VAT currently charged
For every additional 12 x 12 or part thereof or length more than 5m	1,060.00	1,060.00	No VAT currently charged
Mobile Traders - Initial	1,010.00	1,010.00	No VAT currently charged
Mobile Traders - Renewal	1,010.00	1,010.00	No VAT currently charged
Street Amenities (Control of Street Furniture)	405.00	405.00	No VAT currently charged

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Worcestershire Regulatory Services	Service Manager	Worcestershire Regulatory Services Officer
Directorate	Economic Prosperity & Place	Cabinet Member	Culture, Leisure and Community Protection

**PROPOSAL OF SCALE OF FEES AND CHARGES**

INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Scrap Metal Dealers Act 2013 - Fees Recommended By Worcestershire Regulatory Services</b>			
Site Licence - Initial (3 year licence)	296.00	296.00	No VAT currently charged
Site Licence - Renewal (3 year licence)	245.00	245.00	No VAT currently charged
Collectors Licence - Initial (3 year licence)	148.00	148.00	No VAT currently charged
Collectors Licence - Renewal (3 year licence)	97.00	97.00	No VAT currently charged
Variation of Licence	67.00	67.00	No VAT currently charged
Copy of licence (if lost or stolen)	26.00	26.00	No VAT currently charged

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>


**Wyre Forest District Council**


<b>Service</b>	<b>Worcestershire Regulatory Services</b>	<b>Service Manager</b>	<b>Worcestershire Regulatory Services Officer</b>
<b>Directorate</b>	<b>Economic Prosperity &amp; Place</b>	<b>Cabinet Member</b>	<b>Culture, Leisure and Community Protection</b>

**PROPOSAL OF SCALE OF FEES AND CHARGES**

<b>INCOME DESCRIPTION</b>	<b>Current Charge</b>	<b>Proposed Charge</b>	<b>Proposed Charge</b>
<b>Control of Dogs - Fees Recommended By Worcestershire Regulatory Services</b>	<b>TO 31-03-2021 £</b> Charges inclusive of VAT (if applicable)	<b>FROM 01-04-2021 £</b> Charges before VAT	<b>FROM 01-04-2021 £</b> Charges inclusive of VAT (if applicable)
Statutory Fine per dog seized	25.00	25.00	No VAT currently charged
Kennelling charge per dog per day	15.00	15.00	No VAT currently charged
Kennelling of Dangerous Dogs charge per dog per day	25.00	25.00	No VAT currently charged
Administration Fee per stray dog seized	15.00	15.00	No VAT currently charged
Out of Hours Charge	40.00	40.00	No VAT currently charged
Repeat stray charge	30.00	30.00	No VAT currently charged
Treatment Costs (wormer, flea treatment)	10.00	10.00	No VAT currently charged
Vet fees/treatment charges (if applicable)	Charged at Cost	Charged at Cost	

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



Wyre Forest District Council



Service	Revenues	Service Manager	Revenues, Benefits and Customer Services Manager
Directorate	Resources	Cabinet Member	Strategy and Finance

**PROPOSAL OF SCALE OF FEES AND CHARGES**

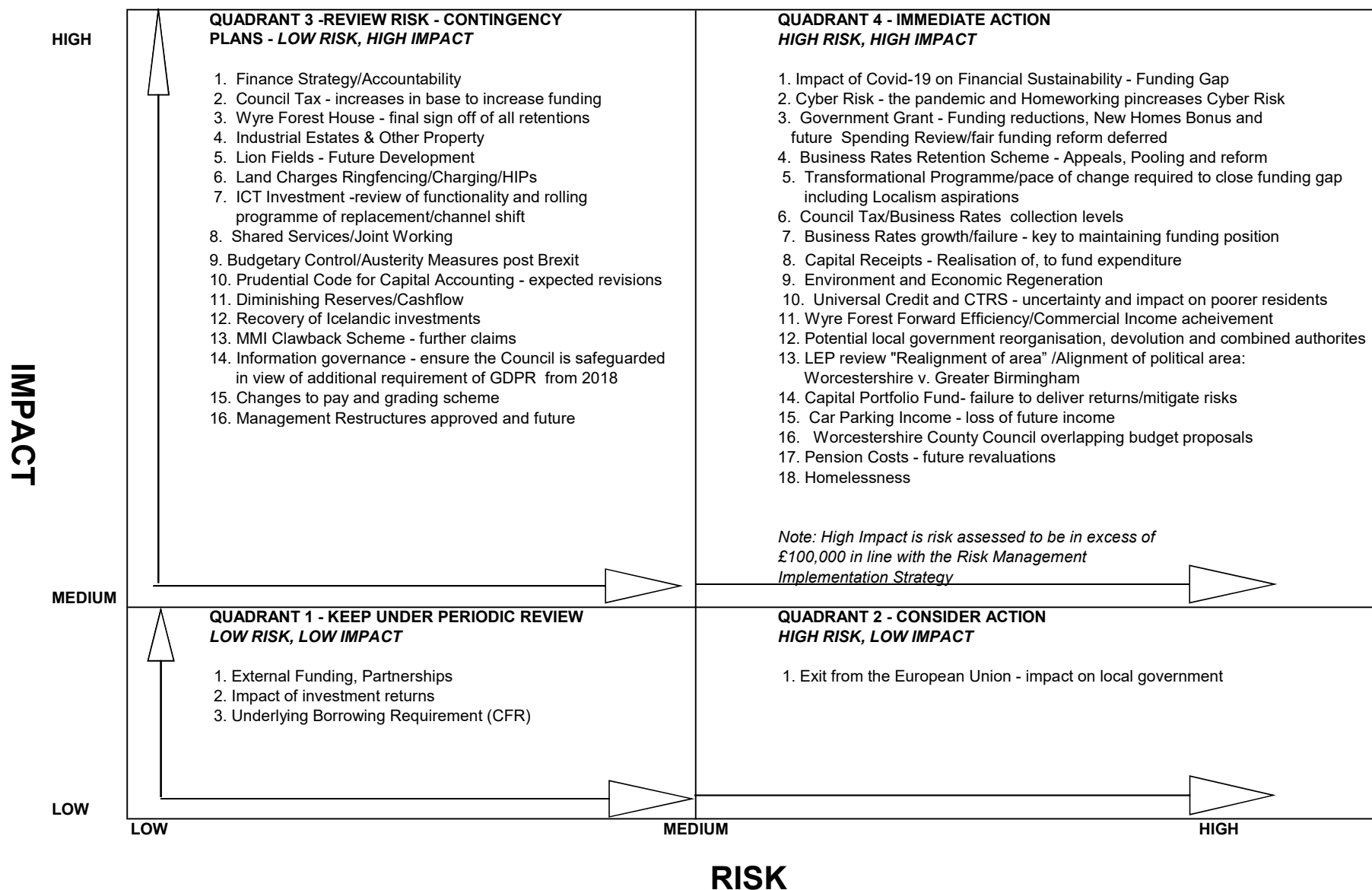
INCOME DESCRIPTION	Current Charge TO 31-03-2021 £ Charges inclusive of VAT (if applicable)	Proposed Charge FROM 01-04-2021 £ Charges before VAT	Proposed Charge FROM 01-04-2021 £ Charges inclusive of VAT (if applicable)
<b>Council Tax and NNDR</b>			
<b>Council Tax and NNDR</b>			
Summons costs	50.00	50.00	No VAT currently charged
Liability Orders	30.00	30.00	No VAT currently charged

**NOTES:**

Customers may be able to order and pay for some services online – please refer to <http://www.wyreforestdc.gov.uk>



# BUDGET RISK MATRIX 2021-24



**Budget Risk Matrix**

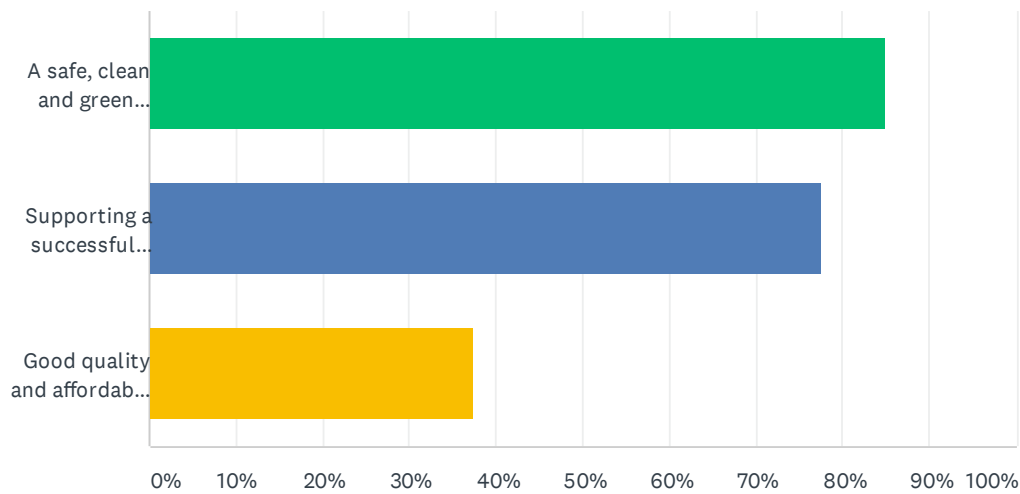
ISSUE	BUDGETARY RESPONSE
<p><b>Quadrant 1 - Low Risk, Low Impact</b></p> <p>1. External Funding, Partnerships</p> <p>2. Impact of Investment Returns</p> <p>3. Underlying Borrowing Requirement (CFR)</p>	<p><b>Keep under periodic review</b></p> <p>Continue to evaluate sustainability of each scheme as part of project appraisal.</p> <p>Continue to monitor reductions due to COVID-19 and report as appropriate. Balances available for investment are reducing over the MTFP but further rate reductions mean lower levels of investment income will be achieved. We continue to work with Link Asset Services in this area.</p> <p>The rising CFR over the term of the Budget Strategy will be carefully monitored in close liaison with Link Asset Services to gauge both the timing and type of external borrowing.</p>
<p><b>Quadrant 2 - High Risk, Low Impact</b></p> <p>1. Exit from the European Union</p>	<p><b>Consider Action</b></p> <p>To-date the impact has not been significant but this will be closely monitored.</p>
<p><b>Quadrant 3 - Low Risk, High Impact</b></p> <p>1. Finance Strategy/Accountability (see Q4 Risk 1 also)</p> <p>2. Council Tax – increase in base</p> <p>3. Wyre Forest House final sign off of all retentions</p> <p>4. Industrial Estates and Other Property</p> <p>5. Lion Fields Gateway - Future Development</p> <p>6. Land Charges Ring fencing/Charging/HIPs</p> <p>7. ICT Investment/channel shift</p> <p>8. Shared Services Joint working</p> <p>9. Budgetary Control/Austerity Measures</p> <p>10. Prudential Code for Capital Accounting, increase in PWLB 1% Interest rate Oct 2019 and expected restrictions</p>	<p><b>Review Risk - Contingency Plans</b></p> <p>Council are required to adopt a three year Balanced Budget Strategy.</p> <p>Assumption of increase of 300 pa not realised in MTFS CD:R to monitor.</p> <p>Managed closely by Chief Executive and CLT/Cabinet</p> <p>Managed through Property Disposal Strategy</p> <p>Development opportunities continue to be explored.</p> <p>Reduced income allowed for within Base Budget reduces the scale of any challenge.</p> <p>ICT Strategy Group oversee/enhance the governance, planning and delivery arrangements of the strategy between ICT and council service areas.</p> <p>Shared Services partnerships continue to contribute to collaborative efficiencies but will be monitored to ensure risk is managed and mitigated.</p> <p>Continue to discourage non-essential expenditure, monthly budget monitoring reports provide more management information. Focus on income generation and innovative alternative service delivery models.</p> <p>External borrowing currently £37m, PWLB consultation paper on likely changes to code/rules. Link Asset Services continue to provide technical advice and are looking for alternative sources of cheaper borrowing.</p>

ISSUE	BUDGETARY RESPONSE
<p>11. Diminishing Reserves/Cashflow</p> <p>12. Recovery of Icelandic investments</p>	<p>Cash flow management will be tighter given reduction in capital and revenue reserves and use of the Link Cash flow model is being used to improve management information to help mitigate any risk in this area</p> <p>Under £1m is outstanding on one investments and work will continue to achieve maximum recovery.</p>
<p>13. MMI Claw Scheme</p> <p>14. Information Governance</p> <p>15. Change to Pay and Grading Scheme</p> <p>16. Management Restructures</p>	<p>Further claim received and settled, ear marked reserve held.</p> <p>Internal working group chaired by the DOR is reviewing this area to ensure the Council continues to be safeguarded.</p> <p>The impact of these proposals are being managed by Cabinet/CLT with particular regard to the impact on the overall funding envelope</p> <p>To be managed by the Chief Executive and Cabinet</p>
<p><b>Quadrant 4 - High Risk, High Impact</b></p> <p>1. Impact of Covid-19</p> <p>2. Cyber Risk</p> <p>3. Government Grant –Funding Changes, further Spending Reviews and New Homes Bonus</p> <p>4. Business Rates Retention Scheme, appeals, Pooling and revision of funding arrangements. Baseline reset (timing uncertain), impact on growth</p> <p>5. Impact of Transformational Programme, Localism agenda</p> <p>6. Council Tax Collection levels including impact of CTRS Scheme</p> <p>7. Government's Waste Strategy</p> <p>8. Capital Receipts - Realisation of to fund expenditure</p>	<p><b>Immediate Action</b></p> <p>Managed by Cabinet/CLT reports to Cabinet/Council as appropriate.</p> <p>Managed by ICT Strategy Board, treated as priority for resource allocation</p> <p>Significant issue given the scale of the Spending deficit. The Strategic Review Panel process will assist Wyre Forest Forward Coordinating Councils Future Plans.</p> <p>Application for pan-Worcestershire Pool (including Fire Authority) agreed for 2020-21. Proposed changes to funding arrangements and delays continue to cause uncertainty and risk. The Baseline reset could also result in a decrease in this key funding stream. Our regeneration programme is a mitigation factor. Monitored closely by CLT/Cabinet</p> <p>The impact of the revised Local Scheme will be kept under review by the Corporate Director: Resources Revised CTRS scheme from April 2019 to align with Universal credit</p> <p>Assumptions in relation to decreased collection rates have been made in the Council Tax Base calculations as a result of the Local Council Tax Discount Scheme and these will be carefully managed and reported on. Impact of COVID-19 being monitored and reported.</p> <p>Impact will be monitored as more information emerges and reported as appropriate.</p> <p>Capital Programme funding reflects realistic timescale for the realisation of asset disposal receipts. Temporary borrowing will be used when necessary.</p>

ISSUE	BUDGETARY RESPONSE
9. Environment and Economic Regeneration	The Council continues to be proactive in this area and this is closely monitored by Cabinet/CLT
10. Changes to Housing Benefit Scheme – universal credit/localisation of support for Council Tax	Universal Credit impact monitored
11. Wyre Forest Forward Efficiency savings	Progress continues albeit slower during 2020-21 due to COVID-19, monitored and reported regularly to members.
12. Potential Local Government Reorganisation, Devolution debate and Combined Authorities	Macroeconomic area strategically assessed and managed by the Leadership team. Communication and liaison with town and parish councils.
13. Realignment of LEP area/political area	Kept under strategic review by the Leadership team in liaison with two LEPS. The three LEP footprint proposals are also within our radar.
14. Capital Portfolio Income	Key performance metrics included in quarterly Cabinet Budget Monitoring reports
15. Car parking income	Income levels usages closely monitored, new simplified policy is proposed. Earlier timetable for scrutiny.
16. WCC overlapping budget proposals – adverse impact	Liaison with WCC to work to minimise/mitigate the impact of any overlapping proposals to protect the financial position of both parties as far as possible.
17. Pension costs – future Revaluations	Managed by Worcestershire Treasurers jointly with actuaries
18. Homelessness Reduction Act	Rising demand requiring extra resource managed by housing team with extra funding secured where possible.

## Q1 Tick the two boxes that are most important to you.

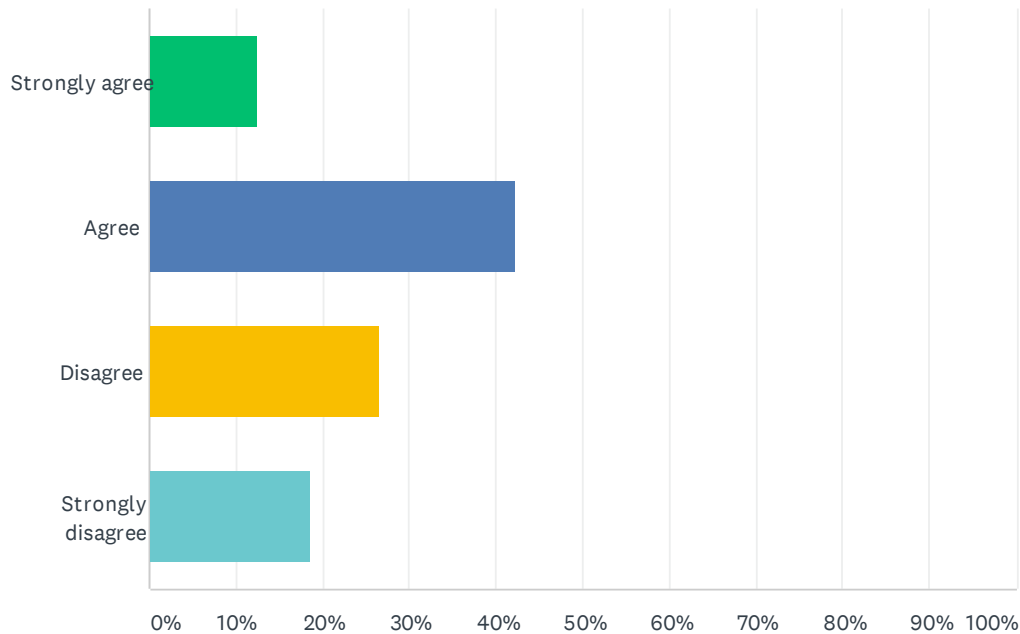
Answered: 894 Skipped: 0



ANSWER CHOICES	RESPONSES	
A safe, clean and green living environment	85.01%	760
Supporting a successful local economy	77.63%	694
Good quality and affordable homes for all	37.36%	334
Total Respondents: 894		

**Q2 To what extent do you agree or disagree with the statement: "Wyre Forest District Council should look to transfer assets and responsibility for more discretionary services."**

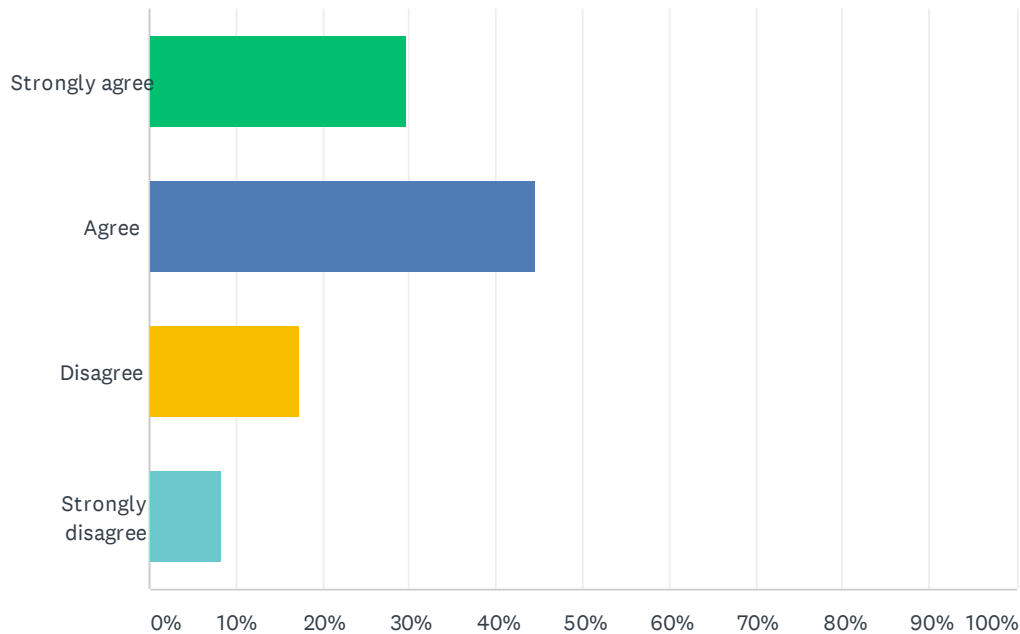
Answered: 841 Skipped: 53



ANSWER CHOICES	RESPONSES	
Strongly agree	12.60%	106
Agree	42.21%	355
Disagree	26.52%	223
Strongly disagree	18.67%	157
TOTAL		841

**Q3 To what extent do you agree with the following statement:"Wyre Forest District Council should explore developing shared services with councils or other organisations."**

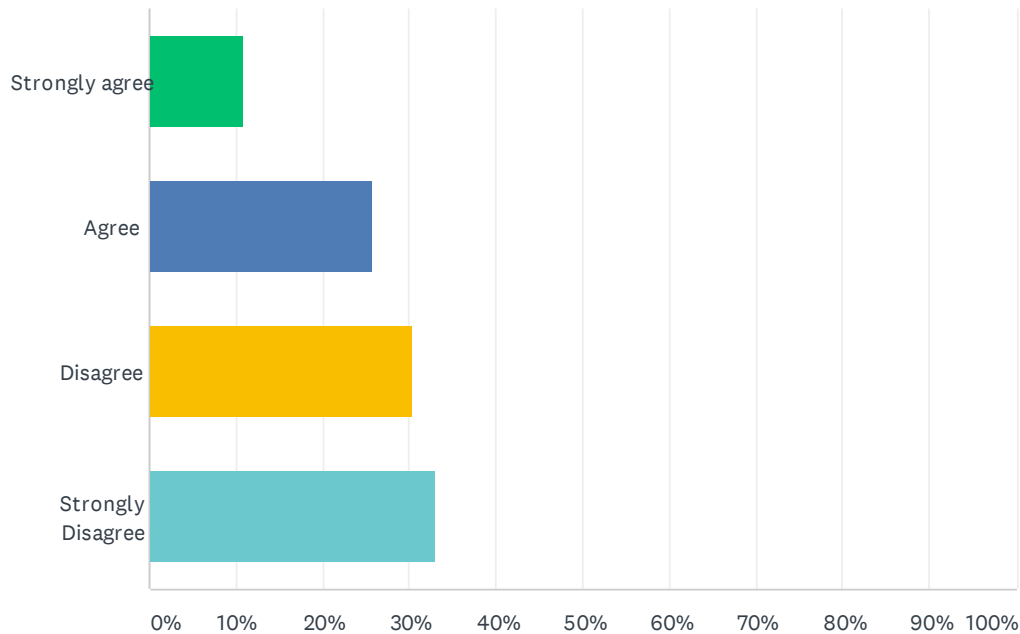
Answered: 831 Skipped: 63



ANSWER CHOICES	RESPONSES	
Strongly agree	29.60%	246
Agree	44.52%	370
Disagree	17.45%	145
Strongly disagree	8.42%	70
TOTAL		831

**Q4 To what extent do you agree with the following statement:"Wyre Forest District Council should consider outsourcing some services to the private sector."**

Answered: 816 Skipped: 78

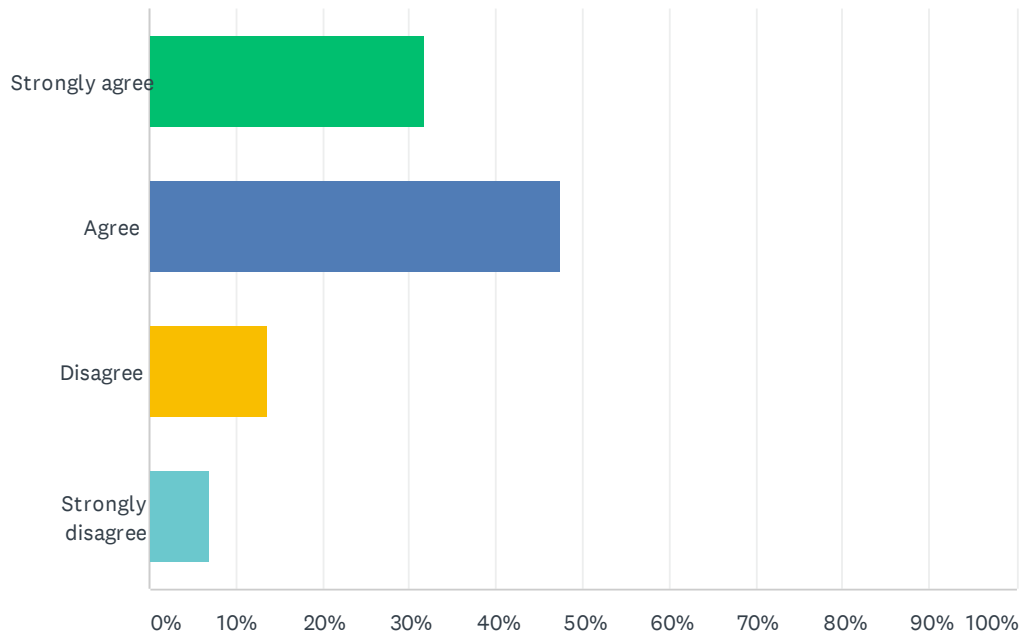


ANSWER CHOICES	RESPONSES	
Strongly agree	10.91%	89
Agree	25.74%	210
Disagree	30.39%	248
Strongly Disagree	32.97%	269
TOTAL		816



**Q5 To what extent do you agree or disagree with the following statement: "Wyre Forest District Council should look to work with other neighbouring authorities to develop a joint Local Plan."**

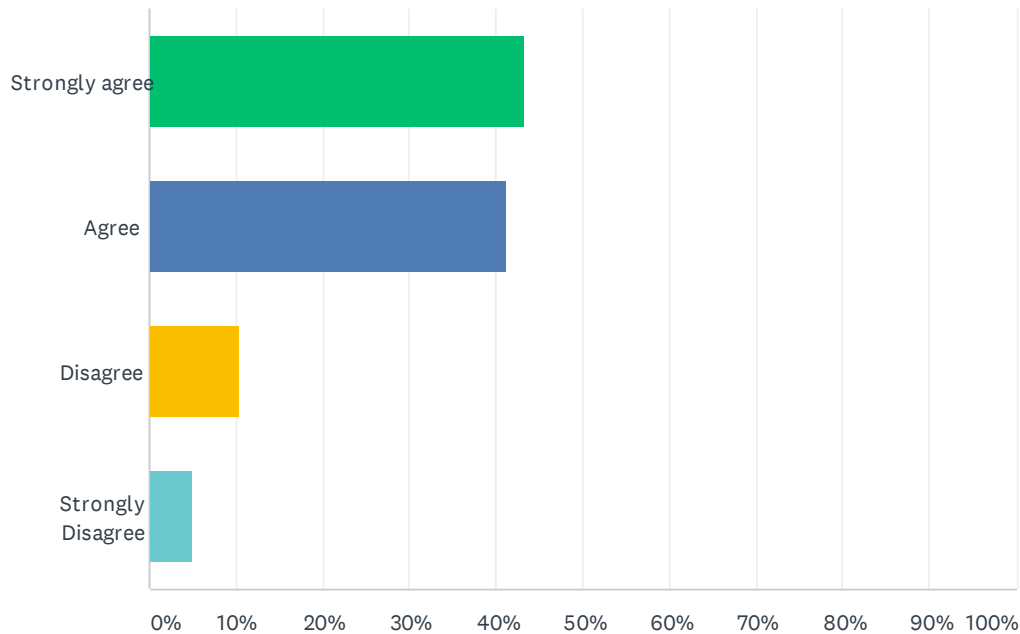
Answered: 806 Skipped: 88



ANSWER CHOICES	RESPONSES	
Strongly agree	31.89%	257
Agree	47.52%	383
Disagree	13.65%	110
Strongly disagree	6.95%	56
TOTAL		806

**Q6 How strongly do you agree or disagree with the following statement:**  
**"Wyre Forest District Council should commission a full business case**  
**exploring the future of Wyre Forest House."**

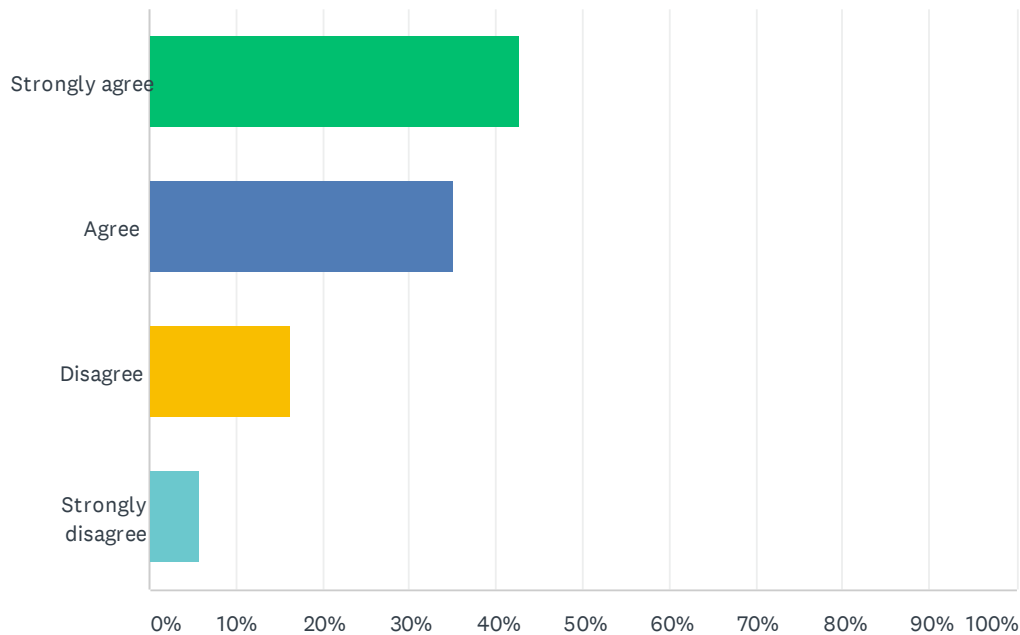
Answered: 800 Skipped: 94



ANSWER CHOICES	RESPONSES	
Strongly agree	43.38%	347
Agree	41.13%	329
Disagree	10.38%	83
Strongly Disagree	5.13%	41
TOTAL		800

**Q7 To what extent do you agree or disagree with the following statement: "Wyre Forest District Council should pursue a Boundary Commission Review with a view to reducing the number of elected members."**

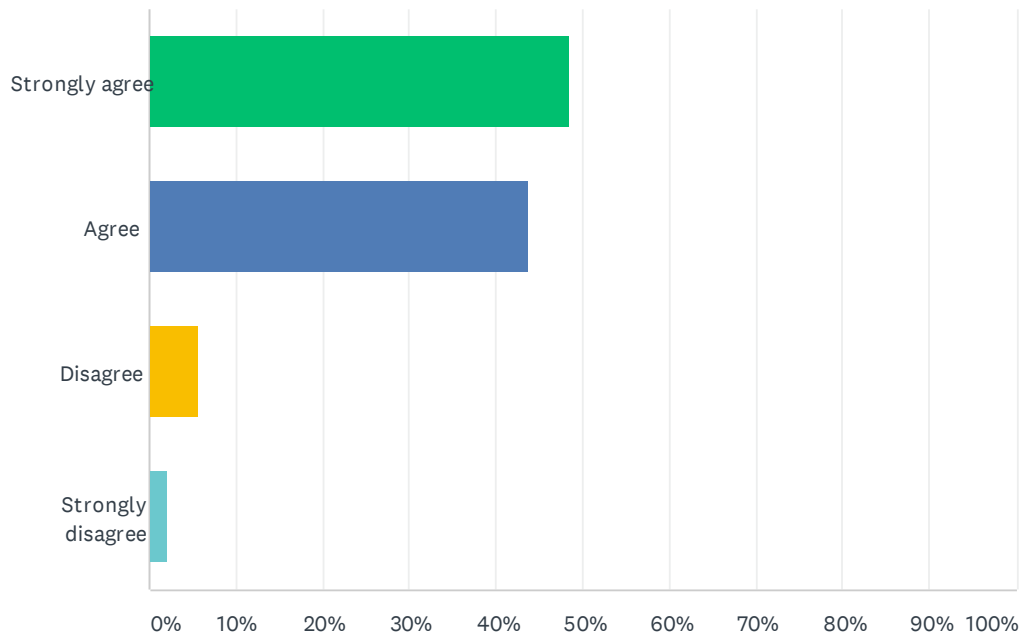
Answered: 800 Skipped: 94



ANSWER CHOICES	RESPONSES	
Strongly agree	42.75%	342
Agree	35.13%	281
Disagree	16.25%	130
Strongly disagree	5.88%	47
TOTAL		800

Q8 To what extent do you agree or disagree with the following statement: "Wyre Forest District Council should undertake a wholesale management review and restructure to reduce the number of managers and related costs once the change programme has been implemented."

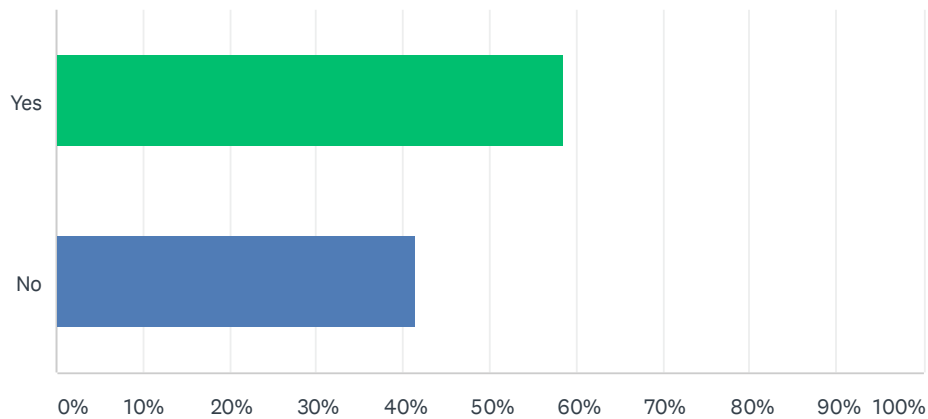
Answered: 797 Skipped: 97



ANSWER CHOICES	RESPONSES	
Strongly agree	48.43%	386
Agree	43.79%	349
Disagree	5.65%	45
Strongly disagree	2.13%	17
TOTAL		797

## Q9 Would you be prepared to pay a few more pounds each year for district council services?

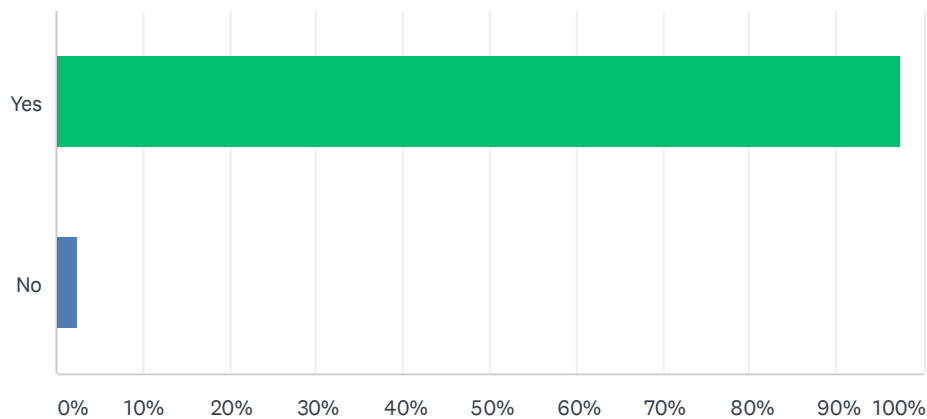
Answered: 788 Skipped: 106



ANSWER CHOICES		RESPONSES	
Yes		58.50%	461
No		41.50%	327
TOTAL			788

Q10 If we were to increase our portion of your council tax by around 4% or 5% it would mean households in Band D would pay an extra 40p-50p a week (or £8 - £10 a year). Most households in the district would pay even less than this because the majority of homes in the district fall into Band A-C. Would you be prepared to pay an extra 40-50p a week for district council services?

Answered: 462 Skipped: 432



ANSWER CHOICES		RESPONSES	
Yes		97.40%	450
No		2.60%	12
TOTAL			462

**WYRE FOREST DISTRICT COUNCIL**

**CABINET MEETING**  
**22<sup>nd</sup> DECEMBER 2020**

**CAPITAL STRATEGY 2021-31**

<b>OPEN</b>	
<b>CABINET MEMBERS:</b>	Councillor Graham Ballinger
<b>RESPONSIBLE OFFICERS:</b>	Tracey Southall: Corporate Director: Resources and Mike Parker, Corporate Director: Economic Prosperity and Place
<b>CONTACT OFFICERS:</b>	Tracey Southall Ext 2100 e-mail <a href="mailto:tracey.southall@wyreforestdc.gov.uk">tracey.southall@wyreforestdc.gov.uk</a> Mike Parker Ext 2500 e-mail <a href="mailto:mike.parker@wyreforestdc.gov.uk">mike.parker@wyreforestdc.gov.uk</a>
<b>APPENDIX 1</b> <b>APPENDIX 2</b> <b>APPENDIX 3</b> <b>APPENDIX 4</b> <b>APPENDIX 5</b>	Capital Programme 2020-21 onwards Quantitative Indicators for assessment of risk exposure Capital Strategy/Scheme of Delegation The Role of the Section 151 Officer Capital Portfolio Fund Strategy 2021 onwards Asset Management Plan 2021 onwards <i>The appendices to this report have been circulated electronically and a public inspection copy is available on request. (See front cover for details.)</i>

**1. PURPOSE OF REPORT**

- 1.1 To seek Council approval of a Capital Strategy for 2021-31.
- 1.2 To consider the Capital Programme 2020-21 onwards and set out the detail to support the recommendations within the separate Medium Term Financial Strategy also on this agenda.
- 1.3 To seek approval of set limits for non-financial investments.
- 1.4 To fulfil the key requirements of the MHCLG Investment Guidance.
- 1.5 To agree a minor revision of the Constitution to delegate inclusion of fully externally funded capital schemes in the Capital Programme, where there is no chance of cost overrun, to the Cabinet.

**2. RECOMMENDATIONS**

- 2.1 The CABINET is asked to ENDORSE and RECOMMEND to the Strategic Review Panel for scrutiny:

The Council's updated Capital Strategy:

- a) Approve the Capital Strategy 2021-31 including the associated Quantitative Indicators in Appendix 2, the updated Capital Portfolio Strategy in Appendix 4 and the revised Asset Management Plan in Appendix 5;
- b) Approve variations to the Capital Programme and Vehicle, Equipment and Systems Renewals Schedule as set out in Appendix 1, Appendices A and B;
- c) Approve the limits for gross debt of non-treasury investments compared to net service expenditure and for Capital Portfolio and Development Loans Fund income as a percentage of net service expenditure as set out in Appendix 2;
- d) Approve the limits for loan investments as set out in Section 5.1.
- e) Delegation of authority to Cabinet to make amendments to the Capital Programme in instances where the Council receives external capital grants and the full amount of the grants to be distributed is met from the external funding source.
- f) Delegation to the Corporate Director: Resources and Corporate Director Economic Prosperity and Place to make revisions to the Capital Portfolio Strategy and Asset Management Strategy in order to comply with best practice and latest relevant guidance.

### **3. BACKGROUND**

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.
- 3.2 The Capital Strategy is a key document for the Council and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.
- 3.3 Ownership of the Capital Strategy sits at the highest level - corporately with members and key officers. It is a primary document for all capital decision making, together with the Corporate Plan and other strategies.
- 3.4 The Council's Capital Programme is the delivery plan for the Capital Strategy and is under-pinned by the borrowing strategy contained in the approved Treasury Management Service Strategy.
- 3.5 This Capital Strategy includes all capital expenditure and capital investment decisions, not only as an individual local authority but also those entered into



under group arrangements. It sets out the longer term context in which decisions are made with reference to the life of the projects/assets.

- 3.6 A report approved by Cabinet on the 10<sup>th</sup> November 2020 temporarily revised the geography in relation the acquisitions for the Council's Capital Portfolio Fund policy. The current approval is that until further notice, only within district purchase proposals are considered. Previously, whilst it was always the Council's preference to invest within the district area to support regeneration and local economic development the policy also allowed the Council to consider opportunities within the wider geographical area of the two Local Enterprise Partnerships, (LEP) of which the district is a member. The temporary revised approach was made in view of the prevailing property market uncertainty given the ongoing COVID-19 pandemic and also expected changes to current PWLB Lending Arrangements and that the intent is to end debt for yield lending and a lower margin for General Fund Certainty Rate. CIPFA and MHCLG may also take the opportunity to revise the Codes and Guidance, but until then the Council will continue to have regard to the current editions. Appendix 4 to this report proposes further amendments to the policy to become operative if/when the temporary restriction is lifted. Appendix 5 contains the accompanying refreshed Asset Management Strategy. The recommendations propose that officer delegation is approved for revisions to these key policies to ensure they remain up-to-date and compliant with latest guidance and best practice.

### **3.7 Capital vs. Treasury Management Investments**

- 3.7.1 Treasury Management investment activity covers those investments which arise from the organisation's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use in the course of business.
- 3.7.2 For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Treasury Management Policy and the Annual Investment Strategy.
- 3.7.3 The CIPFA Treasury Management Code recognises that organisations may make investments for policy reasons outside of normal treasury management activity. These may include service and multiple objective investments. For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly-owned companies or associates, to a joint venture, or to a third party.
- 3.7.4 Treasury Management investments are covered in the TMSS approved annually by Council each February. This Capital Strategy clearly links to, and is complementary, to the TMSS. The non-treasury investments - the Capital Portfolio Fund and Development Loans Fund approved by Council on 22<sup>nd</sup> February 2017 are included in the Capital Financing Requirement (CFR) and within the Operational Boundary and statutory Authorised Limit for prudential borrowing in the TMSS. The quantum capital allocation of the Capital Portfolio Fund was increased by £1.5m to £26.5m as part of the MTFs report to February Council last year. The separate strategies for the Capital Portfolio Fund and Development

Loans Fund set out specific detail including reporting, risk and governance of these non-treasury investments. The Capital Portfolio Fund Strategy 2021 revises and replaces the current policy and is included as Appendix 4 for approval. The detail of the Development Loans Fund Strategy was updated when the fund management agreement was finalised in November 2018 in liaison with Finance Birmingham as set out in last year's Capital Strategy report. The key principles of the current strategy have been retained.

- 3.7.5 This Council has fully complied with code requirements and did so ahead of the formal timeline due to the significant Capital Portfolio Fund activity in 2018-19 and 2019-20. In accordance with approved policies and strategies, these property acquisitions are not investments, the 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. Currently these are reported for the full £26.5m Capital Portfolio Fund only, although this may be refined in future reports as the portfolio management continues to develop.
- 3.7.6 CIPFA issued Guidance on Property Investment on the 15<sup>th</sup> November 2019 in response to the recent growing trend for authorities to acquire land and buildings with the effect of supplementing their revenue budgets with rental income. In terms of our current governance, processes and procedures, we already largely comply with the guidance. There were some minor additional best practice disclosures that were included and approved as part of last year's Capital Strategy and are also covered in this report. The most notable addition to the guidance was a detailed model for how authorities could calculate whether their property acquisitions are proportional to the size of their revenue budgets, and this will be included within the February reporting on the levels of adequate reserves to cover off risk.
- 3.7.7 The report from the recent Public Accounts Committee and also the consultation on Future Lending Terms from the PWLB all signalled 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. <https://publications.parliament.uk/pa/cm5801/cmselect/cmpubacc/312/31202.htm>
- 3.7.8 As part of the Spending Review announcement on the 25<sup>th</sup> November 2020, it was announced that the PWLB have concluded their review, please see link below, the key changes are summarised below and take effect from 9am, 26<sup>th</sup> November 2020:
- PWLB rate lowered 100bps for all new Standard Rate and Certainty Rate loans
  - Government has no plans for novation of debt.

- As a condition to access PWLB, LAs asked to submit high level description of capital spending for 3years
- Finance Director of LA to confirm no intention to buy investment assets primarily for yield any time in next 3years
- The PWLB will not lend to an LA that plans to buy investment assets primarily for yield anywhere in their capital plans, regardless of whether the transaction would notionally be financed from a source other than the PWLB.

For full details of the conclusion see below:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938043/Response\\_to\\_consultation\\_Public\\_Works\\_Loan\\_Board\\_future\\_lending\\_terms\\_1.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938043/Response_to_consultation_Public_Works_Loan_Board_future_lending_terms_1.pdf)

Further revisions are also expected to MHCLG Guidance and Prudential Code but as yet these have not been published.

### **3.8 Strategic Context**

- 3.8.1 This strategy is a high level summary of WFDC's approach to capital investment in the interests of the district. It guides the development of service capital plans, and sets out the policies and practices that the authority uses to establish monitor and manage the Council's capital programme, in line with the Medium Term Financial Strategy also on this agenda. The Capital Strategy will take account of both local improvement priorities and national priorities that are established through effective consultation with residents and our partners; as well as recognising the contribution the Council makes within the Local Enterprise Partnership (LEP) geographies of which it is a member and its functional economic geography (FEG). These priorities inform resource allocation. Progress on achieving these objectives is closely monitored in accordance with the performance framework.
- 3.8.2 The report to Cabinet on the 10<sup>th</sup> November 2020 on the Financial and Strategic Policy Context for the MTFS supplemented by additional detail set out in the separate MTFS report on this agenda sets out the Wyre Forest Forward transformation programme for the period 2021-2024. The net financial impact of the COVID-19 pandemic is a significant worsening of the Council's financial position and the MTFS includes bold and decisive plans that will result in the Council becoming a smaller organisation. Its key objectives are to make the council a smaller organisation while protecting essential front line services, whilst continuing to protect its most vulnerable residents and attracting investment to deliver economic growth in the District.
- 3.8.3 The non-treasury capital portfolio strategies for the Capital Portfolio Fund and Development Loans Fund are part of the transformation Programme and formed a key part of the MTFS from 2017-18. Whilst it is accepted that will not alone close the funding gap this Council continues to face, they can make a proportionate contribution to

achieving ongoing financial sustainability in addition to supporting operational objectives. The original modest assumptions have already been exceeded and based on the performance of acquisitions secured so far are forecast to have reduced the funding gap by an average £330k per annum from 2022-23 onwards. The forecast income for 2020-21 and 2021-22 has been adversely impacted by COVID-19 and the Council is monitoring this area closely. Whilst there is undoubtedly risk attached to the progression of these strategies, with the COVID pandemic having an impact on the property markets, including on the level of arrears, the greater risk to our financial future would be to do nothing. Risk analysis is set out and explored in detail as part of this report.

- 3.8.4 The increase in PWLB rates by a whole percentage point notified and implemented with immediate effect on the 9<sup>th</sup> October 2019 was reversed from the 26<sup>th</sup> November 2020, see paragraph 3.7.8. During the time the higher rate applied no new PWLB borrowing was taken out by this Council and no new business cases approvals for either the Capital Portfolio or the Development Loans Fund were in fact progressed to completion. It is interesting to note that during the period of the PWLB rate increase, there were been no new approvals for Capital Portfolio Fund acquisitions but the first Development Loans Fund approval was made in March 2020 and is now being actively progressed facilitated by Finance Birmingham.
- 3.8.5 The diagram below shows how this Capital Strategy fits into the overall Strategic Planning Model for the Council.

#### **Simple Strategic Planning Model**



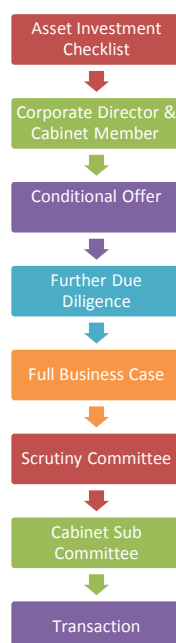
### **3.9 Strategic Links**

This report links to a number of other key strategies and approvals including the Medium Term Financial Strategy and Treasury Management Strategy Statement. A full list of all linked strategic documents is given in Section 18 – Background Papers.

### 3.10 Reporting Requirements

- 3.10.1 The Council is required to receive and approve a Capital Strategy report at least once a year to meet the requirements of the MHCLG Guidance. The Strategy will be considered by the Strategic Review Panel before presentation to Cabinet and then onward recommendation to Council in February 2021. The Treasury Management Review Panel will continue to be used for treasury management investments but the separate reporting and governance arrangements approved by Cabinet on the 20<sup>th</sup> September 2017 will be followed for non-treasury investments. These are summarised in the diagram below:

#### Process Flow for Governance Process for Non Treasury Investments - Capital Portfolio Fund and Development Loans Fund



- 3.10.2 The Strategy focuses on core principles that underpin the current ten-year capital programme to provide a longer-term context particularly in relation to the capital expenditure funding from prudential borrowing for the Capital Portfolio Fund. It has regard to the requirements of the MHCLG Investment Guidance, therefore including investments that are not managed as part of normal treasury management processes or under treasury management delegations. It gives a position statement with regards to capital expenditure and the resources available in terms of funding for these non-treasury policies. The Strategy focuses on the key issues and risks that will impact on the delivery of the Capital Programme including the Capital Portfolio Fund and Development Loans Fund Strategies and the governance framework required to ensure the overall Capital Strategy is delivered.

### **3.11 Capital Strategy for 2021-31**

The strategy for 2021-31 covers the following main areas:

#### **3.11.1 Capital Issues**

- The Council's Capital Programme is under-pinned by the borrowing strategy contained in the approved Treasury Management Strategy Statement, the Property Disposal Strategy and also the Capital Portfolio and Development Loans Fund Strategies.

#### **3.11.2 Disclosure and reporting requirements required by the Statutory Guidance on Local Government Investments:**

- Limits for non-treasury investments;
- Agreement of the types of loan to be made and self-assessed limit that cannot be exceeded for such loans;
- Agreement of the types of property investments to be made and self-assessed limit for total exposure to these investments;
- Definition of types of contribution non-financial investments can make for this Council;
- Processes and procedures for how risk assessment will be managed including security, debt recovery, liquidity and performance monitoring;
- How balance is achieved between Security, Liquidity and Yield based on risk appetite and contributions of investment activities;
- Quantitative Indicators to help measure total risk exposure in terms of proportionality;
- Capacity, skills and culture including policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003 and the current MHCLG Guidance on Local Authority Investments. Treasury Management Prudential Indicators (PI's) will continue to be reported within the Treasury Management Strategy Statement and for completeness property PI's will also be included.

## **4. KEY ISSUES**

### **4.1 Capital Programme Update**

- #### **4.1.1**
- The Cabinet recommends approval of the Base Capital Programme and the Vehicle, Equipment and Systems Renewal Schedule, as part of the budget setting process for the Authority. The Capital Programme proposed in Appendix 1 provides high-level projections over a longer framework this year of 10 years. This extended timeframe is to provide information over an extended period for additional transparency, particularly in relation to movements in the Balance Sheet, Capital Financing Requirements and Minimum Revenue Provision.

- 4.1.2 The Council entered into further external borrowing as predicted in last year's report; as at the end of November 2020 the total was £37m. The majority of these loans were with the PWLB, except for £4m with two other Councils. The Council will continue to enter into further borrowing arrangements in accordance with the Medium Term Financial Strategy (MTFS) as capital schemes progress. The further progression of the Capital Portfolio Fund and Development Loans Fund funded by borrowing will increase the future borrowing requirement. Progress in respect of these schemes is detailed in section 9.2.5. External borrowing is scheduled within the MTFS as the Council's cash balances continue to reduce and there is limited scope to support further capital expenditure without external borrowing. However, the current adverse impact of the ongoing COVID-10 pandemic on treasury investment rates compared to steady borrowing rates means that internal borrowing, where possible within cash flow is more financially favourable. Internal borrowing may therefore be utilised more until the economic recovery kicks in and hopefully investment rates start to improve.
- 4.1.3 The Council share of right to buy (RTB) receipts, that are being shared with The Community Housing Group in accordance with the new agreement from 2019-20 to 2024-25, are reported at £109k in the first half of 2020-21. From 2018-19, RTB receipts are allocated to the Evergreen Investment Fund to support investments and new residential development undertaken by the Council or through its companies as approved by Council 21<sup>st</sup> February 2018.
- 4.1.4 The capital allocation passported from Worcestershire County Council from the Better Care Fund increased from just over £1m in prior years to circa £1.2m for 2019-20 and this was allocated to support Disabled Facilities Grants (DFGs) without the need for top-up from Council funding. On 3<sup>rd</sup> December 2020 MHCLG announced a further tranche of DFG funding is to be made available to Councils, with £173,251 being allocated for this Council. Along with slippage from the 2019-20 allocation results in £1.799m capital programme being available in total for 2020-21, although at this stage it is possible that there may be the need to re-profile the capital budget. This Council's assumed ongoing allocation for this Strategy is circa £1m per annum going forwards but this is subject to confirmation each year.
- 4.1.5 Good progress has been made on a number of corporate priorities allied to the Capital Strategy this year. Following a successful expression of interest to the Future High Streets Fund for Kidderminster town centre a full business case was submitted in July supplemented by further financial clarification in September 2020 with notification of the outcome expected imminently, possibly by the date of this meeting. This includes proposals to re-connect the town from Weavers Wharf to Bromsgrove Street, linking the former Crown House site, Lionfields and the former Magistrates' Court building. The demolition of Crown House and surrender of lease was also successfully negotiated with works now complete for imminent opening of the new temporary car park on the remaining slab. In addition to this completion of new Railway Station Ticket Office and forecourt works has been completed. Finally, the highways work at Churchfields using funding

from both LEPs and the Housing Infrastructure Fund is well advanced and on course for completion early in 2021.

4.1.6 In some instances the Council receives external capital grant funding for redistribution e.g. flood grants and these require an amendment to the Capital Programme in order for the Council to be able to distribute them. In cases where there is no additional funding required from the Council and all of the grant funding is met in full from the external source, it is simply a procedural matter for Council to amend the Capital Programme and often the delay in reporting to the next available Council meeting can delay the distribution of grants and this can sometimes be significant if the grant funding has to be spent within a certain period of time. It is therefore recommended that Council delegates the authority for the Cabinet to make such amendments to the Capital Programme in the interests of efficiency.

4.1.7 Any final adjustments to the Capital Programme 2021-31 and associated Prudential Indicators will be updated in the February 2021 reports to Council.

## 4.2 **Core Principles of Capital Strategy Including Non-Financial Investments**

Core principles of this Council's Capital Strategy can be summarised as follows:

Table 1 – Core Principles

Principle 1 – Managing the impact of capital investment decisions on our revenue budgets
We will do this by:
<ul style="list-style-type: none"> <li>Ensuring capital investment decisions do not place unnecessary additional pressure on Council Tax or our MTFS</li> </ul>
<ul style="list-style-type: none"> <li>Taking property related and loan decisions that generate an appropriate rate of return to cover costs of funding within an acceptable risk range as set out in the Capital Portfolio and Development Loans Fund Strategies, whilst also meeting Corporate Priorities</li> </ul>
<ul style="list-style-type: none"> <li>Purchase rather than leasing vehicles such as the refuse fleet with programmes for replacement that maximise efficiency and minimise revenue budget costs</li> </ul>
<ul style="list-style-type: none"> <li>Promote capital investment which allows invest to save outcomes and which contribute to the Council's Corporate priorities and complement the Wyre Forest Forward Transformation programme.</li> </ul>
<ul style="list-style-type: none"> <li>Focus on resources and spending programmes the Council will use to maximise the use and financial return on assets within an acceptable.</li> </ul>
<ul style="list-style-type: none"> <li>Have a defined framework for the management of risk for investments that applies the Security, Liquidity, Yield principles and considers longer term risks and opportunities.</li> </ul>



- Have appropriate exit strategies and contingency plans in place to protect the Council's long term position including maintaining appropriate risk reserves

### Principle 2 – Optimise the availability of capital funding where that funding supports the priorities of WFDC

We will do this by:

- Disposal of surplus assets and use receipts generated to reinvest via the Evergreen Investment Fund, using them to supplement prudential borrowing to expedite delivery of capital schemes in line with Corporate priorities.
- Effective working relationships with potential funders including the Worcestershire and GBSLEPs and through our Limited Liability Partnership with Public Sector Plc (PSP)
- Listening to and support effective partnering arrangements
- Generating capacity within the services' revenue budgets to deliver ongoing contributions towards necessary capital investment.
- Have clear policies for the consumption of our reserves

### Principle 3 – Ensure we have effective pre and post project appraisal

We will do this by:

- Developing projects that fully support the council's Corporate Priorities and Wyre Forest Forward Programme
- Ensuring a system of competition exists for project/loan approval
- Build into project appraisal recognition of environmental sustainability
- Fully consider project risk
- Carefully consider Value for Money and Efficiency of every project
- Only adding schemes once an affordable business plan is in place

### Principle 4 – Performance manage our capital programme

- Integrating the capital programme into our performance management framework
- Ensure our capital schemes use appropriate project management tools
- Expect responsibility for the delivery of the capital programme to be clearly defined
- Make sure our assets perform at an optimal level through effective ongoing asset management, consistent with levels of investment

- Reporting regularly on the performance of our property and non-treasury portfolios including updates on risk and recommendations for appropriate mitigation measures.

#### 4.3 Key Objectives for non-treasury capital portfolio property acquisitions

- Acquire properties or fund developments that provide value in accordance with the Council's corporate and financial objectives,
- Maximise return whilst minimising risk through the management processes as outlined in this strategy,
- Prioritise properties that yield optimal rental growth and stable income,
- Protect capital invested in acquired properties
- Work within the developed governance framework that enables the Council to move at a timely pace in line with the market
- Build a balanced property portfolio that is proportionate to the overall financial position of the Council

### 5. LIMITS FOR NON-TREASURY INVESTMENTS FOR 2020-2023

#### 5.1 Loan Types and Self Assessed Limit for Such Third Party Loans

Council on the 22<sup>nd</sup> February 2017 approved the Development Loans Fund as part of the MTFS. The detailed Strategy for the loans was subsequently approved by Cabinet on 14<sup>th</sup> June 2017; this set out types of loan that can be made and the detail in relation to the approval process. The detail of the strategy was refreshed as part of the contract for the Fund Management Agreement to deliver this initiative under the delegation approved as part of the current Capital Strategy. The current limit for expenditure on the Development Loans Fund is £10m to be funded in full from prudential borrowing. The Council finalised the appointment of Finance Birmingham as Fund Manager on 29<sup>th</sup> October 2018 to manage the loans and the plan is that loan durations are kept short to pump prime investment projects **within the district** that would not be supported by high street banks with the optimum loan period being 3 - 5 years and the longest duration being up to 15 years. These relatively short durations should negate the need for a Minimum Revenue Provision to be made as the repayment of the funds will repay debt and thus make the proposals more affordable. However, a prudent view that MRP will be levied for all loans has been taken in the business case for this proposal. At this time one loan proposal has been approved. The first application for a £1.9m loan was approved in March 2020 and is currently being finalised. The MHCLG recommended limit for debt compared to net service expenditure (NSE) is presented below, together with debt compared to gross service expenditure. These ratios are based on the current expenditure profiling for these loans included in the Capital Programme; **approval is requested for the upper limit in 2021-22** to provide cover if suitable loan applications are received at a faster pace than currently projected.

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Development Loans Fund		2020-21	2021-22	2022-23	2023-24
<b>DEBT TO GROSS SERVICE EXPENDITURE RATIOS</b>					
Non treasury development loans investments debt to gross service expenditure (GSE) ratio	<i>Gross debt of non treasury development loans 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>	4.08%	21.14%	21.25%	20.91%
<b>DEBT TO NET SERVICE EXPENDITURE RATIOS</b>					
Non treasury development loans investments debt to net service expenditure (NSE) ratio	<i>Gross debt of non treasury development loans 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>	13.73%	78.86%	84.98%	80.32%

The limit for debt compared to NSE looks high since this is comparing the total gross debt for these loans classed as capital expenditure to the net revenue budget. As the financing costs in relation to such debt would be borne by the revenue budget rather than 100% of the debt at any one time, and debt will only be taken subject to affordability, with due regard to risk, this limit is considered to be acceptable.

However, Net Service Expenditure may not be the best measure of the Council's financial strength and for this reason a number of other quantitative ratios are also included in Appendix 2 to provide additional transparency around the potential risk of this proposal. Key indicators from this Appendix are also included in Section 7.4.1 and demonstrate that the planned capital expenditure within the Development Loans Fund is a relatively modest proportion of the Balance Sheet total for Property Plant and Equipment and the total Capital Financing Requirement. The financing costs are also a small proportion of total NSE.

### 5.2 Types of Property Business Cases to be Considered and Self Assessed Limit For Total Exposure

Council on the 22<sup>nd</sup> February 2017 approved the £25m Capital Portfolio Fund. The detailed Strategy for the Capital Portfolio Fund was updated in the Capital Strategy approved by Council in May 2018, again in the current Strategy approved by Council in February 2019 and Appendix 4 of this report sets out a further revision of the detail in relation to this Strategy. The Strategy in Appendix 4 is supported by the Asset Management Strategy which is also included at Appendix 5 and has been refreshed as part of this report. The current limit for expenditure on the Capital Portfolio Fund is £26.5m following a supplementary approval of £1.5m at Council in February 2020, to be funded in full from prudential borrowing. The MHCLG recommended limit for debt compared to net service expenditure is presented below, together with debt compared to gross service expenditure. These ratios are based on the current expenditure profiling for Capital Portfolio purchases included in the Capital Programme.

A number of other quantitative indicators to provide additional transparency and a better indicator of the potential risk of this policy are also provided in Appendix 2 and Section 7.4.2.

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Capital Portfolio Fund		2020-21	2021-22	2022-23	2023-24
<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>	46.17%	53.30%	52.46%	50.53%
<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>	155.54%	198.83%	209.84%	194.14%

The limit for debt compared to NSE looks much higher than the ratio for the Development Loans Fund since this is comparing the total gross debt of £26.5m for these investments classed as capital expenditure to the net revenue budget. As the financing costs in relation to such debt would be borne by the revenue budget rather than 100% of the debt at any one time, and debt will only be taken subject to affordability, with due regard to risk exposure in each business case proposal, this limit is considered to be acceptable.

**6. DETERMINATION OF TYPES OF CONTRIBUTION OF NON- FINANCIAL INVESTMENTS TO CORPORATE PRIORITIES**

- 6.1 Non- financial investments can be categorised in accordance with the different types of contribution they make to the corporate priorities of the Council recognising that each investment can have more than one type of contribution.

Types of contribution this Council will consider (revised from 10<sup>th</sup> November Cabinet report) include:

- Regeneration including provision of housing
- Economic benefit/business rates growth
- Support for local business objectives (eg fulfilling demand for key target sectors); ReWyre led initiatives
- Enabling Enterprise and Business Growth in line with Wyre Forest Strategic aims
- Creation or protection of social value in the local area
- Safeguarding or creation of local jobs
- Supporting neighbourhood strategy
- Responding to local market failure/gaps in market supply of eg certain types of funding
- Regeneration, economic growth across the area of the district.
- Investment in Local Authority Trading Company or associates, Joint Ventures or to other third parties
- Income generation
- Mix of the above

**6.2 Ethical considerations for Development Loan and Property Investments**

Business case proposals for the council to invest in property either by direct acquisition or Development Loan Funding will include the consideration of ethical issues and will exclude investment in the following types of activity:

- Violence
- The Sex Industry
- Gambling or betting
- Material that may be regarded as offensive or discriminatory
- Political Parties
- Organisations opposed to or campaigning against council policies
- Companies or organisations providing services in competition to WFDC except where, at the discretion of the council, these are partner organisations that are considered complementary to the WFDC services.

**7. RISK ASSESSMENT FOR ONGOING MANAGEMENT OF PROPERTY PORTFOLIO**

- 7.1 Processes and procedures for how risk assessment will be managed including security, debt recovery, liquidity and performance monitoring were set out in the Capital Portfolio Strategy contained in Appendix 2 of the 2018-2021 report [http://www.wyreforest.gov.uk/council/docs/doc53006\\_20180327\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc53006_20180327_cabinet_agenda.pdf) and are updated in Appendix 4 of this report. An initial overarching

Property Portfolio Management Strategy was developed by the external Asset and Investment Manager Jones Valerio and approved by Cabinet on the 16<sup>th</sup> July 2019 this has been updated and a revised version is included for approval as Appendix 5 to this report. Jones Valerio will work in close liaison with BNP Paribas Real Estate Advisory and Property Management Ltd who have been appointed to undertake the day to day operational property management of the multi tenanted Capital Portfolio properties. This sets out further detail in relation to the ongoing monitoring and management of the properties.

- 7.2 The balance between security, liquidity and yield based on risk appetite and contributions of investment activities has been achieved by use of the more sophisticated Risk Matrix included in Appendix 2 of the 2018-2021 report that continues to be refined. A revised version was approved by Cabinet on the 10<sup>th</sup> November as part of the report on Capital Portfolio Fund Temporary Arrangements for Acquisition Geography. This set out a refreshed scoring threshold system. This will allow the Council to have a robust means of comparing multiple opportunities whilst taking into account balance between security, liquidity and yield.
- 7.3 Quantitative Indicators to help measure total risk exposure in terms of proportionality are as set out in full in Appendix 2 – key indicators around proportionality are detailed in Section 7.4 below and Section 9 Financial Implications provides further explanation and detail.

**7.4 Proportionality**

**7.4.1 Development Loans Fund**

These relatively short-term loans are intended to pump prime the local economy and will be spread over a number of third parties. This means that the Development Loans Fund carries less risk than the Capital Portfolio Fund. Due diligence will be undertaken by Finance Birmingham to mitigate the risk of default.

This £10m approval is shown below as a proportion of the total CFR, together with the proportion of total Balance Sheet Fixed Assets (ie Property Plant and Equipment). These are a better indicator of proportionality than Debt to net service expenditure (NSE) ratio. We continue to work to progress the Development Loans Fund scheme; however, the net income has been removed from the current estimates as a prudent measure given the slow rate of take-up of this loan offer. This has had an impact upon some of the indicators:

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Development Loans Fund		2020-21	2021-22	2022-23	2023-24
<b>LOAN TO VALUE RATIOS</b>					
Loan to PPE value ratio (development loans)	<i>The amount of non treasury development loans investment debt compared to the total asset value (Long term assets - PPE).</i>	2.74%	13.67%	13.67%	13.67%
<b>CFR RATIOS</b>					
CFR - Development Loans	<i>Development Loans CFR as a proportion of the gross CFR</i>	4.09%	16.38%	16.48%	16.60%
<b>FINANCING COSTS TO NET SERVICE EXPENDITURE RATIOS</b>					
Development loans investments financing costs to net service expenditure (NSE) ratio	<i>Non treasury development loans 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>	0.10%	1.06%	3.95%	3.73%
<b>INCOME/INVESTMENT COVER RATIOS</b>					
Developments loan investment cover ratio	<i>The total net income from development loans investments, compared to the interest expense.</i>	0.00%	0.00%	0.00%	0.00%

### 7.4.2 Capital Portfolio Fund

The £26.5m total approval for the Capital Portfolio Fund is shown below as a proportion of the total CFR, together with the proportion of total Balance Sheet Fixed Assets (ie Property Plant and Equipment).

Capital Portfolio Fund		2020-21	2021-22	2022-23	2023-24
<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>	31.09%	34.46%	33.75%	33.03%
Loan to value ratio (property only)	<i>The amount of property debt compared to the total property asset value (property portfolio only).</i>	104.35%	114.56%	112.20%	109.83%
<b>CFR RATIOS</b>					
CFR - Property	<i>Property CFR as a proportion of the gross CFR</i>	46.62%	41.99%	42.09%	42.22%
<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>	5.26%	8.77%	10.51%	9.95%
<b>INCOME/INVESTMENT COVER RATIOS</b>					
Property investment cover ratio	<i>The total net income from property investments, compared to the interest expense.</i>	18.78%	16.58%	45.02%	47.57%
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>	3.94%	5.56%	7.09%	7.18%
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>	0.41%	0.51%	1.47%	1.55%
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>	3.06%	3.96%	3.57%	3.54%

Whilst this shows that the Capital Portfolio Fund is a relatively high proportion of the total CFR and Fixed Assets, risk will be mitigated by the robust due diligence included as part of each individual business case as proposals are progressed. The objective is to hold a balanced portfolio to spread risk that is proportionate to the overall financial position of the Council. As shown in section 9.4.5 for future expenditure, the MTFS only assumes a modest net return on these acquisitions leaving scope for a proportion of actual net yield achieved to be set aside as a Risk Reserve if appropriate. For acquisitions already completed 20% of the net yield is being set aside in a Planned Property Maintenance reserve.

**8. CAPACITY, SKILLS AND CULTURE, INCLUDING POLICY ON USE OF EXTERNAL SERVICE PROVIDERS**

- 8.1 The Council recognises that it needs to resource this complex policy area appropriately. It has procured the independent asset portfolio management services of Jones Valerio and BNP Paribas Real Estate Advisory Property Management UK Ltd for operational property management services. Property acquisition opportunities often arise unexpectedly and/or 'off market' and it is important to have appropriate professional networking contacts and to be nimble in order to take advantage of opportunities when they arise. The Council's external advisors are responsible for identifying suitable opportunities. The Corporate Director: Economic Prosperity and Place has the necessary delegations to negotiate conditional offers and, in conjunction with the Council's Financial Services Manager to develop the viability appraisal and business case for the Council to acquire property.
- 8.2 The Council has commissioned external experts to support its decision making process and has established a framework of suitably qualified valuers and building surveyors to ensure that decisions taken by the Council are based on appropriate valuations and building condition surveys. This framework will be renewed every three years and experts will only be used that hold the appropriate and current qualifications. Further, the Council has retained the services of KPMG, initially to provide an external independent health check reporting on the property evaluation model and process, further develop the viability modelling and also to provide advice on specific property acquisitions proposals at competitive call-off rates. During 2018-19, this advice was used on the more complex acquisitions and the viability model has been developed further to cover a wider range of potential scenarios and also to expedite use of the model. So far in 2020-21 it has been possible to utilise the approved viability model together with the advice of Jones Valerio to inform potential property acquisition decisions, although KPMG were consulted on preliminary viability modelling on a potential opportunity that was not progressed at no cost.
- 8.3 The contract was finalised on the 29<sup>th</sup> October 2018 with Finance Birmingham who are FSA accredited Fund Managers with a proven track record, to deliver the Development Loans Fund. It contains provision for regular reporting of performance management of the Fund. An option for a 2-year review and break clause was included within the contract to provide an exit strategy for the Council if the performance of the Fund is failing to reach projected expectations. Given that last November agreement was reached with Finance Birmingham to waive



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their concessionaire fee until substantial loans have been secured this break option has not been exercised. One loan proposal has been progressed to date.

- 8.4 External advisors engaged to work with the Council on delivering the Capital Portfolio Fund and Development Loans Fund are briefed both before and during their appointment to ensure they are fully cognisant of the context of the authority's corporate values. Copies of all relevant Strategic documents including the Corporate Plan and key governance documents in relation to these activities are provided together with links to the Council's website to ensure updates can be sourced. An overview of the technicalities of the accounting and external auditor requirements is also provided regularly to ensure that advisors appreciate that the prime objective is to deliver statutory services to residents rather than commercial gain. A balance is then established to utilise essential external expertise and advice whilst maintaining good governance and the Council's public sector ethos and values.
- 8.5 Member training will be provided at least annually. The external Fund Managers will prepare reports for development loan proposals and present to Overview and Scrutiny to provide full explanation to members. For particularly complex proposals external specialist advice may be taken and advisors may attend member meetings for additional assurance and explanation.

## **9. FINANCIAL IMPLICATIONS**

### **9.1 Base Capital Programme**

- 9.1.1 The Revised Capital Programme of approved schemes, including details of actual expenditure, prior to 1<sup>st</sup> April 2020 and technical officers' estimates of projected costs, is set out in Appendix 1A.

### **9.2. Capital Schemes**

- 9.2.1 The Capital Programme is detailed at Appendix 1 and includes the Depot 2020 capital redevelopment project that is now complete pending final retention payment in 2021-22. This is our last significant operational base that had not benefited from investment. The project means we have a site that is fit for the future and support growth of commercial income whilst making a welcome revenue positive contribution towards the funding gap.
- 9.2.2 The abortive costs of £120k in relation to the fallen scheme for Homelessness accommodation in Bridge Street Stourport following refusal of the Planning Application have now been transferred to the revenue budget and are reflected within the MTFS.
- 9.2.3 The Council was success in its bid for Heritage Lottery Funding for works to Brinton Park and was awarded £2.41m in July 2020. This is now included in the proposed Capital Programme together with £200k pump-priming funding.
- 9.2.4 Following demolition of the former Wyre Forest Glades Leisure Centre (WFGLC) the first land parcel of Lion Fields has been marketed and a preferred partner Cordwell, appointed from bids received. The Development Agreement has been completed with Cordwell to deliver a

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cinema led leisure development of the site. A successful Expression of Interest had been submitted to the National Lottery Heritage Enterprise Fund for gap funding to bring the former Magistrates Court and indoor market building back into a positive use; however, this was suspended due to Covid and is due to re-open in February 2021 at which time the Council will need to re-submit its proposals. It is hoped that the much needed redevelopment of these key sites will commence soon; this would be effected if our Future High Streets Fund Bid is successful in full.

- 9.2.5 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.

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 and 2019-20. 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.

Allocations that have been approved so far from the Capital Portfolio Fund are shown in the table below; The additional car parking provision included within the original business case for Stratford Court is now progressing. 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

Note: Balances include transactions and commitments to date

The revenue impact of the Capital Portfolio Fund on the MTFS is shown in 9.4.5 below.

- 9.2.6 Capital Expenditure on Wyre Forest House remains at £9.58m so expenditure on Wyre Forest House remains within its allocated project budget of £10m. The final account remains outstanding and is the subject of ongoing consideration. The consolidation of buildings and staff has generated significant revenue savings reflected in the base budget. A significant proportion of the building is now let to external tenants and for meeting room bookings although income levels have suffered as a result of COVID-19. Further space has been released for external use as part of the Depot 2020 scheme, however given the current uncertainty of the market position as a result of COVID the MTFS includes a Cabinet proposal to commission a full business case to explore either disposing of Wyre Forest House completely or dividing the building so that the Council would retain and occupy only part of it and dispose of the remainder. If it was decided to proceed with a sale this would generate a one-off capital receipt and the intention is that this would be applied to reduce existing debt.
- 9.2.7 The Depot 2020 capital scheme is now complete following approval by Council on the 19<sup>th</sup> September 2018; the Hub relocation has taken place together with the revenues, benefits and customer service team relocations. A future additional unavoidable cost that was identified during the project related to the underground fuel tank on the site. As part of the conditions for agreeing the development which has recently been completed, the council gave an undertaking to the Environment Agency to address the underground fuel tank which, if it ever suffered a rupture, would pollute watercourses. This essential health and safety work is now included in the proposed Capital Programme at a cost of £65k funded from within the remaining Depot Capital budget supplemented by the estimated capital receipt from the outstanding construction insurance claim and a capital virement. The contingency for the Depot Capital project is now fully committed.
- 9.2.8 Any future capital receipts from asset disposals together with RTB receipts (from 2018-19) will be allocated to the Evergreen Investment Fund (EIF). The approval of the EIF initiative by Council in September 2014 was to provide a sustainable source of capital funding for future projects. This fund will help the Council to realise the regenerative benefits of some of its vacant and underused assets as well as securing some longer term returns from working in partnership with developers. The aim is to help the district grow in housing, business or general economic terms. Total unallocated funding held in the EIF is currently £642k; this is included in the Capital programme ready for allocation to specific schemes once proposals are approved. Officers continue to actively consider how to utilise this to maximise the benefit for the district. Each business case will be considered by Overview and Scrutiny Committee and Cabinet.
- 9.2.9 It should also be noted that the future funding of the Capital Programme includes an estimated underlying Capital Financing Requirement (CFR) of £58.043m (as at 31/03/2024 – the end of the Finance Strategy). The

CFR is currently estimated to be £48.110m at the end of the 10 year Capital Strategy; 31/03/31).

#### **9.4 Prudential Borrowing**

- 9.4.1 In accordance with the Prudential Borrowing Code, the Council is able to borrow for capital projects, subject to demonstrating that spending plans are affordable, prudent and sustainable. Prudential Borrowing has been assumed for the Vehicle, Equipment and System Renewals Schedule, the Capital Portfolio Fund and the Development Loans Fund, the Leisure Centre and other relevant approvals. These assumptions result in a Capital Financing Requirement (CFR) (taking into account MRP repayments) summarised in the Table in paragraph 9.4.4.
- 9.4.2 The Council had £37m external borrowing as at 30<sup>th</sup> November 2020, as detailed in paragraph 4.1.2. It is certain that the Council will need to consider entering into further external borrowing in the near future although this may not be taken from the PWLB given the increase in interest rates. A combination of internal borrowing and third party borrowing from cheaper sources than the PWLB is likely to be used. The assumptions included in the budget for the utilisation of External Borrowing are shown in 9.4.4 below.
- 9.4.3 The use of temporary borrowing continues for bridging finance for the Leisure Centre project, pending the receipt of sales proceeds from the former Wyre Forest Glades site. These interim costs are included in the base budget funded from project reserves set aside for this purpose.

##### **9.4.4 Forecast Capital Financing Requirement (CFR)**

The CFR is calculated from the Council's balance sheet, and is the underlying need to borrow for capital purposes – in effect the debt liability. It represents the cost of the Council's assets, less any capital receipts and allowable adjustments. Borrowing is undertaken for the CFR as a whole rather than being specific to individual capital programme items or individual property acquisitions.

Once calculated, the Corporate Director: Resources then decides how the debt liability is to be funded. It can be funded either from internal resources on a temporary basis (internal borrowing), or from the market (external borrowing). Internal borrowing is often an effective method of reducing funding costs whilst also avoiding counterparty risk (ie when investing reserves and balances). Whether to use internal or external borrowing is purely an operational decision based on current market conditions and cash balances available.

The timing and source of external borrowing is carefully considered in liaison with Link Asset Services our Treasury Management advisors who are also now investigating other less costly funding options with us. 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

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borrowing. The whole percentage reduction in PWLB rates on the 26<sup>th</sup> November 2020 reversed the equal and opposite increase made on 9<sup>th</sup> October 2019. 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 the borrowing rate risk off the table in relation to the Capital Portfolio Fund by taking tranches of borrowing at the historically low rates. The current CFR and the elements attributable to the Capital Portfolio Fund and Development Loans Fund are shown in the table that follows:

Description	2019-20 (and prior to 01/04/2019)	2020-21	2021-22	2022-23	2023-24
	£'000	£'000	£'000	£'000	£'000
CFR - General Capital Programme	23,467	24,120	25,322	24,624	23,904
CFR - Capital Portfolio Fund	17,098	22,809	25,545	25,025	24,504
CFR - Development Loans Fund	0	2,000	9,965	9,800	9,635
Current estimated Capital Financing Requirement as at 31st March	40,565	48,929	60,832	59,449	58,043

A more detailed analysis of the impact of planned capital expenditure, the CFR and Minimum Revenue Provision giving forward balance sheet projections can be found in the Treasury Management Strategy, that will be revised for February 2021 Council.

9.4.5 The financial implications for the Council arising from this report are included in the MTFS also being considered by December 2020 Cabinet. The MTFS includes one Cabinet Proposal for further Capital approvals and, the final set of Prudential Indicators will be updated for the February 2021 report. The very modest net returns assumed previously for the Capital Portfolio Fund and Development Loans Fund have now been revised to reflect actual returns for completed acquisitions. Due to the slow take-up of our loan offer, it is considered prudent to remove the net income for the Development Loans Fund from the MTFS at this time whilst this scheme is being reviewed. A modest approach has been retained for the balance of the approvals yet to be spent to mitigate the risk of underachieving the forecasts within the MTFS. A summary of the latest forecasts for the Capital Portfolio Fund is shown in the following table:

	2020-21	2021-22	2022-23	2023-24
	£	£	£	£
<b>Capital Portfolio Fund</b>				
Capital	6,000,000	3,175,620	0	0
Revenue Budget Net Income	(89,600)	(111,410)	(322,790)	(341,060)
<b>NET INCOME IN REVISED MTFS</b>	<b>(89,600)</b>	<b>(111,410)</b>	<b>(322,790)</b>	<b>(341,060)</b>

As known returns are confirmed these will be reported as each business case is approved and revisions reflected in the annual MTFS.

#### **9.4.6 Forecast Future Prudential Borrowing**

Based upon current estimates of cashflow there is a potential requirement for the Council to externally borrow up to a further £21m within the period of the current Finance Strategy, based upon the latest estimate of the Capital Financing Requirement detailed above. This is mainly in respect of the two major capital schemes detailed in 9.2.6.

#### **9.4.7 Vehicle, Equipment and Systems Renewal Schedule**

A revised Schedule has been prepared and set out as Appendix 1B. Under capital rules vehicles, equipment and systems may be purchased out of Loan, Leasing, Capital Receipts or Revenue. The Corporate Director: Resources currently recommends that the Council use Prudential Borrowing where Capital Receipts or Direct Revenue Funding is not available.

#### **9.4.8 Looking Forwards**

The Government's waste strategy includes proposals including the requirement for weekly food waste collections. Whilst the Government has promised to meet all the costs of change, it is impossible to rely on such a "guarantee" at this stage when legislation has not been passed and detailed estimates of costs and the regime for funding them are not known. This area thus represents a potentially significant funding risk for the council in future.

A future collaborative work stream that may emerge is a reduction in the size of our general waste bins. If this proposal is progressed with Worcestershire County Council this will be subject to future reports and approvals.

### **9.5 Reserves and Balances**

The Council held £6.033m in General Reserves at the 1<sup>st</sup> April 2020 including a £1.2m Working Balance. It also held £8.752m in Earmarked Reserves as at 1<sup>st</sup> April 2020, including a General Risk Reserve. It is recognised that there may be limited scope within the current levels of Reserves to mitigate the risk arising from the Capital Portfolio and Development Loans Fund. We therefore started to build up these reserves from 2018-19 as part of the business case for each Capital Portfolio Fund proposal with 20% of the net yield being taken to a Planned Property Maintenance Reserve. This approach is considered to be commensurate with assessed future risk, and if necessary will be supplemented by transfers from future final accounts savings that this Council has a strong history of achieving.

As proposals are being progressed, each business case proposal includes an assessment of cumulative risk in terms of the level of reserves required to mitigate such risk. If the Council is unable to maintain appropriate levels of

reserve to mitigate risk, proposals will not be recommended for approval. Ongoing quarterly reporting of Portfolio Performance led by Jones Valerio will include a review of risk vis a vis reserve levels. Paragraph 12.2 refers to the latest CIPFA Guidance and the relevance to the consideration of the adequacy of proportional risk reserves. Changes to current PWLB Lending Arrangements were announced on November 25<sup>th</sup>, 2020 with the intent of ending debt for yield lending and a lower margin for General Fund Certainty Rate. CIPFA and MHCLG may also take the opportunity to revise the Codes and Guidance, but until then the Council will continue to have regard to the current editions

#### **9.6 Fair Values – Implications of Proposals**

In accordance with the most recent MHCLG Guidance, an allowed “expected credit loss” model for loans and receivables as set out in International Financial Reporting Standing (IFRS) 9, will be used to measure the credit risk of the £10m Development Loans Fund portfolio. The agreement with the external Fund Manager includes provision for appropriate credit control arrangements including the option for either the Fund Manager or the Council to undertake more complex debt recovery, to be assessed on a case by case basis.

#### **9.7 IFRS 16 – Implications of change in accounting for leases**

**IFRS 16** (International Financial Reporting Standard) is a new standard for lease accounting which has been deferred until April 2022. It will replace the existing **IAS 17** lease accounting standard. The exact impact of this new accounting is currently being assessed and will be reported as part of the Final Accounts process but this is currently not significant.

### **10. LEGAL AND POLICY IMPLICATIONS**

- 10.1 Capital schemes must comply with legislation such as the Equality Act, and also Council policies, Contract Procedure Rules and Financial Regulations.
- 10.2 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. The Capital Portfolio fund policy is refreshed and included for approval in this report as Appendix 4, the Development Loans Fund Policy remains 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).
- 10.2 The latest MHCLG Guidance on investments that should be read in conjunction with the latest 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 this new Capital Strategy has appropriate regard to the latest Code Guidance. However, changes are expected in the near future following the recent PWLB consultation paper and the PAC report, these will be included in MTFS updates in February 2021 once issued.

10.3 The PWLB concluded their review, following recent consultation and a number of changes took effect from 9am, 26<sup>th</sup> November 2020. Key revisions are summarised below:

- PWLB rate lowered 100bps for all new Standard Rate and Certainty Rate loans
- Government has no plans for novation of debt.
- As a condition to access PWLB, LAs asked to submit high level description of capital spending for 3years.
- Finance Director of LA to confirm no intention to buy investment assets primarily for yield any time in next 3years
- The PWLB will not lend to an LA that plans to buy investment assets primarily for yield anywhere in their capital plans, regardless of whether the transaction would notionally be financed from a source other than the PWLB.

10.4 Further revisions are also expected to MHCLG Guidance and Prudential Code but as, yet these have not been published. Appropriate updates will be included in the February MTFS report if required.

10.5 In accordance with approved policies and strategies, this Council's 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.

## **11. STRATEGIC RISK MANAGEMENT**

11.1 To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.

11.2 It is important to identify the risk appetite for each scheme and for the capital programme as a whole, especially when considering the purchase of property assets to be acquired for multiple objectives including a financial return. The Capital Portfolio Fund assets acquired so far are not defined as non-treasury investments under the CIPFA Prudential Code but rather are held as operational assets as they contribute to the Council's corporate priorities, the key principle of control of risk and considering returns consistent with the level of risk still applies. It is clear that COVID-19 has increased risk associated with existing property portfolios and also made the assessment of risk for new potential purchase more problematical. The full suite of Prudential Indicators is reported in this Capital Strategy for full transparency as they are funded from prudential borrowing. Currently these are reported for the full £26.5m although this may be refined in future reports as the portfolio management continues to develop.

11.3 The Corporate Director: Resources will work in liaison with Service Managers to report explicitly on the affordability and risk associated with the Capital Strategy. Where appropriate they will have access to specialised advice to enable them to reach their conclusions.



- 11.4 An assessment of risk should therefore be built into every capital project and major risks recorded in a Risk Register.

**11.5 Credit Risk**

This is the risk that the organisation with which we have invested capital monies becomes insolvent and cannot pay us our investment returns or complete the agreed contract. Accordingly, the Council will ensure that robust due diligence procedures cover all external capital investment. Where possible contingency plans will be identified at the outset and enacted when appropriate.

**11.6 Liquidity Risk**

- 11.6.1 This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. There is also the risk that the cash inflows will be less than expected, for example due to the effects of inflation or interest rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes.

**11.6.2 Development Loans Fund**

The planned relatively short term durations of the Development Loans Fund and engagement of external Fund Managers with FSA accreditation and proven, directly relevant private sector experience should ensure the allocation remains relatively liquid. Whilst it is currently envisaged that repayments will be used for the repayment of debt, net yield over and above this requirement can be used to support the overall liquidity of the Council.

**11.6.3 Capital Portfolio Fund**

Property acquisitions and developments are by their very nature illiquid but regular valuation refreshes, structured property management and ongoing analysis of market conditions will enable risk to be continuously monitored. The weekly economic market analysis that Link Asset Services provide as part of retained Treasury Management Services contract will be useful as an overall indicator of market confidence and this will be supplemented with specific property market intelligence gathered regularly by our appointed independent advisors.

A longer term view will be taken on property market risk with the intention to “ride-out” any downward spikes in the property market as a result of dynamic property market conditions; this is particularly important given the potential for volatility as a result of Brexit and the ongoing COVID-19 pandemic and resultant changes to the way people work that may prove to be permanent for some sectors.

Subject to regular advice including updates on market conditions, we may adopt a “recycling” approach to the Capital Portfolio Fund investments. This could involve the disposal of assets once, for example, regeneration objectives have been met and the private sector is willing to take on the

investments, to recycle resource by either the repayment of debt or use of capital receipts for further portfolio purchases. Decisions would be dependent on prevailing market conditions, consideration of each business case proposal and appropriate capital approvals.

**12. STRATEGIC RISK MANAGEMENT- CAPITAL PORTFOLIO AND DEVELOPMENT LOANS FUNDS**

- 12.1 The risks associated with the Capital Portfolio and Development Loans Fund Strategies and the steps to be adopted to mitigate them, 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 (see hyperlink at section 10.2). These are updated for the Capital Portfolio Fund in Appendix 4 of this report. The latest MHCLG Investment Guidance introduces additional controls, key areas being of proportionality and purely commercial investments that are out of the area. Our new temporary policy for the Capital Portfolio Fund is that it will invest within the district area to support regeneration and local economic development. Taking into consideration the revised PWLB/CIPFA guidance, the outcome of the COVID-19 pandemic and the opportunities to dispose of existing portfolio assets to generate capital receipts this temporary policy may be revisited in the future. The Development Loans Fund will be used to support regeneration within the district. Due regard is evidenced in this Capital Strategy to proportionality and a transparent approach adopted to ensure Members are fully aware of the potential impact of these plans.
- 12.2 CIPFA issued Guidance on Prudential Property Investment in Mid November 2019 including a detailed methodology on how authorities could calculate whether their property investments are proportional to the size of their revenue budgets. The calculations for the Council will be included within the reporting on the levels of adequate reserves to cover off risk as part of the S151 Officer's report in February.
- 12.3 The changes to the PWLB lending terms and probable consequent changes to the CIPFA Prudential code may mean that the Council has to retain the in-district geography for the balance of the Capital Portfolio Fund. This may increase overall risk as the former wider geography not only allowed risk to be spread over a greater geographical area but also provided increased scope to purchase higher quality properties due to increase transport connectivity etc in the wider FEG geography. This means that the risk matrix scoring may have to be permanently adjusted downwards as referenced in Appendix 4.
- 12.4 The appointment of Finance Birmingham as the Fund Managers for the Development Loans fund also provides further assurance and risk mitigation.
- 12.5 The latest version of the CIPFA Prudential Code that must be read alongside the MHCLG Investment Guidance requires the chief financial officer to report explicitly on the risks associated with the capital strategy. The Prudential Property Investment guidance issued by CIPFA in mid-November 2019 provided new information around proportionality of capital property purchases funded by prudential borrowing currently. Following the changes in response to the recent PWLB Consultation, further revisions to code guidance are expected from CIPFA

but at the date of writing these have not been published. The risks associated with the Capital Strategy are summarised in the Risk Matrix that follows:

<b>RISK REGISTER FOR CAPITAL PORTFOLIO FUND (CPF) &amp; DEVELOPMENT LOANS FUND (DLF)</b>	<b>Impact (H/M/L)</b>	<b>Likelihood (H/M/L)</b>	<b>Risk Rating (R/A/G)</b>	<b>Risk Mitigation</b>
External challenge that proposals do not satisfy MHCLG Investment Guidance/other statutory requirements	H	L	G	<p>Identification of objectives – links to corporate priorities/income generation – this will include determination of whether or not proposals meet regeneration and economic objectives; each proposal will be considered on a case by case basis.</p> <p>Due Diligence – including check against statutory powers ie legal basis for proposal.</p> <p>To date external Final Accounts audits have not challenged the operational asset classification assigned to the property purchases based on the substantial evidence provided.</p>
Market/economic conditions deteriorate from initial risk assessment and the Council is tied into long term borrowing costs that cannot be covered by future income. This risk is increased by COVID-19.	M	M	A	<p>Risks will be refreshed as part of regular reporting on Property Portfolio and Development Loans Fund (DLF) and any “red flags” raised with mitigating actions proposed on a case by case basis. Risk assessments will be considered over the short, medium and longer term as part of due diligence. External borrowing will be profiled so there will be structural options for the future management of overall debt. The transparency of limits for these strategies mean the Council is fully cognisant of proportionality.</p>
100% prudential borrowing due to lack of capital receipts available for funding reduces net yield and means the return is too low compared to the relative	H	M	A	<p>Due Diligence processes in place will ensure risk is fully assessed in each business case proposal. Funding by 100% prudential borrowing, particularly taking into account changes in PWLB rates may</p>

<b>RISK REGISTER FOR CAPITAL PORTFOLIO FUND (CPF) &amp; DEVELOPMENT LOANS FUND (DLF)</b>	<b>Impact (H/M/L)</b>	<b>Likelihood (H/M/L)</b>	<b>Risk Rating (R/A/G)</b>	<b>Risk Mitigation</b>
risk. This could lead to greater risks being taken to increase yields.				reduce the number of viable opportunities but so far evidence shows this can still work and provide useful income streams whilst also meeting corporate priorities of regeneration etc, increasing business rates, council tax and potentially new homes bonus.
Lack of internal capacity, commercial knowledge and skills; both officers and members.	M	L	A	Successful procurement of external specialist advice. Member training will be provided. For DLF external Fund Managers will attend Overview and Scrutiny committee and for CPF external advice will be taken and provided as appropriate.
Borrowing costs fluctuate and could increase; Council is unable to making ongoing costs of refinancing debt.	M	L	A	Each business case proposal will consider forecasts for the costs of borrowing and build in headroom to allow for reasonable movement. External debt will be taken in different tranches taking advice from Link Asset Services (to give a spread of maturity dates) to spread this risk and internal borrowing used where possible to reduce costs. An appropriate level of reserves will be held and regularly reviewed to help mitigate this risk.
Bad debts as a result of failure of third parties to make loan repayments or tenant rental default. This risk is increased as a result of COVID-19.	M	L	A	Fund manager for DLF will manage debt portfolio, assessing the likelihood of default; provision for an appropriate percentage will be included in business case proposals. A proactive approach will be taken to debt management with advice and assistance offered by the Jones Valerio and BNP Paribas as part of the Property Portfolio Management team and early legal action where necessary to realise security/collateral taken.
DLF - Failure to secure sufficient value of loans to	M	M	A	Professional Fund Managers consider there is demand in the

<b>RISK REGISTER FOR CAPITAL PORTFOLIO FUND (CPF) &amp; DEVELOPMENT LOANS FUND (DLF)</b>	<b>Impact (H/M/L)</b>	<b>Likelihood (H/M/L)</b>	<b>Risk Rating (R/A/G)</b>	<b>Risk Mitigation</b>
cover the fixed cost of the external Fund Managers; this risk is increased as 12 months of the initial 2 year contract has passed with no proposals progressed				district to fill the gap in loan requirements left by banks. Flat fee for minimum 2-year contract period could have been met from reserves in worst case scenario. Finance Birmingham voluntarily agreed to waive their quarterly flat fee last November until successful application were progressed. One application has been approved to date and is progressing, but complex nature of projects mean proposals take time to progress.
DLF - Collateral/Security on loans granted is insufficient to cover bad debts;	M	L	A	Ongoing monitoring of covenants and credit quality of borrower may require mitigating action, exit strategies and or risk reserves.
DLF - State Aid considerations;	M	L	G	Due diligence checks will explore State Aid requirements in full and a commercial rate will be set for loans well above the basic (now increased) PWLB rates.
Management costs are excessive	M	L	A	For DLF Management costs are part of contract. For CPF Initially, existing internal resource to be used to manage portfolio with other options considered and evaluated as part of each business case, costs to be covered by income generated.
Minimum Revenue Provision Policy is not sufficiently flexible	M	L	G	Policy change to introduce further flexibility approved as part of TMSS Council from February 2018.
Capital values and rental values can fall as well as rise.	M	M	A	Regular asset valuations will be undertaken and reported with Fair Value adjustments reflected in annual accounts as per accounting requirements. Historically, property investments have performed well and generally values increased over time. Our

<b>RISK REGISTER FOR CAPITAL PORTFOLIO FUND (CPF) &amp; DEVELOPMENT LOANS FUND (DLF)</b>	<b>Impact (H/M/L)</b>	<b>Likelihood (H/M/L)</b>	<b>Risk Rating (R/A/G)</b>	<b>Risk Mitigation</b>
				adopted MRP policy ensures that debt is repaid over the asset life and our evaluation model does not assume capital appreciation when determining viability.
Vacancies (voids) in the portfolio will reduce average yield. As well as lost rental income on vacant units, the Council could find itself liable for a share of on- going costs which a tenant would normally pay such as empty property rates. COVID-19 increases this risk	M	M	A	Proactive Property Portfolio Management by our external specialists Jones Valerio who will work closely with BNP Paribas and maintenance of appropriate risk reserves will mitigate this.
Disputes with tenants. Common disputes include ongoing maintenance and repair costs of buildings and the ability to recover those costs from tenants	M	L	A	Proactive Property Portfolio Management and maintenance of appropriate risk reserves will mitigate this.
External factors. Property investment is subject to factors the Council cannot control, e.g. failure of tenants, poor building management, changes in perception of what is a good location, economic downturn etc. Note ongoing negative impact of COVID-19.	H	L	A	External investment advisors will scan external horizon and report as part of regular monitoring reports.
Ease of market exit (sale). Note potential negative impact of COVID-19.	H	M	R	To be assessed on a case by case basis as part of initial business case and ongoing property portfolio management reports.
Changes in government policy. New CIPFA Guidance on Prudential Property Investment issued in November 2019, further changes probable re PWLB consultation in 2020. Changes to current PWLB Lending	H	L	A	Latest MHCLG Investment Guidance received in February 2018 and fully taken into account. The increase in the PWLB interest rate on the 9 <sup>th</sup> October was reversed on the 25 <sup>th</sup> November but in any event was mitigated by the fact that external borrowing had already

RISK REGISTER FOR CAPITAL PORTFOLIO FUND (CPF) & DEVELOPMENT LOANS FUND (DLF)	Impact (H/M/L)	Likelihood (H/M/L)	Risk Rating (R/A/G)	Risk Mitigation
<p>Arrangements are expected and that the intent was to end debt for yield lending and a lower margin for General Fund Certainty Rate. CIPFA and MHCLG may take the opportunity to revise the Codes and Guidance, but until then the Council will continue to have regard to the current editions.</p>				<p>been undertaken whilst rates were at historic lows and most of the £26.5m Capital Portfolio approval has already been spent or committed. Any further changes will be considered and revisions made to the Capital Strategy if appropriate.</p> <p>Current CIPFA Guidance already complied with, new detailed model for how authorities could calculate whether their property investments are proportional to the size of their revenue budgets will be included within the reporting on the levels of adequate reserves to cover off risk; ideally this year if time permits.</p> <p>Temporary change to acquisition geography in November 2020 mitigates risk of PWLB/ external audit challenge if potential changes are introduced at short notice.</p>

- 12.6 The Council is further protected since as more proposals are progressed the Detailed Business Case /Due Diligence reports will include a review of specific risks and also consider the cumulative risks of the Capital Portfolio and Development Loans Fund strategies with particular emphasis on proportionality.
- 12.7 A schedule setting out risk exposure will be maintained as proposals are progressed and presented to Members as part of the ongoing Property Portfolio reporting process.

**13. SCHEME OF DELEGATION**

- 13.1 The Council's Capital Strategy and Non-Treasury Investments Scheme of Delegation is detailed in Appendix 3.

**14. ROLE OF SECTION 151 OFFICER**

- 14.1 The Treasury Management Role of the Section 151 Officer is detailed in Appendix 3. The revision of the Treasury Management Code of Practice in 2017 significantly extended the specific role of this officer to include a series of new roles in respect of the capital strategy and also a specific role in respect of investment in non-financial assets.

**15. EQUALITY IMPACT ASSESSMENT**

- 15.1 This is a financial report and there is no requirement to consider an Equality Impact Assessment

**16. CONCLUSION**

- 16.1 This Capital Strategy, sets out the Capital Plans for 2021-31 including the Capital Portfolio Fund and Development Loans Fund and has due regard to the latest MHCLG Guidance on Investments. The Strategy also identifies and cross-references the various policies and strategies of the Council that are linked and together form the overall Corporate Governance Framework. It is useful to have this in a single document for transparency of assurance around what is recognised to be an area where risk needs to be carefully managed in the short, medium and longer term.

**17. CONSULTEES**

- 17.1 CLT  
17.2 Cabinet

**18. BACKGROUND PAPERS**

- The annual Medium Term Financial Strategy including the revenue implications of this Capital Strategy is to be considered by Cabinet on 22<sup>nd</sup> December 2020 and 9<sup>th</sup> February 2021 and proposed to Full Council on 24<sup>th</sup> February 2021, together with this report
- the Treasury Management Strategy Statement (TMSS) 2019-20 approved by Council on 27<sup>th</sup> February 2019 that covers financial investments
- The Asset Management Strategy Report – Cabinet 16<sup>th</sup> July 2019 and Council 24<sup>th</sup> July 2019 now updated as part of this report
- The Medium Term Financial Strategy 2018-21 including the Capital Programme Report Appendix 6 considered by Cabinet on 19<sup>th</sup> December 2017 and 7<sup>th</sup> February 2018 and approved by Full Council on 21<sup>st</sup> February 2018
- Approval of Cabinet Proposals for a £25m Capital Portfolio Fund and £10m Loans to Third Parties (now renamed Development Loans Fund) by Council as part of the MTFS 2016-19 on 22<sup>nd</sup> February 2017



- The Strategies for the Capital Portfolio Fund and Loans to Third parties approved by Cabinet on 14<sup>th</sup> June 2017 now updated as part of this report
- Approval Process for Capital Portfolio and Loans to Third Parties approved by Cabinet 20<sup>th</sup> September 2017 and process for Scrutiny of business cases in respect of the capital portfolio fund and development loan fund approved by Overview and Scrutiny Committee 5<sup>th</sup> October 2017
- The Strategic Asset Management Plan (SAMP) approved by Council 2016
- The Enabling Enterprise and Business Growth In Wyre Forest strategy adopted in 2016
- ReWyre Initiative and Kidderminster Regeneration Prospectus adopted in 2009 and ReWyre ReNewed adopted in 2014.
- Greater Birmingham & Solihull LEP Strategic Economic Plan 2016-30 'A Greater Birmingham for a Greater Britain' 2016
- Worcestershire LEP Strategic Economic Plan 2014-2024 'World Class Worcestershire' 2014
- Corporate Plan 2019-2023 – Council 25<sup>th</sup> September 2019
- Local Plan Core Strategy 2006-2026
- MHCLG Statutory Guidance on Local Government Investments (3<sup>rd</sup> edition) 2<sup>nd</sup> February 2018
- Asset Management Strategy – Cabinet 16<sup>th</sup> July 2019 - [http://www.wyreforest.gov.uk/council/docs/doc54727\\_20190716\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc54727_20190716_cabinet_agenda.pdf) (agenda item 8.1) now updated as part of this report
- Cabinet approval of Right to Buy Receipts 19<sup>th</sup> September 2019 [http://www.wyreforest.gov.uk/council/docs/doc53628\\_20180919\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc53628_20180919_cabinet_agenda.pdf)
- Overview and Scrutiny 23<sup>rd</sup> July 2020 - Capital Portfolio Fund Quarterly Fund Report [http://www.wyreforest.gov.uk/council/docs/doc55963\\_20200723\\_special\\_order\\_and\\_s\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc55963_20200723_special_order_and_s_agenda.pdf)
- CIPFA Guidance on Prudential Property Investment – November 2019
- Cabinet Report 10<sup>th</sup> November 2020- Capital Portfolio Fund Temporary Arrangements for Acquisition Geography [http://www.wyreforest.gov.uk/council/docs/doc56166\\_20201110\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc56166_20201110_cabinet_agenda.pdf)

CAPITAL PROGRAMME 2021-31

Detail	2020-21		2021-22 Estimate £	2022-23 Estimate £	2023-24 Estimate £	2024-25 Estimate £	2025-26 Estimate £	2026-27 Estimate £	2027-28 Estimate £	2028-29 Estimate £	2029-30 Estimate £	2030-31 Estimate £	Prior to 01/04/2020 £	Total £
	Original £	Revised £												
<b>1. COMMITTED EXPENDITURE</b>														
1. CHIEF EXECUTIVE AND SOLICITOR TO THE COUNCIL														
New Headquarters - Office Accommodation	413,610	-	413,610	-	-	-	-	-	-	-	-	-	9,586,390	10,000,000
<b>SUB TOTAL</b>	<b>413,610</b>	<b>0</b>	<b>413,610</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,586,390</b>	<b>10,000,000</b>
<b>2. COMMUNITY WELL-BEING AND ENVIRONMENT</b>														
Parking Facilities: Improvement to Car Parks	-	-	74,530	-	-	-	-	-	-	-	-	-	419,970	494,500
Green Street Depot Investment	134,300	208,950	50,000	-	-	-	-	-	-	-	-	-	3,706,050	3,965,000
Stourport Riverside	150,000	71,500	78,500	-	-	-	-	-	-	-	-	-	-	150,000
Brinton Park HLF Scheme (subject to successful HLF bid)	2,600,000	43,720	1,086,520	887,520	582,240	-	-	-	-	-	-	-	-	2,600,000
Commercial Activity Capital Funding*	-	10,390	185,000	-	-	-	-	-	-	-	-	-	54,610	250,000
* Subject to Business Cases & approval by the Commercial Activity Board														
<b>SUB TOTAL</b>	<b>2,884,300</b>	<b>334,560</b>	<b>1,474,550</b>	<b>887,520</b>	<b>582,240</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,180,630</b>	<b>7,459,500</b>
<b>3. ECONOMIC PROSPERITY AND PLACE</b>														
Housing Strategy:														
Disabled Facilities Grants (subject to confirmation 21-22 onwards)	1,490,830	1,799,370	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	13,828,590	25,627,960
Conversion of 2-3 New Street, Stourport	-	2,530	-	-	-	-	-	-	-	-	-	-	294,530	297,060
Property Flood Grants	650,000	200,000	450,000	-	-	-	-	-	-	-	-	-	-	650,000
Property Conversion, Stourport	-	60,000	-	-	-	-	-	-	-	-	-	-	-	60,000
Housing Assistance - Private Sector Measures (including Decent Homes Grant)	72,740	100,000	33,950	-	-	-	-	-	-	-	-	-	1,926,420	2,060,370
Flood Relief	18,410	28,410	-	-	-	-	-	-	-	-	-	-	170,590	199,000
Green Homes Grants	-	300,000	-	-	-	-	-	-	-	-	-	-	-	300,000
Carbon Management Plan	20,000	20,000	-	-	-	-	-	-	-	-	-	-	83,150	103,150
Future Investment Evergreen Fund*	-	-	642,060	-	-	-	-	-	-	-	-	-	-	642,060
Crown House Car Park	-	25,000	-	-	-	-	-	-	-	-	-	-	-	25,000
Industrial Units Development - Silverwoods	1,930,040	220,000	1,930,040	-	-	-	-	-	-	-	-	-	-	2,150,040
Industrial Units Frenco Development - Silverwoods	-	293,250	-	-	-	-	-	-	-	-	-	-	394,940	688,190
Churchfields Development (Grant Funded)**	-	2,700,000	-	-	-	-	-	-	-	-	-	-	-	2,700,000
Capital Portfolio Fund*	1,500,000	6,000,000	3,175,620	-	-	-	-	-	-	-	-	-	16,796,190	25,971,810
Development Loans Fund*	-	2,000,000	8,000,000	-	-	-	-	-	-	-	-	-	-	10,000,000
Future High Street Property Acquisition Fund **	4,275,000	-	4,275,000	-	-	-	-	-	-	-	-	-	-	4,275,000
* Subject to Business Cases & Due Diligence														
** Subject to External Grant Funding														
<b>SUB TOTAL</b>	<b>9,957,020</b>	<b>13,748,560</b>	<b>19,506,670</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>33,494,410</b>	<b>75,749,640</b>
<b>4. RESOURCES</b>														
ICT Strategy	363,000	417,910	488,000	125,000	-	-	-	-	-	-	-	-	3,903,870	4,934,780
<b>SUB TOTAL</b>	<b>363,000</b>	<b>417,910</b>	<b>488,000</b>	<b>125,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,903,870</b>	<b>4,934,780</b>
<b>5. VEHICLE, EQUIPMENT &amp; SYSTEMS RENEWAL SCHEDULE</b>														
Vehicles & Equipment & Systems Renewal Schedule	760,000	845,780	1,034,000	299,000	224,000	363,000	1,144,000	1,393,000	329,000	546,500	25,000	184,000	7,708,940	14,096,220
<b>SUB TOTAL</b>	<b>760,000</b>	<b>845,780</b>	<b>1,034,000</b>	<b>299,000</b>	<b>224,000</b>	<b>363,000</b>	<b>1,144,000</b>	<b>1,393,000</b>	<b>329,000</b>	<b>546,500</b>	<b>25,000</b>	<b>184,000</b>	<b>7,708,940</b>	<b>14,096,220</b>
<b>TOTAL COMMITTED EXPENDITURE</b>	<b>14,377,930</b>	<b>15,346,810</b>	<b>22,916,830</b>	<b>2,311,520</b>	<b>1,806,240</b>	<b>1,363,000</b>	<b>2,144,000</b>	<b>2,393,000</b>	<b>1,329,000</b>	<b>1,546,500</b>	<b>1,025,000</b>	<b>1,184,000</b>	<b>58,874,240</b>	<b>112,240,140</b>
<b>2. FINANCING</b>														
Capital Receipts: Funding Approved	1,187,780	648,960	1,611,480	-	-	-	-	-	-	-	-	-	-	2,260,440
Prudential Borrowing for Carbon Management Scheme	20,000	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000
Prudential Borrowing for Industrial Units Development	1,430,040	253,250	1,430,040	-	-	-	-	-	-	-	-	-	-	1,683,290
Prudential Borrowing for Development Loans Fund	-	2,000,000	8,000,000	-	-	-	-	-	-	-	-	-	-	10,000,000
Prudential Borrowing for Capital Portfolio Fund	1,500,000	6,000,000	3,175,620	-	-	-	-	-	-	-	-	-	-	9,175,620
Prudential Borrowing for Green Street Depot Investment	134,300	-	-	-	-	-	-	-	-	-	-	-	-	0
Prudential Borrowing for Brinton Park HLF Scheme	200,000	-	-	-	200,000	-	-	-	-	-	-	-	-	200,000
Prudential Borrowing for ICT Strategy	363,000	417,910	488,000	125,000	-	-	-	-	-	-	-	-	-	1,030,910
Prudential Borrowing for Commercial Activity Capital Funding	-	10,390	185,000	-	-	-	-	-	-	-	-	-	-	195,390
Prudential Borrowing for Stourport Riverside	46,420	-	46,420	-	-	-	-	-	-	-	-	-	-	46,420
Better Care Fund Grant (from Worcestershire County Council - subject to confirmation 21/22 onwards)	1,289,400	1,597,940	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	11,597,940
HLF Partner External Funding	2,400,000	43,720	1,086,520	887,520	382,240	-	-	-	-	-	-	-	-	2,400,000
Future High Street Property Acquisition External Funding	4,275,000	-	4,275,000	-	-	-	-	-	-	-	-	-	-	4,275,000
DEFRA Flood Grant Funding	650,000	200,000	450,000	-	-	-	-	-	-	-	-	-	-	650,000
S.106 Funding (Parking - Contractual Agreement)	-	-	52,670	-	-	-	-	-	-	-	-	-	-	52,670
Department of Business, Energy and Industrial Strategy (BEIS) Funding	-	300,000	-	-	-	-	-	-	-	-	-	-	-	300,000
S.106 Funding for Stourport Riverside Scheme	103,580	71,500	32,080	-	-	-	-	-	-	-	-	-	-	103,580
Flood Relief Grant (from DCLG)	18,410	28,410	-	-	-	-	-	-	-	-	-	-	-	28,410
Churchfields Development Grant (from Housing Infrastructure Fund)	-	2,700,000	-	-	-	-	-	-	-	-	-	-	-	2,700,000
Vehicles, Equipment & Systems (Prudential Borrowing)	760,000	845,780	1,034,000	299,000	224,000	363,000	1,144,000	1,393,000	329,000	546,500	25,000	184,000	-	6,387,280
 Direct Revenue Funding:														
Green Street Depot Investment	-	208,950	50,000	-	-	-	-	-	-	-	-	-	-	258,950
<b>SUB TOTAL</b>	<b>14,377,930</b>	<b>15,346,810</b>	<b>22,916,830</b>	<b>2,311,520</b>	<b>1,806,240</b>	<b>1,363,000</b>	<b>2,144,000</b>	<b>2,393,000</b>	<b>1,329,000</b>	<b>1,546,500</b>	<b>1,025,000</b>	<b>1,184,000</b>		<b>53,365,900</b>

VEHICLE, EQUIPMENT AND SYSTEMS  
RENEWALS SCHEDULE 2021 TO 2031

DETAIL	Fleet Number	2020-21		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
		Original £	Revised £	Estimate £	Estimate £	Estimate £	Estimate £	Estimate £	Estimate £	Estimate £	Estimate £	Estimate £	Estimate £
<b>1. VEHICLES</b>													
EMS & BIN LIFTS		-	-	13,500	-	-	-	-	-	-	-	-	-
GARAGE EQUIPMENT		-	31,280	-	-	-	-	-	-	-	-	-	-
REFURBISHMENT FUND		-	30,000	-	-	-	-	-	-	-	-	-	-
REFUSE FREIGHTER 26000kg	AV241	-	-	-	-	-	-	91,000	-	-	-	-	-
REFUSE FREIGHTER 26000kg	AV237	-	-	-	-	-	-	95,500	-	-	-	-	-
REFUSE FREIGHTER 26000kg	AV238	40,000	-	-	-	-	-	95,500	-	-	-	-	-
REFUSE FREIGHTER 24000kg	AV234	-	-	-	-	-	-	100,000	-	-	-	-	-
REFUSE FREIGHTER 26000kg	AV268	30,000	-	-	-	-	-	100,000	-	-	-	-	25,000
REFUSE FREIGHTER 26000kg	AV239	30,000	-	-	-	-	-	100,000	-	-	-	-	25,000
TIPPER 3500kg	AV177	30,000	-	-	-	-	-	30,000	-	-	-	-	25,000
TIPPER 3500kg	AV193	30,000	-	-	-	-	-	30,000	-	-	-	-	-
TIPPER 3500kg	AV064	35,000	-	-	-	-	-	30,000	-	-	-	-	-
TIPPER 3500kg	AV200	35,000	-	-	-	-	-	30,000	-	-	-	-	-
TIPPER 3500kg	AV201	35,000	-	-	-	-	-	30,000	-	-	-	-	-
TIPPER 3500kg	AV202	-	-	-	-	-	-	30,000	-	-	-	-	-
TIPPER 3500kg	AV214	80,000	-	-	-	-	-	30,000	-	-	-	-	80,000
TIPPER 3500kg	AV216	90,000	-	-	-	-	-	30,000	-	-	-	-	-
MEDIUM REFUSE FREIGHTER 12000kg RCV	AV211	140,000	-	-	-	-	-	100,000	-	-	-	-	-
RIDE ON MOWER	AV226	175,000	-	-	-	-	-	-	25,000	-	-	-	-
4x4	AV252	-	-	-	-	-	-	-	30,000	-	-	-	-
TIPPER 3500kg	AV220	-	-	-	-	-	-	-	30,000	-	-	-	-
TIPPER 3500kg	AV063	-	30,000	30,000	-	-	-	-	30,000	-	-	-	-
TIPPER 3500kg	AV221	-	-	-	-	-	-	-	30,000	-	-	-	-
TIPPER 3500kg	AV222	-	-	-	-	-	-	-	30,000	-	-	-	-
TIPPER 3500kg	AV223	-	30,000	-	-	-	-	-	30,000	-	-	-	-
TRACTOR	AV070	-	-	40,000	-	-	-	-	-	-	-	-	-
RIDE ON MOWER	AV212	-	-	-	-	-	-	32,000	-	-	-	-	-
TIPPER 7000kg	AV181	-	-	-	-	-	-	-	48,000	-	-	-	-
REFUSE FREIGHTER 24000kg	AV245	-	-	-	-	-	-	-	170,500	-	-	-	-
REFUSE FREIGHTER 26000kg	AV246	-	-	-	-	-	-	-	170,500	-	-	-	-
REFUSE FREIGHTER 26000kg	AV083	-	-	-	-	-	-	-	175,000	-	-	-	-
REFUSE FREIGHTER 26000kg	AV084	-	-	-	-	-	-	-	175,000	-	-	-	-
ATV WEED SPRAYER	AV271	-	-	-	-	-	15,000	-	-	-	-	-	-
LIGHT VAN	AV218	-	30,000	-	-	-	-	25,000	-	-	-	-	-
LIGHT VAN	AV230	-	30,000	-	-	-	-	25,000	-	-	-	-	-
LIGHT VAN	AV229	-	30,000	-	-	-	-	25,000	-	-	-	-	3,000
MIDI TRACTOR	AV189	-	-	30,000	-	-	-	-	-	-	-	25,000	-
MOWING MACHINE	AV240	-	-	35,000	-	-	-	35,000	-	-	-	-	26,000
TIPPER 3500kg	AV255	-	35,000	-	-	-	-	-	-	35,000	-	-	-
TIPPER 3500kg	AV256	-	35,000	-	-	-	-	-	-	35,000	-	-	-
JCB DIGGER	AV183	-	-	60,000	-	-	-	-	-	-	-	-	-
PAVEMENT SWEEPER	AV258	-	80,000	-	-	-	-	80,000	-	-	-	-	-
SMALL REFUSE FREIGHTER 7500kg RCV	AV261	-	90,000	-	-	-	-	-	-	85,000	-	-	-
ROAD SWEEPER 15000kg	AV184	-	140,000	-	-	-	-	-	130,000	-	-	-	-
REFUSE FREIGHTER 26000kg	NEW	-	175,000	-	-	-	-	-	175,000	-	-	-	-
CAR	AV279	-	-	10,000	-	-	-	-	10,000	-	-	-	-
CAR	AV272	-	-	15,000	-	-	-	-	-	15,000	-	-	-
FORK LIFT	FORKLIFT	-	-	15,000	-	-	-	-	-	-	-	-	-
PAVEMENT SWEEPER	AV275	-	-	67,000	-	-	-	-	67,000	-	-	-	-
PAVEMENT SWEEPER	AV276	-	-	67,000	-	-	-	-	67,000	-	-	-	-
REFUSE FREIGHTER 26000kg	AV186	-	-	180,500	-	-	-	-	-	-	170,500	-	-
REFUSE FREIGHTER 26000kg	AV187	-	-	180,500	-	-	-	-	-	-	170,500	-	-
REFUSE FREIGHTER 18000kg	AV185	-	-	180,500	-	-	-	-	-	-	170,500	-	-
LIGHT VAN	AV285	-	-	-	20,000	-	-	-	-	20,000	-	-	-
3500KG VAN	AV281	-	-	-	23,000	-	-	-	-	23,000	-	-	-
LIGHT VAN	AV282	-	-	-	23,000	-	-	-	-	23,000	-	-	-
LIGHT VAN	AV283	-	-	-	23,000	-	-	-	-	23,000	-	-	-
RIDE ON MOWER AND FLAIL	AV273	-	-	-	20,000	-	-	-	-	-	17,500	-	-
RIDE ON MOWER AND FLAIL	AV274	-	-	-	20,000	-	-	-	-	-	17,500	-	-
PAVEMENT SWEEPER	AV289	-	-	-	70,000	-	-	-	-	70,000	-	-	-
TRAILER	AV278	-	-	-	-	3,000	-	-	-	-	-	-	-
RIDE ON MOWER	AV287	-	-	-	-	25,000	-	-	-	-	-	-	-
CHIPPER	AV277	-	-	-	-	26,000	-	-	-	-	-	-	-
TRACTOR	AV225	-	-	-	-	50,000	-	-	-	-	-	-	-
ROAD SWEEPER 15000kg	AV280	-	-	-	-	120,000	-	-	-	-	-	-	-
4x4	AV288	-	-	-	-	-	23,000	-	-	-	-	-	-
TIPPER 3500kg	AV292	-	-	-	-	-	30,000	-	-	-	-	-	-
TIPPER 3500kg	AV286	-	-	-	-	-	30,000	-	-	-	-	-	-
TIPPER 7500kg	AV284	-	-	-	-	-	45,000	-	-	-	-	-	-
REFUSE FREIGHTER 26000kg	AV290	-	-	-	-	-	100,000	-	-	-	-	-	-
REFUSE FREIGHTER 26000kg	AV291	-	-	-	-	-	100,000	-	-	-	-	-	-
<b>2. OTHER</b>													
Financial Management System Replacement	FMS001	-	69,500	-	-	-	-	-	-	-	-	-	-
Flail Equipment replacement	R476	-	-	-	-	-	20,000	-	-	-	-	-	-
Zip Boilers replacement (Wyre Forest House)		10,000	10,000	10,000	100,000	-	-	-	-	-	-	-	-
Lighting system upgrade (Wyre Forest House)		-	-	-	-	-	-	-	-	-	-	-	-
		760,000	845,780	1,034,000	299,000	224,000	363,000	1,144,000	1,393,000	329,000	546,500	25,000	184,000

**NON TREASURY PRUDENTIAL INDICATORS 2020-24**

		2020-21	2021-22	2022-23	2023-24
<b>DEBT TO GROSS SERVICE EXPENDITURE RATIOS</b>					
<input type="checkbox"/> Gross debt to gross service expenditure (GSE) ratio	Gross debt as a percentage of gross service expenditure, where gross service expenditure is a proxy for the size and financial strength of a local authority.	91.71%	118.39%	118.98%	117.07%
<input type="checkbox"/> Non treasury property investments debt to gross service expenditure (GSE) ratio	Gross debt of non treasury property acquisitions as a percentage of gross service expenditure, where gross service expenditure is a proxy for the size and financial strength of a local authority.	46.17%	53.30%	52.46%	50.53%
<b>DEBT TO NET SERVICE EXPENDITURE RATIOS</b>					
Gross debt to net service expenditure (NSE) ratio	Gross debt as a percentage of net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.	308.99%	441.61%	475.89%	449.79%
Non treasury property investments debt to net service expenditure (NSE) ratio	Gross debt of non treasury property acquisitions as a percentage of net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.	155.54%	198.83%	209.84%	194.14%
<b>LOAN TO VALUE RATIOS</b>					
Loan to value ratio (Gross)	The amount of gross debt compared to the total asset value (Long term assets - PPE).	61.75%	76.54%	76.54%	76.54%
Loan to PPE value ratio (property)	The amount of non treasury property debt compared to the total asset value (Long term assets - PPE).	31.09%	34.46%	33.75%	33.03%
Loan to value ratio (property only)	The amount of property debt compared to the total property asset value (property portfolio only).	104.35%	114.56%	112.20%	109.83%
<b>CFR RATIOS</b>					
<input type="checkbox"/> CFR - Property	Property CFR as a proportion of the gross CFR	46.62%	41.99%	42.09%	42.22%
<b>FINANCING COSTS TO NET SERVICE EXPENDITURE RATIOS</b>					
<input type="checkbox"/> Property investments financing costs to net service expenditure (NSE) ratio	Non treasury property acquisitions 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.	5.26%	8.77%	10.51%	9.95%
<b>INCOME/INVESTMENT COVER RATIOS</b>					
Property investment cover ratio	The total net income from property acquisitions, compared to the interest expense.	18.78%	16.58%	45.02%	47.57%
<input type="checkbox"/> Property target income returns (excluding financing costs)	Net revenue income (excluding financing costs) compared to equity. This is a measure of achievement of the portfolio of properties.	3.94%	5.56%	7.09%	7.18%
<input type="checkbox"/> Property target income returns (including financing costs)	Net revenue income compared to equity. This is a measure of achievement of the portfolio of properties.	0.41%	0.51%	1.47%	1.55%
Commercial income to NSE ratio	Dependence on non-fees and charges income to deliver core services. Fees and charges should be netted off gross service expenditure to calculate NSE.	3.06%	3.96%	3.57%	3.54%
<b>TRENDS</b>					
Gross income	The income received from the property portfolio at a gross level over time.	(£1,322,990)	(£1,874,200)	(£2,367,660)	(£2,384,610)
<input type="checkbox"/> Operating costs	The trend in operating costs of the non-financial investment portfolio over time, as the portfolio expands.	£453,080	£516,260	£342,680	£340,060
<input type="checkbox"/> Financing costs	The trend in financing costs of the non-financial property portfolio over time, as the portfolio expands.	£780,310	£1,246,530	£1,702,190	£1,703,490
Net income	The income received from the property portfolio at a net level (less costs) over time.	(£89,600)	(£111,410)	(£322,790)	(£341,060)

☐ Local quantitative indicators

## **CAPITAL STRATEGY SCHEME OF DELEGATION**

### **(i) Full Council**

- receiving and reviewing reports on Capital Strategy policies, practices and activities
- approval of annual strategy and strategies for Capital Portfolio Fund and Development Loans Fund.

### **(ii) responsible body - Cabinet after receiving recommendation from Overview and Scrutiny Committee**

- recommending approval of/amendments to the organisation's Capital Strategy
- receiving and reviewing regular monitoring reports and acting on recommendations

### **(iii) Body/person(s) with responsibility for scrutiny – Overview and Scrutiny Committee**

- reviewing the Capital Strategy policy and procedures and making recommendations to the responsible body.

**Note:** Cabinet on the 20<sup>th</sup> September 2017 delegated to a sub-committee its decisions on individual Capital Portfolio investments and on Loans from the Development Loans Fund.

The Overview and Scrutiny Committee decided on the 5<sup>th</sup> October 2017 to establish a sub-committee with terms of reference to scrutinise, and make recommendations upon business cases in respect of the capital portfolio fund and development loan fund.

**THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER (with revisions to include non-treasury investments)**

**The S151 (responsible) officer**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term (20 year) timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (*TM Code p54*): -
  - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
  - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

## **Capital Portfolio Fund Strategy**

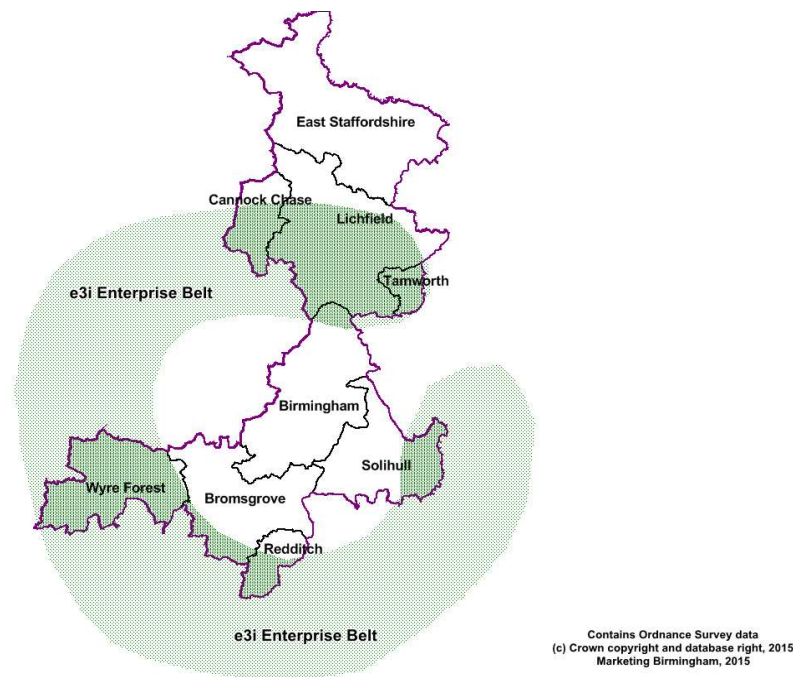
### **Background**

1. As part of the Council's Medium Term Financial Strategy 2017-2020 the Council established a Capital Portfolio Fund, initially of £25m sourced through borrowing from Public Works Loan Board (PWLb), to acquire and develop assets that support its priority for regeneration and economic growth and to develop additional income streams. This has since been increased to £26.5m.
2. One of the Council's Corporate Plan priorities for 2019-23 is to "supporting a successful local economy" and the Council sees its acquisition and development of assets through the Capital Portfolio Fund as one of the means by which it can actively deliver on this priority.
3. In 2016 the Council adopted a new Strategic Asset Management Plan (SAMP); of the stated objectives of the SAMP for the next 5 years, one is "to support business growth and economic development" which it is envisaged would include housing developments and another is to "maximise revenue potential from non-operational assets". The Capital Portfolio Fund is a key vehicle to deliver these objectives.
4. Also, in 2016 the Council adopted a strategic approach to "Enabling Enterprise and Business Growth in Wyre Forest" which included strategic ambitions to provide flexible business accommodation as well as providing targeted financial assistance. Seen alongside the Council's proposed Loans to Third Parties initiative (renamed the Development Loan Fund), the Capital Portfolio Fund will also enable the Council to support local businesses and help them to grow, attract new business into the district and support the long term growth of the Functional Economic Geography (FEG) of North Worcestershire and the West Midlands Conurbation of which it is part.
5. The Council's plans to acquire and develop economically beneficial assets also sits alongside its longstanding ReWyre regeneration initiative which has been the cornerstone of the Council's support of regeneration of the district since its adoption in 2009.
6. In establishing the geography within which the Capital Portfolio Fund will be actively engaged in, the Council has previously determined that this would be the wider FEG from which it derives strategic economic benefit and to which the Council therefore has a vested interest in ensuring the success of. In 2011 the Council was instrumental in developing the North Worcestershire Economic Development and Regeneration (NWEDR) service which brings together the functions of all three North Worcestershire councils including Redditch and Bromsgrove in a shared service hosted by Wyre Forest District Council. North Worcestershire has a strong FEG with links north into the West Midlands conurbation. This has enabled the Council to become a member of two Local Enterprise Partnerships – Worcestershire and Greater Birmingham & Solihull. The Council is an active LEP member and has successfully attracted funding from both through the Local Growth Fund for key regeneration projects such as Hoobrook Link Road, Kidderminster Railway Station and Churchfields Urban



Village; as such the Council has a vested interest in the successful growth of the LEP areas where it has a functional economic geography and supports the delivery of their respective Strategic Economic Plans (SEP) as this will benefit the district as a whole. The Council also has a FEG which extends into the western edges of the Black Country where travel to work patterns remain strong.

7. This FEG capturing Worcestershire, parts of the Black Country, North Worcestershire and Birmingham and Solihull is reinforced through the transport infrastructure network such as the Snow Hill rail line, the M5 corridor and the main arterial road network connecting Wyre Forest to its wider geography. This geography has long been recognised and featured in the original 'e3i belt' concept conceived in 2006 in a study undertaken by the former West Midlands Observatory on behalf of Advantage West Midlands. The 'belt' recognised that the spatial patterning of the West Midlands was moving away from Birmingham and the Black Country to a 'belt' encircling the conurbation. The geography of the 'belt' reflected an inverted 'C' shape from southern Staffordshire around the west of the conurbation and wrapping in Wyre Forest, through to Solihull (see figure below). It combined economic, entrepreneurial, environmental and innovation factors (hence e3i). A 2015 refresh undertaken by Marketing Birmingham further developed the concept in the context of the Local Enterprise Partnership as an 'Enterprise Belt'. The report identified that the 'belt' was still driven by a range of manufacturing, business and professional service activities, distribution/logistics related activities and also construction, a variety of skills, in particular technical and creative skills, and hotspots of innovation and entrepreneurial activity but also proximity to Birmingham and other key urban areas, easy access to markets and its ability to meet the requirements of a range of personal and professional lifestyles.'



8. Consistent with its FEG, the Council has therefore decided that it will consider the use of its Capital Portfolio Fund across this wider FEG geography.

9. In February 2018 the Council agreed to establish a group structure of local authority trading companies (LATC) with the purpose at this time to establish a development company that would undertake new residential developments or would hold residential units purchased by the Council through the Capital Portfolio Fund. The holding company, Wyre Forest Holdings Ltd and the sub company, ReWyre Developments Ltd have now been established and registered as companies in readiness for the Council to use for this residential development agenda.
10. In November 2020 the Government published its response to the consultation on the use of Public Works Loan Board and it is expected that revised lending terms will follow (all new loans from 26<sup>th</sup> November 2020 are subject to the new terms). The Council expects that this strategy and the parallel Asset Management Strategy will require further updates when the guidance is published. The direct impact of the changes is to prevent the use of the PWLB for buying property as an investment with the primary aim of generating yield. The Council has always made clear in its strategies that the Capital Loan Fund is designed to enable the Council to deliver its ambitions to support economic growth and promote regeneration opportunities across the functional economic geography from which the district benefits. The published responses indicate that there will be no change for Councils using PWLB borrowing for activities including housing and regeneration and for the delivery of services, significantly the response says that *“The government will not restrict local authorities’ ability to carry out capital projects in neighbouring districts or the authority’s wider economic area where these projects are for service delivery, housing, or preventative action, or regeneration”* and this is fundamental to the continued progress of the Capital Portfolio Strategy.

### **The Acquisition Strategy**

11. The Council originally adopted its strategy as part of its Capital Strategy for 2018/19 with a commitment that it would be reviewed annually; this strategy review has been more fundamental than previous reviews and has been brought about by the Coronavirus pandemic as well as impending changes to the CIPFA Code Guidance for borrowing from the Public Works Loan Board (PWLB) following the report of the Public Accounts Committee. Changes may potentially be in place from April 2021. The strategy had already been revised to explicitly meet the Statutory Guidance on Local Government Investments which was published in February 2018. This Capital Portfolio Fund Strategy forms part of a series of documents (including the Development Loan Fund) that support the Capital Strategy.
12. The purpose of this Strategy is to guide the use of the Capital Portfolio Fund to make property acquisitions and to invest in the development of the Council’s own assets (or the acquisition of assets) to support economic redevelopment or regeneration in the District or within the FEG from which the Council derives economic benefit and which is anticipated in turn to generate income to support the continued delivery of Council services.

13. Currently the Council holds no assets for investment purposes under the current accounting procedures; going forward any assets supported through the Capital Portfolio Fund will be held for the benefit of regeneration and economic development purposes.
14. The Council has appointed Asset Development and Property Acquisition specialists to support both the acquisition of assets and fundamentally to help grow the capital and revenue value of acquired assets to maximise their financial and economic value. Currently Jones Valerio are appointed to this role. Quarterly Performance Reports are produced for informal meetings of Cabinet and bi annually reports are made to the Council's Overview and Scrutiny Committee by Jones Valerio to explain to members how the portfolio is performing as a whole and asset by asset what plans are in place to grow their value. The Council has also appointed Property managers for the majority of its assets acquired thus far through the Capital Portfolio Fund where properties are multi-tenanted. Currently this appointment is with BNP Paribas who oversee the day to day management of the properties.
15. Jones Valerio work in conjunction with the Council's Financial Services Manager, developing the viability appraisal and business case for the Council to determine whether to acquire assets; this Strategy is important to provide a framework to guide the Council in identifying appropriate acquisition opportunities. The Council is mindful that in some circumstances it will need to respond without delay when opportunities arise and to be in a position to assess acquisition opportunities in a systematic manner but should also be able to move quickly when a compelling opportunity arises. The Council has been careful to balance this against the need for robust decisions to be made, involving its Members; the Council has decided that all proposals involving funding from the Capital Portfolio Fund will be considered by its Overview and Scrutiny Committee and by its Cabinet before any final decisions are taken and it has established the ability to call a sub committee meeting of either or both of these committees if the need for timely decisions means that the normal scheduled meetings would not be suitable. The Council's process for determining opportunities for the Capital Portfolio Fund is set out in Appendix 2 below
16. The Council has commissioned external experts to support its decision making process and has established a framework of suitably qualified valuers and building surveyors to ensure that decisions taken by the Council are based on appropriate valuations and building condition surveys. This framework will be renewed every three years and experts will only be used that hold the appropriate and current qualifications. Further, the Council has retained the services of KPMG to ensure that its procedures are adhered to when it carries out any investments.
17. The Council is already well underway in assessing the development potential of its own assets and in developing business cases where there are opportunities to use its already established Evergreen Investment Fund (comprising capital receipts from asset disposals for reinvestment to support income generating proposals) and/or the Capital Portfolio Fund. What has become apparent in the preparation of the early business cases is that viability is marginal if these proposals are viewed only through the commercial lens i.e. they would be unlikely

to appeal to the private investor as the returns are too low. However, the Council's interest also lies in supporting economic regeneration and improving housing opportunities for its residents and has therefore accepted that lower returns than would normally be expected by a private investor are a trade-off for addressing market failure where the private investor fails to act. However, as a minimum all the business cases agreed to date (including the use of Evergreen Investment Fund monies) have covered the costs of the Council's borrowing and minimum revenue provision and generated a predicted small revenue receipt.

18. In considering the use of the Capital Portfolio Fund going forward it is the Council's intention to continue to consider development propositions within the district in its existing assets, in assets it might wish to acquire or working with partners where the principal consideration is to support economic regeneration in its widest sense which includes supporting new housing opportunities. Such proposals will need to be justified on a business case by case basis and will need to generate a return for the Council which is determined on a case by case basis (see later).
19. Indeed not all asset acquisition proposals fit neatly within the Council's potential portfolio of assets set out below and there may be occasions that propositions fall outside the generalised type of asset this strategy covers e.g. a proposal falls short of the criteria threshold, but there is an overriding explicit justification for still considering it, a property may be vacant when purchased but have alternative use potential or the acquisition may involve land or property which is past its useful economic life but which has significant redevelopment potential. These would all be required to have a fully developed supporting business case which is agreed by Members, but would not be automatically rejected initially because they don't fit the expected 'norm' of a tenanted property with more than 30 years of remaining economic life.
20. Whilst it will always be the Council's preference to acquire and use the Fund within the district area to support regeneration and local economic development, the Council recognises that it has an interest in the success of the wider FEG of which the district functions economically. The Council has an interest in supporting the growth of the wider functional economic geography including the LEP areas on the basis that it will benefit locally from the wider City-Region success. To that end therefore the Council will consider using the Capital Portfolio Fund to support this wider economic benefit covering the local government administrative areas within Worcestershire, Birmingham, Solihull, Dudley and Wolverhampton. The Council may also consider investing in capital property investment funds in order to broaden the portfolio, spread risk and utilise the expertise of fund managers. Any such proposals will involve a careful choice of fund to ensure the Council's objectives are met.
21. Each acquisition opportunity will be supported by the external 'Red Book' valuation and building condition survey information including where appropriate asbestos and mechanical and electrical and will be required to demonstrate through a robust business case and financial modelling that is proportionate to the cost of acquisition and that it meets or ideally exceeds the Council's minimum expectations for net return. Each business case will also recommend whether the acquisition is to be held by the Council or through the group structure,

recognising that returns to the Council on any asset held in the group structure will be through interest payments on loans made to it by the Council and/or in profit distribution by way of a dividend payment to the Council as sole shareholder.

22. It is necessary for the Council to take a prudent approach to the management of its financial affairs and when assessing proposals for the Fund the Council will need to carefully consider the balance of risk and reward and in doing so will consider such factors as the security against loss, the liquidity of the acquisition, the yield, affordability of the loan repayments, change in interest rates and property values (see Appendix 1 below). As part of this approach the Council will consider each proposal carefully in terms of the ability of the underlying asset to provide security for the capital outlay.
23. Returns from acquisition or development of property can be by way of both income (rent) received and appreciation of the underlying value (capital growth) and consideration will need to be given to both of these factors to understand the total return on any proposal. The Council also recognises that by acquiring property it can have direct benefits such as Business Rates or Council Tax income as well indirect benefits through increased confidence in the local economy. Property prices are a function of property type, location, age etc together with the lease arrangements and the covenant strength of tenants. Within the property investment market there can be a wide spread of returns (yields) relating to the characteristics of the asset investment in question. The yield reflects the risk that investors associate with securing a long term income, including the potential for growth. So in Appendix 1 below, those investments on the left hand side of the table will be associated with lower yields and those on the right with higher yields. The range might be anything from 4%-6%% in prime locations to 9%+ in secondary and tertiary locations. Indicatively, good quality office and industrial property acquisitions will provide a gross income return of 6%+, (lower for modern single let industrial/distribution), whilst equivalent retail property income yields will be in excess of 6% (food retail at c.5%+). The Council accepts that there isn't a strong office market within the district, nor are its town centres capable of commanding many national retailers and that new build industrial units are few; consequently, it may have to consider carefully selected secondary and tertiary investment opportunities within the district.
24. The experience of the Council's acquisition business case development so far indicates that a gross yield of upwards of 6% on the value of the acquisition may be necessary for the asset to be of interest to the Council, taking into account its borrowing costs and other overheads. The Council will consider whether returns from asset opportunities are acceptable on a case by case basis taking into account the criteria set out in Appendix 1 below and the location of the opportunity. More risky proposals (with a higher yield) should produce a higher return than less risky proposals with a lower yield. All proposals will initially be screened against the pass/fail criteria of whether the costs of borrowing can be met and using Net Present Value (NPV) and Internal Rate of Return (IRR) calculations; schemes that produce a positive NPV and an IRR in excess of the cost of capital will then be assessed against the criteria set out in Appendix 1. Table 1 in section 26 illustrates scenarios and how this could make a contribution towards closing the funding gap of between £312,500 to £500,000 per annum.

25. In considering its costs against a gross return the Council will need to consider some or all of the following when developing the business case for proceeding:
- Finders' Fees approx. (1%)
  - Legal Fees approx. (0.5%)
  - Survey and Valuation and due diligence fees approx. (0.5%)
  - Stamp Duty Land Tax (5% on freehold purchases over £250K)
  - Finance Costs including minimum revenue provision (circa 5%)
  - Marketing and other rent incentives
  - Agents' letting fees
  - Void Business Rates/Council Tax (tenants should be covering these in occupied units)
  - Repairs and maintenance (depending on lease type (probably covered in a service charge)
  - Running costs of building, including building management (depending on lease type again probably covered in a service charge)
  - Opportunity cost of alternative use or sale of the asset
  - Costs to manage the portfolio and properties (non-recoverable)
  - Conversion or fit out costs
  - Dilapidations
26. The Council may hold property assets either directly or indirectly. Direct property holding gives the Council full control over the property and responsibility for its management and the business cases brought forward so far for acquisitions are envisaged to be held in this way. Indirect property holding is where the asset is held through the group structure and will be necessary primarily where the Council is to act in the private rented housing market.

**The Criteria For Using the Capital Portfolio Fund**

27. The Council will select potential assets for the purpose of regeneration or economic development (including housing) or a mixture of both, that meet the tests of viability that the Council has set. The Council may acquire and hold properties directly or through the group structure; all of these factors will be determined on a business case by case basis. The Council will prioritise opportunities within the district but will also retain the discretion to pursue proposals outside the district within the functional economic geography from which the district benefits economically. The Council may use the Fund in the development of its own assets, acquire assets for development or invest in existing assets or consider investing via capital property investment funds.
28. Officers will continue to monitor prevailing market conditions to enable the Council to reserve discretion to acquire assets that may fall outside the criteria outlined above if a strong case can be made that the proposal provides an exceptional opportunity to promote the Council's main priorities and values as

described in this report. The Council will seek advice from its advisors to support its market analysis.

- 29. Having assessed opportunities against their ability to cover borrowing costs by calculating NPV and IRR of the proposed opportunity, further evaluation will then be undertaken against a comprehensive set of defined property specific criteria as set out in Appendix 1 below. The Council will consider these criteria and seek to achieve the appropriate balance of risk and reward proportionate to the size of the proposal being considered. The Council will score each proposal using the matrix (unless the proposal is unique and does not fit the usual evaluation methodology); any proposal will need to score a minimum of 250\* to be considered acceptable as a suitable opportunity. Those proposals scoring 250 and above will then be subject to further appraisal including building survey and formal valuation work. The ideal property acquisition would be a freehold in a town centre, let to a tenant with a strong financial covenant for a long term on a full repairing and insuring lease, but the Council also recognises that this ideal asset will have variations and that alternatives can also be justified on a case by case basis.

\*nb this has been temporarily reduced to 200 by Cabinet on 10/11/2020 as a result of agreeing in-district only proposals during the Coronavirus pandemic and volatile property market, changes to PWLB Guidance and probable Code Guidance changes by CIPFA.

- 30. Any direct asset acquisition would be subject to purchaser's costs, typically these would include legal fees, agent valuation and survey fees together with Stamp Duty Land Tax (SDLT), typically these will amount to 6-7% of the asset purchase price. In addition, the Council will have to take into account the cost of borrowing through PWLB and an amount for minimum revenue provision. The following table illustrates the summary financial modelling that could be applicable to the Capital Portfolio Fund taking into account the outline financing and purchase costs as indicated above:

Table 1

Simplistic Scenario Modelling of the Potential Returns from Capital Portfolio Fund Proposals assuming 3% PWLB rate (average over term) - Full Year Revenue Budget ongoing effect		Eventual Borrowing - 2% net return	Eventual Borrowing - 1.25% net return	Eventual Borrowing - 1.625% (average) net return
Basic Investment before Stamp Duty and costs		£23,419,200	£23,419,200	£23,419,200
Acquisition Costs @ 6.75%		£1,580,800	£1,580,800	£1,580,800
<b>Total Capital Expenditure</b>		<b>£25,000,000</b>	<b>£25,000,000</b>	<b>£25,000,000</b>
<b>Minimum Return Required to Cover Funding Costs</b>				
Financing costs - PWLB Interest 3%		£750,000	£750,000	£750,000
Financing costs - MRP 50 year basis		£500,000	£500,000	£500,000
<b>Total Funding annual costs</b>		<b>£1,250,000</b>	<b>£1,250,000</b>	<b>£1,250,000</b>
Administration Costs		80,000	80,000	80,000
<b>Total Costs</b>		<b>1,330,000</b>	<b>1,330,000</b>	<b>1,330,000</b>
Net Revenue Income potential @2%, 1.25% & 1.625%		500,000	312,500	406,250
<b>Total Rent Required to meet return £</b>		<b>1,830,000</b>	<b>1,642,500</b>	<b>1,736,250</b>
<b>% Total gross return on £25m investment</b>		<b>7.320%</b>	<b>6.570%</b>	<b>6.945%</b>
<b>Total return required to Break Even as % of £25m investment</b>		<b>5.320%</b>	<b>5.320%</b>	<b>5.320%</b>
<b>Difference is % Potential Net Return</b>		<b>2.000%</b>	<b>1.250%</b>	<b>1.625%</b>

31. In terms of management of risk it is understood that there are inherent risks associated with the use of the Fund and each business case will be required to identify the risks associated with that individual proposal and the Council will need to balance risk and reward proportionate to the scale of the proposal. It is to be expected that some of the risks the Council will be expected to consider will be:

- Capital values and rental values can fall as well as rise.
- Borrowing costs fluctuate and could increase.
- Vacancies (voids) in the portfolio will reduce average yield. As well as lost rental income on vacant units, the Council could find itself liable for a share of on- going costs which a tenant would normally pay such as empty property rates.
- Disputes with tenants. Common disputes include ongoing maintenance and repair costs of buildings and the ability to recover those costs from tenants.
- Tenant default, and that financing costs could rise.
- External factors. Property acquisition is subject to factors the Council cannot control, e.g. failure of tenants, poor building management, changes in perception of what is a good location, economic downturn etc.
- Ease of market exit (sale)
- Changes in government policy
- Sectoral changes

32. The overall portfolio value and range of assets acquired using the Capital Portfolio Fund needs to represent a good mix and spread of risk, size, sector



and location across differing sectors to ensure that the portfolio is resilient to change that might lie outside the Council's control. It is important that the Council maintains an adequate level of reserves and balances to ensure it can manage any downturn in the property market and limit the impact it will have on revenue income. The Council will also consider favourably opportunities which allow for growth in rental income and overall capital value of assets. It is the Council's overall intention to grow the capital value of the Capital Portfolio Fund by acquiring some assets to which value can be added quickly and the asset recycled for disposal at an enhanced capital return; the capital return being re-invested and recycled in the Fund.

33. The Council aims to hold a mix of the following as its target portfolio:

- I. Retail Investments that:
  - i. Are located in vibrant town centre or local centre locations; or
  - ii. Are located in out of town retail parks; or
  - iii. Are located on key transport corridors where there are local regeneration benefits; and
  - iv. Are let to tenants with a good covenant and a minimum of five years unexpired lease term; or
  - v. Are let to tenants with lesser terms where the Council has alternative regeneration/re-purposing reasons for investing; and
  - vi. Produce a gross return on investment that meets agreed viability criteria and
  - vii. Are in lot sizes of £250k - £5m.
- II. Office Investments that:
  - i. Are in vibrant town centre or local centre locations; or
  - ii. Are located on business parks; and
  - iii. Are let to tenants with a good covenant and ideally at least five years unexpired lease term; and
  - iv. Produce a gross return on investment that meets agreed viability criteria and
  - v. Are in lot sizes of £1m - £5m.
- III. Industrial/Warehouse Investments that:
  - i. Are located on good highway routes; or
  - ii. Are located on vibrant industrial estates; and
  - iii. Are of modern construction and capable of flexible layouts; and

- iv. Are let to tenants with a good covenant and ideally a minimum of five years unexpired lease term; or
    - v. Are let to tenants with lesser terms where the Council has alternative regeneration reasons for investing; and
    - vi. Produce a gross return on investment that meets agreed viability criteria and
    - vii. Are in lot sizes of £250k - £5m.
  - IV. Leisure/ Food & Beverage Investments that:
    - i. Are located in vibrant town centre or local centre locations; or
    - ii. Are located in out of town retail parks; or
    - iii. Are let to tenants with a good covenant and ideally at least five years unexpired lease term; and
    - iv. Produce a gross return on investment that meets agreed viability criteria and
    - v. Are in lot sizes of £500k - £5m.
  - V. Mixed Use Investments:
    - i. The Council will consider combinations of mixed residential, retail, leisure and office investments that meet a blend of the criteria set out above.
34. It is also important that the Council actively manages the Fund portfolio. At an operational level this will be undertaken by the appointed Property Manager (BNP Paribas at the time of writing). Such work will include matters such as rent collection, service charge calculation and collection, building maintenance, security, dealing with tenants, re-letting empty units, negotiating terms of rent reviews, dilapidation claims and the general miscellany of property management. In terms of strategic management this will fall to the Asset and Investment Managers (Jones Valerio at the time of writing) to ensure that the portfolio is delivering the revenue and capital growth returns that were envisaged and to always act in the Council's financial interest which will also include appropriate disposal of assets that are underperforming or no longer meet the Council's objectives or are for strategic purposes to enhance the overall portfolio value, as well as acquisition. As part of this management of the portfolio the Managers in conjunction with the Financial Services Manager will consider the liquidity needs of the Council and form a view of the prevailing market conditions to determine whether it would be necessary and/or advantageous to dispose of any of its assets. The Council has developed its oversight of the management of the portfolio through the Quarterly Reporting procedure.
35. The Asset & Investment Managers will also be responsible for providing regular

reports on management issues and the performance of the Council's Fund portfolio. The Council's Cabinet and Corporate Leadership Team will receive a report from the Asset & Investment Manager quarterly with bi-annual reporting to the Council's Overview and Scrutiny Committee which will update on the individual asset management plans, the overall asset portfolio against expectations at the time of purchase and performance against prevailing market conditions. This will then feed into the indicators established within the Capital Strategy. If any asset is failing to perform as expected it will be necessary to consider whether such an asset should continue to be held (and whether the performance is expected to change) or whether it should be disposed of. These reports can be made available to other meetings of the Council as required. It should always be remembered though that such decisions will not be made in response to short term market fluctuations and the Council will always adhere to its long term objectives of building capital and revenue growth, accepting that external factors will affect this from time to time.

## Appendix 1

Criteria	score weight	5	4	3	2	1
		Excellent/ very good	Good	Acceptabl e	Marginal	Poor*
Location	20	Major prime	Micro prime	Major secondary	Micro secondary	Tertiary
Tenancy strength	20	Single tenant with strong financial covenant	Single tenant with good financial covenant	Multiple tenants with strong financial covenant	Multiple tenants with good financial covenant	Tenants with poor financial covenant strength
Tenure	10	Freehold	Lease 125 years plus	Lease between 75 & 125 years	Lease between 10 & 75 years	Lease less than 10 years
Occupiers lease length	20	Greater than 15 years	Between 10 and 14 years	Between 9 & 6 years	Between 3 & 5 years	Less than 2 years or vacant
Repairing terms*	10	Full repairing & insuring	Internal repairing - 100% recoverable	Internal repairing - partially recoverable	Internal repairing - non recoverable	Landlord
Building Quality/ Obsolescen ce	15	Newly Built	Recently Refurbished	Average condition and likely to continue to be fit for current use for 25+ years	Aged property with redevelopment potential	Nearing end of useful life/ use unlikely to continue when lease expires
Investment size	5	Up to £5m	From £5m to £10m	From £10m to £15m	From £15m to £20m	Above £20m

*\* unless there is an overwhelming case for investment that exceeds the Council's expectations*

Criteria Explained:

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**Location**

<b>Major Prime</b>	<b>Micro Prime</b>	<b>Major Secondary</b>	<b>Micro Secondary</b>	<b>Tertiary</b>
Central Birmingham	Edge of Central Birmingham	Worcester, Solihull, Kidderminster, Lichfield, Tamworth, Burton, Cannock	Market and smaller Towns	Local Centres

**Tenancy Strength**

<b>Single tenant with strong financial covenant</b>	<b>Single tenant with good financial covenant</b>	<b>Multiple tenants with strong financial covenant</b>	<b>Multiple tenants with good financial covenant</b>	<b>Tenants with poor financial covenant strength</b>
All tenant covenants are considered in terms of their financial strength, risk of business failure, length of building occupancy and whether there are rent or rates arrears. The Council will use the conventional means of assessing tenant covenants which might for example include Dun and Bradstreet.				

**Tenure:**

Freehold	Lease 125 years plus	Lease between 75 & 125 years	Lease between 10 & 75 years	Lease less than 10 years
This is the best interest in the property and would be in perpetuity.	Leasehold interests can vary considerably in length, the longer the better.			

**Lease Length:**

Greater than 15 years	Between 10 and 14 years	Between 9 & 6 years	Between 3 & 5 years	Less than 2 years or vacant
The length of the tenants' lease will determine the guarantee of rental income; the longer the term remaining, the better and more secure the income may be. Most leases will have break and review options and these will need to be considered in the context of length of time the income can be guaranteed and also the potential for uplift in rent.				

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**Repairing Terms:**

<b>Full repairing &amp; insuring</b>	<b>Internal repairing - 100% recoverable</b>	<b>Internal repairing - partially recoverable</b>	<b>Internal repairing - non recoverable</b>	<b>Landlord</b>
The tenant has responsibility for all external and internal maintenance, decoration and repair as well as liability for insuring the building.	The tenant will have lesser obligations for maintenance, decoration, repairs and insurance confined to the parts the occupy. Some costs are recoverable by the landlord through a service charge. The landlord retains responsibility for structural and external repairs.			The landlord is responsible for all external and internal repairs.

**Building Quality/Obsolescence:**

<b>Newly Built</b>	<b>Recently Refurbished</b>	<b>Average condition and likely to continue to be fit for current use for 25+ years</b>	<b>Aged property with redevelopment potential</b>	<b>Nearing end of useful life/ use unlikely to continue when lease expires</b>
Consideration will be given to building age and quality in determining the repairs and maintenance that might be required immediately to comply with statutory requirements through to the likely general maintenance required from year to year.				

Newly Built	Recently Refurbished	Average condition and likely to continue to be fit for current use for 25+ years	Aged property with redevelopment potential	Nearing end of useful life/ use unlikely to continue when lease expires
The building condition surveys will advise on these elements.				

**Investment Size:**

Up to £5m	From £5m to £10m	From £10m to £15m	From £15m to £20m	Above £20m
The lot size will be considered as part of the overall offer. The Council plans to develop a balanced portfolio of lot sizes.				



APPENDIX 2

<u>Stage</u>	<u>By whom</u>	<u>Responsibility</u>	<u>Checklist Stage (Appendix 3)</u>
Acquisition Opportunity Identification	Initial identification of opportunities	Asset & Investment Manager	Stage 1 -Initial Screening
Initial screening	Basic assessment eg is it in the identified geography	Asset & Investment Manager in conjunction with Corporate Director	Stage 2 - Initial Evaluation
High level opportunity assessment	More detailed review of opportunity inc. scoring again criteria matrix	Asset & Investment Manager/Financial Services Manager	Stage 3 - Detailed Assessment (pre offer)
Pre offer evaluation	Financial modelling to test returns on borrowing, NPV and IRR; initial property/leave due diligence	Asset & Investment Manager/Financial Services Manager/Property Solicitor	Stage 4 - Detailed & Independent Review
Conditional offer	Full business case inc. valuation, building condition and financial modelling	Corporate Director: EPP in consultation with Cabinet Member for Planning & Economic Regeneration	Stage 5 - Proceed
Full business case	Reports to Committees	Corporate Directors/Financial Services Manager	
Member approval	Implement purchase	Overview & Scrutiny (or sub Committee) and Cabinet (or sub Committee)	
Proceed		Asset & Investment Manager	

# Asset Acquisition Checklist (Note: This checklist may be updated from time to time as appropriate)

Property Details
Address:
Guide Price:

Asset Acquisition Strategy - Workflow		
Stage 1	Acquisition Screening	✓
Stage 2	Initial Evaluation	
Stage 3	Detailed Assessment (pre-offer)	
Stage 4	Detailed Analysis & Independent review	
Stage 5	Proceed	

## Stage 1: Acquisition Screening

Date:

Ref	Action	Responsibility	Y/N	Comments
1.1	Have we received sufficient investment details (include price, passing rent,) to screen investment?	Asset and Investment Manager		
1.2	Is the property within district or within the wider boundary set by the strategy?	Asset and Investment Manager		
1.3	Is the investment consistent with our Asset Investment Strategy?	Asset and Investment Manager		
1.4	Has a ' <b>Property Acquisition Summary</b> ' been prepared (and passed to Finance) to include:	Asset and Investment Manager		
	a. Asking price			
	b. Location			
	c. Construction and Size			

	d. Basic Tenancy details			
	e. Timescales for Submission of Bids			
	f. Key contacts			
	g. Unique reference number			
	h. Initial (internal) assessment of asset life			
1.5	Has initial high-level financial appraisal been completed?	Financial Services Manager		
1.6	Does the investment meet base requirements? (IRR & NPV show that investment returns cover the cost of borrowing)	Financial Services Manager		
1.7	Does the Corporate Director: Economic Prosperity and Place support the investment being evaluated further	Corporate Director: Economic Prosperity & Place		

**Stage2: Initial Evaluation**

**Date:**

Ref	Action	Responsibility	Y/N	Comments
2.1	Has the legal title been considered?	Property Solicitor		
2.2	Does the asset have planning permission/meet planning conditions?	Asset and Investment Manager		

2.3	Have we assessed the tenancy strength/length?	Asset and Investment Manager/ Financial Services Manager		
2.4	Have we modelled different asset lives?	Financial Services Manager		
2.5	Have we determined whether an option to tax has been taken?			
2.6	Have we included SDLT, agent fees and legal fees, survey fees, capital expenditure?	Financial Services Manager		
2.7	Have we modelled lease events – voids, reversion (note assumptions)?	Financial Services Manager		
2.8	Have we identified an exit strategy (explain)?	Asset and Investment Manager		
2.9	Have we confirmed that this falls within the available approved budget?	Financial Services Manager		
2.10	Based on the above is the recommendation to proceed to detailed assessment?	Asset and Investment Manager /Financial Services Manager  Corporate Director:		

		Economic Prosperity & Place/Corporate Director: Resources		
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**Stage 3: Detailed Assessment (Pre-Offer)****Date:**

Ref	Action	Responsibility	Y/N	Comments
3.1	Has a site visit been undertaken?	Asset and Investment Manager		
3.2	Has an evaluation been undertaken of underlying economics?	Asset and Investment Manager		
3.3	Has consideration of the prevailing property market been undertaken (to assess if rents are over rented and position if reversion)?	Asset and Investment Manager		
3.4	Have the existing lease(s) been reviewed (breaks, rent review clause, alienation, tenant obligations) and lease summary completed for finance?	Asset and Investment Manager		
3.5	Has consideration of prevailing capitalisation been undertaken?	Asset and Investment Manager		
3.6	Is this a TOGC?	Financial Services Manager		
3.7	Has the risk matrix been completed and does the opportunity pass the 250 point threshold set by the strategy?	Corporate Director: Economic Prosperity & Place/ Asset and Investment Manager		

3.8	Has a ' <b>detailed financial assessment</b> ' been undertaken to provide a range of offer values?	Financial Services Manager		
	a. Have assumptions been reviewed / tested?	Financial Services Manager/ Asset and Investment Manager		
	b. rental income (include comment / explain outcome)	Financial Services Manager/ Asset and Investment Manager		
	c. asset lives (include comment / explain outcome)	Financial Services Manager/ Asset and Investment Manager		
	d. void rates (include comment / explain outcome)	Financial Services Manager/ Asset and Investment Manager		
	e. management costs (include comment / explain outcome)	Financial Services Manager/ Asset and Investment Manager		
	f. Have we modelled different offer prices MV, MV+-5%, MV+-10%?	Financial Services Manager/ Asset		

		and Investment Manager		
	g. Have we considered repairing and insuring liabilities?	Asset and Investment Manager		
3.9	Does the detailed analysis confirm that the financial return from the opportunity is sufficiently robust to constitute a viable opportunity given the assessed risk score?	Corporate Director: Resources		
3.10	Have we confirmed that this still falls within the available approved budget?	Financial Services Manager		
3.11	Have the non-treasury prudential indicators been updated to provide a draft set of results?	Financial Services Manager (Principal Accountant)		
3.12	Based on all of the above does the "Officer Panel" recommend making an offer?	Corporate Director: Economic Prosperity & Place/ Asset and Investment Manager Corporate Director: Resources/Financial Services Manager		
3.13	Have the Corporate Director: Resources and the Monitoring Officer agreed to proceed based on being provided with all the updated information and completed checklist?	Corporate Director: Resources/Solic		



		itor to the Council		
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**Stage 4: Detailed Analysis & Independent review**

**Date:**

Ref	Action	Responsibility	Y/N	Comments
4.1	When was a financial offer submitted, level and what is the associated conditionality?	Asset and Investment Manager		
4.2	Was the offer accepted?	Asset and Investment Manager		
4.3	What are the timescales associated with the transaction? Have we agreed an exchange/completion date? (details)	Asset and Investment Manager /Property Solicitor		
4.4	Will a deposit be paid on exchange? If so has the treasury management team been notified for cashflow purposes?	Asset and Investment Manager /Property Solicitor		
4.5	If a deposit is payable on exchange of contract have we ensured that a tax point will not be created upon transfer (TOGC)?	Financial Services Manager		
4.6	Have dates been set for Cabinet and Scrutiny sub-committee consideration? (details)	Asset and Investment Manager/ Corporate Director: Economic Prosperity & Place		
4.7	Have we appointed a solicitor? (details)	Property Solicitor		

4.8	Have all tax implications been considered and appropriate advice sought (including TOGC)?	Financial Services Manager		
4.9	Has the timeline for opting to tax (OTT) been prepared?	Financial Services Manager		
4.10	Have we done an Environmental Check (Enviro Search)	Asset and Investment Manager		
4.11	Have we received a Structural Survey (Incl M&E) to be undertaken by an independent third party?	Asset and Investment Manager		
	a. Are our detailed assumptions correct?	Asset and Investment Manager		If No, revised ' <b>detailed financial assessment</b> ' required
4.12	Have we received the Market Valuation (to be undertaken by an independent third party)?	Asset and Investment Manager		
	a. Are our detailed assumptions correct? (Asset value, market rent etc.)	Asset and Investment Manager		If No, revised ' <b>detailed financial assessment</b> ' required
4.13	Have we considered lease characteristics (include but limited to):	Asset and Investment Manager		
	a. Rent review >5 years for lease renewal/tenant break option	Asset and Investment Manager/ Financial Services Manager		If No, revised ' <b>detailed financial assessment</b> ' required
	b. Rent review – upward only	Asset and Investment		If No, revised ' <b>detailed financial assessment</b> ' required

		Manager/ Financial Services Manager		
	c. OTT and TOGC clauses within the contract	Asset and Investment Manager/ Financial Services Manager		If No, revised ' <i>detailed financial assessment</i> ' <i>required</i>
4.14	Have we sent the insurance clauses in the contract to insurers for review?	Asset and Investment Manager		
	<b>Action</b>	<b>Responsibility</b>	<b>Y/N</b>	<b>Comments</b>
4.15	Have we obtained details of the Energy Performance Certificate?	Property Solicitor/  Asset and Investment Manager		
	a. Is this at category D or above?	Property Solicitor/ Asset and Investment Manager		
	b. If no to 4.15a. please provide further details to be considered	Property Solicitor/ Asset and Investment Manager		
	c. If no to 4.15a. are there increased costs to be taken into account or future work to bring up to standard?	Asset and Investment Manager		If Yes, revised ' <i>detailed financial assessment</i> ' <i>required</i>
4.16	Have we undertaken Land searches? Please provide details.	Property Solicitor		

4.17	Have we adequately assessed tenant strength/covenants (external advice/opinion if required)?	Asset and Investment Manager /Financial Services Manager		
4.18	Has the risk matrix been reviewed and updated and does the opportunity still pass the 250/200 threshold?	Corporate Director: Economic Prosperity & Place/ Asset and Investment Manager		
4.19	Have the non-treasury prudential indicators been updated to provide a revised draft set of results?	Financial Services Manager (Principal Accountant)		
4.20	In light of the due diligence undertaken do officers wish to proceed?	Corporate Director: Economic Prosperity & Place/Corporate Director: Resources		
	<b>If yes to 4.19</b>			
4.21	Have we prepared a 'Full Business Case'	Asset and Investment Manager		
4.22	Has independent scrutiny of the governance and due diligence checks been sought and report received?	Corporate Director: Resources		

4.23	Have all sections of the checklist above been completed?	Corporate Director: Resources/Solicit or to the Council		
4.24	Has the 'Full Business Case' been circulated to delegated Cabinet and Scrutiny sub-committees?	Asset and Investment Manager Corporate Director: Economic Prosperity & Place		
4.25	Have members agreed to proceed following scrutiny and consideration of the business case	Corporate Director: Economic Prosperity & Place		

**Stage 5: Proceed**

**Date:**

Ref	Action	Responsibility	Y/N	Comments
5.1	When was member approval given to proceed (O&S & Cabinet dates)	Asset and Investment Manager		
5.2	Have we exchanged contracts? Date	Property Solicitor		

5.3	Have we paid a deposit on exchange? Attach CHAPS form	Property Solicitor/Financial Services Manager		
5.4	Has the treasury management team been notified of the intended completion date for cashflow purposes?	Financial Services Manager		
5.5	Have we notified insurers of the acquisition and is insurance in place?	Financial Services Manager		
5.6	Have we notified HMRC of decision to OTT and/or TOGC where applicable?	Financial Services Manager		
5.7	Has the instruction to pay been passed to the treasury team?	Property Solicitor/ Asset and Investment Manager		
5.8	Completion Date	Property Solicitor/ Asset and Investment Manager		
5.9	Have we paid SDLT?	Financial Services Manager		
5.10	Have we created an individual management plan?	Asset and Investment Manager/ Estates Surveyor		

5.11	Has the Management plan been completed and circulated?	Asset and Investment Manager /Estates Surveyor		
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Checklist Complete:

Date: \_\_\_\_\_

Authorised: \_\_\_\_\_

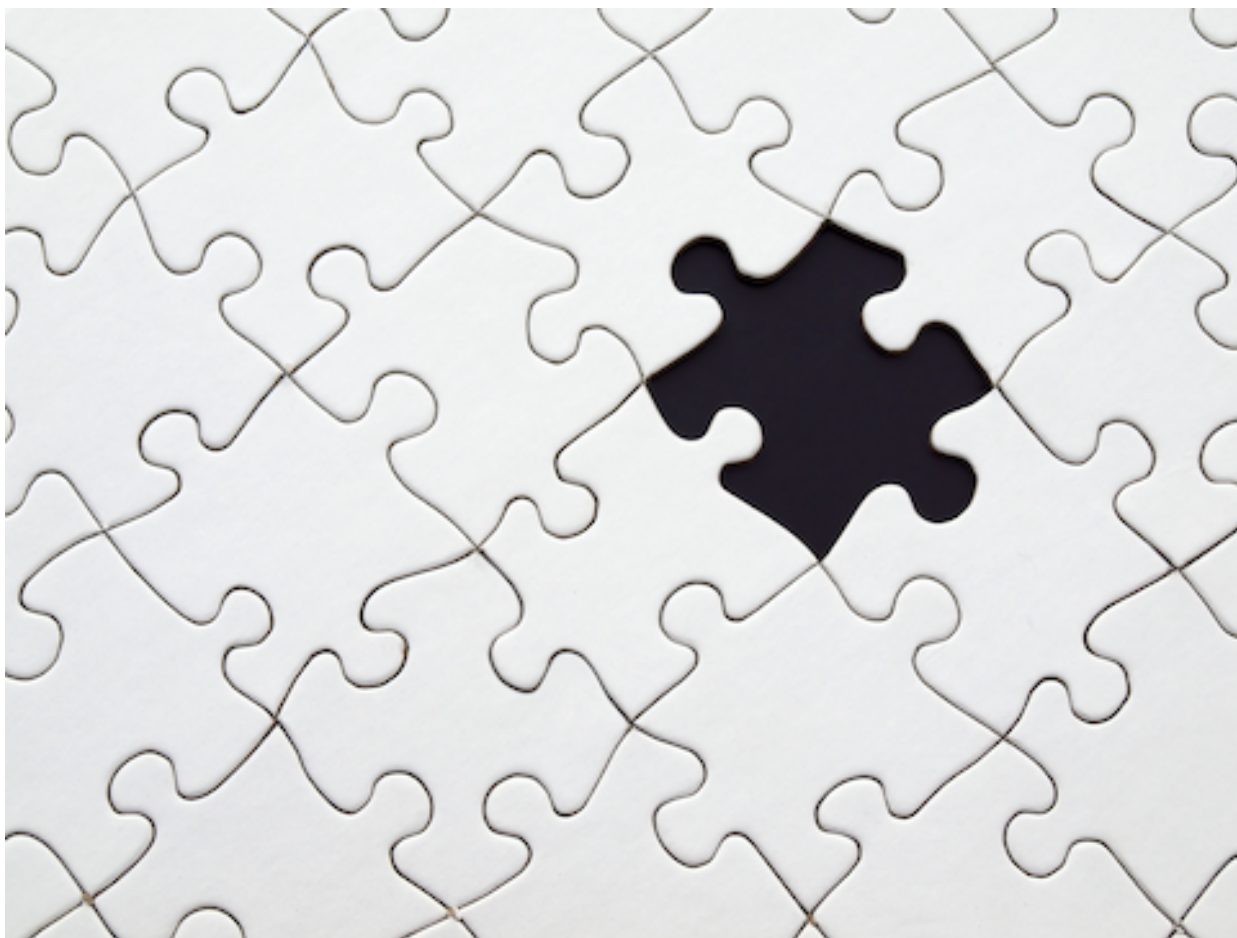
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**Wyre Forest District Council**

## Capital Portfolio Fund



## Asset Management Strategy

**JONES VALERIO**  
INVESTMENT MANAGEMENT

**1st December 2020**  
(Publication Version: 1.01)

## **Executive Summary**

The Council's Capital Strategy 2021-2031 is in line with Government Guidance on Local Government Investments (3<sup>rd</sup> Edition) issued under section 15(1)(a) of the Local Government Act 2003 and is effective for financial years commencing on or after 1<sup>st</sup> April 2018.

As part of the Capital Strategy the Council also has in place a Capital Portfolio Fund Strategy to guide its acquisition decisions; this Asset Management Strategy (AMS) is to be adopted by the Council to meet its key goals of supporting its local economic growth ambitions by creating a balanced property acquisitions portfolio to derive long term economic and regeneration benefits for the district whilst simultaneously providing sustainable net revenue income streams.

This AMS is necessary for the Council to articulate both the decisions made about the goals of the Capital Portfolio Fund (the Portfolio) and the ways in which the Council and the Asset Manager (AM) will achieve those goals.

It is intended to guide the Council in their decision-making moving forward and has been prepared by Jones Valerio Ltd (the AM) who were appointed on the 24th April 2019 to act for Wyre Forest District Council (the Council) and its Members.

The document sets out the strategy for property acquisitions and the ongoing ownership, asset management and decision making processes of those assets acquired within the Portfolio.

The AMS will be reviewed and commented upon each quarter by the AM as part of the Quarterly Fund Reporting (QFR) and in addition will be reviewed and updated annually as part of the contract.

For the purposes of this report, whilst the two do not work in isolation, the AMS is explained as an Asset Management Strategy separately to the Capital Portfolio Fund Strategy to aid understanding and linkage.

Each property asset acquired will be fully appraised by the AM via the Asset Management Strategy, including Strategic Asset Level Business Plans (SALBP) and included in the QFR and KPI's.

Where relevant the AMS in the QFR will highlight property assets as suitable for potential disposal where this is considered to benefit the Council's economic objectives, with receipts from asset sales to be recycled back into the Capital Portfolio Fund to enable new property acquisitions.

## **Team and Resources**

### **Asset Management**

To achieve the key AMS goals the Council has appointed an external asset management advisor, Jones Valerio Ltd (the AM).

The AM is appointed to provide advice on acquisitions made through the Capital Portfolio Fund and an Asset Portfolio Management Service. The AM will recommend further professional advisor engagement based upon the Portfolio activity requirement.

The AM is responsible for developing, reviewing and renewing the AMS, advising on acquisitions and disposals to build a balanced portfolio, implementing the SALBPs and reporting to the Council via a QFR to responsible Council Officers and lead Members, with bi-annual reports to the Overview and Scrutiny Committee and Cabinet.

### **Property Management**

The Council has also appointed BNP Paribas (the Property Manager) to undertake the day-to-day activities of each asset, to include for example those matters relating to property operations such as collection of rent or service charge administration.

The AM will interact with the Property Manager primarily in relation to property management activity, who as AMs are responsible for strategic advice relating to the Council's Portfolio, including the individual tenant agreements and vacant property.

### **Monitoring Performance**

Identification and familiarity with the various roles, responsibilities and resources is a key aspect of enabling the advisors to the Portfolio to work well together.

The AM will monitor and report on the performance of advisors to the Portfolio, including the Property Manager, to ensure that all actions and activities undertaken are conducted effectively.

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## 1

## Economic Agenda and Government Guidance

## Economic Agenda

- 1.1 As part of the Council's Medium Term Financial Strategy 2021-2031 the Council has established a Capital Portfolio Fund (the Portfolio), initially of £25m and since increased to £26.5m, sourced through borrowing from Public Works Loan Board (PWLb), to acquire and develop assets that support its priority for regeneration and economic growth whilst also providing additional net income streams.
- 1.2 One of the Council's Corporate Priorities is *"supporting a successful local economy"* and that key to delivering on this priority is to *"help new businesses to start up successfully and work with partners to secure external funding and investment to support the economy"*
- 1.3 In 2016 the Council adopted its Strategy for Enabling Business Growth and Enterprise in Wyre Forest which builds on that Corporate Priority setting out three approaches the Council proposed to take to support the Corporate Priority – Direct Commissioning, Enabling and Engaging and Support and Signposting. It is under the Direct Commissioning work stream that the Council proposes to directly support the provision of new accommodation through property acquisitions and by constructing accommodation on land already in its ownership.
- 1.4 Also in 2016 the Council adopted a new Strategic Asset Management Plan (SAMP) which sets out how the Council is strategically managing its operational and non operational buildings; of the stated objectives of the SAMP for the next 5 years, one is *"to support business growth and economic development"* which it is envisaged would include housing developments; the SAMP is fundamentally linked to the Council's Strategy for Enabling Business Growth & Enterprise. The Capital Portfolio Fund is a key vehicle to deliver these objectives.
- 1.5 The Council has a well established vision for economic regeneration of the area which was set out in 2009 in the ReWyre initiative; this conceptual strategy has been responsible for much of the Council's economic regeneration and economic aspirations for the last ten years and was the driver for the collaboration of the three North Worcestershire authorities including Redditch BC and Bromsgrove DC.

- 1.6 In 2011 Wyre Forest District Council became the host authority for the North Worcestershire Economic Development & Regeneration Service (NWEDR) on behalf of Redditch and Bromsgrove. As part of the North Worcestershire group of authorities the Council is also a member of two Local Enterprise Partnerships (Worcestershire and Greater Birmingham & Solihull). Membership of the two LEPs is a key foundation of the councils' collective ambitions to support their local economies and reflects the functional economic geography of the North Worcestershire economy.
  
- 1.7 The Council is an active LEP member and has successfully attracted funding from both, through the Local Growth Fund for key regeneration projects; as such the Council has a vested interest in the successful growth of the LEP areas where it has a functional economic geography and supports the delivery of their respective Strategic Economic Plans (SEP) and developing Local Industrial Strategies (LIS) as this will benefit the district as a whole.
  
- 1.8 The Council initially decided that it would consider acquisitions across this combined LEP geography. The CPF Strategy has been refreshed alongside this AMS and that due to current uncertainties around pandemic and CIPFA PWLB guidance, this was temporarily revised to within district only acquisitions (proposed to and approved by December Council as recommended by November 2020 Cabinet).

### Government Guidance

- 1.9 Statutory guidance issued by the Secretary of State under section 15 (1)(a) of the Local Government Act 2003, requires that local authorities are required to *"have regard"* to *"such guidance as the Secretary of State may issue"*.
  
- 1.10 The Council will continue to ensure the prudent management of its acquisitions and to ensure they meet its strategic economic ambitions and having regard to security and liquidity of capital in accordance with the Government guidance.
  
- 1.11 The Council will ensure procedures are in place for monitoring, assessing and mitigating the risk of loss of invested sums.
  
- 1.12 Effective management and control of risk are prime objectives of the policies and procedures.
  
- 1.13 It should be noted that further power is conferred upon an authority by the Localism Act 2011 (the 2011 Act). Section 1 of the 2011 Act introduced a new General Power of Competence. Under the provision, a local authority has the power to do anything that individuals generally of full legal capacity may do. The Act is widely drawn and includes references to commercial activities and does not have to be of benefit to the local authority's area.

**1.14** The Localism Act requires that any Council's actions being done for a "*commercial purpose*" must be done "*through a company*", principally being a company within the meaning of s.1 (1) Companies Act 2006.

**1.15** Reporting against the prudential indicators included within the Capital Strategy will be included in the monitoring reports to Overview and Scrutiny and Cabinet in accordance with Code Guidance.

**1.16** The PWLB have concluded their review and consultation on future lending terms (see link at 1.17 below). Following this consultation, the government is publishing revised lending terms for the PWLB and guidance to support LAs to determine if a proposed project is an appropriate use of PWLB loans. These new terms will apply to all loans arranged from 9am on 26 November 2020. The below changes took effect from 26th November 2020.

- PWLB rate lowered 100bps for all new Standard Rate and Certainty Rate loans;
- Government has no plans for novation of debt;
- As a condition to access PWLB, LAs asked to submit high level description of capital spending for 3years;
- Finance Director of LA to confirm no intention to buy 'investment assets' primarily for yield any time in next 3years;
- The PWLB will not lend to an LA that plans to buy 'investment assets' primarily for yield anywhere in their capital plans, regardless of whether the transaction would notionally be financed from a source other than the PWLB.

**1.17** [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938043/Response\\_to\\_consultation\\_Public\\_Works\\_Loan\\_Board\\_future\\_lending\\_terms\\_1.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938043/Response_to_consultation_Public_Works_Loan_Board_future_lending_terms_1.pdf)

## 2

## The Strategic Goals

### Purpose

- 2.1 Setting and achieving goals is the hallmark of a successful strategy and the overarching strategy for any traditional real estate investor is to reduce security and liquidity risk, and to increase capital value and revenue streams.
- 2.2 For the Council, there is a specific fundamental element incorporated into the strategy which is to achieve operational economic benefits whilst also providing a net revenue income stream.

### The Strategic Goals

- 2.3 The key strategic goals (or objectives) identified are as follows:

- \* Prioritise property acquisitions which support business growth and the delivery of various economic development objectives.
- \* To acquire properties that provide a contribution to the ongoing financial sustainability of the Council by generating net income streams in accordance with the Council's corporate and financial objectives.
- \* Prioritise property acquisitions that yield optimal rental growth and stable income within an acceptable risk range and meeting all due diligence requirements.
- \* Maximise return whilst minimising risk through effective asset management initiatives as outlined in this strategy.
- \* Protect capital invested in acquired properties.
- \* Build a balanced property portfolio that is proportionate to the overall financial position of the Council and balances the risk of the Portfolio across sector, geography and asset value.
- \* Identify potential disposals that will help deliver economic benefit with proceeds from sale to be recycled into further property acquisitions subject to appropriate Capital Programme approvals.
- \* Grow the capital and revenue potential of assets within the CPF with a view to recycling assets for disposal, and to allocate these receipts towards additional acquisitions of assets that support the Councils priority for regeneration and economic growth.



## 3

## The Strategic Model

**Purpose**

- 3.1** The purpose of The Strategic Model as displayed in Appendix 11.1 and shown on the following page as a flowchart, ensures that the Analysis, Strategy, Planning, Delivery and Reporting Phases are all considered in the AMS and also acts as a guide through the various parts of this document.

**Client Consultation and Property Market Analysis**

- 3.2** Within the Analysis Phase it is necessary to carry out initial and regular Client Consultation to establish where any changes to strategy may be required in addition to property market information and analysis as further explained in Part 4.

**Asset Management Strategy**

- 3.3** The Strategy Phase is covered by the AMS and is further explained in Part 5 and Part 6 respectively along with the various portfolio activities identified in The Strategic Model.

**Strategic Asset Level Business Plans**

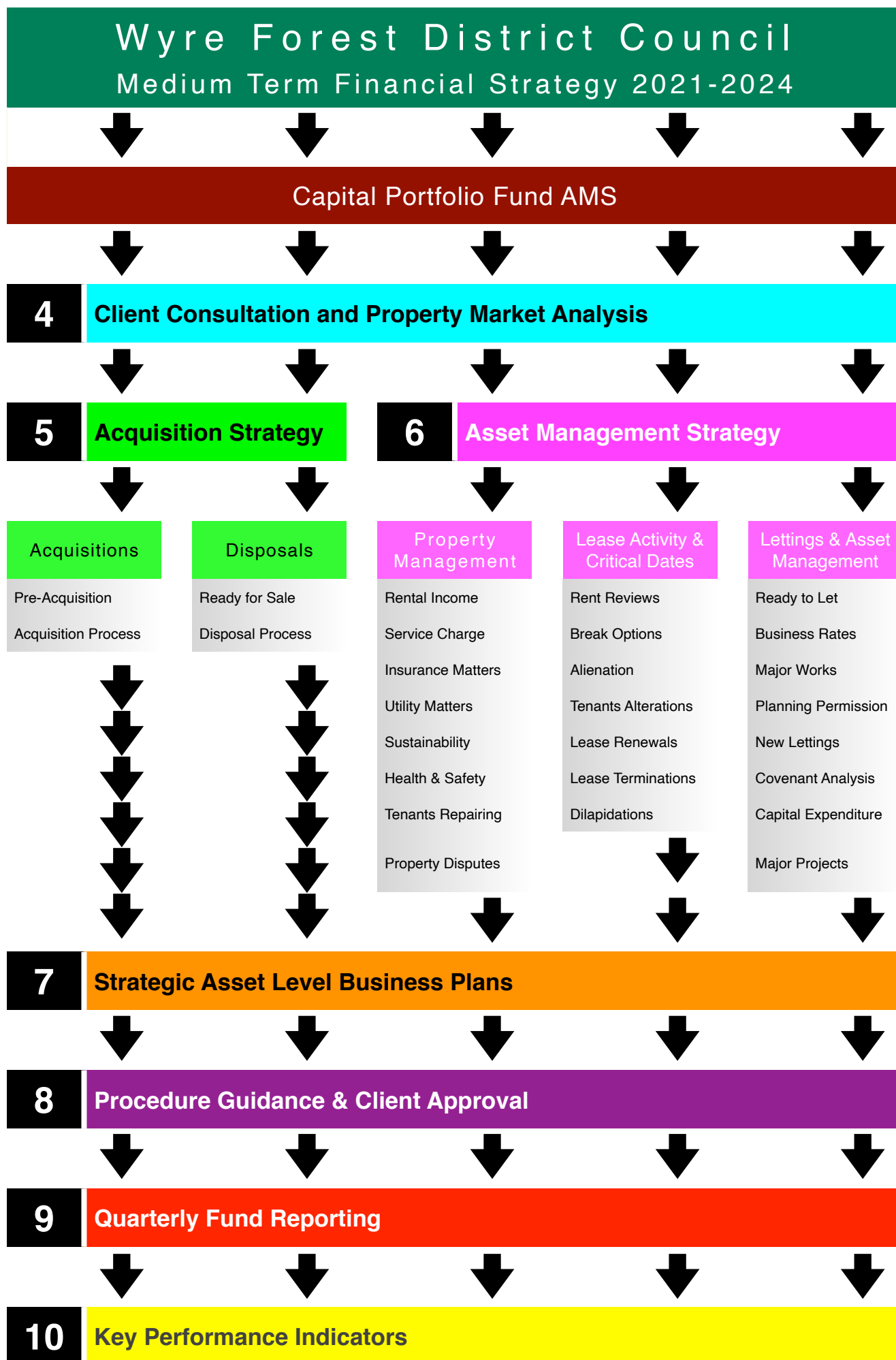
- 3.4** The Planning Phase of The Strategic Model focuses on the production of working asset level plans to deliver the portfolio goals and drive performance. SALBPs are produced for individual assets as further explained in Part 7.

**Procedure Guidance & Client Approval**

- 3.5** Delivery Phase of The Strategic Model is essential for the goals to be successfully achieved. The chosen method for this within the strategy is a Procedure Guidance document which is further explained in Part 8.

**Quarterly Fund Reporting & Key Performance Indicators**

- 3.6** The Reporting Phase of The Strategic Model and the inclusion of KPI's is explained in Parts 9 and 10 respectively.



**4****Client Consultation and Property Market Analysis****Client Consultation**

- 4.1** The Strategic Model requires a full understanding of the Council's needs to ensure that the AMS is fit for purpose and aligned to achieve the Council's goals.
- 4.2** To ensure the adopted AMS remains fit for purpose it must be regularly reviewed which is achieved by regular Client consultation to identify any risks and opportunities that may impact on the performance of the Portfolio so that action and changes to strategy, can be implemented.
- 4.3** This is achieved by regular dialogue and communication with the Council and is also commented on and reported at Portfolio level in the QFR.
- 4.4** At least once per year, the AM will arrange a full review of all aspects of the AMS and the Council's Capital Portfolio Strategy, with the respective SALBPs which sit beneath it, being reviewed and updated quarterly.

**Property Market**

- 4.5** Investment and occupational market research is a very important factor as it influences the decision making processes and is therefore reported in the Quarterly Fund Report.
- 4.6** The AM will resource property market research from a variety of different and reliable sources so a balanced view can be arrived at.
- 4.7** Most of the larger nationally represented commercial property agents produce regular market updates, insights and commentary, produced by their own in-house research teams. Their reports provide a rich and relevant commentary which the AM will analyse, interpret and report in the QFR.
- 4.8** The AM will also hold regular meetings with agents to identify and understand market developments and industry changes. The agents will be operating and/or specialising in the sectors and geographical areas of interest to the Council's portfolio.

## Benchmarking and Outlook

- 4.9** The QFR includes an initial strategic section on the investment and occupational market characteristics and projections. This section of the QFR also provides commentary on other market influences (for example commentary on emerging factors such as pandemic).
- 4.10** The AM will rely on monthly property performance indices which track capital value and rental growth statistics for retail, office and industrial sectors to benchmark the performance of the Portfolio. This information will come from monthly index data reported by the larger nationally represented commercial property agencies shortly after the end of each month.
- 4.11** Property sector performance data, in combination with other market research and economic forecasts and data, is utilised to make alignments to the Portfolio to achieve a balanced portfolio and also to measure and benchmark performance.
- 4.12** Benchmarking and outlook will influence the treatment of assets within the Portfolio, and in conjunction with the SALBPs will help determine which assets should be considered for disposal, and which asset types should be identified as suitable replacements into the Portfolio to achieve the goals.

**5****Acquisition Strategy****Introduction**

- 5.1** The Asset Management Strategy (AMS) comprises two parts, which are explained as an Acquisition Strategy and Asset Management Strategy separately to aid understanding and linkage. This section 5 covers the Acquisition Strategy. The Asset Management Strategy is covered in section 6.
- 5.2** The Strategic Model requires a full understanding of the Council's acquisition needs to ensure that the AMS is fit for purpose and aligned to achieve the Council's goals and to do this the AM will ensure there is alignment between the Capital Portfolio Fund Strategy, which sets out the parameters for acquisitions to be made, and the AMS.
- 5.3** The Acquisition Strategy does not work in isolation from the Asset Management Strategy. For example each potential acquisition and disposal will need to be appraised via the Asset Management Strategy as to its potential impact on the overall performance of the Portfolio.

**Portfolio Valuers**

- 5.4** An independent valuer (Avison Young) has been appointed to value the assets within the Portfolio on an annual basis.
- 5.5** The AM will provide the Portfolio Valuer with all the necessary data for the valuations to be undertaken, and will update the Portfolio Valuer when changes occur so that these can be reflected in the valuation data quarterly for the QFR.
- 5.6** Portfolio valuation is necessary to identify the overall performance of the Portfolio and individual assets, so that shifts in value (either upwards or downwards) can be identified on a quarterly basis via the QFR.
- 5.7** The Portfolio Valuers may also be required to assist the AM to model certain scenarios to understand the impact of the individual assets in the Portfolio to assist with acquisition and disposal justification and decision making.

**5.8** The Portfolio Valuers will also be responsible for providing the AM with certain KPIs as set out in Part 10. These KPIs along with all other KPIs (including prudential indicators) will be reported by the AM within the QFRs.

**5.9** The KPIs will enable the AM to benchmark the performance of the Portfolio, and to make recommendations accordingly.

### **The Outline Strategy**

**5.10** The Acquisition Strategy is a key component of the overall AMS.

**5.11** The Acquisition Strategy is primarily focused on the Portfolio's purchases and disposals, employing a diligent acquisition and separate disposal process to ensure that new purchases and chosen disposals will support the strategic economic goals.

**5.12** The AMS includes the AM establishing an outline SALBP prior to purchase, which enables portfolio impact to be assessed working in conjunction with the Asset Management Strategy.

### **Balanced Portfolio**

**5.13** An essential part of any strategic risk conscious property owner is to understand and incorporate diversification theory into their acquisition and asset management strategy. This includes balancing the Portfolio in terms of risk by considering sector balance, geographic balance and asset value variation.

**5.14** To mitigate risks, it is imperative that the Portfolio's exposures are tracked and benchmarked against current and future market forecasts and economic changes.

**5.15** In terms of potential acquisitions and disposals into and out of the Portfolio, the impact on the balance will be a constant factor. For example, market intelligence may be a leading indicator to dispose of assets from a particular sector to mitigate future risk. Both the tracking and advise on risk mitigation is included in the acquisition considerations and the QFR accordingly.

## Sourcing Acquisitions

- 5.16** As part of the Asset Purchase and Asset Disposal Advice, and an Asset Management Service, the AM is primarily responsible for sourcing all new acquisitions into the Portfolio.
- 5.17** Acquisition opportunities will be principally sourced from national and local investment advisors. The AM will approach investment agents directly, informing them of the live requirements on behalf of the Council's Portfolio.
- 5.18** The AM is required to maintain and provide an updated Acquisition Opportunities Schedule to the Council on a weekly basis to ensure market opportunities are identified to the Council.

## Pre-Acquisitions

- 5.19** Alongside ensuring a strategic fit, the key considerations for acquiring asset includes the following items listed and explained further below:
- \* Geography
  - \* Location
  - \* Property Sectors
  - \* Security of Income
  - \* Financial Covenant Strength
  - \* Liquidity of Capital
  - \* Financial Returns
  - \* Impact on Portfolio
  - \* Lease Length
  - \* Property Fundamentals
  - \* Macro and Micro Location

- \* Rental Value and Reversionary Scope
- \* Tenant Suitability
- \* Ethical Considerations
- \* Sustainability
- \* Legal and Material Liabilities
- \* Asset Management Initiatives
- \* Management of the Property

## Geography

- 5.20** The Council will prioritise acquisition opportunities within the district but will also retain the discretion to make acquisitions outside the district within the functional economic geography (FEG) it has identified in the Capital Portfolio Fund Strategy (refer to temporary revision adopted as set out in 1.8 above).
- 5.21** Whilst it will always be the Council's preference to acquire and develop assets within the district area to support regeneration and local economic development, the Council recognises that it has an interest in the success of the FEG from which the district derives its economic growth, and that acquiring assets (subject to Council's approval) this wider geography can have direct and indirect economic benefits for the district and its residents (refer to temporary revision adopted as set out in 1.8 above).
- 5.22** The Council has an interest in supporting the growth of the wider functional economic geography of the LEP areas on the basis that it will benefit locally from the wider City-Region success.
- 5.23** To that end therefore, and subject to prevailing Council policy, the Council may consider acquisitions that support this wider economic benefit covering Worcestershire, Birmingham, Solihull, Dudley and Wolverhampton as these areas comprise the identified FEG (refer to temporary revision adopted as set out in 1.8 above).

## Location

- 5.24** All locations within the Geography will be considered, which will fall under different categories identified as major prime, micro prime, major secondary, micro secondary and tertiary.



- 5.25** Different locations are an important facet of a balanced portfolio to diversify locational risks and to assist with improving returns. These categories are explained further under Macro and Micro Location.

### **Property Sectors**

- 5.26** Acquisitions will not be limited to any particular sector, as flexibility to react to market change is key to being able to deliver the envisaged returns and a balanced portfolio (regard will be had to the ongoing impact of the COVID-19 pandemic and subsequent changes across these sectors).

- 5.27** The current Capital Portfolio Fund Strategy is to shape the Portfolio towards the following sectors :

- \* Office (in town centre and out of town business park locations)
- \* Industrial/Warehouse (on or within close proximity to major road/motorway infrastructure, or on established and/or modern industrial estates)
- \* Leisure/Food & Beverage (town centre/local centre locations; out of town retail parks, or locations with main road prominence)
- \* Mixed Use (town centre/local centre locations; or locations with main road prominence)
- \* Residential

### **Security of Income**

- 5.28** Security of income is an important factor in proportionality. For example, a small office suite, within a multi-let office building (representing a small percentage of the overall aggregate income of the property and let on a short lease) will present less risk to the Portfolio than that of a single let asset.
- 5.29** Tenants which are deemed to display strong financial strength will be favoured but consideration will be given to all financial covenant strengths in context with other fundamentals of the other acquisition criteria.
- 5.30** Guidelines on acceptable financial covenant of a tenant/s are described below.

## **Financial Covenant Strength**

- 5.31** Predominantly those tenants demonstrating 3 years of pre-tax profit equal to or exceeding 3 times the annual rent or a net worth of 5 times annual rent, or 50% of income from tenants meeting this criteria in the case of multi let properties, will be favoured.
- 5.32** There may be instances where the property fundamentals and pricing are attractive enough to accept tenant covenants that do not meet this criteria.

## **Liquidity of Capital**

- 5.33** The scope for realising capital, from the disposal of an asset, in the shortest time possible is of significant importance.
- 5.34** For example a property in poor condition, in a weak location, let to a strong covenant on a long lease places a disproportionate reliance on the financial covenant of the tenant and if it were to become vacant could prove difficult to re-let and sell.
- 5.35** To determine a property's capital liquidity the following features of the property should exist:
1. properties that are considered capable of being re-let in a short period of time if they were to become vacant;
  2. demonstrate strong prospects for renewal upon lease expiry/expiries;
  3. considered to be sensibly priced and not over-rented and therefore offer reversionary potential on renewal of lease/leases or upon new lettings;
  4. Significantly underpinned by its vacant possession value.

## **5.36 Financial Returns**

Suitable property acquisition opportunities will be screened using the Council's adopted KPMG Financial Appraisal model. It calculates both a Net Present Value (NPV) and Internal Rate of Return (IRR) helping to identify acquisitions that produce a positive NPV and an IRR in excess of the cost of capital.

- 5.37** In addition to the KPMG Financial Appraisal model, other property appraisal methods may be necessary, to assess the underlying property's site value and vacant possession value (often referred to as 'residual value').
- 5.38** Based upon the Council's adopted financial modelling, it is envisaged that potential acquisitions that demonstrate a Net Initial Yield (NIY) below 6% may not meet the required returns, however some properties demonstrating a higher reversionary profile may still be viable if acquired off a lower initial yield (the 6% NIY should generally result in a minimum of a 1% Net Yield that is generally used as a threshold by the Council currently).
- 5.39** The Internal Rate of Return (IRR) and net impact on the Councils MTFS is also an important consideration.

### **Impact on Portfolio**

- 5.40** All potential acquisitions will need to be assessed on their potential impact on the Portfolio.
- 5.41** For example a property may meet most of the required acquisition criteria but may expose the Portfolio to being overweight in a sector that is weakening, or may expose the Portfolio to high income void risks if lease expiries occur at the same time as a lease expiry on another asset within the Portfolio.

### **Lease Length**

- 5.42** The Average Weighted Unexpired Lease Term (AWULT) is an important indicator of the projected future income of the portfolio. Traditionally longer leases are favoured by property investors ahead of shorter term leases.
- 5.43** For those acquisitions that demonstrate shorter AWULT, the properties must be considered capable of being re-let in a short period of time if they were to become vacant, and they should also demonstrate strong prospects for renewal upon lease expiry/expiries;
- 5.44** The impact of any potential acquisition on the overall Portfolio AWULT will also be considered as part of the Asset Management Strategy as it is reported as part of the QFR.

### **Property Fundamentals**

- 5.45**      Emphasis must be placed on properties which display the right property fundamentals.
- 5.46**      Generally these will be properties that are modern and non-bespoke in nature with good accessibility. Older buildings with higher obsolescence factors may score poorly unless there is an underlying story, for example a potential for uplift in value achievable through redevelopment or refurbishment should the property become vacant.

### **Macro and Micro location**

- 5.47**      Generally, the relative importance of the macro location compared to the micro location increases as does the project and property size.
- 5.48**      Secondary and tertiary locations describe properties that are generally in a less advantageous area to the macro and micro locations.
- 5.49**      Consideration needs to be given to a property's location within the macro, micro, secondary and tertiary contexts.

### **Rental Value and Reversionary scope**

- 5.50**      The rental value of the property will need to be assessed to gauge the overall impact on the Portfolio. Generally properties which are over-rented should be avoided unless the purchase price reflects a suitable discount.
- 5.51**      Properties which display reversionary potential. For example, properties which are considered to offer scope for the rent to be increased upon rent review, lease renewal or on a new lease following expiry will be favourable.

### **Tenant Suitability**

- 5.52**      The Council must take into account the type, nature and activity of tenant/s when considering an acquisition.
- 5.53**      The Council has a responsibility to acquire prudently and conscientiously and must avoid acquisitions of properties where tenants may be deemed unfavourable for a variety of reasons.

### **Ethical Considerations**

**5.54**

Business case proposals to acquire property will include the consideration of ethical issues and will exclude acquisitions in the following types of activity, as set out in the Capital Strategy. These include: Violence, The Sex Industry, Gambling or betting, Material that may be regarded as offensive or discriminatory and Political Parties.

### **Legal and Material Liabilities**

**5.55**

Thorough pre-acquisition and acquisition due diligence is necessary to determine legal and material risks that may affect the performance of a property and the performance of the Portfolio, so that these can be avoided or mitigated.

**5.56**

To identify and reduce legal and material risks the AM will follow certain procedures and checklists as set out in the Procedures Guidance (see Acquisitions section below).

### **Asset Management Initiatives**

**5.57**

Asset management initiatives are primarily those initiatives that are identified by the AM that are designed to maintain or improve the value of an asset although there are a range of activities included in the SALBPs that identify opportunities to reduce risk that do not necessarily carry quantified impact.

**5.58**

In the pre-acquisition stage the AM will provide an outline SALBP which may highlight potential initiatives if not already identified by the vendor in their market approach and brochure.

### **Management of the Property**

**5.59**

Properties will differ in the amount of management time and resources required to maintain and/or add value, and reduce exposure to risk.

**5.60**

For example, modern single let assets may have fewer lease events and activities, requiring less time and resource to manage compared to older multi-let assets with numerous lease events, common areas, and service charge activities.

- 5.61** Consideration will need to be given to the ease of management of certain assets in context to implementing effective asset management and time resources to other assets within the Portfolio.

**The Evaluation Matrix**

- 5.62** As an additional measure to the above Pre-Acquisition Criteria the AM and the Council will consider whether acquisition opportunities meet the AMS by applying a simple Evaluation Matrix as identified below and set out in the Capital Portfolio Fund Strategy.
- 5.63** This is a preliminary tool used to help initial assessment of acquisition suitability and should not be relied upon as a detailed appraisal of opportunities.
- 5.64** All opportunities will require the robust pre-acquisition procedures to be followed, meeting the Portfolio's Capital Portfolio Fund Strategy Criteria, Government Guidance and AMS, in addition to the KPMG Financial Viability Model.
- 5.65** The AM will score each acquisition proposal using the matrix. Any opportunity will need to score a minimum of 200 (the temporary threshold, or 250 if acquisitions revert to include outside of district), to be considered acceptable as a potential acquisition.
- 5.66** Those opportunities scoring 250 and above will then be subject to further appraisal and due diligence, set out in the Pre-Acquisition and Acquisition stages.

		Excellent / Very Good	Good	Acceptable	Marginal	Poor
Weight						
Criteria		5	4	3	2	1
Location	20	Major Prime	Micro Prime	Major Secondary	Micro Secondary	Tertiary
Tenant Covenant	20	Single tenant with strong financial covenant	Single tenant with good financial covenant	Multiple tenants with strong financial covenants	Multiple tenants with good financial covenants	Tenants with poor financial covenant strength
Tenure	10	Freehold	Leasehold with 125 years plus	Leasehold with between 75-125 years	Leasehold with between 10-75 years	Leasehold with less than 10 years
Lease Length	20	Greater than 15 years	Between 10-14 years	Between 6-9 years	Between 3-5 years	Less than 2 years or vacant
Repairing Terms	10	Full Repairing and Insuring	Internal Repairing (100% recoverable)	Internal Repairing (partially recoverable)	Internal Repairing (non recoverable)	Landlord repairing
Building Quality/ Obsolescence	15	Newly built	Recently refurbished	Average condition and likely to continue to be fit for current use for 25+ years	Aged property with redevelopment potential	Nearing end of useful life/ use unlikely to continue when lease expires
Lot Size	5	Up to £5m	From £5m - £10m	From £10m - £15m	From £15 - £20m	Above £20m

## Acquisitions

- 5.67** The Pre-Acquisition process described above is to ascertain the initial suitability of an acquisition into the Portfolio. It forms stage one of the acquisition process.
- 5.68** When an asset has been identified as a suitable acquisition to be pursued, the acquisition process will begin.
- 5.69** The acquisition process is described in the AM's Procedures Guidance document. This sets out the following stages of the acquisition process, which the AM will facilitate, coordinate and report on as follows;
- \* Completion of the KPMG Financial Viability Model and stage 1 Checklist, including initial scoring Risk Matrix.
  - \* Client approval to be obtained by appropriate Member approval to proceed to acquisition due diligence (note reporting will be in "Part 11.Exempt" as this will contain commercially sensitive information).
  - \* AM undertakes acquisition due diligence, which will include an inspection of the property, review of leases/title/legal documents and investigation into covenants and other relevant information available at the time.
  - \* Submission of formal client approved conditional offer letter.
  - \* Agree Heads of Terms.
  - \* Appointment of Client's solicitor.
  - \* Appointment of valuation and building survey.
  - \* Production of an Acquisition Report (AR). The purpose of the AR is to summarise all relevant information in respect of the proposed acquisition including commentary on the forecast financial return and the overall outline business plan for the property. The AR will also provide commentary on any third party reports, highlighting where necessary, any further information/comfort required before completing the acquisition.



- \* Report on Title. The AM will seek from the Client's Solicitor, a Report on Title to be appended and read in conjunction with the IM.
- \* The AM will procure, prior to exchange of contracts, a Purchase Report from the introducing agent where retained.
- \* The AM will be responsible for notifying all relevant professionals on timings of exchange and completion, and will notify Portfolio Valuers once completion has occurred so that the Portfolio valuation can be updated.

### **Disposals**

- 5.70 During the lifecycle of the Portfolio it may be necessary and or opportunistic to seek to dispose of an asset/s, as highlighted previously, to balance the portfolio. This will primarily be driven by market forecasts and economic factors.
- 5.71 In addition, the success of the Asset Management Strategy (Part 6 below), which will be reflected in the asset and portfolio valuations, can also be a driver for disposal.

### **Ready for Sale**

- 5.72 As part of the AMS, it is essential that properties to be disposed of are provided with the best opportunity to achieve best value in the shortest time possible as timing is key.
- 5.73 The approach adopted seeks to ensure that any information, measures and actions that require attention/completion prior to sale are known, to enable the risk or opportunity to be reduced or realised.
- 5.74 The Ready for Sale process is set out in the AM's Procedures Guidance Document.

### **Asset Disposal Process**

- 5.75 The Asset Disposal Process is a specific part of the AM's Procedures Guidance Document.
- 5.76 For disposal the procedure covers timing of disposal, valuation approval, selection of selling agent, sales advice, managing the sales process and off-market procedure.
- 5.77 The Asset Disposal Process is set out in the Procedures Guidance document.

## 6

## Asset Management Strategy

**The Strategic Model**

- 6.1** As per the Strategic Model, the Asset Management Strategy does not work in isolation from the Acquisition Strategy. For example each potential acquisition and disposal will need to be appraised via the Asset Management Strategy as to its potential impact on the overall performance of the Portfolio.

**The Outline Strategy**

- 6.2** The Asset Management Strategy adopts a risk and opportunities focused approach utilising a calculation of Performance Components to create SALBPs as identified in Part 7 of this report.
- 6.3** The Asset Management Strategy relies upon the SALBPs to drive quarterly activity, which is controlled and arranged by the Procedures Guidance as explained in Part 8 of this report.
- 6.4** The Asset Management Strategy also utilises the various performance measures adopted as part of the QFR explained in Part 9 of this report.
- 6.5** The performance measures adopted are Key Performance Measures explained in Part 10 of this report.
- 6.6** The Asset Management Strategy is inherently focused on ensuring delivery of three categorised areas of activity as identified in The Strategic Model;
- \* Property Management
  - \* Lease Activity and Critical Dates
  - \* New Lettings and Asset Management Activity
- 6.7** The Asset Management Strategy to risk and opportunities is explained in the summary activities below, each of which is controlled by procedures as further explained in Part 8 of this report.

## Property Management

### Rent Demands

- 6.8** Rent demands from the PM should go out to occupiers at least six weeks before the lease due date with digital transmissions preferable. Pre-chasing of persistent late paying occupiers is to be provided if possible. Any requested or proposed changes to the collection regime as determined by the lease or licence obligations are to be justified and approved by the AM.

### Security of Tenure

- 6.9** Security of tenure is a phrase used to describe the statutory right granted to tenants under the 1954 Landlord and Tenant Act to remain in occupation of its premises after its lease term expires. It means that the tenancy is protected by the 1954 Act and will continue to run until it is brought to an end in a prescribed way under the 1954 Act, regardless of the term set out in the lease.
- 6.10** Our approach to security of tenure is not to demand post expiry for non-protected tenancies without the prior approval from the AM to avoid potential unwanted security of tenure issues. Tenants requirements under protected tenancies must be utilised to best advantage by the landlord especially as a negotiating tool during lease renewals and where development opportunities are to be realised.

### Credit Control

- 6.11** Regularity of contact with tenants as part of a consistent long-term approach to delivering rent collection out-performance. Take fair and appropriate actions early during the quarter period to avoid often more complex and drawn out historic arrear issues, with those that do become historic, to be dealt with pragmatically and quickly.

### Rent Collection

- 6.12** Strong results are a market indicator of the performance of both the credit control function and the overall strength of the tenant covenants, which in turn can impact on the value of the held assets.

### **Historic Arrears Reporting**

- 6.13** Can impact negatively on the overall performance of the portfolio both financially and from a time perspective for professionals involved. All historic arrears require clear instructions agreed as to what actions can be taken; either action or write off.

### **Write Off Procedure**

- 6.14** Where the arrears are agreed or proposed to be Written Off this should be recommended by the AM to the Council with associated justification.

### **Service Charge Matters**

- 6.15** The performance of the landlord's ability to deliver reliable, accurate, fair and appropriate budgets and reconciliations, in a timely fashion and with appropriate backup information, greatly reduces financial risks from loss or dispute, helps retain tenants and where required re-let vacant premises.

### **Insurance Matters**

- 6.16** Dealing with all insurance matters knowledgeably, swiftly and in a controlled manner can greatly affect the occupiers outlook in terms of the landlords performance in this area and is therefore an important area of portfolio management and will require liaison with the Property Manager.

### **Gas, Water and Electricity**

- 6.17** Our approach to utilities as a potential landlord cost is that services should be aligned for economies of scale and quality of service to positively impact.

### **Sustainability Matters**

- 6.18** Whilst energy performance is primarily focused on energy consumption, it is important for the Portfolio to also ensure that all aspects, including building works and general maintenance are also reviewed against the environmental impact.
- 6.19** Sustainability Targets should be identified by the AM and agreed with the Client once the complete portfolio EPC data has been obtained.

## **Health & Safety Matters**

- 6.20** Non-compliant or disorderly health and safety management can have a negative impact on tenant retention, lettings and sales plus creates a potential reputational risk for the Portfolio if badly managed.
- 6.21** High Level Risks should be notified by the Property Manager to the AM as soon as practicable with proposed actions and requirements to be discussed and agreed.

## **Tenants Repairing Obligations**

- 6.22** Our approach to ensuring tenants compliance with their maintenance and repairing obligations is that failure to do so will ultimately result in higher costs of repair and replacement and therefore compliance should be managed.
- 6.23** We are focused on the risk of tenants not complying with their repairing covenants during their lease and an over reliance on dilapidation liabilities at the end of the lease resulting in landlord shortfalls and liabilities.

## **Property Disputes**

- 6.24** Disputes can have a negative impact on tenant retention, lettings and sales and in addition can become an expense of the landlord in many scenarios.
- 6.25** It is also important to understand why the dispute has arisen with a view to improving the processes to avoid if possible going forward.

## **Lease Activity & Critical Dates**

### **Rent Reviews**

- 6.26** Generally all reviews should be sequenced and seek to obtain open market value or above, whilst having regard to duration of the activity and the respective cost involved.

### **Break Options**

- 6.27** The default position is for the Council not to take any action and the option may or may not be activated. Alternatively the Council may wish to take strategic action to seek to remove a tenant option or activate a landlord's option.

### **Sub-Letting and Assignment**

- 6.28** The approach to both sub-letting and assignment applications is not only to maintain covenant performance but where possible actively improve covenant performance.

### **Tenants Alterations**

- 6.29** The accurate approval of tenants alterations applications in accordance with the lease requirements is an essential part of maintaining the Portfolio performance.
- 6.30** In addition, the strategy seeks to identify opportunities to improve the Portfolio performance where possible, for example by funding tenants works in return for additional rent or receiving a premium for non permitted works.

### **Tenant Other Applications**

- 6.31** The strategy adopted requires the AM to have the opportunity to consider the application early in the process and where possible identify any risk in maintaining and or where possible improving performance.

### **Lease Renewals / Lease Terminations**

- 6.32** Generally all lease renewals should be sequenced and seek to obtain open market value or above whilst having regard to duration of the activity and the respective cost involved. Generally all lease terminations should be supported by financial analysis and justification for the termination.

### **Dilapidations Liability and Claims**

- 6.33** The strategy differentiates between Liability relating to during lease obligations where the tenant retains an ability to carry out works, and Claims where the tenant does not retain an ability to carry out works and the landlord is seeking a financial settlement.
- 6.34** The approach is to identify early in the process which option is preferred having particular regard to the relevant factors. Timing is a key factor in obtaining a strong settlement as traditionally in the market, the longer the settlement negotiations go on for the smaller the percentage of settlement agreed is.

## **Lettings and Asset Management**

### **Vacant Premises and Ready To Let**

- 6.35** The strategy for vacant premises is to ensure that all necessary information is readily available to the incoming tenant in order that timescales for completing legal documentation is as short as possible.

### **Business Rates Liability**

- 6.36** The strategy is to seek to ensure that liability is kept to the minimum by checking liability, and where possible, identifying opportunity to reduce liability. The need to identify the accurate liability is not just of benefit to the Council but the incoming tenant who may well wish to obtain clarification that the liability is accurate and has been considered.

### **Major Works & Refurbishment**

- 6.37** The strategy for Major Works is to ensure they are fully considered and where required, carried out in a safe, efficient and cost effective manner.

### **Planning Permission**

- 6.38** The strategy is to seek to make changes for the benefit of the portfolio either to increase use or to make physical changes to assets.

### **New Lettings**

- 6.39** Letting activity generally requires immersive involvement from the AM, Property Manager and New Letting Advisor to ensure best results in good time.

### **Capital Expenditure**

- 6.40** The strategy ensures that costs are both justified and approved with a schedule of costs maintained as part of the quarterly reporting.

### **Major Projects and Initiatives**

- 6.41** A projects approach is used where relevant to ensure best in class professionals are engaged avoiding a piecemeal approach.

## 7

**Strategic Asset Level Business Plans****Structure**

- 7.1** The SALBPs are live documents used by the AM as the working document for the respective asset management activity what will be actively updated as risks and opportunities are progressed.
- 7.2** The data from the SALBPs is linked to the QFR which displays a summary of the Performance Components at a Portfolio level along with a summary of the primary asset impacting activities.

**Asset Analysis**

- 7.3** The Acquisition Strategy interacts with the SALBPs in three key areas of overall portfolio activity, as below (which is reported to Members):
- \* Pre-acquisition considerations where proposed new acquisitions are modelled into the portfolio to identify changes and assess impact;
  - \* During operational activity on held assets to assist with justification of proposed activity to either add value or reduce risk;
  - \* Pre-Disposal, to potentially highlight assets that should be sold to improve Portfolio performance or to achieve an opportunistic or special sale value.

**Business Planning**

- 7.4** This first part of the process requires the Critical Dates (rent reviews, break options, lease expiries, etc) to be identified and incorporated into the plan although reporting, advising and tracking of these activities is held in the QFR .
- 7.5** The AM then carries out a range of research including physical inspections, documentation and engagement with a variety of other professionals and tenants as required.
- 7.6** This section of the business plan also maintains records of any professional advisors engaged in the business plan, plus records of their respective fees.



## Performance Components

**7.7** The multifarious method the AM uses to produce business plans for individual assets focuses on five definitive areas or Performance Components, identified in outline below:

- \* Legal & Financial Performance (title, income, leases, covenants, rents, service charge, business rates and insurance);
- \* Physical Performance (surrounding area, aesthetic impression, signage and branding, health and safety, building surveys, business activities, landlord areas, tenant areas, vacant property, sustainability and accessible information);
- \* Maintaining Performance (tenant consultation, rent reviews, break options, lease renewals, assignment and subletting, tenant default, lease surrender, tenant alterations and dilapidations);
- \* Active Performance (tenant consultation, assignment and sub-letting, break options, re-gears, vehicle parking and storage areas);
- \* Pro-Active Performance (partial sale, change of use, advertising income, development opportunity, relocations, asset positioning, investment/asset opinion, sustainability, competition analysis, refurbishments and right sizing).
- \* Economic Performance (How the asset continues to deliver economic benefits to the district.

**7.8** Each element of the Performance Components are apportioned a respective percentage into current good performance activity, to improve current performance or a residual factor where a risk or opportunity cannot currently be actioned such as a neighbouring site use.

## Delivery Plan

**7.9** The final and active part of the SALBPs is inclusive of an Investment Analysis, an Activity Register and a Programme Calendar.

**7.10** This is used as both a tracking document for the AM and a communication tool with the relevant professionals involved.

**8****Procedure Guidance & Client Approval****Purpose**

- 8.1** The purpose of the Procedure Guidance & Client Approval document is primarily to set out the procedure for the various acquisition, disposal and asset management activities across the portfolio.
- 8.2** As a working document, it will be controlled and updated by the AM, who remains ultimately responsible for communicating procedure to the relevant professionals engaged in professional activity.

**Client Approval Forms**

- 8.3** The Client Approval Forms (CAF) are a digital procedural document and communication tool that provide transparency to the Council's approval process, from appointment through to completion of the respective activity. The CAF also provide accountability by recording all recommendations, decisions and activity undertaken within the CPF, and are held by the AM as a digital audit trail. The CAF process is to be adopted by the Council in Q1 2021 and will improve efficiencies in communicating instructions between professional advisors and the Council.
- 8.4** The CAF process is designed around the requirements of the Council and should be considered and understood from the outset of the instruction by all professionals involved.

**Activity Procedures**

- 8.5** As highlighted in The Strategic Model and explained in the AMS, there are numerous specific areas of activity where a defined procedure is required and has been devised.

## 9

## Quarterly Fund Reporting

**Purpose**

- 9.1** The QFR is an essential part of both reporting the past activity, and to an extent and as far as reasonably possible, projecting future activity and required actions and decisions that need to be made ahead.
- 9.2** It provides an opportunity for the Council to both assess, and change direction if required and covers three primary elements to the AMS as identified in the report contents page included in Appendix 11.4 of this document and further explained in outline below.

**Strategic Report**

- 9.3** This section of the report primarily reports on the strategic aspects of the overall AMS covering the following areas:
- \* AMS Strategy
  - \* Property Market Commentary
  - \* Asset Valuation Summary
  - \* Standing Asset Portfolio
  - \* Portfolio Diversification & Sector Performance
  - \* Acquisitions and Disposals Update

**Measurement**

- 9.4** The Measurement section of the QFR reports the KPI's selected to be relevant to the Portfolio as explained further in Part 10 of this report.
- 9.5** The measures are aligned with traditional commercial property investment portfolio management criteria for assessing the overall performance of investment portfolios.

## Asset Management

**9.6** This final section of the Quarterly Fund Report is primarily the Asset Management elements covering the following areas:

- \* Asset Management Commentary
- \* Income Projections and Risk
- \* Portfolio Performance Components
- \* 18 Month Rent Reviews, Break Options, Lease Expiries
- \* Dilapidations and Claims Schedule
- \* Vacant Property Schedule
- \* New Lettings Schedule
- \* Capital Expenditure Schedule
- \* Major Projects and Initiatives
- \* Strategic Asset Level Business Plans

## Appendices

**9.7** In addition to the three sections of the report identified above, the report also provides a variety of additional schedules and information including:

- \* System Tenancy Schedules
- \* Arrears Reports
- \* Planned Preventative Maintenance
- \* Forward Funding Register
- \* Portfolio EPC Register
- \* Sustainability Improvement Plans
- \* Health and Safety Report

- \* Tenant Maintained Parts Register
- \* Sub-Letting and Assignment Applications
- \* Other Tenant Application Schedules
- \* Tenants Alterations Schedule
- \* Non-Domestic Business Rates Liability
- \* Service Charge Schedule
- \* Tenant Covenant Strength Record

**10****Key Performance Indicators****Purpose**

- 10.1** The AMS relies heavily upon obtaining and understanding the selected KPIs. By tracking the KPIs, portfolio performance can be measured, compared to the market or Client target and greatly aid the decision making process to make change.
- 10.2** Each of the KPI are reported in both data and graphical form to aid understanding and are accompanied with an explanation of the purpose of the KPI and a quarterly explanation from the AM included.

**The Key Performance Indicators****Total Property Return**

- 10.3** Aims to compare performance of the asset portfolio against actual market performance from the property market index data.

**Rental Value Growth**

- 10.4** Aims to compare performance of the asset portfolio against actual market performance from the property market index data.

**Reversionary Profile**

- 10.5** Based upon the valuation Estimated Rental Value (ERV) across the asset portfolio, this KPI aims to project the reversionary income over what we recommend is a five-year period. The reversion is expressed in both cash flow terms and as a percentage of ERV.

**Rent Collection**

- 10.6** To maximise cash flow and minimise any potential bad debts. This is also an indicator of the quality of the tenants and the credit control effectiveness. We would propose that percentage of rent collection invoiced within 14 days of the due date target is used for KPI reporting, which in the market is traditionally 95%+ on a quarterly basis.

### **Service Charge Performance**

- 10.7** The data simply tracks delivery of both budgets and reconciliations required to be completed during the reported quarter. The data can become particularly important where proposed disposals are considered as this information is of great importance to a purchaser.

### **Tenant Retention Rates**

- 10.8** To identify tenant retention performance where tenant breaks and lease expiries exist, expressed as a percentage ERV split between retained and not retained as a percentage of ERV at risk during the quarter. This helps to demonstrate the overall strength of tenant relationships and the appeal and competitiveness of the market product.

### **Tenant Covenant Strength Record**

- 10.9** To identify the average covenant strength across the portfolio as a financial ranking traditionally on an annual basis but quarterly for this portfolio.
- 10.10** Establishes a point in time of portfolio covenant strength, bolstering confidence of tenant receipts, and highlights changes within the asset portfolio enabling associated asset management actions to be considered potentially increasing value and reducing risk.

### **Average Weighted Unexpired Lease Term**

- 10.11** To identify both average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income. This can help demonstrate the effect of new leases or new voids as a single KPI expressed in terms of years.

### **Void Management Rate**

- 10.12** To benchmark the asset portfolio void rate against the European Public Real Estate Association vacancy rate or the clients chosen target rate once income profiles have been established.

### **Energy Performance**

- 10.13** To identify how energy efficient the assessed buildings or entire portfolio are. This KPI can be used to demonstrate changes to the ratings, following for example a landlord refurbishment to a relevant building, but also demonstrate asset portfolio overall performance.

### **Tenants Repairing Obligations**

- 10.14** Repairing obligations not undertaken by tenants create risk within the portfolio and are tracked to identify and control during the year. The data reflects the total number of leases checked for internal and external repairing obligations and a single figure provided.

### **Property Disputes**

- 10.15** Property disputes are defined as those requiring legal advice or action to be taken and in general will exclude traditional tenant rent specific collection issues but includes disputes involving service charge or insurance matters.

## **The Principle Risks**

### **Inconsistent Strategy**

- 10.16** Certain internal or external factors could impact on the strategy such as changing economic conditions requiring strategic change. Changes in the economy can impact adversely on property sector performance resulting in capital depreciation or income not covering the costs of borrowing resulting in a net cost of to the Council of holding the asset. The controls are to review and report this principle risk on a quarterly basis in addition to the annual review by the AM primarily led by local, regional and national research.

### **Acquisition and Asset Management Activity**

- 10.17** Process and performance of a range of professional advisors can play an important part in delivery of the strategies to include: acquisition and disposal advisory and third parties, appointed lease event advisers, letting / sale agents, valuers, external property managers, internal estates team, legal advisors, asset management reporting.



### **Non-compliance with Health and Safety**

- 10.18** Primarily an external property management function but does impact in other areas. Controls are for the external property manager to report on risks via a suitable system quarterly with performance related targets in place.

### **Terrorism and Other Interruption**

- 10.19** Potential for actions to render property incapable of receiving income and potential reputational damage. Controls are to ensure that buildings have an incident management procedure, fire protection and security measures in place, fire and general risk assessments carried out annually, plus insurance cover to provide for loss of rent, terrorism and pandemic.

# 11

## Report Appendices

- 11.1 The Strategic Model
- 11.2 Strategic Asset Level Business Plan - Illustrative Example
- 11.3 Procedures Guidance Cover Page and Contents Pages
- 11.4 Quarterly Fund Report Contents Page